MARACC – MARINE ACCURATE WELL ASA

The Board of Directors annual report 2012

1. The nature of business

The purpose of Maracc – Marine Accurate Well ASA (hereinafter "Maracc" or "the Company") is to build and operate rigs and appliances for support of operations in the offshore oil industry. The Company was founded in 2006. In February 2007 the Company ordered its first semi-submersible rig "Island Innovator" based on the GM 4000 design at the Cosco Shipyard, China.

The Company's registered office is in Stavanger.

2. Going Concern – project update

The rig Island Innovator was delivered on September 28, 2012. In connection with the delivery from the yard in China, the previous senior loan facility in the amount of MUSD 280 was increased by MUSD 70 to MUSD 350, and in addition a junior loan in the amount of MUSD 50 was established and drawn down.

Shortly thereafter the rig started its self-propelled voyage to the North Sea. Carry over / punch killing work and commissioning was carried out at sea. The rigarrived Bergen Group Hanøytangen, Norway on February 2, 2013.

Shortly after the departure from China it became evident that the costs in relation to the yard stay in Norway, and preparation for the AOC needed to operate on the Norwegian Continental Shelf, had been grossly underestimated by the project team – and that additional funding was required.

A pre- and post-delivery financing solution for the total construction, mobilization and startup costs was thereafter secured in April, 2013. The financing, in a total amount of MUSD 490, consists of the previous MUSD 350 Senior Bank Loan as well as a bond loan in the amount of MUSD 140. However, the MUSD 50 junior loan established 4th Quarter, 2012 was as part of the new financing package pre-paid using part of the proceeds from the new bond loan. In connection with the bond issue an equity issue in the amount of MUSD 33 (MNOK 285) was also carried through, i.e. new net funding by way of the bond loan and equity issue amounted to MUSD 123 (MUSD 140 + MUSD 33 –MUSD 50).

As a consequence of the cost-overruns the former project-management was changed. Mr. Morten Ulstein, board member representing some of the large investors, was appointed President and Executive Director, and Mr. Roger Simmenes was appointed new CEO.

The cost-overruns were also considered as an impairment indicator for the rig. The result of the impairment test was that an impairment of MUSD 90 was recognized. The recoverable amount was estimated based on fair value less cost to sell. The fair value estimates from two independent brokers, was adjusted for remaining construction costs and expected cost to sell. Because of the impairment, the equity of the Company was reduced to below 30%, which is the minimum equity required under the senior bank loan (MUSD 350) and the junior facility (MUSD 50). The Company received a waiver for the equity covenant relating to the senior bank loan March 3, 2013, that will be effective until September 1, 2013. The junior facility was repaid as part of the refinancing described above.

The rig was scheduled to leave Bergen Group Hanøytangen on June 1, 2013 and go through the final sea-trials, including inclination- and POSMOR ATA tests, before commencing work for Lundin Norway AS end of June 2013. However, early morning May 31 an incident occurred with the Island Innovator at the quay-side. The rig started to take in water. The water leakage occurred in connection with work related to changing out a seawater valve. As soon as the incident was detected, stabilizing procedures (EM procedures) was started, as well as verification of the scope of the damage and checking that the area was sealed. The situation was shortly brought under control – and the rig was stabilized. At the time when the incident happened 100 workers were on-board the rig, and 63 persons were immediately evacuated according to procedures whilst the 37 person being the safety manning remained onboard. No Lost Time Incidents were recorded. Following the incident an investigation committee was established to go through sequence of events and get a full picture of what caused the damage. As at the time of approving the annual accounts Maracc is awaiting the final report.

The damage and the consequential damages are covered by the insurance in accordance with ordinary market conditions; however the incident will have an impact on the start-up time under the Lundin contract.

It is now estimated that startup will be 1st half of August, 2013, well within the start-up window under the charter contract with Lundin (start-up window ending end of September 2013).

The operational charter contract for the rig was signed with Lundin Norway AS in May 2012 - securing work for the rig for a 12 well drilling campaign (estimated to 2 year (plus) fixed period) plus options for an additional 3 x 4 wells on the Norwegian continental shelf. Commencement window is April 1 – September 20', 2013 and as stated above start-up will take place well within this window.

The delayed start-up with Lundin will, and the final tests and commissioning may, result in additional costs, and thus a need for additional funding to cover working capital, commissioning and start-up costs. As a consequence the Company will have to secure additional financing to be able continuing its operations. The amount needed is currently estimated to be approximately MUSD 25. As at the time of approving the annual accounts for 2012 the final financing solution for the additional funding needed has not been decided upon. However, certain major owners (directly or indirectly) of the company has signed an undertaking towards the senior lenders to fully finance the project in order to secure cash flow from the contract with Lundin.

As the repair-work in relation to the incident described above and the final sea-trials and testing has not been completed at the date of approving the annual accounts, there is still to some extent an uncertainty about the going concern assumption. However, the Board of Directors' opinion is that with the rig being very close to completion and with the amended financing having been established and drawn down, this uncertainty is manageable. The financial statements have therefore been prepared in accordance with the going concern assumption.

3. Working environment and personnel

The Company had no employees as of December 31, 2012. The Company's needs for competence and accompanying recourses have been secured through a long-term full-service management agreement with Island Offshore Management AS (IOM). According to the agreement IOM shall assist the Company within administration, construction supervision and later operation services.

In addition to the agreement with IOM, further agreements were entered into in 2nd half 2011 with Odfjell Drilling AS (ODAS), an experienced offshore drilling company, to further strengthen the competence and quality of the personnel needed in the commissioning and startup phase. ODAS has also assisted, and supplied personnel in the final construction supervision period – and has taken over the full responsibility for the rig in the operation mode.

No Lost-Time Incidents, resulting in greater material damages or personal injuries, has been reported during the year. Maracc has contributed through several programs to encourage a safety awareness culture with our suppliers.

The working environment is considered good, and continuous efforts for improvement are carried out.

4. Equal opportunities

The Company is aiming to be a working place where equal opportunities prevail between sexes, races and religious orientation.

The Board consists of 5 members, three men and two women.

The Company satisfies the requirement of representation of both sexes according to the Norwegian asal § 6-11a (the Norwegian Public Limited Companies Act).

5. Environmental reporting

The Company's business as of December 31, 2012 is not regulated by licenses or public orders. The business does not pollute the external environment over and above what is customary for this kind of operation.

6. Future development

Maracc was established in 2006 with an aim to bring forward a semi-submersible rig solution for heavy well intervention activities for subsea wells and drilling. The rig is tailor made for Norwegian operations but able to work globally.

Maracc has one semi-submersible drilling and intervention rig currently being prepared for operations on the Norwegian Continental Shelf under a contract with Lundin Norway AS.

The rig is the first purpose built drilling and well intervention rig, and is currently prepared for the full range of services such as Conventional Drilling, Coil Tubing and Through Tubing Rotary Drilling (TTRD) down to 750 meters water depth. Drilling in 1 200 m water depth may be achieved with minor modifications, while 3 000 m water depth can be achieved in intervention mode.

7. Market Update

The oil service market is strong at present. Several new contracts in the mid water segment has been entered into over the last year.

With the contract award to Maracc by Lundin Norway AS, the rig is expected to commence operations 1st half of August 2013.

8. Achievement, cash flow, investments, financing and liquidity

The Board of Directors is of the opinion that the annual accounts give a true and fair view of Maracc's assets and liabilities, financial position and result.

The Company had no turnover in 2012. The result before taxes showed a deficit of MUSD – 91,1 . The negative result is mainly explained by the impairment of the rig of MUSD 90. The reason for the additional impairment is related to the above-mentioned cost overruns related to completion and mobilization of the rig.

The Company has no expenditures related to Research and Development.

Total cash flow from operational activities in the Company was minus MUSD 1,1. Total investments relating to plant and equipment in 2012 were MUSD 186,8.

The Company’s cash position was MUSD 64,6 as of December 31, 2012. The MUSD 400 pre- and post-delivery financing was fully drawn down as at December 31, 2012.

The Company’s short-term debt was MUSD 427,8 as of December 31, 2012, this includes the MUSD 350 senior loan facility and the MUSD 50 junior loan facility. The total capital at year end was MUSD 585,2. The equity capital was MUSD 157,4 as of December 31, 2012 compared to MUSD 248,6 at December 31, 2011, a decrease equal to this years` result.

9. Financial risks

9.1 Market risk

The Company is generally exposed to market risk; however the long-term operating contract for the rig with Lundin Norway AS reduces market risk considerably.

9.2 Currency risk

The Company is to some extent exposed to changes in the foreign exchange markets. The charter contract entered into is in USD and all long term debt will be drawn down in USD. A significant part of the Company's operating expenses will however be payable in NOK.

9.3 Interest risk

The Company is exposed to changes in the interest rate level, since the pre- and post-delivery loans, as well as the bond issued in April 2013, have floating interest. However, the Company may, for the pre- and post-delivery loans, secure the interest rates long term.

9.4 Credit risk

The risk related to opposite parties not having the means to fulfill their obligations is seen as low, as the Company does not have unsettled claims. To reduce risks in relation to large suppliers' delivery obligations the company has obtained performance guarantees from the relevant suppliers' banks. The company has received a warranty from Bank of China securing guarantee work after delivery from the Cosco shipyard. Set off agreements or similar financial instruments in order to minimize the credit risk have not been entered into by the Company.

9.5 Liquidity risk

As mentioned above, additional financing was secured in April 2013. The additional financing was estimated to cover total project cost for the rig including commissioning and mobilization costs until the rig is ready for operation and starts creating positive cash flow. However, with special reference to the incident that happened May 31st 2013 (as described above), it is emphasized that there is still some uncertainty related to the total cost for the yard stay at Hanøytangen, as well as the exact commencement date for the Lundin contract.

10. Annual results and disposals

The Board suggests the following coverage of the annual loss amounting MUSD 91,1:

From share Premium: MUSD – 91,1

The Company had no distributable reserve at the end of 2012.

Oslo, June 19th 2013

Øivind Lund
Chairman of the Board

Morten Ulstein
Board Member

Dionne Chouest Austin
Board Member

Paal Espen Johnsen
Board Member

Berit Rynning
Board Member

Roger Simmenes
Chief Executive Officer

Maracc - Marine Accurate Well ASA
Statement of comprehensive income
01.01 - 31.12

USD thousands	Note	**2012**	**2011**
Revenues		-	-
Other income			65
Salaries	6	-180	-218
Other operating expenses	6,7	-947	-1 283
Impariment of fixed assets	9	-90 000	-
Operating profit (-loss)		**-91 127**	**-1 436**
FINANCE INCOME AND EXPENSES			
Finance income		-	-
Finance expense		-	-
Net financial items		**-**	**-**
PROFIT (- LOSS) BEFORE TAX		**-91 127**	**-1 436**
Income tax expense	8	-	-
PROFIT (- LOSS) FOR THE YEAR		**-91 127**	**-1 436**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the year		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-91 127**	**-1 436**

Maracc - Marine Accurate Well ASA
ASSETS 31.12

USD thousands	Note	**2012**	**2011**
FIXED ASSETS			
Intangible assets			
Deferred tax asset	8,10	-	-
Total intangible assets		**-**	**-**
Property, plant and equipment			
Rig under construction	9	512 146	391 478
Total tangible assets		**512 146**	**391 478**
Total fixed assets		512 146	391 478
CURRENT ASSETS			
Receivables			
Other short term receivables	7	8 443	1 351
Total receivables		**8 443**	**1 351**
Cash and cash equivalents	11	64 652	2 635
Total current assets		**73 095**	**3 986**
TOTAL ASSETS		**585 241**	**395 464**

Maracc - Marine Accurate Well ASA
EQUITY AND LIABILITIES 31.12

USD thousands	Note	**2012**	**2011**
EQUITY			
Paid in equity			
Share capital	12	18 227	18 227
Share premium		139 214	230 341
Total paid in equity		**157 442**	**248 569**
Retained earnings			
Retained earnings		-	-
Total retained earnings		**-**	**-**
Total equity		**157 442**	**248 569**
LIABILITIES			
Other long term liabilities			
Borrowings		-	-
Total long term liabilities		**-**	**-**
Current liabilities			
Borrowings	10	395 415	141 008
Accounts payable		27 309	5 876
Other short term liabilities		5 075	11
Total current liabilities		**427 799**	**146 896**
Total liabilities		**427 799**	**146 896**
TOTAL EQUITY AND LIABILITIES		**585 241**	**395 464**

Oslo, June 19th 2013

Øyvind Lund Chairman of the Board	Morten Ulstein Board Member	Dionne Chouest Austin Board Member
Paal Espen Johnsen Board Member	Berit Rydning Board Member	Roger Simmenes Chief Executive Officer

Maracc - Marine Accurate Well ASA
CASH FLOW STATEMENT
01.01 - 31.12

USD thousands	**2012**	**2011**
Cash flow from operating activities		
Profit (-loss) before tax	-91 127	-1 436
Impairment of fixed assets	90 000	-
Net cash flow from operating activities	**-1 127**	**-1 436**
Cash flows from investing activities		
Cash payments related to rig under contruction including capitalised finance cost	-186 820	-152 101
Net cash flows from investing activities	**-186 820**	**-152 101**
Cash flows from financing activities		
Proceeds from new borrowings	249 964	139 199
Net cash flow from financing activities	**249 964**	**139 199**
Net change in cash and cash equivalents	62 017	-14 338
Cash and cash equivalents at beginning of year	2 635	16 973
Cash and cash equivalents at end of year	**64 652**	**2 635**
Of which restricted cash	13 031	-

Maracc - Marine Accurate Well ASA
Statement of changes in equity

USD thousands	Share capital	Share premium	Other paid in equity	Retained earnings	Total equity
Balance 31 December 2010	**18 227**	**231 777**	**-**	**-**	**250 005**
Balance 1 January 2011	18 227	231 777	-	-	250 005
Profit (-loss) for the year		-1 436	-	-	-1 436
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-1 436	-	-	-1 436
Contributions by and distributions to shareholders	-	-	-	-	-
Total contributions by and distributions to shareholders	**-**	**-**	**-**	**-**	**-**
Balance 31 December 2011	**18 227**	**230 341**	**-**	**-**	**248 569**
Balance 1 January 2011	18 227	230 341	-	-	248 569
Profit (-loss) for the year		-91 127	-	-	-91 127
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-91 127	-	-	-91 127
Contributions by and distributions to shareholders	-	-	-	-	-
Total contributions by and distributions to shareholders	**-**	**-**	**-**	**-**	**-**
Balance 31 December 2012	**18 227**	**139 214**	**-**	**-**	**157 442**

Maracc – Marine Accurate Well ASA – Notes to the financial statements

Note 1. General Information

Maracc – Marine Accurate Well ASA (“the Company) is a public limited company incorporated and domiciled in Norway and OTC listed in Oslo. The address of its registered office is Lagerveien 23, 4033 Stavanger, Norway.

These separate financial statements were approved by the Board of Directors on June 19th 2013.

The purpose of the Company, is to build and operate rigs and appliances for support of operations in the offshore oil industry. The Company has currently one rig under preparation for initial operation.

Note 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The separate financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in note 4.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or before 1 January 2012 that would be expected to have a material impact on the Company.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted

IAS 19, ‘Employee benefits’ was amended in June 2011. The changes will not have any impact on the company since the Company has no employees.

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9’s full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 10, Consolidated financial statements’ and IFRS 11, Joint arrangements. The new standards will not have any impact on the Company, since the Company does not hold any interest in other entities.

IFRS 12, ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The new standard will not have any impact on the Company, since the Company does not have any interest in other entities.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.2 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). USD is both the functional currency and the presentation currency for the Company.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the income statement within 'finance income and expenses'.

2.3 Rig under construction

The Company has one rig under construction. The rig is stated at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition. Cost is recognised as part of the rig when the Company receives an invoice from the different vendors. The agreed invoicing plans are considered to be reasonable approximation to the project progress.

Subsequent costs will be 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 the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

As the rig is under preparation for initial operation there are no depreciations in either 2011 or 2012. Useful life for the rig will be estimated at completion.

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

2.4 Impairment of non-financial assets

Assets that are subject to amortisation and assets under construction are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'account receivables and other receivables' and 'cash and cash equivalents' in the balance sheet

2.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Derivative financial instruments and hedging activities

The Company does not use hedge accounting.

2.8 Cash and cash equivalents

In the statement of cash flows and balance sheet, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.10 Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.12 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its 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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

2.16 Cash flow statement
The statement of cash flows is reported using the indirect method.

Note 3. Financial risk management

3.1 Financial risk factors
The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

(a) Market risk
(i) Foreign exchange risk
The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD/NOK. Foreign exchange risk arises from accounts payables, cash and cash equivalents and future commercial transactions.

Management seeks to minimize the effects of foreign exchange risk by balancing cash deposits held in different currencies and to some extent by using derivative financial instruments.

A change in the USD/NOK currency rate would not have any significant impact on the Company's financial statements.

(ii) Cash flow interest rate risk
All the Company's borrowings are issued at variable rates. Since all interest income and expense are capitalized as borrowing cost, a change in interest rate would not have any effect on the Company's profit or equity.

(b) Credit risk
The Company's credit risk exposure is limited to bank deposits. All bank deposits are held with DnB Bank ASA. The bank has credit rating A.

(c) Liquidity risk
Management makes cash flow forecasts to ensure that the Company has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans and covenant compliance.

Since the Company was in breach with its covenants 31.12.2012, all borrowings was payable at demand from the lenders. See note 10 for further information.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows

At 31 December 2012	Less than 3 months	Between 3 months and 1 year
Borrowings	395 415	-
Accounts payable and other payables	32 384	-
Total	427 799	-

At 31 December 2011	Less than 3 months	Between 3 months and 1 year
Borrowings	1 545	147 654
Accounts payable and other payables	5 888	-
Total	7 433	147 654

3.2 Capital management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management monitors capital on the basis of the equity ratio, since the debt covenants requires an equity ratio of minimum 30%. The equity ratios at 31 December 2012 and 2011 were as follows

	2012	2011
Total assets	585 241	395 464
Total equity	157 442	248 569
Equity ratio	27 %	63 %

The Company has issued new shares and refinanced part of the borrowings after the balance sheet date. See note 10 and 17 for further information.

3.3 Fair value estimation
The Company did not have any financial instruments or liabilities carried at fair value at 31 December 2012 and 2011.

Note 4. Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of rig under construction
There was made impairment at 90 MUSD at year end 2012, in addition to the previous impairment at 110 MUSD made in 2009. The recoverable amount was determined based on a fair value less cost to sell calculation. In addition to uncertainty relating to estimated fair value, there is also uncertainty relating to remaining construction cost.

See note 9 for further information.

(b) Deferred tax asset
The deferred tax asset has not been recognised in the balance sheet since the probability of future taxable profit in Norway is considered to be too low.

Note 5 Segment information

Segment information is not considered
31.12.2012 the rig under construction was under transport from the yard in China to Norway.

Note 6 Employee benefits expense, number of employees, loans to employees and auditor's fee

The Company has not had any employees during 2011 and 2012.

	2012	2011
Remuneration to the Board of Directors	136	149
Employers Tax on BoD remunertation	18	21
Other personnell cost	25	47
Total salaries cost	180	218

Management and Boad of Directors

In connection with hiring a CEO from another company, the Company has paid fees amounted to USD 385 thousands in 2012 (2011: USD 389 thousands)
The costs related to the CEO is presented as other operating expenses.

Renumaration to the board of directors

	2012	2011
Chairman of the Board - Øyvind Lund	34	37
Boad member - Berit Rydning	25	28
Boad member - Morten Ulstein	25	28
Boad member - Paal Espen Johnsen	25	28
Boad member - Dionne Rochelle Chouest	25	28
Total	136	149

No loans/securities have been granted to the CEO, chairman of the board or other related parties.
The CEO and Boad of Directors have no post employment agreements.

Auditor fee

	2012	2011
-Statutory Audit	31	63
-Tax advisory fee	5	19
-Other services	16	15
Total auditor fee	52	97

VAT is not included in the fee specified above.
The company's chosen auditor is PricewaterhouseCoopers AS.

Note 7 Specifications

Other operating expenses

	2012	2011
Auditor fee	52	97
Consultant's fee	758	784
Legal costs	50	197
Other	87	206
Total	947	1 283

Other short-term receivables

	2012	2011
Prepaid expenses	6 480	1 072
Outstanding VAT	1 963	279
Total	8 443	1 351

Note 8 Tax

Components of the income tax expense:	2012	2011
Tax payable	-	-
Changes in deferred tax	-	-
Changes in deferred tax to equity	-	-
Total income tax expense	-	-

Deferred tax / (deferred tax asset)	Fixed assets	Borrowings	Tax losses carried forwad	Deferred tax asset not recognised	Deferred tax / (deferred tax asset)
1 January 2010	-1 939	-	-27 925	29 864	-
Change in deferred tax during the period	4 399	1 430	-5 510	-318	-
31 December 2011	2 461	1 430	-33 436	29 545	-
Change in deferred tax during the period	-27 401	1 225	-1 626	27 803	-
31 December 2012	-24 941	2 654	-35 062	57 349	-

Explanation why profit before tax differs from the amount that would arise using the 28% tax rate:

	2012	2011
Profit/loss before income tax	-91 127	-1 436
28 % of profit before income tax	-25 516	-402
Permanent differences*	-2 288	720
Not recognised change in deferred tax asset	27 803	-318
Total income tax expense	-	-
Effective tax rate in %	0,0 %	0,0 %

*) Permanent differences mainly relates to currency translation effects since the tax return is prepared in NOK

The deferred tax asset has not been recognised in the balance sheet, since the probability of future taxable profit in Norway is considered to be too low.

Note 9 Rig under construction

2011	Rig under construction	Total tangible assets
Acquisition cost at 01.01.10	355 984	355 984
Additions	139 963	139 963
Disposals	-	-
Additions capitalized finance costs	5 531	5 531
Acquisition cost 31.12.10	501 478	501 478
Accumulated impairment loss 31.12.10	-110 000	-110 000
Net carrying value at 31.12.10	391 478	391 478
Depreciation of the year	-	-
Impairment loss of the year	-	-
Accumulated capitalized finance cost	83 464	83 464

2012	Rig under construction	Total tangible assets
Acquisition cost at 01.01.11	501 478	501 478
Additions	200 985	200 985
Disposals	-	-
Additions capitalized finance cost	9 683	9 683
Acquisition cost 31.12.11	712 146	712 146
Accumulated depreciation 31.12.11	-	-
Accumulated impairment loss 31.12.11	-200 000	-200 000
Reversed impairment loss 31.12.11	-	-
Net carrying value at 31.12.11	512 146	512 146
Depreciation of the year	-	-
Impairment loss of the year	-90 000	-90 000
Accumulated capitalized finance cost	93 147	93 147

All expenses which are related to construction of the rig are capitalized. Administration expenses are not capitalized.

All interest on borrowings and bonds has been capitalized. Interest income on bank deposits reduce capitalized finance cost.
As the rig is under construction there are no depreciations in either 2012 or 2011 . Useful life for the rig is not yet estimated. The company will estimate useful life and residual values of the rig at completion.

In 2009 there was made an impairment of the rig under construction at 110 MUSD. At year end 2012 there was made an additional impairment at 90 MUSD. The reason for the additional impairment is cost overruns related to completion and mobilisation of the rig.

The recoverable amount is based on fair value less cost to sell. Fair value of the rig has been estimated to 655 MUSD based on estimates from two independent brokers around year end. The value is based on the average of the broker estimates. One of the brokers estimates the value at 660 MUSD, while the other estimates the value to be in the range 640–660 MUSD. The estimates from the brokers assume that the rig is available for service and without contract. No adjustments have been made for the contract with Lundin, as the contract is considered to be at market terms at year end 2012. When determining the recoverable amount estimated cost to sell and estimated remaining construction costs (including finance cost) has been deducted from the fair value estimates. Estimated remaining construction costs are based on the latest available forecast, but excludes the additional costs that will incur as a consequence of the incident on May 31st described in note 17.

Note 10 Borrowings

Borrowings

	2012	2011
Non-current		
Bank borrowings	-	-
Current		
Bank borrowings	395 415	141 008

The carrying value of the bank borrowings are specified below

	2012	2011
Nominal value of borrowings from Eksportkreditt Norge AS - Loan A	250 000	93 214
Nominal value of borrowings from bank syndicate - Loan B	100 000	51 786
Nominal value of second lien loan	50 000	-
Payments included in calculation of amortised cost	(9 433)	(5 537)
Accrued interests	4 848	1 545
Total	**395 415**	**141 008**

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2012	2011
USD	395 415	141 008

The Company has the following undrawn borrowing facilities:

	2012	2011
Floating rate - Expiring within one year	-	135 000

The fair value of the bank borrowings are considered to be approximately equal to the nominal value of the loans plus accrued interests

Loan A and B

Loan A and B are regulated by a joint agreement. In the original agreement from May 2011 the total facility amounted to 280 MUSD, where Loan A constituted 180 MUSD and Loan B 100 MUSD. 31.12.2011 the Company had drawn 145 MUSD of the facility. During 2012 the remaining 135 MUSD of the facility has been drawn, in addition Loan A has been increased from 180 MUSD to 250 MUSD. After loan A was increased the facility was 350 MUSD in total.

The interest terms for Loan A is LIBOR 6 months + 0,57%. The loan is secured by a first priority pledge in the rig under construction. In addition, GIEK has given a guarantee for the loan. The Company pays a 2% p.a. guarantee commission for the drawn amount, and has paid a 0,75% p.a. guarantee commission for the undrawn amount. The guarantee is included in the loan agreement. Since the company pays the guarantee commission to the loan agent, the guarantee has been included in the calculation of effective interest. Effective interest for the loan is approximately LIBOR 6 months+ 3,0% including the guarantee.

The interest terms for Loan B is LIBOR 6 months + 4,0%. The loan is secured by a second priority pledge in the rig under construction. In addition, some of the Company's shareholders have given a guarantee for the loan. The Company pays a 2% p.a. guarantee commission for the guarantee given. Details about the guarantees are given in note 14. The guarantee commissions are paid directly to the shareholders. Effective interest for the loan is approximately LIBOR 6 months + 4,7% excluding the guarantee.

A summary of the covenants for the loans is given below:

- Market value of the rig is required to be minimum 150% of the loans after completion of the rig.
- Free liquidity to cover next twelve months installments (post delivery).
- Working capital > 0, where 50% of next twelve months installments are included in the calculation of working capital (post delivery).
- EBITDA/total loan payments next twelve months > 1,25 (post delivery).
- Equity ratio > 30%.
- Book equity for Alpha Marine Services LLC (shareholder guarantor) > 120 MUSD, and free liquidity > 10 MUSD.
- Change of control clauses.
- No dividend payments without the concent of the lenders

As of 31.12.2012 the equity ratio of the Company was below 30%. The loans have consequently been classified as current liabilities. The Company received a waiver for the covenant breach on March 12th 2013 where the required equity ratio was reduced from 30% to 25% up to September 1st.

	2013	2014	2015	2016	2017	Subsequent	Total
Loan A	14 706	29 412	29 412	29 412	29 412	117 647	250 000
Loan B	5 882	11 765	11 765	11 765	11 765	47 059	100 000
Total instalments	**20 588**	**41 176**	**41 176**	**41 176**	**41 176**	**164 706**	**350 000**

Second Lien Loan
The Company entered into a junior secured facility agreement totalling 50 MUSD with Maas Capital Investments B.V. and Siem Investments Inc. November 26, 2012. The maturity date of the loan was November 2014, with an option for the company to extend the maturity date by one year. The loan had a fixed interest of 12% p.a. for the first two years, and 15% p.a. for the third year. The loan facility included several covenants, including an equity ratio of minimum 30%. As of 31.12.2012 the equity ratio of the Company was below 30%. The facility has consequently been classified as current liabilities.
In connection with a refinancing in 2013 the entire loan was repaid on April 23rd. As a consequence of early repayment the Company had to pay fee of 1,25 MUSD in addition to interest until September 10th 2013. For further information regarding the refinancing, see note 17.

	2012	2011
Debt secured by pledges:	395 415	141 008
Pledged assets:		
Rig under construction	512 146	391 478
Sum	512 146	391 478

Note 11 Cash and cash equivalents

	2012	2011
Bank deposits	64 652	2 635

Of the total bank deposits, the following is restricted:

	2012	2011
to the benefit of Cosco	13 031	-
Total	**13 031**	-

The Company withheld part of the final payment when the rig was deliverd from the yard in China as a consequense some deviations from the agreed specifications. The restricted cash will be paid to Cosco if they correct the deviations. If the Company incurs costs by correcting the deviations by using other suppliers, the cash will be released when Cosco accepts the documentation of the costs incurred.

Note 12 Share capital and shareholder information

The share capital of the company is registered in Norwegian Kroner (NOK). The share capital in the financial statement is calculated in USD.
There is only one class of shares, and all shares have the same rights.

The share capital consists of:	Shares	Nominal value NOK	Registered in NOK	Book value in USD
Shares 01.01.2011	1 174 660 516	0,1	117 466 052	18 227 445
Changes in 2011	-	0,0	-	-
Shares 31.12.2011	1 174 660 516	0,1	117 466 052	18 227 445
Changes in 2012	-	-	-	-
Shares/share capital 31.12.2012	1 174 660 516	0,1	117 466 052	18 227 445

The largest shareholders as of 31.12.12

	Shares	Ownership	Voting rights
ISLAND OFFSHORE V AS	361 668 135	30,8 %	30,8 %
EUROCLEAR BANK S.A./N.V. ('BA') (NOM)	197 991 811	16,9 %	16,9 %
TROND MOHN	114 247 646	9,7 %	9,7 %
RIG INVEST, L.L.C.	113 790 680	9,7 %	9,7 %
SKAGEN VEKST	67 652 076	5,8 %	5,8 %
ISLAND OFFSHORE XII Ship AS	61 987 351	5,3 %	5,3 %
ALDEN AS	53 305 655	4,5 %	4,5 %
CITIGROUP GLOBAL MARKETS LTD. (NOM)	35 390 381	3,0 %	3,0 %
GLAAMENE INDUSTRIER AS	27 914 524	2,4 %	2,4 %
IVAR ERIK TOLLEFSEN	19 746 275	1,7 %	1,7 %
ISLAND OFFSHORE INVEST AS	14 711 627	1,3 %	1,3 %
NAUSTNESET AS	13 598 509	1,2 %	1,2 %
BAKKEVIG, BJØRN	9 495 253	0,8 %	0,8 %
MP PENSJON PK	8 153 720	0,7 %	0,7 %
BNYM SA/NV - (NOM)	7 251 153	0,6 %	0,6 %
ARNE LOEN AS	6 425 324	0,5 %	0,5 %
STATE STREET BANK AND TRUST CO (NOM)	4 424 250	0,4 %	0,4 %
SKAGEN VEKST III	3 468 985	0,3 %	0,3 %
PELMENTS AS	3 285 754	0,3 %	0,3 %
ERIK MARTIN VIK	2 902 045	0,2 %	0,2 %
Total 20 largest shareholders	1 127 411 154	96,0 %	96,0 %
Other shareholders	47 249 362	4,0 %	4,0 %
Total	1 174 660 516	100,0 %	100,0 %

In addition to the 113 790 860 shares owned directly, Rig Invest LLC owns an additional 164 868 032 shares through nominee accounts in Euroclear Bank.
Rig Invest LLC also have a non-controlling interest in Island Offshore V AS, which in return owns 30,80% of the shares in Maracc.
Rig Invest owns 44,45 % of the shares in Island Offshore V AS

Rig Invest LLC is a subsidiary of Alpha Marine Services LLC, which has an indirect non-controlling interest in Island Offshore XII Ship AS, which in turn owns 5,3% of the shares in Maracc

Shares owned by Members of the board and CEO

Morten Ulstein	See below
Dionne Chouest	See below

Morten Ulstein owns shares indirectly through his indirect ownership in Island Offshore V AS, Island Offshore Management AS, Island Offshore Invest AS, Island Offshore XII Ship AS, Naustneset AS and Sneingen AS.

Dionne Chouest owns shares directly through her ownership in Rig invest LLC, and indirectly through her ownership in Island Offshore V AS and Island Offshore Management AS.

Note 13 Other financial instruments

The company did not have any derivative financial instruments at the balance sheet date 31.12.2012 and 31.12.2011.

Note 14 Related parties

The Company has hired managment services and construction supervision from the company Island Offshore Managment AS, a related party of the company Island Offshore V AS, who owns 30,8 % of the shares in Maracc.

The Company pays a fixed mothly rate for management and construction supervision. In addition the Company pays for travel expenses and other out of pocket expenses.

The following transactions were carried out with related parties:

Purchase of services:	**2012**	**2011**
Management and supervision of construction from Island Offshore Management AS	6 603	8 012
Sum	**6 603**	**8 012**

	2012		**2011**	
Guarantees given by shareholders (see note 10)	Guarantee amount	Guarantee commission paid	Guarantee amount	Guarantee commission paid
Alpha Marine Services LLC	55 500	1 110	55 500	1 110
Borgstein AS	18 500	370	18 500	370
Meteva AS	18 500	370	18 500	370
Alden AS	7 500	150	7 500	150
Sum	**100 000**	**2 000**	**100 000**	**2 000**

The payments has been recognised as part of the cost of the rig under construction

In addition to the guarantees listed above, the same guarantors have signed an undertaking to fully finance the project in order to secure cash flow from the contract with Lundin.

Year end balances arising from transactions with related parties:

	2012	**2011**
Other short-term receivables from related parties	0	0
Account payable to Island Offshore Management AS	1 555	859

Note 15 Earnings per share

Earnings per share is calculated by dividing the result attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2012	**2011**
Profit for the year attributable to shareholders	-91 127	-1 436
Weighted average number of ordinary shares	1 174 660 516	1 174 660 516
Weighted average number of shares for calculation of dilluted earnings	1 174 660 516	1 174 660 516
Earnings per share (USD)	-0,08	0,00
Diluted earnings per share (USD)	-0,08	0,00

Note 16 Financial assets and liabilities by category

Financial assets:	Category:	2012	2011
Receivables*	1)	0	0
Bank deposits	1)	64 652	2 635
Sum		**64 652**	**2 635**

Financial liabilities:	Category:	2012	2011
Accounts payables and other payables**	3)	32 384	5 786
Borrowings, incl accrued interest	3)	395 415	141 008
Sum		**427 799**	**146 794**

1): Loans and receivables
2): Fair value through profit and loss
3): Other financial liabilities, amortised cost

* Prepayments and V.A.T receivable are excluded from receivables as this analysis is only required for financial instruments
** Statutory liabilities are excluded from accounts payables and other payables as this analysis is only required for financial instruments

Note 17 Subsequent events

March 20th, 2013 – Bond Issue
The Company places a 140 MUSD second lien callable bond issue with a maturity date April 3, 2018 and a fixed coupon rate of 9,0% p.a.
The net proceeds from the Bond Issue shall be employed for
i) repayment of the Company's existing USD 50 million second lien loan,
ii) part financing of the completion of the Company's drilling and well intervention rig ISLAND INNOVATOR and
iii) general corporate purposes.

March 27th, 2013 – Share issue
The General meeting approves a share capital increase in the amount of NOK 285 000 000, by the issuance of 2 850 000 000 new shares, each having a nominal value of NOK 0,1, at a subscription price of NOK 0,10. The share issue was completed April 15th and registered April 18th. When the share issue was registered, the 140 MUSD second lien callable loan was made available for the Company.

May 31st, 2013 - Incident with the Island Innovator
Early morning May 31st an incident occurred with the Island Innovator at the quay-side. The rig started to take in water. The water leakage occurred in connection with work related to changing out a seawater valve. As soon as the incident was detected, stabilizing procedures (EM procedures) was started, as well as verification of the scope of the damage and checking that the area was sealed. The situation was shortly brought under control – and the rig was stabilized. At the time when the incident happened 100 workers were on-board the rig, and 63 persons were immediately evacuated according to procedures whilst the 37 person being the safety manning remained onboard. No Lost Time Incidents were recorded.

The damage and the consequential damages are covered by the insurance; however the incident will have an impact on the start-up time under the Lundin contract.

It is now estimated that startup will be 1st half of August, 2013, well within the start-up window under the charter contract with Lundin (start-up window ending September 20th 2013).

The delayed start-up with Lundin will, and the final tests and commissioning may, result in additional costs, and thus a need for additional funding to cover working capital, commissioning and start-up costs. As a consequence the Company will have to secure additional financing to be able continuing its operations. The amount needed is currently estimated to be approximately MUSD 25. As at the time of approving the annual accounts for 2012 the final financing solution for the additional funding needed has not been decided upon. However, certain major owners (directly or indirectly) of the company has signed an undertaking towards the senior lenders to fully finance the project in order to secure cash flow from the contract with Lundin.

As the repair-work in relation to the incident described above and the final sea-trials and testing has not been completed at the date of approving the annual accounts, there is still to some extent an uncertainty about the going concern assumption. However, the Board of Directors' opinion, is that with the rig being very close to completion and with the amended financing having been established and drawn down, this uncertainty is manageable. The financial statements have therefore been prepared in accordance with the going concern assumption.

To the Annual Shareholders' Meeting of Maracc - Marine Accurate Well ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Maracc - Marine Accurate Well ASA, which comprise the balance sheet as at 31 December 2012, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as The Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Maracc - Marine Accurate Well ASA as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 19 June 2013
PricewaterhouseCoopers AS

Bjørn Gravdal

Bjørn Gravdal
State Authorised Public Accountant (Norway)