



**Borr  
Drilling**

## **Borr Drilling Limited**

**Unaudited Consolidated Financial Statements  
For the period from January 1, 2018 to March 31, 2018  
(Comparatives January 1, 2017 to March 31, 2017)**

**Borr Drilling Limited and subsidiaries**  
**Unaudited Consolidated Financial Statements**

Unaudited Consolidated Statement of Operations  
(In US\$ millions except per share data)

	Notes	3 months to March 31, 2018 (unaudited)	3 months to March 31, 2017 (unaudited)	12 months to December 31, 2017 (audited)
<b>Operating revenues</b>		10.6	-	0.1
<b>Operating expenses</b>				
Rig operating and maintenance expenses		(22.5)	(2.3)	(36.2)
Depreciation, amortisation and impairment of non-current assets	6	(12.2)	(1.0)	(47.9)
General and administrative expenses		(10.2)	(1.6)	(21.0)
Restructuring costs	8	(17.9)	-	-
Cost for issuance of warrants		-	-	(4.7)
<b>Total operating expenses</b>		<b>(62.8)</b>	<b>(4.9)</b>	<b>(109.8)</b>
<b>Operating loss</b>		<b>(52.2)</b>	<b>(4.9)</b>	<b>(109.7)</b>
Other financial income (expense), net	3	(19.7)	-	21.7
<b>Total financial items</b>		<b>(19.7)</b>	<b>-</b>	<b>21.7</b>
<b>Gain from bargain purchase</b>	8	38.1	-	-
<b>Loss before income taxes</b>		<b>(33.8)</b>	<b>(4.9)</b>	<b>(88.0)</b>
Income tax expense	4	-	-	-
<b>Net loss for the period</b>		<b>(33.8)</b>	<b>(4.9)</b>	<b>(88.0)</b>
<b>Nett (loss) income attributable to non-controlling interests</b>		<b>(0.1)</b>	<b>-</b>	<b>-</b>
<b>Net loss for the period attributable to shareholders of Borr Drilling Limited</b>		<b>(33.7)</b>	<b>(4.9)</b>	<b>(88.0)</b>
<b>Basic loss per share</b>	5	<b>(0.070)</b>	<b>(0.057)</b>	<b>(0.34)</b>
<b>Diluted loss per share</b>	5	<b>(0.070)</b>	<b>(0.057)</b>	<b>(0.34)</b>
<b>Consolidated Statement of Comprehensive Loss</b>				
<b>Loss after income taxes</b>		<b>(33.8)</b>	<b>(4.9)</b>	<b>(88.0)</b>
<b>Other comprehensive loss</b>		<b>-</b>	<b>-</b>	<b>(6.2)</b>
<b>Total comprehensive loss for the period</b>		<b>(33.8)</b>	<b>(4.9)</b>	<b>(94.2)</b>
<b>Comprehensive loss for the period attributable to Shareholders of Borr Drilling Limited</b>		<b>(33.7)</b>	<b>(4.9)</b>	<b>(94.2)</b>
<b>Non-controlling interests</b>		<b>(0.1)</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive loss for the period</b>		<b>(33.8)</b>	<b>(4.9)</b>	<b>(94.2)</b>

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 Balance Sheets

(In US\$ millions except per share data)

	Notes	March 31, 2018 (unaudited)	March 31, 2017 (unaudited)	December 31, 2017 (audited)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		51.5	554.8	164.0
Restricted cash	9	55.0	221.1	39.1
Trade receivables		25.4	-	-
Jack-up drilling rigs held for sale	6	15.0	-	-
Other current assets	12	87.6	4.5	22.4
<b>Total current assets</b>		<b>234.5</b>	<b>780.3</b>	<b>225.5</b>
<b>Non-current assets</b>				
Property, Plant and Equipment		16.1	-	0.1
Jack-up drilling rigs	6	1,442.0	136.7	783.3
Newbuildings	7	399.1	-	642.7
Marketable securities	10	20.7	-	20.7
Other long-term assets	8	24.9	-	-
Deposits and costs for business combinations and jack-up drilling rigs		-	32.0	-
<b>Total non-current assets</b>		<b>1,902.8</b>	<b>168.7</b>	<b>1,446.8</b>
<b>Total assets</b>		<b>2,137.3</b>	<b>949.0</b>	<b>1,672.3</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables		16.2	2.5	9.6
Accruals and other current liabilities	17	105.5	2.3	11.5
<b>Total current liabilities</b>		<b>121.7</b>	<b>4.8</b>	<b>21.1</b>
<b>Common shares issued subject to put option agreements</b>		<b>-</b>	<b>791.1</b>	<b>-</b>
<b>Non-Current liabilities</b>				
Long-term debt	14	261.0	-	87.0
Other liabilities		8.8	-	-
Onerous contracts	13	75.7	-	71.3
<b>Total non-current liabilities</b>		<b>345.5</b>	<b>-</b>	<b>158.3</b>
<b>Total liabilities</b>		<b>467.2</b>	<b>795.9</b>	<b>179.4</b>
<b>Commitments and contingencies</b>	20	<b>-</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>				
Common shares of par value US\$0.01 per share: 525,000,000 (2017: 525,000,000) shares authorized, 525,000,000 (2017: 478,292,500) issued and 522,530,000 outstanding at March 31, 2018		5.3	0.9	4.8
Additional paid in capital		1,799.3	157.8	1,587.8
Treasury shares		(9.0)	-	(6.7)
Other comprehensive income		(6.2)	-	(6.2)
Accumulated deficit		(122.5)	(5.6)	(88.8)
Non-controlling interest		3.2	-	2.0
<b>Total equity</b>		<b>1,670.1</b>	<b>153.1</b>	<b>1,492.9</b>
<b>Total liabilities and equity</b>		<b>2,137.3</b>	<b>949.0</b>	<b>1,672.3</b>

*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 Cash Flows  
(In US\$ millions except per share data)

	Notes	3 months to March 31, 2018 (unaudited)	3 months to March 31, 2017 (unaudited)	12 months to December 31, 2017 (audited)
<b>Cash Flows from Operating Activities</b>				
Net (loss)/income		(33.8)	(4.9)	(88.0)
<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		0.4	-	8.2
Depreciation, amortisation and impairment of non-current assets	6	12.2	1.0	47.9
Unrealized (gain) loss on financial instruments	11,16	20.0	-	(4.4)
Bargain purchase gain	8	(38.1)		
Change in other current assets		(10.6)	(4.5)	(16.5)
Change in current liabilities		7.2	4.6	20.1
<b>Net cash (used in)/provided by operating activities</b>		<b>(42.7)</b>	<b>(3.8)</b>	<b>(32.6)</b>
<b>Cash Flows from Investing Activities</b>				
Decrease (Increase) in restricted cash	9	(11.7)	(221.0)	(39.1)
Purchase of plant and equipment		-	-	(0.1)
Purchase Business Combination (Acquisition), net of cash acquired	8	(198.3)	(32.0)	(324.5)
Purchase of marketable securities	10	-	-	(26.9)
Payment and costs in respect of newbuildings	7	(0.6)	-	(937.4)
Payments and costs in respect of jack-up drilling rigs	6	(4.1)	(117.7)	(119.8)
<b>Net cash (used in)/provided by investing activities</b>		<b>(214.7)</b>	<b>(370.7)</b>	<b>(1,447.8)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from share issuance, net of issuance costs and conversion of shareholders loans		211.5	0.1	1,415.0
Proceeds from common shares and common warrants issued subject to put option agreements, net of issuances cost and conversion of shareholder loan		-	778.4	-
Proceeds from related party shareholder loan	18	27.7	12.7	12.7
Purchase of treasury shares		(2.3)	-	(8.4)
Repayment of long-term debt	8	(89.3)	-	-
Draw down of long-term debt	7,14	-	-	87.0
Paid interest	3	(2.7)	-	-
<b>Net cash (used in)/provided by financing activities</b>		<b>144.9</b>	<b>791.2</b>	<b>1,506.3</b>
<b>Net increase in cash and cash equivalents</b>		<b>(112.5)</b>	<b>416.7</b>	<b>25.9</b>
Foreign exchange translation difference		-	-	-
Cash and cash equivalents at beginning of the period		164.0	138.1	138.1
<b>Cash and cash equivalents at the end of period</b>		<b>51.5</b>	<b>554.8</b>	<b>164.0</b>
<b>Supplementary disclosure of cash flow information</b>				
Non-cash instalments on newbuildings		(174.0)	-	-
Non-cash draw down of long-term debt (note 7,14)		174.0	-	-

*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  
(In US\$ millions except per share data)

	Number of shares	Common shares	Treasury shares	Additional paid in capital	Other Comprehensive Income	Accumulated Deficit	Non- controlling interest	Total equity
<b>Consolidated balance at December 31, 2016</b>	<b>77,505,000</b>	<b>0.8</b>	<b>-</b>	<b>157.8</b>	<b>-</b>	<b>(0.8)</b>	<b>-</b>	<b>157.8</b>
Issue of common shares <sup>iii</sup>	228,600,000	2.3	-	797.8	-	-	-	800.1
Equity issuance costs	-	-	-	(9.0)	-	-	-	(9.0)
Issue of common shares <sup>vi</sup>	162,500,000	1.6	-	648.4	-	-	-	650.0
Equity issuance cost	-	-	-	(8.8)	-	-	-	(8.8)
<i>Other transactions:</i>								
Exercise of warrants <sup>i</sup>	9,687,500	0.1	-	-	-	-	-	0.1
Fair value of warrants issued	-	-	-	7.7	-	-	-	7.7
Equity issuance costs, warrants	-	-	-	(3.0)	-	-	-	(3.0)
Purchase of warrants	-	-	-	(4.7)	-	-	-	(4.7)
Employee benefit plans	-	-	1.7	1.8	-	-	-	3.5
Purchase of treasury shares <sup>iv</sup>	-	-	(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)
<b>Consolidated balance at December 31, 2017</b>	<b>478,292,500</b>	<b>4.8</b>	<b>(6.7)</b>	<b>1,587.8</b>	<b>(6.2)</b>	<b>(88.8)</b>	<b>2.0</b>	<b>1,492.9</b>
Issue of common shares <sup>vii</sup>	46,707,500	0.5	-	214.3	-	-	-	214.8
Equity issuance costs	-	-	-	(3.3)	-	-	-	(3.3)
Employee benefit plans	-	-	-	0.4	-	-	-	0.4
Purchase of treasury shares <sup>viii</sup>	-	-	(2.3)	-	-	-	-	(2.3)
Total comprehensive loss for the period	-	-	-	-	-	(33.7)	(0.1)	(33.8)
Non-controlling interest	-	-	-	-	-	-	1.3	1.3
Other, net	-	-	-	0.1	-	-	-	0.1
<b>Consolidated balance at March 31, 2018</b>	<b>525,000,000</b>	<b>5.3</b>	<b>(9.0)</b>	<b>1,799.3</b>	<b>(6.2)</b>	<b>(122.5)</b>	<b>3.2</b>	<b>1,670.1</b>

The following summarize movement in numbers of shares from December 31, 2016:

- i. 9,687,500 share warrants were exercised at US\$0.01 by Magni Partners and Ubon in March 2017
- ii. 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;
- iii. 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.
- iv. 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.
- v. 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.
- vi. On October 8, 2017, 162,500,000 new shares were issued at a subscription price of US\$4.00.
- vii. On March 23, 2018, 46,707,500 new shares were issued at a subscription price of US\$4.60.
- viii. In the first quarter the Company purchased 500,000 treasury shares at a cost of US\$2.3 million. At March 31, 2018 the Company own 2,470,000 treasury shares

*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 March 31, 2018

### Note 1 - General information

Borr Drilling Limited is incorporated in Bermuda. The company is listed on the Oslo Stock Exchange, under the ticker BDRILL. 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 March 31, 2018, the total fleet consisted of 48 jack-up drilling rigs and one semisubmersible, whereof ten 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 financial statements have been prepared on a going concern basis.

The 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.

Subsequent events have been reviewed from the period end to the date of the 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. The non-controlling interests of subsidiaries were included in the Consolidated Balance Sheets and Statements of Operations as "Non-controlling interests". Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

#### *Use of estimates*

Preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 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, 2017. None of the new accounting standards or amendments that came into effect during the first quarter of 2018 had a significant effect on the condensed interim consolidated financial statements.

#### *Recently Issued Accounting Standards*

##### Adoption of new accounting standards

In January 2017, the FASB issued guidance to ASU 2017-01 "Business Combinations (Topic 805): Clarifying the Definition of a Business". The amendments provide guidance on evaluating whether transactions should be accounted for as an asset acquisition or a business combination (or disposal). The guidance requires that in order to be considered a business, a transaction must include, at a minimum, an input and a substantial process that together significantly contribute to the ability to create output. The guidance removes the evaluation of whether a market participant could replace the missing elements. The revised guidance is effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. The adoption did not have a material impact on the Consolidated Financial Statements and related Disclosures.

On May 10, 2017, the FASB issued ASU 2017-09, Scope of Modification Accounting, which amends the scope of modification accounting for share-based payment arrangements, provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. For all entities, the ASU is effective for annual reporting periods, including interim periods within those annual reporting periods, beginning after December 15, 2017. 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 March 31, 2018

**Note 3 - Other financial income (expense), net**

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

<i>(In US\$ millions)</i>	<b>3 months to March 31, 2018</b>	<b>3 months to March 31, 2017</b>	<b>12 months to December 31, 2017</b>
Interest income	0.5	-	3.2
Interest expense, gross	(2.7)	-	(0.5)
Interest capitalized to newbuildings (note 7)	2.7	-	-
Foreign exchange loss	(0.2)	-	(0.3)
Change in unrealised (loss)/gain on financial instruments	(20.0)	-	4.4
Realised (loss)/gain financial instruments	-	-	14.9
<b>Total</b>	<b>(19.7)</b>	<b>-</b>	<b>21.7</b>

**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 exempted 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. As of March 31, 2018, no significant income tax expense or deferred tax expense are recognized.

**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.

	<b>3 months to March 31, 2018</b>	<b>3 months to March 31, 2017</b>	<b>12 months to December 31, 2017</b>
Basic loss per share	(0.070)	(0.057)	(0.34)
Diluted loss per share	(0.070)	(0.057)	(0.34)
Issued ordinary shares at the end of the period	525,000,000	87,192,500	478,292,500
Weighted average numbers of shares in issue for the period	482,490,927	85,341,111	258,631,442

**Note 6 - Jack-up drilling rigs**

<i>(In US\$ millions)</i>	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>December 31, 2017</b>
Opening balance	783.3	-	-
Additions	250.2	137.7	688.4
Asset transfers (note 7)	420.7	-	142.8
Depreciation and amortisation	(12.2)	(1.0)	(21.2)
Impairment	-	-	(26.7)
<b>Total</b>	<b>1,442.0</b>	<b>136.7</b>	<b>783.3</b>

On March 29, 2018 the company completed the acquisition of Paragon Offshore Limited and took ownership of 22 jack-up drilling rigs and one semi-submersible. Each rig was valued using a fair value approach by an external third party. Fair value for all acquired rigs are estimated to US\$261.0 million (see note 8) of which US\$246.0 million is allocated to jack-up drilling rigs and US\$15.0 million is allocated to assets held for sale.

During Q1 2018, the Company took delivery of the three newbuildings, “Saga”, “Gerd”, and “Gersemi” (see note 7).

**Borr Drilling Limited and subsidiaries**  
**Unaudited Consolidated Financial Statements**

Notes to the Unaudited Consolidated Financial Statements  
for the period ended March 31, 2018

**Note 7 - Newbuildings**

	March 31, 2018	March 31, 2017	December 31, 2017
<i>(In US\$ millions)</i>			
Opening balance	642.7	-	-
Additions	174.4	-	937.7
Capitalized interest	2.7	-	-
Asset transfers	(420.7)	-	(142.8)
Reclassification against onerous contracts	-	-	(152.2)
<b>Total</b>	<b>399.1</b>	<b>-</b>	<b>642.7</b>

The Company took delivery of the two newbuildings “Saga” and “Gerd” in January 2018 and “Gersemi” in February 2018. Final instalments were US\$87.0 million each for “Gerd” and “Gersemi” and the Company accepted the delivery financing for both jack-up drilling rigs (see note 14). The final instalment for “Saga” was paid in December 2017.

**Note 8 - Business acquisition**

*Paragon Offshore Limited*

Borr Drilling announced a binding tender agreement on February 21, 2018 to offer to purchase all outstanding shares in Paragon Offshore Limited (“Paragon”). Total acquisition price for all outstanding shares was US\$241.3 million or US\$43.88 per share. The transaction was subject to the satisfaction of the offer conditions, customary closing conditions, including, among other customary conditions, that (a) at least 3,361,763 Shares, representing at least 67% of the outstanding Shares have been validly tendered and not withdrawn before the Expiration Date, (b) no material adverse change shall have occurred prior to closing, and (c) Paragon shall have completed all actions necessary to acquire ownership of certain Prospector drilling rigs and legal entities currently subject to chapter 11 proceedings in the United States Bankruptcy Court in the District of Delaware. The Offer was not subject to a financing condition. On March 29, 2018, all of the conditions to the Offer were satisfied and the transaction closed. Shareholders holding 99.41% of the shares accepted the offer for a total payment of \$240.0 million.

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

	March 29, 2017
<i>(In US\$ millions)</i>	
Cash and Cash equivalents	41.7
Restricted cash	4.2
Trade receivables	31.0
Other current assets (including contract backlog of US\$31.6 million)	53.4
Jack-up drilling rigs	246.0
Assets held for sale	15.0
Property, Plant and Equipment	16.1
Other long-term assets (including contract backlog of US\$12.8 million)	24.8
Trade payables	(10.5)
Accruals and other current liabilities	(40.9)
Long term debt	(87.7)
Other non-current liabilities	(13.7)
<b>Total</b>	<b>279.4</b>
<i>Fair value of consideration satisfied by cash:</i>	
Payment upon completion (March 29, 2018)	240.0
Non-controlling interest	1.3
<b>Total</b>	<b>241.3</b>



**Borr Drilling Limited and subsidiaries**  
**Unaudited Consolidated Financial Statements**

Notes to the Unaudited Consolidated Financial Statements  
for the period ended March 31, 2018

Total Fair value of purchase consideration	241.3
Fair value of net assets acquired	279.4
<b>Goodwill</b>	<b>(38.1)</b>

Paragon is an international driller with a fleet of 23 drilling units. This fleet includes two modern units of the leading JU-2000E design, the Prospector 1 and Prospector 5 built in 2013 and 2014 currently located in the North Sea. The portfolio also includes a semisubmersible MSS1 with a long-term contract for TAQA in the North Sea which commenced in March 2018.

The Paragon transaction is accounted for as a business combination under ASC 805. The estimated fair value of Paragon is 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.

Identified negative goodwill (bargain purchase) of US\$38.1 million is recognised as gain in the statement of operations at day one after closing of the transaction. Bargain purchase occurred as a result of several liabilities which do not meet the identification criteria according to US GAAP. This relates to certain restructuring liabilities related to severances and lease commitments. At the closing of the transaction the Company settled the long-term debt of US\$89.3 million, including accrued interest and breakage fee and recorded US\$17.9 million as restructuring cost in Q1.

**Note 9 - Restricted cash**

	March 31, 2018	March 31, 2017	December 31, 2017
Restricted cash is comprised of the following:			
<i>(In US\$ millions)</i>			
Margin accounts in relation to forward contracts	31.8	-	20.0
Deposits made for issued guarantees	23.2	-	19.1
Restricted cash related to Transocean deal	-	221.1	-
<b>Total restricted cash</b>	<b>55.0</b>	<b>221.1</b>	<b>39.1</b>

**Note 10 - Marketable Securities**

Marketable securities are marked to market, with changes in fair value recognized in “Other comprehensive income” (“OCI”). In 2017, the Company purchased securities issued by a rig company for approximately US\$26.9 million. At December 31, 2017, an accumulated unrealised loss of US\$6.2 million was recognised in other comprehensive income, no additional unrealized gain or loss is recognised as of March 31, 2018.

**Note 11 - Financial Instruments – Forward Contracts**

As of March 31, 2018, the Company has forward contracts to purchase shares in a listed drilling company for an aggregate amount of approximately US\$73.3 million. The unrealized loss is US\$15.6 million as of March 31, 2018. See Note 16 for further information.

**Note 12 - Other current assets**

	March 31, 2018	March 31, 2017	December 31, 2017
Other current assets are comprised of the following:			
<i>(In US\$ millions)</i>			
Prepayments	9.5	2.0	2.6
Deferred mobilisation costs	7.3	-	10.3
Unrealized gain on forward contracts	-	-	4.4
Accrued revenue	16.1	-	-
Contract backlog (see note 8)	31.6	-	-
Other receivables	23.1	2.5	5.1
<b>Total other current assets</b>	<b>87.6</b>	<b>4.5</b>	<b>22.4</b>

**Borr Drilling Limited and subsidiaries**  
**Unaudited Consolidated Financial Statements**

Notes to the Unaudited Consolidated Financial Statements  
for the period ended March 31, 2018

**Note 13 - Onerous contracts**

Onerous contracts of US\$71.3 million 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”). Onerous contract of US\$4.4 million relates to lease commitment.

**Note 14 - Long term debt**

*As of March 31, 2018*

Long-term debt is comprised of the following:

<i>(In US\$ millions)</i>	<u>Fair value</u>	<u>Principal</u>	<u>Back end fee</u>	<b>Maturities</b>		
				<u>Less than 6 months</u>	<u>6 months to 1 year</u>	<u>1-5 years</u>
Delivery financing “Galar”	87.0	83.7	3.3	-	-	87.0
Delivery financing “Gerd”	87.0	83.7	3.3	-	-	87.0
Delivery financing “Gersemi”	87.0	83.7	3.3	-	-	87.0
<b>Total</b>	<b>261.0</b>	<b>251.1</b>	<b>9.9</b>	-	-	<b>261.0</b>

*As of December 31, 2017*

Long-term debt is comprised of the following:

<i>(In US\$ millions)</i>	<u>Fair value</u>	<u>Principal</u>	<u>Back end fee</u>	<b>Maturities</b>		
				<u>Less than 6 months</u>	<u>6 months to 1 year</u>	<u>1-5 years</u>
Delivery financing “Galar”	87.0	83.7	3.3	-	-	87.0
<b>Total</b>	<b>87.0</b>	<b>83.7</b>	<b>3.3</b>	-	-	<b>87.0</b>

Long-term debt relates to delivery financing for the three PPL newbuildings, “Galar”, “Gerd” and “Gersemi”, delivered in November 2017, January 2018 and February 2018, respectively. Each loan is non-amortisation and matures five years after the delivery date. The offered delivery financing is secured by a first priority mortgage over the relevant PPL Rig and a guarantee from the Company.

**Note 15 - Share based compensation**

As part of the termination agreement for the former CEO, the company repurchased 500,000 of its own shares at a price of US\$4.65 per share for a total consideration of US\$2.3 million.

The share-based payment charge for the quarter ending March 31, 2018 was US\$0.4 million.

**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>	<b>Hierarchy</b>	<b>March 31, 2018</b>		<b>March 31, 2017</b>		<b>December 31, 2017</b>	
		<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>
<b>Assets</b>							
Cash and cash equivalents	1	51.5	51.5	554.8	554.8	164.0	164.0
Restricted cash	1	55.0	55.0	221.1	221.1	39.1	39.1
Trade receivables	1	25.4	25.4	-	-	-	-
Marketable securities – non-current	1	20.7	20.7	-	-	20.7	20.7
Other current assets (excluding prepayments and financial instruments)	1	78.1	78.1	-	-	15.4	15.4
Deposit for drilling rigs	1	-	-	32.0	32.0	-	-
Forward contracts (note 11)	2	57.7	57.7	-	-	60.6	60.6

**Borr Drilling Limited and subsidiaries**  
**Unaudited Consolidated Financial Statements**

Notes to the Unaudited Consolidated Financial Statements  
for the period ended March 31, 2018

<i>Liabilities</i>							
Long term liabilities	2	261.0	261.0	-	-	87.0	87.0
Trade payables	1	16.2	16.2	4.8	4.8	9.6	9.6
Accruals and other current liabilities (excluding financial instruments)	1	90.0	90.0	-	-	11.5	11.5
Other liabilities	1	8.8	8.8	-	-	-	-
Forward contracts (note 11)	2	73.3	73.3	-	-	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 March 31, 2018. 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 - Accruals and other current liabilities**

	March 31, 2018	March 31, 2017	December 31, 2017
Accruals and other current liabilities are comprised of the following:			
<i>(In US\$ millions)</i>			
Liabilities to owners (Note 18)	27.7	-	-
Unrealized loss on forward contracts (Note 11)	15.6	-	-
Accrued payroll and severance	26.3	-	-
Corporate income tax	4.7	-	-
Accrued expenses	31.2	2.3	11.5
<b>Total accruals and other current liabilities</b>	<b>105.5</b>	<b>2.3</b>	<b>11.5</b>

**Note 18 - Related party transactions**

*Transactions with those holding significant influence over the Company*

*Equity offering*

At March 22, 2018, it was announced that the Company would raise up to US\$250 million in an equity offering divided in two tranches. Completion of the Tranche 2 of the Equity Offering is subject to approval by the extraordinary general meeting to be held on 5 April 2018 and subsequent share issue. In connection with the settlement of tranche 2, US\$27.7 million is registered as liability to shareholders including US\$20.0 million to Drew Holdings Ltd ("Drew") as of March 31, 2018. Drew is a trust established for the benefit of Tor Olav Trøim, the Chairman of the Company.

**Note 19 - Subsequent events**

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

*Delivery of "Grid"*

The newbuilding "Grid" was delivered in April 2018 from PPL.

*Divestment of jack-up drilling rigs*

Borr Drilling announced on April 30, 2018, that it has sold fourteen old jack-up drilling rigs en-bloc to a non-drilling company. The disposal is expected to generate a gain of up to USD16 million to be recorded in the second quarter. In addition, the company have sold three old jack-up drilling rigs in separate transactions to non-drilling purposes.

*Forward contracts*

As of May 30, 2018 the Company has an unrealized gain of approximately US\$5 million on forward contracts to purchase shares in a listed drilling company, see note 12.

# **Borr Drilling Limited and subsidiaries**

## **Unaudited Consolidated Financial Statements**

Notes to the Unaudited Consolidated Financial Statements  
for the period ended March 31, 2018

### *Share capital*

A special general meeting was held on April 5, 2018, in order to increase the Company's authorised share capital by US\$1 million represented by 100,000,000 common shares of US\$0.01 par value. Effective from the date hereof, the authorised share capital of the Company is US\$6.25 million represented by 625,000,000 common shares of US\$0.01 par value.

On May 30, 2018, the 7,640,327 new shares allocated in Tranche 2 (see note 18) of the Equity Offering have been validly issued and been fully paid. Following issuance of the Offer Shares, the Company will have a share capital of USD 5,326,403.27, divided into 532,640,327 shares, each with a nominal value of USD 0.01 per share.

### *Bank facility*

On May 15, 2018 it was announced that the Company entered into a non-amortisation US\$200.0 million bank facility with maturity in May 2020.

### *Convertible bond issue*

On May 16, 2018 the Company successfully placed a US\$350.0 million in principal convertible bond issue with maturity in 2023. The Bonds will have a coupon of 3.875% per annum payable semi-annually in arrear in equal instalments and a conversion premium of 37.5% over US\$ 4.87. The initial conversion price will therefore be US\$ 6.6963. The Company has purchased from Goldman Sachs International call options over 52,268,060 shares with a strike of USD 6.6963 to mitigate the economic exposure from a potential exercise of the conversion rights embedded in the Bonds. In addition, the Company has sold to Goldman Sachs International call options over the same number of shares with a strike of USD 8.5225.

### *Five new rigs from Keppel Fels Limited ("Keppel")*

On May 15, 2018 it was announced that the Company will purchase five high spec newbuild jack-up drilling rigs from Keppel. Total consideration for the rig purchases is expected to be US\$742.5 million. The Company has secured optional delivery financing for the rigs of US\$432 million. Borr Drilling will take delivery of the first rig in Q4 2019 with the remaining rigs being delivered quarterly thereafter until the last rig is delivered in Q4 2020. Borr Drilling has agreed to pay a pre-delivery instalment of US\$288 million in the second quarter. The remaining purchase price is payable on delivery of each individual rig, which is fully financed by the delivery financing.

## **Note 20 - Commitments and contingencies**

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