

S.D. STANDARD DRILLING PLC

SECOND QUARTER REPORT 2017



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STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE INTERIM CONDENSED FINANCIAL STATEMENTS

In accordance with Article 10 sections (3) (c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 ("Law") we, the members of the Board of Directors and other responsible persons for the drafting of the interim condensed financial statements of S.D. Standard Drilling Plc (the "Company"), for the six months ended 30 June 2017 we confirm that, to the best of our knowledge:

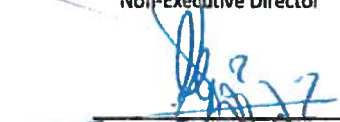
- a) The interim condensed financial statements of the Company for the six months ended 30 June 2017 which are presented on pages 6 to 17:
 - (i) were prepared in accordance with International Financial Reporting Standards IAS 34 "Interim Financial Reporting", as adopted by the European Union in accordance with provisions of Article 10, section (4) of the Law, and
 - (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of the Company, and the business that are included in the financial statements as a total, and
- b) The Interim Management Report provides a fair overview of the information required as per section 6 of article 10 of Law 190(I)/2007.

Limassol, 29 August 2017



Martin Nes
Chairman

Arne Helge Fredly
Non-Executive Director

George Crystallis
Independent Director

Christos Neocleous
Chief Financial Officer

Evangelia Panagide
General Manager

Second Quarter Management Report 2017

Selected Financial Information

	Three Months Ended		Six Months Ended	
	2017 Q2	2016 Q2	2017 Q2	2016 Q2
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating profit/(loss)	(692)	(80)	1 020	(223)
Profit/(loss) for the period before tax	(708)	(83)	983	(229)
Total comprehensive income/(loss) for the period	(705)	(82)	986	(228)

Presentation of Interim Condensed Financial Statements

These interim condensed financial statements for the second quarter of the year 2017 are prepared and presented on a standalone basis, since the Company is an investment entity and shall not consolidate its subsidiary. The Company measures its investment in subsidiary and associates at fair value through profit or loss.

Highlights Second Quarter

1. At the Annual General Meeting of the Company which was held on 3 May 2017, the Board of Directors were authorised by the shareholders to purchase the Company's own shares as prescribed by the relevant provisions of article 57A of the Companies Law, within a time period of twelve months from the date of passing of the resolution.
2. On the same Annual General Meeting, the shareholders of the Company resolved to proceed with the consolidation of the authorised and issued share capital at the ratio of 1 for 3 shares reverse split, into shares of larger amount than its existing shares from 1 550 000 000 to 516 666 667 ordinary shares and from nominal value of USD 0,01 to USD 0,03 per ordinary share. The effective date of the above mentioned reverse split is the 4th of May 2017.
3. On 22 May 2017 the Company submitted an application to Oslo Bors requesting a transfer of the listing of the Company's shares from Oslo Axxess to Oslo Bors. On 26 May 2017 Oslo Bors approved the application. The first day of trading on Oslo Bors was 31 May 2017.
4. In June 2017 and following the unanimous decisions taken at the extraordinary general meetings of the Partners' Councils of PSV Opportunity I DIS ("PSV I"), PSV Opportunity II DIS ("PSV II") and PSV opportunity III DIS ("PSV III"), PSV I and PSV II were merged into PSV III resulting in a combined holding of 25,53% for the Company through its 100% subsidiary Wanax AS.

Subsequent Events

The following events took place between the Balance Sheet date and the date of approval of these interim condensed financial statements:

1. In July 2017, the Company announced that Standard Viking, a vessel fully owned indirectly by the Company, had commenced a 1 year term charter with Peterson. Peterson has the option to extend the term charter with 1+1 year at increased rates.
2. In August 2017, the Company received an additional inflow of USD 527 thousands from the redemption of World Wide Supply AS's senior secured corporate bonds.

There have been no other material subsequent events that have an impact on these interim condensed financial statements.

SECOND QUARTER MANAGEMENT REPORT 2017 (CONTINUED)

RESULTS FOR SECOND QUARTER 2017

The operating loss for the three months ended on 30 June 2017 was USD 692 thousands. The operating loss includes administration expenses of USD 205 thousands and is after crediting an unrealized loss on revaluation of financial assets of USD 1,2 million, other gains of USD 420 thousands and a net foreign currency gain of USD 311 thousands. Finance cost for the period was USD 16 thousands thus a net loss before tax for the period of approximately USD 708 thousands. Earnings per share was USD 0,00 for the Quarter.

RESULTS FOR THE SIX MONTHS OF 2017 AND FINANCIAL COMPARISON WITH THE SIX MONTHS OF 2016

The operating profit for the six months ended 30 June 2017 was USD 1 million compared to the six months ended 30 June 2016 which was a loss of USD 223 thousands. The increase of profit in 2017 compared to loss of 2016 is mainly due to an unrealized loss on revaluation of financial assets of USD 82 thousands, other gains of USD 420 thousands and a net foreign currency gains of USD 1 million. On 30 June 2016 the Company had no material investments neither material transactions denominated in currencies other than the Company's functional currency, thus the net loss was comprised mainly by administration expenses.

LIQUIDITY AND CAPITAL STRUCTURE

The available cash position as at 30 June 2017 was USD 12,2 million.

During the six months of 2017 net cash used in operating activities was USD 56,2 million, mainly consisting of a capital contribution of USD 51,5 million to Wanax AS and an outflow of USD 5,1 million for purchasing additional shares in New World Supply Ltd. The net cash generated from investing activities was USD 1,8 million consisting mainly of (i) an interest received of USD 9 thousands and (ii) a net inflow of USD 1,8 million from the redemption of World Wide Supply AS's senior secured callable bonds. Net cash generated from financing activities was USD 64,7 million. These funds were generated from the issuance of new share capital at a premium less transaction costs.

As of 30 June 2017, the Company had 1434 shareholders. The share price as of 30 June 2017 was NOK 1,53 (USD 0,183).

PRINCIPLE RISK AND UNCERTAINTIES

The Company's activities are exposed to the overall economic environment as well as regulatory and market risks associated with the PSV market. The Company is also exposed to other financial risks as disclosed in Note 3 of annual financial statements for the year ended 31 December 2016.

The Company has in place systems and procedures to maintain its status in the market and to stay alert to changes in the market place in order to help mitigate market risk. Internal procedures have been and are continuously being developed to help mitigate financial and operational risks.

BOARD OF DIRECTORS

At the Annual General Meeting of the Company that took place on 3 May 2017, Mr. George Crystallis was re-elected as a member of the Board of Directors.

Furthermore, Mr. Martin Nes was re-appointed in the position of the Chairman of the board.

COMMITTEES

Nomination Committee

At the Annual General Meeting of the Company that took place on 11 May 2016, the current members of the Nomination Committee, Mr. Costas Pantelides and Mr. George Papanicolaou were re-elected to their positions to serve for another two years.

OUTLOOK

The principal activity of the Company is that of the investment entity within oil and gas sector, directly or indirectly into companies, securities and / or assets, with the aim to control a larger fleet of assets-all at low values.

The objective of the Company is to generate significant medium to long term capital growth. The main focus of the Company will be in the PSV market although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

SECOND QUARTER MANAGEMENT REPORT 2017 (CONTINUED)

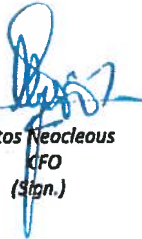
The Company has a sound financial position and the Board of Directors believe that the Company is in a good position to take advantage of any investment opportunity that may appear. This includes, but is not limited to, asset play or investment directly in other companies. The main drivers are maximizing the return and minimizing the risk.

*On Behalf of the Board of Directors of
S.D. Standard Drilling Plc.*

29 August 2017



*Martin Nes
Chairman
(Sign.)*



*Christos Neocleous
(FO
(Sign.)*

**INTERIM CONDENSED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017**

	Note	Three Months Ended		Six Months Ended	
		2017 Q2	2016 Q2	2017 Q2	2016 Q2
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
<i>(Amounts in USD 000)</i>					
Income					
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss	4	(1 218)	-	(82)	-
Other gains and (losses)	5	420	-	420	-
Interest income		-	13	9	25
Net foreign currency gains or (losses)		311	(2)	1 020	5
Total net income /(loss)		(487)	11	1367	30
Expenses					
Administration fees		(205)	(91)	(347)	(253)
Total operating expenses		(205)	(91)	(347)	(253)
Operating profit/(loss)		(692)	(80)	1 020	(223)
Finance costs					
Sundry finance expenses		(16)	(3)	(37)	(6)
Profit/(loss) for the period before tax		(708)	(83)	983	(229)
Income tax expense		-	-	-	-
Profit/(loss) for the period after tax		(708)	(83)	983	(229)
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Available-for-sale investments – Fair value gain		3	1	3	1
Other comprehensive income for the period		3	1	3	1
Total comprehensive income for the period		(705)	(82)	986	(228)
Earnings/(loss) per share					
Basic/diluted earnings/(loss) per share	3	(0,00)	(0,00)	0,00	(0,00)

**INTERIM CONDENSED STATEMENT
OF FINANCIAL POSITION
AT 30 JUNE 2017**

<i>(Amounts in USD 000)</i>	Note	30.06.2017	31.12.2016
ASSETS		<i>Unaudited</i>	<i>Audited</i>
Intangible assets		2	-
Equipment and machinery		1	1
Financial asset at fair value through profit or loss	4	66 030	5 300
Total non-current assets		66 033	5 301
Trade and other receivables		81	144
Senior secured callable bonds	5	675	2 018
Available-for-sale financial assets	6	18	15
Current tax asset		1	1
Cash and bank balances		12 200	1 798
Total current assets		12 975	3 976
Total Assets		79 008	9 277
EQUITY AND LIABILITIES			
Ordinary shares	7	10 701	2 620
Share premium	7	67 722	6 938
Other reserves	8	2	(1)
Accumulated profits/(losses)		529	(454)
Total equity		78 954	9 103
Trade and other payables		54	174
Total current liabilities		54	174
Total Equity and Liabilities		79 008	9 277

*On Behalf of the Board of Directors of
S.D. Standard Drilling Plc.*

*Martin Nes
Chairman
(Sign.)*

*Christos Neocleous
CFO
(Sign.)*

**INTERIM CONDENSED STATEMENT
OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017**

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Fair value reserve - available for sale financial assets	Accumulated Profits/(Losses)	Total
Balance at 01.01.2016	2 620	6 938	-	(177)	9 381
Comprehensive income					
Profit/(Loss) for the period	-	-	-	(228)	(228)
Other comprehensive income	-	-	1	-	1
Balance at 30.06.2016 (unaudited)	2 620	6 938	1	(405)	(9 154)
Balance at 01.01.2017	2 620	6 938	(1)	(454)	9 103
Comprehensive income					
Profit/(loss) for the period	-	-	-	983	983
Other comprehensive income	-	-	3	-	3
Transactions with owners					
Issue of share capital (note 7)	8 081	63 753	-	-	71 834
Share issue costs	-	(2 969)	-	-	(2 969)
Balance at 30.06.2017 (unaudited)	10 701	67 722	2	529	78 954

**INTERIM CONDENSED STATEMENT
OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017**

	Note	Six Months Ended	
		2017 Q2	2016 Q2
<i>(Amounts in USD 000)</i>			
		<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the period before income tax		983	(228)
Unrealised exchange gain		(200)	-
Other gains and losses	5	(420)	-
Payments to acquire financial assets at fair value through profit or loss	4	(56 611)	-
Interest income		(9)	(25)
Decrease in trade and other receivables		63	(11)
Decrease in financial asset fair value through profit or loss	4	82	-
Decrease in trade and other payables		(120)	22
Net cash generated from/(used in) operating activities		(56 232)	(242)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of intangible assets		(2)	-
Redemption of senior secure callable bonds	5	3 155	-
Payment for the purchase of senior secure callable bonds	5	(1 392)	-
Interest received		9	25
Net cash generated from/(used in) investing activities		1 770	25
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		67 633	-
Share issue costs		(2 969)	-
Net cash generated from/(used in) financing activities		64 664	-
Net increase/ (decrease) in cash and cash equivalents		10 202	(217)
Cash and cash equivalents at beginning of year		1 798	9 393
Effect of exchange rate changes on the balance of cash held in foreign currencies		200	-
Cash and cash equivalents at end of period		12 200	9 176

NOTES TO THE FINANCIAL INFORMATION

NOTE 1 – INCORPORATION AND PRINCIPAL ACTIVITIES

Country of Incorporation

S.D. Standard Drilling Plc. (the “Company”) is a limited liability Company incorporated and domiciled in Cyprus on 2 December 2010 in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company was converted into a public company on 23 December 2010. On 25 March 2011 the Company’s shares were listed on Oslo Axess and on 31 May 2017 on Oslo Bors. The address of the Company’s registered office is Maximou Michailide 6, Maximos Plaza, Tower 3, 4th floor, Flat/Office 401, 3106, Limassol, Cyprus.

Principal Activities

The principal activity of the Company is that of the investment entity within oil and gas sector, directly or indirectly into companies, securities and/or assets, with the aim to control a larger fleet of assets-all at low values. The objective of the Company is to generate significant medium to long term capital growth. The main focus of the Company will be in the PSV market although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The Company’s strategy is to invest into high risk investments in distressed asset acquisition held by unquoted companies where the Company takes active role in helping to build and develop these companies with the aim to make its returns through medium to long term capital gains appreciation as opposed to invest for strategic purposes (ie for income return).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim condensed financial statements for the six months ended 30 June 2017, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016 which have been prepared in accordance with IFRS as adopted in the (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

In the current period the Company has adopted all of the new and revised standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2017. The adoption of these Standards did not have a material effect on the financial statements.

At the date of approval of these interim condensed financial statements, a number of accounting standards and interpretations were issued by the International Accounting Standards Board but were not yet effective. The effect of those standards is not expected to be material to the Company.

Investments in associates

An associate is an entity, including an unincorporated entity such as a partnership, over which the Partnership has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Investments that are held as part of the Partnership’s investment portfolio are carried in the balance sheet at fair value even though the Partnership may have significant influence over those companies. This treatment is permitted by IAS 28, ‘Investment in associates’, which allows investments that are held by investment entities to be recognized and measured as at fair value through profit or loss and accounted for in accordance with IAS 39 and IFRS 13, with changes in fair value recognized in the statement of comprehensive income in the period of the change.

NOTE 3– EARNINGS/(LOSS) PER SHARE

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

<i>(Amounts in USD 000)</i>	Three Months Ended		Six Months Ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Basic/diluted EPS				
Profit/(Loss) attributable to equity holders of the Company	(708)	(83)	983	(229)
Weighted average number of ordinary shares in issue (thousands)	356 688	87 333	336 040	87 333
Basic/diluted earnings/(loss) per share	(0,00)	(0,00)	0,00	(0,00)

The comparative weighted average number of ordinary shares for the second quarter of 2016 have been adjusted to consider the reverse split which took place in second quarter of 2017.

NOTES TO THE FINANCIAL INFORMATION

NOTE 4 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

<i>(Amounts in USD 000)</i>	30.06.2017	31.12.2016
Balance at 1 January	5 300	-
Additions	60 812	5 107
Change in fair value	(82)	193
Balance at the end of the period/ year	66 030	5 300

Investments designated at fair value through profit or loss are analysed as follows:

Name of Investment	Principal activity	Place of establishment and principal place of business	Proportion of ownership/ interest held	
			30.06.2017	31.12.2016
Wanax AS	Investment holding	Norway	100%	100%
New World Supply Ltd	Investment holding	Cayman Islands	26.2%	-

- 1) On 2 January 2017, the Company through its wholly owned subsidiary Wanax AS, invested USD 5,2 million representing 35% of the issued share capital of PSV Opportunity III DIS (hereinafter "PSV III"), a partnership arrangement established in Norway. PSV III owned two mid-size PSV vessels (UT 755 LN) which were built at Aker Breyik in Norway in 2007 and 2008. The transaction was closed on 19 January 2017.
- 2) On 24 January 2017 the Company was allocated 5 082 837 ordinary shares, representing 15.6% ownership of New World Supply Ltd at a cost of USD 5,08 million.
- 3) On 19 February 2017, the Company agreed to acquire three large Platform Supply Vessels ("PSV's") for a total consideration of USD 40 million. The PSV's are all built at Aker Brattvaag, Norway in 2007-2008. The Company through its wholly owned subsidiary Wanax AS, took delivery of the PSV's on 9 February and are owned by three 100% owned subsidiaries namely Standard Princess AS, Standard Supplier AS and Standard Viking AS.
- 4) On 21 March 2017 the Company acquired a further 7,7% of New World Supply Ltd. The consideration price was set to NOK 26,3 million and was settled with the issue and allotment of 35 000 000 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company held a 23,3% ownership in New World Supply Ltd.
- 5) On 31 March 2017 the Company acquired a further 2,9% of New World Supply Ltd. The consideration price was set to NOK 9,8 million and was settled with the issue and allotment of 13 064 002 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company holds a 26,2% ownership in New World Supply Ltd.
- 6) In June 2017 and following the unanimous decisions taken at the extraordinary general meetings of the Partners' Councils of PSV Opportunity I DIS ("PSV I"), PSV Opportunity II DIS ("PSV II") and PSV opportunity III DIS ("PSV III"), PSV I and PSV II were merged into PSV III resulting in a combined holding of 25,53% for the Company through its 100% subsidiary Wanax AS.
- 7) During the second quarter of the year, the Company has contributed a further USD 3,6 million to its subsidiary Wanax AS to support the working capital needs of its investments. Out of these 3,6 million, USD 2,2 million and USD 1,3 million have been contributed to sub-subsidiary companies Standard Supplier AS and Standard Viking AS respectively.

NOTES TO THE FINANCIAL INFORMATION

NOTE 4 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

The above investments are measured at fair value.

<i>(Amounts in USD 000)</i>	30.06.2017	30.06.2016
<i>Other net changes in fair value on financial assets at fair value through profit or loss</i>		
Realised	-	-
Unrealised change	(82)	-
Total net gains/(losses)	(82)	-
Other net changes in fair value on assets, held for trading	-	-
Other net changes in fair values on assets designated at fair value through profit or loss	(82)	-
Total net gains/(losses)	(82)	-

NOTE 5 – SENIOR SECURED CALLABLE BONDS

<i>(Amounts in USD 000)</i>	30.06.2017	31.12.2016
Balance at 1 January	2 018	-
Additions	1 392	2 018
Change in fair value	420	-
Redemption	(3 155)	-
Balance at the end of the period/ year	675	2 018

In 2016 the Company purchased 12 221 667 senior secured callable bonds (the “bonds”) of World Wide Supply AS (“WWS”) in the secondary market at a price of USD 2 017 781. World Wide Supply AS initially issued 150 million senior secured callable bonds in November 2013 at a price of USD 1 each. The coupon rate was 7.75% per annum and the maturity date was set on 26 May 2017.

During the first quarter of 2017 the Company purchased additional 7 525 000 bonds of World Wide Supply AS at a market price of USD 1 392 125. In the same period part of bonds have been redeemed. The bonds are in default.

In August 2017, the Company received a further redemption of USD 527 thousands whereas an additional amount of USD 150 thousands is expected to be received within six months from the reporting date. Using present value techniques at a discount rate equal to the default interest rate of the bonds, the Company recognized a gain of USD 420 thousands.

The fair value of the Company’s senior secured callable bonds approximate their carrying value.

NOTE 6 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>(Amounts in USD 000)</i>	30.06.2017	31.12.2016
Balance at the beginning of period/year	15	16
Net gain/(loss) arising on revaluation of available for sale financial asset	3	(1)
Balance at the end of period/year	18	15

NOTES TO THE FINANCIAL INFORMATION

NOTE 7 – SHARE CAPITAL AND PREMIUM

Authorised	Number of shares (thousands)	Ordinary shares	Total
<i>(Amounts in USD 000)</i>			
2016			
Balance at the beginning of the year	362 000	3 620	3 620
Balance at the end of the year	362 000	3 620	3 620

2017			
Balance at the beginning of the period	362 000	3 620	3 620
Increase of share capital	1 188 000	11 880	11 880
Consolidation of share capital (reverse split 1:3 – see (9) below)	(1 033 333)	-	-
Balance at the end of the period	516 667	15 500	15 500

Issued and fully paid	Number of shares (thousands)	Ordinary shares	Share premium	Total
<i>(Amounts in USD 000)</i>				
2016				
Balance at the beginning of the year	262 000	2 620	6 938	9 558
Balance at the end of the year	262 000	2 620	6 938	9 558

2017				
Balance at the beginning of the period	262 000	2 620	6 938	9 558
Issue of shares	808 064	8 081	63 753	71 834
Consolidation of share capital (reverse split 1:3 – see (9) below)	(713 376)	-	-	-
Share issue costs	-	-	(2 969)	(2 969)
Balance at the end of the period	356 688	10 701	67 722	78 423

All shares issued have the same rights and are of nominal value of USD 0,03 each, following the recent reverse split. During the six months of 2017 the following transactions took place:

- 1) On 4 January 2017 the Company increased its authorised share capital from 362 000 000 to 1 022 000 000 ordinary shares of USD 0,01 each by the creation of additional 660 000 000 ordinary shares of a nominal value of USD 0,01 each.
- 2) On 4 January 2017, the Company issued 423 076 924 new shares through a Private Placement with gross proceeds of NOK 275 million (USD 31 815 thousands). The subscription price per new share was set to NOK 0.65 (USD 0,0752) which included a share premium of USD 0.0652 per ordinary share.
- 3) On 5 January 2017, the Company issued 111 111 200 new shares through a Private Placement with gross proceeds of NOK 100 million (USD 11 644 thousands). The subscription price per new share was set to NOK 0.90 (USD 0.1048) which included a share premium of USD 0.0948 per share.
- 4) On 13 January 2017, the Company invited certain eligible shareholders as of 8 December 2016 to subscribe for a subsequent offering comprising of up to 9 500 000 Offer Shares at a subscription price of NOK 0.65 per offer share. On 22 January 2017 the Company received applications with gross proceeds of NOK 3.58 million (USD 424 thousands) and allotted 5 514 718 offer shares at the price of USD 0.0769 which included a share premium of USD 0.0669 per share.
- 5) On 24 January 2017, the Company issued 220 297 158 new shares through a Private Placement with gross proceeds of NOK 198 million (USD 23 748 thousands). The subscription price per new share was set to NOK 0.90 (USD 0.1078) which included a share premium of USD 0.0978 per share.

NOTES TO THE FINANCIAL INFORMATION

NOTE 7 – SHARE CAPITAL AND PREMIUM (CONTINUED)

- 6) On 23 February 2017 the Company increased its authorised share capital from 1 022 000 000 to 1 550 000 000 ordinary shares of USD 0,01 each by the creation of additional 528 000 000 ordinary shares of a nominal value of USD 0,01 each.
- 7) On 21 March 2017 the Company acquired a further 7,7% of New World Supply Ltd. The consideration price was set to NOK 26,3 million and was settled with the issue and allotment of 35 000 000 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company held a 23,3% ownership in New World Supply Ltd.
- 8) On 31 March 2017 the Company acquired a further 2,9% of New World Supply Ltd. The consideration price was set to NOK 9,8 million and was settled with the issue and allotment of 13 064 002 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company holds a 26,2% ownership in New World Supply Ltd.
- 9) On 4 May 2017 and following the relevant resolution passed on the Annual General meeting, the authorized share capital of the Company comprising of 1.550.000.000 ordinary shares of nominal value of USD 0,01 each has been consolidated into 516.666.667 ordinary shares of nominal value of USD 0,03 each at the ratio of 1 for 3 reverse split. On the same date the issued share capital of the Company comprising of 1.070.064.002 ordinary shares of USD 0,01 each, has been consolidated into 356.688.001 ordinary shares of USD 0,03 each at the ratio of 1 for 3 reverse split.

NOTE 8 – OTHER RESERVES

<i>(Amounts in USD 000)</i>	30.06.2017	31.12.2016
Balance at the beginning of the year	(1)	-
Fair value reserve-available for sale investments (1)	3	(1)
Balance at the end of year	2	(1)

- 1) The fair value reserve-available for sale investments represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

NOTES TO THE FINANCIAL INFORMATION

NOTE 9 – FAIR VALUE MEASUREMENTS

9.1 The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables present the Company's financial assets and liabilities that are measured at fair value:

<i>(Amounts in USD 000)</i>	Level 1	Level 2	Level 3	Total
At 31 December 2016				
Assets				
Available for sale financial assets				
- Equity securities	15	-	-	15
Financial Assets through profit or loss				
- Financial asset designated at fair value through profit or loss (note 4)	-	5 300	-	5 300
Total financial assets measured at fair value	15	5 300	-	5 315

<i>(Amounts in USD 000)</i>	Level 1	Level 2	Level 3	Total
At 30 June 2017				
Assets				
Available for sale financial assets				
- Equity securities	18	-	-	18
Financial Assets through profit or Loss				
- Financials asset designated at fair value through profit or loss (note 4)	-	66 030	-	66 030
Total financial assets measured at fair value	18	66 030	-	66 048

NOTES TO THE FINANCIAL INFORMATION

NOTE 10 – APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 29 August 2017.

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q3 2017

24 November 2017

S.D. Standard Drilling Plc

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