ANNUAL REPORT 2015

JACK-UP

CVR. NO. 24620417

COMPANY
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Datagraf Communications A/S

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DBB JACK-UP GROUP AT A GLANCE

The DBB Jack-Up Group is the market-leading service provider within offshore wind operations & maintenance. DBB Jack-Up Group has carried out more than 400 service interventions at more than 20 wind farms.

Our customers are leading turbine manufacturers and wind farm owners.

The DBB Jack-Up Group owns and operates three jack-up vessels:

- J/U WIND SERVER is the first jack-up vessel purpose built to provide offshore wind operations & maintenance services
- J/U WIND PIONEER is a converted jack-up vessel adapted to the offshore wind industry
- J/U WIND has the longest proven track-record in the industry in terms of major component replacements

DBB Jack-Up Group has about 70 employees, 17 of which are based at the office in Horsens, Denmark.

DBB Jack-Up's primary business is to provide jack-up services for major component replacements, including gearboxes, generators, blades, transformers, main bearings, main shafts, full rotors etc.

In addition, the DBB Jack-Up Group provides jack-up services such as installation support, blade repair and decommissioning of turbines, foundations and met masts.

FOUR MAIN PHASES OF AN OFFSHORE WIND FARM

Dark grey shading indicates the services provided by the DBB Jack-Up Group.

	SURVEY AND DEVELOPMENT (typically 2-5 years)		CONSTRUCTION (around 2 years)		O&M (20-25 years)		DECOMMISSIONING (1-2 years)	
SERVICES	Environmental survey	Geophysical survey	Turbine foundation installation	Substation and cable installation	Control & supervision	Major component replacement	Turbine foundation decom-missioning	Met mast decom-missioning
	Geotechnical survey	Installation of met mast	Turbine installation	Installation support	O&M routines	Blade repair	Turbine decom-missioning	Substation decom-missioning
VESSEL TYPE USED	▪ ROV support vessels ▪ Geotechnical survey vessel ▪ Geophysical survey vessel ▪ Multi-purpose survey vessel ▪ Heavy lift vessel ▪ Construction support		▪ Heavy lift vessel ▪ Construction support ▪ Jack-Up vessel ▪ Tugboat ▪ Export cable installation vessel ▪ Service crew boat ▪ Diving support vessel ▪ Safety vessel ▪ Accommodation vessel		▪ Jack-Up vessel ▪ Service Operation Vessel (SOV) ▪ Crew Transfer Vessel (CTV)		▪ Jack-Up vessel ▪ Construction support ▪ Heavy lift vessel ▪ Tugboat	

DBB Jack-Up Group provides jack-up services for replacement of the major components shown in the illustration.

HIGHLIGHTS
OF THE YEAR

In this section, Thorsten Jalk, CEO, comments on the performance of 2015.

Q&A

Q: What were your main achievements in 2015?

A: We have significantly strengthened our position as a dedicated service provider for offshore wind operations & maintenance. A year ago, we had just taken delivery of new building of J/U WIND SERVER. Today, a year later, the vessel has successfully completed several operations and proven that it is superbly suited for operation & maintenance. We have also finalised the conversion of J/U WIND PIONEER from an existing jack-up into a jack-up customised for operation & maintenance. Our third vessel, the J/U WIND, has the longest track record in the industry for major component replacement, and continues to perform well.

We now have a fleet dedicated to servicing the offshore wind industry. In other words, our vessels are ready to provide swift assistance to “keep the blades turning” at offshore wind farms.

Q: What is the outlook for the market for operations & maintenance of offshore wind turbines?

A: We are active in the market for major component replacement, such as gearboxes, generators and blades. This is a market determined by the number of turbines installed and turbine failure rates.

The offshore wind market has grown tremendously in recent years. We ended the year with 3,230 grid-connected turbines, a net addition of 754 turbines in 2015. The political will to decarbonize the economy is a strong as ever, as evidenced by the COP21 agreements reached in Paris in December 2015. Thus, subsidies for offshore wind are expected to endure. However, offshore wind needs to become cost competitive in its own right over the next 10 years. O&M has an important role to play in reducing levelized cost of energy, as it amounts to more than one-third of the lifetime costs of a wind farm. At the DBB Jack-Up Group, we work closely with our customers to achieve greater efficiency in major component replacement and reduced downtime for wind turbines.

Failure rates mainly depend on wear and tear. It is important to remember that this is a very young industry. The first big-scale offshore turbines were installed only fifteen years ago, and the number of installations has only accelerated over the past five years. We don’t know for certain what years of wear and tear in offshore locations in very harsh weather conditions will do to the turbines.

At DBB Jack-Up Group, we have a dominant market share within major component replacement. We carefully monitor failure rates and also model expected failure rates in order to provide customers with insight into their need for major component replacement in the coming years.

Q: What is your contract situation?

A: J/U WIND SERVER commenced a three-year charter with Siemens Wind Power in the middle of March 2016. High availability of the vessel is extremely important to the offshore wind O&M industry. Therefore, we have built redundancy into its design. We also maintain a very high level of preventive maintenance in all aspects of the vessel, and keep an inventory of critical spare parts. In 2015, we gained significant operating experience with the J/U WIND SERVER and are proud to say we have a very good vessel going on the three-year charter.

In December 2014, we signed a framework agreement with MHI Vestas Offshore Wind. In light of a very successful cooperation during 2015, the agreement was extended until end-2017. The is a right-of-first-refusal agreement, meaning that we have the option to carry out the intervention with a vessel that is appropriate for the assignment. The agreement is not vessel specific.

With contractual terms and conditions pre-arranged, we are able to cut through the red tape and move quickly when service is needed. As a result, both we and MHI Vestas Offshore Wind can focus our efforts on a safe and fast job execution, thereby contributing to the industry’s overall goal of lowering the cost of energy.

All in all, we are very pleased with our contract situation going into 2016.

Q: Are the financial results for 2015 satisfactory?

Thorsten Jalk, CEO, DBB Jack-Up Group.

A: We incurred a significant loss, which of course is never enjoyable. However, the results clearly reflect that 2015 was a year of investing for the future.

We had higher OPEX, by EUR 2.8 million, because we during the year manned up to operate all three vessels.

Our administrative costs increased by EUR 1.5 million. We have deepened investments in HSEQ certifications and processes required by customers. We have expanded technical staff to support the operation of three vessels, and people in operations to provide support during interventions. Further, we continue to invest in IT systems to facilitate collaboration with customers and standardise project delivery. These systems allow us to provide a high level of customer service that is difficult for others to replicate, while at the same time maintaining a lean cost-competitive organisation.

Naturally, depreciation charges went up, by EUR 4.1 million, as we began to depreciate the new vessels.

Finally, our financial costs increased by EUR 13.4 million. Part of the increase was of a one-off nature, related to the revision of our capital structure in November 2015.

Q: How would you describe your financial position at the end of 2015?

A: In November 2015, we significantly strengthened our financial position. We issued a EUR 100 million bond, the proceeds of which we used mainly to repay existing debt. Our revised capital structure is less complex, as it consists mainly of subordinated debt and the bond issue.

As a result, we now have a capital structure that, importantly, has extended the maturity profile of our debt. Furthermore, the amortisation profile of the bond issue was arranged to allow full servicing of our debt, also in the event that we only generate the revenue expected from our two largest customers.

Q: What do you look forward to in 2016?

A: Internally, we have a strong foothold with dedicated O&M vessels, strong supporting IT systems and processes, a lean cost structure, a revised capital structure, and we have some of the most experienced people in the industry.

Externally, we have contracts with the two largest customers in our industry, and we intend to consolidate and reinforce our position as the market-leading supplier of O&M services for the offshore wind industry. The market for installation jack-ups seems to be picking up slightly. Consequently, installation jack-ups will have less availability for O&M work, clearly an advantage for us, as an operator of dedicated O&M vessels.

We expect the internal and external circumstances to lead to a significant improvement in our operating results, and we expect EBITDA in the range of EUR 18-21 million.

20
wind farms

FROM THE BALTIC SEA
TO THE IRISH SEA.
DEEP TO SHALLOW
- ANY SEABED

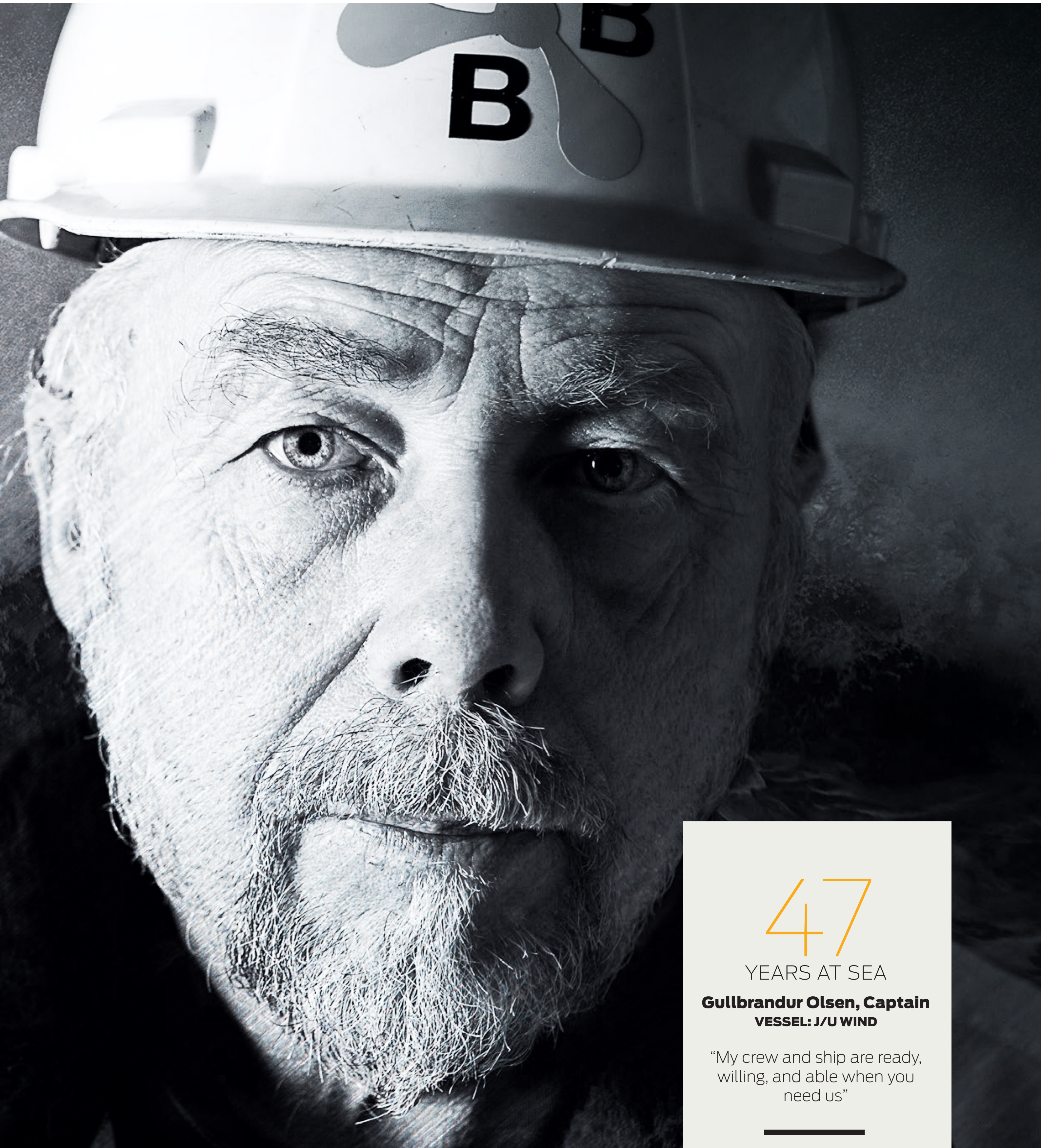
25
years in business

PROVIDING OFFSHORE SERVICES
ABOVE AND BELOW SEA LEVEL

437
turbines serviced

TURBINES, BLADES,
GEAR BOXES, GENERATORS
TRANSFORMERS, SHAFTS,
BEARINGS

Can Do. Will Do.



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YEARS AT SEA

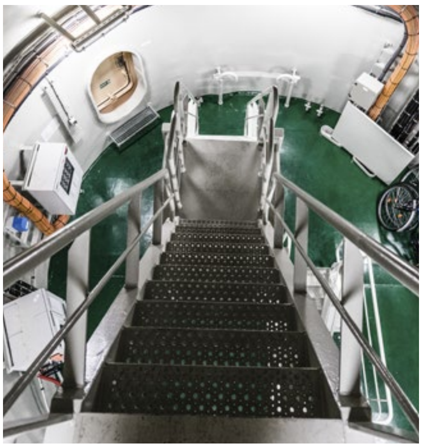
Gullbrandur Olsen, Captain

VESSEL: J/U WIND

"My crew and ship are ready, willing, and able when you need us"

J/U WIND SERVER

TECHNICAL SPECIFICATIONS



GENERAL INFORMATION
Length, overall: 79.5 m
Width, overall: 32.3 m
Hull depth: 7.4 m
Pre-loading capacity, active: 2,700 t/leg
Elevating speed: 1.0 m/minute
Transit speed: approx. 9 knots
Accommodation: 24 single cabins for charterer and 15 single cabins for crew

CARGO CAPACITY
Payload: 1,760 t
Main deck area: Approx. 1,000 m^2

MAIN CRANE AND LIFTING CAPACITY
Main crane: Liebherr BOS 14000
Main crane boom length: 87 m
Main crane max. lifting capacity: 400 t at 20m radius at 96 m height above deck

OPERATING CONDITIONS
Service: Unrestricted (as per DNV rules)
Endurance: 30 days
Jacking operations - wave height: Up to 2.6 m
Jacking operations - wind: Up to 15 m/s
Jacking operations - tidal current: Up to 3 kn.
Jacking operations – max. depth: Up to 45 m

J/U WIND PIONEER

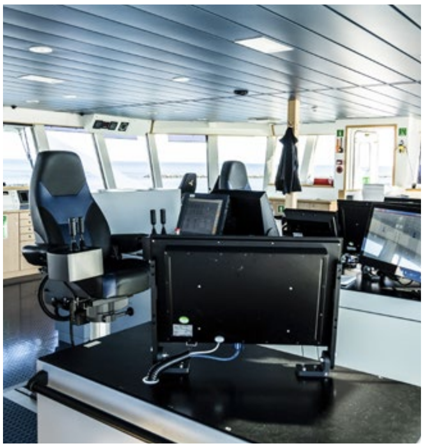
TECHNICAL SPECIFICATIONS

GENERAL INFORMATION
Length, overall: 56.0 m
Width, overall: 28.0 m
Hull depth: 4.5 m
Pre-loading capacity, active: 1,200 t/leg
Elevating speed: 0.5 m/minute
Transit speed: 5 knots (towed)
Accommodation: 22 single cabins for charterer and 12 single cabins for crew

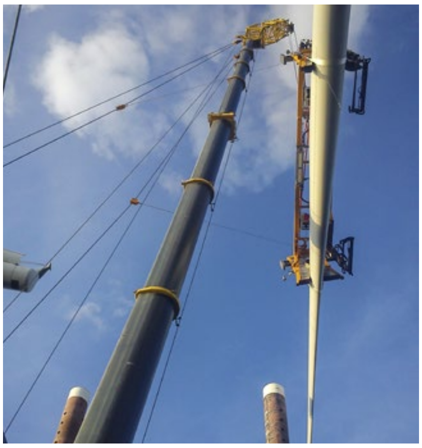
CARGO CAPACITY
Payload: 650 t
Main deck area: Approx. 530 m^2

MAIN CRANE AND LIFTING CAPACITY
Main crane: Liebherr BOS 7500
Main crane boom length: 78 m
Main crane max. lifting capacity: 150 t at 19m radius at 78 m height above deck

OPERATING CONDITIONS
Service: Unrestricted (as per DNV rules)
Endurance: 30 days
Jacking operations - wave height: Up to 1.5 m
Jacking operations - wind: Up to 15 m/s
Jacking operations - tidal current: Up to 2.5 kn.
Jacking operations – max. depth: Up to 34 m



J/U WIND
TECHNICAL SPECIFICATIONS



GENERAL INFORMATION
Length, overall: 55.1 m
Width, overall: 18.1 m
Hull depth: 4.0 m
Pre-loading capacity, active: 600 t/leg
Elevating speed: 0.7 m/minute
Transit speed: 6 knots
Accommodation: 20 single cabins for charterer and 11 single cabins for crew

CARGO CAPACITY
Payload: 220 t
Main deck area: Approx. 430 m^2

MAIN CRANE AND LIFTING CAPACITY
Main crane: Liebherr LTR 11200
Main crane boom length: 28-110 m (telescopic)
Main crane max. lifting capacity: 40 tons at 20 m radius at 100 m height above deck

OPERATING CONDITIONS
Service: Weather restricted, site specific
Endurance: 30 days
Jacking operations - wave height: Up to 1.25 m
Jacking operations - wind: Up to 10 m/s
Jacking operations - tidal current: Up to 1 kn.
Jacking operations – max. depth: Up to 35 m

SAFETY AND QUALITY MANAGEMENT

The Health, Safety, Environment and Quality ("HSEQ") system of the DBB Jack-Up Group is certified by Bureau Veritas to satisfy the requirements of the ISM Code / MLC2006 / ISPS Code / ISO9001:2008 / ISO14001:2004 & OHSAS 18001:2008. The ISO and OHSAS standards are all voluntary, but the company uses them to strengthen its safety and quality standards.

The overall goal in terms of HSEQ is zero injuries to personnel and zero damage to the environment. Group management drives a "safety first" culture on all vessels. The monthly HSEQ report is reviewed by group management to keep focus on safety issues. In order to secure continuous improvements, we use BIMCO's Shipping KPI system to benchmark our HSEQ performance against other companies and vessels.

The company has a Vessel Risk Assessment Management System in place. Before commencing, all interventions are subject to a risk assessment, including a toolbox talk. During 2014, a Safety Card system was implemented to ensure the "safety first" involvement of all people on each vessel. The Safety Card system allows reporting of safety observations, before they turn into Near Miss Reports or Incidents. As a result of this procedure, the number of Near Miss Reports has declined. A similar trend is seen in the table below covering the past 4 years.

	2012	2013	2014	2015
Man-hours worked on board (crew)	40,150	137,664	136,224	208,643
Fatalities	0	0	0	0
LTI (Lost Time Incidents)	0	1	0	0
MTC (Medical Treatment Case)	0	2	3	3
NMR (Near Miss Report)	6	9	21	16
OBS (safety card Observations)	-	-	34	119
LTIF man-hours worked on board (crew)	0	7	0	0

Lost-Time Incident - LTI: Any work-related incident, in which the injured person is not able to work the day after the incident taking place.
Medical Treatment Case – MTC: Any work-related loss of consciousness (unless due to ill health), injury or illness requiring more than first aid treatment by a physician, dentist, surgeon or registered medical personnel.
Near Miss Reports – NMR: An event or sequence of events, which did not result in an injury but which, under slightly different conditions, could have done so.
Safety card Observations – OBS: Is the number of Safety Card Observations reported with the purpose avoiding they turn into Near Miss Reports.
Lost Time Incident Frequency – LTIF: This is the number of Lost Time Injuries per million man-hours worked on board.

MANAGEMENT AND BOARD
EXECUTIVE MANAGEMENT TEAM

THORSTEN JALK
Chief Executive Officer
Appointed CEO in 2011

Mr Jalk has 15 years of experience from the offshore wind industry and held numerous high-level positions prior to becoming CEO of DBB.
Previous engagements: Mr Jalk has experience from being an owner and senior consultant with WayPoint Consult ApS in Denmark. During the period 2000 to 2011 Mr Jalk worked for A2SEA A/S where he held the following positions: Head of Service Solutions (2007-2011), Director of Marine Operations (2005-2007) and Logistics Manager (2000-2005). Mr Jalk served in the Danish armed forces between 1987 and 2000.
Educational background: Master of Transport and Maritime Management (MTMM) from the University of Southern Denmark, 2010.

JENS MICHAEL HAURUM
Chief Financial Officer
Appointed CFO in April 2015

Previous engagements: Mr Haurum was CFO with Borg Automotive A/S (2012-2015), Head of Group Finance and Investor Relations at BioMar Group A/S (2004-2012) and business development manager at ALTA A/S (2001-2004). Prior to that he held various positions in the financial services industry (1985-2001).
Educational background: Mr Haurum holds a Graduate Diploma (HD) in Business Administration (Accounting) from Aarhus University, a Graduate Diploma in Business Administration (International Management) from Copenhagen Business School and a Master of Business Administration from Henley Business School in the UK.

MADS ALBÉR
Chief Operating Officer
Appointed COO in April 2015 (with the Group since 2012)

Previous engagements: Prior to joining DBB, Mr Albér worked 18 months as an Operations Manager with Fred. Olsen Windcarrier. He also worked at DBB during the period October 2008 to August 2011 as Master Mariner (2009-2011) and HSEQ Manager (2008-2009). After graduating and before joining DBB, Mr Albér held positions as SQE Manager (2008) and Marine Superintendent (2006-2008) with Clipper Group.
Educational background: Mr Albér graduated from the University of Southern Denmark in 2006. He also holds a degree in navigation from Marstal Navigationsskole.

RASMUS MÜHLEBACH
Chief Legal Officer
Appointed CLO in April 2015 (with the Group since 2012)

Mr. Mühlebach joined the Group as Chief Financial Officer in June 2012 and was appointed Chief Legal Officer in April 2015.
Previous engagements: Prior to joining DBB, Mr Mühlebach held positions as Chief Financial Officer (2009-2012) and Business Developer (2008-2009) with NordEstate A/S as well as Project Developer with Real Gruppen (2007-2008). Since 2005, Mr Mühlebach has also been the owner of Mühlebach Invest ApS, a company offering consulting services.
Educational background: Mr Mühlebach graduated in 2007 with a Master of Science in Business Administration and Commercial Law and a Bachelor of Science in Economics and Corporate Law from the Aarhus School of Business (Aarhus University).

BENT THAMBO JENSEN
Chief Commercial Officer
Appointed CCO in September 2015

Mr. Jensen joined the Group in September 2015 as Chief Commercial Officer.
Previous engagements: Prior to joining DBB, Mr Jensen held positions as Key Account Manager at A2SEA A/S (2011-2015), Sales and Marketing Manager with Statoil Gazelle A/S (2008-2011), Commercial Sales Manager with Siemens Wind Power (2007-2008) and regional manager with Energi Danmark A/S (2000-2007).
Educational background: MA in Business, Language and Culture (cand. negot) from Odense University.

BOARD OF DIRECTORS

VAGN LEHD MØLLER
Chairman of the board since 2011

Current engagements: Mr Møller is Chairman of the board of directors of DBB Jack-Up Services A/S. He is also a member of the boards of directors of Jack-Up InvestCo 3 Plc and Costamare Inc.
Previous engagements: Throughout his career, Mr Møller has held various positions with A.P. Møller-Maersk, most recently as Executive Vice President and Chief Operations Officer at Maersk Line. He has also held numerous positions as chairman or as a member of the board of directors of a number of A.P. Møller-Maersk affiliated companies. Until recently, Mr Møller was also Chairman of the board of Scan Global Logistics A/S.
Educational background: Management studies at CEDEP (European Center For Executive Development), INSEAD (The Business School for the World) and the University of Western Ontario.

ESBEN BAY JØRGENSEN
Member of the board since 2012

Current engagements: Mr Jørgensen is a founder, partner and member of the investment committee at BWB Partners. He serves as a member of the board of directors of DBB Jack-Up Services A/S and five of the fund's other portfolio companies.
Previous engagements: Prior to founding BWB Partners in 2005, Mr Jørgensen worked with the consultancy firm AlixPartners in London where he specialised in improving corporate financial and operational performance and executing corporate turnarounds. Before that, Mr Jørgensen spent some eight years with The Boston Consulting Group's Stockholm, San Francisco and Copenhagen offices advising corporate clients and private equity firms on corporate strategy, M&A and operational improvements.
Educational background: Master of Science in Economics and Business Administration from Copenhagen Business School, McGill University, Montreal, and Università degli Studi di Siena, Italy.

LARS THORSGAARD JENSEN
Member of the board since 2012

Current engagements: Mr Jensen is a Director of BWB Partners, a position he has held since 2010. He serves as a member of the boards of directors of DBB Jack-Up Services A/S and three of the fund's other portfolio companies.
Previous engagements: Mr Jensen has a background in investment banking. He previously worked for six years as a Director of Carnegie Investment Banking in Copenhagen, advising Nordic companies on M&A and capital market transactions. Previously, he worked for two years with Morgan Stanley Investment Banking in London.
Educational background: Master of Science in Management & Economics (cand. oecon) from Aarhus University.

OVE ERIKSEN
Member of the board since 2006

Current engagements: Mr Eriksen serves as a member of the board of directors of DBB Jack-Up Services A/S.
Previous engagements: Founded Dansk Bjergning og Bugsering A/S in 1989. Founded DBB Jack-up Services in 2008. Founded DBB ROV Services in 2009, providing underwater ROV services. Acquired Svendborg Uddybning, a company that provides services in the dredging industry, in 2009.
Educational background: Electrician.

JESS ABILDSKOU
Member of the board since 2015

Current engagements: Mr Abildskou is the owner and CEO of Abildskou A/S. He serves as a member of the boards of Dansk Bjergning og Bugsering A/S and Orskov Yard A/S.
Previous engagements: CEO of Abildskou A/S (1999-present) and production manager at Aarhus Dockyard (1992-1999).
Educational background: Naval Architect from Helsingor Teknikum.

OWNERSHIP STRUCTURE

THE CURRENT SHAREHOLDINGS AND A PRESENTATION OF THE SHAREHOLDERS ARE PROVIDED BELOW

JACK-UP HOLDING A/S (BWB Partners)	DANSKE BJERGNING OG BUGSERING HOLDING APS (Ove Eriksen)	OY FINANS APS (Orskov Yard)	MANAGEMENT/ CHAIRMAN
59.5 %	25.1 %	14.8 %	0.6 %

DBB Jack-Up Services A/S

JACK-UP HOLDING A/S - BWB PARTNERS

BWB Partners invested in DBB Jack-Up in 2012 and is the Group's majority shareholder. Based in Denmark, BWB Partners was founded in 2005 as an independent and owner-managed private equity fund. BWB Partners is a generalist buyout fund investing in small and medium-sized companies with revenues in the DKK 200-1,000 million (EUR 25-125 million) range.

In close partnership with its co-owners and the management team of its portfolio companies, BWB Partners' objective is to create fundamental and long-term value through strategic add-on acquisitions, operational improvements and by professionalising the leadership structures of each portfolio company.

To BWB Partners, "active ownership" is the key to success. BWB Partners always combines capital with strategic aptitude and real hands-on operational capabilities to secure growth and success. The fund seeks to hold an equity majority in all of its companies, with the aim of establishing a strong professional shareholder structure in which management and former family owners often co-invest along-side the fund.

BWB Partners strongly believes in the human factor behind major achievements. For this reason, BWB Partners always ensures that it works with a competent and professional management team in all portfolio companies. BWB Partners also seeks to draw on a strong network of industrial advisers to support both the portfolio management teams and BWB Partners itself in its internal deal screening and due diligence processes.

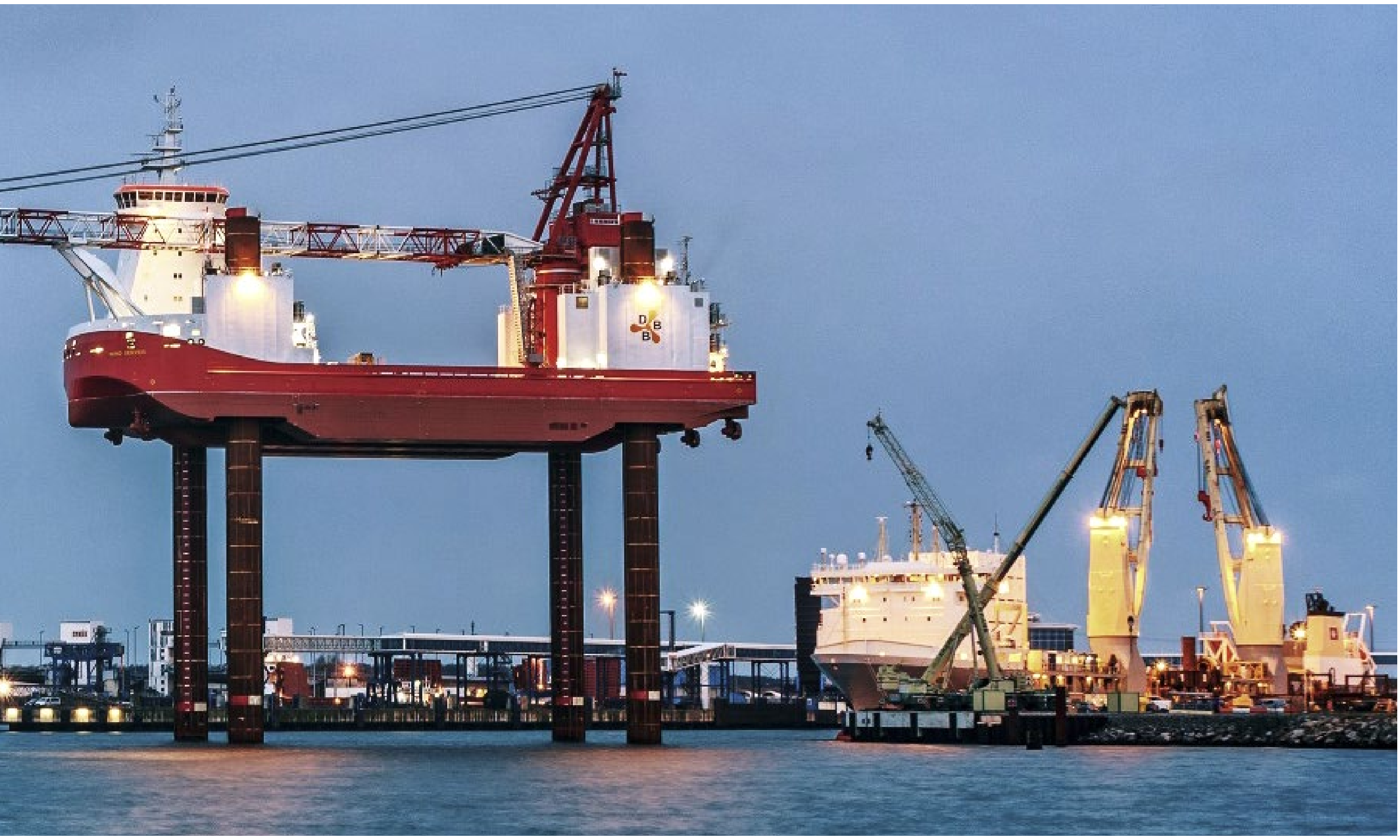
DBB Jack-Up Group is an investment held in BWB Partners II K/S, a DKK 1.0 billion (EUR 130 million) fund with a total of six current investments. BWB Partners has approximately DKK 2.3 billion (EUR 300 million) under management in two funds, has invested in a total of 17 companies with a strong track record and currently holds a portfolio of 13 companies. BWB Partners is backed by well-recognised Nordic and European institutional investors.

DANSK BJERGNING OG BUGSERING HOLDING APS

In addition to its shareholding in the Issuer, the company owns Dansk Bjergning og Bugsering A/S which focuses on salvage and towing operations, specialised heavy lift and ROV operations. The founder and owner, Mr Ove Eriksen, is in charge of the day-to-day management of the company and the vessels.

OY FINANS APS

OY Finans ApS is part of the Orskov Group, which owns and operates Orskov Yard in Frederikshavn, where the conversion of J/U WIND PIONEER took place. The yard employs 230 people and comprises four docks.



HISTORY OF THE COMPANY

Dansk Bjergning og Bugsering A/S was founded in 1989 by Ove Eriksen. In 2007, Dansk Bjergning og Bugsering A/S acquired the vessel J/U WIND, and in 2008 DBB Jack-Up Services A/S was carved out into a separate company with ownership of J/U WIND. BWB Partners invested in the DBB Jack-Up Group in 2012, appointing Thorsten Jalk as CEO. The development of the Company has since accelerated both commercially and through the acquisition of two more vessels.

	1989	2007	2008	2009	2010
VESSELS & OPERATIONS		J/U WIND acquired by DBB J/U WIND initiate first long term charter with Vestas		EUR 15m renovation of J/U WIND is conducted	J/U WIND on long-term charter with Vestas
CORPORATE	Dansk Bjergning & Bugsering A/S (DBB) founded by Ove Eriksen		Jack-Up operations carved out into separate entity – DBB Jack-Up Group		

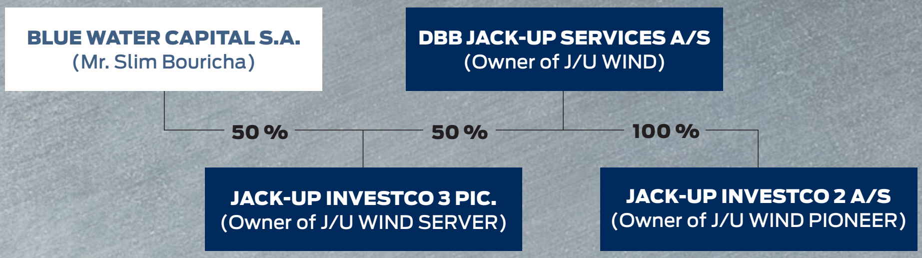
LEGAL STRUCTURE AND VESSEL OWNERSHIP

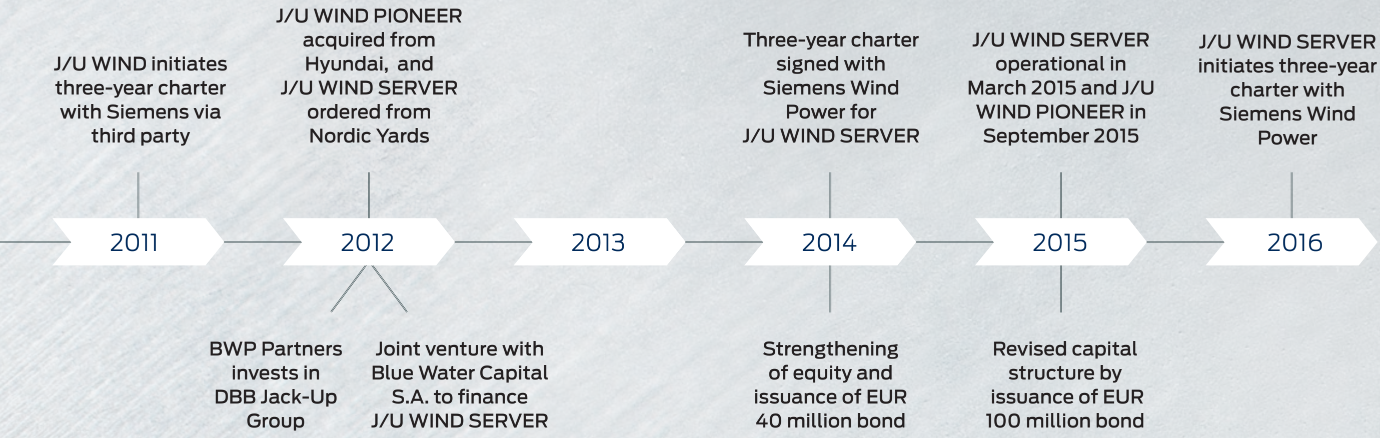
DBB Jack-Up Group consist of the parent company DBB Jack-Up Services A/S, and the wholly owned subsidiary Jack-Up InvestCo 2 A/S. Blue Water Capital S.A. and DBB Jack-Up Services A/S each own 50 per cent of Jack-Up InvestCo 3 Plc.

Blue Water Capital S.A. is an investment company whose promoter is Slim Bouricha. Mr. Bouricha serves on the board of Jack-Up InvestCo 3 Plc. Mr. Bouricha is the founder and president of Industrial & Financial Ltd, an international company dealing with energy-related contracting. After earning a B.S. in mechanical engineering from George Washington University in 1992, Mr. Bouricha worked at SACNA, a light commercial vessel shipyard, until 1999. While at SACNA, he managed the yard's transition to oil and gas contracting work, as well as managing various EPC onshore and offshore contracts in this industry.

According to IFRS, Jack-Up InvestCo 3 Plc. is fully consolidated in the accounts of DBB Jack-Up Services A/S, as explained in note 1 of the financial statements.

DBB JACK-UP GROUP LEGAL STRUCTURE





J/U WIND SERVER is owned by Jack-Up InvestCo 3 Plc. When J/U WIND SERVER was delivered in December 2014, DBB Jack-Up Services A/S entered into a 10-year modified BIMCO standard bareboat charter agreement with Jack-Up InvestCo 3 Plc. Under the terms of the agreement, each party is entitled to terminate the charter upon default, bankruptcy or similar event by the other party. DBB Jack-Up Services A/S is responsible for operating J/U WIND SERVER commercially. The Issuer is a party to all external contracts and all personnel are employed by the Issuer.

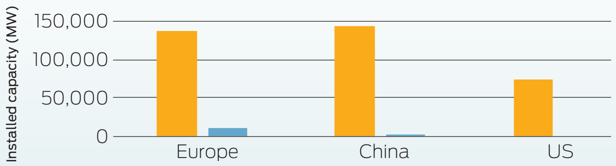
J/U WIND PIONEER is owned by Jack-Up InvestCo 2 A/S. DBB Jack-Up Services A/S is also responsible for operating J/U WIND PIONEER commercially and all external contracts will be entered into by DBB Jack-Up Services A/S, which also employs all personnel.

J/U WIND is wholly owned by DBB Jack-Up Services A/S who also employs all personnel and enters into all commercial contracts related to the vessel.

MARKET TRENDS

The offshore wind industry has grown tremendously in recent years. This growth is expected to continue, with an increased need for O&M Services.

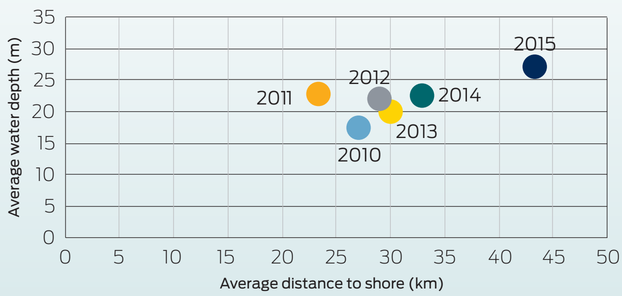
SIZE OF ONSHORE VS. OFFSHORE WIND CAPACITY



- Global installed wind energy capacity amounted to 432 GW at the end of 2015
- Offshore wind accounted for less than 3% of the installed capacity of wind energy
- Europe accounts for more than 90% of global installed offshore capacity
- Offshore wind has significant global growth potential

Source: Global Wind Energy Council, 2016

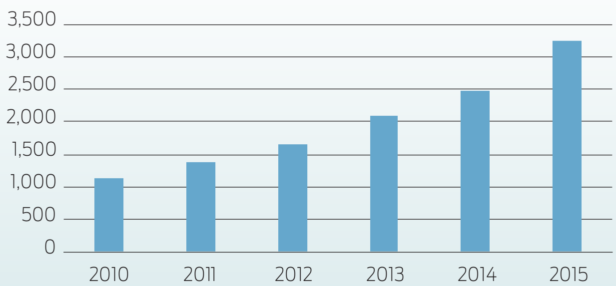
DEVELOPMENT IN WATER DEPTH & DISTANCE TO SHORE



- Offshore wind farms installed further offshore in 2015
- Average distance from shore was 43.3 km in 2015
- Average water depth was 27.1 metres 2015

Source: European Wind Energy Association, 2016

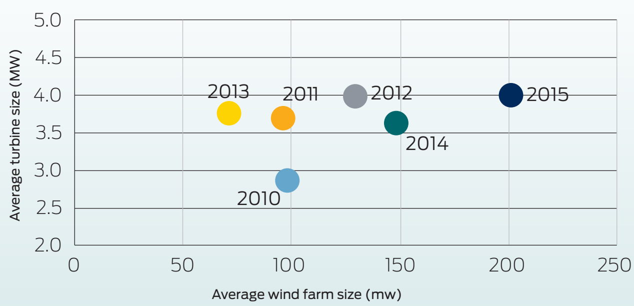
CUMULATIVE NUMBER OF TURBINES INSTALLED



- The number of installed offshore turbines have, on average, increased by 23% annually during the last five years
- At the end of 2015 a total of 3,230 turbines were installed in Europe

Source: European Wind Energy Association, 2016

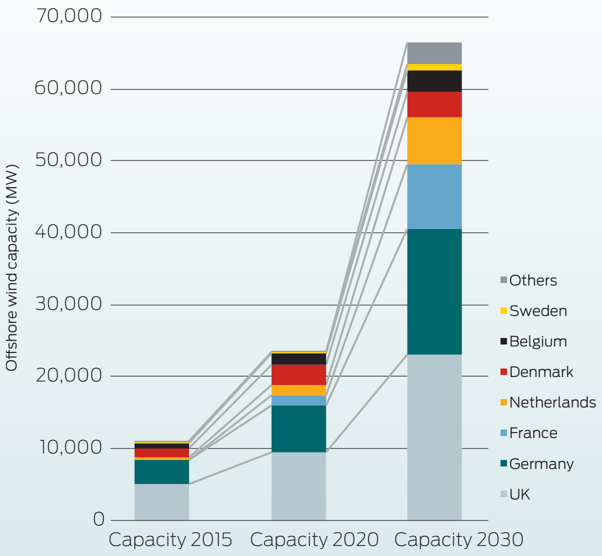
DEVELOPMENT IN TURBINE SIZE & WIND FARM SIZE



- The average wind farm capacity was greater in 2015 than in previous years
- Size of average wind farm was 200 MW in 2015
- Size of average turbine was 4.0 MW in 2015

Source: European Wind Energy Association, 2016

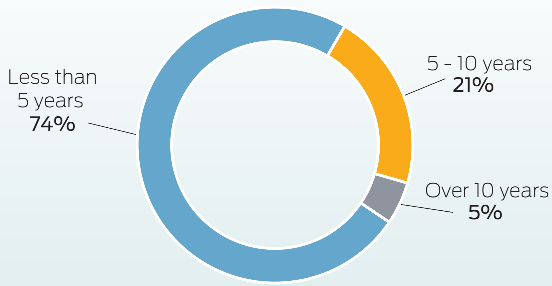
EXPECTED GROWTH FROM OFFSHORE WIND



- The UK and Germany are expected to account for 60% of the market growth during the next five years
- The UK and Germany are expected to account for 60% of installed capacity by 2030
- Strong growth also expected in France, the Netherlands, Belgium and Denmark
- The expected annual growth rate from 2015 to 2020 is 16%

Source: European Wind Energy Association, 2015

AGE DISTRIBUTION OF INSTALLED TURBINES, END 2015



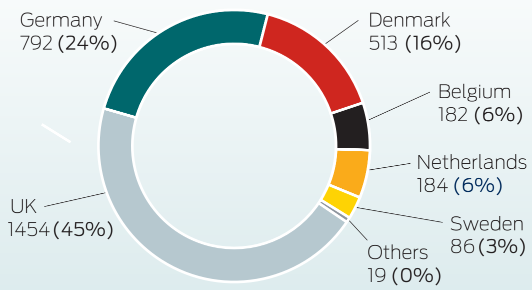
- With strong growth in recent years, around 74% of offshore turbines are installed within the last five years
- Only 5% of offshore turbines are more than ten years old
- Offshore wind farms are located in areas with very harsh weather conditions
- Wear and tear will increase need for O&M services as turbines grow older

Source: MAKE, 2015

THE PARIS AGREEMENT (COP21)

> The universal agreement's main aim is to keep a global temperature rise this century well below 2 degrees Celsius.

DISTRIBUTION OF TURBINES INSTALLED IN EUROPE, END 2015



- All significant offshore wind farms are located in only six European countries
- UK and Germany are clearly dominant, accounting for almost 70% of the installed number of turbines

Source: European Wind Energy Association, 2016


2 Beatrice
REpower 5 MW
SSE/Talisman (50% - 50%)
2 Blyth
Vestas V66
E.ON
60 Robin Rigg
Vestas V90
E.ON
27 Teesside
Siemens 2.3 MW
EDF
30 Ormonde
REpower 5 MW
Vattenfall
102 Walney
Siemens 3.6 MW
DONG (50%)
108 West of Duddon Sands
Siemens 3.6 MW
DONG (50%)
30 Barrow
Vestas V90
Centrica/DONG
160 Gwynt y Mör
Siemens 3.6 MW
RWE (60%)
30 North Hoyle
Vestas V80
RWE
25 Burbo Bank
Siemens 3.6 MW
DONG
25 Rhyl Flats
Siemens 3.6 MW
RWE (50%)
Mostyn
Liverpool
7 Arklow
GE 3.6 MW
GE
35 Westermost Rough
Siemens 6 MW
DONG (50%) / Marubeni (25%)
73 Humber Gateway
Vestas V112
E.ON
54 Lynn & Inner Dowsing
Siemens 3.6 MW
Centrica
75 Lincs
Siemens 3.6 MW
Centrica/DONG/SWP
88 Sheringham Shoal
Siemens 3.6 MW
Statoil/Statkraft
30 Scroby Sands
Vestas V80
E.ON
60 Princess Amalia
Vestas V80
E.ON
36 Egmond
an Zee
Vestas V90
Vattenfall
(50%)
Ijmuiden
43 Eneco Luchterduinen
Vestas V112
Eneco / Mitsubishi
48 Gunfleet Sands
Siemens 3.6 MW
DONG (50%)
140 Greater Gabbard
Siemens 3.6 MW
RWE/SSE
55 Belwind
Vestas V90
Various
Harwich
175 London Array
Siemens 3.6 MW
DONG/E.ON/others
72 Northwind
Vestas V112
Various
100 Thanet
Vestas V90
Vattenfall
54 Thornton Bank
Senvion 5 MW (# 6)
Senvion 6,2 MW (# 30+18)
RWE (27%) / Various
30 Kentisch Flats
Vestas V90
Vattenfall
Vlissingen
Ramsgate

OFFSHORE WIND FARMS

GRID CONNECTED END 2015

GROWTH OF OFFSHORE WIND O&M

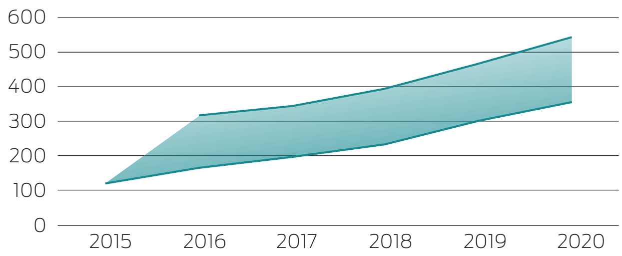
The market for major component replacement, such as gearboxes, generators and blades, is determined by the number of turbines installed and turbine failure rates.

The outlook of the first driver, number of turbines installed, is very encouraging as explained in the “Market trends” section.

The second major driver of demand for O&M jack-up vessels is turbine failure rates. The first big-scale offshore turbines were installed only fifteen years ago, and the number of installations has only accelerated over the past five years. Consequently, it is not known what years of wear and tear in offshore locations in very harsh weather conditions will do to the turbines. Therefore, no long-term studies exist on the failure rate of major components. As such, the predicted failure rate is based on expert interviews with researchers, turbine manufacturers and major utility companies.

Depending on its generation, a turbine may suffer from serial defects caused by design or substandard sub-components. These defects will often manifest themselves during the first few years after installation. Longer-term failure rates mainly depend on wear and tear. The likelihood of a wear-and–tear-related major component replacement increases between the fifth and the tenth year in operation. There is an overall assumption of the number of components that will have to be replaced during a turbine’s twenty-year lifetime. The number of annual interventions required over the period to 2020 can be estimated by taking into account the anticipated development of installed turbine capacity and predicted failure rates. The number of interventions is provided at an estimated range as illustrated below.

REQUIRED O&M JACK-UP INTERVENTIONS



Source: European Wind Energy Association, MAKE, AT Kearney, 2015

DBB JACK-UP GROUP'S SERVICE OFFERING

The DBB Jack-Up Group's business comprises owning, chartering and operating jack-up vessels designed to carry out O&M services on turbines at offshore wind farms.

Since none of the major offshore wind farm owners or turbine manufacturers own or operate in-house O&M jack-up vessels, both groups are customers or potential customers of DBB Jack-Up Group.

Once an offshore wind farm has been installed, turbine O&M is normally provided by turbine manufacturers under a 5-year warranty. For wind farms owned by a utility, it is customary for the wind farm owner to assume full O&M responsibility when the warranty period ends. However, institutional investors are more likely to outsource O&M responsibility to third parties or turbine manufacturers.

Turbines generally need to be accessed on a weekly or monthly basis for any minor adjustments and repair work needed. An offshore wind farm with approximately 100 turbines usually operates two or three small crew vessels on a full-time basis as part of its O&M setup. These crew vessels are normally built to carry up to twelve technical staff and two crew members operating on 12-14 hour shifts, weather permitting. Wind farm owners generally carry out these operations entirely in-house. However, large jack-up vessels, such as those operated by the DBB Jack-Up Group, are required for extensive maintenance and repairs. Such repairs generally involve the larger turbine components, such as the gearbox, generators or blades.

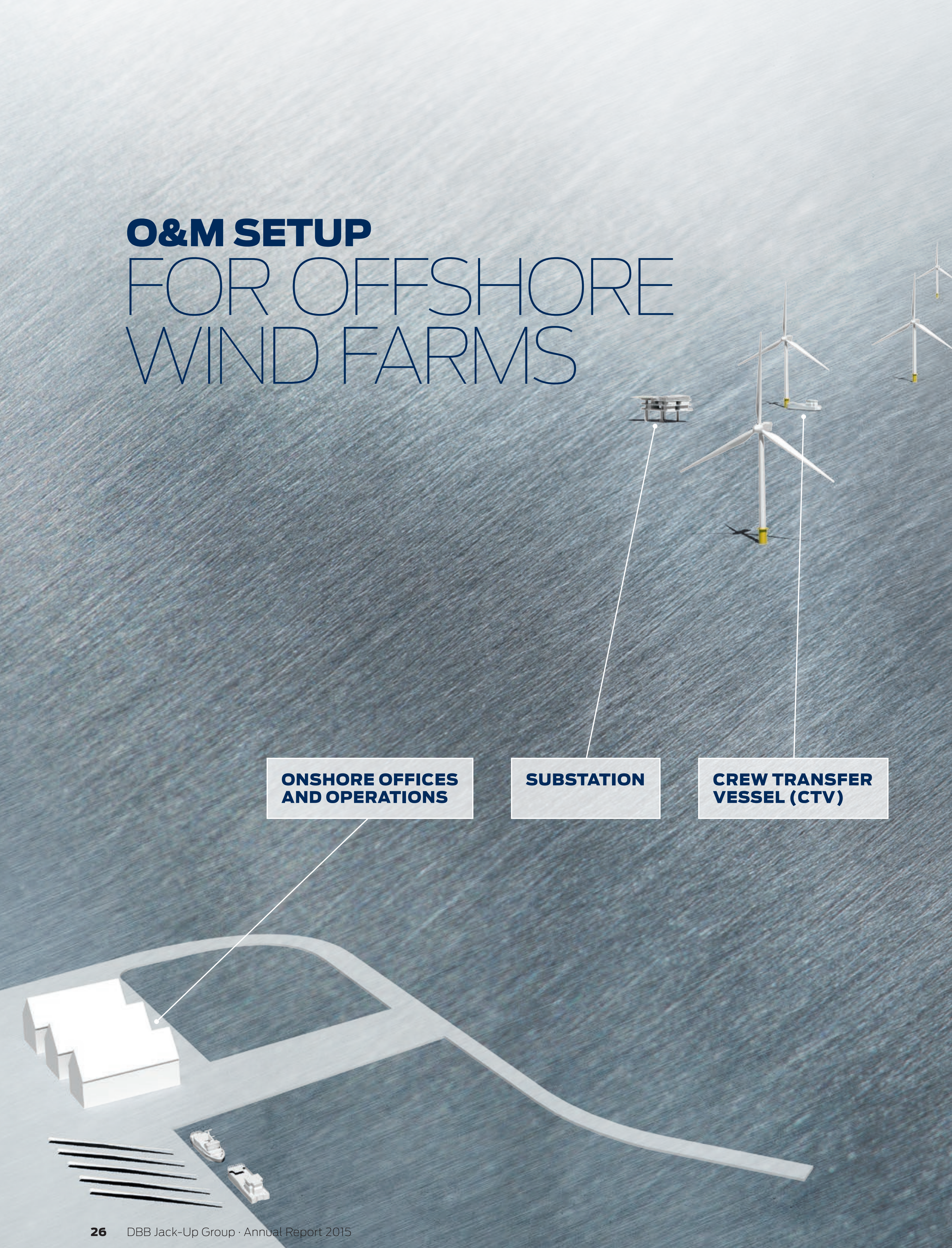
The DBB Jack-Up Group's scope of business in relation to major component repairs or replacements covers the entire spectrum of the operation, from planning and documentation to execution. Normally, the DBB Jack-Up Group receives site information from the wind farm owner with the latest site survey including information on seabed cabling tracks, turbine positions, scour protection areas, seabed drill samples, unexploded ordnances and Bartholomew maps (seabed maps). Based on this information, a sub-supplier such as COWI, NIRAS or RPS prepares a penetration analysis report. The penetration analysis is based on the exact jack-up vessel for each location or for a group of locations depending on the seabed structure. Based on this penetration analysis, a site specific assessment ("SSA") is carried out by a different sub-supplier, such as Global Maritime or OSK Offshore. This SSA provides the calculations that in turn set out the weather conditions under which the vessel can and must operate. The SSA is normally then subject to approval by the client's marine warranty surveyor.

Generally, the above mentioned calculation and documentation process takes from four to eight weeks and once it is completed, the actual repair work can commence. Normally, the required spare parts are loaded onto the jack-up vessel in a base port near the site. After securing the components for sea and weather permitting, the vessel sails out to the repair location. Offshore wind farms are deliberately placed in areas with harsh weather to maximize the energy output, and hence a window of benign weather conditions that fall within the vessel's operational capability is required. The length of this window depends on the type of repair work to be carried out but ranges from six to thirty-six hours. Wind speeds above the operational threshold are the most common factor causing delays or limitations to the work carried out.

Before the jack-up service vessel commences its procedure, the turbine will be switched off and prepared by the turbine manufacturers and the wind farm owner's technical staff. Once the technical staff assess that the turbine is ready, the jack-up vessel moves into position, assisted by dynamic positioning systems which calculate and maintain an optimal vessel position throughout the procedure. Once the vessel is in position, jacking up commences. Having reached stable seabed pressure and after a sufficiently long pre-drive period, the crane is released for operation and a safe transfer from the vessel to the turbine foundation is established via a gangway. Subsequently, old parts are lifted from the turbine onto the deck of the vessel and replaced with new parts which are then lifted onto the turbine and installed. Upon completion of the procedure, the vessel jacks down and sails on, either to the next location or back to its base port.

A typical O&M setup is illustrated on the next page

O&M SETUP FOR OFFSHORE WIND FARMS




MET MAST
SERVICE OPERATION VESSEL (SOV)
DEDICATED O&M JACK-UP FOR MAJOR COMPONENT REPLACEMENT

CUSTOMER CONTRACTS

The DBB Jack-Up Group applies different types of contract with its customers: Time charter (T/C), framework agreements or turnkey contracts.

A T/C is characterised by being a hire of a vessel for a certain predetermined period at a fixed day rate. T/C can be short-term (up to three months), medium-term (three to 24 months) or long-term (beyond two years). Customers often have extension options at the end of the contract period. Contracts often follow international standards for T/C contracts, typically a BIMCO standard. Under T/C contracts, the customer is often, in addition to the day rate, required to pay for fuel, port calls, and necessary logistical support from supply boats. The cost of delays resulting from adverse weather lies with the customer.

The DBB Jack-Up Group also enters into framework agreements with its customers. Framework agreements ensure that contract terms including pricing are agreed upon beforehand, thus reducing the time required by the DBB Jack-Up Group to respond to requests for the replacement of major turbine components. Framework agreements are based on either lump sum prices or T/C rates. If T/C rates apply, they are based on a short-term rate and are consequently somewhat higher than long-term T/C rates. For the replacement of major components such as gearboxes, generators, transformers, blades or main shafts, the DBB Jack-Up Group also offers customers fixed lump sum prices per replacement. With lump sum prices, all costs including fuel, port calls, etc. are borne by the DBB Jack-Up Group, as are costs incurred due to delays resulting from adverse weather or maintenance work. In the winter period when the weather is harsher, weeks can go by without the weather permitting any major component replacements. In the summer period, on the other hand, several components can be replaced in a week if the turbines are located in close proximity to one another.

The DBB Jack-Up Group enters into turnkey contracts in market segments where it has a competitive edge. In general, this is within segments where maritime knowledge, provision of a jack-up vessel with a crane combined with strong knowledge of the offshore wind industry is essential. These market segments include decommissioning of met masts, foundations and/or turbines. Similar to lump sum agreements, costs related to fuel, port calls and delays due to adverse weather, etc. are borne by the DBB Jack-Up Group, as are the risks related to subpar performance of any subcontractors hired to, for instance, recycle turbines or subsea operations. The responsibility of a turnkey project requires strong project management skills in order to avoid cost overruns.

Contracts are generally entered into following a tender process, which is initiated by the customer issuing a request for a

> We have seen a more efficient planning and execution of our O&M tasks and it was only natural for us to extend the agreement.
>
> Asger Pedersen, Senior Director of MHI Vestas Offshore Wind

quotation. The request is sent to a number of vessel operators either directly, through shipbrokers or through supplier management communities. Tender processes normally require a price indication, evaluation of contractual conditions, description of HSEQ systems, proposed project execution plans, availability of proposed vessels and vessel specifications including water depth, load, crane load, accommodation facilities, etc. Participating in tender processes requires substantial documentation, in particular in relation to more complex turnkey solutions. The DBB Jack-Up Group's management team has significant experience in managing tender processes and preparing tender documentation.

THREE-YEAR CHARTER WITH SIEMENS WIND POWER

The DBB Jack-Up Group commenced a three-year T/C with Siemens Wind Power on 14 March 2016. The vessel is part of an important initiative to service the rising number of large-scaled offshore wind power projects across Northern Europe installed by Siemens Wind Power. This highly innovative, purpose-built jack-up vessel will allow Siemens Wind Power to keep the vessel ready for fast mobilization, reducing the required lead time for servicing turbines. During the tenor of the three-year contract, the DBB Jack-Up Group will be remunerated on the basis of a fixed day rate. Siemens has an option to extend the charter contract by three one-year periods.

FRAMEWORK AGREEMENT WITH MHI VESTAS OFFSHORE WIND

The DBB Jack-Up Group has secured a framework agreement with MHI Vestas Offshore Wind covering the period of 2015-2017. Demonstrating the strong relationship between the parties, the agreement grants the DBB Jack-Up Group the right of first refusal on all service interventions on MHI Vestas' offshore turbines until the end of 2017. The agreement is not vessel specific. In principle, this means that the DBB Jack-Up Group has the option to carry out an intervention if it can move a vessel that is appropriate for the assignment to the site within a predetermined time period. Remuneration to DBB takes place on a lump sum basis, with the price varying with the type and site of the intervention.

CORPORATE SOCIAL RESPONSIBILITY

The DBB Jack-Up Group maintains various policies and certifications in relation to Corporate Social Responsibility.

Policies include a Health, Safety & Environmental Protection Policy, a Drug & Alcohol Policy, an Employment Policy and an Anti-Bribery and Corruption Policy. The purpose of the policies is to ensure that the Group maintains the highest standards within safety and environmental protection in all of its activities. The policies imply that we maintain high ethical standards, and that we act with respect and integrity towards customers, suppliers, employees, authorities, owners and society in general.

Operations at sea are conducted in compliance with international and national laws and regulations. The Company is certified by Bureau Veritas to satisfy the requirements of the ISM Code / MLC2006 / ISPS Code. To reduce the risk of accidents, there is great emphasis on preventive maintenance and on ships being manned by highly qualified staff. We maintain a Vessel Risk Assessment Management system that includes toolbox talk and a Safety Card system. In addition, we use BIMCO's Shipping KPI system to benchmark our HSEQ performance.

The Company has been certified by Bureau Veritas to the ISO9001:2008 (quality management system), ISO14001:2004 (environmental management system) and OHSAS 18001:2008 (occupational Health and Safety management system). The ISO and OHSAS standards are all voluntary, but the company uses them to strengthen its safety and quality standards.

VISION AND MISSION

OUR VISION

Offshore renewables are the preferred future source of energy.

OUR MISSION

To provide second-to-none solutions to the offshore renewables industry through our dedication to skilled people, specialist equipment and safe operations.

BUSINESS MODEL

A business model for jack-up operations involves a high initial investment and high operating costs with only a minor variable cost component. Accordingly, most costs are fixed, and the key drivers of cash flow generation for the DBB Jack-Up Group are day rates and utilisation of the fleet.

KEY RESOURCES

- Building or acquiring jack-up vessels requires high initial investments, and know how of design requirements.

VALUE TO CUSTOMERS

- For wind farm owners, it is important to avoid any unscheduled downtime. We provide value to our customers through our dedication to servicing the offshore wind industry. In other words, our vessels are always ready to provide swift assistance to “keep the blades turning” at offshore wind farms.

CUSTOMER SEGMENTS

- Customers of the DBB Jack-Up Group are wind farm operators. Typically, these are turbine manufacturers or wind farm owners. Once an offshore wind farm has been installed, turbine O&M is normally provided by turbine manufacturers under a five-year warranty. For wind farms owned by a utility, it is customary for the wind farm owner to assume full O&M responsibility when the warranty period ends. However, institutional investors are more likely to outsource O&M responsibility to third parties or turbine manufacturers.

COST STRUCTURE

- Operating a maritime organisation that serves offshore wind farms implies a predominantly fixed-cost structure with relatively few variable costs. For example, staff, insurance, catering and other costs are fixed regardless of the level of activity.

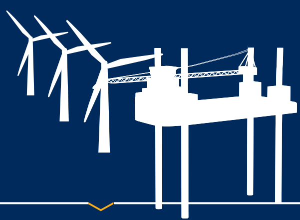
Jack-up vessels as a category can be divided into installation jack-ups, which are large, sophisticated high-cost vessels specially designed for installing offshore turbines, and dedicated O&M jack-ups, which are smaller and faster self-propelled vessels that are purpose-built for major component replacement operations.

CHARACTERISTICS OF VESSELS

● = best/highest score

○ = worst/lowest score

		DEDICATED O&M JACK-UPS	INSTALLATION JACK-UPS
Vessel characteristics	Operational flexibility	●	◔
	Deck load	◔	●
	Crane height	◑ – ◕	◑ – ◕
	Crane lifting capacity	◑	◕ – ●
	Max. water depth	◑ – ◕	◑ – ◕
	Bunker consumption	●	○
	Impact on seabed	◕	○



REVENUE STREAMS

- Due to the high initial investments and the fixed-cost base, achieving a satisfactory return on invested capital requires high utilisation rates for the vessels at adequate day rates. The Company endeavours to secure longer-term contracts with customers. Preferably, this is in the form of time/charter contracts or right-of-first refusal framework agreements that provides a predictable revenue stream.

DIFFERENTIATION TO INSTALLATION JACK-UP VESSELS

- In the offshore wind farm market, dedicated O&M jack-ups are a preferred option for a number of reasons, as illustrated above.

  Firstly, dedicated O&M jack-ups are designed and built to conduct O&M tasks and do not require sophisticated features such as helicopter decks, additional deck space, etc., such as is generally the case for installation jack-ups.

  Moreover, being lighter, these vessels consume less bunker fuel than their installation counterparts. The sum of these factors is reflected in charter rates, which are markedly lower for O&M jack-ups than for installation jack-ups. In addition, crews on board dedicated O&M jack-up vessels are highly specialised in conducting O&M tasks and thus have in-depth knowledge in this field, which, in turn, ensures efficient on-site O&M operations.

  Finally, due to their lower weight and fewer and narrower legs, dedicated O&M jack-ups have less of an impact on the seabed compared to the heavier installation vessels.

The most important characteristics of a dedicated O&M jack-up are:

1.) Operating flexibility
2.) Maximum operational water depth
3.) Crane height and lifting power
4.) Deck load
5.) The ability to operate in harsh weather.

RISK MANAGEMENT

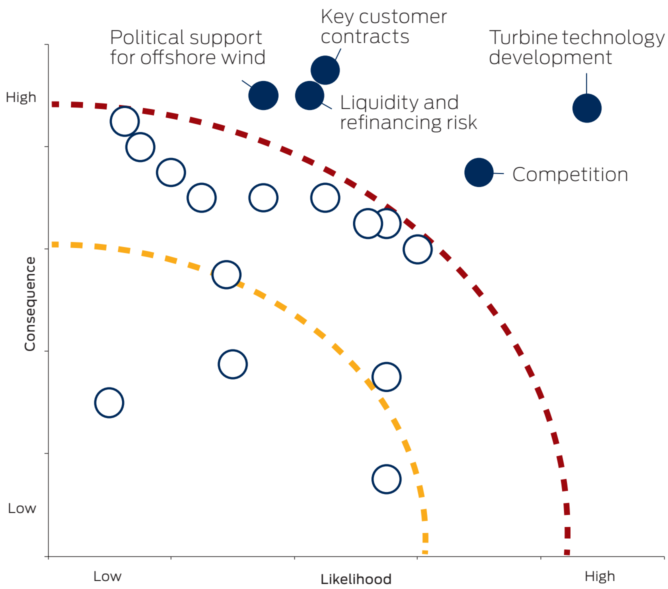
At DBB Jack-Up Group, we define risk as "anything that can adversely affect our ability to execute our strategy and achieve our objectives".

RISK MANAGEMENT PROCESS

The risk assessment process is anchored in the Executive Management team which periodically goes through the process of risk identification, analysis, valuation and consideration of treatment. Risk factors are divided by origin as strategic, operational, financial or compliance risk. The risk factors are perceived not only as risks but also as opportunities to continue developing the strategy. Strategic responses to risk factors may consequently result in an improved market position. A, at regular board meetings, the Board of Directors and the Executive Management collectively review and assess the risks identified.

RISK HEAT MAP

To help visualise risks and opportunities, a heat map is prepared with the net risk presented after possible mitigation. The risks past the dotted red line are considered to be the most significant risks to which the Company is exposed.



THE FIVE MOST NOTICEABLE RISK FACTORS SHOWN IN THE RISK HEAT MAP ARE ELABORATED UPON BELOW.

RISK FACTORS	POSSIBLE CAUSES	POTENTIAL CONSEQUENCES	ENSUING MITIGATION
TURBINE TECHNOLOGY DEVELOPMENT	· Technology development to larger turbines with a height that exceeds the lifting heights of the company's current fleet · Technology development of turbines making it possible to carry out offshore major component replacement without the need for a jack-up. · More reliable turbine technology developed with fewer defects	· Uncertainty about future market demand	· Continue investing in vessels capable of meeting the technology development of increasingly larger turbines. The bond issue contains a limitation of EUR 2.0m on Newbuild CAPEX, during the tenor of the bond. This amount is thus likely to be used for the initial specification and design of a new vessel
COMPETITION	· Dedicated O&M services for major component replacements at offshore wind farms is currently offered only by a few companies. New entrants may make investments in jack-ups to offer major component replacements. · In addition, companies with jack-ups used for installation of new wind farms could offer O&M services if there is inadequate demand for installation of new wind farms	· Over-capacity of jack-up vessels could lead to low utilisation and price competition	· Seek to increase differentiation to competitors and create value to customers that competitors cannot match · Build barriers to entry that will make it more difficult for competitors to compete within DBB Jack-Up Group dedicated O&M services
POLITICAL SUPPORT FOR OFFSHORE WIND	· Development of new wind farms relies on continued political support to decarbonize the economy. This involves maintaining regulatory regimes that make investing in offshore wind farms attractive	· A drop in the number of new wind farms will reduce the projected demand for O&M services, although O&M services will still be needed for existing turbines. This may also lead to over-capacity of jack-up vessels and price competition	· DBB Jack-Up Group accepts this event as a risk inherent to being in the offshore wind industry
KEY CUSTOMER CONTRACTS	· DBB Jack-Up Group relies on being able to fulfil contracts with its key customers to secure future revenue. Inability to fulfil requirements of contracts with its key customers will have material consequences to the cash flows of the company. In the medium-term, the company relies on the prolongation of existing contracts or on winning new contracts	· The contracts with Siemens Wind Power and MHI Vestas collectively account for a majority of projected 2016 revenue	· Reducing the risk of going off-hire for J/U WIND SERVER is redundancy built into its design. We also maintain a very high level of preventive maintenance in all aspects of the vessel, and keep an inventory of critical spare parts
LIQUIDITY AND REFINANCING RISK	· Liquidity risk includes the risk of the group experiencing a liquidity shortage and the inability to refinance its maturing credit lines as needed	· If refinancing of the company is not possible at maturity or the company encounters liquidity risk, the ensuing costs may be critical	· The company currently has a loan to book value of vessels ratio of approx. 60% that is planned to be significantly reduced before the refinancing of the current bond issue (matures 26 November 2019)

MAIN CHANGES OF RISK EVALUATION

Three main changes occurred in the risk assessment during 2015 and in early 2016.

Firstly, risks relating to the two new vessels have been significantly reduced. J/U WIND SERVER went into operation at the beginning of 2015. During the year, the vessel has successfully completed several operations and proven that it is superbly suited for operation & maintenance. In addition, we completed the conversion of J/U WIND PIONEER from a construction vessel into a jack-up customised for operation & maintenance. We now have a fleet of three vessels dedicated to servicing the offshore wind industry.

Secondly, customer contracts have improved cash flow visibility. In September 2015, the right-of-first-refusal framework agreement with MHI Vestas Offshore Wind was extended until end-2017. The three-year charter with Siemens Wind Power commenced in mid-March 2016. Consequently, the contract coverage during 2016 and 2017 has improved considerably.

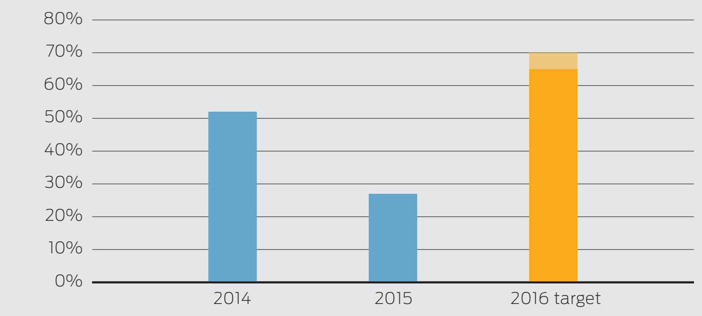
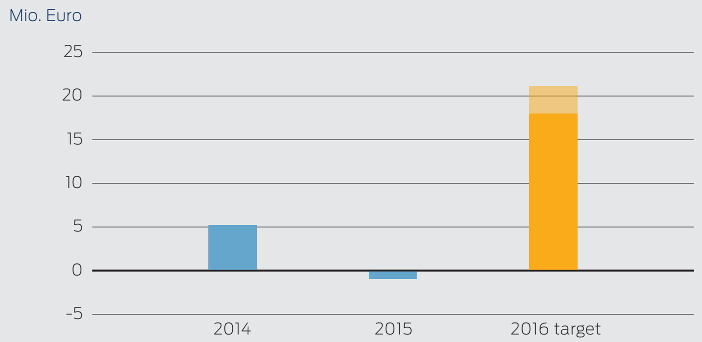
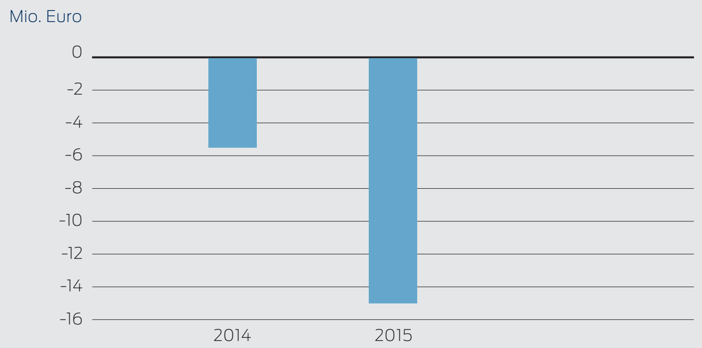
Thirdly, a revised capital structure has significantly strengthened the Company's financial position. On 26 November 2015, the company issued a EUR 100 million bond, the proceeds from which were used to refinance existing debt. The revised capital structure has become less complex, principally consisting of subordinated debt and the bond issue. Both the bond issue and the subordinated debt matures at the end of 2019, implying a substantially extended maturity profile of the company's debt.

KPIs

The Board of Directors and Executive Management monitor a number of key performance indicators ("KPIs") to evaluate the success on our strategy over time.

The KPIs are both financial and operational, internal and external, leading and lagging indicators. KPIs are maintained for different purposes in the organisation. To monitor the operational performance of individual vessels, we employ BIMCO's Shipping KPI system. At Group level, we monitor, among other things, utilisation of individual vessels, realised day rates, return on invested capital and employee turnover. The three main KPIs, disclosed externally, are elaborated upon in the table below.

KPIs	DEFINITION	WHY WE USE THE MEASURE	COMMENTS ON 2015 PERFORMANCE
WEIGHTED AVERAGE UTILISATION RATE	Weighted average utilisation rate is defined as the number of days a vessel is chartered divided by the number of days in the year. Each vessel has a different weighting depending on its specifications	A high utilisation rate is driven by the level of sales to customers, as well as our own ability to make the vessel available to customers. The measure shows the combined efficiency of sales and operations	There was an excess supply of installation vessels in the market in 2015, as new installation projects originally intended for 2014/15 were postponed for about two years. Instead, customers used already chartered installation vessels for their O&M operations.
EBITDA	EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation	EBITDA is a good measure for operating efficiency and the ability to generate cash flows	EBITDA was not satisfactory in 2015, mainly as a result of the low utilisation rate, and as we invested for the future by scaling up the organisation to operate three vessels
CASH FLOWS FROM OPERATING ACTIVITIES	Cash flows from operating activities is EBITDA mainly less working capital adjustments and financial payments	Cash flows from operating activities is useful for assessing our ability to amortise debt, and cash available for CAPEX	Cash flows from operating activities was adversely affected by negative EBITDA and increased financial payments due to one-off costs for the revised capital structure and discontinued capitalisation of vessel financing

TARGETS FOR 2016	PERFORMANCE
We target a weighted average utilisation rate of 65-70% in 2016, due to the start of the three-year charter with Siemens Wind Power and the improved market prospects in general	
We target EBITDA in the range of EUR 18-21m in 2016, mainly due to higher expected utilisation rates for our vessels	
We have not published targets for 2016. However, we expect EBITDA in the range of EUR 18-21m, and CAPEX for 2016 is estimated to be less than EUR 3m	

KEY FIGURES

EUR '000	Danish GAAP* 2011	Danish GAAP* 2012	Danish GAAP* 2013	IFRS 2014	IFRS 2015
Income statement					
Revenue	10,058	11,506	11,044	10,433	9,138
Earnings before interest, tax, depreciation etc. (EBITDA)	6,755	7,841	5,502	4,635	-966
Income before tax	3,812	4,822	3,767	1,929	-21,154
Balance sheet items					
Non-current assets	29,768	55,645	105,330	164,966	173,108
Current assets	2,048	15,638	8,104	6,320	2,756
Subordinated capital	12,040	52,681	64,486	88,229	71,891
Current liabilities	9,237	7,670	21,426	11,442	5,983
Cash flows					
Net cash flows from operating activities	6,163	5,381	16,644	-5,427	-15.071
Net cash used in investing activities	-2,747	-27,740	-51,418	-29,535	-11,061
Net cash used/received in financing activities	-3,106	35,388	27,722	33,415	25,029
Net (decrease)/increase in cash and cash equivalents	310	13,030	-7,052	-1,547	-1,103
Financial ratios and other key figures					
EBITDA margin	67%	68%	50%	44%	-11%
Subordinated capital ratio	38%	74%	57%	52%	41%
NIBD (including capitalised financing costs)	16,429	3,771	30,496	68,928	99,889
Loan to vessel ratio (NIBD/Vessel book value)	56%	8%	31%	42%	60%
Total number of operating vessels (average)	1	1	1	1	2

*The key figures from 2011 to 2013 have not been restated to comply with the International Financial Reporting Standards (IFRS).

REVISED CAPITAL STRUCTURE

On 26 November 2015, the company issued a EUR 100 million bond to more than 50 international investors.

The bond bears a floating rate coupon of 3M EURIBOR + 8.5%. The bond begins to amortise 12 months after the issue date with semi-annual amortisation of EUR 2.5m, increasing to EUR 3.0m after 24 months. Furthermore, liquidity in excess of EUR 5.0m will be subject to cash sweep for additional amortisation of the bond loan at 102% of par value.

The proceeds from the bond issue were used to refinance existing debt, as illustrated in the table below.

USE OF PROCEEDS (EUR ´000)	
Repayment of existing bond	43,502
Repayment of bank loans	28,912
Repayment of subordinated loans	14,660
On-account payments of option in Jack-Up InvestCo 3 Plc.	6,057
General corporate purposes and transaction costs	6,869
Total	**100,000**

The refinancing will reduce interest expenses significantly in 2016. In addition, the revised capital structure has become less complex, principally consisting of subordinated debt and the bond issue. Both the bond issue and the subordinated debt matures at the end of 2019, implying a substantially extended maturity profile of the company's debt.

REVIEW OF FINANCIAL PERFORMANCE

REVIEW OF THE INCOME STATEMENT FOR 2015

EUR '000	2015	2014	Change
Revenue	**9,138**	**10,433**	**-1,295**
OPEX and project related costs	-6,465	-3,630	-2,835
SG&A	-3,640	-2,169	-1,471
EBITDA	**-966**	**4,634**	**-5,601**
Depreciation	-5,967	-1,912	-4,055
EBIT	**-6,933**	**2,722**	**-9,655**
Financials, net	-14,221	-793	-13,428
Income before tax	**-21,154**	**1,929**	**-23,083**

Revenue for 2015 amounted to EUR 9.1m, compared to EUR 10.4m in 2014. In 2014, the company had only one vessel, the J/U WIND. J/U WIND SERVER became operational in the first quarter of 2015, while J/U WIND PIONEER became operational late in the third quarter of 2015. The low revenue in 2015 is a consequence of competition from installation vessels, and to a lesser degree the abnormally adverse weather conditions in the fourth quarter. There was an excess supply of installation vessels in the market in 2015, as new installation projects originally intended for 2014/15 were postponed for about two years. This led to customers using already chartered installation vessels for operation & maintenance services. Furthermore, the 2014 revenue included EUR 3.7m received as loss–of-revenue compensation in connection with the late delivery of J/U WIND SERVER.

Vessel OPEX costs increased to EUR 6.5m from EUR 3.6m. The main reason for the EUR 2.8m increase was J/U WIND SERVER and J/U WIND PIONEER becoming operational in 2015, whereas J/U WIND was the only vessel in operation in 2014.

SG&A expenses amounted to EUR 3.6m, a EUR 1.4m increase from EUR 2.2m. The increase reflects one-off costs of EUR 0.4m related to the revised capital structure, and the expansion of the organisation to support the operations of a fleet consisting of three vessels. The current organisation is considered to be appropriate for supporting the operations of three vessels and running the business efficiently.

EBITDA was a EUR 1.0m loss compared to a EUR 4.6m profit in 2014. The main reasons for the lower EBITDA were the loss-of-revenue compensation received in Q4 2014 and the higher OPEX and SG&A expenses in 2015.

Depreciation charges rose to EUR 6.0m in 2015 from EUR 1.9m in 2014. The increase was the result of full depreciation of J/U WIND SERVER and J/U WIND PIONEER from the end of 2014 and the end of Q3 2015, respectively.

EBIT was a EUR 6.9m loss compared to a EUR 2.7m profit in 2015. The main reasons for the lower EBIT were the loss-of-revenue compensation received in Q4 2014 and the higher OPEX, SG&A expenses and depreciation charges recognised in 2015.

Financials, net increased to EUR 14.2m in 2015 from EUR 0.8m in 2014. The increase was primarily due to one-off costs relating to the revised capital structure of EUR 4.4m in Q4 2015, and reduced capitalisation of vessel financing costs amounting to EUR 8.0m in 2014. Capitalisation of vessel financing was discontinued for J/U WIND SERVER and J/U WIND PIONEER effective from the end of 2014 and the end of Q2 2015, respectively.

The company recorded a loss before tax of EUR 21.2m in 2015 compared to a EUR 1.9m profit in 2014.

In the annual report 2014 we expected results for 2015 to be at the same level as 2014. The deviation is primarily a consequence of lower revenue and higher financial costs than expected.

REVIEW OF BALANCE SHEET AT THE END OF 2015

EUR '000	2015	2014	Change
Assets			
Vessel, including fixtures & equipment	166,352	164,966	1,385
Other non-current assents	6,756	-	6,756
Non-current assets	**173,108**	**164,966**	**8,142**
Trade and other receivables	634	1,726	-1,092
Cash and cash equivalents	2,122	4,594	-2,473
Current assets	**2,756**	**6,320**	**-3,564**
Total assets	**175,864**	**171,286**	**4,578**
Equity and Liabilities			
Equity	**42,580**	**55,813**	**-13,234**
Subordinated loans	29,312	32,416	-3,104
Bond loans	97,799	39,082	58,717
Bank loans and lease liabilities	2,010	33,522	-31,512
Other liabilities	4,163	10,453	-6,290
Total liabilities	**133,284**	**115,473**	**17,811**
Total equity and liabilites	**175,864**	**171,286**	**4,578**
Key ratios			
Subordinated capital ratio	**40.9%**	**51.5%**	**-10.6%**
NIBD (including capitalised financing costs)	**99,889**	**68,928**	**30,961**
Loan to Vessel ratio (NIBD/Vessel book value)	**60.0%**	**41.8%**	**18.3%**

The total value of the vessels amounted to EUR 166.4m at the end of 2015, compared to EUR 165.0m, an increase of EUR 1.4m. The change was due to the final capital expenditure for the deployment of J/U WIND PIONEER.

Total equity declined to EUR 42.6m at 31 December 2015, compared to EUR 55.8m at 31 December 2014. This EUR 13.2m decline mainly breaks down into the 2015 loss of EUR 16.5m, and the EUR 3.3m capital increase completed at the beginning of 2015.

The subordinated capital ratio (defined as total equity plus subordinated capital divided by total assets) at end-2015 was 40.9%. The subordinated capital ratio has a safe margin relative to the company's only financial covenant, which requires a subordinated capital ratio of 32.0% or higher, at the end of December 2015.

Senior Net Interest-Bearing Debt (NIBD) amounted to EUR 99.9m at 31 December 2015. Hence, the senior Loan to Vessel value stood at 60.0% at year-end.

REVIEW OF STATEMENT OF CASH FLOWS FOR 2015

EUR '000	2015	2014	Change
EBITDA	**-966**	**4,635**	**-5,601**
Working capital adjustments	-46	-5,587	5,541
Financial payments, net	-13,986	-4,560	-9,426
Other adjustments	-73	87	-160
Net cash flows from operating activities	**-15,071**	**-5,427**	**-9,644**
Investing activities	-11,061	-29,535	18,474
Net cash flows after investing activities	**-26,153**	**-34,962**	**8,810**
Financing activities	25,029	33,415	-8,386
Net cash flows after financing activities	**-1,103**	**-1,547**	**444**
AVAILABLE LIQUIDITY			
Cash and cash equivalents	**2,122**	**4,594**	**-2,473**
Cash on Retention Account	708	2,200	-1,492
Liquidity	**1,414**	**2,394**	**-981**
Available draw on working capital facility	8,094	724	7,370
Available liquidity	**9,507**	**3,118**	**6,389**

Cash flows from operating activities was an outflow of EUR 15.1m in 2015 due to the EBITDA loss and financial payments.

Investing activities amounting to EUR 11.1m, of which EUR 6.1m was related to on-account payments to the co-investor in Jack-Up InvestCo. 3 Plc., the company owning J/U WIND SERVER. DBB Jack-Up Services A/S has an option to purchase the co-investor's 50% ownership interest in Jack-Up InvestCo. 3 Plc, the on-account payment represents part payment of this option.

Liquidity, net of cash on retention account, amounted to EUR 1.4m at 31 December 2015. Liquidity in excess of EUR 5.0m will be subject to cash sweep for additional amortisation of the bond loan. The cash sweep is performed semi-annually, the first sweep to be made at 31 December 2016. Available liquidity including available draw on working capital facility amounted to EUR 9.5m.

OUTLOOK FOR 2016

The outlook for 2016 is an expectation of EBITDA in the range of EUR 18-21m (≈DKK 135-155m).

The expectations are based on a weighted average utilisation rate of 65-70% for all three vessels for the full year 2016.

Management expects a significant improvement in the utilisation rate from the second quarter of 2016, as J/U WIND SERVER is due to start up a three-year charter with Siemens Wind Power.
In addition, management expects an improved market during 2016.

STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Executive Management and the Board of Directors have today considered and adopted the annual report of DBB Jack-Up Services A/S for the financial year 1 January to 31 December 2015.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company are prepared in accordance with the Danish Financial Statements Act. The management commentary is also prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements of the parent company give a true and fair view of the financial position at 31 December 2015 of the Group and the parent company and of the results of the Group's and the parent company's operations and the Group's consolidated cash flows for the financial year 2015.

In our opinion, the management commentary provides a fair review of the development in the operations and financial circumstances of the Group and the parent company, of the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty, which the Group and the parent company are facing.

We recommend that the annual report be adopted at the annual general meeting.

Horsens, 20 April 2016

EXECUTIVE MANAGEMENT

Thorsten Henrik Jalk

BOARD OF DIRECTORS

Vagn Lehd Møller
Chairman

Esben Bay Jørgensen

Ove Carsten Eriksen

Lars Thorsgaard Jensen

Jess Abildskou

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DBB Jack-Up Services A/S

REPORT ON CONSOLIDATED FINANCIAL STATEMENT AND PARENT COMPANY FINANCIAL STATEMENT

We have audited the consolidated financial statements and the parent company financial statements of DBB Jack-Up Services A/S for the financial year 1 January to 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including basis of reporting, for the Group as well as for the Parent Company and statement of comprehensive income and statement of cash flows for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared according to the Danish Financial Statements Act.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENT AND PARENT COMPANY FINANCIAL STATEMENT

Management is responsible for the presentation and preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and for the presentation and preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Also management is responsible for internal control as management determines is necessary to enable the preparation of the consolidated financial statements and parent company financial statements free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements and parent company financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit Legislation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements and parent company financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements and parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2015 and of the results of the Group's operations and cash flow for the financial year 1 January to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU.

Further, in our opinion the parent company financial statements give a true and fair view of the parent company's financial position at 31 December 2015 and of the results of the parent company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent company financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated financial statements and parent company financial statements.

Hobro, 20 April 2016
BDO Statsautoriseret revisionsaktieselskab

Michael Graversen
State Authorised Public Accountant

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In the notes the following abbreviations I/S, B/S and C/F show which amount in the notes can be found in the income statement, balance sheet and cash flow.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME **1 JANUARY - 31 DECEMBER**

INCOME STATEMENT

EUR '000	Note	2015	2014
Revenue	4	**9,138**	**10,433**
Project-related expenses		-272	-383
Operation of vessels	5	-6,193	-3,247
Gross profit (net earnings from vessel activities)		**2,673**	**6,803**
Administrative expenses		-1,778	-615
Staff costs, office staff	5	-1,862	-1,554
Earnings before interest, tax, depreciation etc. (EBITDA)		**-966**	**4,634**
Depreciation	8	-5,967	-1,912
Earnings before interest and tax (EBIT)		**-6,933**	**2,722**
Financial income	6	108	772
Financial expenses	6	-14,329	-1,565
Income before tax		**-21,154**	**1,929**
Tax on profit (loss)	7	4,630	-1,356
Income for the year		**-16,524**	**573**
Attributable to:			
Owners of DBB Jack-Up Services A/S		-14,859	-439
Non-controlling interests		-1,665	1,012
Income for the year		**-16,524**	**573**

STATEMENT OF COMPREHENSIVE INCOME

EUR '000	Note	2015	2014
Income for the year		**-16,524**	**573**
Items that will be reclassified subsequently to the income statement when specific conditions are met:			
Exchange adjustments of foreign entities, net of tax		-40	44
Total comprehensive income for the year, after tax		**-16,564**	**617**
Attributable to:			
Owners of DBB Jack-Up Services A/S		-14,899	-395
Non-controlling interests		-1,665	1,012
Total comprehensive income for the year, after tax		**-16,564**	**617**

BALANCE SHEET AT 31 DECEMBER – ASSETS

EUR '000	Note	2015	2014	As of 1 January 2014 [1]
Non-current assets				
Vessels, including fixtures & equipment	8	166,352	164,966	126,287
Financial assets	9	6,057	-	-
Deferred tax assets	13	699	-	-
Non-current assets		**173,108**	**164,966**	**126,287**
Current assets				
Trade and other receivables	10	634	1,726	2,062
Cash and cash equivalents	11	2,122	4,594	6,101
Current assets		**2,756**	**6,320**	**8,162**
Total assets		**175,864**	**171,286**	**134,450**

1) Opening balance sheet according to IFRS (for additional information, please refer to note 2 – First time adoption of IFRS)

BALANCE SHEET AT 31 DECEMBER – EQUITY AND LIABILITIES

EUR '000	Note	2015	2014	As of 1 January 2014 [1]
EQUITY				
Share capital		11,093	7,763	2,026
Reserves		140	180	136
Retained earnings		18,021	32,880	33,319
Total equity attributable to owners of DBB Jack-Up Services A/S		**29,254**	**40,823**	**35,481**
Non-controlling interests		13,326	14,990	13,979
Total equity		**42,580**	**55,813**	**49,460**
LIABILITIES				
Non-current liabilities				
Subordinated loans	12	29,312	32,416	35,739
Bank and bond loans	12	95,849	65,682	23,034
Deferred income tax liabilities	13	1,909	5,795	4,428
Provision for other liabilities	14	231	138	60
Total non-current liabilities		**127,301**	**104,031**	**63,261**
Current liabilites				
Bank and bond loans	12	3,960	6,922	8,491
Trade and other payables	15	1,675	4,172	12,970
Provision for other liabilities	14	348	348	268
Total current liabilities		**5,983**	**11,442**	**21,729**
Total liabilities		**133,284**	**115,473**	**84,990**
Total equity and liabilities		**175,864**	**171,286**	**134,450**

1) Opening balance sheet according to IFRS (for additional information, please refer to note 2 – First time adoption of IFRS)

STATEMENT OF CHANGES IN EQUITY

2015 EUR '000	Share capital	Reserve for warrants	Translation reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the DBB Jack-Up Services A/S							
Balance at 31 December 2014	**7,763**	**136**	**44**	**180**	**32,880**	**40,823**	**14,990**	**55,813**
Total Comprehensive Income for the year, after tax	-	-	-40	-40	-14,859	-14,899	-1,665	-16,564
Capital increase	3,330	-	-	-	-	3,330	-	3,330
Balance at 31 December 2015	**11,093**	**136**	**4**	**140**	**18,021**	**29,254**	**13,326**	**42,580**

Share capital
In 2015, the share capital was increased by 25,000,000 B shares of DKK 1 each (EUR 3,330k) by means of a cash payment. At the end of 2015, the share capital consisted of 82,782,192 shares of DKK 1 each (EUR 11,093K). The shares are divided into two classes: 11,118,416 A shares of DKK 1 each and 67,663,782 B shares of DKK 1 each. Each A share carries one vote, while B shares do not carry voting rights, but carry preferential rights of dividend.

ACCOUNTING POLICIES

Reserves on equity consist of the following:
Reserve for warrants, consist of warrants to management, selected employees and a subordinated loan provider.
The translation reserve comprises foreign exchange differences arising on translation of financial statements of entities that have a functional currency different from DKK and translation from the functional currency to the presentation currency.

2014 EUR '000	Share capital	Reserve for warrants	Translation reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the DBB Jack-Up Services A/S							
Balance at 1 January 2014 (as previously reported)	**2,026**	**-**	**-**	**-**	**33,455**	**35,481**	**-**	**35,481**
Adjustments (see note 2):								
Full consolidation of Jack-Up InvestCo 3 Plc.	-	-	-	-	-	-	13,978	13,978
Reserve for equity settled warrants	-	136		136	-136	-	-	-
Balance at 1 January 2014 (IFRS)	**2,026**	**136**	**-**	**136**	**33,319**	**35,481**	**13,978**	**49,460**
Capital increase by conversion of debt	5,736	-	-	-	-	5,736		5,736
Total comprehensive income for the year, after tax	-	-	44	44	-439	-395	1,012	617
Balance at 31 December 2014 (IFRS)	**7,763**	**136**	**44**	**180**	**32,880**	**40,823**	**14,991**	**55,813**

Share capital
In 2014, the share capital was increased by 42,663,782 B shares of DKK 1 each (EUR 5,736k) by conversion of debt.
At the end of 2014, the share capital consisted of 57,782,198 shares of DKK 1 each (EUR 7,763k). The shares are divided into two classes: 11,118,416 A shares of DKK 1 each and 42,663,782 B shares of DKK 1 each. Each A share carries one vote, while B shares do not carry voting rights, but carry preferential rights of dividend.

CASH FLOW STATEMENT

EUR '000	Note	2015	2014
INCOME BEFORE TAX		**-21,154**	**1,930**
OPERATING ACTIVITIES			
Adjustments for non-cash items			
Reversal of financial expenses, net	6	14,221	793
Depreciation and writedowns for the period	8	5,967	1,912
Other adjustments		-73	87
Working capital adjustments			
Change in trade receivables		954	331
Change in trade payables		-1,000	-5,920
Financial payments			
Financial receipts		108	8
Financial payments		-14,094	-4,568
Income tax expense			
Income tax expense		-	-
Net cash flows from operating activities		**-15,071**	**-5,427**
INVESTING ACTIVITIES			
Purchase of vessel, including fixtures & equipment (excl. interest)	6+8	-5,004	-29,535
Other cash flows from investing activities	9	-6,057	-
Net cash used in investing activities		**-11,061**	**-29,535**
FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		3,330	5,736
Proceeds from bank and bond loans		100,000	44,375
Change of subordinated loans		6,700	-13,220
Repayment of debt to bank and bond holders		-85,001	-3,476
Net cash used/received in financing activities		**25,029**	**33,415**
Net (decrease)/increase in cash and cash equivalents		**-1,103**	**-1,547**
Cash and cash equivalents at beginning of period	11	1,267	2,814
Exchange gains/losses on cash and cash equivalents		-2	-
Cash and cash equivalents at end of period [1)]	11	**162**	**1,267**

1) Cash and cash equivalents in the cash flow statement include drawings on working capital facility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF REPORTING

GENERAL INFORMATION

DBB Jack-Up Services A/S is a public limited company incorporated in Horsens, Denmark.

DBB Jack-Up Services A/S is controlled by Jack-up Holding A/S, which holds 59.5% of the share capital in DBB Jack-Up Services A/S. Dansk Bjergning & Bugsering Holding ApS and OY Finans ApS hold 25.1% and 14.8% of the share capital respectively. The remaining shares, equivalent to 0.6% of the share capital, are held by management. The ultimate parent of the Group is Jack-up Holding A/S's holding company Anpartsselskabet af 1. december 2011 ApS.

DBB Jack-Up Services is consolidated in the financial statements of Jack-up Holding A/S (registered office: Fredensborg, Denmark) and 1. december 2011 ApS (registered office: Fredensborg, Denmark).

The consolidated financial statements of the DBB Jack-Up A/S Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class C companies.

For all periods up to and including the year ended 31 December 2014, the Group prepared its financial statements in accordance with Danish generally accepted accounting principles. These financial statements for the year ended 31 December 2015 are the first the Group has prepared in accordance with IFRS. Refer to Note 2 for information on how the Group adopted IFRS.

The consolidated financial statements are presented in EUR thousands (EUR ´000).

The financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value at the end of each reporting period, as explained in the accounting policies for note 9.

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they will not be disclosed in the other relevant notes. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of DBB Jack-Up services A/S and its subsidiaries.

Furthermore the note lists the significant accounting judgements, estimates and assumptions used in these consolidated financial statements to the extent they will not be disclosed in other relevant notes.

ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved when the company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee, and;
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements, and;
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

The consolidated financial statements of the DBB Jack-Up Services A/S group consist of the 100% owned subsidiary Jack-Up InvestCo 2 A/S, and the 50% owned company Jack-Up InvestCo 3 Plc., which management has evaluated can be 100% consolidated according to IFRS 10. Please refer to note 2 for additional information.

Profit or loss and each component of other comprehensive income are attributed to the owners of the DBB Jack-Up Services A/S and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for DBB Jack-Up services A/S is DKK, however the consolidated financial statements are presented in euro because the main financing is in euro.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement under financial income/expenses. All other foreign exchange gains and losses are presented in the income statement on a net basis under revenue or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and;
- all resulting exchange differences are recognised in other comprehensive income.

Foreign currency translation

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

Leasing

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 8 "Vessels and equipment"). Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and financial expenses. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 17 "Commitments and contingencies"). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Income statement

Project-related expenses

Project-related expenses consist of expenses in relation to projects and primarily involve expenses to subcontractors, tugboat, seabed analysis and special equipment used for operations. Project-related expenses are recognised upon delivery of the service.

Operation of vessels

Vessel operating costs include bunker, insurance, maintenance expenses, staff costs etc. Operating costs are recognised upon delivery of the service.

Administrative expenses

Administrative expenses comprise cost of rent, travel, external expenses and other office expenses etc. Administrative expenses are recognised upon delivery of the service.

Cash flows

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated according to the indirect method as the Income before tax adjusted for non-cash operating items, changes in working capital, interest payments and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and other non-current assets. Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans, repayment of bank and bond debt, acquisition and disposal of subordinated debt and payment of dividends to shareholders.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial reporting requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustments to the carrying amounts of asset and liability affected in future periods.

Judgements

In the process of applying DBB Jack-Up Services A/S's accounting policies, management has made the following judgements which have the most significant effects on the amounts recognised in the financial statements.

100% consolidation of Jack-Up InvestCo 3 Plc.

According to IFRS, the consolidation principle is an overall evaluation of the

- power the investee;
- exposure, or rights, to variable returns from its involvement with the investee, and;
- the ability to use its power over the investee to affect the amount of the investor´s return.

Based on management's evaluation of the above and our unconditional right to purchase the remaining shares, Jack-up Investco 3 Ltd is 100 % consolidated in the balance sheet from 1 January 2014.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that involve a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed in relevant notes listed below.

The accounting estimates and assumptions which management deems to be significant to the preparation of the consolidated financial statements are:

- Impairment of vessels (Note 8)
- Valuation of Financial Asset (Note 9)
- Leases (Note 8 and 17)
- Trade receivable (Note 10)
- Deferred tax (Note 13)
- Provisions (Note 14)
- Contingent liabilities (Note 17)

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The IASB has issued a number of new or amended standards and interpretations that are not mandatory for the consolidated financial statements for 2015, some of which have not yet been endorsed by the EU. DBB Jack-Up Services A/S expects to adopt the standards and interpretations when they become mandatory. None of these are expected to have a significant impact on recognition and measurement, but may lead to further disclosures in the notes.

IFRS 15 – Revenue from Contracts with Customers was published in May 2014 and establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard requires extensive disclosures. The standard is effective for annual periods beginning on or after 1 January 2018. The standard is not expected to have a significant effect on recognition and measurement, but is expected to increase disclosures due to the extensive disclosure requirements in this respect.

IFRS 16 – Leases. For the lessee, the distinction between finance and operating leases will be removed. In the future, operating leases must be recognised on the balance sheet with an asset and a corresponding lease commitment. The standard takes effect in 2019. The standard is not expected to have a significant effect on the consolidated financial statements.

IFRS 9 – Financial instruments. The number of categories of financial assets is reduced to 3: amortised cost category, fair value through other comprehensive income category or fair value through the income statement category. Simplified rules regarding hedge accounting are introduced, and impairment of receivables must be based on expected loss. The standard comes into force in 2018. The standard is not expected to have a significant effect on the consolidated financial statements.

2 FIRST TIME ADOPTION OF IFRS

This consolidated financial statements for the year ended 31 December 2015 is the first the Group has prepared in accordance with IFRS as adopted by the EU. For periods up to and including the year ended 31 December 2014, the Group prepared its financial statements and interim reports in accordance with Danish generally accepted accounting principles (GAAP).

Accordingly, the Group has prepared financial reports which comply with IFRS applicable for periods ending on or after 31 December 2015, together with the comparative period data at 31 December 2014, as described in the basis of reporting. In preparing this Annual Report, the Group's opening balance sheet was prepared at 1 January 2014, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Danish GAAP balance sheet at 1 January 2014 and its previously published Danish GAAP financial statements as at and for the year ended 31 December 2014.

Exemption applied

Cumulative currency translation differences for all foreign operations are deemed to be zero at 1 January 2014.

Estimates

The estimates at 1 January 2014 and at 31 December 2014 are consistent with those made for the same dates in accordance with Danish GAAP (after adjustments to reflect any differences in accounting policies).

Reconciliation of equity and total comprehensive income

A reconciliation between the Danish GAAP financial statements and the opening IFRS balance sheet at 1 January 2014 and 31 December 2014 are listed on the following pages, including descriptions of all remeasurements.

2 FIRST TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of Balance sheet at 1 January 2014

EUR '000	Danish GAAP	Note	Remea- surements	IFRS as at 1 January 2014
ASSETS				
Non-current assets				
Vessel	98,412	A+B[1]	27,875	126,287
Fixtures and equipment	185	B[1]	-185	-
Financial assets	-			
Trade and other receivables	6,733	A	-6,733	-
Total non-current assets	**105,330**			**126,287**
Current assets				
Trade and other receivables	2,226	A	-164	2,062
Cash and cash equivalents	5,878	A	222	6,101
Total current assets	**8,104**			**8,163**
Total assets	**113,434**			**134,450**
EQUITY AND LIABILITIES				
Equity				
Share capital	2,026			2,026
Reserves		C	136	136
Retained earnings	33,455	C	-136	33,319
Total equity attributable to owners of DBB Jack-Up Services A/S	**35,481**			**35,481**
Non-controlling interests	-	A	13,979	13,979
Total equity	**35,481**			**49,460**
Liabilities				
Non-current liabilities				
Subordinated loans	29,005	A	6,734	35,739
Bank and bond loans	23,034			23,034
Deferred income tax liabilities	4,428			4,428
Provision for other liabilities	60			60
Total Non-current liabilities	**56,527**			**63,261**
Current liabilities				
Bank and bond loans	8,491			8,491
Trade and other payables	12,935	A+D	35	12,970
Provision for other liabilities	-	D	268	268
Total current liabilities	**21,426**			**21,729**
Total liabilities	**77,953**			**84,990**
Total equity and liabilities	**113,434**			**134,450**

2 FIRST TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of total comprehensive income for the year ended 31 December 2014

EUR '000	Danish GAAP	Ad.	Remea-surements	IFRS as at 31 December 2014
Revenue	**8,583**	A	1,850	**10,433**
Project related expenses	-383			-383
Operation of vessels	-1,414	B[2]	-1,833	-3,247
Gross profit (net earnings from vessel activities)	**6,786**			**6,803**
Administrative expenses	-676	A+B[2]	61	-615
Gross profit	**6,111**			**6,188**
Staff costs	-3,194	A+B[2]	1,641	-1,554
Earnings before depreciation (EBITDA)	**2,916**			**4,634**
Depreciation	-1,848	A	-64	-1,912
Earnings before interest and tax (EBIT)	**1,068**			**2,722**
Finance income	772			772
Finance expenses	-1,450	A	-114	-1,565
Profit before income tax	**389**			**1,929**
Income tax expense	-828	A	-528	-1,356
Profit for the year	**-439**			**573**
Attributable to:				
– Owners of DBB Jack-Up Services A/S	-439			-439
– Non-controlling interests	-	A	1,012	1,012
	-439		**-**	**573**
Items that will or may be reclassified to profit or loss:				
Exchange adjustments of foreign entities, net of tax	-		44	44
Total comprehensive Income for the year, after tax	**-439**			**617**
Attributable to:				
Owners of DBB Jack-Up Services A/S				-395
Non- controlling interests				1,012
				617

2 FIRST TIME ADOPTION OF IFRS (CONTINUED)

A 100 % consolidation of the company Jack-Up InvestCo 3 Plc.

Under Danish GAAP, the 50% investment in Jack-Up InvestCo 3 Plc. was consolidated pro-rata. According to IFRS, the consolidation principle is an overall evaluation of the:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee, and;
- the ability to use its power over the investee to affect the amount of the investor's returns

Based on management's evaluation of the above and our unconditional right to purchase the remaining shares, Jack-Up InvestCo 3 Plc. is 100 % consolidated in the balance sheet as at 1 January 2014.

The effect of the 100 % consolidation of Jack-Up InvestCo 3 Plc. is listed below:

EUR '000	Jack-Up InvestCo 3 Plc. – remaining 50%	Eliminations with 100% consolidation	Total
BALANCE SHEET			
Vessel incl. fixtures and equipment	27,690		27,690
Other receivables		-6,733	-6,733
Trade receivables	25	-190	-164
Cash	222		222
Non-controlling interests	13,979		13,979
Subordinated loan	13,656	-6,923	6,734
Trade payable	303		303
INCOME STATEMENT			
Revenue	1,850		1,850
Administrative expenses	118		118
Staff costs	13		13
Depreciation	64		64
Financial expense	114		114
Tax	528		528
Non-controlling interests	1,012		1,012

B Reclassification of fixtures and reclassification of staff costs to operation of vessel

1) According to Danish GAAP, fixtures and equipment of EUR 185k were recognised in the balance sheet. According to IFRS, fixtures and equipment can be recognised as being part of the vessel.

2) According to Danish GAAP, staff costs consist of both crew salaries and office staff salaries. According to IFRS, crew salaries and other staff expenses of EUR 1.833k are recognised in the line item "Operation of vessels".

C Equity settled employee benefits & Translation reserves

According to Danish GAAP, equity settled warrants issued to management and a subordinated loan provider were not recognised in the financial statements. According to IFRS, fair value is recognised during the vesting period in the income statement and as a reserve on equity. The warrants vested at the time of allocation, and as the warrant programme was established in 2012, the fair value was recognised in retained earnings as at 1 January 2014. The fair value is based on the formula of the Danish National Tax Assessment Board and is calculated at EUR 136k.

2 FIRST TIME ADOPTION OF IFRS (CONTINUED)

D Move holiday accrual to provisions

According to Danish GAAP, the provision for employees' holiday of EUR 268k, was recognised as "Trade and other payables". In the IFRS financial statements, the amount is disclosed as a current "Provision for other liabilities".

Statements of Cash Flows

The transition from Danish GAAP to IFRS has not had a material impact on the statement of cash flows, the effect of the additional consolidation of Jack-Up InvestCo 3 Plc. affecting the following categories in cash flows:

EUR '000	
Purchase of non-current assets (excl. interest)	-10,653
Proceeds from bank and bond loans	20,000
Repayment of subordinated loans	-7,250

2 FIRST TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of Balance sheet as at 31 December 2014

EUR '000	Danish GAAP	Note	Remea-surements	IFRS as at 31 December 2014
ASSETS				
Non-current assets				
Vessel	123,463	A+B	41,504	164,966
Fixtures and equipment	370	B	-370	-
Financial assets	-		-	-
Other receivables	3,380	A	-3,380	-
Total non-current assets	**127,212**		**37,754**	**164,966**
Current assets				
Trade and other receivables	1,746	A	-20	1,726
Cash and cash equivalents	2,668	A	1,926	4,594
Total current assets	**4,414**		**1,905**	**6,320**
Total assets	**131,626**		**39,660**	**171,286**
EQUITY AND LIABILITIES				
Equity				
Share capital	7,763		-	7,763
Reserves	-	C	180	180
Retained earnings	33,060	C	-180	32,880
Total equity attributable to owners of DBB Jack-Up Services A/S	**40,822**		**-**	**40,823**
Non-controlling interests	-	A	14,991	14,990
Total equity	**40,822**		**14,991**	**55,813**
Liabilities				
Non-current liabilities				
Subordinated loans	29,037	A	3,379	32,416
Bank and bond loans	46,911	A	18,770	65,682
Deferred income tax liabilities	5,267	A	528	5,795
Provision for other liabilities	139		-	138
Total non-current liabilities	**81,353**		**22,678**	**104,031**
Current liabilities				
Bank and bond loans	6,152	A	770	6,922
Trade and other payables	3,299	A+D	872	4,172
Provision for other liabilities	-	D	348	348
Total current liabilities	**9,451**			**11,442**
Total liabilities	**90,804**			**115,473**
Total equity and liabilities	**131,626**			**171,286**

2 FIRST TIME ADOPTION OF IFRS (CONTINUED)

A 100 % consolidation of the company Jack-Up InvestCo 3 Plc.

Under Danish GAAP, the 50% investment in Jack-Up InvestCo 3 Plc. was consolidated pro-rata. According to IFRS, the consolidation principle is an overall evaluation of the:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee, and;
- the ability to use its power over the investee to affect the amount of the investor´s returns Based on management's evaluation of the above and our unconditional right to purchase the remaining shares, Jack-Up InvestCo 3 Plc. is 100 % consolidated in the balance sheet at 1 January 2014.

The effect of the 100 % consolidation of Jack-Up InvestCo 3 Plc. is listed below:

EUR '000	Jack-Up InvestCo 3 Plc. – remaining 50%	Eliminations with 100% consolidation	Total
Balance sheet			
Vessel incl. fixtures and equipment	41,134		41,134
Other receivables		-3,379	-3,379
Trade receivables	11	-31	-20
Cash	1,926		1,926
Non-controlling interests	14,991		14,991
Subordinated loan	6,790	-3,411	3,379
Bank and bond loans	19,541		19,541
Deferred income tax liabilities	528		528
Trade payable	1,220		1,220

B Reclassification of fixtures and reclassification and staff cost to operation of vessel

According to Danish GAAP, fixtures and equipment of EUR 370k were recognised in the balance sheet. According to IFRS, fixtures and equipment can be recognised as being part of the vessel.

C Equity settled employee benefits

According to Danish GAAP, equity settled warrants issued to management and a subordinated loan provider were not recognised in the financial statements. According to IFRS, fair value is recognised during the vesting period in the income statement and as a reserve on equity. The warrants vested at the time of allocation, and as the warrant programme was established in 2012, the fair value was recognised in retained earnings at 1 January 2014. The fair value is based on the formula of the Danish National Tax Assessment Board and is calculated at EUR 136k.

Furthermore a translation reserve due, to change in presentation currency of EUR 44k is recognised as a reserve.

D Move holiday accrual to provisions

According to Danish GAAP, the provision for employees' holiday of EUR 348k, was recognised as "Trade and other payables". In the IFRS financial statements, the amount is disclosed as a current "Provision for other liabilities".

3 RISK MANAGEMENT

The Group's risk management is described in the section "Risk management" earlier in this annual report. The financial risks are ellaborated on below.

Credit risk
Credit risk arises from cash and cash equivalents and trade receivables but is considered to be modest for the Group.

Cash and cash equivalent are only placed in international, reputable banks.

The Group has not suffered any losses from any single major debtor in the last couple of years. The Group's customers are primarily large international utilities and wind turbine manufacturers with strong financial positions.

Liquidity risk
Liquidity risk includes the risk of the Group becoming short of liquidity and unable to refinance its maturing credit lines as and when needed.

The terms to maturity of financial assets and liabilities are disclosed by category and class distributed on maturity periods. All interest payments and repayments of financial assets and liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined based on a zero coupon interest structure adjusted by the company's interest margin.

	Maturities				
EUR '000	in 2016	Between 2017 to 2018	2019 and onwards	Total	Book value
Loans and receivables measured at amortised cost					
Cash	2,122	-	-	**2,122**	2,122
Trade receivables	311	-	-	**311**	311
Other receivables	181	-	-	**181**	181
Financial liabilities measured at amortised cost					
Subordinated loans	0	-	31,557	**31,557**	29,312
Bank and bond loans	10,138	22,342	67,238	**99,718**	97,799
Trade and other payables	831	-	-	**831**	831
Working capital facility, incl. lease liability	2,010	-	-	**2,010**	2,010

Response:
The company currently has a loan to book value of vessels ratio of approx. 60% that is planned to be reduced before financing of the bond issue.

Breach of covenants
The bond loan agreements include financial covenants that, if broken, involve default on credit facilities. The equity ratio including subordinated loans must not fall below 32% (measured quarterly).

Market risk
Bunker price risk
The Group is exposed to fluctuating bunker prices. Bunker expenses in 2015 amounted to EUR 656k (2014: EUR 174k).
If bunker prices increase by 50%, the Group's expenses will increase by less than EUR 500k.

Response:
Given the modest impact on cash flows, the Group accepts that bunker expenses will vary and are not predictable.

3 RISK MANAGEMENT (CONTINUED)

Interest rate risk

Most of the Group's financing, including the EUR 100 million bond issue, carries a floating rate of interest. Consequently, an increase in the general interest level, as denoted by 3 months EURIBOR, will have an adverse effect on the company´s interest expenses.

An increase of 1 percentage point in interest rates will increase interest expenses by approx. EUR 1 million. If EURIBOR rates fall below 0%, it will not benefit the company to any major extent as there is a floor of 0% on the company´s bond issue.

Response:
Given the modest impact on cash flows, the Group accepts that interest rates will vary. The company has chosen not to swap floating interest into fixed interest.

4 SEGMENT REPORTING

The internal reporting framework used for reporting on revenue and expenses to the Executive Management Team and the Board of Directors has been set up to reflect and report on jack-up vessel revenue and expenses. As all three jack-up vessels operate on similar assignments, management reviews the results of the Group as a whole to assess performance. Thus, there is only one operating segment.

Revenue

The Group operates in Northern Europe. The geographical distribution of revenue is based on the country in which the wind farm is located.

Geographical distribution of revenue

EUR '000		2015	2014
Denmark		378	834
United Kingdom		1,439	3,870
Germany		5,433	-
Benelux countries		1,887	2,029
Other [1)]		-	3,700
Total	I/S	**9,138**	**10,433**

1) Other revenue 2014 includes loss-of-revenue compensation in connection with the late delivery of J/U WIND SERVER

Sales to the two largest customers make up 59% and 32%, respectively, of total revenue in 2015 (2014: 42% and 40%, respectively)

ACCOUNTING POLICIES

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are reduced for estimates for trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

For vessels on time charters, that is operating leases, charter hire is recognised on a straight-line basis over the term of the lease.

5 STAFF COSTS

Total staff costs in the Group

EUR '000		2015	2014
Staff costs, office staff			
Wages and salaries		1,740	1,451
Pensions – defined contributions plans		120	95
Other social security costs		2	8
Total office staff	**I/S**	**1,862**	**1,554**
Vessel staff – the amount is included in "Operation of vessels"			
Wages and salaries		2,405	2,182
Pensions – defined contributions plans		166	149
Other social security costs		38	29
Total		**2,609**	**2,360**
Less: amounts capitalised on qualifying assets		–	-899
Total vessel staff		**2,609**	**1,461**
Total staff costs		**4,470**	**3,914**

Average number of employees

	2015	2014
Office staff	17	15
Vessel staff	44	39
Total employees	**61**	**54**

6 NET FINANCIAL EXPENSES

EUR '000		2015	2014
Interest expense			
Subordinated loans		5,192	5,973
Bank loans		1,572	1,495
Fees, incl. premium for bond option call		7,747	1,308
Bond loans		4,700	4,630
Finance lease liabilities		12	40
Foreign exchange loss on financing activities		125	56
Total financial expenses, before capitalisation		**19,349**	**13,502**
Less: amounts capitalised on qualifying assets		-2,767	-10,715
Less: fees capitalised to offset loans		-2,253	-1,222
Total financial expenses	**I/S**	**14,329**	**1,565**
Financial income:			
Interest income on loans to related parties		-	747
Foreign exchange gains on financing activities		107	16
Interest income on short-term bank deposits		0	5
Other		1	4
Total financial income	**I/S**	**108**	**772**
Net financial expenses		**14,221**	**793**

ACCOUNTING POLICIES

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

7 INCOME TAX EXPENSE

Income tax expense

EUR '000		2015	2014
Current tax:			
Current tax on income for the year		–	–
Adjustments in respect of prior years – current tax		–	–
Total current tax		**-**	**-**
Deferred tax (note 13):			
Deferred tax on the income (profit/loss) for the year		4,520	-1,356
Adjustments in respect of prior years – deferred tax		110	–
Total deferred tax		**4,630**	**-1,356**
Income tax expense	**I/S**	**4,630**	**-1,356**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Reconciliation of tax rate

EUR '000	2015	2014
Profit/loss before tax	**-21,154**	**1,930**
Danish tax rate (2015 = 23.5%; 2014 = 24.5%)	**4,971**	**-473**
Deviation in foreign subsidiaries' tax rates compared to the Danish tax rate	585	-302
Impact of change in the Danish tax rate	-241	-17
Non-deductible interest	-798	-557
Other adjustments	3	-7
Income tax expense for the year	**4,520**	**-1,356**

ACCOUNTING POLICIES

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

8 VESSELS AND EQUIPMENT

2015 EUR '000		Fixtures & equipment	Vessels under construction	Vessels	Total
Cost at 1 January		626	84,449	89,056	174,131
Exchange rate adjustments		-2	-214	-226	-442
Additions		154	5,915	1,700	7,769
Disposals		–	–	–	–
Transferred during the year			-90,149	90,149	–
Cost at 31 December		**779**	**-**	**180,679**	**181,458**
Depreciation at 1 January		-137	–	-9,028	-9,165
Exchange rate adjustments		1		25	26
Depreciation	I/S	-165		-5,802	-5,967
Disposals		–		–	–
Depreciation at 31 December		**-301**	**-**	**-14,805**	**-15,106**
Impairment losses at 1 January		–		–	–
Impairment losses at 31 December		–		–	–
Carrying amount at 31 December	**B/S**	**478**	**-**	**165,874**	**166,352**
– of which capitalised interests				18,833	18.833

At 31 December 2015, EUR 60k of the book value of fixtures & equipment was financial leases of cars.

8 VESSELS AND EQUIPMENT (CONTINUED)

2014 EUR '000		Fixtures & equipment	Vessels under construction	Vessels	Total
Cost at 1 January		241	99,183	34,096	133,520
Exchange rate adjustments		1	160	76	237
Additions		384	39,613	376	40,374
Disposals					-
Transferred during the year			-54,508	54,508	-
Cost at 31 December		**626**	**84,449**	**89,056**	**174,131**
Depreciation at 1 January		-55		-7,178	-7,233
Exchange rate adjustments		-0	-	-20	-20
Depreciation	I/S	-82	-	-1,830	-1,912
Disposals		-	-	-	-
Depreciation at 31 December		**-137**	**-**	**-9,028**	**-9,165**
Impairment losses at 1 January		-		-	-
Impairment losses at 31 December		-		-	-
Carrying amount at 31 December	**B/S**	**489**	**84,449**	**80,028**	**164,966**
– of which capitalised interests			8,256	8,200	16,456

At 31 December 2014, EUR 87k of the book value of fixtures & equipment was financial leases of cars. For vessels EUR 4,004k of the total bookvalue of EUR 80,028k was financial lease of a crane onboard a vessel.

Impairment of vessels

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount – measured using the higher of the fair value less cost to sell and value in use. An impairment loss is recognised if the higher of the fair value less cost to sell and value in use is less than the carrying amount of the assets.

The fair value less cost to sell is estimated based on independent broker indications, providing a range for what is expected to be the fair value of the assets. The value in use is calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives, including any concluded framework agreements and signed charters and by using estimated utilisation and average day rates from a market study contracted by the company. The market study is based on projected future installed base of offshore turbines, the average rate which a turbine needs assistance from a jack-up vessel in the turbines lifetime and DBB Jack-Up Group's expected market share.

Hence, the exact value used to measure impairment charges is subject to uncertainty and is based on what the company believes is the best estimate of the fair value.

Management's assessment of indication of impairment on vessels is based on the cash-generating unit (CGU) in which all jack-up vessels are included (jack-up vessel segment).

8 VESSELS AND EQUIPMENT (CONTINUED)

As cash flows from the CGU in 2015 were lower than expected, an impairment test is carried out based on value in use. The impairment test is done by estimating the recoverable amount at value in use calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives, including any concluded framework agreements and signed charters, using estimated utilisation and average day rates from a market study contracted by the company and a determined WACC of 8.4% and a growth rate in the terminal period of 0%. The value in use was estimated to be materially higher than the carrying amount of EUR 165,875k.

Management assesses that the long-term value at the close of the financial year exceeds the carrying amounts, and accordingly, there is no indication of impairment.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS – IMPAIRMENT OF VESSELS

Significant accounting estimates include i.e. estimates of useful lives, residual values and impairment on tangible assets.

Useful lives of the vessels
The useful lives of the vessel are assessed annually by the Chief Operating Officer. At the current depreciation rate, the vessels are fully depreciated over 14 to 27 years.

Residual values
The residual values of the vessels are estimated at zero as it is expected that scrapping of the vessels will include expenses equivalent to the price of steel.

Impairment
Due to material amount of "open charter days", where the estimated revenue is based on a market study, the value in use calculation is sensitive to fluctuations in expected day rate and utilisation of the vessels. However, an increase of the WACC of 2 basis point to 10.4% and a reduction of either 20% in utilisation or day rates will not lead a value in use lower than the current carrying amount of the vessels.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS – LEASES

Management's assessment of whether leases on vessels should be classified as finance or operating leases is based on an overall evaluation of each lease. In finance leases, a non-current asset and a payable are recognised. In classification as operating leases, the regular lease payments are generally recognised in the income statement. This includes capitalised staff costs and interest.

ACCOUNTING POLICIES

The Group's accounting policy for vessels and fixtures and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, this includes capitalised staff costs and interests.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The basis of depreciation is allocated on a straight-line basis over the estimated useful lives of the assets as follows:

Vessels:	Between 20 and 30 years
Installed installed equipment on vessels:	Between 3 and 12 years
Machinery & tools:	Between 3 and 10 years

Docking costs of the vessels are capitalised and depreciated over the period until the next docking – typically 5 years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

9 FINANCIAL ASSETS

DBB Jack-Up Services A/S has a call option to acquire all remaining shares in Jack-Up InvestCo 3 Plc. from the co-investor (the non-controlling interests).

In 2015, a prepayment of EUR 6,057k on the call option was made to the non-controlling interest as part of the revised capital structure for the Group.

As there is no active market for this option, the range of reasonable fair values is significant, and these estimates cannot be made reliably, the financial assets are measured at cost less impairment.

2015 EUR '000		Assets at fair value through P/L	Total
Fair value at 1 January		-	-
Prepayment on call option		6,057	6,057
Fair value at 31 December	**B/S**	**6,057**	**6,057**

2014 EUR '000		Assets at fair value through P/L	Total
Fair value at 1 January		-	-
Fair value at 31 December	**B/S**	**-**	**-**

SIGNIFICANT ESTIMATES AND ASSUMPTIONS – FINANCIAL ASSETS

As the financial asset is measured at cost less impairment, significant accounting estimates include estimates of impairment on financial assets.

Impairment will occur if management does not want to use the call option, or if the vessel owned by Jack-Up InvestCo 3 Plc. does not create the expected future value.

As part of the vessel impairment we did not recognise any impairments, hence the value of EUR 6,057k for the prepayment of the call option is appropriate.

ACCOUNTING POLICIES

The group classifies its financial assets in the following categories:
- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

At initial recognition, the group measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value for 'financial assets at fair value through profit or loss' are recognised as follows in profit or loss within other income or other expenses.

If there is no active market for the financial assets and the range of reasonable fair values is significant and these estimates cannot be made reliably, then the financial assets is measured at cost less impairment.

10 TRADE AND OTHER RECEIVABLES

EUR '000		2015	2014
Trade receivables		311	801
Work in progress		-	468
Other receivables		181	114
Intercompany receivables		29	-
Prepayments		111	343
Total trade and other receivables	**B/S**	**634**	**1,726**
Recognised in the balance sheet as follows:			
Non-current		-	-
Current		634	1,726
Total		**634**	**1,726**

The carrying amount of receivables is in all material respects equal to the fair value.

One trade receivable of EUR 280k was 23 days overdue at 31 December 2015. The payment was received on 8 January 2016. (2014: None of the trade and other receivables were overdue at 31 December 2014).

SIGNIFICANT ESTIMATES AND ASSUMPTIONS – TRADE RECEIVABLE

Provisions for bad debts are determined on the basis of customers' ability to pay, considering historical information about payment patterns, doubtful debts, customer concentrations, customer creditworthiness and collateral received as well as prevailing economic conditions. Estimates made are updated if the debtor's ability to pay changes.

Management estimated that there are no need for provisions on receivables at 31 December 2015

ACCOUNTING POLICIES

Trade receivable and work in progress

Trade receivables are recognised at amortised cost less provision for impairment where it is assessed that an objective indication of impairment has occurred. Impairment is performed on an individual basis.

Other receivables and prepayments

Other receivables comprise VAT receivables and deposits and other receivables.

Prepaid expenses comprise expenses paid relating to subsequent financial years such as rent, insurance premiums, subscription fees and interest and fees.

Other receivables and prepaid expenses are measured at amortised cost or net realisable value, whichever is lower.

11 CASH AND WORKING CAPITAL FACILITY

EUR '000		2015	2014
Cash and bank balances	B/S	2,122	4,594
Working capital facility		-1,960	-3,326
Total	**C/F**	**162**	**1,268**

At 31 December 2015, total cash at bank included EUR 708k on retention account in favour of bond amortisation and interests (2014: EUR 2,200k).

At 31 December 2015, the Group had an undrawn working facility with the bank of EUR 8,111k (2014: EUR 728k).

12 LOANS

2015 EUR '000		Interests type	Current debt	Non-current debt	Total
Subordinated loan		Fixed rate	-	29,312	29,312
Bond		Floating rate	1,950	95,849	97,799
Lease liabilities		Fixed rate	50	-	50
Working capital facility		Floating rate	1,960	-	1,960
Total loans	**B/S**		**3,960**	**125,161**	**129,121**

Fair value:
At 31 December, the bond was traded at close to par value. Hence, the fair value of the loans is equivalent to the carrying amount excluding capitalised fees. Total fair value of loans at 31 December 2015 was EUR 131,322k, excluding capitalised fees of EUR 2,201k.

Financial covenants:
BOND FRN DBB Jack-Up Services A/S 2015/2019 - ISIN NO0010751332:
Subordinated Capital Ratio: The Issuer shall at all times maintain a Subordinated Capital Ratio of minimum 32% in the first 12 months from the Issue Date and increase it by 1% each subsequent year.

2014 EUR '000		Interests type	Current debt	Non-current debt	Total
Subordinated loans		Fixed rate	-	25,657	25,657
Non-controlling interests – shareholder loan		Fixed rate	-	6,759	6,759
Bond		Fixed rate	1,770	37,311	39,081
Debt to banks		Floating rate	1,481	28,294	29,775
Lease liabilities		Fixed rate	345	77	422
Working capital facility		Floating rate	3,326	-	3,326
Total loans	**B/S**		**6,922**	**98,098**	**105,020**

Fair value:
At 31 December, the bond was traded at close to par value. Hence, the fair value of the loans is equivalent to the carrying amount excluding capitalised fees. Total fair value of loans at 31 December 2014 was EUR 105,938k, excluding capitalised fees of EUR 918k.

Financial covenants:
BOND 11% Jack-Up InvestCo 3 Plc. 2014/2018 - ISIN NO0010699887:
Subordinated Capital Ratio: The Guarantor shall at all times maintain a Subordinated Capital Ratio of minimum 40%.
Asset Coverage Ratio: The issuer shall at all times maintain an Asset Coverage Ratio of at least 150%.

ACCOUNTING POLICIES

Loans are initially recognised at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans using the effective interest method.

Loans are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

13 DEFERRED TAX

EUR '000	2015	2014
Deferred tax 1 January	-5,795	-4,428
Currency translation	0	-11
Change in deferred tax – recognised in the income statement	4,520	-1,356
Adjustments related to previous years	110	-
Adjustment to deferred tax asset	-44	-
Total deferred tax, net at 31 December	**-1,209**	**-5,795**
Deferred tax gross:		
Deferred tax asset	9,337	1,025
Deferred tax liabilities	-10,545	-6,820
Total deferred tax, net at 31 December	**-1,209**	**-5,795**

Specification of deferred tax

EUR '000	2015	2014
Property Plant and equipment	-10,545	-6,820
Tax-loss carry forwards	9,337	1,025
Total deferred tax at 31 December	**-1,209**	**-5,795**

Total deferred tax is spilt between an asset concerning Jack-Up InvestCo 3 Plc. of EUR 699k and a deferred tax liability of EUR 1,909k concerning the Danish joint taxation.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Deferred tax is recognised based on the assumption that DBB Jack-Up Services A/S continues under the corporate tax regime, and on expectations of future activity.

ACCOUNTING POLICIES

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

DBB Jack-Up Services A/S is jointly taxed with the subsidiary Jack-Up InvestCo 2 A/S and the parent company Jack-up Holding A/S and the ultimate parent company Anpartsselskabet af 1. december 2011. Anpartsselskabet af 1. december 2011 is the administration company for the jointly taxed companies. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income.

14 PROVISIONS

Provisions for employee benefits

EUR '000		2015	2014
Provisions at 1 January		**487**	**328**
Change in long-term employee bonus provision		94	79
Change in holiday provisions for employees		-	80
Provisions at 31 December		**580**	**487**
Recognised in the balance sheet as follows:			
Non-current	B/S	231	139
Current	B/S	348	348
Total trade and other receivables		**580**	**487**

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The determination of provisions is based on management's best estimate of future events and is therefore subject to significant uncertainty. The employees bonus programme is based on realised EBITDA figures. It is estimated that the target will be met for the long term bonus. This effect the change in bonus provision with EUR 94k in 2015. It is expected that the long-term bonus will be paid in 2018.

Holiday provisions are estimated based on employee turnover, number of expected vacation days, and future salary increases, the provision is in line with previous year.

ACCOUNTING POLICIES

Provisions are recognised when, as a consequence of an event that has occurred before or on the reporting date, the Group has a legal or constructive obligation, and it is likely that economic benefits will flow from the company to meet the obligation. Employee benefits include provision for employee bonus, both short and long term and holiday provision.

Employee bonus

The group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Holiday provision

Liabilities for holiday provisions are expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Post-employment obligations

The group operates only post-employment schemes, which is defined as contribution pension plans. For defined contribution plans, the group pays contributions to publicly and /or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

15 TRADE AND OTHER PAYABLES

EUR '000		2015	2014
Trade payables		831	1,835
Other liabilities		844	2,336
Total trade and other payables	**B/S**	**1,675**	**4,172**

ACCOUNTING POLICIES

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Other Liabilities represent accruals for primarily Interests and VAT.

Trade payables and other liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

16 SHARE-BASED PAYMENTS

The Group established two warrant programmes in 2012: one for management and selected employees and one for a subordinated loan provider.

Management and selected employees (granted in 2012):
The warrants may be exercised in whole or in part during a 10-year period from the date of the holder's subscription for warrants. Each warrant entitles the holder to subscribe for one share of DKK 1 nominal value at a price of DKK 23.98, plus 7% p.a. as from the date of subscription for the warrants until the date of the holder's payment of the subscription amount. If changes are made to the company's capital structure involving a reduction or increase in the value of the warrants, the company's Board of Directors must adjust the subscription price and/or the number of warrants, as applicable, to ensure that the value of the warrants remains unaffected by the change.

Subordinated loan provider (granted in 2012):
The warrants may be exercised, in whole or in part, prior to the final repayment date in 2019. Each warrant shall provide the warrant holder with a right, but not an obligation, to subscribe for one share with a nominal value of DKK 1 in the company for an amount of DKK 23.98 (the "Subscription Price"). If changes to the capital structure of the company are implemented, causing the value of the warrants to increase or decline, an adjustment of the Subscription Price will, depending on the circumstances, be made so that the value of the warrants remains unaffected by the changes.

2015 Warrants – amount and value in EUR	Staff expenses Management	 Employees	Interest Subordinated loan provider	Total
Outstanding warrants at 1 January 2015	187,641	31,272	99,500	318,413
Outstanding warrants at 31 December 2015	**187,641**	**31,272**	**99,500**	**318,413**
Number of exercisable options at 31 December 2015				**318,413**
Fair value at the time of grant (EUR ´000)	**61**	**10**	**64**	**136**

No warrants were exercised or cancelled in 2015. The fair value of the warrants is fully recognised, hence there was no effect in the income statement or equity during 2015.

16 SHARE-BASED PAYMENTS (CONTINUED)

ACCOUNTING POLICIES

The Group has established share-based equity-settled incentive program. The fair value of the employee services received in exchange for the grant of warrants is calculated using the value of the warrants. The fair value of share-based payment on the grant date is recognized as an staff expense or interest over the period in which the stock options vest. In measuring the fair value, the calculation is based on "Ligningsrådets formel" (Tax approved valuation calculation) and is calculated at EUR 136k, based on a discount rate of 2%. The value of equity-settled programs is recognized in Shareholders' equity.

2014 Warrants – amount and value in EUR	Staff expenses Management	Staff expenses Employees	Interest Subordinated loan provider	Total
Outstanding warrants at 1 January 2014	187,641	31,272	99,500	318,413
Outstanding warrants at 31 December 2014	**187,641**	**31,272**	**99,500**	**318,413**
Number of exercisable options at 31 December 2015				**318,413**
Fair value at the time of grant (EUR ´000)	**61**	**10**	**64**	**136**

There has not been any excercises during 2014. The fair value of the warrents is fullly recognised, there are no effect in the income statement during 2014.

17 COMMITMENTS AND CONTINGENCIES

Commitments (operating lease arrangements)
Operating leases relate to leases of office and cars.

Recognised in the income statement in respect of rentals incl. commitments

EUR '000	2015	2014
Recognised in the income statement in respect of rentals	146	165
Lease commitments:		
0 - 1 year	113	14
1 - 5 years	193	-
After 5 years	-	-
Total lease commitments	**306**	**14**

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Management's assessment of whether leases on vessels should be classified as finance or operating leases is based on an overall evaluation of each lease. In finance leases, a non-current asset and a payable are recognised. In classification as operating leases, the regular lease payments are generally recognised in the income statement.

ACCOUNTING POLICIES

Agreements to charter vessels and to lease other tangible assets where all substantial risks and rewards of ownership have been transferred to the Group (finance leases) are recognised in the statement of financial position (Note 8 – Vessels and equipment). Other agreements to charter vessels and other leases are considered operating leases. Payments in connection with operating leases are recognised on a straight-lined basis in the income statement over the terms of the leases.

17 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies

Security

In November 2015, the company issued a bond for an amount of EUR 100,000k and obtained a working capital facility consisting of an overdraft facility and performance guarantees. The overdraft facility is limited to DKK 75,000k (EUR 10,053k) until 26 November 2016, from which date the facility will be reduced to DKK 50,000k (EUR 6,702k). The bondholders and the provider of the working capital facility have entered into an intercreditor agreement sharing the following security:

- The Group's three vessels (J/U WIND, J/U WIND PIONEER and J/U WIND SERVER) with a total carrying amount of EUR 165,875k (2014: EUR 164,477k) have been pledged for a total amount of EUR 195,003k (2014: EUR 82,688k).
- The Group's deposit, at any time, on Retention Account in SEB.
- The Group's entitlements under insurances related to its three vessels (J/U WIND, J/U WIND PIONEER and J/U WIND SERVER) other than third party liability insurances
- The Group's rights and entitlements under the three-year charter of J/U WIND SERVER to Siemens Wind Power A/S.

Guarantees

As part of the working capital facility, the Group's bank has provided a performance guarantee in connection with the three-year charter of J/U WIND SERVER to Siemens Wind Power A/S. The guarantee amounts to EUR 7,107k (2014: EUR 0k), with a quarterly adjustment during the lifetime of the charter. The guarantee is an on-demand guarantee and serves to guarantee the full and punctual performance of DBB Jack-Up Services A/S's obligations and payment of any sums that DBB Jack-Up Services A/S is liable to pay under or in connection with the charter contract. The executed guarantee has been delivered to charterers ninety days prior to the delivery date, and shall remain valid until ninety days after the expiry of this charter contract.

Unrecognised contingent liabilities

There are pending disputes with individual suppliers. Management believes that the outcome of these will not have a material impact on the company's financial position.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Information on contingent assets and liabilities and when recognition should be made as an asset and a liability, respectively, is based on assessments of the expected outcome of each claim. The assessments are made on the basis of legal assessments of the signed agreements, which in substantial claims also include assessments obtained from external advisors, including lawyers.

ACCOUNTING POLICIES

Contingent assets are recognised when it is practically certain that the claim will have a positive outcome for the Group. A contingent liability is recognised if it is likely that the claim will have a negative outcome and when the amount is estimable. If this is not the case, the matter is an unrecognised contingent liability.

18 RELATED PARTY TRANSACTIONS

The Group's transactions with related parties consist of remuneration of Executive Management and Board of Directors and trading with related parties.

Remuneration for the excutive management and Board of Directors

EUR '000	2015	2014
Wages and salaries	281	293
Pensions – defined contributions plans	-	-
Other social security costs	0	0
Total	**281**	**293**

Please refer to Note 16 for an description of the share-based payment.

Trading and accounts with related parties

EUR '000	2015	2014
Income statement items:		
Administrative expenses:		
Rent and consulting to Dansk Bjergning og Bugsering A/S [1]	258	350
Financial expenses:		
Interest on shareholder loan Jack-up Holding A/S	-	514
Interest on shareholder loan Dansk Bjergning & Bugsering Holding ApS	-	284
Interest on shareholder loan OY Finans ApS	-	73
Balance sheet items:		
Vessels, including fixtures & equipment		
CAPEX relating J/U WIND PIONEER to Orskov Yard A/S [2]	523	-
Intercompany balances		
Effect of joint taxation with Jack-up Holding A/S and Anpartsselskabet af 1. December 2011	30	-

1) Dansk Bjergning og Bugsering A/S is a subsidiary of Dansk Bjergning & Bugsering Holding ApS
2) Orskov Yard A/S is a subsidiary of OY Finans ApS

No other material transactions took place during the year with the Board of Directors, the Executive Management, major shareholders or other related parties.

18 RELATED PARTY TRANSACTIONS (CONTINUED)

ACCOUNTING POLICIES

DBB Jack-Up Services A/S is controlled by Jack-up Holding A/S, which holds 59.5% of the share capital in DBB Jack-Up Services A/S. Dansk Bjergning & Bugsering Holding ApS and OY Finans ApS hold 25.1% and 14.8% of the share capital respectively.
The ultimate Controlling party of the Group is Jack-up Holding A/S's holding company Anpartsselskabet af 1. december 2011 ApS.

The above-mentioned companies are considered related parties, including their subsidiaries and associates, Board of Directors and the Executive Management of these entities together with their immediate families.

Furthermore, DBB Jack-Up Services A/S's subsidiaries, as well as the Board of Directors and the Executive Management of DBB Jack-Up Services A/S together with their immediate families, including companies where the above persons have control or joint control, are considered related parties.

All agreements relating to these transactions are based on market price (arm's length).

19 SUBSEQUENT EVENTS

No significant events have occurred between the reporting period and the publication of the annual report that have not been included and adequately disclosed in the annual report and that materially affect the income statement, balance sheet and disclosure requirements.

The financial statements were approved by the Board of Directors and the annual general meeting and authorised for issue on 20 April 2016.

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INCOME STATEMENT
1 JANUARY - 31 DECEMBER

EUR '000	Note	2015	2014
Revenue		**9,138**	**6,733**
Project-related expenses		-272	-383
Operation of vessels		-15,697	-1,611
Gross profit (net earnings from wvessel activities)		**-6,831**	**4,739**
Administrative expenses		-1,589	-556
Staff costs	2	-4,452	-2,984
Earnings before interest, tax, depreciation etc. (EBITDA)		**-12,872**	**1,199**
Depreciation	5	-1,825	-1,784
Earnings before interest and tax (EBIT)		**-14,697**	**-585**
Income from equity investment		-2,769	475
Financial income	3	5,942	4,564
Financial expenses	3	-6,678	-5,124
Income before tax		**-18,202**	**-670**
Tax on profit (loss)	4	3,343	233
Income for the year		**-14,859**	**-439**
Proposed distribution of profit			
Reserve for equity value		-596	475
Accumulated profit		-14,263	-914
Total		**-14,859**	**-439**

BALANCE SHEET AT 31 DECEMBER
– ASSETS

EUR '000	Note	2015	2014
Vessel	5	24,145	25,646
Fixtures & equipment	5	290	251
Tangible assets		**24,435**	**25,896**
Investment in subsidiary	6	0	348
Investment in joint venture	6	13,326	14,990
Deferred tax asset		177	0
Financial assets		6,057	-
Long term receivable in subsidiary		63,400	-
Long term receivable in joint venture		58,838	6,759
Financial assets		**141,798**	**22,097**
Trade receivables		311	801
Work in progress		-	468
Intercompany receivable, subsidiary		-	30,745
Intercompany receivable, joint venture		-	62
Other receivables		134	18
Prepayments		111	334
Cash and cash equivalents		2,023	685
Current assets		**2,579**	**33,113**
Total assets		**168,812**	**81,106**

BALANCE SHEET AT 31 DECEMBER – EQUITY AND LIABILITIES

EUR '000	Note	2015	2014
EQUITY			
Share capital		11,093	7,763
Reserves		141	703
Retained earnings		18,020	32,357
Total equity		**29,253**	**40,822**
LIABILITIES			
Provision for deferred tax		0	3,131
Other provisions		579	139
Provisions		**579**	**3,269**
Subordinated loans	7	29,312	25,657
Bond loans	7	95,299	-
Bank loans	7	-	4,627
Leasing obligations	7	-	77
Total non-current liabilities		**124,611**	**30,361**
Current portion of long-term loans	7	2,551	1,824
Working capital facility		1,959	3,322
Trade payables		527	1,002
Intercompany payable, associated companies		92	-
Intercompany payable, subsidiary		3,055	-
Intercompany payable, joint venture		4,596	-
Joint tax contribution		-	-
Other liabilities		1,588	506
Total current liabilites		**14,368**	**6,654**
Total liabilities		**138,979**	**37,015**
Total equity and liabilites		**168,812**	**81,106**

STATEMENT OF CHANGES IN EQUITY

2015 EUR '000	Share capital	Reserve for warrants	Translation reserves	Reserve for equity value	Total reserves	Retained earnings	Total equity
Balance at 31 December 2014	**7,763**	**136**	**-31**	**597**	**703**	**32,358**	**40,823**
Exchange rate adjustments	-	-0	0	-1	-1	-74	-75
Total comprehensive Income for the year, after tax	-	-	-	-2,769	-2,769	-12,090	-14,859
Adjustment for negative reserve for equity value				2,173	2,173	-2,173	-
Exchange rate adjustment of joint venture			35	-	35	-	35
Capital increase	3,330	-		-	-	-	3,330
Balance at 31 December 2015	**11,093**	**136**	**5**	**0**	**141**	**18,020**	**29,254**

Share capital
At the end of 2015, the share capital consisted of 82,782,192 shares of DKK 1 each (EUR 11,093K). The shares are divided into two classes: 11,118,416 A shares of DKK 1 each and 67,663,782 B shares of DKK 1 each. Each A share carries one vote, while B shares do not carry voting rights, but carry preferential rights of dividend.

Specification of movements in the share capital

EUR '000	2015	2014	2013	2012	2011
Share capital	11,093	7,763	2,026	2,026	1,340

Reserves
Reserves on equity consist of the following:
Reserve for warrants, consist of warrants to management, selected employees and the subordinated loan provider.
The translation reserve comprises foreign exchange differences arising on translation of financial statements of the entity that have a functional currency different from DKK and translation from functional currency to the presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF REPORTING

ACCOUNTING POLICIES

The financial statements of DBB Jack-Up Services A/S have been prepared in accordance with the provisions for class C enterprises of the Danish Financial Statements Act.

As the accounting policies of DBB Jack-Up Services A/S only differ from those of the Group, which follows IFRS, with respect to a few items, only those policies that differ from the Group's are detailed below. Reference is made to the accounting policies of the DBB Jack-Up Group for the other items.

The accounting policies of the parent company, including presentation, are unchanged compared to last year.

Income statement and balance sheet

Earnings from investments in subsidiaries and joint ventures In the parent company's income statement, the proportional share of earnings is recognised under the item "Income from equity investment".

Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are recognised and measured according to the equity method.

The proportional ownership share of the companies' net asset value is recognised in the balance sheet under the items "Investments in subsidiaries" and "Investments in joint ventures".

The total net revaluation of investments in subsidiaries and joint ventures is transferred through the distribution of profits to "Reserve for equity value" under equity. The reserve is reduced by dividend payments to the parent company and is adjusted by other changes in equity in subsidiaries and joint ventures.

Subsidiaries and joint ventures with negative net asset value are recognised at EUR 0 million, and a provision to cover the negative balance is recognised.

Other accounting policies

With reference to the provisions of the Danish Financial Statements Act, the company has refrained from preparing a cash flow statement. For this information, see the consolidated financial statements of the DBB Jack-Up Group.

2 STAFF COSTS

Total staff costs

EUR '000		2015	2014
Staff costs			
Wages and salaries		4,125	3,603
Pensions – defined contributions plans		286	243
Other social security costs		41	37
Total		**4,452**	**3,883**
Less: amounts capitalised on qualifying assets		–	-899
Total staff costs	I/S	**4,452**	**2,984**
Of which remuneration to management [1] and Board of Directors:		281	293

1) Executive Management registered with the Danish Business Authority (Erhvervsstyrelsen)

Average number of employees

	2015	2014
Total employees	**61**	**54**

3 NET FINANCIAL EXPENSES

EUR '000		2015	2014
Interest expense			
Financial expenses, related parties		4,605	870
Other financial expenses		4,326	4,254
Total		**8,931**	**5,124**
Less: fees capitalised to offset loans		-2,253	-
Total financial expenses	**I/S**	**6,678**	**5,124**
Financial income:			
Financial income, related parties		5,836	4,542
Other financial income		106	22
Total financial income	**I/S**	**5,942**	**4,564**
Net financial expenses		**12,620**	**9,688**

4 INCOME TAX EXPENSE

EUR '000		2015	2014
Deferred tax on the income (profit/loss) for the year		3,326	233
Adjustments in respect of prior years – deferred tax		17	-
Total deferred tax	**I/S**	**3,343**	**233**

5 VESSELS AND EQUIPMENT

2015 EUR '000		Fixtures & equipment	Vessel	Total
Cost at 1 January		384	34,548	34,932
Exchange rate adjustments		-1	-88	-89
Additions		140	287	427
Disposals		–	–	–
Cost at 31 December		**523**	**34,747**	**35,270**
Depreciation at 1 January		-133	-8,903	-9,036
Exchange rate adjustments		0	24	24
Depreciation		-100	-1,725	-1,825
Disposals		–	–	–
Depreciation at 31 December		**-233**	**-10,602**	**-10,835**
Impairment losses at 1 January		-	-	-
Impairment losses at 31 December		-	-	-
Carrying amount at 31 December	**B/S**	**290**	**24,145**	**24,435**
– of which capitalised interests		-	-	-
– of which financial leases of cars.		60	0	-

6 FINANCIAL ASSETS

2015 EUR '000	Equity investment in joint venture	Equity investment in subsidiary	Total
Cost at 1 January	14,031	737	14,769
Exchange rate adjustments	-32	-1	
Additions	–	–	–
Cost at 31 December	**14,000**	**737**	**14,736**
Adjustments at 1 January	956	-390	566
Exchange rate adjustments	35	1	36
Profit during the year	-1,665	-1,104	-2,769
Adjustments at 31 December	**-673**	**-1,492**	**-2,166**
Total	**13,326**	**-756**	**12,571**
Transfer to other liabilities	-	756	756
Carrying amount at 31 December	**13,326**	**-**	**13,326**

The joint venture is Jack-Up InvestCo 3 Plc. (registered office: Qormi, Malta), the subsidiary is Jack-Up InvestCo 2 A/S (registered office: Horsens, Denmark)

7 LOANS

2015 EUR '000	Current debt 0-1 year	Non-current debt 1-5 years	After 5 years	Total
Subordinated loans	-	29,312	-	29,312
Bonds	2,500	95,299	-	97,799
Lease liabilities	51	-	-	51
Total	**2,551**	**124,611**	**-**	**127,162**

2014 EUR '000	Current debt 0-1 year	Non-current debt 1-5 years	After 5 years	Total
Subordinated loans	-	25,657	-	25,657
Bonds	1,481	4,627	-	6,108
Lease liabilities	343	77	-	420
Total	**1,824**	**30,361**	**-**	**32,185**

8 COMMITMENTS AND CONTINGENCIES

Commitments (operating lease arrangements)
See note 17 to the consolidated financial statements.

Contingencies

Security
A vessel with a total carrying amount of EUR 24,144k (2014: EUR 25,645k) has been pledged as security for bond and bank debt at a total carrying amount of EUR 40,002k (2014: EUR 19,149k).

DBB Jack-Up Services A/S has Pledge the shares for the 50% ownership in Jack-Up InvestCo 3 Plc. and the shares for the 100% owned Jack-Up InvestCo 2 A/S.

DBB Jack-Up Services A/S has pledged the long-term receivables with Jack-Up InvestCo 3 Plc. (EUR 58,838k) and the long-term receivables with Jack-Up InvestCo 2 A/S (EUR 63,400k).

Guarantees
See note 17 to the consolidated financial statements.

Unrecognised contingent liabilities
See note 17 to the consolidated financial statements.

9 RELATED PARTY TRANSACTIONS

See note 18 to the consolidated financial statements.

All agreements relating to transactions between DBB Jack-Up Services A/S and subsidiaries and joint ventures are based on market price (arm's length).

10 SHARE-BASED PAYMENTS

See note 16 to the consolidated financial statements

DBB JACK-UP