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The branch income line item represents pre-tax income or loss generated in foreign pass-through entities, inclusive of permanent differences, multiplied by the U.S. statutory rate. This line item reflects the double taxation of foreign income or loss which will occur as a result of such income or loss being subject to tax both in the foreign jurisdiction to which the entity relates as well as the U.S. The U.S. statutory rate, rather than the local foreign rate, is applied to this income or loss so that the impact of the rate differential between the U.S. statutory rate and the various foreign rates can be separately shown in the line item "Foreign rate differential".

The foreign taxes line item represents the future U.S. tax implications associated with foreign tax expense or benefit generated in each foreign jurisdiction. To the extent a foreign jurisdiction generates tax expense, that expense is generally expected to result in U.S. tax deductions in the future. To the extent a foreign jurisdiction recognizes a tax benefit, that benefit is generally expected to result in an increase to U.S. taxable income in the future.

Deferred taxes

The tax effects of the major items recorded as deferred tax assets and liabilities are (in thousands):

	As of December 31,	
	2014	2013
Deferred tax assets:		
Net operating loss carryforwards	\$ 38,901	\$ 9,359
Asset retirement obligations	644	332
Deferred foreign taxes	940	1,320
Mark to market hedging	3,452	—
Unrealized currency gain/loss	164	1,627
Total deferred tax assets	<u>44,101</u>	<u>12,638</u>
Deferred tax liabilities:		
Property and equipment	(36,136)	(12,578)
Mark to market hedging	—	(5,110)
Unrealized currency gain/loss	(1,384)	—
Total deferred tax liabilities	<u>(37,520)</u>	<u>(17,688)</u>
Valuation allowance	(9,265)	(2,481)
Net deferred tax liabilities	<u>\$ (2,684)</u>	<u>\$ (7,511)</u>

Net operating loss carryforwards represent tax benefits measured assuming that the Company had been a stand alone operating company since January 1, 2012. We believe that it is more likely than not that we will not generate sufficient taxable income to realize the deferred tax assets associated with net operating losses and have recorded a valuation allowance against net deferred tax assets not supported by the reversal of existing taxable temporary differences. Additionally, the 2014 and 2013 tax years remain open to examination by the relevant tax authorities.

At December 31, 2014, we have net operating loss carryforwards for U.S. income tax purposes of \$39,745 which are available to offset future taxable income, if any, over a twenty year period. We have net operating loss carryforwards for Malaysian income tax purposes of \$21,276 which are available to offset future taxable income, if any, over an indefinite period. We have net operating loss carryforwards for South African income tax purposes of \$62,619 which are available to offset future taxable income, if any, over an indefinite period. We have net operating loss carryforwards for Indian income tax purposes of \$2,974 which are available to offset future taxable income, if any, over an indefinite period to the extent of unabsorbed tax depreciation. Any other

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