JACK-UP INVESTCO 3 PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Company Registration No: C 57037

Contents

Accounts

The directors present their report and audited financial statements for the year ended 31 December 2014.

Principal activity

The principal activity of the company is to own and charter a vessel on a bareboat. On 15 December 2014 the company changed its status to a public limited company and shall be regulated by Companies Act (Cap.386) of the laws of Malta, on the same date the company has ceased to be regulated by Merchant Shipping Act (Cap.234) of the laws of Malta.

Development in activities and financial position

The company's new-built vessel, J/U WIND SERVER, was under construction during most of 2014, and the vessel was delivered and ready for use on 18 December 2014. In connection with delivery of the vessel, the company recognised liquidated damages for late delivery, from the yard of EUR 3,700,000 as revenue (note 4).

In January 2014, the company secured a partial financing of J/U WIND SERVER through a bond issue of EUR 40,000,000. On 17 December 2014 the bonds were listed on the Oslo Stock exchange.

The result for the year of EUR 2,024,119 is above expectations, due the liquidated damages received. Management considers the results for the year satisfactory. The company's primary operations were, however, negatively affected by the delayed completion of J/U WIND SERVER due to unforeseen challenges, hence revenue is below expectations.

2015 expectations

The company expects the results for 2015 to be at the same level as 2014.

Financial risk management

For the description of the financial risk factors and management hereof, we refer to section 1.10 in the notes to the financial statements (pages 16 to 17)

Dividends

The directors do not propose the payment of a dividend.

Directors

The directors of the company are:

Carmelo Borg
Slim Bouricha
Vagn Lehd Moller

Under the provisions of the company's Memorandum and Articles of Association, the present directors continue in office.

Auditors

A resolution will be submitted to the Annual General Meeting to re-appoint BDO Malta as auditors to the company.

By order of the Board

Vagn Lehd Moller	Carmelo Borg
Director	Director

4, St. Michael
Guze Galea Street,
Qormi
QRM 2107
Malta

13 March 2015

The Directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year and of its profit or loss for that year. In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act 1995. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACK-UP INVESTCO 3 PLC

We have audited the accompanying financial statements of Jack-Up Investco 3 plc set out on pages 7 to 26 which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2014 and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described in page 3, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the state of the financial position of the company as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACK-UP INVESTCO 3 PLC
(continued)

Report on other legal and regulatory requirements

We also have responsibilities under the Companies Act, 1995 to report to you if, in our opinion:

- The information given in the directors' report is not consistent with the financial statements.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

BDO Malta
Certified Public Accountants

13 March 2015

JACK-UP INVESTCO 3 PLC
STATEMENT OF COMPREHENSIVE INCOME AND CHANGES IN EQUITY
for the year ended 31DECEMBER 2014

Statement of comprehensive income

	Notes	2014 EUR	23 Jul 2012 to 31 Dec 2013 EUR
Revenue	4	**3,700,000**	-
Cost of sales		**-**	-
Gross profit		**3,700,000**	-
Other income		**-**	-
Administrative expenses	5	**(390,856)**	(46,736)
Profit / (loss) from operations		**3,309,144**	(46,736)
Finance expense	6	**(228,192)**	(1,277)
Finance Income	7	**-**	4,085
Profit / (loss) before tax		**3,080,952**	(43,928)
Tax expense	8	**(1,056,833)**	-
Profit / (loss) from continuing operations		**2,024,119**	(43,928)
Other comprehensive income		**-**	-
Total comprehensive income / (loss)		**2,024,119**	(43,928)

Statement of changes in equity

	Share Capital EUR	Retained Earnings EUR	Total EUR
At 23 July 2012	-	-	-
Transactions with owners			
Issue of shares	28,001,200	-	28,001,200
Comprehensive income			
Loss for the period	-	(43,928)	(43,928)
At 31 December 2013	28,001,200	(43,928)	27,957,272
Comprehensive income			
Profit for the year	-	2,024,119	2,024,119
At 31 December 2014	28,001,200	1,980,191	29,981,391

The notes on pages 11 to 26 form part of the financial statements.
Audit report pages 5 and 6.

JACK-UP INVESTCO 3 PLC
STATEMENT OF FINANCIAL POSITION
as at 31 DECEMBER 2014

	Notes	2014 EUR	2013 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	9	82,267,424	55,380,743
Current Assets			
Trade and other receivables	10	939,738	50,524
Cash and cash equivalents	11	3,851,262	444,761
Total current assets		4,791,000	495,285
Total assets		87,058,424	55,876,028
LIABILITIES			
Current liabilities			
Trade and other payables	12	2,502,248	984,524
Non-current liabilities			
Loans and borrowings	13	40,000,000	-
Loans from related parties	14	13,517,952	26,934,232
Deferred tax liability	15	1,056,833	-
Total non-current liabilities		54,574,785	26,934,232
Total liabilities		57,077,033	27,918,756
NET ASSETS		29,981,391	27,957,272
Issued capital and reserves			
Share capital	16	28,001,200	28,001,200
Retained earnings		1,980,191	(43,928)
TOTAL EQUITY		29,981,391	27,957,272

These financial statements were approved by the Board of directors on 13 March 2015 and signed on its behalf by:

Vagn Lehd Moller
Director

Carmelo Borg
Director

The notes on pages 11 to 26 form part of the financial statements.
Audit report pages 5 and 6.

JACK-UP INVESTCO 3 PLC
STATEMENT OF CASH FLOWS
as at 31 DECEMBER 2014

	Notes	2014 EUR	2013 EUR
Cash flows from operating activities			
Profit / (loss) before tax		3,080,952	(43,928)
Adjustment for:			
Depreciation of property, plant and equipment		128,286	644
Finance expense		228,192	-
		3,437,430	(43,284)
Movement in working capital			
Increase in trade and other receivables		(889,214)	(50,524)
Increase in trade and other payables		(646,406)	984,524
Cash generated from operations		1,901,810	890,716
Taxation paid		-	-
Net cash generated from operating activities		1,901,810	890,716
Investing activities			
Purchase of property, plant and equipment		(23,805,271)	(55,381,387)
Net cash used in investing activities		(23,805,271)	(55,381,387)
Financing activities			
Issue of shares		-	28,001,200
Issue of bonds		40,000,000	-
Loans from related parties		(14,500,000)	26,934,232
Interest paid		(190,038)	-
Net cash from financing activities		25,309,962	54,935,432
Net increase in cash and cash equivalents		3,406,501	444,761
Cash and cash equivalents at the beginning of year		444,761	-
Cash and cash equivalents at the end of year	11	3,851,262	444,761

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1. Accounting policies

1.1. Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2014

The following new standards, amendments and interpretations are effective for the first time in these financial statements but none have had a material effect on the company:

- IFRS 10 Consolidated Financial Statements (effective from year beginning on 01/01/2014). IFRS 10 supersedes SIC 12 Consolidation – Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.
- IFRS 11 Joint Arrangements (effective from year beginning on 01/01/2014). IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contribution by Ventures.
- IFRS 12 Disclosure of Interests in Other Entities (effective from year beginning on 01/01/2014).
- Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities (issued on 31 October 2012, effective from year beginning on 01/01/2014)
- Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance (issued on 28 June 2012, effective from year beginning on 01/01/2014)
- Amendments to IAS 27 Separate Financial Statements (Issued in May 2011, effective from year beginning on 01/01/2014)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (Issued in May 2011, effective from year beginning on 01/01/2014)
- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Issued in December 2011, effective from year beginning on 01/01/2014)
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets (Issued on 29 May 2013, effective from the year beginning on 01/01/2014)
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting (Issued on 27 June 2013, effective from the year beginning on 01/01/2014)
- IFRIC 21 Levies (Issued on 20 May 2013, effective from the year beginning on 01/01/2014)

b) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company's future financial statements:

- Improvements to IFRSs 2010-2012 (dated 12/12/2013, effective from year beginning on 01/07/2014)
- Improvements to IFRSs 2011-2013 (dated 12/12/2013, effective from year beginning on 01/07/2014)
- Improvements to IFRSs 2012-2014 (dated 25/09/2014, effective from year beginning on 01/01/2016)
- Amendments to IFRS 7 Financial Instruments: Mandatory Effective Dates and Transition Disclosures (Issued in December 2011, effective from year beginning on 01/01/2015)
- IFRS 9 Financial Instruments (issued on 24 July 2014, effective from year beginning on 01/01/2018)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between Investor and its Associate or Joint Venture (issued on 11 September 2014, effective from the year beginning 01/01/2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exemption (issued on 18 December 2014, effective from year beginning on 01/01/2016)

1. Accounting policies–(continued)

1.1. Changes in accounting policies–(continued)

- Amendments to IFRS 11: Accounting for Acquisition of Interests in Joint Operations (issued on 6 May 2014, effective from the year beginning on 01/01/2016)
- IFRS 14 Regulatory Deferral Accounts (issued 30 January 2014, effective from the year beginning 01/01/2016)
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014, effective from the year beginning 01/01/2017)
- Amendments to IAS 1: Disclosure Initiative (Issued on 18 December 2014, effective from the year beginning on 01/01/2016)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Method of Depreciation and Amortisation (issued on 12 May 2014, effective from the year beginning 01/01/2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014, effective from the year beginning on 01/01/2016)
- Amendments to IAS 19: Defined Benefits Plans: Employee Contributions (Issued on 21 November 2013, effective from the year beginning on 01/07/2014)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014, effective from the year beginning on 01/01/2016)

The company has not early adopted all these revisions to the requirements of IFRSs and the company's director is of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

1.2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU issued by the International Accounting Standards Board, under the historical cost convention.

The reporting currency used for the preparation of the financial statements is the Euro (EUR), which is the currency in which the share capital is denominated.

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the company's accounting policies (see Note 3 – Critical accounting estimates and judgements).

1. Accounting policies – (continued)

1.3. Revenue recognition

Revenue from the provision of services is recognised when the company has completed the agreed upon procedures and transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment.

1.4. Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided using the straight-line basis at the following rates:

Vessel	-	3% per annum
Vessel - crane and main engine	-	4% per annum
Vessel - jacking systems	-	5% per annum
Vessel - other components	-	8% per annum
Vessel - equipment and instruments	-	20% per annum
Vessel - computer equipment	-	33.33% per annum

1.5. Foreign currencies

The financial statements of the company are presented in its functional currency, the Euro (EUR), being the currency of the primary economic environment in which the company operates.

Transactions in foreign currencies during the year have been converted at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated at the rates of exchange ruling on the balance sheet date. Any gains or losses arising from these conversions are credited or charged to the Profit and Loss Account.

1.6. Taxation

The charge for current tax is based on the taxable income for the year. The taxable result for the year differs from the result as reported in the statement of comprehensive income because it excludes items which are not assessable or disallowed and it further excludes items that are taxable and deductible in other years. It is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefits is probable. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

1. Accounting policies – (continued)

1.7. Share capital and dividends

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

Dividend distribution to the company's shareholders is recognised as liability in the company's financial statements in the year in which the dividends are approved by the company's shareholders.

1.8. Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's loans and receivables comprise trade and other receivables.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the company's strategic investments in entities, qualifying as subsidiaries, associates or jointly controlled entities in separate financial statements of the company. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method are recognised in profit or loss.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss.

1. Accounting policies – (continued)

1.8. Financial assets – (continued)

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

1.9. Financial liabilities

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings - Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method unless the cost of discounting is immaterial.

1.10. Financial risk management

1.10.1. Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk) credit risk and liquidity risk. The financial risks relate to the following financial instruments: debtors, cash and cash equivalents and trade and other creditors. The accounting policies with respect to these financial instruments are described above.

Risk management is carried out by the director under policies approved at the AGM. The director identifies and evaluates financials risks in close co-operation with the company's operating units. The director provides principles for overall risk management.

The reports on the risk management are produced periodically to the key management personnel of the company.

(a) Market risk

(i) Price risk

The company is exposed to the market risk with respect to its operating income which is subject to changes in performance, exchange fluctuations and other market influences both economic and political. The directors manage this risk by reviewing on a regular basis market fluctuations arising on the company's activities.

(ii) Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The company's cash flow and fair value interest rate risk is periodically monitored by the directors. The cash flow and fair value risk policy is approved by the directors.

Receivables and trade and other payables are interest free and have settlement dates within one year.

1. Accounting policies – (continued)

1.10. Financial risk management – (continued)

1.10.1. Financial risk factors – (continued)

A sensitivity analysis is normally based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated – for example, change in exchange rates and change in market values.

In the case of the company it provides for the worst scenario by making full provisions for all investments held and hence profits or losses cannot be subjected to a sensitivity analysis that could shed any light on the effect of potential changes in market price.

(iii) Foreign exchange risk

Foreign exchange risk arises because the company has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the company is operating. Foreign exchange risk also arises when the company enters into transactions denominated in a currency other than their functional currency.

Certain assets of the company comprise amounts denominated in foreign currencies. Similarly, the company has financial liabilities denominated in foreign currency. In general, the company seeks to maintain the financial assets and financial liabilities in each of the foreign currencies at a reasonably comparable level, thereby providing a natural hedge against foreign exchange risk.

(b) Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- Cash and cash equivalents;
- Loans and receivables.

The company seeks to manage this risk by placing cash with quality financial institutions. Its receivables consist primarily of prepayment (note 10) thereby considerably reducing the associated credit risks.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash flow for operations. The company manages its' risk to shortage of funds by monitoring forecast and actual cash flows.

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

All of the company's current financial liabilities at 31 December 2014 are due within 3 months from year end since they are trade and other payables.

1. Accounting policies – (continued)

1.10.1. Financial risk factors – (continued)

c) Liquidity risk – (continued)

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Up to 5 years	No fixed repayment date
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Financial liabilities							
At 31 Dec 2014							
Trade payables	265,182	-	-	-	-	-	-
Amounts due to related companies	61,859	-	-	-	-	-	13,517,952
Interest at 8% : Amounts due to related companies	-	1,081,436	1,081,436	1,081,436	1,081,436	1,081,436	-
Bond	-	2,000,000	7,500,000	9,000,000	21,500,000	-	-
Interest at 11% : Bond	2,200,000	2,200,000	3,987,500	3,107,500	1,182,500	-	-
Total	2,527,041	5,281,436	12,568,936	13,188,936	23,763,936	1,081,436	13,517,952

1.11. Capital management

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

1.12. Fair value estimation

Cash and cash equivalents, debtors and trade and other creditors mainly have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

2. Fundamental accounting concept

The directors have concluded that it is entirely appropriate that the financial statements have been prepared on a going concern basis because:

a) At 31 December 2014, the company's total assets exceeded its total liabilities by EUR 29,981,391 (2013 : EUR 27,957,272). Furthermore, current assets exceed current liabilities by EUR 2,288,752 (2013 : current liabilities exceed current assets by EUR 489,239).

The financial statements have therefore been prepared on a going concern basis.

3. Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

4. Revenue

Revenue arises from compensation of loss of business due to the late delivery of vessel on 18 December 2014, the previously agreed delivery date was 1 August 2014, which would have enabled the initiation of operations as from September 2014.

5. Expenses by nature

	2014 EUR	23 Jul 2012 to 31 Dec 2013 EUR
Salaries and social security contributions	26,538	18,462
Audit fee	3,050	3,000
Legal and professional fees	215,635	18,100
Depreciation of property plant and equipment	128,287	644
Registered office fees	4,200	5,950
Licences and registrations	6,903	-
Registration fees	3,405	100
Other expenses	2,838	480
Total cost of sales and administrative expenses	390,856	46,736

6. Finance expense

	2014 EUR	23 Jul 2012 to 31 Dec 2013 EUR
Bank charges	14,384	1,277
Bond interest	167,391	-
Exchange rate loss	8,263	-
Interest expense on loans from shareholder	38,154	-
	228,192	1,277

Interest expense on loans and bonds were capitalised in the cost of the vessel up to 18 December 2014.

7. Finance income

	2014 EUR	23 Jul 2012 to 31 Dec 2013 EUR
Exchange rate gain	-	4,085

8. Taxation

The tax expense for the year comprises:

	2014 EUR	23 Jul 2012 to 31 Dec 2013 EUR
Current taxation - Income tax expense	-	-
Deferred tax movement (note 15)	1,056,833	-
Total tax expense for the year	1,056,833	-

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2014 EUR	23 Jul 2012 to 31 Dec 2013 EUR
Profit / (loss) before tax	3,080,952	(43,928)
Tax on profit / (loss) at 35%	1,078,333	(15,375)
Tax effect of:		
Absorbed capital allowances	(1,125,601)	-
Deferred tax movement (note 15)	1,056,833	
Tax losses carried forward	-	-
Expenses not deductible for tax purposes	47,268	15,375
	1,056,833	-

9. Property, plant and equipment

	Vessel EUR	Vessel equipment and instruments EUR	Vessel computer equipment EUR	Total EUR
Cost				
At 23 Jul 2012	-	-	-	-
Interest capitalised	2,434,292	-	-	2,434,292
Interest received	(96,156)	-	-	(96,156)
Bank gaurantee payments	203,247	-	-	203,247
Additions	52,837,427	-	2,577	52,840,004
At 31 Dec 2013	55,378,810	-	2,577	55,381,387
At 1 Jan 2014	55,378,810	-	2,577	55,381,387
Interest capitalised	5,242,305	-	-	5,242,305
Interest received	(67,551)	-	-	(67,551)
Bank gaurantee payments	105,648	-	-	105,648
Additions	21,495,207	140,373	98,985	21,734,565
At 31 Dec 2014	**82,154,419**	**140,373**	**101,562**	**82,396,354**
Accumulated depreciation				
At 23 Jul 2012	-	-	-	-
Depreciation	-	-	644	644
At 31 Dec 2013	-	-	644	644
At 1 Jan 2014	-	-	644	644
Depreciation	125,300	1,076	1,910	128,286
At 31 Dec 2014	**125,300**	**1,076**	**2,554**	**128,930**
Net Book Value				
At 23 Jul 2012	-	-	-	-
At 31 Dec 2013	55,378,810	-	1,933	55,380,743
At 31 Dec 2014	**82,029,119**	**139,297**	**99,008**	**82,267,424**

The vessel was ready for use on the 18 December 2014, borrowing costs (net of interest earned) and similar charges were capitalised (notes 13 and 14) to the cost of the vessel under construction up to the said date.

10. Trade and other receivables

	2014 EUR	2013 EUR
Bond fees capitalised (note i)	918,217	-
Prepayments	16,325	47,684
Other receivables	5,196	2,840
	939,738	50,524

note i Bond fees incurred to obtain the financing are amortised over the term of the bond (note 13).

11. Cash and cash equivalents

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2014 EUR	2013 EUR
Cash and cash equivalents	3,859,101	444,983
Bank overdraft	(7,839)	(222)
	3,851,262	444,761

12. Trade and other payables

	2014 EUR	2013 EUR
Trade payables (note i)	265,182	602,447
Accruals	2,175,207	3,000
Amounts due to related companies (note ii)	61,859	379,077
	2,502,248	984,524

note i Trade payables are unsecured, interest free and are repayable within 30 to 90 days.

note ii Amounts owed due to related companies are unsecured, interest free and are repayable on demand (note 18).

13. Loans and borrowings

	2014 EUR	2013 EUR
Bond	40,000,000	-
Bond interest capitalised to vessel costs (note 9)	4,196,739	-

The bond was issued by the company on 03/01/2014 for a period of four years, it carries an interest rate of 11% per annum, which interest is payable on a half yearly basis. The bond is repayable in instalments spread over its four year term. The shareholder is guarantor for the amount of the debt. Security from the company over the vessel is provided through a mortgage over the vessel including all relevant equipment.

Financial Covenant: The company is to maintain at all times during the term of the bond an asset coverage ratio of minimum 150%.

14. Loans from related parties

	2014 EUR	2013 EUR
Amounts due to shareholders (note i)	13,517,952	26,934,232
Interest on loans capitalised to vessel costs (note 9)	1,045,566	2,434,292

note i Loans payable to shareholders are unsecured, carry an interest rate of 8% per annum. Due to the nature of the company's business, the loans were utilised to finance the construction of the vessel, repayment will not be demanded for at least twelve months after the year end (note 18).

15. Deferred tax liabilities

The deferred tax liability at 31 December related to the following:

	2014 EUR	2013 EUR
Accelerated capital allowances	(2,825,922)	-
Unabsorbed capital allowances c/f	1,769,089	-
Total deferred tax liability	(1,056,833)	-

The movement on the deferred liability account is shown below:

	2014 EUR	2013 EUR
Deferred tax liability - at 1 January 2014	-	-
Recognised in profit and loss (note 8)	(1,056,833)	-
Deferred tax liability - at 31 December 2014	(1,056,833)	-

16. Share Capital

	2014 EUR	2013 EUR
Authorised:		
14,600,000 (2013:14,600,000) ordinary 'A' shares of EUR 1 each and 14,600,000 (2013:14,600,000) ordinary 'B' shares of EUR 1 each	28,001,200	28,001,200
Issued and 100% paid up:		
14,600,000 (2013:14,600,000) ordinary 'A' shares of EUR 1 each and 14,600,000 (2013:14,600,000) ordinary 'B' shares of EUR 1 each	28,001,200	28,001,200

The holder or holders of a majority in nominal value of the ordinary ‘A’ or ‘B’ shares shall be entitled to nominate 1 Director for each class of shares. The holder or holders of a majority in nominal value of the ordinary ‘A’ and ‘B’ shares shall be entitled to nominate 1 Director jointly. All other rights of ‘A’ and ‘B’ class of shares are equal for all intents and purposes of law.

All ordinary shares were pledged by the shareholders to Norsk Tillitsmann ASA (Norway,Reg. number 963 342 624) in January 2014.

17. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

18. Related Party Transactions and Balances

Transactions and balances entered into with other group undertakings are considered to be related party transactions and balances which are separately disclosed in notes 9, 12, and 14 to the financial statements. Transactions and balances with related parties during the year consisted of the following:

Remunertion of key management personnel

Directors' remuneration is disclosed in note 19 staff costs and employee information.

19. Staff costs and employee information

	2014	**2013**
	EUR	**EUR**
Staff costs		
Directors' emoluments	26,538	18,462
Social security costs	-	-
	26,538	18,462

20. Statutory information

Jack-Up Investco 3 plc was incorporated in Malta (C 57037) on 23 July 2012. The parent companies are DBB Jack-Up Services A/S (registered in Denmark, reg #24620417) and Blue Water Capital S.A. (registered in Luxembourg, reg #B169926).

In the opinion of the directors, since the company is jointly controlled by 2 shareholders there is no ultimate controlling party for the company.

21. Comparative information

	current year comparative	prior year figure
	EUR	**EUR**
Exchange rate gain (note 7)	4,085	-
Bank charges (note 6)	(1,277)	-
Administrative expenses	(46,736)	(43,928)

The exchange rate gain and bank charges were included in administrative expenses in the prior period, they are reclassfied to finance income and finance expense respectively in the current year to reflect the nature of the profit and loss items.

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