

S.D. STANDARD DRILLING PLC

FIRST QUARTER REPORT 2016



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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 three months ended 31 March 2016 we confirm that, to the best of our knowledge:

- a) The interim condensed financial statements of the Company for the three months ended 31 March 2016 which are presented on pages 5 to 10:
 - (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, 25 May 2016

Martin Nes
Chairman

Arne Fredly
Non-Executive Director

George Crystallis
Independent Director

Espen Lundaas
Chief Financial Officer

Evangelia Panagide
General Manager

First Quarter Management Report 2016

Selected Financial Information

	Three Months Ended	
	2016 Q1	2015 Q1
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating Revenue	-	-
Operating profit/(loss)before depreciation	(155)	(240)
Operating margin, %	-	-
Operating profit/(loss)	(155)	(241)
Profit/(Loss) for the period before taxes	(146)	(200)
Profit/(Loss) for the period	(146)	(200)

Presentation of Interim Condensed Financial Statements

These interim condensed financial statements for the first quarter of the year 2016 are prepared and presented on a standalone basis, since the Company does not have any subsidiaries.

Subsequent Events

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

RESULTS

RESULTS FOR FIRST QUARTER 2016

The operating loss for the three months ended on 31 March 2016 was USD 155 thousands. The operating loss includes mainly administration expenses. Net financial income for the period was USD 9 thousands thus a net loss before tax for the period of approximately USD 146 thousands. Earnings per share was USD 0,00 for the quarter.

LIQUIDITY AND CAPITAL STRUCTURE

The available cash position as at 31 March 2016 was USD 9.3 million.

During the three months of 2016, net cash used in operating activities was USD 97 thousands and net cash generated from investing activities was USD 12 thousands respectively, mainly consisting of interest received.

As of 31 March 2016, the Company had 221 shareholders. The share price as of 31 March 2016 was NOK 0,85 (USD 0,10).

OUTLOOK

Going forward and based on the financial position and cash availability, the Board believes that the Company is in a good position to take advantage of any new investment opportunities that may appear.

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

25 May, 2016

*Martin Nes
Chairman*

(Sign.)

*Espen Lundaas
CFO*

(Sign.)

INTERIM CONDENSED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2016

	Note	Three Months Ended	
		2016 Q1	2015 Q1
<i>(Amounts in USD 000)</i>		<i>Unaudited</i>	<i>Unaudited</i>
Operating Revenue		-	-
Operating Expenses		-	-
Gross profit/(loss)		-	-
Other gains and (losses)	3	7	(48)
Administration expenses		(162)	(192)
Operating profit/(loss) before depreciation		(155)	(240)
Depreciation and amortization		-	(1)
Operating profit/(loss)		(155)	(241)
Finance Income		12	43
Finance Costs		(3)	(2)
Profit/(Loss) for the period before tax		(146)	(200)
Income tax credit/(expense)		-	-
Profit/(Loss) for the period		(146)	(200)
Other comprehensive income		-	-
Total comprehensive income for the period		(146)	(200)
Earnings/(loss) per share			
Basic/diluted earnings/(loss) per share	4	(0,00)	(0,00)

**INTERIM CONDENSED STATEMENT
OF FINANCIAL POSITION
AT 31 MARCH 2016**

<i>(Amounts in USD 000)</i>	Note	31.3.2016	31.12.2015
		<i>Unaudited</i>	<i>Audited</i>
ASSETS			
Equipment and machinery		1	1
Total non-current assets		1	1
Trade and other receivables		36	35
Available-for-sale financial assets	5	16	16
Current tax asset		1	1
Cash and bank balances		9 308	9 393
Total current assets		9 361	9 445
Total Assets		9 362	9 446
EQUITY AND LIABILITIES			
Ordinary shares		2 620	2 620
Share premium		6 938	6 938
Accumulated profits/(losses)		(323)	(177)
Total equity		9 235	9 381
Trade and other payables		127	65
Total current liabilities		127	65
Total Equity and Liabilities		9 362	9 446

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

*Martin Nes
Chairman
(Sign.)*

*Espen Lundaas
CFO
(Sign.)*

**INTERIM CONDENSED STATEMENT
OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016**

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Accumulated Profits/(Losses)	Total
Balance at 01.01.2015	2 620	39 950	12 306	54 876
Comprehensive income				
Profit/(Loss) for the period	-	-	(200)	(200)
Balance at 31.3.2015 (unaudited)	2 620	39 950	12 106	54 676
Balance at 01.01.2016	2 620	6 938	(177)	9 381
Comprehensive income				
Profit/(loss) for the period	-	-	(146)	(146)
Balance at 31.3.2016 (unaudited)	2 620	6 938	(323)	(9 235)

**INTERIM CONDENSED STATEMENT
OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016**

	Note	Three Months Ended	
		2016	2015
<i>(Amounts in USD 000)</i>		Q1	Q1
		<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the period before income tax		(146)	(200)
Other gains and losses	3	-	4
Depreciation and amortization		-	1
Interest income		(12)	(43)
Increase in trade and other receivables		(1)	(7)
Increase in trade and other payables		62	33
Net cash generated from/(used in) operating activities		(97)	(212)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in restricted cash		-	11
Interest received		12	43
Net cash generated from/(used in) investing activities		12	54
Net decrease in cash and cash equivalents		(85)	(158)
Cash and cash equivalents at beginning of year		9 393	54 777
Non-cash transaction		-	-
Cash and cash equivalents at end of period		9 308	54 619

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. The address of the Company’s registered office is 213 Arch. Makarios Avenue, Maximos Plaza, Tower 1, 3rd floor, 3030 Limassol, Cyprus.

Principal Activities

The principal activity of the Company is that of the investment holding.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim condensed financial statements for the three months ended 31 March 2016, 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 2015. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015 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 2016. 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.

NOTE 3 – OTHER GAINS AND LOSSES

<i>(Amounts in USD 000)</i>	Three Months Ended	
	31.3.2016	31.3.2015
Impairment of investment in Bank of Cyprus Public Company Ltd	-	(4)
Waived amount due from subsidiary	-	(31)
Net currency translation differences	7	(13)
	7	(48)

NOTES TO THE FINANCIAL INFORMATION

NOTE 4 – 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	
	31.3.2016	31.03.2015
Basic/diluted EPS		
Profit/(Loss) attributable to equity holders of the Company	(146)	(200)
Weighted average number of ordinary shares in issue (thousands) *	262 000	262 000
Basic/diluted earnings/(loss) per share	(0,00)	(0,00)

NOTE 5 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>(Amounts in USD 000)</i>	31.3.2016	31.12.2015
Balance at the beginning of year	16	26
Impairment charge	-	10
Balance at the end of year	16	16

NOTE 6 – APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 25 May 2016.

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q2 2016	29 August 2016
Q3 2016	28 November 2016

S.D. Standard Drilling Plc

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