

Borr Drilling Limited and subsidiaries

Unaudited Consolidated Financial Statements

**For the period from January 1, 2017 to December 31, 2017
(Comparatives August 8, 2016 (date of inception) to December 31, 2016)**

Borr Drilling Limited and subsidiaries
Unaudited Consolidated Financial Statements

Unaudited Consolidated Statement of Operations

For the period from January 1, 2017 to December 31, 2017 and for the period from August 8 (date of inception) to December 31, 2016
(In US\$ millions)

	Note	12 months to December 31, 2017	3 months to December 31, 2017	August 8 (date of inception) December 31, 2016
Operating revenues		0.1	0.1	
Operating expenses				
Rig operating and maintenance expenses		(36.2)	(21.4)	-
Depreciation, amortization and impairment of non-current assets		(47.9)	(35.4)	-
General and administrative expenses		(21.0)	(5.6)	(0.8)
Total operating expenses		(105.1)	(62.4)	(0.8)
Operating loss		(105.0)	(62.3)	(0.8)
Other financial income (expense), net	3	17.0	0.6	-
Total financial items		17.0	0.6	-
Loss before income taxes		(88.0)	(61.7)	(0.8)
Income tax expense	4	-	-	-
Net loss for the period		(88.0)	(61.7)	(0.8)
Basic loss per share	5	(0.34)	(0.133)	(0.075)
Diluted loss per share	5	(0.34)	(0.133)	(0.075)

Consolidated Statement of Comprehensive Loss

Loss after income taxes		(88.0)	(61.7)	(0.8)
Other comprehensive loss	11	(6.2)	(6.0)	-
Total comprehensive loss for the period		(94.2)	(67.7)	(0.8)

Borr Drilling Limited and subsidiaries
Unaudited Consolidated Financial Statements

Unaudited Consolidated Balance Sheets
As at December 31, 2017 and December 31, 2016
(In US\$ millions)

	Note	December 31, 2017	December 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	19	164.0	138.1
Restricted cash	10	39.1	-
Other current assets	13	22.4	-
Total current assets		225.5	138.1
Non-current assets			
Property, Plant and Equipment		0.1	-
Jack-up drilling rigs	6	783.3	-
Newbuildings	7	642.7	-
Marketable securities	11	20.7	-
Deposits and costs for business combinations and jack-up drilling rigs	6	-	20.0
Total non-current assets		1,446.8	20.0
Total assets		1,672.3	158.1
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	16	9.6	-
Accruals and other current liabilities	16	11.5	0.2
Total current liabilities		21.1	0.2
Non-Current liabilities			
Long-term debt	8, 14	87.0	
Onerous contracts	14	71.3	-
Total non-current liabilities		158.3	-
Commitments and contingencies	21	-	-
Total liabilities		179.4	0.2
EQUITY			
Common shares of par value US\$0.01 per share: 525,000,000 (2016: 200,000,000) shares authorized, 478,292,500 (2016: 77,505,000) issued and 476,322,500 outstanding at December 31, 2017		4.8	0.8
Additional paid in capital		1,587.8	157.8
Treasury shares		(6.7)	-
Other comprehensive income		(6.2)	-
Accumulated deficit		(88.8)	(0.8)
Non-controlling interest		2.0	-
Total equity		1,492.9	157.8
Total liabilities and equity		1,672.3	158.1

Borr Drilling Limited and subsidiaries
Unaudited Consolidated Financial Statements

Unaudited Consolidated Statement of Cash Flows
for the period January 1, 2017 to December 31, 2017 and for the period August 8 (date of inception) to December 31, 2016
(In US\$ millions)

	Note	12 months to December 31, 2017	3 months to December 31, 2017	August 8 (date of inception) to December 31, 2016
Cash Flows from Operating Activities				
Net (loss)/income		(88.0)	(61.7)	(0.8)
<i>Adjustments to reconcile net (loss)/income to net cash provided by operating activities:</i>				
Non-cash compensation expense related to stock options and warrants		8.2	5.7	0.4
Depreciation, amortization and impairment of long term assets	6	47.9	35.4	-
Unrealized gain (loss) on financial instruments	12	(4.4)	8.8	-
Change in other current assets		(16.5)	(3.3)	-
Change in current liabilities		20.1	5.3	0.2
Net cash (used in)/provided by operating activities		(32.6)	(9.8)	(0.1)
Cash Flows from Investing Activities				
Decrease (Increase) in restricted cash	10	(39.1)	(23.9)	-
Purchase of plant and equipment		(0.1)	0.2	-
Purchase Business Combination (Acquisition)	9	(324.5)	(3.8)	-
Purchase of marketable securities	11	(26.9)	-	-
Payment and costs in respect of newbuildings	7	(937.4)	(662.4)	-
Payments and costs in respect of jack-up drilling rigs	6	(119.8)	(1.1)	(14.0)
Net cash (used in)/provided by investing activities		(1,447.8)	(691.0)	(14.0)
Cash Flows from Financing Activities				
Proceeds from share issuance, net of issuance costs and conversion of shareholders loans		1,415.0	636.6	139.2
Proceeds from related party shareholder loan	18	12.7	-	13.0
Purchase of treasury shares		(8.4)	-	-
Draw down of long term debt	8	87.0	87.0	-
Net cash (used in)/provided by financing activities		1,506.3	723.6	152.2
Net increase in cash and cash equivalents		25.9	22.8	138.1
Foreign exchange translation difference		-	-	-
Cash and cash equivalents at beginning of the period		138.1	141.2	-
Cash and cash equivalents at the end of period		164.0	164.0	138.1
Supplementary disclosure of cash flow information				
Interest paid, net of capitalized interest		-	-	-
Taxes paid		-	-	-

See accompanying notes that are an integral part of these Unaudited Consolidated Financial Statements.

Borr Drilling Limited and subsidiaries
Unaudited Consolidated Financial Statements

Unaudited Consolidated Statement of Changes in Shareholders' Equity
for the period from January 1, 2017 to December 31, 2017 and August 8 to December 31, 2016
(In US\$ millions)

	Number of shares	Common shares	Treasury shares	Additional paid in capital	Other Comprehensive Income	Accumulated Deficit	Non- controlling interest	Total equity
At incorporation, August 8, 2016ⁱ	5	-	-	-	-	-	-	-
Shares subdivided and capital contribution ⁱⁱ⁻ⁱⁱⁱ	5,000	-	-	-	-	-	-	-
Net share proceeds ^{iv}	77,500,000	0.8	-	151.4	-	-	-	152.2
Fair value of warrants issued (Note 17)	-	-	-	10.7	-	-	-	10.7
Equity issuance costs, warrants (Note 17)	-	-	-	(4.3)	-	-	-	(4.3)
Total comprehensive loss for the period	-	-	-	-	-	(0.8)	-	(0.8)
Consolidated balance at December 31, 2016	77,505,000	0.8	-	157.8	-	(0.8)	-	157.8
Issue of common shares ^{vii}	228,600,000	2.3	-	797.8	-	-	-	800.1
Equity issuance costs	-	-	-	(9.0)	-	-	-	(9.0)
Issue of common shares ^x	162,500,000	1.6	-	648.4	-	-	-	650.0
Equity issuance cost	-	-	-	(8.8)	-	-	-	(8.8)
<i>Other transactions:</i>								
Exercise of warrants (Note 17) ^v	9,687,500	0.1	-	-	-	-	-	0.1
Fair value of warrants issued (Note 17)	-	-	-	7.7	-	-	-	7.7
Equity issuance costs, warrants (Note 17)	-	-	-	(3.0)	-	-	-	(3.0)
Purchase of warrants (Note 17)	-	-	-	(4.7)	-	-	-	(4.7)
Employee benefit plans	-	-	1.7	1.8	-	-	-	3.5
Purchase of treasury shares ^{viii}	-	-	(8.4)	-	-	-	-	(8.4)
Total comprehensive loss for the period	-	-	-	-	(6.2)	(88.0)	-	(94.2)
Sale of shares to non-controlling interest	-	-	-	-	-	-	2.0	2.0
Other, net	-	-	-	(0.2)	-	-	-	(0.2)
Consolidated balance at December 31, 2017	478,292,500	4.8	(6.7)	1,587.8	(6.2)	(88.8)	2.0	1,492.9

The Company was incorporated on August 8, 2016 and has issued the following shares:

- i. 5 shares with a par value of US\$10.00 were issued on August 10, 2016;
- ii. On September 7, 2016, additional paid in capital of US\$9,950 was deposited to bring the total issue price of the above to US\$2,000 per share;
- iii. On December 12, 2016, the Company resolved to subdivide the above 5 shares into 5,000 shares of par value US\$0.01 and to increase the authorized share capital of the Company to 200,000,000 shares of US\$0.01 and equivalent to an issue price of US\$2.00 per share;
- iv. 77,500,000 shares with a par value of US\$0.01 were issued for US\$2.00 on December 14, 2016;
- v. 9,687,500 share warrants were exercised at US\$0.01 by Magni Partners and Ubon in March 2017 (see note 17)
- vi. On March 13, 2017, the authorized share capital was increased to US\$4.0 million represented by 400 million shares at par value of US\$0.01;
- vii. 228,600,000 shares were issued with a par value of US\$0.01 for US\$3.50 on March 21, 2017. These shares were initially allocated to 'Common shares and warrants issued subject to put option agreements' and were then transferred back to equity upon completion of the Transocean Transaction on May 31, 2017. US\$221.1 million was released from restricted cash on the closing of the Transocean Transaction as the written put option associated with the shares issued in the private placement in March 2017 lapsed.
- viii. In the third quarter the Company purchased 2,470,000 treasury shares at a cost of US\$8.4 million. At December 31, 2017 the Company own 1,970,000 treasury shares.
- ix. On August 25, 2017, the authorized share capital was increased to US\$5.25 million represented by 525 million shares at par value of US\$0.01.
- x. On October 8, 2017, 162,500,000 new shares were issued at a subscription price of US\$4.00.

See accompanying notes that are an integral part of these Unaudited Consolidated Financial Statements

Borr Drilling Limited and subsidiaries

Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Financial Statements **for the period ended December 31, 2017**

Note 1 - General information

Borr Drilling Limited is incorporated in Bermuda. Borr Drilling Limited is an international offshore drilling contractor providing services to the oil and gas industry, with the ambition of acquiring and operating modern jack-up drilling rigs. As of December 31, 2017, the total fleet consisted of 26 jack-up rigs, whereof thirteen jack-up drilling rigs are to be delivered between 2018 and 2020.

As used herein, and unless otherwise required by the context, the term "Borr Drilling" refers to Borr Drilling Limited and the terms "Company," "we," "Group," "our" and words of similar import refer to Borr Drilling and its consolidated companies. The use herein of such terms as "group", "organisation", "we", "us", "our" and "its", or references to specific entities, is not intended to be a precise description of corporate relationships.

Basis of presentation

The financial statements are presented in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The amounts are presented in millions of United States dollar (U.S. dollar), unless otherwise stated.

The accompanying consolidated financial statements present the financial position of Borr Drilling Limited and its subsidiaries. Investments in companies in which the Company controls, or directly or indirectly holds more than 50% of the voting control are consolidated in the financial statements.

The accompanying unaudited interim financial statements have been prepared on the same basis as the Company's audited financial statements and in the opinion of management, include all material adjustments, consisting only of normal recurring adjustments that are considered necessary for a fair statement of the Company's financial statements in accordance with generally accepted accounting principles in the United States of America ("USGAAP").

The December 31, 2016 Consolidated Balance Sheets presented herein are derived from the December 31, 2016 audited consolidated financial statements but does not include all disclosures required by GAAP. These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016

We have evaluated subsequent events through February 21, 2018 which is the date of approval of these financial statements.

Basis of consolidation

The consolidated financial statements include the assets and liabilities of the Company. All intercompany balances, transactions and internal sales have been eliminated on consolidation. Unrealized gains and losses arising from transactions with associates are eliminated to the extent of the Company's interest in the entity.

Note 2 - Accounting policies

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended December 31, 2016, with the exception of the following accounting policies that have been added:

Impairments

The carrying value of assets that are held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be appropriate. The Company first assesses recoverability of the carrying value of the asset by estimating the undiscounted future net cash flows expected to result from the asset, including eventual disposition. If the undiscounted future net cash flows are less than the carrying value of the asset, the Company then compares the carrying value of the intangible asset with the discounted future net cash flows, using relevant WACC to determine an impairment loss to be recognized during the period.

Business combinations

The Company applies the acquisition method of accounting for business combinations in accordance with ASC 805. The acquisition method requires the total of the purchase price of acquired businesses and any non-controlling interest recognized to be allocated to the identifiable tangible and intangible assets and liabilities acquired at fair value, with any residual amount being recorded as goodwill as of the acquisition date. Costs associated with the acquisition are expensed as incurred. See Note 9 "Business acquisitions" for further discussion on business acquisitions.

Borr Drilling Limited and subsidiaries

Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Financial Statements for the period ended December 31, 2017

Goodwill

The Company allocates the purchase price of acquired businesses to the identifiable tangible and intangible assets and liabilities acquired, with any remaining amount being recorded as goodwill. Goodwill is tested for impairment at least annually at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which financial information is available and is regularly reviewed by management. The Company has determined that its reporting units are the same as its operating segments for the purpose of allocating goodwill and the subsequent testing of goodwill for impairment. The Company tests goodwill for impairment on an annual basis as at December 31 each year or when events or circumstances indicate that a potential impairment exists. The Company may first assess qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. If the qualitative factors indicate possible impairment, the Company performs a quantitative assessment to estimate fair value of its reporting units compared to their carrying value. In the event that the fair value is less than carrying value, the Company must perform an exercise similar to a purchase price allocation in a business combination in order to determine the amount of the impairment charge. The quantitative goodwill impairment test for a reporting unit is based on discounted cash flows. The Company uses estimated future cash flows applying contract dayrates during the firm contract periods and estimated forecasted dayrates for the periods after expiry of firm contract periods. The estimated future cash flows will be based on remaining economic useful lives for the assets and discounted using a weighted average cost of capital ("WACC").

Other intangible assets and liabilities

Other intangible assets and liabilities are recorded at fair value on the date of acquisition less accumulated amortization. The amounts of these assets and liabilities less the estimated residual value, if any, is generally amortized on a straight-line basis over the estimated remaining economic useful life or contractual period. Other intangible assets include technology, customer relationships and favourable contracts. Other intangible liabilities include unfavourable contracts (see below).

Onerous contracts

In a business combination there may exist favourable and unfavourable contracts which are recorded at fair value at the date of acquisition. A favourable or unfavourable contract is a contract that has a carrying value which differs from prevailing market rates at the time of acquisition. The net present value of such contracts is recorded as an asset or a liability at the purchase date. The Company's onerous contracts relates to contracts for newbuildings (refer to note 7)

Recently Issued Accounting Standards

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which made targeted improvements to the recognition and measurement of financial assets and financial liabilities. The update changes how entities measure equity investments that do not result in consolidation and are not accounted for under the equity method and how they present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. The new guidance also changes certain disclosure requirements and other aspects of current US GAAP. The guidance will be effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years and early adoption is permitted in some cases. The adoption did not have a material impact on the Consolidated Financial Statements and related Disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The update requires an entity to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. It also offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The guidance will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and early adoption is permitted. The adoption did not have a material impact on the Consolidated Financial Statements and related Disclosures.

In March 2016, the FASB issued ASU 2016-07, *Investments-Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*. The update eliminates the requirement that an investor retrospectively apply equity method accounting when an investment that it had accounted for by another method initially qualifies for use of the equity method. The guidance will be effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years and early adoption is permitted. The adoption did not have a material impact on the Consolidated Financial Statements and related Disclosures.

In March 2016, the FASB issued ASU 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The update simplifies the accounting for share based payment transactions. The guidance will be effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years and early adoption is permitted. The adoption did not have a material impact on the Consolidated Financial Statements and related Disclosures.

Borr Drilling Limited and subsidiaries

Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Financial Statements for the period ended December 31, 2017

Recently Issued Accounting Standards (continued)

In September 2015, the FASB issued ASU 2015-16, which amends Topic 805, “Business Combinations.” This amendment eliminates the requirement to retrospectively account for adjustments made to provisional amounts recognized in a business combination at the acquisition date with a corresponding adjustment to goodwill and revise comparative information for prior periods presented in financial statements. Those adjustments are required when new information about circumstances that existed as of the acquisition date would have affected the measurement of the amount initially recognized. This update requires an entity to recognize these adjustments in the reporting period in which the adjustment amounts are determined. An acquirer must record the effect on earnings of changes in depreciation, amortization, or other income effects, calculated as if the accounting had been completed at the acquisition date. An entity must present separately on the face of the statement of operations or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment had been recognized as of the acquisition date. This guidance is effective for interim and annual reporting periods beginning after December 15, 2015. The adoption of this guidance did not have an impact on our financial condition, results of operations, cash flows or financial disclosures.

In August 2014, the FASB issued ASU No. 2014-15, which amends ASC Subtopic 205-40, “Disclosure of Uncertainties about an Entity’s Ability to continue as a Going Concern.” The amendments in this ASU provide guidance related to management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. The amendments are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The adoption of this guidance did not require any additional disclosures.

In November 2015, the FASB issued ASU No. 2015-17, which amends ASC Topic 740, “Income Taxes.” This amendment aligns the presentation of deferred income tax assets and liabilities with International Financial Reporting Standards. International Accounting Standard 1, Presentation of Financial Statements, requires deferred tax assets and liabilities to be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets be offset and presented as a single amount is not affected by the amendments in this update. The standard is effective for interim and annual reporting periods beginning after December 15, 2016. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The amendments in this update may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. We adopted ASU No. 2015-17 in 2016. The adoption of this guidance did not have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

Revenue from Contracts with Customers,” supersedes the revenue recognition requirements in Topic 605, “Revenue Recognition,” including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, ASU No. 2014-9 supersedes the cost guidance in Subtopic 605-35, “Revenue Recognition—Construction-Type and Production-Type Contracts,” and creates new Subtopic 340-40, “Other Assets and Deferred Costs—Contracts with Customers.” In summary, the core principle of Topic 606 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Companies are allowed to select between two transition methods: (1) a full retrospective transition method with the application of the new guidance to each prior reporting period presented, or (2) a retrospective transition method that recognizes the cumulative effect on prior periods at the date of adoption together with additional footnote disclosures. The amendments in ASU No. 2014-9 are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, and early application is permitted for periods beginning after December 15, 2016. A number of amendments have been issued in connection with ASU No. 2014-9, all of which are effective upon adoption of Topic 606. In March 2016 and April 2016, the FASB issued clarification amendments ASU No. 2016-8 and ASU No. 2016-10 which clarify the implementation guidance on principle versus agent considerations and identify performance obligations and the licensing implementation guidance, respectively. In May 2016, the FASB issued ASU No. 2016-11 and ASU No. 2016-12 which rescind certain SEC Staff Observer comments that are codified in Topic 605, “Revenue Recognition,” and Topic 932, “Extractive Activities—Oil and Gas” and provide improvements to narrow aspects of ASU No. 2014-9, respectively. In December 2016, the FASB issued ASU No. 2016-20, which issues technical corrections and improvements to Topic 606. We adopted the new standard effective January 1, 2017.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments based on a consensus of the Emerging Issues Task Force (EITF)*, to address the classification of certain cash receipts and cash payments on the statement of cash flows. The new guidance also clarifies how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. The standard will be effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. Entities are required to apply the guidance retrospectively. The adoption did not have a material impact on the Consolidated Financial Statements and related Disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, to address classification of activity related to restricted cash and restricted cash equivalents in the cash flows. The standard eliminates the presentation of transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. When cash, cash equivalents and restricted cash equivalents are presented in more than one line item on the balance sheet, a reconciliation of the totals in the cash flows to the related captions in the balance sheet are required, either on the face of the cash flow or in the notes to the Consolidated Financial Statements. Additional disclosures are required for the nature of the restricted cash and restricted cash equivalents. The standard will be effective for fiscal years beginning after 15 December 2017, and interim periods within those years. Early adoption is permitted. The adoption did not have a material impact on the Consolidated Financial Statements and related Disclosures.

Borr Drilling Limited and subsidiaries
Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Financial Statements
for the period ended December 31, 2017

Note 3 - Other financial income (expense), net

Other financial income (expense), net is comprised of the following:

<i>(In US\$ millions)</i>	12 months to December 31, 2017	3 months to December 31, 2017	August 8 (date of inception) to December 31, 2016
Interest income	3.2	0.9	-
Interest expense	(0.5)	(0.5)	-
Foreign exchange loss	(0.3)	-	-
Change in unrealised (loss)/gain on financial instruments	4.4	(8.8)	-
Realised (loss)/gain financial instruments	14.9	13.7	-
Cost for issuance of warrants (see note 17)	(4.7)	(4.7)	-
Total	17.0	0.6	-

Note 4 - Taxation

Borr Drilling Limited is a Bermuda company that has a number of subsidiaries in various jurisdictions. Currently, the Company is not required to pay taxes in Bermuda on ordinary income or capital gains as they qualify as exempt companies. We provide for income taxes based on the tax laws and rates in effect in the countries in which operations are conducted and income is earned.

Note 5 - Loss per share

The computation of basic loss per share ("EPS") is based on the weighted average number of shares outstanding during the period. Diluted EPS includes the effect of the assumed conversion of potentially dilutive instruments.

	12 months to December 31, 2017	3 months to December 31, 2017	August 8 (date of inception) to December 31, 2016
Basic loss per share	(0.34)	(0.133)	(0.075)
Diluted loss per share	(0.34)	(0.133)	(0.075)
Issued ordinary shares at the end of the period	478,292,500	478,292,500	77,505,000
Weighted average numbers of shares in issue for the period	258,631,442	464,162,065	10,096,146

On December 9, 2016, the Board of the Company issued a total of 9,687,500 share warrants. During the period ended December 31, 2016 and in accordance with ASC 260-10-50 the non-exercisable tranches of the warrants have not been included in the basic and diluted loss per share calculation as they were not exercisable and would be anti-dilutive.

Borr Drilling Limited and subsidiaries
Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Financial Statements
for the period ended December 31, 2017

Note 6 - Jack-up drilling rigs

	December 31, 2017	December 31, 2016
<i>(In US\$ millions)</i>		
Opening balance	-	-
Additions	688.4	-
Asset transfers (“Galar”)	142.8	-
Depreciation and amortization	(21.2)	-
Impairment	(26.7)	-
Total	783.3	-

As of December 31, 2016, the Company had capitalized US\$20.0 million as deposit and costs for acquiring the two jack-up drilling rigs from Hercules Offshore. When the acquisition completed in January 2017, this balance was transferred to jack-up drilling rigs and is included in the US\$783.3 million total balance as at December 31, 2017. The two jack-up drilling rigs are KFELS Super A Class design, built in 2013.

On May 31, 2017, the Company completed the transaction with Transocean Inc. and took ownership of ten jack-up drilling rigs with a fair value of US\$547.7 million through the acquisition of eight rig owning entities and five newbuildings currently under construction (Note 9).

The Company has recognized an impairment of \$26.7 million relating to two of the cold stacked jack-up drilling rigs in Scotland since it is likely that the rigs will be divested.

Note 7 - Newbuildings

	December 31, 2017	December 31, 2016
<i>(In US\$ millions)</i>		
Opening balance	-	-
Additions	937.7	-
Asset transfers (“Galar”)	(142.8)	-
Reclassification against onerous contracts	(152.2)	-
Total	642.7	-

In June 2017, the Company paid US\$275.0 million to Keppel Fels Limited as second instalment of the contract value for the construction of five new-build jack-up drilling rigs. The payment of US\$275.0 million made by the Company was allocated firstly against the relevant part of the onerous contract directly attributable to each hull (newbuild). An adjustment of US\$38.0 million and US\$39.2 million was made towards the onerous contract for Hull B364 (TBN “Saga”) and Hull B365 (TBN “Skald”), respectively. A further adjustment of US\$62.0 million and US\$60.8 million was capitalized as newbuildings milestone payments for Hull B364 (TBN “Saga”) and Hull B365 (TBN “Skald”), respectively. Of the remaining US\$75.0 million, US\$25.0 million was adjusted each towards the onerous contracts for Hull B366 (TBN “Tivar”), Hull B367 (TBN “Vale”) and Hull B368 (TBN “Var”).

In October 2017, the Company paid US\$502.2 under the PPL agreement (see note 8). In addition, the Company paid US\$87.0 million and \$72.5 million as final instalments for the deliveries of the jack-up drilling rigs “Galar” and “Saga”, which were delivered in November 2017 and January 2018, respectively.

Note 8 - Asset acquisitions

Acquisition of Hercules Triumph (“Ran”) and Hercules Resilience (“Frigg”)

On December 2, 2016, the Company entered into a Purchase and Sale Agreement with Hercules British Offshore Limited (“Hercules”) to purchase the jack-up drilling rigs Hercules Triumph and Hercules Resilience (named Ran and Frigg respectively) for a total consideration of US\$130.0 million. On the same date the Company paid US\$13.0 million which represented 10% of the agreed contractual price for the rigs. On January 23, 2017, the Company took delivery of the rigs, which was considered to be the acquisition date. The Company considered the guidance in ASC 805 “Business Combinations” and concluded that this transaction between the Company and Hercules does not constitute a business under ASC 805 and the purchase will therefore be accounted for as an asset acquisition. This is supported by the conclusion that we have not identified clear and present inputs, processes and outputs.

Borr Drilling Limited and subsidiaries

Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Financial Statements for the period ended December 31, 2017

Acquisition of PPL Rigs

On October 6, 2017, the Company signed a master agreement with PPL setting forth the terms pursuant to which PPL agreed to sell six premium jack-up drilling rigs and three premium jack-up drilling rigs under construction at its yard in Singapore (together, the "PPL Rigs") to designated subsidiaries of the Company for a total consideration of approximately US\$1.3 billion.

The agreed purchase price for each PPL Rig is US\$139.5 million. US\$55.8 million of this was paid per rig on October 31, 2017, while the remainder, US\$83.7 million, shall be paid on delivery. The Company has, furthermore, received an offer of financing of the delivery payment for each PPL Rig. Each loan is non-amortization and matures five years after the delivery date. The offered delivery financing will be secured by a first priority mortgage over the relevant PPL Rig and a guarantee from the Company.

In addition, the seller is entitled to a back-end fee, payable together with the delivery loan principal, of US\$3.25 million plus 25% of the increase in the market value of the relevant PPL Rig from October 31, 2017 until the repayment date, less the relevant Group Company's equity cost of ownership of each rig and any interest paid on the delivery financing.

The PPL Rigs "Galar" and "Gerd" were delivered from PPL in November 2017 and January 2018, respectively, and the Company accepted the delivery financing for both rigs. The remaining PPL Rigs will be delivered successively in first quarter 2018 (one), second quarter 2018 (two), third quarter 2018 (two), fourth quarter 2018 (one) and first quarter 2019 (one).

The Company considered the guidance in ASC 805 "Business Combinations" and concluded that this transaction between the Company and PPL does not constitute a business under ASC 805 and the purchase will therefore be accounted for as an asset acquisition.

Note 9 - Business acquisitions

Transocean transaction

On March 15, 2017, the Company entered into an agreement and a signed letter of intent to acquire fifteen high specification jack-up drilling rigs from Transocean Inc ("Transocean"). The transaction consisted of Transocean's entire jack-up fleet, comprising eight rig owning companies in Transocean's fleet and five newbuildings under construction at Keppel Fels Limited, Singapore. Total consideration for the transactions was approximately US\$1.35 billion and included remaining contract backlog and remaining yard instalments to be made to Keppel Fels Limited for the five newbuildings.

On March 15, 2017 a deposit of US\$32.0 million, in line with the agreement between the parties, was paid to Transocean. The Company secured financing for the transaction through a private placement of equity securities. The transaction was subject to the parties executing definitive agreements and satisfying formal closing conditions, including final approvals from the board of directors of both companies.

On May 31, 2017, the Company completed the transaction with Transocean paying a further consideration of US\$288.7 million, in addition to the US\$32.0 million deposit already paid. As a result of the transaction, the Company took ownership of the following established rig owning entities and branches, which have been accounted for as a business combination under ASC 805:

Name of acquired company	New name of acquired company
Constellation II Limited	Borr Jack-Up VIII Limited (name changed once Chevron contract completed)
GlobalSantaFe West Africa Drilling Limited	Borr Baug Limited
Transocean Andaman Limited	Borr Idun Limited
Transocean Ao Thai Limited	Borr Mist Limited
Transocean Britannia Limited	Borr Atla Limited
Transocean Drilling Resources Limited	Borr Brage Limited
Transocean Drilling Services Offshore Inc.	Borr Jack-Up XIV Inc.
Transocean Siam Driller Limited	Borr Odin Limited

Three of the Transocean Rigs were on contract with an external customer at the time of closing. One rig ended the contract in July 2017. As part of the agreement, the Company will pay such an amount equal to the amounts received by the owners of the two rigs under the Transocean Bareboat Charter to Transocean. As a result of the agreement with Transocean, the bareboat operating revenue and costs for these rigs are presented net in the consolidated statement of operations.

Borr Drilling Limited and subsidiaries
Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Financial Statements
for the period ended December 31, 2017

Recognized amounts of identifiable assets acquired and liabilities assumed at fair value:

	May 31, 2017
<i>(In US\$ millions)</i>	
Jack-up drilling rigs	547.7
Current assets	0.5
Onerous contract (Note 7 and 14)	(223.7)
Total	324.5

<i>Fair value of consideration satisfied by cash:</i>	
Deposit on March 15, 2017	32.0
Payment upon completion (May 31, 2017)	288.7
Balancing payment	3.8
Total	324.5

The jack-up drilling rigs have been fair valued by an independent third party. The estimated fair value of the jack-up drilling rigs was derived by using a market and income based approach with market participant based assumptions. An onerous contract position arose with regards to the newbuilding contracts acquired as the carrying value (future commitments) differs from prevailing market rates and cashflows at the time of acquisition. The net present value of the newbuilding contracts has been recorded as a liability at the purchase date.

Acquisition related transaction costs consisted of various legal, accounting, commissions, valuations and other professional fees which amounted to US\$3.3 million, which were expensed as incurred and are presented in the statement of operations within general and administrative expenses.

No goodwill was recognized from the business combination

Note 10 - Restricted cash

	December 31, 2017	September 30, 2017	December 31, 2016
Restricted cash is comprised of the following:			
<i>(In US\$ millions)</i>			
Margin accounts in relation to forward contracts	20.0	14.5	-
Deposits made for issued guarantees	19.1	0.7	-
Total restricted cash	39.1	15.2	-

Note 11 - Marketable Securities

Marketable securities are marked to market, with changes in fair value recognized in "Other comprehensive income" ("OCI").

In Q2, 2017, the Company purchased securities issued by a rig company for approximately US\$5.5 million. In Q3, 2017 the Company purchased additional securities issued by a rig company for approximately US\$21.4 million. At December 31, 2017, an accumulated unrealised loss of US\$6.2 million has been recognised in other comprehensive income.

Note 12 - Financial Instruments – Forward Contracts

In Q4 2017, the Company realised a gain of US\$13.7 million on forward contracts to purchase shares in a listed drilling company. As of December 31, 2017, the Company has forward contracts to purchase shares in a listed drilling company for an aggregate amount of approximately US\$56.2 million. The unrealized gain is US\$4.4 million as of December 31, 2017. See Note 16 for further information.

Borr Drilling Limited and subsidiaries
Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Financial Statements
for the period ended December 31, 2017

Note 13 - Other current assets

	December 31, 2017	December 31, 2016
Other current assets are comprised of the following:		
<i>(In US\$ millions)</i>		
Prepayments	2.6	-
Deferred mobilisation costs	10.3	-
Financial instruments	4.4	-
Other receivables	5.1	-
Total other current assets	22.4	-

Note 14 - Non-current liabilities

	December 31, 2017	December 31, 2016
Other non-current liabilities are comprised of the following:		
<i>(In US\$ millions)</i>		
Long-term debt	87.0	-
Onerous contracts (Note 7 and 9)	71.3	-
Total non-current liabilities	158.3	-

Onerous contracts relate to the element of the contract backlog and remaining yard instalments to be made to Keppel Fels Limited for the three newbuildings Hull B366 (TBN “Tivar”), Hull B367 (TBN “Vale”) and Hull B368 (TBN “Var”).

Note 15 - Share based compensation

In June, July and October 2017, the Board of the Company granted 4,480,000, 2,800,000 and 1,875,000 share options to employees of the Group, respectively. The Option Period is five years. The share options shall vest over a period of three years. The Subscription Price for the Option Shares is US\$3.50 per share except for 1,800,000 share options of the October grant where the price is US\$4.0. The Options are non-transferable. The fair values of the share options were calculated at US\$2.9 million, US\$1.7 and US\$2.2 million, respectively, and will be charged to the statement of operations over the vesting period. The charge for the fourth quarter was US\$1.0 million.

In Q3, 2017 the Company provided 500,000 of their treasury shares to Simon Johnson (CEO) as part of his remuneration package and US\$1.7 million was charged to the statement of operations in the third quarter.

Note 16 - Fair values of financial instruments

The carrying value and estimated fair value of the Company’s financial instruments were as follows:

<i>(In US\$ millions)</i>	As at December 31, 2017		As at December 31, 2016	
	Fair value	Carrying value	Fair value	Carrying value
Assets				
Cash and cash equivalents	164.0	164.0	138.1	138.1
Restricted cash	39.1	39.1	-	-
Deposit for jack-up drilling rigs	-	-	13.0	13.0
Marketable securities – non-current	20.7	20.7	-	-
Other current assets (excluding prepayments and financial instruments)	15.4	15.4	-	-
Forward contracts (note 12)	60.6	60.6	-	-

Borr Drilling Limited and subsidiaries
Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Financial Statements
for the period ended December 31, 2017

Liabilities

Trade payables	9.6	9.6	-	-
Accruals and other current liabilities	11.5	11.5	0.2	0.2
Forward contracts (note 12)	56.2	56.2	-	-

Financial instruments included in the table above are included within 'Level 1 and 2' of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. The forward contracts are presented net in the consolidated balance sheet as of December 31, 2017. The carrying value of any accounts receivable and payables approximates fair value due to the short time to expected payment or receipt of cash.

Note 17 - Warrants

Magni Partners (Bermuda) Limited and Ubon Partners AS

On December 9, 2016, the Board of the Company issued a total of 9,687,500 share warrants. 7,750,000 warrants were issued to Magni Partners (Bermuda) Limited ("Magni Partners") and 1,937,500 warrants were issued to Ubon Partners AS ("Ubon"). All the warrants were deemed to have vested at the grant date and all the warrants were exercised in Q1 2017. See 2016 Annual Report for further information.

Schlumberger Oilfield Holdings Limited

On March 21, 2017, the Company issued 4,736,887 warrants to subscribe to new shares at a subscription price of US\$3.50 plus 4% p.a. per share to Schlumberger Oilfield Holdings Limited ("Schlumberger") for their role, support and participation in the Private Placement in March 2017. At the grant date, the warrants issued to Schlumberger were valued at US\$3.01 million and were deemed to have vested on the basis that Schlumberger had fulfilled all of their performance criteria. The amount recognized as Additional Paid in Capital with respect to the warrants issued to Schlumberger was US\$3.01 million in which the entire amount has been allocated against equity as issuance costs within the Statement of Changes in Shareholders' Equity for the period ended December 31, 2017. The average contractual term is 4 years.

In October 2017, the Company issued a further 4,736,887 warrants ("Warrants") to Schlumberger as a consequence of a final collaboration agreement between the Company and Schlumberger being signed. The warrants were valued at \$US4.7 million which was charged to the statement of operations in the fourth quarter. Immediately thereafter, the Company agreed to repurchase all of 9,473,774 Warrants held by Schlumberger at a price of US\$0.50 per Warrant, US\$ 4.7 million in total. Consequently, all Warrants were then cancelled.

Note 18 - Related party transactions

Transactions with those holding significant influence over the Company

Drew Holdings Limited ("Drew")

Drew is, following its merger with Taran Holdings Limited ("Taran"), a large shareholder in the Company. During the periods ending December 31, 2017 and December 31, 2016 the Company transacted with Taran on the following transactions:

A short-term loan of US\$12.75 million was provided to the Company on March 15, 2017, to finance a deposit payable pursuant to the terms of the acquisition agreement for the Transocean jack-up fleet which completed in May 2017. The loan was repaid with no interest accrued by way of set-off against Taran's payment obligations for its subscription of shares in the Company's private placement in March 2017.

Taran also provided the Company with a revolving credit facility of US\$20.0 million on December 12, 2016. The facility was never utilised and expired at the completion of the Transocean transaction.

Advokatfirmaet Wiersholm AS ("Wiersholm")

Mr. Erling Lind was the Chairman of the board of the Company until August 30, 2017. He was furthermore a partner of Wiersholm until December 31, 2017. Wiersholm was engaged as the legal advisor to the Company during 2017. Wiersholm provided the Company with legal advisory services amounting to US\$0.5 million in the period ending December 31, 2017 (December 31, 2016: US\$0.1 million), of which US\$0.2 million (December 31, 2016: US\$0.1 million) was outstanding at period end.

Borr Drilling Limited and subsidiaries

Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Financial Statements **for the period ended December 31, 2017**

Ubon

Mr. Fredrik Halvorsen is a director on the board of the Company and owns 33.33% of the shares in Ubon.

On December 9, 2016, the Company issued 1,937,500 warrants to Ubon (see note 17).

Magni Partners

Mr. Tor Olav Trøim is the Chairman of the board of the Company and is the sole owner of Magni Partners.

Magni Partners is party to a Corporate Support Agreement with Borr Drilling Limited pursuant to which it is providing strategic advice and assistance in sourcing investment opportunities, financing etc. This agreement was formalised on March 15, 2017.

On December 9, 2016, the Company issued 7,750,000 warrants to Magni Partners (see note 17).

In the third quarter of 2017, an amount of US\$2 million was paid to Magni Partners for their assistance in the March Private Placement (US\$1.75 million) and Transocean Transaction (US\$0.25 million). The total cost for the March Private Placement (including the payment to the investment banks and Magni Partners) was US\$8.75 million, or 1.1% of the gross proceeds. In the fourth quarter of 2017, an amount of US\$1.5 million was paid to Magni Partners for their assistance in the October Private Placement (US\$1.25 million) and PPL transaction (US\$0.25 million). The total cost for the October Private Placement (including the payment to the investment banks and Magni Partners) was US\$8.75 million, or 1.3% of the gross proceeds.

Schlumberger

Schlumberger is a large shareholder of the Company. See note 17 for information on warrants.

Note 19 - Risk management and financial instruments

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by Norges Bank up to NOK 2.0 million. At December 31, 2017, the Company had US\$202.9 million (December 31, 2016: US\$137.9 million) in excess of the Bank of Norway insured limit. Of the uninsured amount at December 31, 2017, US\$140.0 million (December 31, 2016: US\$Nil) was held on a short-term time deposit account.

Foreign exchange risk management

The majority of the Company's transactions, assets and liabilities are denominated in U.S. dollars, the functional currency of the Company. However, the Company has operations and assets in other countries and incurs expenditures in other currencies, causing its results from operations to be affected by fluctuations in currency exchange rates, primarily relative to the U.S. dollar. There is thus a risk that currency fluctuations will have a positive or negative effect on the value of the Company's cash flows. The Company has not entered into derivative agreements to mitigate the risk of fluctuations.

Note 20 - Subsequent events

Subsequent events have been reviewed regularly from the period end to the date of signing the financial statements.

Delivery of "Gerd" and "Saga"

The newbuildings "Gerd" and "Saga" were delivered in January 2018 from PPL and Keppel, respectively.

Forward contracts

As of February 21, the Company has an unrealized loss of approximately US\$9.9 million on forward contracts to purchase shares in a listed drilling company, see note 12.

Note 21 - Commitments and contingencies

There are no commitments or contingencies that require disclosure beyond what has already been disclosed elsewhere in these financial statements.