

S.D. STANDARD DRILLING PLC

FOURTH 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 twelve months ended 31 December 2016 we confirm that, to the best of our knowledge:

- a) The interim condensed financial statements of the Company for the twelve months ended 31 December 2016 which are presented on pages 6 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, 27 February 2017

Martin Nes
Chairman

Arne Helge Fredly
Non-Executive Director

George Crystallis
Independent Director

Espen Lundaas
Chief Financial Officer

Evangelia Panagide
General Manager

Fourth Quarter Management Report 2016

Selected Financial Information

	Three months Ended		Twelve Months Ended	
	2016 Q4	2015 Q4	2016 Q4	2015 Q4
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating profit/(loss)	38	16	(266)	(3 296)
Profit/(Loss) for the period before taxes	34	5	(277)	(3 311)
Profit/(Loss) for the period	34	5	(277)	(3 311)

Presentation of Interim Condensed Financial Statements

These interim condensed financial statements for the Quarter 4 of the year 2016 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 at fair value through profit or loss.

Subsequent Events

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

- 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 owns 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.
- On 4 January 2017 the Company held an Extraordinary General Meeting where it was resolved to increase the Company's 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.
- 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.
- 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.
- 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.
- 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.

Fourth Quarter Management Report 2016

Subsequent Events (continued)

7. 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 includes a share premium of USD 0.0978 per share.
8. 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 took delivery of the PSV’s on 9 February and are owned by three 100% owned subsidiaries.
9. On 23 February 2017 the Company held an Extraordinary General Meeting where it was resolved to increase the Company’s 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.

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

RESULTS

RESULTS FOR FOURTH QUARTER 2016

The operating profit for the three months ended on 31 December 2016 was USD 38 thousands. The operating profit includes mainly administration expenses of USD 152 thousands and an unrealized gain on revaluation of Wanax AS of USD 193 thousands. Finance cost for the period was USD 4 thousands thus a net profit before tax for the period of approximately USD 34 thousands. Earnings per share was USD 0,00 for the Quarter.

LIQUIDITY AND CAPITAL STRUCTURE

The available cash position as at 31 December 2016 was USD 1,8 million.

During the twelve months of 2016, net cash used in operating activities was USD 5 619 thousands, mainly consisting of (i) an outflow of USD 2 400 thousands for subscribing in the partnership capital of PSV Opportunity I DIS and (ii) an outflow of USD 2 700 thousands for subscribing in the partnership capital of PSV Opportunity II DIS. The net cash used in investing activities was USD 1 976 thousands consisting mainly of (i) an interest received of USD 42 thousands and (ii) an outflow of USD 2 018 thousands for the purchase of World Wide Supply A.S.'s senior secured corporate bonds. Net cash used in financing activities was USD NIL.

As of 31 December 2016, the Company had 323 shareholders. The share price as of 31 December 2016 was NOK 1,37 (USD 0,159).

INVESTMENT IN PSV OPPORTUNITY II DIS

On 13 October 2016 the Company subscribed for USD 2.7 million, representing 20% of the total partnership capital of PSV Opportunity II DIS (hereinafter "PSV II"), a partnership arrangement established in Norway. PSV II owns two mid-size PSV vessels (UK 755 LNI) which were built Aker Aukra in Norway in 2009 and 2008. The transaction was closed on 26 October 2016.

INVESTMENT IN WANAX AS

On 21 November 2016 the Company acquired the entire share capital of Wanax AS, a company incorporated in Norway and on 29 November 2016 the Company further subscribed to the share capital and share premium of the subsidiary an additional USD 5,1 million.

PURCHASE OF SENIOR SECURED CALLABLE BONDS

During Quarter 4 2016, the Company purchased a total of 12 221 667 senior secured callable bonds ("bonds") of World Wide Supply AS ("WWS") at a price of USD 2 018 thousands.

OUTLOOK

The Company's strategy is to invest in the oil services industry, directly or indirectly into companies, securities and/or assets, with the aim to control a larger fleet of assets – all acquired at low values for capital appreciation and investment income. The investments are measured at fair value. 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 will mainly invest in projects financed by equity only. This should put the Company in a position enabling to run at low cost increasing the probability to receive contract awards for the assets owned by the Company (directly or indirectly).

The Company has a sound financial position and the Board of Directors believes 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.*

27 February, 2017

*Martin Nes
Chairman
(Sign.)*

*Espen Lundaas
CFO
(Sign.)*

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

	Note	Three Months Ended		Twelve Months Ended	
		2016 Q4	2015 Q4	2016 Q4	2015 Q4
<i>(Amounts in USD 000)</i>		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Income					
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss	5	193	-	193	-
Interest income		6	151	42	241
Net foreign currency gains or losses		(9)	24	-	(2 851)
Total net income /(loss)		190	175	235	(2 610)
Expenses					
Impairment charges		-	(6)	-	(10)
Administration fees		(152)	(153)	(501)	(643)
Waived amount due to subsidiary		-	-	-	(31)
Other operating expenses		-	-	-	(2)
Total operating expenses		(152)	(159)	(501)	(686)
Operating profit/(loss)		38	16	(266)	(3 296)
Finance costs					
Sundry finance expenses		(4)	(11)	(11)	(15)
Profit/(loss) for the period before tax		34	5	(277)	(3 311)
Income tax expense		-	-	-	-
Profit/(loss) for the period after tax		34	5	(277)	(3 311)
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Available-for-sale investments – Fair value loss		(2)	-	(1)	-
Other comprehensive income for the period		(2)	-	(1)	-
Total comprehensive income for the period		32	5	(278)	(3 311)
Earnings/(loss) per share					
Basic/diluted earnings/(loss) per share	4	0,00	0,00	(0,00)	(0,01)

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

<i>(Amounts in USD 000)</i>	Note	31.12.2016	31.12.2015
ASSETS		<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery		1	1
Financial asset at fair value through profit or loss	5	5 300	-
Total non-current assets		5 301	1
Trade and other receivables		144	35
Senior secured callable bonds	6	2 018	-
Available-for-sale financial assets	7	15	16
Current tax asset		1	1
Cash and bank balances		1 798	9 393
Total current assets		3 976	9 445
Total Assets		9 277	9 446
EQUITY AND LIABILITIES			
Ordinary shares		2 620	2 620
Share premium		6 938	6 938
Other reserves	8	(1)	-
Accumulated profits/(losses)		(454)	(177)
Total equity		9 103	9 381
Trade and other payables		174	65
Total current liabilities		174	65
Total Equity and Liabilities		9 277	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 DECEMBER 2016**

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Fair value reserve - available for sale investments	Accumulated Profits/(Losses)	Total
Balance at 01.01.2015	2 620	39 950	-	12 304	54 874
Comprehensive income					
Profit/(Loss) for the period	-	-	-	(3 311)	(3 311)
Dividend paid	-	-	-	(9 170)	(9 170)
Share premium reduction	-	(33 012)	-	-	(33 012)
Balance at 31.12.2015 (unaudited)	2 620	6 938	-	(177)	9 381
Balance at 01.01.2016	2 620	6 938	-	(177)	9 381
Comprehensive income					
Profit/(loss) for the period	-	-	-	(277)	(277)
Other comprehensive income	-	-	(1)	-	(1)
Balance at 31.12.2016 (unaudited)	2 620	6 938	(1)	(454)	9 103

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

	Note	Twelve Months Ended	
		2016 Q4	2015 Q4
<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		(277)	(3 311)
Unrealised exchange loss		-	2 870
Payments to acquire financial assets at fair value through profit or loss		(5 107)	-
Impairment charges		-	10
Depreciation and amortization		-	2
Interest income		(42)	(241)
(Decrease)/Increase in trade and other receivables		(109)	38
Increase in financial asset fair value through profit or loss		(193)	-
Increase in trade and other payables		109	17
Net cash generated from/(used in) operating activities		(5 619)	(615)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for the purchase of senior secure callable bonds	6	(2 018)	-
Decrease in restricted cash		-	11
Interest received		42	241
Net cash generated from/(used in) investing activities		(1 976)	252
CASH FLOWS FROM FINANCING ACTIVITIES			
Share premium redemption		-	(35 059)
Interim dividends paid		-	(9 962)
Net cash generated used in financing activities		-	(45 021)
Net decrease in cash and cash equivalents		(7 595)	(45 384)
Cash and cash equivalents at beginning of year		9 393	54 777
Non-cash transaction		-	-
Cash and cash equivalents at end of period		1 798	9 393

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 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 twelve months ended 31 December 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, except that investments in subsidiaries and associates are measured at fair value.

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.

Investment entity

The Company, being a listed entity, has multiple unrelated investors and holds multiple investments. The Board has determined that the Company meets the definition of investment entity per IFRS as the following conditions exist:

- The Company has announced and subsequently obtained funds for the purpose of providing investors with professional investment management services;
- The business purpose is to invest in the PSV market for capital appreciation and investment income; and
- The investments are measured and evaluated by management on a fair value basis.

Investment in subsidiaries and consolidation

The Company does not have any other subsidiaries other than those determined to be controlled subsidiary investments. Controlled subsidiary investments are measured at fair value through profit or loss and not consolidated in accordance with IFRS 10. The Company’s controlled subsidiary investment, Wanax AS, has been incorporated for the purpose of holding underlying investment on behalf of the Company.

NOTES TO THE FINANCIAL INFORMATION

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in associates

The Company can also exercise significant influence on certain investments which qualify as investments in associates.

Investments that are held as part of the Company's investment portfolio are carried in the balance sheet at fair value even though the Company may have significant influence over those entities. This treatment is permitted by IAS 28 "Investment in associates" which allows investments that are held by investment entities to be recognised at fair value through profit or loss and accounted for in accordance with IAS 39 and IFRS 13. Therefore these investments are recognised as financial assets at fair value through profit or loss and are accounted for in accordance with IAS 39 as required by IAS 28 rather than by using the equity accounting (a policy which was followed in the Quarter 3 2016 interim condensed financial statements).

In Quarter 3 2016, the results and assets and liabilities of associates were incorporated in the interim condensed financial statements using the equity method of accounting, except when the investment was classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses.

Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss. The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company. As mentioned in "Basis of Preparation" section above, the management of the Company has concluded subsequently to issuing Quarter 3 2016 that the entity is an investment entity as defined by IFRS 10 and therefore its investments in associates previously accounted for under the equity method are recognized as financial assets at fair value through profit or loss in accordance with IAS 39, as allowed by IAS 28 rather than by using the equity accounting.

The change in accounting policy mentioned above did not have an impact on any periods prior to 30 June 2016. The impact on Quarter 3 2016 report from the change in accounting policy is disclosed in note 3.

NOTES TO THE FINANCIAL INFORMATION

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets designated at fair value through profit or loss

Financial assets at fair value through profit or loss has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within twelve months of the balance sheet date.

Regular way purchases and sales of financial assets are recognized on the trade date which is the date on which the Company commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within 'other (losses)/gains - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit or loss as part of other income when the Company's right to receive payments is established.

Transaction costs

Qualifying transaction costs incurred in anticipation of an issuance of equity instruments and across reporting periods are deferred on the balance sheet until the equity instrument is recognised.

Segmental Information

The Company's does not operate and consequently does not report through any segments as all the investments are fair valued and currently within the same market and industry.

NOTES TO THE FINANCIAL INFORMATION

NOTE 3 – CHANGE OF ACCOUNTING POLICY

As explained in note 2 during Quarter 4 2016 the Company changed its accounting policy for the Investments in associates. The effect of the changes in the accounting policy in third Quarter is outlined below:

INTERIM CONDENSED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

<i>(Amounts in USD 000)</i>	As previously reported	Effect	As Restated
	2016 Q3	2016 Q3	2016 Q3
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating Revenue	-	-	-
Operating Expenses	-	-	-
Gross profit/(loss)	-	-	-
Other gains and (losses)	9	-	9
Share of profit/(loss) from associate	(416)	416	-
Administration expenses	(349)	-	(349)
Operating profit/(loss) before depreciation	(756)	416	(340)
Depreciation and amortization	-	-	-
Operating profit/(loss)	(756)	416	(340)
Finance Income	36	-	36
Finance Costs	(7)	-	(7)
Profit/(Loss) for the period before tax	(727)	416	(311)
Income tax credit/(expense)	-	-	-
Profit/(Loss) for the period	(727)	416	(311)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on the translation of foreign associate financial statements	117	(117)	-
Available-for-sale investments – Fair value gains	1	-	1
Other comprehensive income for the period	118	(117)	1
Total comprehensive income for the period	(609)	299	(310)

NOTES TO THE FINANCIAL INFORMATION

NOTE 3 – CHANGE OF ACCOUNTING POLICY (CONTINUED)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2016

<i>(Amounts in USD 000)</i>	As per previously Reported “Equity Method”		As restated “Fair value”
	2016 Q3 <i>Unaudited</i>	Effect 2016 Q3 <i>Unaudited</i>	2016 Q3 <i>Unaudited</i>
ASSETS			
Equipment and machinery	1		1
Investment in associate	2 101	(2 101)	-
Financial assets designated at fair value through profit or loss	-	2 400	2.400
Total non-current assets	2 102	299	2.401
Trade and other receivables	49	-	49
Available-for-sale financial assets	16	-	16
Current tax asset	1	-	1
Cash and bank balances	6 652	-	6 652
Total current assets	6 718	-	6 718
Total Assets	8 820	299	9 119
EQUITY AND LIABILITIES			
Ordinary shares	2 620		2 620
Share premium	6 938		6 938
Other reserves	118	(117)	1
Accumulated profits/(losses)	(904)	416	(488)
Total equity	8 772	299	9 071
Trade and other payables	48	-	48
Total current liabilities	48	-	48
Total Equity and Liabilities	8 820	299	9 119

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		Twelve Months Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Basic/diluted EPS				
Profit/(Loss) attributable to equity holders of the Company	34	5	(277)	(3 311)
Weighted average number of ordinary shares in issue (thousands)	262 000	262 000	262 000	262 000
Basic/diluted earnings/(loss) per share	0,00	0,00	(0,00)	(0,01)

NOTE 5 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

<i>(Amounts in USD 000)</i>	31.12.2016	31.12.2015
Balance at 1 January	-	-
Additions	5 107	-
Change in fair value	193	-
Exchange differences	-	-
Balance at the end of the year	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	
			31.12.2016	31.12.2015
Wanax AS	Investment holding	Norway	100%	-

- 1) The Company has invested USD 2,4 million, representing 20% of the total partnership capital of PSV Opportunity I DIS (hereinafter "PSVI"), a partnership arrangement established in Norway. "PSVI" owns three mid-size PSV vessels (VS 470 MKII) which were built at Kleven Shipyard in Norway in 2005 and 2006. The transaction was closed in early August 2016.
- 2) The Company has invested USD 2,7 million, representing 20% of the total partnership capital of PSV Opportunity II DIS (hereinafter "PSV II"), a partnership arrangement established in Norway. PSV II owns two mid-size PSV vessels (UK 755 LNI) which were built Aker Aukra in Norway in 2009 and 2008. The transaction was closed on 26 October 2016.
- 3) On 21 November 2016 the Company acquired the entire share capital of Wanax AS, a company incorporated in Norway for a consideration of USD 4 thousands. On 29 November 2016 the Company has subscribed to the share capital and share premium of Wanax AS an additional USD 5,1 million by transferring the participatory interest held by the Company in PSV Opportunity I DIS and in PSV Opportunity II DIS to the subsidiary company Wanax AS.

The above investments are measured at fair value.

<i>(Amounts in USD 000)</i>	31.12.2016	31.12.2015
<i>Other net changes in fair value on financial assets at fair value through profit or loss</i>		
Realised	-	-
Unrealised change	193	-
Total net gains/(losses)	193	-
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	193	-
Total net gains/(losses)	193	-

NOTES TO THE FINANCIAL INFORMATION

NOTE 6 – SENIOR SECURED CALLABLE BONDS

<i>(Amounts in USD 000)</i>	31.12.2016	31.12.2015
Balance at 1 January	-	-
Additions	2 018	-
Balance at the end of the year	2 018	-

On 28 October 2016 the Company purchased 10 521 667 senior secured callable bonds (the “bonds”) of World Wide Supply AS (“WWS”) in the secondary market at a price of USD 1 775 531. On 3 November 2016 the Company purchased additionally 1 700 000 bonds at a price of USD 242 250. 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.

On 22 December 2016 the bondholders made a resolution to instruct the bond trustee to declare the bond in default and requested WWS to sell the vessels to a new company to be established named New World Supply Ltd (“NWS”) where the bondholders have the right to invest.

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

NOTE 7 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>(Amounts in USD 000)</i>	31.12.2016	31.12.2015
Balance at the beginning of year	16	26
Net loss arising on revaluation of available for sale financial asset	(1)	-
Impairment charge	-	(10)
Balance at the end of year	15	16

NOTE 8 – OTHER RESERVES

<i>(Amounts in USD 000)</i>	31.12.2016	31.12.2015
Fair value reserve-available for sale investments (1)	(1)	-
Balance at the end of year	(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 2015				
Assets				
Available for sale financial assets				
- Equity securities	16	-	-	16
Total financial assets measured at fair value	16	-	-	16

<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				
- Financials asset designated at fair value through profit or loss (note 6)	-	5 300	-	5 300
Total financial assets measured at fair value	15	5 300	-	5 315

NOTES TO THE FINANCIAL INFORMATION

NOTE 9 – FAIR VALUE MEASUREMENTS (CONTINUED)

9.2 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)
	31/12/16	31/12/15		
<p>1) Financial asset designated at fair value through profit or loss</p> <p>Investment in Wanax AS (100%) which holds:</p> <p>(i) (20% Participatory interest in PSV Opportunity I DIS "PSV I" and,</p> <p>(ii) 20% participatory interest in PSV Opportunity II DIS "PSV II",</p> <p>The principal activity of PSV I and PSV II is that of the holding of PSV vessels.</p>	USD 5 300 thousands	N/A	Level 2	<p>Market Approach</p> <p>The valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable (similar) PSV vessels. The data used are based on observable inputs.</p>
2) Listed shares - Bank of Cyprus Holdings Plc	USD 15 thousands	USD 16 thousands	Level 1	Quoted bid prices in an active market

NOTE 10 – APPROVAL OF INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors of the Company on 27 February 2017.

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q4 2016	28 February 2017
Q1 2017	26 May 2017
Q2 2017	25 August 2017
Q3 2017	24 November 2017

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