

S.D. STANDARD DRILLING PLC

THIRD 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 nine months ended 30 September 2017 we confirm that, to the best of our knowledge:

- a) The interim condensed financial statements of the Company for the nine months ended 30 September 2017 which are presented on pages 7 to 18:
 - (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, 23 November 2017

Martin Nes
Chairman

Arne Helge Fredly
Non-Executive Director

George Crystallis
Independent Director

Christos Neocleous
Chief Financial Officer

Evangelia Panagide
General Manager

Third Quarter Management Report 2017

Selected Financial Information

	Three Months Ended		Nine Months Ended	
	2017 Q3	2016 Q3	2017 Q3	2016 Q3
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating profit/(loss)	(5 793)	(81)	(4 773)	(304)
Profit/(loss) for the period before tax	(5 758)	(82)	(4 775)	(311)
Total comprehensive income/(loss) for the period	(5 762)	(82)	(4 776)	(310)

Presentation of Interim Condensed Financial Statements

These interim condensed financial statements for the third 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. Consequently, the Company's investment in Platform Supply Vessels (PSVs) is valued based on estimates made by reputable independent valuers. Revenue and EBITDA from chartering out the vessels are not consolidated into nor directly reflected in these Financial Statements.

Highlights Third Quarter

- Positive EBITDA in Q3 17 of USD 0,54 million (Q2 17 USD -2,68 million) from chartering out the 3 large –sized PSV's with an EBITDA margin of 21%. Including the ownership in PSV Opportunity III (25.53%) the group netted a positive EBITDA of USD 0,46 million (Q2 17 USD -3,1 million).
- In July 2017, the Company's vessels held indirectly through its wholly owned Norwegian subsidiary Wanax AS, were awarded the following contracts:
 - Standard Princess secured 1 well firm (~70 days) with Centrica.
 - Standard Viking secured 12 month firm contract with Peterson +2x1 year option.
 - FS Balmoral secured 2 wells +1 re-entry well firm (~220 days) with Ineos +5x1 well options (~30-90 days per well)
- During Q3 17, the utilisation charter-out rate of the Company's vessels held through its wholly owned Norwegian subsidiary Wanax AS, approximates to 90% (Q2 17 49%) for the three large PSV Standard vessels and 95% (Q2 17 61%) for the PSV Opportunity III vessels (excluding those in lay-up).
- In August 2017, the Company received an additional inflow of USD 527 thousands from the redemption of World Wide Supply Ltd's senior secured corporate bonds.

Third Quarter Management Report 2017 (Continued)

Selected Financial Information

Subsequent Events

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

1. On 11 October 2017 the Company entered into an agreement to acquire two UT 776 CD PSV vessels for a total en-bloc consideration of USD 22,2 million. The vessels are large PSVs, which were built at STX Brevik, Norway in 2009 and 2010. On 13 November 2017, the transaction was completed and the Company took delivery of the two vessels through its wholly owned Norwegian subsidiary Wanax AS. After the transaction the Company have ownership of 18 vessels out of which 5 are 100% owned.
2. On 31 October 2017, the Company announced an equity offering of up to 152,671,756 new shares directed towards all registered shareholders in the Company as of 30 October 2017, divided on two tranches at an offer price of NOK 1.31 per share raising gross proceeds of up to NOK 200 million. The equity offering was successfully completed and the following shares were issued:
 - a. On 3 November 2017, the Company issued 145,432,069 new shares at the price of USD 0.1604 per share which included a share premium of USD 0.1304 per share, with gross proceeds of USD 23,3 million.
 - b. On 6 November 2017, the Company issued 7,239,687 new shares at the price of USD 0.1604 per share which included a share premium of USD 0.1304 per share, with gross proceeds of USD 1,2 million.

Out of the proceeds from the above equity offering USD 22,2 million were used to fund the acquisition of the two vessels referred to in (1) above.

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

THIRD QUARTER MANAGEMENT REPORT 2017 (CONTINUED)

RESULTS FOR THIRD QUARTER 2017

The operating loss for the three months ended on 30 September 2017 was USD 5,8 million compared to the three months ended 30 September 2016 loss of USD 0,8 million. The operating loss includes mainly administration expenses of USD 130 thousands, an unrealized loss on revaluation of financial assets of USD 6,5 million and a net foreign currency gain of USD 831 thousands. Finance income for the period was USD 35 thousands thus a net loss before tax for the period of approximately USD 5,8 million. Earnings per share was USD (0,02) for the Quarter.

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

The operating loss for the nine months ended 30 September 2017 was USD 4,8 million compared to the nine months ended 30 September 2016 loss of USD 0,3 million. The increased loss in 2017 compared to 2016 is mainly due to an unrealized loss on revaluation of financial assets at fair value of USD 6,6 million, other gains of USD 0,36 million and a net foreign currency gains of USD 1,9 million. The Company had no other material investments neither material transactions denominated in currencies other than the Company's functional currency, thus the remaining net loss was comprised mainly by administration expenses.

LIQUIDITY AND CAPITAL STRUCTURE

The available cash position as at 30 September 2017 was USD 12,8 million.

During the nine months of 2017 net cash used in operating activities was USD 56,4 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 2,3 million consisting mainly of (i) an interest received of USD 73 thousands and (ii) a net inflow of USD 2,2 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 September 2017, the Company had 1546 shareholders. The share price as of 30 September 2017 was NOK 1,39 (USD 0,175).

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.

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.

The PSV-market in the North Sea Sector will be difficult the coming winter, but the Company expects that there will be an upturn in the market from the spring of 2018. With all its 5 larger PSVs trading and with a satisfying contract coverage for the winter for the part-owned vessels in PSV Opportunity III, the Company is well positioned to take part in the expected upturn.

THIRD 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.*

23 November 2017

*Martin Nes
Chairman
(Sign.)*

*Christos Neocleous
CFO
(Sign.)*

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

	Note	Three Months Ended		Nine Months Ended	
		2017 Q3	2016 Q3	2017 Q3	2016 Q3
		<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	(6 502)	-	(6 584)	-
Other gains and (losses)	5	(56)	-	364	-
Interest income		64	11	73	36
Net foreign currency gains or (losses)		831	4	1 851	9
Total net income /(loss)		(5 663)	15	(4 296)	45
Expenses					
Administration fees		(130)	(96)	(477)	(349)
Total operating expenses		(130)	(96)	(477)	(349)
Operating profit/(loss)		(5 793)	(81)	(4 773)	(304)
Finance costs					
Sundry finance income/(expenses)		35	(1)	(2)	(7)
Profit/(loss) for the period before tax		(5 758)	(82)	(4 775)	(311)
Income tax expense		-	-	-	-
Profit/(loss) for the period after tax		(5 758)	(82)	(4 775)	(311)
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Available-for-sale investments – Fair value gain		(4)	-	(1)	1
Other comprehensive income for the period		(4)	-	(1)	1
Total comprehensive income for the period		(5 762)	(82)	(4 776)	(310)
Earnings/(loss) per share					
Basic/diluted earnings/(loss) per share	3	(0,02)	(0,00)	(0,01)	(0,00)

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

<i>(Amounts in USD 000)</i>	Note	30.09.2017	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	59 528	5 300
Total non-current assets		59 531	5 301
Trade and other receivables		56	144
Senior secured callable bonds	5	148	2 018
Loan receivable	6	742	-
Available-for-sale financial assets	7	14	15
Current tax asset		1	1
Cash and bank balances		12 766	1 798
Total current assets		13 727	3 976
Total Assets		73 258	9 277
EQUITY AND LIABILITIES			
Ordinary shares	8	10 701	2 620
Share premium	8	67 713	6 938
Other reserves	9	(2)	(1)
Accumulated profits/(losses)		(5 229)	(454)
Total equity		73 183	9 103
Trade and other payables		75	174
Total current liabilities		75	174
Total Equity and Liabilities		73 258	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 SEPTEMBER 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	-	-	-	(311)	(311)
Other comprehensive income	-	-	1	-	1
Balance at 30.09.2016 (unaudited)	2 620	6 938	1	(488)	9 071
Balance at 01.01.2017	2 620	6 938	(1)	(454)	9 103
Comprehensive income					
Profit/(loss) for the period	-	-	-	(4 775)	(4 775)
Other comprehensive income	-	-	(1)	-	(1)
Transactions with owners					
Issue of share capital (note 8)	8 081	63 753	-	-	71 834
Share issue costs	-	(2 978)	-	-	(2 978)
Balance at 30.09.2017 (unaudited)	10 701	67 713	(2)	(5 229)	73 183

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

	Note	Nine Months Ended	
		2017 Q3	2016 Q3
<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		(4 775)	(311)
Unrealised exchange gain		(418)	-
Other gains and losses	5	(364)	-
Payments to acquire financial assets at fair value through profit or loss		(56 611)	-
Interest income		(73)	(36)
Loans granted		(742)	-
Decrease/(increase) in trade and other receivables		88	(14)
Decrease in financial asset fair value through profit or loss	4	6 584	-
Decrease in trade and other payables		(99)	(16)
Net cash generated from/(used in) operating activities		(56 410)	(377)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment to acquire investment in associate		-	(2 400)
Payments for purchase of intangible assets		(2)	-
Redemption of senior secure callable bonds		3 626	-
Payment for the purchase of senior secure callable bonds	6	(1 392)	-
Interest received		73	36
Net cash generated from/(used in) investing activities		2 305	(2 364)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		67 633	-
Share issue costs		(2 978)	-
Net cash generated from/(used in) financing activities		64 655	-
Net increase/ (decrease) in cash and cash equivalents		10 550	(2 741)
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		418	-
Cash and cash equivalents at end of period		12 766	6 652

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 nine months ended 30 September 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		Nine Months Ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Basic/diluted EPS				
Profit/(Loss) attributable to equity holders of the Company	(5 758)	(82)	(4 775)	(311)
Weighted average number of ordinary shares in issue (thousands)	356 688	87 333	342 998	87 333
Basic/diluted earnings/(loss) per share	(0,02)	(0,00)	(0,01)	(0,00)

The comparative weighted average number of ordinary shares for the third quarter of 2017 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>	30.09.2017	31.12.2016
Balance at 1 January	5 300	-
Additions	60 812	5 107
Change in fair value	(6 584)	193
Balance at the end of the period/ year (note 10)	59 528	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	
			30.09.2017	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 Brevik 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>	30.09.2017	30.09.2016
<i>Other net changes in fair value on financial assets at fair value through profit or loss</i>		
Realised	-	-
Unrealised change	(6 584)	-
Total net gains/(losses)	(6 584)	-
Other net changes in fair values on assets designated at fair value through profit or loss	(6 584)	-
Total net gains/(losses)	(6 584)	-

NOTE 5 – SENIOR SECURED CALLABLE BONDS

<i>(Amounts in USD 000)</i>	30.09.2017	31.12.2016
Balance at 1 January	2 018	-
Additions	1 392	2 018
Interest received	56	-
Change in fair value	364	-
Redemption	(3 682)	-
Balance at the end of the period/ year	148	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 an amount of approximately 3,2 million which includes an interest received of USD 43 thousands has been redeemed. The bonds are in default.

In August 2017, the Company received a further redemption of USD 527 thousands which includes an interest received of USD 13 thousands, whereas an additional amount of USD 150 thousands is expected to be received within three 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 364 thousands.

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

NOTE 6 – LOAN RECEIVABLE

<i>(Amounts in USD 000)</i>	30.09.2017	31.12.2016
Balance at the beginning of the year	-	-
New loans granted	742	-
Interest income	-	-
Repayments	-	-
Balance at the end of the period	742	-

<i>(Amounts in USD 000)</i>	30.09.2017	31.12.2016
Loan to own subsidiary	742	-

On 12 October 2017, the company concluded a credit facility agreement for a total amount of up to USD 1 million with its 100% subsidiary Company Wanax AS. As of the reporting date an amount of USD 742 thousands has been utilized. The facility was effectively granted from the first drawdown date, which was made prior the reporting date, is interest free, unsecured and it is repayable by 12 October 2018.

NOTES TO THE FINANCIAL INFORMATION

NOTE 7 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>(Amounts in USD 000)</i>	30.09.2017	31.12.2016
Balance at the beginning of period/year	15	16
Net gain/(loss) arising on revaluation of available for sale financial asset	(1)	(1)
Balance at the end of period/year	14	15

NOTE 8 – 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	-	-	(2 978)	(2 978)
Balance at the end of the period	356 688	10 701	67 713	78 414

NOTES TO THE FINANCIAL INFORMATION

NOTE 8 – SHARE CAPITAL AND PREMIUM (CONTINUED)

All shares issued have the same rights and are of nominal value of USD 0,03 each, following the recent reverse split. During the nine 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.
- 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 9 – OTHER RESERVES

(Amounts in USD 000)

	30.09.2017	31.12.2016
Balance at the beginning of the year	(1)	-
Fair value reserve-available for sale investments (1)	(1)	(1)
Balance at the end of period/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 10 – FAIR VALUE MEASUREMENTS

10.1 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	-	5 345

<i>(Amounts in USD 000)</i>	Level 1	Level 2	Level 3	Total
At 30 September 2017				
Assets				
Available for sale financial assets				
- Equity securities	14	-	-	14
Financial Assets through profit or Loss				
- Financials asset designated at fair value through profit or loss (note 4)	-	59 528	-	59 528
Total financial assets measured at fair value	14	59 528	-	59 542

NOTES TO THE FINANCIAL INFORMATION

NOTE 10 – FAIR VALUE MEASUREMENTS (CONTINUED)

10.2 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30/09/17	31/12/16		
1) Financial asset designated at fair value through profit or loss:				
(a) Investment in Wanax AS (100%) which holds:	USD 51 152 thousands	USD 5 300 Thousands	Level 2	Market Approach The valuation technique uses prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in. The data used are based on observable inputs.
(i) 25,53% Participatory interest in PSV Opportunity III DIS "PSV III",				
(ii) 100% participatory interest in Standard Princess AS,				
(iii) 100% participatory interest in Standard Supplier AS,				
(iv) 100% participatory interest in Standard Viking AS,				
The principal activity of PSV III, Standard Princess AS, Standard Supplier AS and Standard Viking AS is that of the holdings of PSV vessels.				
(b) Investment in New World Supply Ltd (26,2%) which holds:	USD 8 376 thousands	Not applicable	Level 2	Market Approach The valuation technique uses prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in. The data used are based on observable inputs.
(i) 100% Participatory interest in SPV World Diamond,				
(ii) 100% Participatory interest in SPV World Peridot,				
(iii) 100% Participatory interest in SPV World Pearl,				
(iv) 100% Participatory interest in SPV World Emerald,				
(v) 100% Participatory interest in SPV World Opal,				
(vi) 100% Participatory interest in SPV World Sapphire.				
The principal activities of the above companies is that of the holding of PSV vessels.				
2) Listed shares - Bank of Cyprus Holdings Plc	USD 14 thousands	USD 15 thousands	Level 1	Quoted bid prices in an active market

NOTES TO THE FINANCIAL INFORMATION

NOTE 11 – APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 23 November 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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