



## **S.D. STANDARD DRILLING PLC**

(A public company incorporated under the laws of Cyprus)

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This prospectus (the "**Prospectus**") has been prepared by S.D. Standard Drilling Plc (the "**Company**" or "**Standard Drilling**"), solely for use in connection with the listing of 754,485,282 newly issued Shares on Oslo Axess (the "**Listing**"), each with a par value of USD 0.01 (the "**New Shares**").

The Listing of 423,076,924 New Shares is made in connection with a private placement completed in December 2016 (the "**Private Placement#1**"). The New Shares have been issued and rank pari passu with all other Shares issued by the Company.

The Listing of 111,111,200 New Shares is made in connection with a private placement completed in January 2017 (the "**Private Placement#2**"). The New Shares have been issued and rank pari passu with all other Shares issued by the Company.

The Listing of 220,297,158 New Shares is made in connection with a private placement completed in January 2017 (the "**Private Placement#3**"). The New Shares have been issued and rank pari passu with all other Shares issued by the Company.

Trading in the New Shares on Oslo Axess is expected to commence on or about 24 February 2017, under the Company's existing trading symbol "SDSD" and ISIN number CY0101550917 following approval of this Prospectus.

**THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO BUY, SUBSCRIBE OR SELL THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT TO THIS PROSPECTUS IN ANY JURISDICTION.**

**Generally, investing in the Shares involves a high degree of risk; see Section 2 "Risk Factors" beginning on page 14.**

**Manager**

**Clarksons Platou Securities AS**

The date of this Prospectus is 22 February 2017

## IMPORTANT INFORMATION

For the definition of certain capitalized terms used throughout this Prospectus, please refer to Section 20 "DEFINITIONS AND GLOSSARY" which also applies to the front page. This prospectus (the "**Prospectus**") has been prepared in order to provide information about S.D. Standard Drilling Plc and its business and consolidated subsidiaries (the "**Group**") in connection with the listing of 423,076,924 New Shares issued in the Private Placement#1, the listing of 111,111,200 New Shares issued in the Private Placement#2 and the listing of 220,297,158 New Shares issued in the Private Placement#3. As the Company qualifies as a "Small or Medium Size Enterprise" (an SME), the level of disclosure in this Prospectus is proportionate to this type of issuer, cf. EC Commission Regulation EC/486/2012. This Prospectus has been prepared solely in the English language.

This Prospectus has been reviewed and been approved by the Norwegian Financial Supervisory Authority (the "**Norwegian FSA**") on 22 February 2017, following a transfer of the prospectus review authority from the Cyprus Securities and Exchange Commission. The Norwegian FSA has not verified or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of verification or approval relating to corporate matters described in or referred to in this Prospectus.

In this Prospectus, the term "Manager" refers to Clarksons Platou Securities AS (the "**Manager**" or "**Clarksons**") which was engaged by the Company to act as the sole manager and bookrunner for the Private Placements.

Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the date of publication of this Prospectus and prior to completion of the Listing will be published and announced as a supplement to this Prospectus. Without limiting the manner in which the Company may choose to make public announcements, and subject to the Company's obligations under applicable law, announcements in relation to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

All inquiries relating to this Prospectus must be directed to the Company. No other person is authorized to give information or to make any representation in connection with the Listing. If any such information is given or made, it must not be relied upon as having been authorized by the Company or by any of the employees, affiliates or advisers or any of the foregoing.

The New Shares may, in certain jurisdictions, be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The content of this Prospectus are not to be construed as legal, business, financial or tax advice. Each prospective investor should consult its own legal advisor, business advisor, financial advisor or tax advisor as to legal, business, financial and tax advice.

An investment in the Company involves inherent risk, and several factors could cause the actual results, financial performance and results of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in this Prospectus, including, among others, risks or uncertainties associated with the Company's business, segments, development, growth management, financing, market acceptance and relations with customers, and, more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environments, fluctuations in market development, limited liquidity in the Shares, as well as other company specific risk factors. Please refer to Section 2 "RISK FACTORS" for a description of material risk factors related to the Company and the Shares. These and other risks could lead to actual results or achievements varying materially from those described in this Prospectus. Potential investors should not base their decision to invest on the Prospectus solely but should independently study and consider relevant information. The value of the Shares may be reduced as a result of these or other risk factors and investors may lose part or all of their investments. An investment in the Company should only be made by investors able to sustain a total loss of their investment.

This Prospectus contains certain forward-looking statements relating to the business, financial performance and results of the Company, the industry in which it operates and/ or the market in general. Forward Looking Statements include all statements that are not historical facts, and may be identified by words such as "anticipate", "believe", "estimate", "expect", "seek to", "may", "plan", "project", "should", "will" or "may" or the negatives of these terms or similar expressions. The forward-looking statements contained in this Prospectus, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or their advisors or representatives or any of their parent or subsidiary undertakings or any such person's officers or employees provides any assurance that the assumptions underlying such forward looking statements are free from errors nor does any of the accept any responsibility for the future accuracy of the opinions expressed in this Prospectus or the actual occurrence of the forecasted developments.

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents is prohibited.

Any dispute regarding the Prospectus shall be governed by Norwegian law and Norwegian courts alone shall have jurisdiction in matters relevant hereto.

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## **APPENDICES**

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## 1 SUMMARY

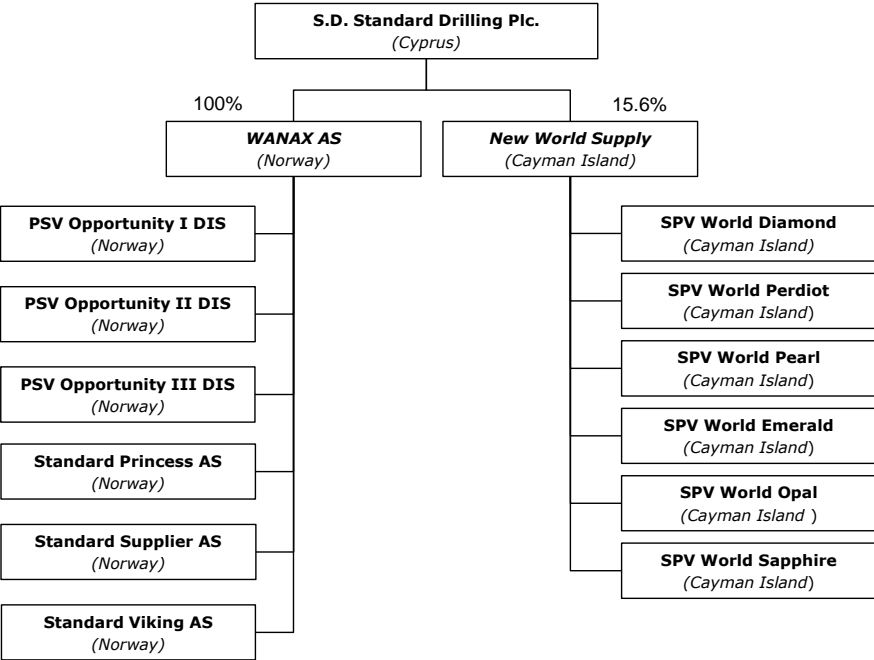
Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A – E (A.1 – E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and the Company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "**not applicable**".

### Section A – Introduction and Warnings

<b>A.1 Introduction and warning</b>	<p>This summary should be read as an introduction to the Prospectus;</p> <ul style="list-style-type: none"> <li>• any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;</li> <li>• where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and</li> <li>• civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</li> </ul>
<b>A.2 Consent to the use of this Prospectus by financial intermediaries</b>	<p>Not applicable; no consent is granted by the Company to the use of this Prospectus for subsequent resale or final placement of the Shares.</p>

### Section B – Issuer

<b>B.1 Legal and commercial name</b>	<p>The legal name of the Company is S.D. Standard Drilling Plc and is identical to its commercial name.</p>
<b>B.2 Domicile and legal form, legislation and country of incorporation</b>	<p>The Company is a public limited liability company incorporated and operating under the laws of Cyprus. The Company's registration number with the Cyprus Registrar of companies is HE277936.</p> <p>The registered and business address of the Company is: 6 Maximou Michaelidi Street, Maximos Plaza Tower 3, Office 401, CY 3106 Limassol, Cyprus. Telephone number: +35725875474, Telefax: +35725875475.</p>
<b>B.3 Current operations, principal activities and markets</b>	<p>The Company was established for the purpose of building a premium oilfield services company through superior assets, systems and people. Having sold all initial rig building contracts, the strategy of the Company has changed, to being an investment company.</p> <p>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.</p> <p>The Group currently has direct ownership interests in three (3) large-sized platform supply vessels ("PSVs") and an indirect ownership interests in thirteen (13) medium-sized platform supply vessels ("PSVs").</p>

<b>B.4a Significant recent trends</b>	<p>The market for PSV services turned dramatically down in the latter part of 2014 and has continued its negative development in 2016. The PSV market continues to remain challenging in this current environment and is likely to remain tough in the near term.</p>												
<b>B.5 Description of the Group</b>	<p>S.D. Standard Drilling Plc. is the parent company of the Group.</p> <p>The Company's investments in the PSV market are partly held directly by the Company and partly by the wholly owned subsidiary Wanax AS.</p>  <pre> graph TD     SD[<b>S.D. Standard Drilling Plc.</b> (Cyprus)] -- 100% --&gt; WANAX[<b>WANAX AS</b> (Norway)]     SD -- 15.6% --&gt; NWS[<b>New World Supply</b> (Cayman Island)]     WANAX --- POI[<b>PSV Opportunity I DIS</b> (Norway)]     WANAX --- POII[<b>PSV Opportunity II DIS</b> (Norway)]     WANAX --- POIII[<b>PSV Opportunity III DIS</b> (Norway)]     WANAX --- SP[<b>Standard Princess AS</b> (Norway)]     WANAX --- SS[<b>Standard Supplier AS</b> (Norway)]     WANAX --- SV[<b>Standard Viking AS</b> (Norway)]     NWS --- SWD[<b>SPV World Diamond</b> (Cayman Island)]     NWS --- SWP[<b>SPV World Peridot</b> (Cayman Island)]     NWS --- SWPrl[<b>SPV World Pearl</b> (Cayman Island)]     NWS --- SWE[<b>SPV World Emerald</b> (Cayman Island)]     NWS --- SWO[<b>SPV World Opal</b> (Cayman Island)]     NWS --- SWS[<b>SPV World Sapphire</b> (Cayman Island)]   </pre>												
<b>B.6 Interests in the Company and voting rights</b>	<p>Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act.</p> <p>The table below sets out the ownership percentage held by such notifiable shareholders in Standard Drilling as at 21 February 2016.</p> <table border="1" data-bbox="544 1352 1437 1491"> <thead> <tr> <th>Shareholders in Standard Drilling</th> <th>Number of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>1 SAGA TANKERS ASA</td> <td>157,298,663</td> <td>15.39 %</td> </tr> <tr> <td>2 DEUTSCHE BANK AKTIENGESELLSCHAFT*</td> <td>102,251,334</td> <td>10.01 %</td> </tr> <tr> <td>3 ARCTIC FUNDS PLC</td> <td>57,162,177</td> <td>5.59%</td> </tr> </tbody> </table> <p>* Registered as nominee shareholder with VPS. The Company does not know the identity of the ultimate beneficial shareholders holding their Shares through this nominee account.</p> <p>There are no differences in voting rights between shareholders.</p> <p>The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.</p>	Shareholders in Standard Drilling	Number of Shares	%	1 SAGA TANKERS ASA	157,298,663	15.39 %	2 DEUTSCHE BANK AKTIENGESELLSCHAFT*	102,251,334	10.01 %	3 ARCTIC FUNDS PLC	57,162,177	5.59%
Shareholders in Standard Drilling	Number of Shares	%											
1 SAGA TANKERS ASA	157,298,663	15.39 %											
2 DEUTSCHE BANK AKTIENGESELLSCHAFT*	102,251,334	10.01 %											
3 ARCTIC FUNDS PLC	57,162,177	5.59%											

<b>B.7 Selected historical key financial information</b>					
<b>Consolidated Income Statement</b>					
<b>Income statement</b>	<b>Three months ended 30 Sept. 2016</b>	<b>Three months ended 30 Sept. 2015</b>	<b>Nine months ended 30 Sept. 2016</b>	<b>Nine months ended 30 Sept. 2015</b>	
	IFRS	IFRS	IFRS	IFRS	
<i>USD million</i>	Unaudited	Unaudited	Unaudited	Unaudited	
Operating Revenue	-	-	-	-	
Operating Expenses	-	-	-	-	
Gross profit/(loss)	-	-	-	-	
Other gains and (losses)	4	(1,905)	9	(2,910)	
Share of profit/(loss) from associate	(416)	-	(416)	-	
Administration expenses	(96)	(165)	(349)	(491)	
Operating profit/(loss) before depreciation	(508)	(2,070)	(756)	(3,401)	
Depreciation and amortization	-	-	-	(2)	
Operating profit/(loss)	(508)	(2,070)	(756)	(3,403)	
Finance Income	11	18	36	90	
Finance Costs	(1)	-	(7)	(4)	
Profit/(Loss) for the period before tax	(498)	(2,052)	(727)	(3,317)	
Income tax credit/(expense)	-	-	-	-	
Profit/(Loss) for the period	(498)	(2,052)	(727)	(3,317)	
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange difference arising on the translation of foreign associate financial statements	117	-	117	-	
Available-for-sale investments – Fair value gains	-	-	1	-	
Other comprehensive income for the period	117	-	118	-	
Total comprehensive income for the period	(381)	(2,052)	(609)	(3,317)	
Earnings/(loss) per share					
Basic/diluted earnings/(loss) per share	(0.00)	(0.01)	(0.00)	(0.01)	

<b>Income statement</b>	<b>31 Dec. 2015</b>	<b>31 Dec. 2014</b>
	Audited	Audited
<i>USD million</i>	IFRS	IFRS
Operating Revenue	-	-
Operating Expenses	-	-
Gross profit/(loss)	-	-
Other gains and losses	(2,861)	(15,143)
Administrative expenses	(677)	(1,068)
Operating profit/(loss) before depreciation	(3,538)	(16,211)
Depreciation and amortization	(2)	(8)
Operating profit/(loss)	(3,540)	(16,219)
Finance Income	241	227
Finance Costs	(15)	(6)
Profit/(loss) for the year before tax	(3,314)	(15,998)
Income tax credit/(charge)	-	(71)
Profit/(loss) for the year	(3,314)	(16,069)
Other comprehensive income	-	-
Total comprehensive income for the year	(3,314)	(16,069)
Earnings/(loss) per share		
Basic/diluted earnings/(loss) per share	(0.01)	(0.06)

**Consolidated Balance Sheet**

<b>Balance sheet</b>	<b>31 Dec. 2015</b>	<b>31 Dec. 2014</b>
<i>USD million</i>	IFRS	IFRS
	Audited	Audited
<b>ASSETS</b>		
Intangible assets	-	2
Equipment and machinery	1	1
<b>Total non-current assets</b>	<b>1</b>	<b>3</b>
Trade and other receivables	35	104
Available-for-sale financial assets	16	26
Current tax asset	1	1
Restricted cash at bank	-	11
Cash and bank balances	9,393	54,782
Assets classified as held for sale	-	-
<b>Total current assets</b>	<b>9,445</b>	<b>54,924</b>
<b>Total Assets</b>	<b>9,446</b>	<b>54,927</b>
<b>EQUITY AND LIABILITIES</b>		
Ordinary shares	2,620	2,620
Share premium	6,938	39,950
Accumulated profits/(losses)	(178)	12,306
<b>Total equity</b>	<b>9,380</b>	<b>54,876</b>
Trade and other payables	66	51
<b>Total current liabilities</b>	<b>66</b>	<b>51</b>
<b>Total Equity and Liabilities</b>	<b>9,446</b>	<b>54,927</b>

<b>Balance sheet</b>	<b>As per 30 Sept.</b>	<b>As per 30 Sept.</b>
<i>USD million</i>	<b>2016</b>	<b>2015</b>
	IFRS	IFRS
	Unaudited	Unaudited
<b>ASSETS</b>		
Equipment and machinery	1	1
Investment in associate	2,101	-
<b>Total non-current assets</b>	<b>2,102</b>	<b>1</b>
Trade and other receivables	49	35
Available-for-sale financial assets	16	16
Current tax asset	1	1
Cash and bank balances	6,652	9,393
<b>Total current assets</b>	<b>6,718</b>	<b>9,445</b>
<b>Total Assets</b>	<b>8,820</b>	<b>9,446</b>
<b>EQUITY AND LIABILITIES</b>		
Ordinary shares	2,620	2,620
Share premium	6,938	6,938
Other reserves	118	-
Accumulated profits/(losses)	(904)	(177)
<b>Total equity</b>	<b>8,772</b>	<b>9,381</b>
Trade and other payables	48	65
<b>Total current liabilities</b>	<b>48</b>	<b>65</b>
<b>Total Equity and Liabilities</b>	<b>8,820</b>	<b>9,446</b>

**Consolidated changes in equity information**

<b>Changes of Equity</b>				
<i>USD million</i>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Accumulated Profits/(Losses)</b>	<b>Total</b>
Balance at 01.01.2014	2,620	39,950	28,375	70,945
<b>Comprehensive income</b>				
Profit/(loss) for the year	-	-	(16,069)	(16,069)
<b>Balance at 31.12.2014 (Audited)</b>	<b>2,620</b>	<b>39,950</b>	<b>12,306</b>	<b>54,876</b>
Balance at 01.01.2015	2,620	39,950	12,306	54,876
<b>Comprehensive income</b>				
Profit/(loss) for the year	-	-	(3,314)	(3,314)
Interim dividend paid (note 23)	-	-	(9,170)	(9,170)
Share premium reduction (note 14)	-	(33,012)	-	(33,012)
<b>Balance at 31.12.2015 (Audited)</b>	<b>2,620</b>	<b>6,938</b>	<b>(178)</b>	<b>9,380</b>

<b>Changes of Equity</b>						
<i>USD million</i>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Foreign exchange translation reserve</b>	<b>Fair value reserve - available for sale investments</b>	<b>Accumulated Profits/(Losses)</b>	<b>Total</b>
Balance at 01.01.2015	2,620	39,950	-	-	12,306	54,876
Comprehensive income						
Profit/(Loss) for the period	-	-	-	-	(3,317)	(3,317)
Dividend paid	-	-	-	-	(9,170)	(9,170)
Balance at 30.09.2015 (unaudited)	2,620	39,950	-	-	(181)	42,389
Balance at 01.01.2016	2,620	6,938	-	-	(177)	9,381
Comprehensive income						
Profit/(loss) for the period	-	-	-	-	(727)	(727)
Other comprehensive income	-	-	117	1	-	118
Balance at 30.09.2016 (unaudited)	2,620	6,938	117	1	(904)	8,772



**Selected consolidated cash flow information**

<b>Cash Flow</b> <i>USD million</i>	<b>31 Dec. 2016</b> IFRS Audited	<b>31 Dec. 2015</b> IFRS Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) for the year before income tax	(3,314)	(15,998)
Adjustments for:		
Other gains and losses	2,849	14,547
Depreciation and amortization expense	2	8
Loss from sale of equipment and machinery and intangibles	-	10
Interest income	(241)	(227)
Decrease/(increase) in trade and other receivables	70	(4)
Increase/(decrease) in trade and other payables	14	(43)
Income tax paid	-	(26)
<b>Net cash generated from/(used in) operating activities</b>	<b>(620)</b>	<b>(1,733)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds from disposal of assets	-	51,601
Net cash outflow from acquisition of investment	-	(66,144)
Decrease in restricted cash	11	90
Interest received	241	227
<b>Net cash generated from/(used in) investing activities</b>	<b>252</b>	<b>(14,226)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share premium redemption	(35,059)	-
Interim dividend paid	(9,962)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(45,021)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(45,389)</b>	<b>(15,959)</b>
Cash and cash equivalents at beginning of year	54,782	70,741
Non-cash transactions	-	-
<b>Cash and cash equivalents at end of year</b>	<b>9,393</b>	<b>54,782</b>

<b>Cash Flow</b> <i>USD million</i>	<b>Nine months ended 30 Sept. 2016</b> IFRS Unaudited	<b>Nine months ended 30 Sept. 2015</b> IFRS Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) for the period before income tax	(727)	(3,317)
Other gains and losses	-	2,069,
Depreciation and amortization	-	2
Share of profit/(loss) from associate	416	-
Interest income	(36)	(90)
Increase/(decrease) in trade and other receivables	(14)	59
(Decrease)/increase in trade and other payables	(16)	37
<b>Net cash generated from/(used in) operating activities</b>	<b>(377)</b>	<b>(1,240)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire investment in associate	(2,400)	-
Decrease in restricted cash	-	11
Interest received	36	90
<b>Net cash generated from/(used in) investing activities</b>	<b>(2,364)</b>	<b>101</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interim dividends paid	-	(9,170)
<b>Net cash generated from/(used in) financing activities</b>	<b>-</b>	<b>(9,170)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,741)</b>	<b>(10,309)</b>
Cash and cash equivalents at beginning of year	9,393	54,777
Non-cash transaction	-	(2,065)
Cash and cash equivalents at end of period	6,652	42,403

<b>Financial Statements for the Company</b>	
Not applicable.	
<b>B.8 Selected key pro forma financial information</b>	Not applicable. See section 11.13.
<b>B.9 Profit forecast or estimate</b>	Not applicable. No profit forecast or estimate is made.
<b>B.10 Audit report qualifications</b>	Not applicable. There are no qualifications in the audit reports.
<b>B.11 Sufficient working capital</b>	The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements and its requirements for the period covering at least 12 months from the date of this Prospectus.

### Section C – Securities

<b>C.1 Type of securities and ISIN codes</b>	The Shares with ISIN CY0101550917. All of the Shares are of the same class and have the same rights attached to them. The Shares will be registered in book-entry form in the VPS.
<b>C.2 Currency</b>	The Shares have a par value in USD, but trading of the Shares will be effected in NOK on Oslo Børs.
<b>C.3 Number of Shares in issue and par value</b>	At the date of this Prospectus, the Company's authorized share capital consists of 1,022,000,000 Shares of USD 0.01 each, of which 1,022,000,000 Shares have been issued.
<b>C.4 Rights attached to the shares</b>	<p>The rights attached to the New Shares are the same as those attached to the Company's other existing Shares. The New Shares rank pari passu with existing Shares in all respects including with respect to dividends as from their date of issue.</p> <p>The Bye-laws of the Company provide that all Shares shall represent a right to one vote each. All of the issued Shares of the Company, including the New Shares, have equal voting rights from their date of issuance.</p>
<b>C.5 Restriction on the free transferability of the shares</b>	The Shares are freely transferable.
<b>C.6 Application for admission to trading on a regulated market</b>	The Company has issued 754,485,282 ordinary shares in the Private Placements. The ordinary shares, save for the New Shares, are traded under the trading symbol "SDSD". It is expected that the first day of trading of the New Shares on Oslo Axess will be 24 February 2017 following approval of the Prospectus by the NFSA and publication of this Prospectus.
<b>C.7 Dividend policy</b>	<p>Since the Company's inception the Board of Directors declared out of the Company's profits, three interim dividend distributions to the shareholders, totalling USD 114 million. In addition, the Company has made distributions in connection with two capital reductions whereas the Company distributed a total of USD 320 million in 2013 and USD 33 million in 2015.</p> <p>According to the Bye-Laws of the Company, the Company's general meeting may declare dividends to its shareholders. Further, the Board of directors may from time to time pay interim dividends to the Company's shareholders as justified by the profits of the Company.</p>

	<p>Dividends are paid from profits only, and the amount of dividends cannot exceed the amount recommended by the Board. The Board may, at its own discretion, set aside from the profits such sum as they regard as proper as a reserve or reserves, to be employed by the business of the Company or in the Company's investments, or else carry forward the Company's profits.</p> <p>The Board of Directors continuously reviews the capital situation in light of the Company's targets, strategies and intended risk profile. The Company aims to manage Group resources in a manner which will ensure shareholders a competitive return in the form of dividends and increases in share price relative to comparable investment alternatives. The annual dividend payment will depend on the Company's financial situation, need for working capital and investments.</p>
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**Section D – Risks**

<p><b>D.1 Key risks specific to the Company or its industry</b></p>	<p>The key risks relating to the Company's business activities and its investments in offshore supply and/or offshore drilling assets business are as follows:</p> <ul style="list-style-type: none"> <li>• the Company's return from its investments in the PSV market is significantly affected by, among other things, volatile oil and gas prices, and the fluctuating value of the fleet the Company has invested in;</li> <li>• there can be no assurance that the Company's investments will provide a positive return. Each of the companies Standard Drilling currently has invested in, may in a worst-case scenario become insolvent and be declared bankrupt and thereby entail a complete loss of the value of the Company's investment;</li> <li>• suitable investments may not always be available at a particular time. The Company's investment rate may be delayed or progress at a slower than anticipated rate for a variety of reasons and as a result, there is no guarantee that the Company will be available to utilize all of its available equity for favourable investments;</li> <li>• the Company is exposed to general development and prospective future of the economy, and in particular the oil and offshore industry;</li> <li>• the Company's investments is depended on the satisfactory performance, reputation and relationships of its commercial and technical managers; and</li> <li>• the Company is heavily exposed to the PSV market and only participate in a limited number of investments. This lack of diversification implies that returns might be adversely affected by the poor performance of even a single investment.</li> </ul>
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<b>D.3</b>	<b>Key risks specific to the securities</b>	<p>Prospective investors should consider, among other factors, the following risks related to the securities described herein:</p> <ul style="list-style-type: none"> <li>• The market price of the Shares may fluctuate;</li> <li>• Shareholders not participating in future offerings of Shares or other equity investments will be diluted;</li> <li>• Future sales of Shares, or the perception that such sales could occur, could reduce the market price of the Shares and adversely affect Standard Drilling's ability to raise additional capital; and</li> <li>• It may be difficult for investors in other jurisdictions other than Norway, Cyprus and Monaco to effect service of process upon the Company, its affiliates or its directors and executive officers in such other jurisdictions or to enforce judgments obtained in other jurisdictions against the Company, its affiliates or its directors and executive officers.</li> </ul>
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### Section E – Offer

<b>E.1</b>	<b>Net proceeds and estimated expenses</b>	The Company has raised approximately NOK 573 million from the Private Placements and the Company estimates that expenses associated with the Private Placements and the listing of the New Shares to be approximately USD 2.8 million.
<b>E.2</b>	<b>Reasons for the Listing and use of proceeds</b>	The use of proceeds will be used for oil service investment opportunities, directly into companies, securities and/or assets, with the aim to control a larger fleet of assets all purchased at low values.
<b>E.3</b>	<b>Terms and conditions of the Listing</b>	The Listing comprises of the completed Private Placements of which 754,485,282 Shares have been issued and outstanding.
<b>E.4</b>	<b>Material and conflicting interests in the offer</b>	There are no conflicts of interest in connection with the Listing.
<b>E.5</b>	<b>Selling shareholder and lock-up agreements</b>	<p>There are no selling shareholders.</p> <p>The Company's shareholders Saga Tankers ASA, Strata Marine &amp; Offshore AS, QVT Financial LP, Apollo Asset Management Limited and HRF Marine LLC, in connection with the Private Placement#1 entered into a lock-up agreement on existing shareholding prior to the Private Placement#1 for a period of 180 days as of 8 December 2016.</p>
<b>E.6</b>	<b>Dilution resulting from the Listing</b>	The dilution for the shareholders in connection with the Private Placements will be 61.76%, 13.96%, and 21.56% for Private Placement#1, Private Placement#2 and Private Placement#3, respectively.
<b>E.7</b>	<b>Estimated expenses charged to the investor</b>	Not applicable. No costs will occur for the Shareholders' in connection with the Listing.

## **2 RISK FACTORS**

### **2.1 Risks related to the Company and the industry in which it operates**

#### ***General investment risks***

The business activity of the Group is currently investments in offshore supply/ and or offshore drilling assets. The Company currently has indirect ownership interests in sixteen (16) PSV's and has, thus, invested in the PSV market. The Company's investments in the PSV market are partly held directly by the Company and partly by wholly owned subsidiary Wanax AS. The objective of the Group is to generate significant medium to long term capital growth. The Group currently aims to invest in a portfolio of unlisted debt and equity securities of private companies operating and owning PSVs. The Company has market price risk because of the investments in the financial instruments it holds. As a consequence of these market price risks and the minority stake held in each of PSVOI, PSVOII and PSVOIII, the Company cannot fully control or influence the operations and performance of the some of the companies that Standard Drilling has invested in.

There can be no assurance that the Company's investments will provide a positive return. Each of the companies Standard Drilling currently has invested in, may in a worst-case scenario become insolvent and be declared bankrupt and thereby entail a complete loss of the value of the Company's investment.

#### ***Key personnel and investment philosophy risk***

Investment in an investment company, such as Standard Drilling, may be seen as an investment in the competences of the employees of the investment companies, and the investment philosophy, investment process and risk management of the investment company. There is therefore a risk that key personnel may leave the Company and/ or that Standard Drilling's board of directors (the "**Board**") determines that the Company shall change its investment philosophy, investment process and risk management procedures.

#### ***Availability of investments and competition***

Suitable investments may not always be available at a particular time. The Company's investment rate may be delayed or progress at a slower than anticipated rate for a variety of reasons and as a result, there is no guarantee that the Company will be available to utilize all of its available equity for favourable investments.

The Company may be competing for appropriate investment opportunities with other participants in the markets. It is possible that the level of such competition may increase, which may reduce the number of opportunities available to the Company and/or adversely affect the terms upon which such investments can be made by the Company. In addition, such competition may have an adverse effect on the length of time required to consummate investments.

#### ***Economic developments***

The general development of and prospective future of the economy, and in particular the oil and offshore industry, may affect the profitability of the companies SDSD has invested in. Negative economic developments may lead to a downturn in the future prospects of the companies and sectors Standard Drilling has invested in, and may also make it more difficult to raise equity or loan capital which may affect the operations of the Company. These risks may lead to a loss of whole or parts of the Company's investments in such companies.

Further, there is political risk which entails that unexpected changes in legislation and other kinds of regulation, including tax legislation, may affect the value of the Company's prospective investments negatively.

#### ***Dependency on commercial and technical managers***

The vessels owned by PSV Opportunity and the Volstad Vessels are operated by Fletcher Supply Vessels Ltd. ("**Fletcher**") as commercial and technical manager. Fletcher will provide commercial, technical, and corporate services, including vessel maintenance, crewing, purchasing, shipyard supervision, insurance and financial services.

The return on the Company's investments in PSV Opportunity and the Volstad Vessels will depend significantly upon the satisfactory performance of these services by Fletcher. If Fletcher fails to perform these services satisfactorily or if it stops providing these services (for any reason), the Company's return on its investments may be significantly adversely affected and in a worst-case scenario, the Company may lose its entire investments in PSVOI, PSVOII, PSVOIII and the Volstad Vessels. Furthermore, the return on the Company's investments will depend largely on Fletcher's reputation and relationships in the oil and offshore industry.

The same risk factors will apply for any other investments the Company may make where the day-to-day management of the underlying assets will be handled by a manager.

### ***Exposure to the PSV market***

The Company has made significant investments in the PSV market. Although the Company believes that the investments have been made on favourable terms, there can be no assurance that these investments will provide return to the Company as a further prolonged downturn in the PSV market will affect the Company's investments significantly. For a description of risk factors specific to the PSV market, please refer to Section 2.5 "Risks related to the PSV market and the oil and offshore industry".

### ***Lack of diversification***

The Company may only participate in a limited number of investments. This implies that returns might be adversely affected by the poor performance of even a single investment. Specifically, the Company is exposed to the PSV market as described above.

### ***Illiquidity and realization risk***

The Company has invested in the PSV market. There does not exist a regulated market for trading of ownership interests in PSV Opportunity and they are expected to be illiquid. Thus, the Company may not be able to realize their investments at favourable terms, or at all, as the Company may not be able to find a buyer for such securities.

If the Company is not able to realize its investments at favourable terms, or at all, this may adversely affect the Company's operations, earnings and financial condition.

### ***Valuation***

The Company will invest in securities and/ or assets that are not traded on a regulated market and where the correct valuation at any given point in time will be subject to uncertainty. The Company will normally publish quarterly valuation reports that are made available to their investors, but these should only be taken as indicative and there can be no guarantee that the valuations in such reports represent the values at which the Company can buy or sell.

## **2.2 Financial risks**

### ***General financial risk***

The Company monitors and manages the financial risks related to the operations of the Group through internal reports and analysis. However, the Group is exposed to various risks such as market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk, and no assurances can be given that the monitoring of such risks will be adequate or sufficient.

### ***Interest rate and currency fluctuations***

The Company will be exposed to risks due to fluctuations in interest and currency exchange rates and may attempt to minimise these risks by implementing hedging arrangements as appropriate, but will not be able to avoid these risks.

Financial reporting, including income and expenses, of the Company are primarily in USD. Currency fluctuations may influence the value of the Company's shares.

### **Price risk**

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk.

### **Borrowing and leverage**

The Company does not currently have any interest bearing debt. However, the Company may finance its future investments through debt. Borrowings and leverage normally generate interest costs which may cause significant negative impact to the Company's financial accounts. Repayment of debt may be challenging and will limit the funds available for other uses. If the Company is not able to repay any debt it may incur in the future, this may force the Company to enter into bankruptcy proceedings.

If the Company should wish to finance future investments through debt, there can be no assurance that the Company will be able to procure new financing or that the terms of any new financing will be favourable. If the Company is unable to procure debt financing or the terms of any debt financing is less favourable, the results of the Company's operations or financial condition could adversely be affected and there could also be a risk that the Company is forced to enter into bankruptcy proceedings.

### **Additional capital needs**

The Company may require additional capital in the future pursuant to its business plan, due to unforeseen liabilities or in order for it to take advantage of opportunities that may be presented to it. Any additional equity financing may be dilutive to existing shareholders who are not able to or does not wish to participate in future equity issues. There can be no assurance that the Company will be able to obtain necessary funding in a timely manner and on acceptable terms.

## **2.3 Tax risks**

### **Tax risks for the Company**

The Company is generally taxable in Cyprus and subject to an income tax rate of currently 12.5%.

The Company has a wholly owned subsidiary, Wanax AS, which is tax resident in Norway. The normal withholding tax rate for dividends paid by a Norwegian company to a foreign shareholder is 25%. However, the rate may be reduced e.g. to zero under the Norwegian exemption method or under a relevant double tax treaty.

Based on the above, if dividends from Wanax AS to the Company are covered by the Norwegian exemption method, no withholding tax will be levied on dividends distributed to The Company. The Company should qualify if it is genuinely established and carries out genuine economic activity in Cyprus (the "substance test").

Should The Company not qualify under the Norwegian exemption method, the withholding tax rate should still be reduced to zero under the Norway – Cyprus double tax treaty provided that The Company is tax resident in Cyprus according to the mentioned double tax treaty.

If The Company should move for tax purposes to another jurisdiction, dividends from Wanax AS may no longer qualify for the Norwegian exemption method and a different tax treaty will potentially apply. This may impact the applicable withholding tax rate.

### **Tax risks for Norwegian investors**

It is the Company's view that Norwegian investors will not be subject to Norwegian CFC-taxation (NOKUS), and that the shares in the Company will fall under the Norwegian exemption method for Norwegian corporate investors. In the Company's view, the Company is genuinely established in Cyprus with effective management and control being exercised in Cyprus. To the extent such establishment should not be adequately maintained, the Shares in the Company could fall outside the Norwegian exemption method. Further, Norwegian CFC-taxation (NOKUS) may be triggered if the Norwegian ownership becomes 50% or more going at the beginning and the end of the year, alternatively more than 60% at the end of the year. Investors subject to the Norwegian CFC-taxation (NOKUS) will be taxed directly on a proportionate share of the Company's net income.

### ***Risks related to tax residency***

Dividends declared and capital gains derived from realisation of shares in a Cyprus company may be subject to local tax in the shareholder's home country, and each investor should make such investigations for himself/herself as Cyprus could potentially be considered as a low tax jurisdiction. The Company is of the view that it is genuinely established and carries out business activities in Cyprus, which means that dividends and capital gains on the Shares should qualify under the Norwegian participation exemption method. If any tax authority successfully challenges the Company's conclusions, the applicable tax on dividend declared, shareholders capital gain and the Company's income could increase substantially, adversely affecting tax payables for the shareholders and the Company as well as the value of the Company's shares.

### ***Overall tax structure***

The Company may (either directly or indirectly through subsidiaries) invest in numerous countries throughout the world. Consequently, the Company and/or any subsidiaries will be subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in a various of jurisdictions. Tax laws and regulations are highly complex and subject to interpretation. The Company's income tax expense will be based upon its interpretation of the tax laws in effect in various countries at the time that the expense will be incurred. If applicable laws, treaties or regulations change or other taxing authorities do not agree with the Company's and/or any subsidiaries' assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on the Company and the trading price of the Shares.

## **2.4 Risks related to the Share price**

### ***The market value of the Shares may fluctuate***

The trading price of the Shares may fluctuate significantly and may not always reflect the underlying asset value of the Company. A number of factors outside Standard Drilling's control may impact its performance and the price of the Shares, including, but not limited to, quarterly variations in operating results, adverse business developments, changes in market sentiment regarding the Shares, the operating and share price performance of other companies in the industry and markets in which the Group operates, changes in financial estimates and investment recommendations or ratings. Changes in market sentiment may be due to speculation about Standard Drilling's business in the media or investment community, the publication of research reports by analysts and changes in general market conditions. If any of these factors actually occurs, they may have a material adverse effect on the pricing of the Shares.

The market price of the Shares could decline due to sales of a large number of the Shares in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of the Shares.

### ***Lack of liquidity in the Shares***

The Company's Shares are currently listed on Oslo Axess. The current listing does not imply that there will always be a liquid market for the Shares. An investment in the Shares may thus be difficult to realize. Investors should be aware that the value of the Shares may be volatile and may go down as well as up. In the case of low liquidity of the Shares, or limited liquidity among the Company's shareholders, the share price can be negatively affected and may not reflect the underlying asset value of the Company. Investors may, on disposing of the Shares, realize less than their original investment or lose their entire investment.



***Shareholders may not be able to exercise their voting rights for Shares registered in a nominee account***

Beneficial owners of the Shares that are registered in a nominee account or otherwise through a nominee arrangement (such as through brokers, dealers or other third parties) may not be able to exercise voting rights and other shareholder rights as readily as shareholders whose Shares are registered in their own names with the VPS prior to the Company's General Meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners. Any persons that hold their Shares through a nominee arrangement, should consult with the nominee to ensure that any Shares beneficially held are voted for in the manner desired by such beneficial owner.

***Dilution***

Shareholders not participating in any future share issues may be diluted. Should the Company resolve an issue of Shares with preferential rights for existing shareholders, such rights may not be available for shareholders in the U.S. and in any other jurisdictions where delivery of such rights may not be restricted or subject to registration filings or similar. Should such rights not be available for shareholders, these shareholders will not be able to realize any potential profits subscription rights or preferential allocation rights (both if awarded), and these shareholders may be diluted as a result.

Further, if the Company should resolve on a share issue where the preferential rights for existing shareholders are deviated from, the existing shareholders that do not participate in such share issue will be diluted. The Board of Directors is currently authorised to deviate from existing shareholders' preferential rights when issuing new Shares. However, the Board of Directors will always consider means to limit dilution for existing shareholders.

The Company may in the future issue warrants and/ or options to subscribe for Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options would result in dilution of the shareholdings of other investors.

***Limitations on the ability to make claims against the Company***

The Company is a Cypriot public limited liability company organized under the laws of the Republic of Cyprus. The Company's directors and executive officers are residents of Cyprus, Monaco and Norway. The Company has invested in Norwegian companies and in a Cayman Island exempted company. As a result, it may be difficult for investors in other jurisdictions to effect service of process upon the Company, its affiliates or its directors and executive officers in such other jurisdictions or to enforce judgments obtained in other jurisdictions against the Company, its affiliates or its directors and executive officers.

***The Company's investors outside of Norway are subject to exchange rate risk***

The Shares are traded in NOK and any dividends will primarily be paid in NOK, thus any investor outside of Norway, who wishes to invest in the Shares, or to sell Shares, will be subject to an exchange rate risk which may cause additional costs to the investor.

**2.5 Risks related to the PSV market and the oil and offshore industry**

*The Company has recently completed investments in the PSV market. The following risk factors provide an overview of material risks related to these investments. If any of the risks materialise, this could have an adverse effect on the return of Standard Drilling's investment in the PSV market and any future investments within the oil and offshore industry. In a worst case scenario, the Company may lose its entire investment within the PSV market.*

### ***Downturn in offshore market***

The offshore market in which PSV's operates is currently experiencing a downturn. The market for offshore vessels is characterized by supply far exceeding demand. As a consequence of low fleet utilization and rates achieved, many platform supply vessels have generated revenue below operating expenses. If the downturn in the market continues, this will have a material adverse effect on the business, financial condition, results of operation and cash flow of the companies that Standard Drilling has invested in.

### ***Dependency on oil and gas prices***

The Company's return on the investments in the PSV market is significantly affected by, among other things, volatile oil and gas prices and may be materially adversely affected by a further decline in offshore oil and gas exploration, development and production.

Oil and gas prices are volatile and are affected by numerous factors beyond the Group's control, including, but not limited to, the following:

- worldwide demand for natural oil and gas;
- the cost of exploring for, developing, producing, transporting and distributing oil and gas;
- expectations regarding future energy prices – for both oil and gas and other sources of energy;
- the ability of the Organization of Petroleum Exporting Countries ("**OPEC**") to set and maintain production and impact pricing;
- level of world-wide production;
- government laws and regulations, including environmental protection laws and regulations;
- the development and exploitation of alternative fuels, and the competitive, social and political position of oil and gas as a source of energy compared with other energy sources;
- local and international political, economic and weather conditions;
- political and military conflicts; and
- the development and exploitation of alternative energy sources.

### ***Fluctuating value of the fleet***

The value of the vessels in which the Company has indirect ownership may increase or decrease depending on a number of factors, including (but not limited to):

- general economic and market conditions affecting the offshore industry, including completion from other owners of platform supply vessels;
- types, sizes and ages of the vessels;
- supply and demand for the vessels;
- cost of new buildings;
- prevailing and expected level of contract day rates; and
- technological advances.

Any downturn in the market could have a material adverse effect on the asset value of the companies that Standard Drilling has invested in. In such a case, sales of assets could be forced at prices that may represent a potential loss of value for the Company.

***Risk of insufficient number of customers***

The companies in which Standard Drilling has invested in may in the future not be able to attract a sufficient number of customers to generate adequate revenues to cover its operating expenses. Inability to attract a sufficient number of customers may have a material adverse effect on their business, results of operations, financial condition and prospects.

***Risk that future contracted revenue for its vessels may not be ultimately realized***

The companies in which Standard Drilling has invested in may not be able to perform under its current or future contracts due to events beyond its control or due to default, and any of their customers may seek to cancel or renegotiate contracts for various reasons, including adverse conditions, or invoke suspension periods, at their discretion, resulting in lower day rates. Any inability (either by the ship owning company or by the customer) to perform obligations under these contracts may have a material adverse effect on the business, results of operations and financial condition of the Companies in which Standard Drilling has invested.

The operation of vessels requires effective maintenance routines and functioning equipment. Certain pieces of equipment are critical for the vessels' performance of the services as required in customer contracts. While efforts are made to continuously identify the need for critical spare parts and equipment, there exists a risk of unpaid downtime resulting from the time needed to repair or replace equipment which may have a long delivery time should there not be readily available spares. In addition, downtime and suspension periods may be prolonged due to complications with repairing or replacing equipment as the vessels may be situated in remote locations. Complications in the vessels' maintenance or repair may lead to increased periods of downtime and higher repair costs, which may affect PSV Opportunity's business, results of operations and financial conditions.

***Risk of exposure to counter party risk***

The companies in which Standard Drilling has invested in is highly exposed to counter party risks, inter alia and in particular under charter contracts. For various reasons, including (but not limited to) adverse market conditions, decrease in demand, increase in competition, cost saving schemes and governmental or political restrictions, counterparties may seek to cancel or renegotiate charter contracts, or invoke suspension of periods, at their discretion. A continued downturn in the offshore market may result in an increase in occurrences of renegotiations, suspension or termination of charter contracts. The cash flows and financial conditions of the Companies in which Standard Drilling has invested may be materially adversely affected should its counterparties terminate, renegotiate or suspend their obligations under such contracts.

### **3 RESPONSIBILITY FOR THE PROSPECTUS**

This Prospectus has been prepared in connection with the Listing described herein.

The Board of Directors of S.D. Standard Drilling Plc accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

S.D. Standard Drilling Plc

22 February 2017

The Board of Directors of S.D. Standard Drilling Plc

Martin Nes  
(Chairman)

Arne Fredly  
(Independent Director)

George Crystallis  
(Independent Director)

## 4 GENERAL INFORMATION

### 4.1 Cautionary note regarding forward-looking statements

This Prospectus contains forward-looking statements ("**Forward Looking Statements**") relating to the Company's business and the sectors in which it operates. Forward Looking Statements include all statements that are not historical facts, and can be identified by words such as (what follows are examples without excluding words having the same meaning): "anticipates", "believes", "expects", "intends", "may", "projects", "should", or the negatives of these terms or similar expressions. These statements appear in a number of places in this Prospectus, in particular in Section 2 "RISK FACTORS" and Section 7 "Principal market and activities" and include statements regarding the Company's management's intent, belief or current expectations with respect to, among other things:

- the performance of the companies that Standard Drilling has invested in;
- the general activity in the oil and offshore industry;
- earnings, cash flow, dividends and other expected financial results and conditions;
- dependence on and changes in management and failure to retain and attract a sufficient number of skilled personnel;
- access to funding; and
- other factors described in Section 2 "RISK FACTORS".

No Forward Looking Statements contained in this Prospectus should be relied upon as predictions of future events. No assurance can be given that the expectations expressed in these Forward Looking Statements will prove to be correct. Actual results could differ materially from expectations expressed in the Forward Looking Statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealized. Some important factors that could cause actual results to differ materially from those in the Forward Looking Statements are, in certain instances, included with such Forward Looking Statements and in Section 2 "RISK FACTORS".

### 4.2 Presentation of financial and other information

#### 4.2.1 Financial information

Standard Drilling audited consolidated financial statements for the years ended 31 December 2015 and 2014, have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union ("**EU**") and the requirements of the Cyprus Companies Law, Cap. 113 (the "**Standard Drilling Financial Statements**"). The Standard Drilling unaudited consolidated interim condensed financial statements as at and for nine months period ended 30 September 2016 (the "**Standard Drilling Interim Financial Statements**"), have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Standard Drilling Financial Statements, the Standard Drilling Interim Financial Statements, (collectively referred to as the "**Financial Information**") are incorporated by reference see section 19.4 "Documents incorporated by references". The Standard Drilling Financial Statements have been audited by PricewaterhouseCoopers. The Standard Drilling Interim Financial Statements are unaudited and not reviewed by PwC.

#### 4.2.2 Currency presentation

In this Prospectus, all references to "**NOK**" are to the lawful currency of Norway and all references to "**USD**" are to the lawful currency of the United States. Items included in the financial statements of each of the entities reported are measured using the currency of the primary economic environment in which each entity operates (the "**Functional Currency**"). Foreign currency transactions are translated into the Functional Currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions (realized items) and from translation at exchange rates prevailing at the balance sheet date of monetary assets and liabilities denominated in foreign currencies (unrealized items) are recognized in the income statement. Foreign exchange gains and losses that relate to interest-bearing debt and cash and cash equivalents are presented (net) as a separate line item in the income statement within net financial items. Foreign exchange gains and losses that relate to operations are presented (net) as a separate line item in the income statement within operating expenses.

#### 4.2.3 *Rounding*

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be), accordingly, figures shown for the same category presented in different tables may vary slightly.

## 5 DIVIDENDS AND DIVIDEND POLICY

*This section provides information about the Company's expectations about dividends, as well as certain legal constraints on the distribution of dividends under Cyprus law. Any future dividends declared by the Company will be paid in NOK as this is the currency that currently is supported by the VPS, although the Company prepares its financial statements in USD and its dividend policy refers to amounts in USD.*

### 5.1 Dividend policy

Since the Company's inception the Board of Directors declared out of the Company's profits, three interim dividend distributions to the shareholders, totalling USD114 million. In addition, the Company has made distributions in connection with two capital reductions whereas the Company distributed a total of USD 320 million in 2013 and USD 33 million in 2015.

According to the Bye-Laws of the Company, the Company's general meeting may declare dividends to its shareholders. Further, the Board of directors may from time to time pay interim dividends to the Company's shareholders as justified by the profits of the Company.

Dividends are paid from profits only, and the amount of dividends cannot exceed the amount recommended by the Board. The Board may, at its own discretion, set aside from the profits such sum as they regard as proper as a reserve or reserves, to be employed by the business of the Company or in the Company's investments, or else carry forward the Company's profits.

The Board of Directors continuously reviews the capital situation in light of the Company's targets, strategies and intended risk profile. The Company aims to manage Group resources in a manner which will ensure shareholders a competitive return in the form of dividends and increases in share price relative to comparable investment alternatives. The annual dividend payment will depend on the Company's financial situation, need for working capital and investments.

### 5.2 Legal constraints on the distribution of dividends

A Cyprus company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of the company's assets would thereby be less than its liabilities or in circumstances that would result in an unlawful reduction of share capital or share premium. "**Contributed surplus**" is defined for purposes of Cyprus Law to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the Company. Under the Bye-laws, the Board of Directors may declare interim dividends and distributions without the approval of the shareholders in general meetings subject always to the provisions of section 169(c) of Cyprus Companies Law which provides that interim dividends are only allowed if the following conditions are satisfied:

(a) Interim accounts shall be prepared in which the funds available for distribution are shown to be sufficient;

(b) the amount to be distributed cannot exceed the amount of profits made since the end of the last financial year, the annual accounts of which have been finalised, increased by the profits which have been transferred from the last financial year and sums drawn from reserves available for this purpose and reduced by the losses of the previous financial years, and sums to be placed in reserve pursuant to the requirements of the law or the articles of association.

Further, except for cases of reduction of subscribed capital, the company cannot make distributions to its shareholders (including dividends), when, on the closing date of the last financial year, the net assets, as already presented in its annual accounts, or as could arise as a result of such distribution, are below the total of the subscribed capital and the reserves, the distribution of which the law or the articles do not allow. If part of the subscribed capital has not been called up, and the uncalled part does not appear in the assets shown in the balance sheet, then this part is not taken into account in the subscribed capital.

(c) The amount of a distribution to shareholders cannot exceed the amount of the results of the last financial year, increased by the profits brought forward at the end of the last financial year and sums drawn from reserves available for this purpose, reduced however by the amount of losses brought forward from previous financial years, and sums placed to reserve in accordance with the law or the articles of association

Further, the Company's subsidiaries may be subject to applicable legal constraints on the distribution of dividends in the jurisdiction in which they are incorporated, such as sufficiency of distributable reserves.

### **5.3 Manner of dividend payments**

Although any future payments of dividends on the Shares (if any) will be denominated in USD, such dividends will be distributed through the VPS in NOK. Any dividend will be paid to the shareholders through the VPS. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will however receive dividends by cheque in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of DNB, being the Company's VPS registrar, to issue a cheque in a local currency, a cheque will be issued in USD. The issuing and mailing of cheques will be executed in accordance with the standard procedures of DNB. The exchange rate(s) that is applied will be DNB's rate on the date of issuance. Dividends will be credited automatically to the VPS registered shareholders' NOK accounts, or in lieu of such registered NOK account, by cheque, without the need for shareholders to present documentation proving their ownership of the Shares.



## **6 BUSINESS OF THE GROUP**

*This section provides an overview of the business of the Group as of the date of this Prospectus.*

### **6.1 Corporate information**

The Company is a public limited liability company incorporated and operating under the Cyprus Companies Law under the name of S. D. Standard Drilling Plc. The Company's registration number with the Cyprus Registrar of Companies is HE 277936. The legal name of the Company is S.D. Standard Drilling Plc, which is identical to its commercial name. S.D. Standard Drilling Plc. was incorporated on 2 December 2010 as a private limited company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company was converted into a public company on 23 December 2010.

The registered and business address of the Company is: 6 Maximou Michaelidi Street, Maximos Plaza Tower 3, Office 401, CY 3106 Limassol, Cyprus, Telephone number: + 357 25875474, Telefax: + 357 25875475.

The Company secretary is EXCEL-SERVE Secretaries Limited. They are entrusted to perform various secretarial services for the Company in accordance with the provisions of the Cyprus Companies Law. The registered office address of EXCEL-SERVE Secretaries Limited is Spyrou Kyprianou 20, Chapo Center, 3<sup>rd</sup> floor, 1075 Nicosia, Cyprus.

The company Wanax AS is a 100% owned subsidiary of the Company, which holds the investments in PSVOI, PSVOII and PSVOIII and owns the Volstad Vessels (For further information, please refer to Section 6.10 below). The Company New World Supply is 15.6% owned by the Company, and holds the investments in the six New World Vessels. Reference is made to Section 6.9 below.

### **6.2 The Company History**

The following gives a brief overview of the main events in the Company's history and development:

#### **2010**

In December 2010, the Company was founded by Tymar AS based on the business idea of the three Norwegian investors Øystein Stray Spetalen, Glen Ole Rødland and Gunnar Hvammen with principal activities to own and finance one MOD V B-Class rig to be constructed at the Keppel FELS shipyard in Singapore. (Keppel FELS was perceived in the market as a leading shipyard for building Jack-up rigs. Keppel FELS had been well known for their ability to deliver quality products and services safely, on time and within budget. History has shown that out of the B Class Jack-up rigs being ordered from them since 2000, most units have been delivered on time/before and within budget).

The Company was established to capitalize on the strong market opportunity and demand for premium jack-up rigs due to an aging worldwide rig fleet that required replacement and new technologies and environmental features more desirable in the current regulatory environment.

In December 2010 the Company raised USD 42 million (by issuing 42 million Shares at a subscription price of USD 1 per Share) in a private placement towards institutional and professional investors.

#### **2011**

The Company was listed on Oslo Axess in March 2011, under the ticker name SDSA. In May 2011, the Company raised USD 330 million (by issuing 220 million Shares at a subscription price of USD 1.5 per Share) in a private placement towards institutional and professional investors.

In 2011, the Company entered into a Share Purchase Agreement with ClearWater Capital Partners, an Asia Focused Private Equity Firm, in which the Company acquired the entire share capital of two Cayman Island companies, Offshore Driller B324 and Offshore Driller B325 Ltd. Each of Offshore Driller B324 Ltd and B325 Ltd had entered into construction contracts for one KFELS MOD V B-Class jack up rig under construction at the Keppel FELS shipyard. The consideration payable for Offshore Driller B324 Ltd and Offshore Driller B325 Ltd consisted of a cash payment of USD 8,493,000 plus issuance of 78,338,000 new Shares in the Company to Clearwater at a subscription price of USD 1.5.

In 2011 the Company further expanded its activities by ordering four additional MOD V B-Class rigs at Keppel FELS, identical to B319, wholly owned subsidiaries, incorporated under the laws of Cayman Islands. As a result, the Company had seven rigs under construction at Keppel and the Company's object was to invest in rigs for future sale or any form or operation through charter.

In this respect, the Company established a subsidiary in Singapore under the name of S.D. Standard Drilling (Singapore) Pte Ltd and set up an office and management team in Singapore, to help with future operations.

### **2011-2013**

In order to protect and maximize shareholder values, the Board of Directors regularly reviewed the Company's business strategy to take into account the existing and forecast business environment. In 2012 the world economy took a turn for the worse, and in particular the deteriorating economic and financial environment in Europe was of major concern to the Board of Directors. As a consequence and as a result of opportunities that became concurrently available in the market, the Board of Directors decided between 2011 and 2013 to sell all initial rig building contracts and all Cayman Island subsidiaries have been sold or dissolved.

The Company, having sold all initial rig building contracts, changed its strategy from building up to become an operator of rigs to being an investment company within the oil and gas service sector.

### **2014**

In September 2014 the Company purchased 24 million shares in Prospector Offshore Drilling S.A. at a price of NOK 17.5 per share, corresponding to 25.37% of the total outstanding share capital of PROS. The consideration under that transaction was paid entirely in cash. Prospector Offshore Drilling S.A. was listed on Oslo Axess in February 2011 and was established to own and operate a fleet of modern F&G JU 2000E high specification (HS) jack-up rigs capable of working in harsh environments (HE).

The Company later disposed of all shares in Prospector Offshore Drilling due to negative development in the drilling space, hence were able to cut losses before the offshore drilling market tumbled.

### **2015-2017**

In 2015 S.D. Standard Drilling (Singapore) Pte Ltd ceased its operations and was struck off the Register of Companies

In 2016, the Board having continuously assessed several investment opportunities decided to enter the PSV market and invested 20% in PSVOI & PSVOII, and received corresponding ownership interests in five (5) mid-size PSVs.

Furthermore the Company invested USD 2 million in secured corporate bonds issued by World Wide Supply AS.

In December 2016, the Company established a wholly owned Norwegian subsidiary, under the name of WANAX AS, for the purpose of holding the Company's investments in the PSV market.

In January 2017, the Company, through its wholly owned subsidiary Wanax AS, invested 35% in the PSVOIII and received corresponding ownership interests in (2) mid-size PSVs. In the same month, the Company also acquired three large-size PSV's from Volstad Shipping AS (held through Wanax AS) at a 100% ownership basis and secured a 15.6% ownership stake in New World Supply Ltd., a Cayman Island exempted company, (NWS) through a private placement directed towards bondholders in World Wide Supply AS. NWS has acquired six mid-size PSV's from World Wide Supply AS. The Company tendered its bonds in World Wide Supply AS in order to participate in the mentioned private placement and no longer holds those bonds.

## **6.3 Business overview and Strategy**

The Company was established for the purpose of building a premium oilfield services company through superior assets, systems and people. Having sold all initial rig building contracts, the strategy of the Company has changed, to being an investment company. The management of the Company performs investment analysis for the Company and puts forward proposals for potential investments to the Board of Directors. The investment decisions are made by the Board of Directors.

The Group'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. The main focus of the Group will be in the OSV market although the Group will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The Group will mainly invest in projects financed by equity only, however the Company are not restricted from incurring debt in order to finance its investments and does not have any formal limitations on the amount of debt it may incur. This should put the Group in a position enabling to run at low cost which increases the probability to receive contract awards for the assets owned by the Group (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. Reference is also made to Section 7.3 below describing the Company's principal market and activities.

The Vessels will be prepared for operation and will be available in the market. However based on the current offshore market, the Company may decide to place the vessels in layup to minimize cash burn and wait for a recovery, while at the same time, keep the vessels in good condition. In case the market improves, the vessels can be easily repositioned to exploit higher charter market levels in any areas of the world.

As the Company is an investment company owning the Vessels, the Company will not have any commercial, technical or corporate management of the Vessels as this is covered by Clarksons Platou Project Finance (acting as the corporate manager, see Section 6.6 below), Fletcher (as commercial and technical manager for the PSVOI, PSVOII, PSVOII and the Volstad Vessels), Remøy Management (as manager for the four New World Vessels World Diamond, World Peridot, World Pearl and World Opal) and Teschudi Management (as manager for the two New World Vessels World Emerald and World Sapphire). Fletcher, Remøy Management and Tschudi Management are described in Section 6.8 below.

#### **6.4 Competitive strengths**

Lead sponsors, Board of Directors and management with strong track record and with extensive transaction and corporate experience which focuses on financial engineering, effective decision processes, low operating cost and maintaining an efficient balance sheet.

#### **6.5 Investments in the PSV market**

In August 2016, the Company entered into the PSV market with a 20% investment in PSVOI for a total consideration of USD 2.4 million. The PSVOI is a private company that owns three (3) mid-size PSV vessels of the design VS 470 MK II.

In October 2016, the Company increased its PSV exposure with a 20% investment in the PSVOII for a total consideration of USD 2.7 million. PSVOII is a private company that owns two (2) mid-size PSV vessels of the design UT 755 LN.

On 2 January 2017, the Company through its wholly owned subsidiary Wanax AS invested further in the PSV market with a 35% investment in the PSVOIII. PSVOIII is a private company that owns (2) mid-size PSV vessels of the design UT755 LN.

On 19 January 2017, the Company announced it had invested further in the PSV market. Through wholly owned subsidiary Wanax AS, the Company had agreed to acquire the three (3) ST-216L CD PSVs Volstad Viking, Volstad Supplier and Volstad Princess from Volstad Shipping AS. The three vessels are large PSVs all built at Aker Brattvaag, Norway in 2007-2008, with 1,060m<sup>2</sup> deck space and equipped with ice class (ICE-1B) capabilities. The Vessels are to be acquired for a total en-bloc consideration of USD 40 million.

On 24 January 2017, the Company announced it had invested further in the PSV market through an equity investment in NWS whereby the Company will pay a share deposit of USD 5.1 million for a 15.6% ownership stake. The Company subscribed for Shares in NWS in connection with a private placement towards bondholders of World Wide Supply AS. NWS has acquired six mid-size PSV's from World Wide Supply AS.

## 6.6 PSV Opportunity Partnership structure

This section provides an overview of the partnership structure for PSVOI, PSVOII and PSVOIII (which is equal for all three companies).

PSVOI, PSVOII and PSVOIII are structured as internal partnerships (nw. det indre selskap, DIS) under Norwegian law and regulated by the Norwegian Partnership Act (nw. Selskapsloven). The internal partnerships consist of investors, which are the silent partners, and general partners, which are organized as limited liability companies. SDSD is a silent partner in PSV Opportunity. The general partners for PSVOI, PSVOII and PSVOIII are the companies PSV Opportunity I AS, PSV Opportunity II AS and PSV Opportunity III AS.

The silent partners are taxed according to the Norwegian Income Taxation Act. PSV Opportunity are internal partnerships in the sense that the partnership does not act or appear as an entity towards third parties. The general partner is registered as the owner of the vessels owned by PSV Opportunity and will be the contracting party in all agreements.

All contracts and agreements are made by the general partner acting in its capacity as general partner of the internal partnership. The general partner acts in its own name and assume all rights and responsibilities towards third parties. The responsibility of the general partner is unlimited against third parties.

Although the general partner assumes all responsibilities, there are written agreements between the silent partners and the general partners governing distribution of profits and responsibilities between the parties. The silent partners cannot under any circumstances act on behalf of, or represent the partnership, directly or indirectly. Each silent partner's liability is regulated by the partnership agreement and is normally limited to the paid and uncalled capital requirement.

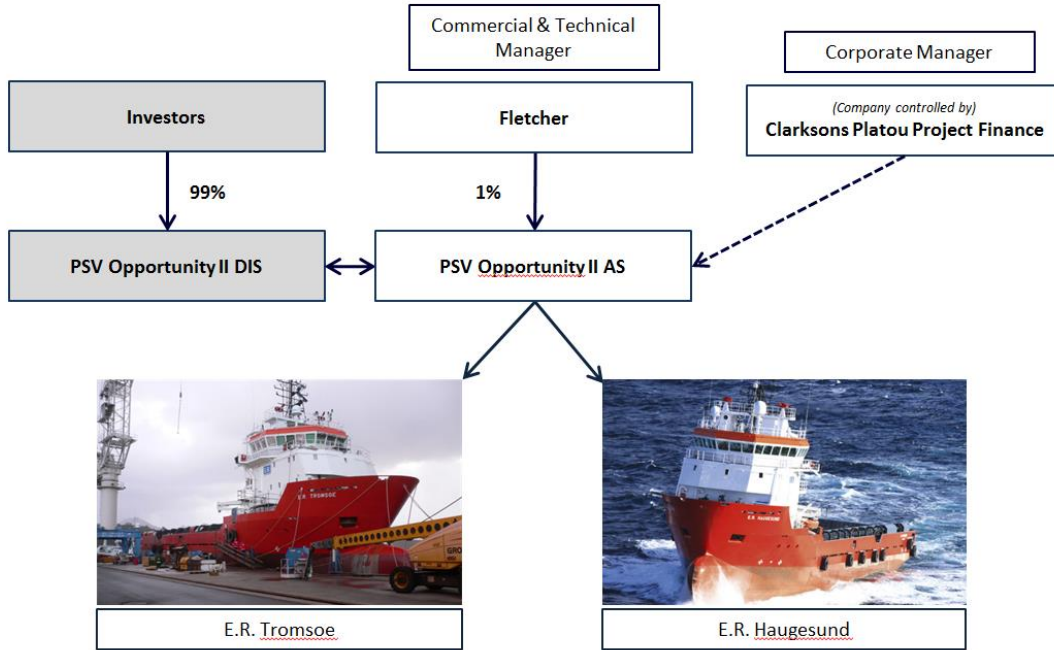
In each of PSVOI, PSVOII and PSVOIII, all partners holding at least 15% of the capital in the companies have a right to demand sale of one or more the vessels held by each company or of the entire company. The Company's ownership interest in each of PSVOI, PSVOII and PSVOIII is sufficient to exercise such right. If the other partners do not wish to sell the vessel(s) or the company, they can stop such sale by purchasing the ownership interests of the person demanding the sale.

Each of PSVOI, PSVOII and PSVOII has hired Fletcher as commercial and technical manager (see Section 6.8), and Clarksons Platou Project Finance as Corporate Manager.

Clarksons Platou Project Finance acts as the corporate manager for PSVOI, PSVOII and PSVOIII. The corporate manager's responsibilities include:

- Secretary to the board of PSV Opportunity companies.
- Make annual accounts and tax papers to the partners.
- Prepare and arrange the board meetings and the annual partnership meeting.
- Keep the communication between the partners and the board of directors.
- Assist the PSV Opportunity companies at the time the vessel(s) are sold (if they are sold).
- Provide general market information to the managers, board of directors and partners



An illustration of the PSVOII structure is provided below (which is representative for all PSV Opportunity companies):



**6.7 The PSV Fleet**

The Group currently has indirect ownership in 16 vessels.

**The PSVOI vessels:**



Vessel	Vessel specifications:
	<p><b>Vessel name: FS Kristiansand (FSK)</b>            Type: PSV, VS 470            Yard: Kleven; Norway            Built: 2005            DWT: 3,544 mt/2,579/774            Deck space: 700 m<sup>2</sup>, 51m x 13.8m            Deck Load: 5t/m<sup>2</sup>            Dynamic positioning: DP2 in ERK, DP1 in ERB/ERA            Contract Status: On a 3-6 month time charter            Purchase price: USD 2.5 million            Owner Structure: PSVOI            Commercial and technical manager: Fletcher</p>
	<p><b>Vessel name: FS Bergen (FSB)</b>            Type: PSV, VS 470            Yard: Kleven; Norway            Built: 2006            DWT: 3,544 mt/2,579/774            Deck space: 700 m<sup>2</sup>, 51m x 13.8m            Deck Load: 5t/m<sup>2</sup>            Dynamic positioning: DP2 in ERK, DP1 in ERB/ERA            Contract Status: Laid-up            Purchase price: USD 2.5 million            Owner Structure: PSVOI            Commercial and technical manager: Fletcher</p>

	<p><b>Vessel name: FS Arendal (FSA)</b>                  Type: PSV, VS 470                  Yard: Kleven; Norway                  Built: 2006                  DWT: 3,544 mt/2,579/774                  Deck space: 700 m<sup>2</sup>, 51m x 13.8m                  Deck Load: 5t/m<sup>2</sup>                  Dynamic positioning: DP2 in ERK, DP1 in ERB/ERA                  Contract Status: Between time charter contracts                  Purchase price: USD 2.5 million                  Owner Structure: PSVOI                  Commercial and technical manager: Fletcher</p>
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**The PSVOII vessels:**

Vessel	Vessel specifications:
	<p><b>Vessel name: FS Abergeldie (ABG)</b>                  Type: UT 755 LN                  Yard: Aukra; Norway                  Built: 2008                  DWT/GT/NT: 3,270 mt/2,180/1074                  Deck space: 680 m<sup>2</sup>, 51m x 13.3m                  Deck Load: 5t/m<sup>2</sup>                  Dynamic positioning: DP2 (DGPS, DGNS, Cyscan)                  Contract Status: [Laid-up]                  Purchase price: USD 5.1 million                  Owner Structure:: PSVOII                  Commercial and technical manager: Fletcher</p>
	<p><b>Vessel name: FS Aberdour (ABD)</b>                  Type: UT 755 LN                  Yard: Aukra; Norway                  Built: 2009                  DWT/GT/NT: 3,270 mt/2,180/1074                  Deck space: 680 m<sup>2</sup>, 51m x 13.3m                  Deck Load: 5t/m<sup>2</sup>                  Dynamic positioning: DP2 (DGPS, DGNS, Cyscan)                  Contract Status: Ready and competing for work                  Purchase price: USD 5.7 million                  Owner Structure:: PSVOII                  Commercial and technical manager: Fletcher</p>


**The PSVOIII vessels:**

Vessel	Vessel specifications:
	<p><b>Vessel name: Island Express</b>                      Type: UT 755 LN                      Yard: Aker Brevik, Norway                      Built: 2007                      DWT/GT/NT: 3,130 mt/2,050/1143                      Deck space: 710 m<sup>2</sup>                      Deck Load: 1,600t                      Dynamic positioning: DP2 (DGPS, Cyscan)                      Contract Status: Ready and competing for work                      Purchase price: USD 5.85 million                      Owner Structure:: PSVOIII                      Commercial and technical manager: Fletcher</p>
	<p><b>Vessel name: Island Earl</b>                      Type: UT 755 LN                      Yard: Aker Brevik, Norway                      Built: 2008                      DWT/GT/NT: 3,130 mt/2,050/1143                      Deck space: 710 m<sup>2</sup>                      Deck Load: 1,600t                      Dynamic positioning: DP2 (DGPS, Cyscan)                      Contract Status: [Ready and competing for work]                      Purchase price: USD 5.85 million                      Owner Structure:: PSVOIII                      Commercial and technical manager: Fletcher</p>




**The Volstad Vessels:**

Vessel	Vessel specifications:
	<p><b>Vessel name: Volstad Princess</b>                      Type: ST 216 L CD                      Yard: Aker Brattvag                      Built: 2008                      DWT/GT/NT: 500mt/4,183/1,254                      Deck space: 1060m<sup>2</sup>                      Deck Load: 2,950t                      Dynamic positioning: DP2 (DGPS, ECDIS, Gyrocompass, Radar)                      Contract Status: on charter                      Purchase price: USD 13.3 million                      Owner Structure: 100% owned through Wanax AS                      Commercial and technical manager: Fletcher</p>
	<p><b>Vessel name: Volstad Supplier</b>                      Type: ST 216 L CD                      Yard: Aker Brattvag                      Built: 2007                      DWT/GT/NT: 500mt/4,183/1,254                      Deck space: 1060m<sup>2</sup>                      Deck Load: 2,950t                      Dynamic positioning: DP2 (DGPS, ECDIS, Gyrocompass, Radar)                      Contract Status: laid-up                      Purchase price: USD 13.3 million                      Owner Structure: 100% owned through Wanax AS                      Commercial and technical manager: Fletcher</p>






	<p><b>Vessel name: Volstad Viking</b>                  Type: ST 216 L CD                  Yard: Aker Brattvag                  Built: 2007                  DWT/GT/NT: 500mt/4,183/1,254                  Deck space: 1060m<sup>2</sup>                  Deck Load: 2,950t                  Dynamic positioning: DP2 (DGPS, ECDIS, Gyrocompass, Radar)                  Contract Status: laid-up                  Purchase price: USD 13.3 million                  Owner Structure: 100% owned through Wanax AS                  Commercial and technical manager: Fletcher</p>
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**The New World Supply vessels:**

Vessel	Vessel specifications:
	<p><b>Vessel name: World Diamond</b>                  Type: Damen PSV 3300 CD                  Yard: Damen Shipyards Galati, Romania                  Built: 2013                  DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT                  Deck space: 728 m<sup>2</sup>                  Deck Load: 1,520t                  Dynamic positioning: DPAA                  Contract Status: Laid-up                  Purchase price: USD 4.6 million                  Owner Structure: 15.6% ownership through equity investment in NWS                  Manager: Remøy Management</p>
	<p><b>Vessel name: World Perdiot</b>                  Type: Damen PSV 3300 CD                  Yard: Damen Shipyards Galati, Romania                  Built: 2013                  DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT                  Deck space: 728 m<sup>2</sup>                  Deck Load: 1,520t                  Dynamic positioning: DPAA                  Contract Status: Laid-up                  Purchase price: USD 4.6 million                  Owner Structure: 15.6% ownership through equity investment in NWS                  Manager: Remøy Management</p>
	<p><b>Vessel name: World Pearl</b>                  Type: Damen PSV 3300 CD                  Yard: Damen Shipyards Galati, Romania                  Built: 2013                  DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT                  Deck space: 728 m<sup>2</sup>                  Deck Load: 1,520t                  Dynamic positioning: DPAA                  Contract Status: Laid-up                  Purchase price: USD 4.6 million                  Owner Structure: 15.6% ownership through equity investment in NWS                  Manager: Remøy Management</p>



	<p><b>Vessel name: World Emerald</b>  Type: Damen PSV 3300 CD  Yard: Damen Shipyards Galati, Romania  Built: 2013  DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT  Deck space: 728 m<sup>2</sup>  Deck Load: 1,520t  Dynamic positioning: DPAA  Contract Status: Laid-up  Purchase price: USD 4.6 million  Owner Structure: 15.6% ownership through equity investment in NWS  Manager: Tschudi Ship Management</p>
	<p><b>Vessel name: World Opal</b>  Type: Damen PSV 3300 CD  Yard: Damen Shipyards Galati, Romania  Built: 2013  DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT  Deck space: 728 m<sup>2</sup>  Deck Load: 1,520t  Dynamic positioning: DPAA  Contract Status: Laid-up  Purchase price: USD 4.6 million  Owner Structure: 15.6% ownership through equity investment in NWS  Manager: Remøy Management</p>
	<p><b>Vessel name: World Sapphire</b>  Type: Damen PSV 3300 CD  Yard: Damen Shipyards Galati, Romania  Built: 2013  DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT  Deck space: 728 m<sup>2</sup>  Deck Load: 1,520t  Dynamic positioning: DPAA  Contract Status: Laid-up  Purchase price: USD 4.6 million  Owner Structure: 15.6% ownership through equity investment in NWS  Manager: Tschudi Ship Management</p>

## 6.8 Commercial and technical managers

### ***PSVOI, PSVOII, PSVOII and the Volstad Vessels***

Fletcher is the commercial and technical manager for the PSVOI, PSVOII, PSVOII and the Volstad Vessels.

Fletcher has been operating PSV in the North Sea for ten years and will be responsible for seeking and negotiating employment for the vessels in addition to the daily running of the vessels either in lay-up or when on charter. The Fletcher Group was established in 2007. Fletcher Shipping's crew has a self-management culture where the ship's master is given the responsibility to manage the ship's budget and purchase stores and spares directly from the suppliers.

Fletcher provides commercial, technical, and corporate services, including vessel maintenance, crewing, purchasing, shipyard supervision, insurance and financial service in addition to being responsible for the equipment used for the vessels' safe operation.

The Company will pay a management fee per day per Vessel in operation and a compensation for the Vessels hired in addition to certain other costs and expenses. No fees will accrue for vessels in layup. The contracts with Fletcher are standard and entered into under the Ship Man 2009 Standard Agreements.

**The New World Supply vessels**

The Vessels World Emerald and World Sapphire are managed by Tschudi Ship Management. The two vessels are currently in layup in Cadiz, Spain.

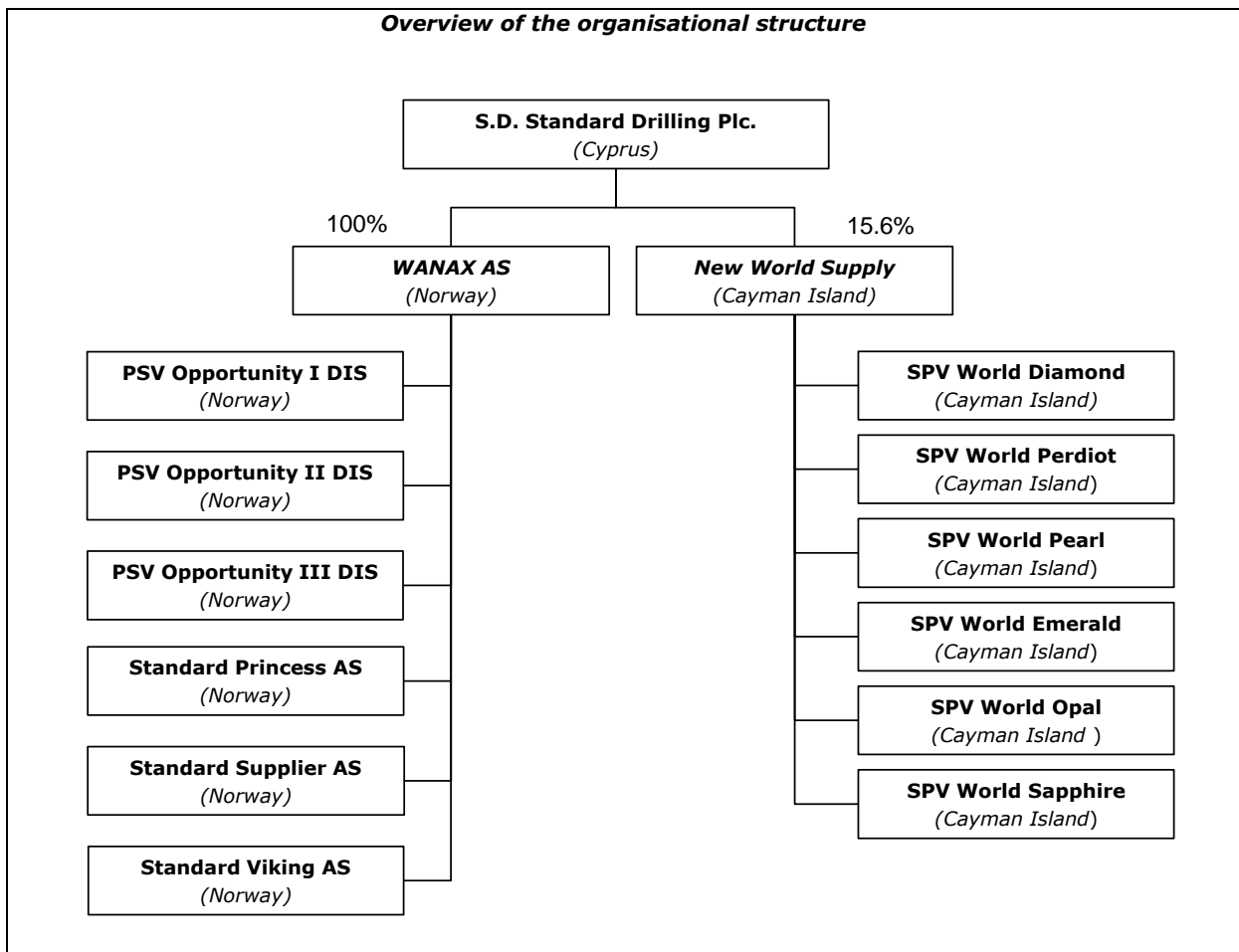
Tschudi Ship Management is located in Estonia and is a wholly owned subsidiary of the Tschudi Shipping Company – a privately owned Norwegian holding company for the Tschudi Group dating back to 1883.

Remøy Management is the manager for the Vessels World Diamond, World Perdiot, World Pearl and World Opal. The four vessels are currently in layup in Ålesund, Norway.

Remøy Management has over 40 years’ experience and has since its inception in 1972 managed over 60 vessels and supervised the building of over 20 vessels. The company is a Norwegian company located in Fosnavåg, Norway.

**6.9 Organizational structure**

The company Wanax AS is a 100% owned subsidiary of the Company, which holds the investments in PSVOI, PSVOII and PSVOIII and owns the Volstad Vessels (see section 6.10 below). The Company New World Supply is a 15.6% owned by the Company, which holds the investments in the six New World Vessels. Wanax AS is a private limited liability company incorporated under the laws of Norway. See below details on the Company’s legal structure.



<b>Subsidiaries</b>	<b>Registered office</b>	<b>Function</b>	<b>Interest held</b>
Wanax AS	Norway	Subsidiary 100% owned by SDDS. Holding company for certain of the investments in the PSV market and direct owner of 3 large-size PSV	100%
PSV Opportunity I DIS	Norway	Owns 3 mid-size PSV	20%
PSV Opportunity II DIS	Norway	Owns 3 mid-size PSV	20%
PSV Opportunity III DIS	Norway	Owns 2 mid-size PSV	35%
Standard Princess AS	Norway	Owns 1 mid-size PSV	100%
Standard Supplier AS	Norway	Owns 1 mid-size PSV	100%
Standard Viking AS	Norway	Owns 1 mid-size PSV	100%
New World Supply Ltd.	Cayman Islands	Owns 6 mid-size PSV	15.6%
SPV World Diamond	Cayman Islands	Owns 1 mid-size PSV	100%
SPV World Perdiot	Cayman Islands	Owns 1 mid-size PSV	100%
SPV World Pearl	Cayman Islands	Owns 1 mid-size PSV	100%
SPV World Emerald	Cayman Islands	Owns 1 mid-size PSV	100%
SPV World Opal	Cayman Islands	Owns 1 mid-size PSV	100%
SPV World Sapphire	Cayman Islands	Owns 1 mid-size PSV	100%

### **6.10 Wanax AS**

The company Wanax AS was incorporated on 29 August 2016 for the purpose of being a pure holding company for the investments in the PSVOI, PSVOII and PSVOIII and the Volstad Vessels (for information on these investments, please refer to Section 6.5). Wanax AS is a private limited liability company and was registered in the Norwegian Register of Business Enterprises on 10 October 2016 with registration no. 917 784 744 and registered address Sjølyst Plass 2, 0278 Oslo, Norway.

The share capital of Wanax AS is NOK 60,000, divided by 30,000 shares, each with a par value of NOK 2. Standard Drilling is the sole shareholder in Wanax AS.

The company has no operation other than being a Norwegian holding company for certain of the Group's Norwegian investments and currently has no employees. As the company was incorporated in 2016, there are no historical financial statements available for Wanax AS.

The investments made by Wanax AS are resolved by the Board of Directors of Standard Drilling and are financed through transfer of funds from Standard Drilling. The company's board consist of the chairman of the Company, Martin Nes (see description in section 9.1.2) and the Company's general counsel Evangelia Panagides (see description in section 9.2). The board members of Wanax AS are not entitled to any remuneration. Deloitte is the auditor of Wanax AS.

For a description of risk factors applicable to Wanax AS, please refer to Sections 2.1, 2.2 and 2.5.

### **6.11 Patents and licenses - Intellectual property**

The Company has no patents or other registered intellectual property. Therefore, the Company do not have any research and development policies and have neither conducted nor sponsored any research and development activities.

The Company is not dependent upon research and development, or patents and licences, industrial, commercial or financial contracts or new manufacturing. However, see risk factors chapter 2 "Dependency on commercial and technical managers".

### **6.12 Property, plant and equipment ("PPE")**

Environmental issues that may affect the utilization and fair value of the Group's assets are discussed in Section 2 "RISK FACTORS" and section 6.13 below.

**6.13 Regulatory, political and environmental factors which could influence the Company's and the Group's business**

The Group's activities are exposed to the overall political and economic environment as well as regulatory and market risks associated with the investment company sector. The Group is also exposed to other financial risks as disclosed in Section 11.1 of the consolidated financial statements.

The Group's considers itself to be in compliance in all material respects with the health, safety and environmental regulations affecting its operations in the countries and jurisdictions in which the Group's operates, however the vessels have bunkers and there could be a risk of pollution if there is an accident or leak from cargo or fuel tanks.

Regulatory compliance has not materially affected capital expenditures, earnings or competitive position to date, although such measures do increase costs of operations and may adversely affect operations. Further regulations may reasonably be anticipated, but any effects on The Group's operations cannot be accurately predicted.

## 7 PRINCIPAL MARKET AND ACTIVITIES

*This Section discusses the industry and markets in which the Company operates. Certain information in this Section relating to market environment, market developments, growth rates, market trends, industry trends, competition and similar information are estimates based on data compiled by professional organisations, consultants and analysts, in addition to market data from other external and publicly available sources, and the Company's knowledge of the markets.*

*The following discussion contains forward-looking statements. Any forecasts and other forward-looking statements in this Section are not guarantees of future outcomes and these future outcomes could differ materially from current expectations. Numerous factors could cause or contribute to such differences, see Section 4.1 "Cautionary note regarding forward-looking statements" for further details.*

*The industry and market overview has been compiled by Clarksons Platou Securities AS.*

### 7.1 S.D. Standard Drilling asset overview

The Group currently has an indirect ownership interests in thirteen (13) medium-sized platform supply vessels ("PSVs") and 100% ownership in three (3) large-sized PSVs, see Section 6.7 "The PSV Fleet". Given the company's current investment focus, this section will address the global PSV market.

### 7.2 Types of platform supply vessels

Platform supply vessels are designed to provide supplies to mobile offshore drilling units and fixed offshore installations. Offshore drilling and production support comprise the primary end-markets, though PSVs sometimes work in offshore construction hauling materials or in seismic support roles. The vessels are characterized by large back decks for dry cargoes like drill pipe, cement and small containers, while tanks under deck store liquid cargoes including drilling mud, chemicals, fuel and water. In addition to carrying cargo, PSVs are often equipped to perform other services and tasks required offshore such as fire-fighting and standby duties, oil containment and recovery to assist in clean-ups at sea, or equipped with tools, chemicals and personnel to assist in increasing production of offshore wells.

PSVs are generally classified according to various specifications including:

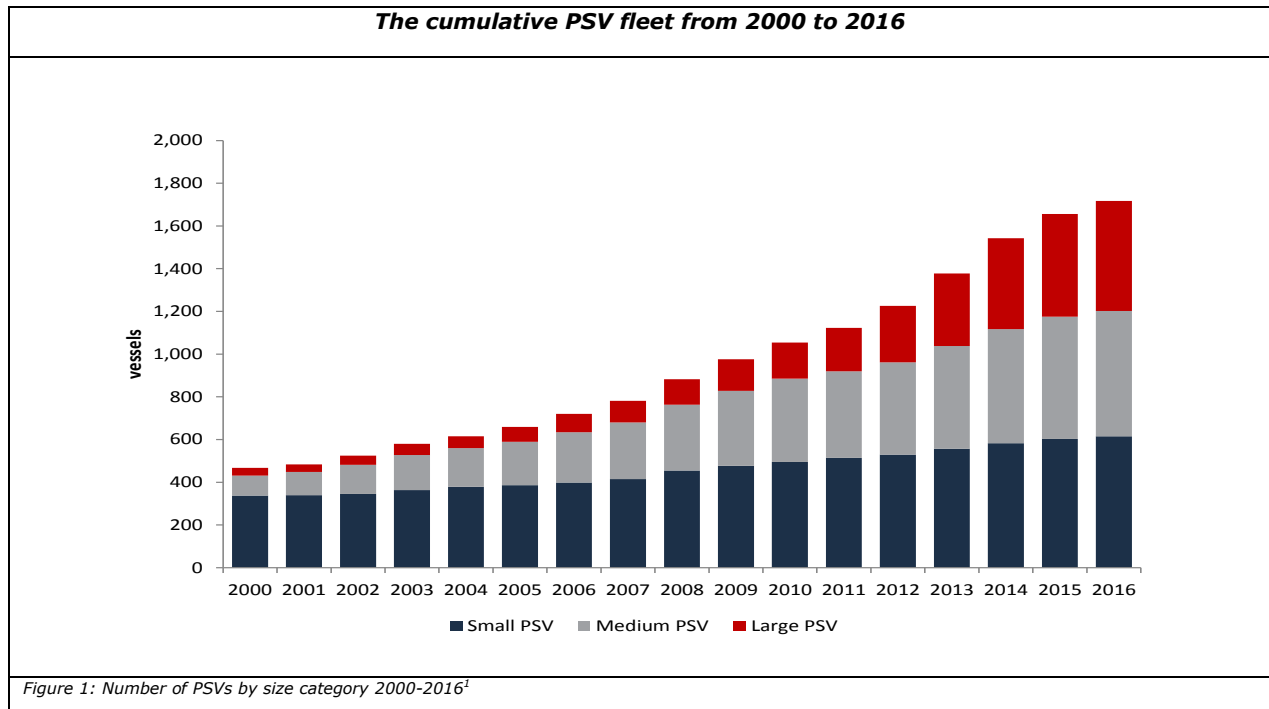
- Deck area in square meters (m<sup>2</sup>)
- Total carrying capacity in deadweight tons (DWT)
- Length of aft in feet or meters (LOA)

For the purposes of this discussion, deadweight tons will be used. Deadweight tonnage takes into account the vessel's total carrying capacity. PSVs measuring 2500 dwt or less are considered small PSVs between 2500 dwt and 4000 dwt are considered medium and PSVs greater than 4000 dwt are considered to be large. Beyond size, PSVs may be classified by various ancillary equipment including dynamic positioning systems (DP), fire-fighting systems, oil recovery systems and ice class.

PSVs working in deepwater, harsh environments or remote locations usually have a minimum size of 2500 dwt and must be equipped with dynamic positioning (DP1 or DP2). Deepwater jobs often require medium or large vessels to accommodate the higher supply consumption rates of floating rigs as compared to shallow water jackups. Even in some primarily shallow water markets like the North Sea, medium and large vessels are preferred for their superior performance in harsh weather and high waves. Markets for medium and large PSVs include the North Sea, Brazil, the deepwater US Gulf of Mexico, West & East Africa and Australia.

Small PSVs and non-DP PSVs typically serve shallow water drilling and production facilities in benign water markets such as West Africa, Southeast Asia, Mexico, the Middle East and the shallow water "shelf" of the US Gulf of Mexico.

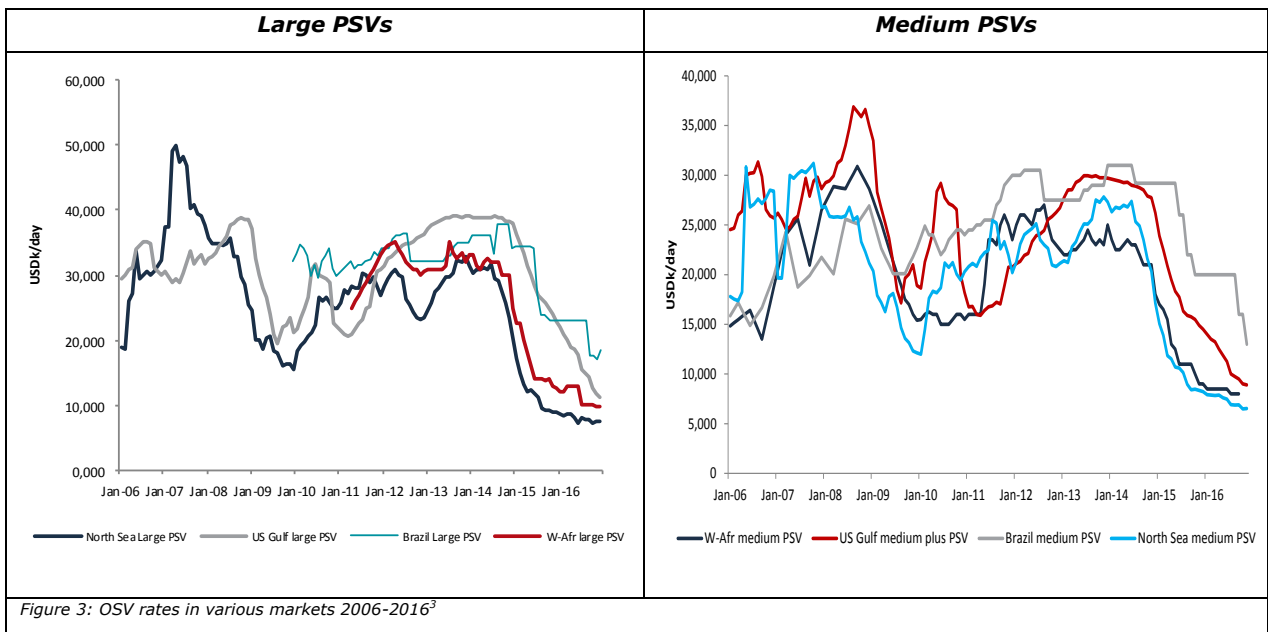
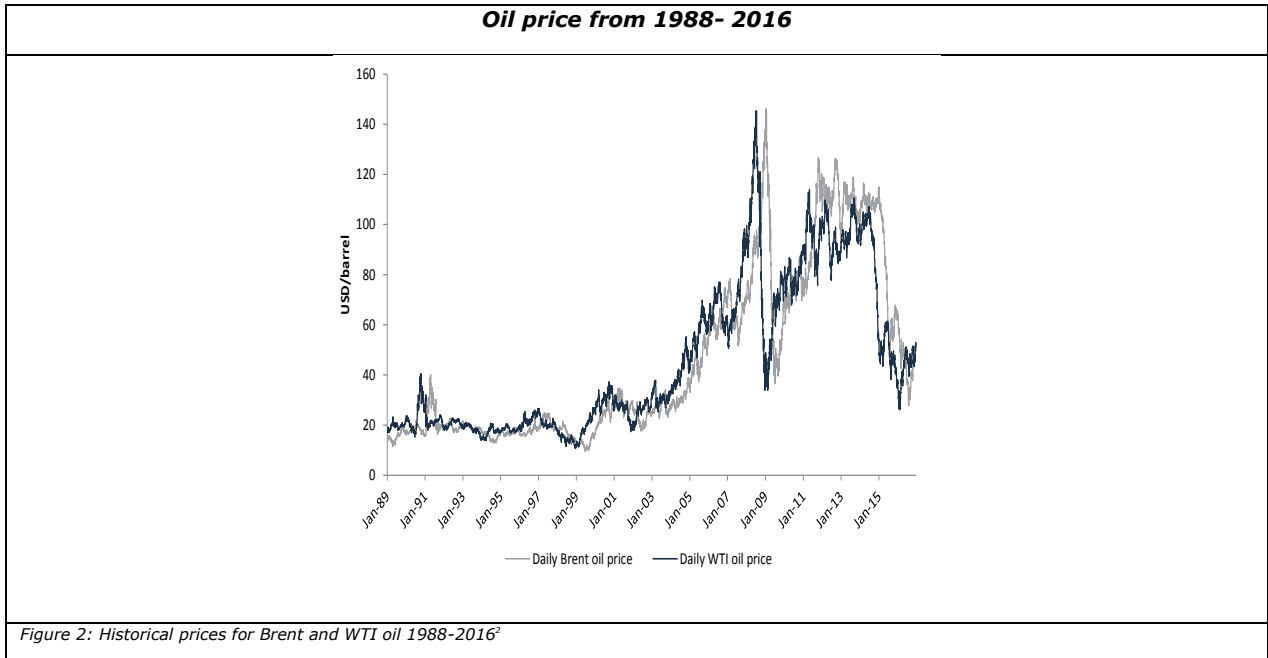
Figure 1 illustrates the cumulative PSV fleet from 2000 to 2016. The vessels are split by size designations as described above. Vessels below 1000 dwt have been excluded.



### 7.3 Recent market developments and trends

The market for PSV services turned dramatically down in the latter part of 2014 and continued its negative development in 2016 and so far in 2017. The PSV market continues to remain challenging in this current environment and is likely to remain tough in the near term. The demand for PSVs is directly related to offshore oil & gas drilling and production activity, which in turn is driven by the level of prices for these commodities. Investments in exploration, development and production (E&P) in offshore oil and gas is dependent on current and forecasted oil and gas prices, available funds, political and other macroeconomic factors. Despite a slight recovery in the oil price in the latter part of 2016 (see Figure 2), oil companies are continuing to take a cautious approach to capital expenditure and other cost commitments given the severity of the overall oil price decline. In order to manage this downturn, with little new fixture activity at lower dayrates, rig owners have been stacking or scrapping older units and newbuild deliveries have been delayed. As a result of the downturn in the oil & gas drilling and production activity, the demand for oilservice vessels has declined.

<sup>1</sup> Clarkson Research Services Limited, 2016



The current day rates for large PSVs is currently USD 7,400 and for mid-sized PSVs the day rates are approximately 5,950. As a comparison, the last 10 years average dayrates for large PSVs is USD 25,000, and for mid-sized PSVs approximately USD 17,525.

While the offshore vessel industry is global, many PSVs work within one or two geographies due to technical specification, marketing presence or cabotage restrictions. Nonetheless, earnings tend to move broadly together across geographies through a cycle. If material variances emerge, owners will typically arbitrage the difference, as seen in Figure 3.

Cabotage laws, regulations governing shipping within a country’s borders, restrict access to several markets including the US Gulf, Brazil and Mexico. The Jones Act for example restricts US coastwise trade to vessels built in America and crewed and owned by US citizens. Shutting out foreign competition leads to a more consolidated

<sup>2</sup> Bloomberg, 2016

<sup>3</sup> Clarkson Research Services Limited, 2016

market and higher prices. In 2015 PSVs in the US Gulf saw the highest average rates in the world outside of Brazil, where very few PSVs actually gained contracts in 2015.

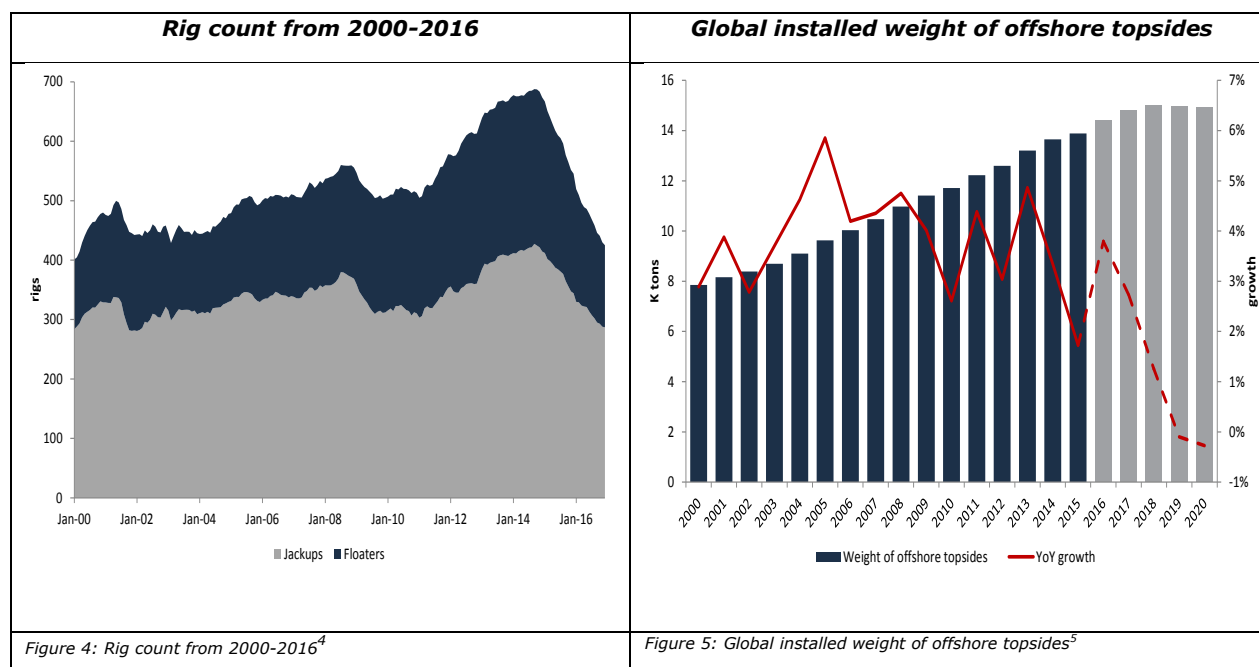
Brazil and Mexico maintain somewhat less restrictive cabotage regimes. International vessels can operate in these markets, though they must have a permit of limited duration. In both Mexico and Brazil, local built and/or owned vessels have privileged access to contracts. In Brazil local owners can obstruct the contracts of foreign flagged vessels in a process called “blocking” when the permits (CAA) come up for annual renewal.

#### 7.4 Demand

Two main drivers comprise demand for offshore support vessels: rig demand and production support demand. Rig demand refers to the support of mobile offshore drilling units, including the supply of drill pipe, drilling mud, diesel to run DPs and generators, injection chemicals, cement, completion equipment and tools as well as food and water. Production support demand comprises the supply of materials needed for the ongoing operation of an offshore platform. Much of the cargo is similar to that needed on a rig, though materials are typically consumed at lower rates. Platforms require tools and materials for maintenance, fuel for generators, and injection chemicals, et alia.

Falling rig demand posed the greatest challenge to the PSV market in 2015 and 2016. Oil companies awarded few new rig contracts as a result of low commodity prices, leading to a fall in the number of rigs requiring support from PSVs. From the peak level in September 2014 to December 2016, the number of rigs under contract fell by approximately 38%, illustrated in Figure 4. Floating rigs required for drilling in deepwater saw a disproportional decline, decreasing 48% in the same period. Floating rigs tend to have a greater impact on the demand for PSVs due to the higher level of vessel intensity needed to service these rigs.

Production demand or the requirement to service offshore infrastructure (measured as the total weight of offshore topsides) is expected to grow through 2020 as projects commissioned prior to the 2014 decline in commodity prices are executed and platforms are being placed in service. Including only firmly planned platforms and netting out decommissioning, our analysis of the Infield global platform database shows that the installed weight of offshore topsides should expand by ~8% by 2020 relative to 2015, Figure 5.

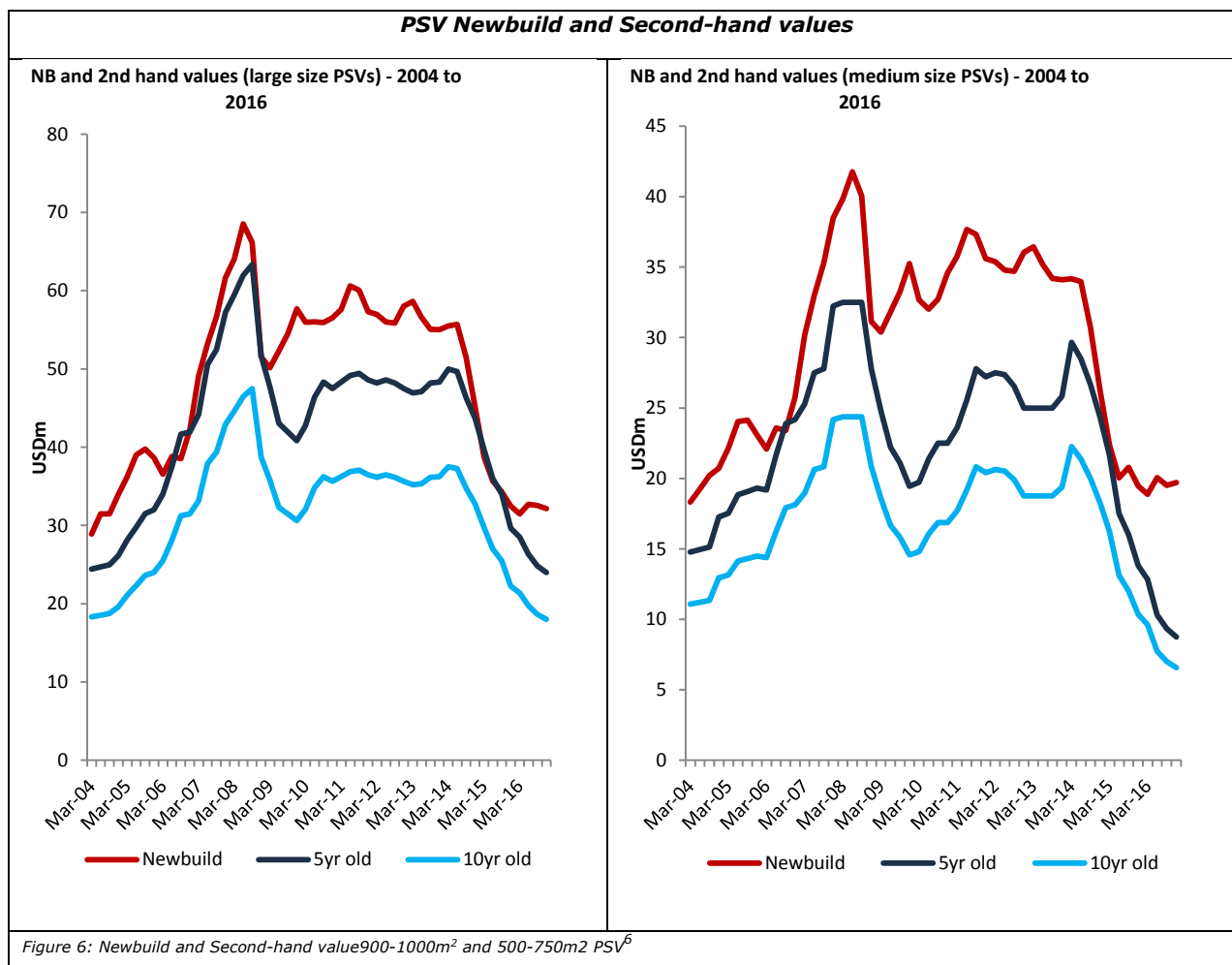


In line with the declining PSV demand, newbuild values and second-hand values have dropped, as illustrated in Figure 6.

<sup>4</sup> Clarkson Research Services Limited, 2016

<sup>5</sup> Clarkson Research Services Limited, 2016; Infield, 2016

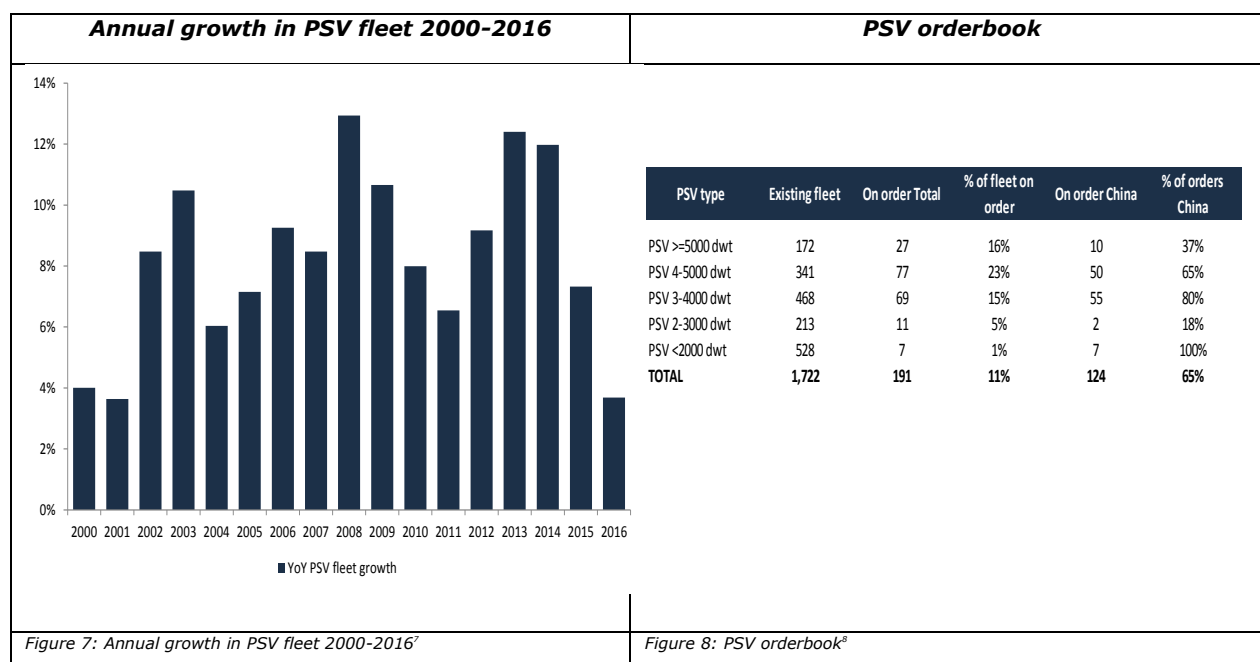




**7.5 Supply of platform supply vessels**

As seen in Figure 7, growth in the supply of PSVs has declined significantly from the levels seen in 2010-2014. In 2016, the PSV fleet expansion was approximately 4%, down from 12% expansion in 2014. Only one new PSV was ordered in 2016 and given the minimal ordering activity the fleet growth is expected to remain low in the coming years. Notably, as seen in Figure 8, a substantial amount of vessels ordered prior to the oil & gas price downturn remains under construction, however, approximately 65% of these vessels are in Chinese yards and are subject to substantial doubts about their eventual delivery status. 20% of the fleet is currently stacked.

<sup>6</sup> Clarkson Research Services Limited, 2016



## 7.6 Competitive environment

S.D. Standard Drilling is a 100% equity financed investment platform with indirect ownership in thirteen (13) PSVs and 100% ownership in three (3) PSVs. In general, the PSV sector is a competitive industry with market participants ranging from large multinational companies to smaller regional companies with fewer units. Although other competitors are significantly larger in size, both in respect to fleet and enterprise value, most operators have a very low market cap, are heavily leveraged and have taken measures, either through covenant renegotiations or a full restructuring, to improve their balance sheets. As such, SDSD's 100% equity capital structure allows for a low break-even dayrate resulting in a competitive advantage in the current depressed market. With no debt, the vessels can be offered to oil companies at highly competitive rates.

Some of the main players in the OSV and PSV markets are DOF, Solstad Offshore and Rem, Siem Offshore, Tidewater, Farstad, Hornbeck Offshore services, Deep Sea Supply Plc, Havila, Gulfmark, Eidesvik, Nordic American offshore and Viking Supply Ships.

<sup>7</sup> Clarkson Research Services Limited, 2016

<sup>8</sup> Clarkson Research Services Limited, 2016

## **8 MATERIAL CONTRACTS AND RELATED PARTY TRANSACTIONS**

### **8.1 Material Contracts outside the course of ordinary business**

The Company has not entered into any material contracts outside of its ordinary course of business for the last two years prior to the date of this Prospectus.

### **8.2 Related party transactions**

The Company has entered into a management agreement with Ferncliff TIH II AS whereby Espen Lundaas provides services to the Company in connection with his role as Acting CFO of the Company. For these services, the Company has paid fees of USD 170,000 since 1 January 2016.

Ferncliff TIH II AS is a company wholly owned by Øystein Stray Spetalen, which is the controlling shareholder in Saga Tankers ASA. Saga Tankers ASA is the largest shareholder in the Company. Further, Espen Lundaas is employed as Chief Financial Officer and Partner in Ferncliff TIH II AS.

### **8.3 Legal and regulatory proceedings**

The Group is not, nor has been, during the course of the preceding twelve months, involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on its financial position or profitability. The Company is not aware of any such proceedings which are pending or threatened.

## 9 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

### 9.1 Board of Directors

#### 9.1.1 Overview

The Board of Directors is responsible for the overall management of the Company and may exercise all of the powers of the Company not reserved to the Company's shareholders by its Bye-laws or Cyprus law.

The Bye-Laws states that the shareholders shall determine at the annual general meeting the minimum and maximum number of directors. The directors are elected by the shareholders at the annual general meeting or any special general meeting called for that purpose, unless there is a casual vacancy. If there is a casual vacancy the general meeting may appoint a new director or alternatively the Board of Directors may appoint a director to fill the vacancy provided always a quorum of directors' remains in office.

The directors serve until re-elected or their successors are appointed at the next annual general meeting.

The Company's business address at 6 Maximou Michaelidi Street, Maximos Plaza, Tower 3, Office 401, CY3106 Limassol Cyprus, serves as c/o addresses for the members of the Board of Directors in relation to their directorships of the Company.

#### 9.1.2 Board of Directors of the Company

The table below sets out the names of the current members of the Board of Directors of the Company and their positions.

Name	Position	Served since*	Term expires
Martin Nes	Chairman	August 2013	AGM 2018
Arne Fredly	Independent Director	December 2015	AGM 2019
George Crystallis	Independent Director	Appointed upon the Company's incorporation on 2 December 2010	AGM 2017

\*The year in brackets indicate the time the director first was elected as a director of the board of Standard Drilling.

At the first annual general meeting of the Company all the directors shall retire from office, and at the Annual General Meeting in every subsequent year one-third of the Directors for the time being, or, if their number is not three or multiple of three, then the number nearest one-third, shall retire from office. The Directors that retired are eligible for re-election by the General Meeting.

#### **Martin Nes, Chairman**

Martin Nes has been involved with the Company since its incorporation in 2010, and has previously held the roles of Chairman and Acting CEO. He is well versed in the company and the shipping and offshore industry and has broad corporate and board experience. Mr. Nes serves as CEO of Ferncliff TIH II AS, one of Norway's largest investment companies. Mr Nes has previously worked several years for the Norwegian law firm Wikborg Rein, both in their Oslo and London offices and for the shipping law firm Evensen & Co. Mr. Nes holds a law degree from University of Oslo and a Master of laws' degree from University of Southampton, England. He was reappointed as a Chairman in August 2013. Mr. Nes is a Norwegian citizen and resides in Oslo, Norway. Mr. Nes holds 2,292,062 Shares in Standard Drilling through his wholly owned company Hanekamb Invest AS.

### **Arne Fredly, Independent Director**

Arne Fredly is an independent professional investor. Previously Mr Fredly was a senior partner and second largest shareholder of ABG Sundal Collier, an independent Nordic Investment bank, where he was head of equity sales and trading. Mr Fredly has also worked for Alfred Berg. Mr Fredly holds a Master of Science in Finance from the Norwegian School of Economics and Business Administration. He was appointed to the Board of S.D. Standard Drilling in January 2016. Mr. Fredly is a Norwegian citizen and resides in Monaco. Mr. Fredly holds 35,200,573 Shares in Standard Drilling through his wholly owned company Apollo Asset Limited.

### **George Crystallis, Independent Director**

George Crystallis is Managing Director of M.G. Crystallis & Co Limited, a Cyprus trading company. Mr. Crystallis has extensive board experience and serves on the boards of several Cypriot companies. He was appointed to the Board of S.D. Standard Drilling in December 2010. Mr. Crystallis holds a degree in Economics from the University of Freiburg, Germany. Mr. Crystallis is a Cypriot citizen and resides in Limassol, Cyprus. Mr. Crystallis holds no Shares in Standard Drilling.

#### *9.1.3 Independence of the Board of Directors*

The composition of the Company's Board of Directors is in compliance with the independence requirements of the Code of Practice.

The Company's executive management is not represented on the Board of Directors.

#### *9.1.4 Board of Directors Committees*

**Audit Committee:** The Board of Directors currently acts as the Audit Committee of the Company.

The responsibilities of the Audit Committee are to monitor the Company's financial reporting process and the effectiveness of its systems for internal control and risk management as well as to review ethics and compliance issues. The Audit Committee shall also keep in regular contact with the Company's auditor regarding the auditing of the annual accounts and evaluate and oversee the auditor's independence. The composition of the audit committee is in line with the Code of Practice.

**Compensation Committee:** The Company is not required to have a compensation committee under Cypriot law, and the Company has not considered it necessary to establish a remuneration committee at this point of time. Upon expansion of the number of employees in the Company, the company will assess the necessity for such committee.

**Nomination Committee:** At the extraordinary general meeting (EGM) held on 30 May 2012 the shareholders approved the establishment of a Nomination Committee which will operate in accordance with the "Guidelines for the Nomination Committee", which have been posted on the company's website, <http://www.standard-drilling.com>. The Company's articles of association were also amended in the same EGM to provide that the Company shall have a Nomination Committee. The term of appointment is for two years. Nomination Committee is comprised by Costas Pantelides (Chairman) and George Papanicolaou (member).

The Nomination Committee submit recommendations to AGMs for the election of members of the Board of Directors. The recommendation will include relevant information on each candidate's background and independence. Furthermore, the Nomination Committee proposes remuneration to the members of the Board of Directors.

## **9.2 Executive management**

The Company's executive management team consists of the General Manager and the acting Chief Financial Officer.

The Company's executive management is responsible for the day-to-day management of the Company's operations in accordance with instructions set out by the Board of Directors. Among other responsibilities, the Company's General Manager is responsible for keeping the Company's accounts in accordance with existing Cypriot legislation and regulations and for managing the Company's assets in a responsible manner.

The business address of 6 Maximou Michaelidi Street, Maximos Plaza Tower 3, Office 401, serves as c/o address for the executive management team responsible for the day-to-day management of the Group apart from Espen Lundaas which has business address at Sjølyst Plass 2, 0278 Oslo, Norway.

The Group's Executive Management consists of Evangelia Panagide, General Manager and Espen Lundaas, Acting Financial Officer (the "**Executive Management**"). However, as Acting CFO Espen Lundaas has expressed that he may want to resign from his temporary position, the Board of Directors has authorised Evangelia Panagide to explore potential candidates for the role of CFO.

The table below sets out the name, year of birth, year of employment, year of appointment to Executive Management, current position and year of appointment to current position for each of the members of the Executive Management.

<b>Name</b>	<b>Year of birth</b>	<b>Employed since</b>	<b>Executive management since</b>	<b>Current position</b>	<b>Current position since</b>
Evangelia Panagide	1974	2011	2013	General Manager	2013
Espen Lundaas	1977	2013	2013	Acting Chief Financial Officer	2013

Set out below are brief biographies of the members of Executive Management.

***Evangelia Panagide, General Manager***

Mrs Panagide has, from 1 September 2013, been appointed as General Manager of the Company. She is based in the Company's headquarter in Cyprus and has run this office since 2011. Mrs Panagide is a Cypriot citizen and resides in Limassol. Mrs. Panagide do not personally hold any shares in Standard Drilling, however Mr Yiannis Panagide, who is closely related to her holds 213,600 shares in Standard Drilling.

***Espen Lundaas, Acting Chief Financial Officer***

Mr Lundaas has been the Chief Financial Officer of the Company since 1 November 2013. Espen Lundaas was re-appointed to serve as Acting Chief Financial Officer in September 2013. Mr Lundaas is well versed in the Company. He is also Partner in and serves as CFO of Ferncliff TIH II AS, one of Norway's largest investment companies. He holds a Master of Business and Economics from the Norwegian School of Management (1997-2001). Mr. Lundaas is a Norwegian citizen and resides in Oslo, Norway. Mr. Lundaas holds 2,339,662Shares in Standard Drilling through his wholly owned company EL Investment AS.

**9.3 Directorships and positions**

Over the five years preceding the date of this Prospectus, directors and members of the executive management team hold or have held the following directorships and leading positions (apart from their directorships and leading positions within the Group), see Appendix B in the Prospectus.

There are no family relationship between any of the persons listed above.

**9.4 Remuneration of the Board of Directors and the members of the executive management**

The table below sets forth remuneration paid by Standard Drilling to the Board of Directors, executive management team and other key personnel for the year ended 31 December 2015. The Company has, for the period from 1 January 2016 to the date of this Prospectus, paid to the Board of Directors a total of USD 94,000 as remuneration for their services.

Name	Title	Salaries (in USD)	Retirement benefits (in USD)	Other benefits (in USD)
Martin Nes	Chairman	N/A	N/A	75,000
Arne Helge Fredly <sup>9</sup>	Independent Director	N/A	N/A	N/A
George Crystallis	Independent Director	N/A	N/A	2,000
Evangelia Panagide	General Manager	43,000	0	0
Espen Lundaas <sup>10</sup>	Acting CFO	N/A	N/A	N/A

The total amount of compensation in Standard Drilling accrued by the directors and the members of the executive management team was USD 169,000 in 2015 compared to USD 176,000 in 2014. Please note that the current composition of the Board of Directors is not equal to the composition of the Board of Directors as of 31 December 2015. Thus, the figures above include remuneration to persons who are no longer part of the Board of Directors.

None of the directors nor executive management have service contracts with the Company, however Espen Lundaas serves as a hired consultant under a management agreement, as further described in Section 8.2 "Related party transactions".

### 9.5 Board of Director's and management's shareholdings and options

The following table sets forth information concerning shares of Standard Drilling held by the members of the Board of Directors and executive management as of the date of this Prospectus. As of the date of this Prospectus, the Company does not have outstanding options.

Name	Position	Shares	% of outstanding
Martin Nes	Chairman	2,292,062 <sup>11</sup>	0.34%
Arne Fredly	Independent Director	35,200,573 <sup>12</sup>	3.44%
George Crystallis	Independent Director	0	0.00%
Evangelia Panagide	General Manager	558,520 <sup>13</sup>	0.07%
Espen Lundaas	Acting CFO	2,339,662 <sup>14</sup>	0.34%

### 9.6 Pensions

There is no requirement to have any pension schemes under Cypriot law, and the Company does presently not have any such scheme for its employees. Upon hiring of further employees, the Company will assess the necessity of establishment of a pension scheme.

### 9.7 Loans and guarantees

Neither the Company nor Standard Drilling has granted any loans, guarantees or other commitments to any of its Directors or to any member of the executive management team of the Group.

### 9.8 Employees

The Company, as of the date of this Prospectus, has one (1) employee being the General Manager. Acting Chief Financial Officer, Espen Lundaas, serves as a hired consultant under a management agreement, as further described in Section 8.2 "Related party transactions" above.

	As of 31 December 2015	As of 31 December 2014	As of the date of the Prospectus
Employees	1	1	1
Total Group	1	1	1

<sup>9</sup> Arne Helge Fredly was part of the Board of Directors as of 31 December 2015.

<sup>10</sup> The Company has entered into a management agreement with Ferncliff TIH II AS, whereby Espen Lundaas is hired as acting CFO to the Company, see section 8.2 "Related party transactions". Remuneration to Ferncliff TIH II AS for the services rendered by Espen Lundaas is set to USD 10,000 per month. The Company and Ferncliff TIH II AS will consider to increase the monthly payments if the activities of the Company increase.

<sup>11</sup> Through wholly owned company Hanekamb Invest AS.

<sup>12</sup> Through wholly owned company Apollo Asset Limited.

<sup>13</sup> Through a related party

<sup>14</sup> Through wholly owned company EL Investment AS.

### **9.9 Conflicts of interests etc.**

During the last five years preceding the date of this Prospectus, no member of the Board of Directors or the executive management has (i) any convictions in relation to indictable offences or convictions in relation to fraudulent offences; (ii) received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or (iii) been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

Following the completion of the Private Placements, none of the members of the Executive Management and the Board of Directors hold a notifiable ownership interest in the Company.

Furthermore, Chairman Martin Nes and Acting Chief Financial Officer, Espen Lundaas, are employed with Ferncliff TIH II AS, an affiliate of Saga Tankers ASA (a large shareholder in the Company). Apart from the above, there are no actual or potential conflicts of interest between the Company or any member of the Group and the private interests or other duties of any members of the Board or the Executive Management.

### **9.10 Corporate governance requirements**

The Company is committed to maintaining high standards of corporate governance. The Company bases its corporate governance model on Norwegian corporate law and accounting regulations and substantially complies with the Norwegian Code of Practice for Corporate Governance (the "**Code of Practice**"), most recently revised 30 October 2014, due to the listing of the Shares on the Oslo Stock Exchange. This implies that the Company do not base its corporate governance policies on the Corporate Governance Code issued by the Cyprus Stock Exchange.

Adherence to the Code of Practice is based on a "comply or explain" principle, whereby companies are expected to either comply with the Code of Practice or explain why they have chosen an alternative approach. The Company is in all major respects in compliance with the Code of Practice, apart from the following matters which constitute deviations from the Code of Practice:

- The recent Extraordinary General Meeting (EGM) that took place on 4 January 2017, provided an authorisation to the Board of Directors to increase the share capital (which, as of the date of this Prospectus has been fully utilised) that does not state specific purposes for which the authorisation may be used;
- The authorisation referred to above, including a waiver of the pre-emptive rights of the shareholders, is given for a longer period than until the next ordinary general meeting;;
- The annual reports do not include information on participation in board meetings, nor circumstances that can highlight the competences of the board members; and
- The Board of Directors has not prepared guidelines for information and communication; and
- The Board of Directors has not prepared guidelines for conduct in take-over situations.



## 10 SELECTED FINANCIAL INFORMATION

### 10.1 Introduction

The following section presents selected financial information derived from the Group's audited consolidated statements (including the notes thereto) as of, and for the years ended, 31 December 2014 and 2015 (the "Standard Drilling Financial Statements") and the Group's unaudited interim condensed consolidated financial statements for the financial periods ended 30 September 15 and 2016 (the "Standard Drilling Interim Financial Statements"). The Financial Statements have been audited by PricewaterhouseCoopers Limited a private company registered in Cyprus (Registration number 143594) (the "PwC"). The Standard Drilling Financial Statements have been prepared in accordance with IFRS, as adopted by the EU. The Interim Financial Statements has been prepared in accordance with IAS 34 and has neither been reviewed or audited. This information is only a summary and you should read this selected historical consolidated financial data together with Section 11 "OPERATING AND FINANCIAL Information" and with the audited consolidated financial statements and notes thereto, incorporated by reference in this Prospectus in Section 19.4 and Appendices C-E.

Please note that the financial information for the years ended 31 December 2014 and 2015 and for the period ended 30 September 2015 only provides useful financial information in certain respects, as the Company only made a limited number of investments in this period and no such investments were made within the Company's current investment profile (as described in section **Error! Reference source not found.**).

### 10.2 Standard Drilling Financial Statements

#### 10.2.1 Basis of presentation

The consolidated financial statements of S.D. Standard Drilling Plc. have been prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113 and are expressed in United States Dollars. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial asset. All figures in these consolidated financial statements are in USD'000 unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Standard Drilling Interim Financial Statements for the nine months ended 30 September 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 for the following:

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.

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

The Company internally manages all its investments on a fair value basis and quarterly fair value information is obtained by management.

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 Q3 2016 interim financial information). An assessment of the fair value of the investments will be performed when there are significant changes in the market conditions of the underlying assets and at least at each financial reporting period end. The Company will use reputable professionals to perform such valuations when deemed necessary.

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 the financial statements, a number of accounting standards and interpretations were issued by the IASB but were not yet effective. The effect of those standards is not expected to be material to the Company.

The Standard Drilling Financial Statements and the Standard Drilling Interim Financial Statements have been incorporated by reference, and may be found on the Company's website, [www.standard-drilling.com](http://www.standard-drilling.com). For documents incorporated by reference, please refer to Section 19.4.

#### 10.2.2 Selected consolidated statement of comprehensive income

The table below sets out a summary derived from the Standard Drilling audited consolidated statement of comprehensive income for the years ended 31 December, 2014 and 2015 and the unaudited third quarter and the 9 months ended 30 September 2016 and 2015.

<b>Income statement</b>	<b>31 Dec. 2015</b>	<b>31 Dec. 2014</b>
	Audited	Audited
<i>USD million</i>	IFRS	IFRS
Operating Revenue	-	-
Operating Expenses	-	-
Gross profit/(loss)	-	-
Other gains and losses	(2,861)	(15,143)
Administrative expenses	(677)	(1,068)
Operating profit/(loss) before depreciation	(3,538)	(16,211)
Depreciation and amortization	(2)	(8)
Operating profit/(loss)	(3,540)	(16,219)
Finance Income	241	227
Finance Costs	(15)	(6)
Profit/(loss) for the year before tax	(3,314)	(15,998)
Income tax credit/(charge)	-	(71)
Profit/(loss) for the year	(3,314)	(16,069)
Other comprehensive income	-	-
Total comprehensive income for the year	(3,314)	(16,069)
Earnings/(loss) per share		
Basic/diluted earnings/(loss) per share	(0.01)	(0.06)
Dividend		

<b>Income statement</b>	<b>Three months ended 30 Sept. 2016</b>	<b>Three months ended 30 Sept. 2015</b>	<b>Condensed Nine months ended 30 Sept. 2016</b>	<b>Condensed Nine months ended 30 Sept. 2015</b>
	IFRS	IFRS	IFRS	IFRS
<i>USD million</i>	Unaudited	Unaudited	Unaudited	Unaudited
Operating Revenue	-	-	-	-
Operating Expenses	-	-	-	-
Gross profit/(loss)	-	-	-	-
Other gains and (losses)	4	(1,905)	9	(2,910)
Share of profit/(loss) from associate	(416)	-	(416)	-
Administration expenses	(96)	(165)	(349)	(491)
Operating profit/(loss) before depreciation	(508)	(2,070)	(756)	(3,401)
Depreciation and amortization	-	-	-	(2)
Operating profit/(loss)	(508)	(2,070)	(756)	(3,403)
Finance Income	11	18	36	90
Finance Costs	(1)	-	(7)	(4)
Profit/(Loss) for the period before tax	(498)	(2,052)	(727)	(3,317)
Income tax credit/(expense)	-	-	-	-
Profit/(Loss) for the period	(498)	(2,052)	(727)	(3,317)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange difference arising on the translation of foreign associate financial statements	117	-	117	-
Available-for-sale investments – Fair value gains	-	-	1	-
Other comprehensive income for the period	117	-	118	-
Total comprehensive income for the period	(381)	(2,052)	(609)	(3,317)
Earnings/(loss) per share				
Basic/diluted earnings/(loss) per share	(0.00)	(0.01)	(0.00)	(0.01)
Dividend				

## 10.2.3 Selected consolidated balance sheet information

The table below sets out a summary derived from the Standard Drilling audited consolidated balance sheet for the years ended 31 December, 2014 and 2015 and the unaudited nine months ended 30 September 2016 and 2015.

<b>Balance sheet</b>	<b>31 Dec. 2015</b>	<b>31 Dec. 2014</b>
<i>USD million</i>	IFRS Audited	IFRS Audited
<b>ASSETS</b>		
Intangible assets	-	2
Equipment and machinery	1	1
<b>Total non-current assets</b>	<b>1</b>	<b>3</b>
Trade and other receivables	35	104
Available-for-sale financial assets	16	26
Current tax asset	1	1
Restricted cash at bank	-	11
Cash and bank balances	9,393	54,782
Assets classified as held for sale	-	-
<b>Total current assets</b>	<b>9,445</b>	<b>54,924</b>
<b>Total Assets</b>	<b>9,446</b>	<b>54,927</b>
<b>EQUITY AND LIABILITIES</b>		
Ordinary shares	2,620	2,620
Share premium	6,938	39,950
Accumulated profits/(losses)	(178)	12,306
<b>Total equity</b>	<b>9,380</b>	<b>54,876</b>
Trade and other payables	66	51
<b>Total current liabilities</b>	<b>66</b>	<b>51</b>
<b>Total Equity and Liabilities</b>	<b>9,446</b>	<b>54,927</b>

<b>Balance sheet</b>	<b>As per 30 Sept. 2016</b>	<b>As per 30 Sept. 2015</b>
<i>USD million</i>	IFRS Unaudited	IFRS Unaudited
<b>ASSETS</b>		
Equipment and machinery	1	1
Investment in associate	2,101	-
<b>Total non-current assets</b>	<b>2,102</b>	<b>1</b>
Trade and other receivables	49	35
Available-for-sale financial assets	16	16
Current tax asset	1	1
Cash and bank balances	6,652	9,393
<b>Total current assets</b>	<b>6,718</b>	<b>9,445</b>
<b>Total Assets</b>	<b>8,820</b>	<b>9,446</b>
<b>EQUITY AND LIABILITIES</b>		
Ordinary shares	2,620	2,620
Share premium	6,938	6,938
Other reserves	118	-
Accumulated profits/(losses)	(904)	(177)
<b>Total equity</b>	<b>8,772</b>	<b>9,381</b>
Trade and other payables	48	65
<b>Total current liabilities</b>	<b>48</b>	<b>65</b>
<b>Total Equity and Liabilities</b>	<b>8,820</b>	<b>9,446</b>

#### 10.2.4 Selected consolidated changes in equity information

The table below sets out a summary derived from the Standard Drilling audited consolidated statement of changes in equity for the years ended 31 December 2014 and 2015 and the unaudited for the nine months ended 30 September 2016.

<b>Changes of Equity</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Accumulated Profits/(Losses)</b>	<b>Total</b>
<i>USD million</i>				
Balance at 01.01.2014	2,620	39,950	28,375	70,945
<b>Comprehensive income</b>				
Profit/(loss) for the year	-	-	(16,069)	(16,069)
<b>Balance at 31.12.2014 (Audited)</b>	<b>2,620</b>	<b>39,950</b>	<b>12,306</b>	<b>54,876</b>
Balance at 01.01.2015	2,620	39,950	12,306	54,876
<b>Comprehensive income</b>				
Profit/(loss) for the year	-	-	(3,314)	(3,314)
Interim dividend paid (note 23)	-	-	(9,170)	(9,170)
Share premium reduction (note 14)	-	(33,012)	-	(33,012)
<b>Balance at 31.12.2015 (Audited)</b>	<b>2,620</b>	<b>6,938</b>	<b>(178)</b>	<b>9,380</b>

<b>Changes of Equity</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Foreign exchange translation reserve</b>	<b>Fair value reserve - available for sale investments</b>	<b>Accumulated Profits/(Losses)</b>	<b>Total</b>
<i>USD million</i>						
Balance at 01.01.2015	2,620	39,950	-	-	12,306	54,876
Comprehensive income						
Profit/(Loss) for the period	-	-	-	-	(3,317)	(3,317)
Dividend paid	-	-	-	-	(9,170)	(9,170)
Balance at 30.09.2015 (unaudited)	2,620	39,950	-	-	(181)	42,389
Balance at 01.01.2016	2,620	6,938	-	-	(177)	9,381
Comprehensive income						
Profit/(loss) for the period	-	-	-	-	(727)	(727)
Other comprehensive income	-	-	117	1	-	118
Balance at 30.09.2016 (unaudited)	2,620	6,938	117	1	(904)	8,772

## 10.2.5 Selected consolidated cash flow information

The table below sets out a summary derived from the Standard Drilling audited consolidated statement of cash flows for the years ended 31 December 2014 and 2015 and the unaudited for the period ended 30 September 2016.

<b>Cash Flow</b>	<b>31 Dec. 2016</b>	<b>31 Dec. 2015</b>
<i>USD million</i>	IFRS Audited	IFRS Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) for the year before income tax	(3,314)	(15,998)
Adjustments for:		
Other gains and losses	2,849	14,547
Depreciation and amortization expense	2	8
Loss from sale of equipment and machinery and intangibles	-	10
Interest income	(241)	(227)
Decrease/(increase) in trade and other receivables	70	(4)
Increase/(decrease) in trade and other payables	14	(43)
Income tax paid	-	(26)
<b>Net cash generated from/(used in) operating activities</b>	<b>(620)</b>	<b>(1,733)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds from disposal of assets	-	51,601
Net cash outflow from acquisition of investment	-	(66,144)
Decrease in restricted cash	11	90
Interest received	241	227
<b>Net cash generated from/(used in) investing activities</b>	<b>252</b>	<b>(14,226)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share premium redemption	(35,059)	-
Interim dividend paid	(9,962)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(45,021)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(45,389)</b>	<b>(15,959)</b>
Cash and cash equivalents at beginning of year	54,782	70,741
Non-cash transactions	-	-
<b>Cash and cash equivalents at end of year</b>	<b>9,393</b>	<b>54,782</b>

<b>Cash Flow</b>	<b>Condensed Nine months ended 30 Sept. 2016</b>	<b>Condensed Nine months ended 30 Sept.2015</b>
<i>USD million</i>	IFRS Unaudited	IFRS Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) for the period before income tax	(727)	(3,317)
Other gains and losses	-	2,069,
Depreciation and amortization	-	2
Share of profit/(loss) from associate	416	-
Interest income	(36)	(90)
Increase/(decrease) in trade and other receivables	(14)	59
(Decrease)/increase in trade and other payables	(16)	37
<b>Net cash generated from/(used in) operating activities</b>	<b>(377)</b>	<b>(1,240)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire investment in associate	(2,400)	-
Decrease in restricted cash	-	11
Interest received	36	90
<b>Net cash generated from/(used in) investing activities</b>	<b>(2,364)</b>	<b>101</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interim dividends paid	-	(9,170)
<b>Net cash generated from/(used in) financing activities</b>	<b>-</b>	<b>(9,170)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,741)</b>	<b>(10,309)</b>
Cash and cash equivalents at beginning of year	9,393	54,777
Non-cash transaction	-	(2,065)
Cash and cash equivalents at end of period	6,652	42,403

## **11 OPERATING AND FINANCIAL INFORMATION**

*The following discussion and analysis of the Group's financial condition and results of operations should be read together with the Group's Financial Statements, including the accompanying notes, incorporated by reference into this Prospectus.*

### **11.1 Principal factors affecting the Group's financial condition and results of operations**

The Group's results are primarily driven by fair value of the investments held in entities holding PSVs. The cash flows of the group are impacted by the performance under contractual day rates from the thirteen PSV vessels operating under short-term contracts and consequently, dividends paid by the companies owning these vessels, see Section 5.

A decline in oil and gas prices for an extended period of time, or market expectations of a potential decrease in these prices, may negatively affect the return on the Group's investments in the PSV market. Sustained periods of low oil prices typically result in reduced offshore activity because oil and gas companies' capital expenditure budgets are subject to cash flow from such activities. These changes can have a dramatic effect on PSV demand. Periods of low demand can cause excess PSV supply and intensify the competition in the industry, which often results in PSV's, particularly older and less technologically advanced vessels, being idle for long periods of time.

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the financial instruments it holds. All of the Group's investments are reported based on fair value for management and financial reporting purposes. All the investments are also currently within the same market. Therefore, the Company does not intend to report on segment information in its financial reporting.

### **11.2 Recent developments and trends**

The market for PSV services turned dramatically down in the latter part of 2014 and has continued its negative development in 2016. The PSV market continues to remain challenging in this current environment and is likely to remain tough in the near term, see section 7.3.

### **11.3 Application of critical accounting policies, estimates and judgments**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following are the critical judgements and estimation, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

#### *11.3.1 Income taxes and deferred tax assets*

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### *11.3.2 Investments in associates*

An associate is an entity of which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Company has changed its accounting policy during the 4 quarter 2016.



In Q3 2016, the results and assets and liabilities of associates were incorporated in the quarterly financial information 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 recognised in the statement of financial position at cost and adjusted thereafter to recognise 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 recognising its share of further losses. Additional losses are recognised 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 recognised at the date of acquisition is recognised 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 recognised immediately in profit or loss. The requirements of IAS 39 are applied to determine whether it is necessary to recognise 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 recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised 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 recognised 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 Section 10.2.1 "Basis of presentation" above, the management of the Company has concluded subsequently to issuing Q3 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 recognised 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 because the Company. The change in accounting policy had the following impact on Q3 and Q4 financial information:

The table below illustrates the effect of the financial statements as of third quarter 2016 for the Group regarding the transition from application of equity accounting to assets at fair value through profit and loss for the investment in PSV I. This as if the third quarter was to be restated to reflect the amended accounting policy.

<b>ASSETS (USD'000)</b>	<b>Reported Unaudited 30.sep.16</b>	<b>Adjustment for reclassification (1)</b>	<b>Restated Unaudited 30.sep.16</b>
Equipment and machinery	1		1
Investment in associate	2,101	(2,101)	-
Long-term investment at fair value		2,400	2,400
<b>Total non-current assets</b>	<b>2,102</b>	<b>299</b>	<b>2,401</b>
Trade and other receivables	49		49
Available-for-sale financial assets	16		16
Current tax asset	1		1
Marketable securities	-		-
Cash and bank balances	6,652		6,652
<b>Total current assets</b>	<b>6,718</b>	<b>-</b>	<b>6,718</b>
<b>Total assets</b>	<b>8,820</b>	<b>299</b>	<b>9,119</b>

<b>EQUITY AND LIABILITIES (USD'000)</b>	<b>Reported 30.sep.16</b>	<b>Adjustment for reclassification (1)</b>	
<b>Total equity</b>	<b>8,772</b>	<b>299</b>	9,071
Trade and other payables	48		48
<b>Total current liabilities</b>	<b>48</b>	<b>-</b>	<b>48</b>
<b>Total equity and liabilities</b>	<b>8,820</b>	<b>299</b>	<b>9,119</b>

<b>PROFIT &amp; LOSS (USD'000)</b>	<b>Reported Unaudited  2016 Q3 accumulated</b>	<b>Adjustment for reclassification (1)</b>	<b>Restated Unaudited  2016 Q3 accumulated</b>
Operating revenues	-		-
Operating expenses	-		-
<b>Gross profit/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other gains and (losses)	9		9
Share of profit/(loss) from associates	(416)	416	-
Administrative expenses	(349)		(349)
Depreciation and amortization	-		-
Net financial items	29		29
Income tax credit/(expense)	-		-
<b>Profit/(Loss) for the period</b>	<b>(727)</b>	<b>416</b>	<b>(311)</b>

Notes adjustments applied to financial statements.

- (1) The investment in PSVOI acquired in the third quarter of 2016 was classified as an associated investment accounted for using the equity accounting in the interim financial statements as per 30 September 2016. After thorough consideration of this investment strategy and the IFRS requirements it is the position of the Group that the measurement of these investments as financial assets at fair value through profit or loss is more appropriate. The adjustments can be derived from the effect according to the equity method as previously reported in Q3 16:

Opening Balance Q3	-	
Addition	2 400	Purchase price in Q3. Best estimate of fair value as of end Q3
Result	-416	Share of result according to equity method - must be reversed according to fair value method
Currency translation in equity	117	Share of currency translation according to equity method taken as other comprehensive income- must be reversed according to fair value method
<b>Closing Balance Q3</b>	<b>2 101</b>	<b>Associate-value according to equity method. Must be replaced by fair value</b>

The change in accounting policy did not have an impact on any periods prior to 30 June 2016.

### 11.3.3 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 realised within twelve months of the balance sheet date.

Regular way purchases and sales of financial assets are recognised 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 recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised 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 recognised in the profit or loss as part of other income when the Company's right to receive payments is established.

#### **11.4 Financial condition and operating results – incorporated by references**

Information on the financial condition of the Company, changes in financial condition and results of operations for 2015 and 2014 and the interim period for the nine months ending 2016 and 2015, are incorporated by reference in section 19.4..

#### **11.5 Liquidity and capital resources**

##### **Events after the Q3 2016 and up to the date of this Prospectus**

26 October 2016 the Company announced the investment in PSV Opportunity II of USD 2.7 million.

In November the Company invested USD 2 million in corporate bonds.

On 2 January 2017 the Group announced the investment of USD 5.215 million, representing 35% of the issued share capital of PSV Opportunity III DIS, a partnership arrangement established in Norway. PSV III owns two mid-size PSV vessels (UT 755 LN) which were built at Aker Brevik in Norway in 2007 and 2008. The transaction was closed in 19 January 2017.

On 4 January 2017, the Company held an extraordinary general meeting (the "EGM") where it was resolved to approve an increase in the Company's authorised share capital from 362,000,000 to 1,022,000,000 ordinary shares of USD 0,01 each by the issuance of 660,000,000 ordinary shares of a nominal value of USD 0,01 each.

On 9 January 2017, the Company issued 423,076,924 new shares through a Private Placement with gross proceeds of NOK 275 million corresponding to USD 31.83 million. The subscription price per new share was set to NOK 0.65 (USD 0,075) which includes a share premium of USD 0.0652 per share.

On 13 January 2017, the Company issued 111,111,200 shares through a private placement with gross proceeds of NOK 100 million corresponding to USD 11.7 million. The subscription price per new share was set to NOK 0.90 (USD 0.105) which includes a share premium of USD 0.0948 per share.

On 19 January 2017, the Company announced the acquisition of the three large PSV's from Volstad for a total en-bloc consideration of USD 40 million. The transaction was completed in week 6, 2017.

23 January the Company increased its ownership in the corporate bonds by investing USD 1.4 million.

25 January the Company announced the investment in New World Supply Ltd of USD 5.1 million corresponding to an ownership of 15.6%.

27 January 2017, the Company issued 5 514 718 shares at NOK 0.65 per share in a subsequent offer with a gross proceed of NOK 3.58 million corresponding to USD 0.42 million.

1 February 2017, the Company issued 220,297,158 shares through a Private Placement with gross proceeds of NOK 198.3 million corresponding to USD 23.7. 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.

7 February 2017 the Company received a dividend of USD 3.15 million as a bondholder of the corporate bonds.

The total costs related to issuing equity are estimated to be USD 2.8 million. Fee of purchasing the PSV's from Volstad is USD 0.6 million.

### **Q3 2016**

The available cash position as at 30 September 2016 was USD 6.65 million. Taking into account the changes in the Company's equity due to the Private Placements and the investments, the Company's cash position is as of the date of this Prospectus approximately USD 17.9 million. Reference is also made to Section 11.12 below.

During the nine months of 2016, net cash used in operating activities was USD 377,000 and net cash used in investing activities was USD 2,364 thousands, mainly consisting of interest received of USD 36,000 and an outflow of USD 2,400 thousands for subscribing in the partnership capital of PSVOI. Net cash used in financing activities was USD NIL.

### **2015**

The available cash position as of 31 December 2015 was USD 9,393 thousands.

Net cash used in operating activities during 2015 was USD 620,000 and net cash from investing activities was 252,000, mainly consisting in interest received. Net cash used in financing activities was USD 45,021 thousands due to dividend and share premium reductions, all of which was distributed to the shareholders.

### **2014**

The available cash position as of 31 December 2014 was USD 54,782 thousands.

Net cash used in operating activities during 2014 was USD 1,733 thousands and net cash used in investing activities was 14,226 thousands, mainly consisting of a loss from investing activities. Net cash used in financing activities was USD NIL.

## **11.6 Investing activities**

### *11.6.1 Historical investments and up to the date of this Prospectus*

On 10 September 2014 the Company purchased 24 million shares in Prospector Offshore Drilling S.A. of a price of NOK 17.50 per share, totalling NOK 420 million, corresponding to 25.37% of the total outstanding share capital of Prospector Offshore Drilling S.A. The consideration under that transaction was paid entirely in cash. On 17 November 2014 S.D. Standard Drilling PLC disposed all the shares held in Prospector Offshore Drilling S.A. at a price of NOK 14.50 per share. As a consequence of the disposal, S.D. Standard Drilling PLC has realized a total loss of USD 14,543 thousands.

On 11 August 2016 the Company invested USD 2.4 million, representing 20% of the total partnership capital of PSVOI, a partnership arrangement established in Norway. PSVOI 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.

On 26 October 2016, the Company increased its PSV exposure with a 20% investment in the PSVOII for a total consideration of USD 2.7 million. PSVOII is a private company that owns two (2) mid-size PSV vessels of the design UT 755 LN. The transaction was closed end of October 2016.

On 28 October 2016, the Company invested USD 2 million in corporate bonds issued by World Wide Supply AS.

On 19 January 2017, the Company through its wholly owned subsidiary invested more in the PSV market with a 35% investment in the PSVOIII. PSVOIII is a private company that owns (2) mid-size PSV vessels of the design UT755 LN.

On 19 January 2017, the Company announced it had invested further in the PSV market. Through wholly owned subsidiary Wanax AS, the Company had agreed to acquire the three (3) ST-216L CD PSVs Volstad Viking, Volstad Supplier and Volstad Princess from Volstad Shipping AS. The three vessels are large PSVs all built at Aker Brattvaag, Norway in 2007-2008, with 1,060m<sup>2</sup> deck space and equipped with ice class (ICE-1B) capabilities. The Vessels are to be acquired for a total en-bloc consideration of USD 40 million.

On 24 January 2017, the Company announced it had invested further in the PSV market through an equity investment in NWS whereby the Company will pay a share deposit of USD 5.1 million for a 15.6% ownership stake. The Company subscribed for Shares in NWS in connection with a private placement towards bondholders of World Wide Supply AS. NWS has acquired six mid-size PSV's from World Wide Supply AS.

Reference is also made to sections 16.4, 17.4 and 18.4 below which contain a description of the use of proceeds from the Private Placements.

#### *11.6.2 Ongoing investments*

As of the date of this Prospectus, the Group has no commitments for ongoing investments.

#### *11.6.3 Future investments*

As of the date of this Prospectus, the Group has no firm commitments for future investments.

### **11.7 Significant change in the Group's financial or trading position**

In the period after the balance sheet day of 30 September 2016 and up to the date of this Prospectus, the Group has not completed any significant transactions nor has a significant change to market and financial condition occurred, other than those described in this Prospectus in Sections 6.5 and 11.6 and the Private Placements as described on chapter 15.

### **11.8 Information on holdings**

The Company or the Group does not have any ownership interests or investments other than those mentioned in Sections 0 and 11.6, which are likely to have a significant effect on the assessment of the Group's own assets and liabilities, financial position or profit or losses.

### **11.9 Working capital**

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

### **11.10 Insurance**

The Company has a Directors & Officers' Liability Insurance with Markel Europe Ltd.

### **11.11 Financial risk management**

#### *11.11.1 Financial risk factor*

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management strategy seeks to minimize any adverse effect from the unpredictability of financial markets on the Group's financial performance.

(a) Market risk

(i) Currency risk

The Group's functional currency is US dollars. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro and the NOK. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group. Equity securities are susceptible to market price risk arising from uncertainties about future prices of the investments. The investments are classified on the balance sheet as financial assets at fair value through profit or loss and/or as available for sale financial assets.

(iii) Cash flow and fair value interest rate risk

The Group is currently financed by equity, and has no interest bearing debt; hence no interest rate risk is currently present.

**(b) Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's major classes of financial assets are bank deposits and trade and other receivables (note 6).

**(c) Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents as well as securing availability of funding through adequate amount of credit facilities to meet future obligations.

**11.11.2 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

**11.12 Capitalization and Indebtedness****11.12.1 Capitalization**

The following table sets forth information about the Group's consolidated capitalisation as at 30 September 2016.

<b>Capitalisation</b>			<b>As adjusted for the net proceeds from Private placement and subsequent events post balance sheet date</b>
<i>In USD millions</i>	<b>30 September 2016 (Unaudited)</b>	<b>Adjustment (Unaudited)</b>	<b>(Unaudited)</b>
<b>Indebtedness</b>			
Total current financial debt.....	-	-	-
- Guaranteed .....	-	-	-
- Secured .....	-	-	-
- Unguaranteed/unsecured .....	-	-	-
Total non-current financial debt .....	48	-	48
- Guaranteed .....	-	-	-
- Secured .....	-	-	-
- Unguaranteed/unsecured .....	48	-	48
<b>Total indebtedness.....</b>	<b>48</b>	<b>-</b>	<b>48</b>
Shareholders' equity (1)	8,772	64,876	73,648
Invested equity attributable to the shareholders of the Company ....	-	-	-
<b>Total equity.....</b>	<b>8,772</b>	<b>64,876</b>	<b>73,648</b>
<b>Total capitalisation.....</b>	<b>8,820</b>	<b>64,876</b>	<b>73,648</b>

(1) +30,512 Estimated net proceeds from Private Placement #1 + 11,186 Estimated proceeds from Private Placement #2 + 406 Estimated net proceeds from Subsequent Offering #1 +22,772 Estimated net proceeds from Private Placement #3.

11.12.2 *Indebtedness*

The following table sets forth information about the Group's consolidated net financial indebtedness as at 30 September 2016.

<b>Indebtedness</b> <i>(Figures in USD millions)</i>	<b>30 September 2016</b> <b>(Unaudited)</b>	<b>Adjustment</b> <b>(Unaudited)</b>	<b>As adjusted for the net proceeds from Private placement and subsequent events post balance sheet date</b> <b>(Unaudited)</b>
Net indebtedness			
(A) Cash (2) .....	6,652	11,278	17,930
(B) Cash equivalents.....	-	-	-
(C) Trading securities.....	-	-	-
<b>(D) Liquidity (A)+(B)+(C) .....</b>	<b>6,652</b>	<b>11,278</b>	<b>17,930</b>
<b>(E) Current financial receivables .....</b>	<b>49</b>	<b>-</b>	<b>48</b>
(F) Current bank debt .....	-	-	-
(G) Current portion of long-term debt .....	-	-	-
(H) Other current financial debt (current trade and other payables) ..	48	-	48
<b>(I) Current financial debt (F)+(G)+(H) .....</b>	<b>48</b>	<b>-</b>	<b>48</b>
<b>(J) Net current financial indebtedness (I)-(E)-(D) .....</b>	<b>-6,653</b>	<b>-11,278</b>	<b>-17,930</b>
(K) Non-current bank loans .....	-	-	-
(L) Bonds issued.....	-	-	-
(M) Other non-current loans .....	-	-	-
<b>(N) Non-current financial indebtedness (K)+(L)+(M) .....</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(O) Net financial indebtedness (J)+(N).....</b>	<b>-6,653</b>	<b>-11,278</b>	<b>-17,930</b>

(2) +30,512 estimated net proceeds from Private Placement #1 + 11,186 estimated proceeds from Private Placement #2 + 406 Estimated proceeds from Subsequent Offering #1 +22,772 estimated net proceeds from Private Placement #3 -53,598 investments made post balance sheet date.

Further specification per transaction in Note (1) to table in Section 11.12.1 above and Note (2) in table above in Section 11.12.2:

	Equity	Cash
26 October 2016 Investment in PSV Opportunity II .....		-2 700
2 January 2017 Investment in PSV Opportunity III.....		-5 215
9 January 2017 Private Placement I 423,076,924 shares .....	30 512	30 512
13 January 2017 Private Placement II 111,111,200 shares .....	11 186	11 186
19 January 2017 Investment in PSV's from Volstad .....		-40 600
25 January 2017 Investment in New World Supply .....		-5 083
27 January 2017 Subsequent Offering I of Private Placement I .....	406	406
1 February 2017 Private Placement III 220,297,158 shares .....	22 772	22 772
<b>Total</b>	<b>64 876</b>	<b>11 278</b>

Compared to the narrative description in section 11.5 above, this specification is net of fees on each transaction. Further, the two step investment in corporate bonds and subsequent dividend has been excluded in this table, as the net end result is considered insignificant.

### 11.13 Financial effect of the investments in PSVOI, PSVOII, PSVOIII, Volstad Vessels and NWS

As explained in section 11.3 above, the investment in PSVOI acquired in the third quarter of 2016 has been reclassified from associated investment accounted for using the equity, to fair value principle. The investments in PSVOII, PSVOIII, Volstad Vessels and NWS which has been completed subsequent to third quarter will also be subject to fair value in accordance with IAS 39. The effect on the future financial statements as a result of the new investments are projected to be an increase in Long term investment at fair value. The investments will have a corresponding effect reducing the cash balance of the Group with the same amounts. No significant effect is expected to the profit and loss, as the purchase price of the investments assumed to be close to or identical to the fair value at the time of this prospectus.

The estimated effect of the investments on the financial statements in USD 1,000:

<b>Investment</b>	<b>Increase in Ownership</b>	<b>Effect on cash</b>	<b>Effect on Long term investments at fair value</b>	<b>Effect on P&amp;L at time of Prospectus</b>
PSVOII	20.0%	-2,700	2,700	0
PSVOIII	35.0%	-5,215	5,215	0
NWS	15.6%	-5,083	5,083	0
Volstad	100.0%	-40,000	40,000	0
<b>Total</b>		<b>-52,998</b>	<b>52,998</b>	<b>0</b>

These investments are all exceeding the 25% threshold of total balance of the Group - defined as significant transactions according ESMA 52, thereby generally triggering the need for pro forma financial information. However, the acquired assets are newly incorporated entities which have not been subject to any financial reporting prior to the investments. Neither has the assets in the entities been reported on a separate basis prior to the incorporation. On this basis it is the Groups conclusion that there is no basis for preparation of financial pro forma information that would give a fair description of the transactions. Therefore no pro forma financial information has been prepared.

The investments are described in more detail in sections 6.5 and 11.6 above.



## 12 CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL

The following is a summary of certain material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Memorandum of Association, Bye-laws and applicable Cyprus law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Memorandum of Association, Bye-laws and applicable law.

### 12.1 Authorized and issued share capital

As of the date of this Prospectus, the Company's authorized share capital is USD 10,220,000 divided into 1,022,000,000 Shares, each with a par value of USD 0.01. The issued share capital is USD 10,220,000 divided into 1,022,000,000 Shares, each with a par value of USD 0.01 and all of which is paid in full. All of the Shares of the Company have equal voting rights.

The Company has called for an extraordinary general meeting to be held on 23 February 2017, whereby the shareholders shall vote over a proposed resolution to increase of the authorised share capital from USD 10,220,000, divided into 1,022,000,000 Shares, each with a par value of USD 0.01, to USD 15,500,000, divided into 1,550,000,000 Shares, each with a par value of USD 0.01.

The Board of Directors is generally authorized and empowered to issue and allot new shares up to the limit of the authorized share capital, as further described in section 12.5 "Authorization to increase the share capital".

### 12.2 VPS registration of the Shares

The Company's shareholders register is kept and maintained by VPS, and the Shares of the Company are registered in the VPS with ISIN CY0101550917. The Company has entered into a registrar agreement with DNB Bank ASA who operates the Company's VPS share register.

### 12.3 Stock exchange listing

The Shares of the Company are listed on Oslo Axess under the ticker code "SDSD". For information regarding the listing of the New Shares, please refer to Section 15.3.

### 12.4 Share capital history

The table below sets out the developments in the share capital of the Company for the period covering the historical financial information and up until the date of this Prospectus. The table also indicates the total number of Shares, share capital and par value per Share at the start and end of each year comprised by the historical financial information.

Date	Type of change	Change in issued share capital (USD)	New issued share capital (USD)	No. of issued Shares	Subscr. Price (NOK)	Par value (USD)
2014	None – start of year	0	2,620,000	262,000,000	N/A	0.01
2014	None – end of year	0	2,620,000	262,000,000	N/A	0.01
2015	None – start of year	0	2,620,000	262,000,000	N/A	0.01
2015	None – end of year	0	2,620,000	262,000,000	N/A	0.01
2016	None – start of year	0	2,620,000	262,000,000	N/A	0.01
2016	None – end of year	0	2,620,000	262,000,000	N/A	0.01
9 January 2017	Private placement	4,230,769.24	6,850,769.24	685,076,924	0.65	0.01
16 January 2017	Private placement	1,111,112.00	7,961,881.24	796,188,124	0.90	0.01
27 January 2017	Subsequent Offering	55,147.18	8,017,028.42	801,702,842	0.65	0.01
1 February 2017	Private placement	2,202,971.58	10,220,000	1,022,000,000	0.90	0.01

### 12.5 Authorization to increase the share capital

On 4 January 2017, the Board of Directors was granted an authorization to issue and allot new Shares to the existing shareholders and/or new investors up to the limit of the authorized share capital at a price range of the USD equivalent of NOK 0.05 to NOK 5 per share. Pursuant to the authorization, the pre-emptive rights of the shareholders may be deviated from.

The authorization is valid until the date of the annual general meeting of the Company in 2018.

As of the date of this Prospectus, the Board of Directors has utilized USD 7,600,000 of the authorization and, thus, the remaining amount of share capital that may be increased under the authorization is USD 0.

The Company has called for an extraordinary general meeting to be held on 23 February 2017, whereby the shareholders shall vote over a proposed resolution to increase of the authorised share capital from USD 10,220,000, divided into 1,022,000,000 Shares, each with a par value of USD 0.01, to USD 15,500,000, divided into 1,550,000,000 Shares, each with a par value of USD 0.01. In addition, the shareholders shall vote over a proposed resolution to authorise the Board of Director to issue and allot new Shares to the existing shareholders and/or new investors up to the new authorised share capital.

The Board of Directors do not hold any other authorizations to increase the share capital.

## 12.6 Treasury shares

The Company currently does not hold any Shares of any class in treasury, neither does any subsidiary hold any Shares in the Company. The Company may purchase such shares provided that such purchase is affected in accordance with the provisions of the Companies Acts and the Bye-Laws. The Bye-Laws currently provides for such a right. Such shares may not be owned by the Company for more than 2 years from the date of purchase. Treasury shares must never exceed 10% of the issued capital of the Company. The Company may only purchase such shares out of profits.

## 12.7 Options and conversion rights

The Company has not issued any outstanding options, warrants, convertible loans or other instruments, which would entitle the holder of any such securities to require that the Company issue any Shares.

## 12.8 Share price development

Standard Drilling has been listed on Oslo Axess since 25 March 2011, ref. section 6.2. The graph below shows the development in trading price (closing price) and traded volume for the Standard Drilling shares in the period listed on Oslo Axess to 21 February 2017. The closing price on 21 February 2017 was NOK 0.79.

**Standard Drilling share price development\***



Source: Infront PRO

\*The drop in the share price in June 2013 is caused by extraordinary dividend payment.

## 12.9 Major shareholders

As of 21 February 2017, Standard Drilling had a total of 1,345 shareholders registered in the VPS.

The table below shows the 20 largest shareholders in Standard Drilling as registered in the VPS on 21 February 2017.

	<b>Shareholders in Standard Drilling</b>	<b>Number of Shares</b>	<b>%</b>
1	SAGA TANKERS ASA	157,298,663	15.39%
2	DEUTSCHE BANK AKTIENGESELLSCHAFT*	102,251,334	10.01%
3	ARCTIC FUNDS PLC	57,162,177	5.59%
5	J.P. MORGAN SECURITIES LLC *	45,042,800	4.41%
6	J.P. MORGAN SECURITIES PLC *	41,001,910	4.01%
4	JPMORGAN CHASE BANK, N.A., LONDON*	37,022,200	3.64%
7	APOLLO ASSET LIMITED	35,200,573	3.44%
8	HOLBERG NORGE	28,925,700	2.83%
9	HRF MARINE LLC	27,000,000	2.64%
10	SWEDBANK GENERATOR	26,032,689	2.55%
11	THABO ENERGY AS	24,615,300	2.41%
12	EIKA NORGE	23,752,341	2.32%
13	UBS AG, LONDON BRANCH	23,446,715	2.29%
14	PARK LANE FAMILY OFFICE AS	20,905,379	2.05%
15	VPF NORDEA NORGE VERDI	19,703,999	1.93%
16	CIPI LAMP UCITS SWEDBANK SMB	19,141,090	1.87%
17	VPF NORDEA KAPITAL	16,659,415	1.63%
18	CREDIT SUISSE SECURITIES (EUROPE) *	14,865,333	1.45%
19	TOLUMA NORDEN AS	12,957,817	1.27%
20	VPF NORDEA AVKASTNING	11,356,928	1.11%
	Total 20 largest shareholders	744,342,363	72.83%
	Other shareholders	277,657,637	27.17%
	<b>Total shareholding</b>	<b>1,022,000,000</b>	<b>100.00%</b>

\* Registered as nominee shareholder with VPS. The Company does not know the identity of the ultimate beneficial shareholders holding their Shares through these nominee accounts. As per 21 February 2017, and in so far as is known to the Company, the following persons have, directly or indirectly, an interest of 5% or more of the share capital of the Company (which constitute a notifiable holding under the Norwegian Securities Trading Act):

	<b>Shareholder</b>	<b>Number of Shares</b>	<b>%</b>
1	SAGA TANKERS ASA	157,298,663	15.39%
2	DEUTSCHE BANK AKTIENGESELLSCHAFT*	102,251,334	10.01%
3	ARCTIC FUNDS PLC	57,162,177	5.59%

The Company's major shareholders do not have different voting rights than any other shareholder of the Company.

Please refer to section 13.7 below for a description of the disclosure obligations under the Norwegian Securities Trading Act.

The Group is not aware of any other persons or entities who, directly or indirectly, have an interest in 5% or more of the Standard Drilling shares or after completion of the Capital Decrease and Listing the Company's Shares.

See section 9.5, for the total number of shares of Standard Drilling held by Directors and the executive management team of the Group, as of the date of this Prospectus.

As of the date of this Prospectus, to the knowledge of the Company, there are no arrangements or agreements, which may at a subsequent date result in a change of control in the Company.

## 12.10 No limitations on the right to own and transfer Shares

The Shares are freely transferable. Neither the Bye-Laws nor the Companies Law contain any provisions imposing limitations on the ownership of the Shares and there are no limitations under Cypriot law on the rights of non-residents or foreign owners to hold or vote for the Shares.

## 12.11 Summary of certain rights of the Company's shareholders under Cyprus law, the Memorandum of Association and Bye-laws

### 12.11.1 Object and purposes

The Company is an investment company within the oil and offshore industry which currently seeks to invest in offshore supply and/or offshore drilling assets.

The Company's object and purposes is not given account for in the Memorandum of Association, as this is neither required nor customary for Cyprus companies.

#### *12.11.2 Equal Rights of Shareholders*

All of the issued shares of the Company are of the same class (ordinary shares) and have equal rights. Each of the Company's Shares carries one vote. Section 69A of the Cyprus Companies Law stipulates that all shareholders of the same class of shares of a public company shall be treated equally by the Company and that provisions to the contrary in the Memorandum of Association or the Bye-laws or the decisions of the general meeting shall be void.

#### *12.11.3 Board of Directors and management*

The Company is registered in Cyprus pursuant to the Cyprus Companies Law, Cap.113. The Company has a Board of Directors which pursuant to regulation 83 manage the business of the Company. There are no other administrative, management or supervisory bodies.

Pursuant to Section 170 of the Companies Law the minimum number of directors is two. The Company currently has three directors.

No person other than a Director retiring at the meeting shall, unless recommended by the Directors or the Nomination Committee, be eligible for election to the office of Director at any general meeting unless not less than three nor more than twenty-one days before the date appointed for the meeting there shall have been left at the registered office of the Company notice in writing, signed by a shareholder duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

The shareholders may from time to time by ordinary resolution increase or reduce the number of Directors within the limits allowed by the Articles, and may also determine in what rotation the increased or reduced number is to go out of office.

The Directors may at any time appoint any person to the position of Director either to fill a casual vacancy or as an additional Director up to the maximum number allowed by the Articles. The Director appointed by such a process shall retire at the next Annual General Meeting but shall be eligible for re-election.

The shareholders may, by ordinary resolution and provided notice has been given in accordance with the Company Law, remove any Director from office before the expiration of his period of office notwithstanding anything in the regulations or in any agreement between the Company and such Director. The shareholders may also appoint any director to fill any casual vacancy caused by removal or as an additional director provided the procedure described above is followed.

The election of Directors at a general meeting shall be voted upon individually for every Director.

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed differently shall be the majority of the Directors. Presently the Directors have not changed the number of Directors necessary to form a quorum. Consequently, if two of the three directors are present, a quorum is formed.

The decisions of the Board of Directors are taken by a majority of votes of the present Directors provided there is a quorum.

#### *12.11.4 Change of Articles*

Section 12 of the Cyprus Companies law stipulates that a company may amend its articles by the passing of a special resolution of its shareholders (75% majority). The majority requirement differs from Norwegian law. According to Norwegian law, the Bye-Laws may be amended given a majority of 2/3 of the casted votes as well as the share capital represented at the general meeting.

### *12.11.5 Capital changes*

#### *Increase of capital*

The Company may from time to time increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe. A share capital increase is resolved by ordinary resolution (and not by 2/3 majority as the case is under Norwegian law).

The Company may by ordinary resolution:-

- Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- Subdivide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of Section 60 (1) (d) of the Cyprus Companies law;
- Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person

In the case of increase of capital, the new shares should first be offered to existing shareholders in proportion to their shareholding in the capital of the Company. The same principle applies pursuant to Norwegian law. The pre-emption rights may be waived by the shareholders at a general meeting by the passing of an ordinary resolution provided at least half of the issued capital is represented. In any other case, the pre-emption rights may be waived by resolution 2/3 majority.

#### *Reduction of share capital*

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account provided the procedure stipulated by the Companies Law is followed. A special resolution according to Cyprus law requires 75% of the casted votes.

When a company reduces its capital the company must apply to Court to have the reduction approved. The reduction of capital takes effect only after such approval by the Court has been obtained and deposited to the Registrar of Companies along with the special resolution. On the other hand, there is no creditor notice period of two months, as is the case under Norwegian law.

#### *Transferability of Shares*

The shares of the Company may be freely transferred in accordance with the rules of the stock exchange where the listing takes place.

### *12.11.6 Rights of Information to Shareholders*

Every shareholder has the following rights to information:

- a) A right to inspect the register of debenture holders kept by the Company
- b) A right to inspect the register of mortgages and charges and the documents creating them
- c) A right to inspect the register of members (shareholders)
- d) A right to receive notice of any general meetings and of the agenda of such meetings
- e) A right to attend general meetings and to ask questions
- f) A right to receive, prior to the Annual General Meeting copy of the financial accounts of the Company, of the Director's report and of the Auditor's report
- g) A right to vote at general meetings

- h) A right to propose resolutions at general meetings in accordance with the procedure stipulated in the Companies law provided that the shareholder holds 5% or more of the issued share capital of the Company
- i) A right to inspect the minute book of general meetings
- j) A right to participate in dividend distribution

#### *12.11.7 Right to access information about the shareholders*

The shareholders register is open to inspection from shareholders and third parties.

Every shareholder who holds shares on behalf of a third party, either in the capacity as a trustee or in any other capacity shall, upon request, immediately disclose the name of the underlying shareholders to the Company.

#### *12.11.8 Amendment to the shareholders rights*

The rights of holders of shares may be amended in accordance with regulation 8. A 2/3 majority vote is required. In addition, if the share capital of the Company is at any time divided in different classes, a 2/3 majority decision of the particular class affected is required to change the rights of the class.

The conditions appearing in the Articles of the Company reflect the provisions of Companies Law, Cap.113.

#### *12.11.9 Change of control*

There are no provisions in the Articles of the Company which could delay, defer or prevent a change in control of the Company.

#### *12.11.10 Redemption*

Ordinary shares of the Company cannot be redeemed. The only shares that can be redeemed are redeemable shares issued by the Company with the right of redemption included at the time of issue.

#### *12.11.11 Overview of major regulations in the Bye-Laws*

##### *Regulation 7 Pre-emption rights*

Section 60B of the Companies Laws and regulation 7 of the Articles of the Company afford shareholders of the Company pre-emption rights in the event of any new issue of shares.

This means that any new shares have to first be offered to existing shareholders in the proportion of their shareholding. The pre-emption rights may only be waived by the Company in General Meeting by an ordinary resolution if the shareholders present represent at least 50% of the issued share capital, otherwise a majority of 2/3 is required.

##### *Regulations 19-22 Lien*

The Company retains a lien over unpaid shares. In the event that the Company demands payment of the unpaid shares and such payment is not made, the Company has the right to sell the shares, apply the proceeds towards the amounts owed, and any surplus should be paid to the shareholder.

##### *Regulations 40-43 Conversion of Shares into Stock*

The Company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination. Conversion of shares into stock has the effect of cancelling all shares; the shareholding of every shareholder is then converted into a percentage holding of stock.

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

#### *Regulations 50-62 Notice and Attendance at General Meetings*

The Company shall hold at least one general meeting every year which is called the Annual General Meeting. Any general meeting other than the Annual General Meeting is called Extraordinary General Meeting.

All general meetings shall be convened by twenty-one days' notice in writing at the least. Notice of general meetings may be given by electronic means.

Every shareholder who is registered as a shareholder on the record date set by the Board of Directors has a right to attend in person or by proxy and vote at any general meeting. The quorum necessary for general meetings is two shareholders.

The regulations for registration of members at a general meeting may be set by the Board of Directors and should be in accordance with the prevailing rules of the stock exchange where the shares are listed.

#### *Regulations 63-74 Votes of Shareholders and regulation 58 Procedure for voting*

Every resolution put to the vote at a general meeting is decided by a show of hands unless a poll is demanded by the chair or by at least three members present in person or by proxy or by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

On a show of hands every shareholder present in person shall have one vote, and on a poll every member shall have one vote for each share of which he is the holder.

Every shareholder may appoint a proxy to attend and vote on his behalf. A proxy need not be a shareholder of the Company.

#### *Regulation 75 Corporations Acting by Representatives at General Meetings*

In the case of a shareholder being a corporation, such shareholder may attend and vote at any general meeting by authorising any person to act as its representative. The corporation may by a resolution of its directors or other governing body authorize such person.

#### *Regulations 149-150 Indemnity*

The Company shall indemnify its Directors for any loss they may sustain as a result of them being Directors of the Company and acting on behalf of the Company. A company shall not indemnify any Director who was acting negligently, recklessly or dishonestly.

### **12.12 Mandatory takeover, squeeze-out and sell-out provisions applicable for the Company**

#### *12.12.1 Mandatory takeover*

The Company is partly subject to the mandatory take-over provisions as set out in the Norwegian Securities Trading act chapter 6, and partly to the provisions set out in the Provision for Public Takeover Bids for the Acquisition of Securities of Companies and Related Matters Law (Law 41(I)/2007) as amended by law 47(I)/2009 of Cyprus.

The threshold at which the mandatory bid obligations are triggered, including possible exemptions from the obligation to present a bid (including possible exemptions for subsequent sale of shares), is subject to Cyprus law, after which a mandatory takeover is required where a person indirectly or directly has a percentage of thirty per cent (30%) or more of existing voting rights in the Company. Reaching this threshold, the shareholder shall make an unconditional general offer for the purchase of the remaining shares in the Company. The offer is subject to approval before submission to the shareholders. The obligation to make an unconditional offer also applies where a shareholder, directly or indirectly, holds more than 30%, but less than 50%, of the shares in the Company without having triggered the bidding obligation (i.e. that the shareholder held such amount of shares prior to listing or have inherited such shares) and such shareholder purchases one or more shares. If the shareholder holds more than 50% of the shares, the Cyprus authorities would, subject to application from the relevant shareholder, normally

exempt such shareholder from the bidding obligation, due to the fact that such shareholder already has control of the Company. The takeover supervisory authority with respect to the threshold is the Financial Supervisory Authority of Cyprus.

Questions concerning consolidation of shareholdings in relation to the threshold at which the mandatory bid regulation are triggered are subject to Cyprus law.

The bidding process, including questions concerning the compensation offered in connection with the bid, in particular the bid price, the bid procedure, information on the bidder's decision to present a bid, the content of the offer document and the publication of the bid, is subject to Norwegian law, i.e. the Securities Trading Act. The takeover supervisory authority with respect to these issues is the Financial Supervisory Authority of Norway, or Oslo Stock Exchange.

Where an agreement on acquisition of shares triggers the bid obligation, the shareholder shall without delay notify the takeover supervisory authority and the Company accordingly. The notification shall state whether a bid will be made to buy the remaining shares in the Company. The takeover supervisory authority shall make the notification available to the public.

The bid shall be made without undue delay and at the latest four weeks after the mandatory bid obligation was triggered, and shall encompass all the remaining Shares of the Company. The bid price must be at least as high as the highest price paid or agreed to be paid by the offeror in the six-month period prior to the date the above threshold was exceeded, but equal to the market price if the market price was clearly higher when the threshold was exceeded. In the event that the acquirer thereafter, but prior to the expiration of the bid period acquires, or agrees to acquire, additional shares at a higher price, the acquirer is obliged to restate its bid at that higher price. The bid shall state a time limit for shareholders to accept the bid, not to be shorter than four weeks or longer than six weeks.

The offeror is required to make an offer document complying with Norwegian law, and such document require approval by the takeover supervisory authority (Oslo Børs) before the bid is made public.

In the mandatory bid, all Shares of the Company must be treated equally. The mandatory bid must be made in cash or contain a cash alternative at least equal in value to any non-cash offer. A shareholder who fails to make the required offer must within four weeks dispose of sufficient shares so that the obligation ceases to apply. Otherwise, the authorities may cause the shares exceeding the threshold to be sold. Until the mandatory bid is made the shareholder may not vote for shares exceeding the threshold, unless a majority of the remaining shareholders approve. The shareholder can, however, exercise the right to dividends and pre-emption rights in the event of a share capital increase. The authorities may impose a daily fine upon a shareholder who fails to make the required offer.

In June 2015, a mandatory cash tender offer to acquire all issued and outstanding Shares in the Company was launched by Saga Tankers ASA. The acceptance period started on 17 June 2015 and was completed on 15 July 2015.

Saga Tankers ASA offered a consideration of NOK 1.35 per Share, payable in cash. The offer price represented a premium of 3.4% to the Company's volume weighted average share price for the 3 month period ending on 19 May 2015 (which was the last trading day prior to the mandatory offer obligation was triggered). In the offer period, Saga Tankers ASA received acceptances for a total of 22,555,800 Shares, representing 8.61% of the outstanding Shares at the end of the offer period.

#### *12.12.2 Squeeze-out and sell-out*

The squeeze-out rules are subject to Cyprus corporate legislation.

When a shareholder has made a public offer to all other shareholders in the Company and as a result of such public offer or after such a public offer has acquired (i) not less than ninety per cent (90%) of the capital carrying voting rights and (ii) not less than ninety per cent (90%) of the voting rights in the company, the shareholders has the right to claim that the remaining shareholders sell all their shares to such shareholder.



The squeeze-out right is exercisable within 3 months from the end of the public offer. The purchase price for the shares under the squeeze-out should be the same as the purchase price for the preceding public offer. In the event that the purchase price includes payment in kind, the selling shareholder has the right to demand cash payment.

When a shareholder has made a public offer to all the shareholders and as a result of such public offer or after such a public offer has acquired not less than ninety per cent (90%) of the capital carrying voting rights and not less than ninety per cent (90%) of the voting rights in the Company the remaining shareholders have a right to demand the purchase of their shares from the shareholder who has made the public offer.

The sell-out right is exercisable within 3 months from the end of the public offer and the purchase price should be the same as the purchase price applicable to the public offer. In the event that the purchase price involves payment other than cash the selling shareholder has a right to demand cash payment.

### **12.13 Notification obligations for acquisition of large shareholdings**

#### *12.13.1 General*

The notification requirements for acquisition of large shareholdings are governed by Cyprus law, however, the information to be contained in the notification is subject to the requirements in the Norwegian Securities Trading Act. A notification should include the following information:

- a) name of the person subject to the notification requirement
- b) background for the notification
- c) name of the issuer
- d) description of the financial instrument
- e) type of transaction
- f) timing and market for the transaction
- g) price and volume for the transaction; and
- h) holding after the transaction

The remaining set of rules regarding notification obligation for acquisition or disposal of large shareholdings are governed by Cyprus Law 190(I)/2007 as amended by Law 72(I)/2009.

#### *12.13.2 Acquisition or disposal of shares*

According to the provisions of the law a shareholder who acquires or disposes shares (with attached voting rights) in a company, has an obligation to notify the company and the Cyprus Securities and Exchange Commission of the percentage of voting rights held provided that, as a result of such acquisition or disposal, this percentage (i) in the case of an acquisition, reaches or exceeds, or (ii) in the case of a disposal, reaches or falls below, the thresholds of five percent (5%), or ten percent (10%), or fifteen percent (15%), or twenty percent (20%), or twenty five percent (25%), or thirty percent (30%), or fifty percent (50%) or seventy five percent (75%) of the total voting rights of the issuer.

The obligation to notify is not applicable in the following circumstances:

- a) the shares are acquired for the sole purpose of clearing and settling of transactions at the latest of three working days following the transaction;
- b) a custodian holding shares in its custodian capacity, provided that the custodian can only exercise the voting rights attached to such shares under instructions given in writing or by electronic means by the beneficiary of the shares;
- c) an acquisition or disposal of voting rights by a market maker, that reaches or crosses the 5% threshold of the total voting rights of the issuer, provided that the market maker:
  - i. acts in its capacity as a market maker and in accordance with the provisions of the Investment Services and Activities and Regulated Markets Law, or where the Republic is not the home member state, in accordance with the law of that member state harmonizing directive 2004/39/EC, and

- ii. neither intervenes in the management of the issuer concerned nor exerts any influence on the issuer to buy such shares or back the share price
- d) voting rights held in the credit institution or investment firm's trading book, as defined in Article 4, paragraph 1, item 86) of Regulation 575/2013, provided that:
  - i. the voting rights held in the trading book do not exceed five percent (5%) of all of the issuer's voting rights; and
  - ii. shall voting rights attached to shares held in the trading book are not exercised nor otherwise used to intervene in the issuer's management;
- e) shares given to members of the European System of Central Banks, in carrying out their functions as monetary authorities, including shares provided to or by the European System of Central Banks' members, under a pledge or sold under repurchase agreement or similar agreements to provide liquidity for monetary policy or payment systems operating framework, provided that the underlying transactions are short term and do not exercise the voting rights attached to such shares;
- f) voting rights attaching to shares acquired for stabilization purposes in accordance with Regulation 2273/2003, provided that the voting rights attached.

There is no regulation of the notification obligations for large shareholdings in the Company's articles of association.

#### *12.13.3 Acquisition, disposal or right to exercise voting rights*

In addition a person who is entitled to acquire, to dispose of or to exercise voting rights of the Company, has an obligation to notify the Company and the Cyprus Securities and Exchange Commission of the percentage of voting rights held, provided that as a result of the acquisition or of the disposal or of the exercise or of the events changing the breakdown of voting rights of the Company, that percentage reaches, exceeds or falls below the thresholds of mentioned above in any of the following cases or in a combination of them:

- a) Voting rights held by a third party, with whom that person has concluded an agreement, which obliges the contractual parties to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the Company
- b) voting rights held by a third party under an agreement concluded with that person providing for the temporary transfer for consideration of the exercise of voting rights in question
- c) voting rights attaching to shares which are lodged as collateral with that person, provided the person controls the voting rights and declares its intention of exercising them
- d) voting rights attaching to shares in which that person has the life interest
- e) voting rights which are held, or may be exercised within the meaning of paragraphs (a), (b), (c) and (d), by an undertaking controlled by that person
- f) voting rights attaching to shares deposited with that person which the person can exercise at its discretion in the absence of specific instructions from the shareholder
- g) voting rights held by a third party in its own name on behalf of that person
- h) voting rights which that person may exercise at its discretion as a proxy of the shareholder in the absence of specific instructions given from the shareholder.

The notification shall be effected as soon as possible but not later than within the next working trading day.

#### **12.14 Distribution of assets on liquidation**

According to the Companies Law, the Company may be wound-up voluntarily or involuntarily. In the case of voluntary winding up and where the Company is solvent a special resolution would be required to be passed in a General Meeting of the Company. The Shares rank *pari passu* in the event of a return of capital by the Company upon a winding-up or otherwise. If the Company is wound up, the liquidator may, amongst other, in accordance with the Articles of Association, with the sanction of an extraordinary resolution of the shareholders and any other sanction required by the Companies Law:

- divide among the shareholders in specie or in kind the whole or any part of the property of the Company;
- for that purpose set a value as the liquidator considers fair on any property to be so divided;
- decide how the division is to be carried out as between the shareholders or different classes of shareholders;  
and
- vest the whole or any part of the property of the Company in trustees upon such trusts, for the benefit of the contributories as the liquidator shall think fit, but so that no shareholder shall be compelled to accept any shares or other securities whereon there is any liability.

## **13 SECURITIES TRADING IN NORWAY**

*Set out below is a summary of certain aspects of securities trading in Norway. The summary is based on the rules and regulations in force in Norway as at the date of this Prospectus, which may be subject to changes occurring after such date. The summary does not purport to be a comprehensive description of securities trading in Norway. Shareholders who wish to clarify the aspects of securities trading in Norway should consult with and rely upon their own advisors.*

### **13.1 Introduction**

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs has entered into a strategic cooperation with the London Stock Exchange Group with regards to, inter alia, trading systems for equities, fixed income and derivatives. Oslo Børs VPS Holding ASA owns and operates the two regulated markets for equities in Norway; Oslo Børs and Oslo Axess. In addition, Oslo Børs opened a multilateral trading facility named Merkur Market in January 2016.

### **13.2 Trading and settlement**

Trading of equities on Oslo Børs is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange, including the Borsa Italiana, as well as by the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 hours (CET) and 16.20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The total settlement period for trading on Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction took place, and that the seller will receive payment after two days.

From 18 June 2010 it became mandatory to clear all trades in shares, equity certificates, depository receipts and exchange traded funds on Oslo Børs and Oslo Axess. Clearing entails that a company authorized to act as a so-called central counterparty assumes the role as an intermediary, acting as a buyer to the seller and seller to the buyer in transactions, in order to reconcile orders and also guarantee for settlement and delivery of securities between the transacting parties. Oslo Clearing ASA ("Oslo Clearing"), a wholly-owned subsidiary of SIX x-clear AG, a company in the SIX group, has a license from the Norwegian FSA to act as a central clearing service. LCH.Clearnet Group Ltd. ("LCH.Clearnet"), a majority owned company by the London Stock Exchange, is authorized as a central counterparty to offer services and activities in the European Union in accordance with the European Markets Infrastructure Regulation (EMIR). Further, LCH.Clearnet also has a license from the Norwegian FSA to act as a central counterparty in accordance with the Norwegian Securities Trading Act. Both Oslo Clearing and LCH.Clearnet offer clearing services to Oslo Børs. Further, the two clearing houses have signed a master link agreement and inter-CCP operational procedures to operate a link to co-clear the cash equity markets of Oslo Børs and Oslo Axess.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or Oslo Børs except for the general obligation of investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities.

### **13.3 Information, control and surveillance**

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation such as the Prospectus contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company. Inside information means precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market. A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

### **13.4 The VPS and transfer of Shares**

VPS maintains a branch register in addition to the principal share register of the Company maintained at the registered office of the Company in Cyprus pursuant to the provisions of Cyprus Law.

Cyprus law permits the transfer of shares listed or admitted to trading on Oslo Børs to be effected in accordance with the rules of Oslo Børs (provided that it remains an Appointed Stock Exchange). Accordingly, the title to the Shares will be evidenced and transferred without a written instrument by VPS in accordance with the Company's Bye-laws, provided that they are listed or admitted to trading on Oslo Børs.

VPS is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. VPS and Oslo Børs are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with VPS are made through computerized book entries. No physical share certificates are, or may be, issued. VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the registration of a transaction in a VPS account is prima facie evidence for determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security.

A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside VPS' control which VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

### **13.5 Nominee registration – Norwegian law**

An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

### **13.6 Foreign investment in shares listed in Norway**

Foreign investors may trade shares listed on the Oslo Børs through any broker that is a member of the Oslo Børs, whether Norwegian or foreign.

### **13.7 Disclosure obligations**

Disclosure obligations will apply pursuant to Cyprus law, as further set out in Section 12.13 "Notification obligations for acquisition of large shareholdings"

### **13.8 Insider trading**

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

### **13.9 Mandatory offer requirement**

In respect of the Company's Shares, on account of the Company being domiciled in Cyprus, the competence to regulate issues relating to mandatory offer obligations is separated between the competent authorities in Norway and Cyprus, as further set out and described in Section 12.12.1 "Mandatory takeover".

### **13.10 Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

## **14 TAXATION**

### **14.1 Introduction**

*The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares of the Company. The following summary is based on current law and practice that may be subject to amendments. Such amendments could be effective on a retroactive basis. The discussion is intended to serve as a general guideline, and does not provide a complete description of all relevant issues (e.g., for investors for whom special laws, rules or regulations may be applicable). Investors who wish to clarify their own tax situation should consult with and rely upon their own tax advisors.*

### **14.2 Taxation in Cyprus**

#### *14.2.1 Corporate tax*

##### *Tax residency*

A Cyprus tax resident company is subject to tax on its worldwide income. Tax residency is determined by where the management and control is exercised. Even though there is no definition of management and control in the Cyprus tax legislation, in practice it is deemed to exist where the majority of the directors are resident, the majority of the board meetings are held and the majority of significant decisions are taken. The board meeting in the Company will be held in Cyprus and effective management will take place there, and therefore it is expected that the requirements for being tax resident in Cyprus will be fulfilled.

The Company is tax resident in Cyprus.

##### *Tax basis and rate*

The corporate income tax rate in Cyprus is 12.5% and is applied on the taxable income, which is calculated as all taxable sources of income less tax deductible expenses for the tax year (which is the calendar year).

The tax loss incurred during a tax year and which cannot be set off against other income, is carried forward subject to conditions and set off against the profits of the next five years. The current year loss of one company can be offset against the profits of another, provided the companies are Cyprus tax resident companies of a group.

##### *Deductibility of expenses*

The general principle of the Cyprus Income Tax Law is that for an expense to be allowed as a deduction it must have been incurred wholly and exclusively for the production of taxable income.

In accordance with a circular issued by the Cyprus Tax Authorities, all direct expenses relating to the income from exempt activities should be deducted from such income (i.e. disallowed for Corporate Income Tax purposes) in arriving at the income to be treated as tax exempt.

The same circular provide that all general administration expenses should be allocated to the activities of the company proportionately using either the balance sheet method (for example, cost of investments/total assets \* administration expenses) or the profit and loss method (income from exempt activities/total income \* administration expense) or another method to be pre-agreed with the Cyprus Tax Authorities.

It is noted that the disposal of fixed assets or investments which generate a gain or loss of a capital nature does not constitute an activity for the purposes of apportionment of the general expenses (overheads). The expenses, however, which directly or indirectly relate to acquisitions/disposals of such investments should be disallowed/reduce the tax exempt income arising from the disposal.

Any interest expense applicable, or which is deemed to be applicable, to the cost of acquisition of investments in shares is not tax deductible for a period of seven years from the date the investments are bought. Interest expense incurred for the direct or indirect acquisition of 100% of the share capital of a subsidiary company will be treated as deductible for income tax purposes provided that the 100% subsidiary company does not own (directly or indirectly) any assets that are not used in the business. If the subsidiary owns (directly or indirectly) assets not

used in the business the interest expense deduction is restricted to the amount which relates to assets used in the business. This applies for acquisitions of subsidiaries from 1 January 2012.

#### *Tax exempt income*

The following sources of income are exempt from corporation tax in Cyprus:

- Dividends (excluding, as from 1 January 2016, dividends which are tax deductible for the paying company)
- Interest not arising in the ordinary course of business or in close connection with the carrying of the business. Such interest is subject to 30% special defence contribution (see below).
- Profits from the sale of securities
- Profits attributed to a permanent establishment abroad (subject to certain conditions): as from July 1 2016, tax payers may elect for taxation of profits earned by foreign permanent establishments, with a tax credit of foreign taxes incurred.
- Gains relating to foreign exchange differences (forex) with the exemption of forex arising from trading in foreign currencies and relates derivatives.
- Royalty income from owned intangible assets as well as profit from infringement or disposal of the intangible asset (subject to conditions): the deduction to be granted equals the 80% of the net profit.

#### *Arm's length principle*

Article 33 of the Income Tax Law requires that all transactions between related parties are carried out on an arm's length basis, being at fair values and on normal commercial terms. This is described as the "arm's length principle".

More specifically, under the arm's length principle where conditions are made or imposed upon the commercial or financial relations of two businesses which differ from those which would have been made between independent parties, then any profits which would have accrued to one of the party had the two businesses been independent, but have not so accrued, may be included in the profits of that business and taxed accordingly. The Law has been amended in 2015 to extent the arm's length principle to include arm's length downwards adjustments.

#### *Taxation of interest income*

Interest income from whatever source, whether from Cyprus or outside Cyprus, and subject to the provisions explained below, earned by a tax resident corporation is in general subject to special contribution for defence at the rate of 30% applied on the gross interest and exempt from corporation tax.

However, interest derived from the ordinary carrying on of a business, including interest closely connected with the ordinary carrying on of a business, is not treated as interest but as a business profit and is therefore not subject to special contribution for defence. Such interest is fully subject to corporation tax at the rate of 12.5%.

#### *Notional Interest Deduction*

Equity introduced to a company as from 1 January 2015 (new equity) in the form of paid-up share capital or share premium is eligible for an annual notional interest deduction (NID). The annual NID deduction is calculated as an interest rate on the new equity. The relevant interest rate is the yield on 10 year government bonds (as at December 31 of the prior tax year) of the country where the funds are employed in the business of the company plus a 3% premium (subject to a minimum amount which is the yield on the 10 year Cyprus government bond as at the same date plus a 3% premium). The NID deduction cannot exceed 80% of the taxable profit derived from assets financed by new equity.



#### 14.2.2 *Special contribution for defence*

A Cyprus tax resident company is subject to special contribution for defence applied on the gross sources of income indicated below.

- a) Dividends at the rate 17%:
  - Dividends received from Cyprus tax resident companies are exempt from special contribution for defence
  - Dividends received from non-Cyprus tax resident companies are subject to special contribution for defence only if:
    - i. The non Cyprus tax resident company paying the dividend carries on, directly or indirectly, more than 50% investment activities giving rise to investment income; **and**
    - ii. The foreign tax burden on the income of the non-Cyprus tax resident company paying the dividend is significantly lower than the Cyprus tax burden (in practice lower than 5%)
- b) Interest at the rate of 30%:
  - Interest derived from the ordinary carrying on of a business, including interest closely connected with the ordinary carrying on of a business, is exempt from special contribution for defence and subject to corporation tax.
- c) Rental income less 25% at the rate of 3%. This generally applies to land and buildings.
- d) A Cyprus tax resident company is deemed to distribute as a dividend 70% of its accounting profits two years from the end of the tax year in which the profits were generated.

Such a deemed dividend distribution is reduced with payments of actual dividends paid during the relevant year the profits were generated or paid during the two following years.

On the remaining net amount (if any) of deemed dividend 17% special contribution for defence is imposed to the extent that the ultimate direct/indirect shareholders of the company are individuals who are both Cyprus tax resident and Cyprus domiciled.

When an actual dividend is paid after the deemed dividend distribution date, then if special contribution for defence is due on such a dividend the tax is imposed only on the amount of the actual dividend paid which is over and above the dividend that was previously deemed to have been distributed and previously suffered special contribution defence.

#### 14.2.3 *Withholding taxes on dividend and interest payments*

There is no withholding tax on dividend to non-Cyprus tax residents companies or individuals, Cyprus tax resident companies and to individuals that are tax resident in Cyprus but non-Cyprus domiciled.

Special contribution for defence at the rate of 17% is withheld on dividends payable to Cyprus domiciled and tax resident individual shareholders.

There is no withholding tax on interest payments to non-Cyprus tax resident companies or individuals and to individuals that are tax resident in Cyprus but non-Cyprus domiciled.

Special contribution for defence at the rate of 30% is withheld on interest payments payable to Cyprus domiciled and tax resident individuals and Cyprus tax resident companies (provided interest income does not relate to the ordinary course of business or in close connection with the carrying of the business of the company).

#### 14.2.4 *Capital gains tax*

Capital gains tax at the rate of 20% is imposed on gains from disposal of immovable property situated in Cyprus, including shares of companies not listed on a recognised Stock Exchange which own directly or indirectly immovable property situated in Cyprus.

#### 14.2.5 *Stamp duties*

Stamp duty is payable on a document if it relates to any property situated in Cyprus or to any matter or thing to be performed or done therein. Contracts are subject to stamp duty at the following rates:

- Contract value € 1 to € 5,000, the stamp value is zero.
- Contract Value € 5.001 to € 170.000, for any amount of € 1.000 or € 1.000 part of the stamp value is € 1,50
- Contract value in excess of 170,000, for any amount of € 1.000 or part of € 1.000, the stamp value is € 2 stamp with maximum amount € 20,000

#### 14.2.6 *Gift and inheritance tax*

Cyprus does not impose any gift or inheritance taxes.

### 14.3 **Norwegian taxation**

#### 14.3.1 *General*

The following is a summary of certain Norwegian tax consequences related to investments in the Company for Norwegian tax resident companies and individuals. The summary is intended only as general guidance and does not give an exhaustive description of all the tax rules that may be of relevance, hereby included special rules which may apply to any investor. Tax-related implications related to investing in the Company must therefore be determined individually based on each investor's and each shareholder's individual tax position. The investors are requested to seek advice from their own tax advisers to determine whether there are any specific circumstances that may lead to a different result than follows from this summary. Changes in the prevailing laws and regulations may have tax-related implications for the Company's Shareholders.

Investors who are resident outside of Norway, or who for other reasons are in a special tax position, are urged to contact their professional advisers.

#### 14.3.2 *Taxation of dividends*

##### *Norwegian Personal Shareholders*

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable as ordinary income in Norway for such shareholders at an effective tax rate of 29.76% for the income year 2017. This effective tax rate is a result of dividends being, for the purposes of calculating taxable income, grossed up by a factor of 1.24 before the decreased ordinary income tax rate of 24% is applied for 2017 to maintain the marginal tax rate for the shareholder and company together. Dividends are only taxable to the extent the dividend exceeds a tax-free allowance.

The tax-free allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (Norwegian: "**statskasseveksler**") with three months' maturity. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year. The tax-free allowance is determined after the relevant income year, and based on expectations for 2017 it is estimated to 0.9%. Norwegian Personal Shareholders who transfer shares in e.g. 2017 will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("**excess allowance**") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share the following years.

##### *Norwegian Corporate Shareholders*

The Shares will qualify for the Norwegian exemption method to the extent Cyprus is not considered a low tax jurisdiction, or provided that Cyprus is considered a low tax jurisdiction, if the Company is considered genuinely established and carries out genuine economic activities in Cyprus (the "substance test"). See the Company's assessment in this respect under Section 14.3.5 "CFC taxation" below. The tax consequences of Standard Drilling meeting the conditions under the Norwegian exemption method are further described below. If the Shares do not qualify for the Norwegian exemption method, dividends and gains are taxable in e.g. 2017 at 24%, while losses are deductible at the same rate.

For shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), only 3% of dividends from shares qualifying for the exemption method shall be included in the calculation of ordinary income. Ordinary income is subject to tax at a flat rate of 24%, as of 2017, implying that net income from shares is effectively taxed at a rate of 0.72%. The addition of 3% of dividend received and count as ordinary income do not apply if the receiving company is in the same tax group as the rendering company (i.e. the receiving company holds more than 90% of shares and voting rights in the rendering company).

#### 14.3.3 Capital Gains Tax on realization of Shares

##### *Norwegian Personal Shareholders*

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a realization of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal, grossed up by a factor of 1.24 before the ordinary income tax rate of 24% is applied for the income year 2017, implying an effective tax rate of 29.76%. Gains are subject to tax and losses are tax-deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including any costs incurred in relation to the acquisition and realization of the share. From a possible capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. See Section 14.3.2 "Taxation of dividends" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, *i.e.* any unused allowance exceeding the capital gain upon the realization of a share will be annulled.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in, first-out basis.

##### *Norwegian Corporate Shareholders*

Capital gains derived from the realization of shares qualifying from the participation exemption method (see Section 14.3.2 "Taxation of dividends" above) are exempted from taxation, *i.e.* capital gains on such shares will be fully exempt from Norwegian taxation. Losses incurred upon realization of such shares are not deductible.

#### 14.3.4 Net wealth tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal wealth tax rate varies from 0.0% to 0.85% of the net value assessed. The value for assessment purposes for shares listed on the Oslo Stock Exchange (Oslo Børs) is the listed value as of 1 January in the year of assessment. From the income year 2017 there will be a discount on valuation of shares when calculating wealth tax of 10%, which is to be increased to 20% in 2018.

Norwegian Corporate Shareholders are not subject to wealth tax.

#### 14.3.5 CFC taxation (NOKUS)

If certain conditions are fulfilled, the Company will qualify as a CFC (NOKUS) company for Norwegian tax purposes. If so, this would generally mean that the Norwegian tax resident shareholders would be taxed in Norway on their proportional part of the Company's net profit as it is earned, irrespective of whether the profit is distributed or not.

In order to qualify for CFC taxation (NOKUS), the Company must fulfil all of the following conditions:

- The Company must be owned or controlled at least 50% directly or indirectly by Norwegian resident shareholders, *i.e.* if the Norwegian ownership becomes 50% or more going at the beginning and the end of the year, alternatively more than 60% at the end of the year.
- The Company must be considered resident in a low tax jurisdiction, meaning that the entity is subject to less than 2/3 of the tax it would be subject to had the Company been resident in Norway.
- The income of the Company must be of a mainly passive nature, if a doubled tax treaty is applicable.
- The Company do not meet the substance test, *i.e.* is not genuinely established and do not carry out genuine economic activities in Cyprus.

The Company is of the opinion that its Norwegian shareholders will not be subject to Norwegian CFC - taxation (NOKUS), as the Company is of the opinion that it meets the substance test in Cyprus.

*14.3.6 Tax residency*

In the Company's view, the Company is properly established in Cyprus with effective management and control being exercised in Cyprus.

## 15 THE PRIVATE PLACEMENTS

### 15.1 Overview of the Private Placements

On December 9 2016, the Company announced that it had raised NOK 275 million through a private placement of 423,076,924 new Shares at a subscription price of NOK 0.65 per Shares (the "**Private Placement#1**"). The Private Placement #1 is described in detail in Section 16.

On 6 January 2017, the Company announced that it had resolved to raise NOK 100 million through a Private placement of 111,111,200 new Shares at a subscription price of NOK 0.90 per Shares (the "**Private Placement#2**"). The Private Placement #2 is described in detail in Section 17.

On 25 January 2017, the Company announced that it had resolved to raise NOK 198.3 million through a Private placement of 220,297,158 new Shares at a subscription price of NOK 0.90 per Shares (the "**Private Placement#3**"). The Private Placement #3 is described in detail in Section 18.

The "Private Placement#1, Private Placement#2 and Private Placement#3, collectively referred to as the "**Private Placements**".

On 4 January 2017, the Company held an extraordinary general meeting (the "**EGM**") where it was resolved to approve an increase in the Company's authorised share capital from USD 3,620,000 to USD 10,220,000. The offering of New Shares in the Private Placements were made pursuant to applicable exemption from the prospectus requirements in the Norwegian Securities Trading Act and ancillary regulations. The New Shares issued in the Private Placements represented more than 10% of the Company's outstanding share capital. As a consequence the Company had to prepare a prospectus in order to admit the New Shares to trading on Oslo Axess.

The New Shares from the Private Placements was registered in the VPS with a separate ISIN number being CY0107010916, and have been tradable at the Merkur Market with ticker SDSD-ME in the period between 10 January 2017 (for the New Shares issued in the Private Placement#1) and from issuance (for the New Shares issued in the Private Placement#2 and the Private Placement#3) until the date of this Prospectus. The New Shares will be converted to the Company's ordinary ISIN of the Shares as soon as practically possible after this Prospectus has been approved by the NFSA, where they will be tradable on Oslo Axess under the ticker "SDSD".

In addition the Company announced, on 23 January 2017, that the Company had received subscriptions for a total of 5,514,718 Offer Shares. The subscription price in the Subsequent Offering#1 was NOK 0.65, equal to the subscription price in the Private Placement#1 completed on 9 December 2016. Subsequent Offering#1 did not trigger a requirement to prepare and publish a prospectus, as the offer made to subscribe shares in Subsequent Offering#1 did not entail a total, potential subscription amount of more than EUR 1 million, cf. the Norwegian Securities Act section 7-2.

DATE	Event	Shares Issued	Price	Gross Proceeds
December 2016	Private placement #1	432,076,924 Shares	USD 0.65	NOK 275,000,000.60
January 2017	Private placement #2	111,111,200 Shares	USD 0.90	NOK 100,000,080
January 2017	Subsequent Offer#1	5,514,718 Shares	USD 0.65	NOK 3,584,566.70
January 2017	Private placement #3	220,297,158 Shares	USD 0.90	NOK 198,267,442.20

### 15.2 Share capital following the Private Placements

The Company's share capital is USD 10,220,000 divided into 1,022,000,000 ordinary shares, each at USD 0.01 par value following the Private Placements.

DATE	Event	Shares Issued	Share Capital USD	Par Value
December 2016	Private placement #1	432,076,924 Shares	USD 4,320,769.24	USD 0.01
January 2017	Private placement #2	111,111,200 Shares	USD 1,111,112.00	USD 0.01
January 2017	Subsequent Offer#1	5,514,718 Shares	USD 55,147.18	USD 0.01
January 2017	Private placement #3	220,297,158 Shares	USD 2,202,971,58	USD 0.01

### 15.3 Admission to trading of the New Shares from the Private Placements

The Company has issued 1,022,000,000 ordinary shares of which the New Shares issued in Private Placements constitute 763,485,282 shares. The ordinary shares, save for the New Shares, are traded under the trading symbol "SDSD". It is expected that the first day of trading of the New Shares on Oslo Axess will be on or about 24 February 2017 following approval of the Prospectus by the NFSA and publication of this Prospectus.

### 15.4 Type, class, currency and ISIN number of the Shares

The Shares have been created under the laws of Cyprus and issued in accordance with the regulation with Cyprus Law. The Shares are in registered form, and are registered in book-entry form with the VPS under the securities identification code ISIN CY 0101550917. The Company's account operator is DNB Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, 0191 Oslo, Norway. The Shares are denominated in United States Dollar (USD), each with a nominal value of USD 0.01.

The Company only has one class of shares. The shares in the Company are freely transferable and, subject to the Articles of Association and any applicable securities laws, there are no restrictions on trading in the Shares.

### 15.5 Share capital

Prior to the issuance of the New Shares, the Company's issued share capital was USD 2,620,000, divided into 262,000,000 shares, each fully paid up and with a par value of USD 0.01. Following the issuance of the New Shares from the Private Placements and the Subsequent Offering#1, the Company's issued and authorised share capital is USD 10,220,000 divided into 1,022,000,000 Shares, each with a par value of USD 0.01.

### 15.6 Rights attached to the New Shares

The rights attached to the New Shares are the same as those attached to the Company's other existing Shares. The New Shares rank pari passu with existing Shares in all respects including with respect to dividends as from their date of issuance.

The Bye-laws of the Company provide that all Shares shall represent a right to one vote each. All of the issued Shares of the Company, including the New Shares, have equal voting rights from their date of issuance.

See Section 12 "CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL", for a further description of certain matters pertaining to the Company's Shares, including dividend rights, voting rights, pre-emption rights, rights to share in profits, right to share in surplus in the event of liquidation, mandatory offer obligation, squeeze-out rules, etc, which apply also for the New Shares. See Section 14 "TAXATION" below for a description of applicable rules regarding withholding tax, etc.

### 15.7 Withholding tax

At the date of this Prospectus, there is no Cyprus or Norwegian withholding tax payable by a company resident in Cyprus associated with the ownership and transfer of the Company's shares. See Section 14 "TAXATION" below.

**15.8 Interests of natural and legal persons involved in the Listing**

The Manager and its affiliates have provided from time to time, and may provide in the future, investment banking services to the Company and its affiliates in the ordinary course of business, for which they have received and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own Shares in the Company. The Manager does not intend to disclose the extent of any such investments otherwise than in accordance with any legal or regulatory obligation to do so.

**15.9 Lock-up**

The Company's shareholders Saga Tankers ASA, Strata Marine & Offshore AS, QVT Financial LP, Apollo Asset Management Limited and HRF Marine LLC, entered into a lock-up agreement on existing shareholding prior to the Private Placement#1 for a period of 180 days as of 8 December 2016. The lock-up agreements have been issued in favour of the Manager on customary terms.

**15.10 Dilution effect of the Private Placements**

The dilutive effect for existing shareholders in connection with the Private Placements are:

<b>DATE</b>	<b>Event</b>	<b>Shares Issued</b>	<b>Dilution for shareholders not participating in the private placements and the Subsequent Offering#1</b>
December 2016	Private Placement #1	432,076,924 Shares	61.76%
January 2017	Private Placement #2	111,111,200 Shares	13.96%
January 2017	Subsequent Offer#1	5,514,718 Shares	0.69%%
January 2017	Private Placement #3	220,297,158 Shares	21.56%

**15.11 The Manager and advisors for the Private Placements**

- The Manager for the Listing and the Private Placements is Clarksons Platou Securities AS.
- Advokatfirmaet CLP DA has acted as Norwegian legal advisor to the Company.
- Costas Tsirides & Co L.L.C has advised on Cyprus law to the Company.

**15.12 Expenses for the Private Placements**

The Company estimates the expenses associated with the Private Placements and the Listing of the New Shares to be approximately USD 2.8 million. In addition costs related to fees to Oslo Børs and the NFSA were borne by the Company.

No expenses or taxes have been charged by the Company to the subscribers in the Private Placements.

**15.13 Governing law and jurisdiction for the Private Placements**

This Prospectus and the terms and conditions of the Private Placements shall be governed by and construed in accordance with Norwegian law with Oslo District Court as exclusive legal venue, save for the issuance of the New Shares in relation to the Private Placements which shall be governed by and construed in accordance with Cypriot law with Limassol District Court as exclusive legal venue.

## 16 THE PRIVATE PLACEMENT#1

### 16.1 Overview of the Private Placement#1

On December 9 2016, the Company announced that it had raised NOK 275 million through a private placement of 423,076,924 new Shares at a subscription price of NOK 0.65 per Share (the "**Private Placement#1**"). The issue price per share was set by the Company after a bookbuilding period conducted by the Manager and was determined after the bid closure based on the demand generated in the process. The issue price was set NOK 0.19 below the last price traded on Oslo Børs on 8 December 2017. Reference is also made to Sections 16.4 and 16.5 below.

On 4 January 2017, the Company held an extraordinary general meeting (the "**EGM**") where it was resolved to approve an increase in the Company's authorised share capital from USD 3,620,000 to USD 10,220,000 and to authorize the Board of Directors to issue and allot new shares up to the new limit of authorised share capital. On 4 January 2017, the Board of Directors resolved to issue 423,076,924 New Shares through the Private Placement#1 with gross proceeds of NOK 275,000,000.60. The subscription price per New Share was set to NOK 0.65. The minimum order in the Private Placement#1 was the NOK equivalent of EUR 100,000, however the Company reserved the right to allocate lower amounts to investors that qualify as "professional investors" pursuant to the Norwegian Securities Trading Act and ancillary regulations.

In order to facilitate immediate settlement and delivery of freely tradable shares to the subscribers in the Private Placement#1, other than Saga Tankers ASA, Strata Marine & Offshore AS, Funds managed by QVT Financial LP, Apollo Asset Management Limited and HRF Marine LLC, Martin Nes, chairman of the Company, through Hanekamb Invest AS, Espen Lundaas, Interim CFO through EL Investment AS, (the "Borrowers"), the subscribers received partial settlement by way of already issued and tradable shares made available through a loan arrangement with the Borrowers on 8 December 2016. The share lending arrangement was settled through the issuance of the New Shares allotted to the Investors in the Private Placement#1 to the Borrowers on 9 January 2017.

The New Shares issued in Private Placement#1 was registered in the VPS with a separate ISIN number being CY0107010916 on 9 January 2017. The New Shares will be converted to the ordinary ISIN of the Shares as soon as practically possible after this Prospectus has been approved by the NFSA.

### 16.2 Resolution regarding the New Shares

On 4 January 2017, the Board of Directors made the following resolution regarding issuance of the New Shares:

1. *"That, having considered the resolution of the shareholders of the Company at the Extraordinary General Meeting of the Company held earlier today, to increase the share capital of the Company from \$3.620.000 ( in words: three million six hundred twenty thousand United States Dollars) divided into 362.000.000 (in words: three hundred sixty two million) shares of \$0,01 each, to \$10.220.000 ( in words: ten million two hundred twenty thousand United States Dollars) divided into 1.022.000.000 ( in words: one billion twenty two million) ordinary shares of \$0,01 , by the creation of additional new 660.000.000 ( in words: six hundred sixty million) ordinary shares of \$0,01 each, Messrs. Deloitte Limited be and are hereby authorized to prepare and deliver the necessary returns to the Registrar of Companies within the time prescribed by the law.*
2. *That, having considered that the relevant pre-emption rights granted to the existing shareholders of the Company pursuant to section 60B of the Companies Law Cap.113 and the Company's Articles of Association have been waived by the shareholders of the Company at the Extraordinary General Meeting of the Company held earlier today, the Board allots 423.076.924 (in words: four hundred twenty three million seventy six hundred thousand nine hundred twenty four) ordinary shares at the price of USD0,0752 each (equivalent to NOK 8,64 per US\$1) thus including a premium of USD0,0652 per ordinary share, to the shareholders outlined in the list presented at the meeting a copy of which is attached hereto and marked as Appendix A forms an integral part of this resolution; and*
3. *That, Messrs. Deloitte Limited be and are hereby authorized to prepare and deliver the necessary returns for the allotment of shares to the Registrar of Companies within the time prescribed by the law. "*

### 16.3 Admission to trading of the New Shares

The Company has issued 1,022,000,000 ordinary shares of which the New Shares issued in Private Placement#1 constitute 423,076,924 shares. The ordinary shares, save for the New Shares, are traded under the trading symbol "SDSD". It is expected that the first day of trading of the New Shares on Oslo Axess will be on or about 24 February 2017 following approval of the Prospectus by the NFSA and publication of this Prospectus.



#### **16.4 Rationale for the Private Placement#1**

The NOK 275 million that was raised through the Private Placement#1 together with the proceeds raised in Private Placement #2 (after deduction of transaction costs as described in sections 16.14 and 17.14) was mainly used for the acquisition of the three PSV's from Volstad in addition to securing cash for other oil service investment opportunities (directly into companies, securities and/or assets), with the aim to have significant influence of a larger fleet of assets.

#### **16.5 Equal treatment and deviations from existing shareholders' preferential rights**

The Private Placement#1 represented a deviation from the pre-emption rights of the existing shareholders prior to the Private Placement#1, as not all existing shareholders were invited to participate in the Private Placement#1. Accordingly, the existing shareholders that participated in the Private Placement#1 has benefitted from such deviation.

The reason for the deviation was that the Company was able to raise capital in a timely and cost efficient manner that may be used for investments within the Company's investment strategy. The Board of Directors is of the view that the completion of the Private Placement#1 was in the best interest of both the Company and its shareholders.

Further, the Board of Directors launched a subsequent offering of up to 9,500,000 new shares at a subscription price equal to the subscription price in the Private Placement#1 (the "**Subsequent Offering#1**") directed towards existing shareholders in the Company as of December 8 2016 (as evident from the VPS per the end of 12 December 2016) who were not invited to participate, or applied for but were not allocated shares, in the Private Placement#1, and who are not resident in a jurisdiction where such offering would be unlawful or (for jurisdictions other than Norway) would require any prospectus, filing, registration or similar action (the "**SO#1 Eligible Shareholders**"). The size of the Subsequent Offering was 2.25% of the size of the Private Placement#1. Given that the SO#1 Eligible Shareholders represented 2.13% of the total amount of outstanding shares in the Company prior to the Private Placement#1, the Subsequent Offering#1 represented a possibility for all of the Eligible Shareholders to maintain their pro rata shareholding in the Company.

The Subsequent Offering#1 was completed on 20 January 2017 and the Shares issued in Subsequent Offering#1 were made tradable on Oslo Axess on 27 January 2017.

#### **16.6 Type, class, currency and ISIN number of the Shares**

See Section 15.4above.

#### **16.7 Share Capital**

See Section 15.5above.

#### **16.8 Rights attached to the New Shares**

See Section 15.6above.

#### **16.9 Withholding tax**

See Section 15.7above.

#### **16.10 Interests of natural and legal persons involved in the Listing**

See Section 0 above.

#### **16.11 Lock-up**

See Section 15.9 above.

#### **16.12 Dilution effect of the Private Placement#1**

See Section 15.10 above.

#### **16.13 The Manager and advisors for the Private Placement#1**

See Section 15.11 above.

#### **16.14 Expenses**

See Section 15.12 above.

**16.15 Governing law and jurisdiction**

See Section 15.13 above.

## **17 THE PRIVATE PLACEMENT#2**

### **17.1 Overview of the Private Placement#2**

On 6 January 2017, the Company announced that it had resolved to raise NOK 100 million through a Private placement of 111,111,200 new Shares at a subscription price of NOK 0.90 per Share (the "**Private Placement#2**"). The issue price per share was set by the Company after a bookbuilding period conducted by the Manager and was determined after the bid closure based on the demand generated in the process. The issue price was set NOK 0.65 below the last price traded on Oslo Børs on 5 January 2017. Reference is made to Sections 17.4 and 17.5 below.

On 5 January 2017, the Board of Directors resolved to issue 111,111,200 New Shares through the Private Placement#2 with gross proceeds of NOK 100,000,080. The subscription price per New Share was set to NOK 0.90. The minimum order in the Private Placement#2 was the NOK equivalent of EUR 100,000, however the Company reserved the right to allocate lower amounts to investors that qualify as "professional investors" pursuant to the Norwegian Securities Trading Act and ancillary regulations.

The New Shares was issued and registered in the VPS with a separate ISIN number being CY0107010916, on 16 January 2017. The New Shares will be converted to the ordinary ISIN of the Shares as soon as practically possible after this Prospectus has been approved by the NFSA.

### **17.2 Resolution regarding the New Shares**

On 5 January 2017, the Board of Directors made the following resolution regarding issuance of the New Shares:

1. *"That having taken into considered that the relevant pre-emption rights granted to the existing shareholders of the Company pursuant to section 60B of the Companies Law Cap.113 and the Company's Articles of Association have been waived by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 4 January 2017, to approve the allotment of 111.111.200 (in words: one hundred eleven million one hundred eleven thousand two hundred) new ordinary shares at the price of USD0,1048 each (equivalent to NOK 8,5911 per US\$1) thus including a premium of USD0,0948 per ordinary share, to the shareholders outlined in the list attached hereto and marked as Appendix A;*
2. *That, Messrs. Deloitte Limited be and are hereby authorized to prepare and deliver the necessary returns for the allotment of shares to the Registrar of Companies within the time prescribed by the law."*

### **17.3 Admission to trading of the New Shares**

The Company has issued 1,022,000,000 ordinary shares of which the New Shares issued in Private Placement #2 constitute 111,111,200 shares. The ordinary shares, save for the New Shares, are traded under the trading symbol "SDSD". It is expected that the first day of trading of the New Shares on Oslo Axess will be on or about 24 February 2017 following approval of the Prospectus by the NFSA and publication of this Prospectus.

### **17.4 Rationale for the Private Placement#2**

The NOK 100 million that was raised through the Private Placement#2 together with the proceeds raised in Private Placement #1 (after deduction of transaction costs as described in sections 16.14 and 17.14) was mainly used for the acquisition of the three PSV's from Volstad in addition to securing cash for other oil service investment opportunities, directly into companies, securities and/or assets, with the aim to control a larger fleet of assets all purchased at low values.

### **17.5 Equal treatment and deviations from existing shareholders' preferential rights**

The Private Placement#2 represented a deviation from the pre-emption rights of the existing shareholders prior to the Private Placement#2, as not all existing shareholders were invited to participate in the Private Placement#2. Accordingly, the existing shareholders that participated in the Private Placement#2 has benefitted from such deviation.

The reason for the deviation was that the Company was able to raise capital in a timely and cost efficient manner that may be used for investments within the Company's investment strategy. The Board of Directors is of the view that the completion of the Private Placement#2 was in the best interest of both the Company and its shareholders.

Further, the Board of Directors will consider to launch a subsequent share offering of up to 11,900,000 new shares at a subscription price equal to the subscription price in the Private Placement#2 (the "**Subsequent Offering#2**") directed towards existing shareholders in the Company as of 5 January 2017 (as evident from the VPS per the end of 9 January 2017) who were not invited to participate, or applied for but were not allocated shares, in the Private Placement#2, and who are not resident in a jurisdiction where such offering would be unlawful or (for jurisdictions other than Norway) would require any prospectus, filing, registration or similar action (the "**SO#2 Eligible Shareholders**"). The size of the Subsequent Offering#2 is expected to be approximately 10.69% of the size of the Private Placement#2. Given that the SO#2 Eligible Shareholders represent 10.55%% of the total amount of outstanding shares in the Company prior to the Private Placement#2, the Subsequent Offering#2 will represented a possibility for all of the SO#2 Eligible Shareholders to maintain their pro rata shareholding in the Company.

In the event the Board resolves to launch the Subsequent Offering#2, such offering will be launched shortly after the date of this Prospectus.

**17.6 Type, class, currency and ISIN number of the Shares**

See Section 15.4 above.

**17.7 Share Capital**

See Section 15.5 above.

**17.8 Rights attached to the New Shares**

See Section 15.6 above.

**17.9 Withholding tax**

See Section 15.7 above.

**17.10 Interests of natural and legal persons involved in the Listing**

See Section 0 above.

**17.11 Lock-up**

See Section 15.9 above.

**17.12 Dilution effect of the Private Placement#1**

See Section 15.10 above.

**17.13 The Manager and advisors for the Private Placement#1**

See Section 15.11 above.

**17.14 Expenses**

See Section 15.12 above.

**17.15 Governing law and jurisdiction**

See Section 15.13 above.

## 18 THE PRIVATE PLACEMENT#3

### 18.1 Overview of the Private Placement#3

On 25 January 2017, the Company announced that it had resolved to raise NOK 198,267,442.20 through a Private placement of 220,297,158 new Shares at a subscription price of NOK 0.90 per Share (the "**Private Placement#3**"). The issue price per share was set by the Company after a bookbuilding period conducted by the Manager and was determined after the bid closure based on the demand generated in the process. The issue price was set NOK 0.04 above the last price traded on Oslo Børs on 24 January 2017 and represented as such no discount. Reference is made to Sections 18.4 and 18.5 below.

On 24 January 2017, the Board of Directors resolved to issue 220,297,158 New Shares through the Private Placement#3 with gross proceeds of NOK 198,267,442.20. The subscription price per New Share was set to NOK 0.90. The minimum order in the Private Placement#3 was the NOK equivalent of EUR 100,000, however the Company reserved a separate tranche of the Private Placement for allocations below EUR 100,000 pursuant to applicable exemptions from the prospectus requirements and also reserved the right to allocate lower amounts to investors that qualify as "professional investors" pursuant to the Norwegian Securities Trading Act and ancillary regulations.

The New Shares was issued registered in the VPS with a separate ISIN number being CY0107010916, on 1 February 2017. The New Shares will be converted to the ordinary ISIN of the Shares as soon as practically possible after this Prospectus has been approved by the NFSA.

### 18.2 Resolution regarding the New Shares

On 24 January 2017, the Board of Directors made the following resolution regarding issuance of the New Shares:

1. *"That having taken into consideration that the relevant pre-emption rights granted to the existing shareholders of the Company pursuant to section 60B of the Companies Law Cap.113 and the Company's Articles of Association have been waived by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 4 January 2017, to approve the allotment of 220,297,158 (in words: two hundred twenty million two hundred ninety seven thousand hundred and fifty eight) new ordinary shares at the price of USD 0.1078 each (equivalent to NOK 8.35 per US\$1) thus including a premium of USD 0.0978 per ordinary share, to new investors and existing shareholders outlined in the list attached hereto and marked as Appendix A;*
2. *That, Messrs. Deloitte Limited be and are hereby authorized to prepare and deliver the necessary returns for the allotment of shares to the Registrar of Companies within the time prescribed by the law."*

### 18.3 Admission to trading of the New Shares

The Company has issued 1,022,000,000 ordinary shares of which the New Shares issued in Private Placement #3 constitute 220,297,158 shares. The ordinary shares, save for the New Shares, are traded under the trading symbol "SDSD". It is expected that the first day of trading of the New Shares on Oslo Axess will be on or about 24 February 2017 following approval of the Prospectus by the NFSA and publication of this Prospectus.

### 18.4 Rationale for the Private Placement#3

The NOK 198 million that was raised through the Private Placement#3 (after deduction of transaction costs as described in section 18.14) was mainly used to fund the 15.6% investment in New World Supply Ltd. being the ultimate owner of six (6) mid-size PSVs. Furthermore, the Company looks to deploy cash into oil service investment opportunities, directly into companies, securities and/or assets, with the aim to control a larger fleet of assets – all purchased at low values.

### 18.5 Equal treatment and deviations from existing shareholders' preferential rights

The Private Placement#3 represents a deviation from the pre-emption rights of the existing shareholders prior to the Private Placement#3, as not all existing shareholders were invited to participate in the Private Placement#3. Accordingly, the existing shareholders that participated in the Private Placement#2 has benefitted from such deviation.

The reason for the deviation was that the Company was able to raise capital in a timely and cost efficient manner that may be used for investments within the Company's investment strategy. The Board of Directors is of the view that the completion of the Private Placement#2 was in the best interest of both the Company and its shareholders.

Further, the Board of Directors will consider to launch a subsequent share offering of up to 22,200,000 new shares at a subscription price equal to the subscription price in the Private Placement#3 (the "**Subsequent Offering#3**") directed towards existing shareholders in the Company as of 24 January 2017 (as evident from the VPS per the end of 26 January 2017) who were not invited to participate, or applied for but were not allocated shares, in the Private Placement#2, and who are not resident in a jurisdiction where such offering would be unlawful or (for jurisdictions other than Norway) would require any prospectus, filing, registration or similar action (the "**SO#2 Eligible Shareholders**"). The size of the Subsequent Offering#3 is approximately 20% of the size of the Private Placement#3.

In the event the Board resolves to launch the Subsequent Offering#3, such offering will be launched shortly after the date of this Prospectus.

**18.6 Type, class, currency and ISIN number of the Shares**

See Section 15.4 above.

**18.7 Share Capital**

See Section 15.5 above.

**18.8 Rights attached to the New Shares**

See Section 15.6 above.

**18.9 Withholding tax**

See Section 15.7 above.

**18.10 Interests of natural and legal persons involved in the Listing**

See Section 0 above.

**18.11 Lock-up**

See Section 15.9 above.

**18.12 Dilution effect of the Private Placement#1**

See Section 15.10 above.

**18.13 The Manager and advisors for the Private Placement#1**

See Section 15.11 above.

**18.14 Expenses**

See Section 15.12 above.

**18.15 Governing law and jurisdiction**

See Section 15.13 above.

## 19 ADDITIONAL INFORMATION

### 19.1 Auditor

The Company's auditor is PricewaterhouseCoopers Limited, with registered address Julia House, 3 Themistocles Dervis Street, CY-1066, Nicosia, Cyprus ("**PWC**"). PWC and the signing partner, Mr Tasos Nolas, are member of the Institute of Certified public Accountants of Cyprus. PWC has been the Company's auditor since the Company's incorporation.

S.D. Standard Drilling Plc. Financial Statements have been audited by PWC.

### 19.2 Advisors

- Clarksons Platou Securities AS is acting as the Manager of the Listing.
- Advokatfirmaet CLP DA is acting as Norwegian legal counsel to the Company.
- Costas Tsirides & Co L.L.C is acting as special Cyprus counsel to the Company.

### 19.3 Documents on display

Copies of the following documents will be available for inspection at the Company's registered office during normal business hours from Monday to Friday each week (except public holidays) for a period of 12 months from the date of this Prospectus:

- the Memorandum of Association of the Company;
- the Bye-laws of the Company;
- the Standard Drilling Financial Statements for the years ended 31 December 2014 and 2015;
- stock exchange notices, including quarterly reports, distributed by the Company through Oslo Børs' information system; and
- all reports, letters, and other documents and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus.

### 19.4 Documents incorporated by references

The below listed documents are incorporated by reference and are available at the Company's website, [www.standard-drilling.com](http://www.standard-drilling.com):

Reference:	Chapter in Prospectus:	Incorporated by reference:	Page number in reference document:	Internet:
Q3 Report 2016	Section 10 and 11	Q3 2016 Financial Report 30.11.16	5 – income statement 6 – balance sheet 7 – changes in equity 8 – cash flow statement 5, 6 and 10-11 – financial condition and results of operations	<a href="http://www.standard-drilling.com/images/pdf/financial-reports/quarterly/SD-Third-Quarter-Report-2016.pdf">http://www.standard-drilling.com/images/pdf/financial-reports/quarterly/SD-Third-Quarter-Report-2016.pdf</a>
Q3 Report 2015	Section 10 and 11	Q3 2015 Financial Report 30.09.15	6 – income statement 7 – balance sheet 8 – changes in equity 9 – cash flow statement 6, 7 and 10 – 12 – financial condition and results of operations	<a href="http://www.standard-drilling.com/images/pdf/financial-reports/quarterly/Q3-2015-Financial-Report-30.09.15.pdf">http://www.standard-drilling.com/images/pdf/financial-reports/quarterly/Q3-2015-Financial-Report-30.09.15.pdf</a>

Annual report for 2015	Section 10 and 11	Annual report 2015	7 – income statement 8 – balance sheet 9 – changes in equity 10 – cash flow statement 7, 8 and 19-26 – Financial condition and results of operations 29 – 30 – auditor's report	<a href="http://www.standard-drilling.com/images/pdf/financial-reports/annual/S-D-S-D-2015-Parent-full.pdf">http://www.standard-drilling.com/images/pdf/financial-reports/annual/S-D-S-D-2015-Parent-full.pdf</a>
Annual report for 2014	Section 10 and 11	Annual report 2014	10 – income statement 11 – balance sheet 12 – changes in equity 13 – cash flow statement 10, 11 and 23-30 – financial condition and results of operations 33 – 34 – auditor's report	<a href="http://www.standard-drilling.com/images/pdf/financial-reports/annual/2015-0430-sdsd-ar2014.pdf">http://www.standard-drilling.com/images/pdf/financial-reports/annual/2015-0430-sdsd-ar2014.pdf</a>



**20 DEFINITIONS AND GLOSSARY**

Board or Board of Directors.....	The Board of Directors of the Company.
Bye-laws .....	The bye-laws of the Company.
Capex .....	Capital expenditures.
CESR .....	Committee of European Securities Regulators.
CFC .....	Controlled Foreign Corporation ("CFC") taxation.
Clarksons.....	Clarksons Platou Securities AS.
Company .....	S.D. Standard Drilling Plc.
Corporate Governance Code or the Code.....	The Norwegian Code of Practice for Corporate Governance, dated 30 October 2014.
DIS.....	Internal partnerships (nw. det indre selskap)
DP .....	Dynamic positioning.
DWT .....	Deadweight tonnes.
EBITDA .....	Earnings before interest, tax, depreciation, amortization and impairment.
Executive Management .....	The executive management of the Company, consisting of Evangelia Panagide (General Manager) and Espen Lundaas (Acting CFO).
Fletcher.....	Fletcher Supply Vessels Ltd.
Forward Looking Statements.....	Means statements relating to the Company's business and the sectors in which it operates. Forward Looking Statements include all statements that are not historical facts, and can be identified by words such as (what follows are examples without excluding words having the same meaning) "anticipates", "believes", "expects", "intends", "may", "projects", "should", or the negatives of these terms or similar expressions. Please refer to Section 4.1 "Cautionary note regarding forward-looking statements" for further information.
Group .....	S.D. Standard Drilling Plc and its wholly owned consolidated subsidiaries.
GT .....	Gross tonnage.
IAS .....	International Accounting Standard.
IFRS .....	International Financial Reporting Standards as adopted by the European Union.
Listing .....	The listing of the Shares on Oslo Axess, including the Private Placements.
Manager .....	Clarksons Platou Securities AS.
Memorandum of Association .....	The Company's memorandum of association.
mt.....	Metric tonnes.
NOK.....	Norwegian Kroner, the lawful currency of Norway.
NOKUS.....	Norwegian CFC-taxation.
Norwegian Corporate Shareholders ....	Norwegian shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian FSA.....	The Norwegian Financial Supervisory Authority ( <i>Nw.: Finanstilsynet</i> ).
Norwegian Personal Shareholders .....	Individuals resident in Norway for tax purposes
Norwegian Securities Trading Act .....	The Norwegian Securities Trading Act of 28 June 2007, no. 75 ( <i>Nw.: verdipapirhandelloven</i> ).
NT .....	Net tonnage.
NWS	New World Supply Ltd.
NWS or New World Supply.....	New World Supply Ltd., a Cayman Island exempted company.
OPEC .....	Organization of Petroleum Exporting Countries.
Oslo Axess.....	Oslo Børs ASA.
Oslo Børs.....	Oslo Børs ASA.

Oslo Clearing .....	Oslo Clearing ASA, a wholly-owned subsidiary of SIX x-clear AG, a company in the SIX group, has a license from the Norwegian FSA to act as a central clearing service.
OSV .....	Offshore Support Vessels.
Private Placement#1.....	The Listing of 423,076,924 new Shares at a subscription price of NOK 0.65 per Shares raising NOK 275,000,000.80 through a Private Placement completed in December 2016.
Private Placement#2.....	The Listing of 111,111,200 new Shares at a subscription price of NOK 0.90 per Shares raising NOK 100,000,080 through a Private Placement completed in January 2017.
Private Placement#3.....	The Listing of 220,297,158 new Shares at a subscription price of NOK 0.90 per Shares raising NOK 198,267,442.40 through a Private Placement completed in January 2017.
Prospectus.....	This Prospectus, dated 22 February 2017.
Prospectus Directive .....	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State.
PSV .....	Platform supply vessels.
PSV Opportunity.....	PSVOI, PSVOII and PSVOIII jointly.
PSVOI .....	PSV Opportunity I DIS
PSVOII.....	PSV Opportunity II DIS
PSVOIII.....	PSV Opportunity III DIS
Record Date.....	12 December 2016.
Registrar Agreement.....	The agreement between the Company and the VPS registrar for the registration of the Shares in book-entry form in the VPS.
Relevant Member State .....	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
S.D. Standard Drilling Plc .....	S.D. Standard Drilling Plc, an exempted limited liability company incorporated on Cyprus on 2 December 2010 with Cyprus registration number HE277936.
SDSD.....	The ticker code/trading symbol of the Company's ordinary shares, save for the New Shares, on Oslo Axess.
Share(s).....	The shares of the Company, consisting as at the date of this Prospectus of 1,022,000,000 common shares each with a par value of USD 0.01.
Standard Drilling .....	Standard Drilling, a public limited liability company, organized and existing under the laws of Cyprus in accordance with and pursuant to the Laws of the republic of Cyprus with registration number HE277936.
Subsequent Offering#1 .....	The 5,514,718 new Shares at a subscription price of NOK 0.65 per Shares raising NOK 3,584,567 directed towards Eligible Shareholders through a Subsequent Offering#1 completed in February 2017.
The Private Placements .....	The combined Private Placement#1, Private Placement#2 and Private Placement#3.
Trade Date .....	8 December 2016.
USD.....	United States Dollars, the lawful currency in the United States.
USDm .....	USD million
Vessels.....	A joint description of the Company's three (3) large-sized PSVs and its indirect ownership interests in thirteen (13) medium-sized PSVs.
Volstad Vessels .....	NWS has acquired six mid-size PSV's from World Wide Supply AS. The Company tendered its bonds in World Wide Supply AS in order to participate in the mentioned private placement and no longer holds those bonds.

VPS .....	The Norwegian Central Securities Depository ( <i>Nw.: Verdipapirsentralen ASA</i> ).
VPS account.....	An account with VPS for the registration of holdings of securities.
VPS Registrar.....	DNB Bank ASA.

Appendix A - MEMORANDUM OF ASSOCIATION AND BYE-LAWS

THE COMPANIES LAW (CAP.113)

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

**S.D. STANDARD DRILLING PLC**

Name changed by  
Certificate of the  
Registrar of Companies  
dated  
2 Φεβρουαρίου 2011.

1. The name of the company is **S.D. STANDARD DRILLING PLC**
2. The registered office of the company shall be situated in Cyprus.
3. The objects for which the company is established are:-
  - (1) To carry on the business of producers, refiners, stores, suppliers and distributors of petroleum, petroleum products, oil, oil products in all its branches.
  - (2) To purchase or otherwise acquire real or personal property of all kinds and in particular land, oil wells, refineries, mines, mining rights, minerals, ores, buildings, machinery, plant, stores, patents, licences, concessions, rights of way, light or water, and any rights or privileges which it may seem convenient to obtain, and whether for the purposes of resale or realisation or otherwise, and to manage, develop, sell, exchange, lease mortgage, or otherwise deal with the whole or any part of such property or rights.
  - (3) To exploit, explore, develop, maintain, and carry on all or any lands wells, mines or mining rights, minerals, ores, works or other properties from time to time in the possession of the company, in any manner deemed desirable; to erect all necessary or convenient refineries, mills, machinery, laboratories, workshops, dwelling-houses for workmen and others, and other buildings, works and appliances and to aid in or subscribe towards or subsidise any such objects.
  - (4) To carry on the business of manufacturers, handicraftsmen, merchants, importers, exporters, representatives, packers, purchasers, sellers, (whole sale and/or retail sale) of every kind of merchandise either alone or in partnership with any other company, firm or person.
  - (5) To carry on business of merchants, commission agents, representatives of importers, exporters, sellers (whole sale and/or retail sale) and retailers of every type of goods or merchandise.
  - (6) The undertaking of any agencies and the carrying on of any business of commission agencies.
  - (7) To carry on the trade or business of electrical heating and constructional engineers whether for purpose of temporary installations during building operations or for permanent use in the buildings erected.

- (8) To carry on the trade or business of engineers, founders, smiths, metal workers, machinists, manufacturers and patentees.
- (9) To enter into any contracts in relation to, and to erect, construct, maintain, alter, repair, pull down and restore, either alone or jointly with any other companies or persons, works of all descriptions including wharves, docks, piers, railways, tramways, waterways, roads, bridges, warehouses, factories, mills, engines, machinery, railway, carriages, and wagons, ships and vessels of every description, gas works, electric works, water works, drainage and sea wage works and buildings of every description.
- (10) To carry on the business of electricians, mechanical engineers, and manufacturers, workers and dealers in electrical apparatus and goods and the manufacture sale or hire of apparatus or goods to which the application of electricity or any like power or any power that can be uses as a substitute therefore, is or may be useful, convenient or ornamental, or any other business of a like nature.
- (11) To carry on either on their own or jointly with others anywhere in the world the business of contractors, subcontractors, builders, engineers, designers, surveyors, tenderers, constructors, maintainers, repairers, managers of any kind of buildings, premises, structures, plants, projects, machinery, roads, ditches, harbours, pipelines or works of any nature independently of their volume or value, as well as the business of developers of land purchased or leased from government or other institutions for development into agricultural husbandry or other related project, earth removers suppliers of electric or other power, civil engineers architects, fitters, furnishers, decorators, assemblers of ready made or other constructions, and to acquire sell let or make available any kind of "Know-how
- (12) To engage, hire and train professional, clerical, manual, technical and other staff and workers or their services or any of them and in any way and manner acquire possess manufacture or assemble any property of any kind or description whatsoever (including any rights over or in connection with such property) and to allocate and make available the aforesaid personnel or services or make the use of such property available on hire purchase sale exchange or in any other manner whatsoever, to those requiring or requesting the same or who have need of the same or their use and otherwise to utilise the same for the benefit or advantage of the company to provide or procure the provision by others of every and any service, need want or requirement of any business nature required by any person firm or company in or in connection with any business carried on by them.
- (13) To purchase, obtain by way of gift, take on lease or sub-lease or in exchange, or otherwise acquire or possess and hold any estate or interest in any lands, buildings, easements, rights, privileges, concessions, permits, licences, stock-in-

trade, and movable and immovable property of any kind and description (whether mortgaged, charged or not) necessary or convenient for the purposes of or in connection with the company's business or any branch or department thereof or which may enhance the value of any other property of the company.

- (14) To erect, maintain, work, manage, construct, reconstruct, alter, enlarge, repair, improve, adapt, furnish, decorate, control, pull down, replace any shops, offices, flats, electric or water works, apartments, workshops, mills, plants, machinery, warehouses and any other works, buildings, plants, conveniences or structures whatsoever, which the company may consider desirable for the purposes of its business and to contribute to, subsidize or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof.
- (15) To improve, manage, control, cultivate, develop, exploit, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, grant as gift, turn to account, grant rights and privileges in respect of, or otherwise deal with all or any part of the property, assets and rights of the company or in which the company is interested and to adopt such means of making known and advertising the business and products of the company as may seem expedient.
- (16) To carry on either alone or jointly with others anywhere in the world the business of consultants, managers, analysts, controllers, examiners, researchers of or in relation to any kind or industry or business of any nature either in the private or in the public sector, as well as the business of trustees, investments company and as company engaging, acquiring and making available services and goods, including (without prejudice to the generality of the above) the promotion or setting up of companies and the subscription of shares therein, the buying and selling of securities and the raising and disposal of funds.
- (17) To carry on either alone or jointly with others anywhere in the world (and whether in a "free zone area", bonded area, bonded factory or elsewhere), the business of manufacturers, processors, dealers, wholesalers, retailers, importers, exporters, suppliers, distributors, buyers, sellers of any kind of goods, materials, merchandise or things of any nature, as well as the business of merchants in general, carriers by any means of transportation, travel or insurance agents on commission or otherwise forwarding agents, estate agents and agents in general.
- (18) To carry on any other business or activity which may seem to the Directors capable of being conveniently or advantageously carried on or done in connection with any of the above objects or calculated directly or indirectly to enhance the value of or render more profitable any of the company's business property or rights.
- (19) To manufacture, repair, import, buy, sell, export, let on hire and generally trade or deal in, any kind of accessories, articles, apparatus, plant, machinery, tools, goods, properties, rights or things of any description capable of being used or



dealt with by the company in connection with any of its objects.

- (20) To deal in, utilise for building or other purposes, let on lease or sublease or on hire, to assign or grant licence over, charge or mortgage, the whole or any part or parts of the immovable property belonging to the company or any rights thereon or in which the company is interested on such terms as the company shall determine.
- (21) To purchase or otherwise acquire all or any part of the business, assets, property and liabilities of any company, society, partnership or person, formed for all or any part of the purposes within the objects of this company, or carrying on any business or intending to carry on any business which this company is authorised to carry on, or possessing property suitable for the purposes of the company and to undertake, conduct and carry on, or liquidate and wind up, any such business and in consideration for such acquisition to pay in cash, issue shares, undertake any liabilities or acquire any interest in the vendor's business.
- (22) To apply for and take out, purchase or otherwise acquire any designs, trade marks, patents, patent rights or inventions, brevets d' invention, copyright or secret processes, which may be useful for the company's objects, and to grant licences to use the same.
- (23) To pay all costs, charges, and expenses incurred or sustained in or about the promotion, formation and establishment of the company, or which the company shall consider to be in the nature of preliminary expenses or expenses incurred prior to incorporation and with a view to incorporation, including therein professional fees the cost of advertising, taxes, commissions for underwriting, brokerage, printing and stationery, salaries to employees and other similar expenses and expenses attendant upon the formation and functioning of agencies, local boards or local administration or other bodies, or expenses relating to any business or work carried on or performed prior to incorporation, which the company decides to take over or continue.
- (24) Upon any issue of shares, debentures or other securities of the company to employ brokers, commission agents and underwriters and to provide for the remuneration of such persons for their services by payment in cash or by the issue of shares debentures or other securities of the company, or by the granting of options to take the same or in any other manner allowed by law.
- (25) To borrow, raise money or secure obligations (whether of the company or any other person) in such manner and on such terms as may seem expedient, including the issue of debentures, debenture stock (perpetual or terminable), bonds, mortgages or any other securities, founded or based upon all or any of the property and rights of the company, including its uncalled capital, or without any such security, and upon such terms as to priority or otherwise, as may be through fit.
- (26) To lend and advance money or give credit to any person, firm or company; to

guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person, firm or company; to secure or undertake in any way the repayment of money lent or advanced to or the liabilities incurred by any person, firm or company; and otherwise to assist any person or company as may be through fit.

- (27) To draw, execute issue, accept, make, indorse, discount and negotiate bills of exchange, promissory notes, bills of lading, and other negotiable or transferable instruments or securities.
- (28) To receive money on deposit, with or without allowance of interest thereon.
- (29) To advance and lend money upon such security as may be through proper or without any security therefor.
- (30) To invest the moneys of the company not immediately required in such manner, other than in the shares of his company, as from time to time may be determined by the Directors.
- (31) To issue or guarantee the issue of or the payment of interest on, the shares, debentures, debentures stock, or other securities or obligations of any company or association, and to pay or provide for brokerage, commission, and underwriting in respect of any such issue.
- (32) To acquire by subscription, purchase or otherwise, and to accept, take, hold, deal in, convert and sell, any kind of shares, stock, debentures or other securities or interests in any other company, society or undertaking whatsoever.
- (33) To issue and allot fully or partly paid shares in the capital of the company or issue debentures or securities in payment or part payment of any movable or immovable property purchased or otherwise acquired by the company or any services rendered to the company and to remunerate in cash or otherwise any person, firm or company rendering services to this company or grant donations to such persons.
- (34) To establish anywhere in the world, branch offices, regional offices, agencies and local boards and to regulate and to discontinue the same.
- (35) To provide for the welfare of officers or of persons in the employment of the company, or former officers or formerly in the employment of the company or its predecessors in business or officers or employees of any subsidiary or associated or allied company, of this company, and the wives, widows, dependants and families of such persons, by grants of money, pensions or other payments, (including payments of insurance premia) and to form, subscribe to, or otherwise aid, any trust, fund or scheme for the benefit of such persons, and any benevolent, religious, scientific, national or other institution or object of any kind, which shall have any moral or other claims to support or aid, by the company by reason of the nature or the locality of its operations or otherwise.



- (36) From time to time to subscribe or contribute to any charitable, benevolent, or useful object of a public character the support of which will, in the opinion of the company, tend, to increase its repute or popularity among its employees, its customers, or the public.
- (37) To enter into and carry into effect any arrangement for joint working in business, union of interests, limiting competition, partnership or for sharing of profits, or for amalgamation, with any other company, partnership or person, carrying on business within the objects of this company.
- (38) To establish, promote and otherwise assist, any company or companies for the purpose of acquiring any of the property or furthering any of the objects of this company or for any other purpose which may seem directly calculated to benefit this company.
- (39) To apply for, promote, and obtain any Law, Order, Regulation, By-Law, Degree, Charter, concession, right, privilege, licence or permit for enabling the company to carry and of its objects into effect, or for effecting any modification of the company's constitution, or for any other purpose which may seem expedient, and to oppose any proceedings or applications which may, calculated directly or indirectly, to prejudice the company's interest and to enter into and execute any arrangement with any Government or Authority, supreme, municipal, local or otherwise that may seem conducive to the company's objects or any of them.
- (40) To sell, dispose of, mortgage, charge, grant rights or options or transfer the business, property and undertakings of the company, or any part or parts thereof, for any consideration which the company may seem fit to accept.
- (41) To accept stock or shares in, or the debentures, mortgage debentures or other securities of any other company in payment or part payment for any services rendered or for any sale made to or debt owing from any such company.
- (42) To distribute in specie or otherwise as may be resolved any assets of the company among its members and particularly the shares, debentures or other securities of any other company belonging to this company or which this company may have the power of disposing.
- (43) To do all or any of the matters hereby authorised in any part of the world either alone or in conjunction with, or as factors, trustees, principals, sub-contractors or agents for, any other company, firm or person, or by or through any factors, trustees, sub-contractors or agents.
- (44) To procure the registration or recognition of the company in any country or place; to act as secretary, manager, director or treasurer of any other company.
- (45) Generally to do all such other things as may appear to the company to be incidental or conducive to the attainment of the above objects or any of them.

The objects set forth in any sub-clause of this clause shall not be restrictively construed but the widest interpretation shall be given thereto, and they shall not, except when the context expressly so requires, be in any way limited to or restricted by reference to or inference from any other object or objects set forth in such sub-clause or from the terms of any other sub-clause or marginal title or by the name of the company. None of such sub-clauses or object or objects therein specified or the powers thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other sub-clause, but the company shall have full power to exercise all or any of the powers and to achieve or to endeavour to achieve all or any of the objects conferred by and provided in any one or more of the said sub-clauses.

4. The liability of the members is limited.
  
5. The share capital of the Company is US\$ Three Hundred Fifty Eight Thousand Six Hundred (US\$358,600,00) divided into Thirty-five Million Eight Hundred Sixty Thousand (35,860,000) of US\$ 0,01 each. The shares in the original or any increased capital may be divided in different classes and any rights, or preference of other special rights, privileges, terms or restrictions with reference to return of capital dividend voting right and others may be attached to them respectively.
  1. Increase of authorised share capital to 42 000 000 ordinary shares @ US\$ 0,01 each by special resolution dated 08/12/10,R10.
  2. Increase of authorised share capital to 142 000 000 ordinary shares @ US\$ 0,01 each by special resolution dated 11/03/11,R26.
  3. Increase of authorised share capital to 362 000 000 ordinary shares @ US\$ 0,01 each by ordinary resolution dated 04/05/2011.

WE, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this memorandum of association, and we respectively agree to take the number of shares in the capital of the company set opposite our respective names.

Names, Addresses and Descriptions of Subscribers	Number of Shares taken by each Subscriber
<p>CQS Trustees Limited            Cyprus Company of provision of Services            Registration No. 270507            Arch Makarios Ave III, no 213            Maximos Plaza, Tower 1,            3<sup>rd</sup> floor            3030 Limassol - Cyprus</p>	<p>Thirty-five Million Eight Hundred Sixty Thousand shares            (35.860.000)</p>

25<sup>th</sup> November 2010

WITNESS TO THE ABOVE SIGNATURES

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ALEXANDROS TSIRIDES, Barrister-At-Law  
 Panayides Building, 2nd Floor, No. 3  
 Griva Dighenis, Limassol

COMPANIES LAW (CAP.113)

A COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION  
OF

## S.D. STANDARD DRILLING PLC

1. The regulations contained in Part I of Table A of the First Schedule of the Companies Law (Cap. 113), shall not apply to the Company unless these are repeated and embodied to these Regulations and if there is any conflict or contradiction between the present regulations and the regulations contained in Table A, the provisions of the present Regulations shall prevail.

### INTERPRETATION

2. In these regulations, unless from the text a different interpretation ensues, the terms used in the Companies Law, Cap. 113, or any amendment thereof, shall have the meaning attached to them by the this Law with the exception of the words which are listed in the first column of the following table which shall have the interpretation attached to them respectively in the second column:-

#### Table

<u>Words</u>	<u>Interpretation</u>
The Law	The Companies Law, Cap. 113 and includes any Law amending or substituting it.
The Regulations	These Regulations and any changes or amendments which are brought by a relevant resolution.
The Company	S.D. STANDARD DRILLING PLC
The Office	The registered office of the Company from time to time.
The Board	The Board of Directors of the Company
The Member	Member of the Company
The seal	The usual seal of the Company
Register	The Register of Members of the Company
Secretary	Any person who is appointed to perform the duties of the Secretary of the Company and includes provisional or assistant Secretary.

Cyprus The Cyprus Republic

Voting Voting which is carried out by raise of hands and every member present either personally or through proxy and votes shall have one vote.

Official Voting Voting which is carried by ballot and every member present either personally or through proxy and votes shall have one vote for each share held.

Nomination Committee The nomination committee of the Company as set up by regulations 141 and 142 of the present regulation

Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, typing, photography, photocopying and other modes of representing or reproducing words in a visible form.

Unless the context otherwise requires -

Words denoting the masculine gender shall include and the feminine gender.

Words denoting the singular shall include the plural any vice versa.

Words which refer to persons shall include companies, entities or bodies with or without legal entity.

Reference to these Regulations to any provision of Law, where it conforms to the text, shall be interpreted as a reference to a provision of the Companies Law, Cap. 113, as this law shall be amended from time to time.

### GENERAL STIPULATIONS

3. The company is a public limited liability company
4. The Company may sign, adopt or put into effect or re-execute and undertake or continue (with such amendments as the contracting parties may agree and the Directors approve) any pre - registration of the Company agreement or any other agreement or operation or work which was done or is being done (as the case may be) prior to the incorporation of the Company, as the Directors may decide.

### SHARE CAPITAL AND VARIATION OF RIGHTS

5. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may from time to time by ordinary resolution determine.



6. Subject to the provisions of Section 57 of the Law, any preference shares may, with the sanction of an ordinary resolution, be issued on - the terms that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may by special resolution determine.

7. All the additional shares approved for issue as well as all securities which may be converted into shares shall be offered to the members in proportion to the holding of each member in the capital of the Company and such offer shall be made by written notification by which the number of shares which each member is entitled to take shall be specified and shall limit the time within which the offer, if not accepted, shall be considered as rejected and at the expiration of such time or on the receipt of notice from a member, to whom such notification was given, that he is refusing to accept the shares offered, the Board may allocate or in any other way dispose the said shares to such persons and under such terms as it will consider more beneficial to the Company. If due to inequality between the number of shares or other securities which may be issued and which give the right to purchase shares or which are convertible into shares of the Company and the number of shares which the shareholders entitled to the said offer of new shares and/or other securities, hold, such difficulty shall be resolved by a decision of the Board unless there are different instructions by the Company in general meeting. The pre-emption rights granted by the present regulation may be waived by an ordinary resolution of the Company

8. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 70 of the Law and whether or not the company is being wound up, be varied or repeal with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Regulations relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the said class present in person or by proxy may demand a poll and if in any general meeting by adjournment of such shares there is no quorum the shareholder or shareholders present shall be deemed to be in quorum.

9. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

10. The company may exercise the powers of paying commissions conferred by Section 52 of the Law and pay commission on a proportion basis which shall be determined by the Board on the nominal value of the shares for which the commission shall be paid, not provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner

required by the said section and the rate of the commission shall not exceed the rate of 10 per cent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 per cent of such price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The company may also on any issue of shares pay such brokerage as may be lawful.

11. Every person whose name is entered as a member in the registered of members shall be entitled to receive free of any charge within two months from the date of the allotment or the entry of the transfer of the shares (or within such other time limit as the terms of issue may specify) a certificate for all his shares or a number of certificates each of which shall refer one or more shares, upon payment of such amount as the Board shall determine in every case for each certificate, except the first one. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon and may contain such further information as the Board may specify. Provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

12. If a share certificate be defaced, lost or destroyed, it may be renewed on payment of a fee (if any) and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the company of investigating evidence as the directors think fit.

13. Except as required by Law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

14. Notwithstanding regulation 13 above, but always subject to s.112 of the Law, the Company may, if it so wishes and if notified accordingly in writing, recognise the existence of the trust on any share even though it cannot register it in the Company's register of members. This recognition is made known with a letter to the trustees and is irrevocable provided this trust continues to exist, even if the trustees or some of them are replaced.

Every member who holds shares on behalf of a third party, either as trustee or in any other capacity, should upon request disclose to the Company, immediately, the name of the person for whom he holds such shares.

15. The register of members and the index of members shall be open to inspection, from the members free of charge and from any other person after payment of such amount for the inspection as the

nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

22. The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

### CALLS ON SHARES

23. The Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call, and each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the directors may determine.
24. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed and may be required to be paid by instalments.
25. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
26. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding 5 per cent per annum as the directors may determine, but the directors shall be at liberty to waive payment of such interest wholly or in part.
27. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these regulations be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
28. The directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

Board may from time to time specify. Any member or such person may take any extracts there from.

16. The Company shall have the power, subject to s.114 of the Law, to maintain an overseas register of members. Such overseas register of members shall be maintained in accordance with s.114 to 117 of the Law.
17. Provided the shares of the Company or any other titles or securities of the Company are traded in a foreign market, the Company shall be deemed to comply with the provisions of the Law with respect to keeping a register of members if it complies with the relevant regulations of the relevant market. Any reference in these Regulations or the Law to a register of members shall be interpreted as a reference to the records maintained in accordance with the regulations of the relevant market.
18. The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person or for any shares in the company or in its holding company nor shall the company make a loan for any purpose whatsoever on the security of its shares or those of its holding company, but nothing in this regulation shall prohibit transactions mentioned in the proviso to Section 53(1) of the Law.

### LIEN

19. The company shall have a first and paramount lien on every share (not-being a-fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the company shall also have a first and paramount lien on all shares (other-than-fully paid shares) standing registered in the name of a single person for all moneys presently payable by him or his estate to the company ; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation. The company's lien, if any, on a share shall extend to all dividends payable thereon and as well as any other rights or benefits which are attached therein.
20. The company may sell, in such manner as the Board think fit, any shares on which the company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing to the then registered owner of such shares, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.
21. To give effect to any such sale the directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money,



29. The Board may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become payable) pay interest at such rate not exceeding (unless the company in general meeting shall otherwise direct) 7 per cent per annum, as may be agreed upon between the directors and the member paying such sum in advance unless the Company in general meeting decides differently.

#### TRANSFER OF SHARES

30. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

31. Subject to such of the restrictions of these regulations as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the directors may approve.

32. The Board may decline to recognise any instrument of transfer unless:-

- (a) a fee of US\$1, or such lesser sum as the Board may from time to time require is paid to the company in respect thereof;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of share.

33. If the Board decide to refuse to register a transfer they shall do so within one week and shall send to the transferee notice of the refusal.

34. Regulations 30 to 33 shall not apply in the event that the shares of the company are traded on a market and in such event, the rules of the relevant market as to transfer of shares shall apply.

35. The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.

#### TRANSMISSION OF SHARES DUE TO DEATH OR BANKRUPTCY

36. In case of the death of a member the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares; but not-

ing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

37. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy, as the case may be.

38. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

39. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

Provided always that the directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

#### CONVERSION OF SHARES INTO STOCK

40. The company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.

41. The holders of stock may transfer the same, or any part thereof, in the same manner, and subject to the same regulations, as "and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and the directors may from time to time fix the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

42. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

43. Such of the Regulations of the Company as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder" respectively.

#### ALTERATION OF CAPITAL

44. The company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

45. The company may by ordinary resolution:-

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) Subdivide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of section 60 (1) (d) of the Law;
- (c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

46. The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

#### GENERAL MEETINGS

47. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it. The period of time between one annual general meeting of the Company and the next annual general meeting shall not be more than fifteen months.

Provided that so long as the company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the directors shall appoint.

48. All general meetings other than annual general meetings shall be called extraordinary general meetings.

49. The Board may, whenever it thinks fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by Section 126 of the Law. If at any time there are not within Cyprus sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Board.

#### NOTICE OF GENERAL MEETINGS

50. All general meetings of the company held either for the passing of a special resolution, an extraordinary resolution or an ordinary resolution shall be called by giving a twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and time of the meeting and, in case of any special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the company in general meeting, to such persons who are, under the regulations of the company, entitled to receive such notices from the company:

All notices that have to be given by the Company pursuant to these Articles may be given by electronic means and such notice shall be deemed as properly given in writing.

In the event the shares of the company are traded on a market, any notice to be given pursuant to the present Articles shall be deemed to be properly given if given in accordance with the rules of the said market.

51. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

52. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the financial statements, balance sheets, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors.

53. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, two members present in person shall be a quorum.



59. Except as provided in regulation 61, if a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
60. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
61. If a poll is demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.
62. Subject to the provisions of the Law, written decision signed or approved by letter, telegram, radio telegram, telex, facsimile or other similar manner of communication, from the members who have the right at any particular time to receive notice for convening general meetings, to be present and vote at such meetings (or in the case of legal entities the signature of their authorised representatives) is valid and has the same legal repercussions as if the said decision was approved at a general meeting of the Company which was convened and took place properly. The said decision may be composed by various documents, each of which bears the signature of one or more members of the Company, the signature of a member of the Board or other authorised officer or appointed proxy. The Company can make provisions so that members may attend General Meetings by electronic means and to offer the technical ability to its members to vote through electronic means, accessible by all members holding voting shares in general meetings. Such provisions should enable the members to hear and be heard simultaneously through such electronic means

#### VOTES OF MEMBERS

63. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one vote for each share of which he is the holder.
64. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
65. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by the administrator of his property, his committee, receiver, curator bonis, or other person in the nature of an administrator, committee, receiver or curator bonis appointed by that Court, and any such administrator, committee, receiver, curator bonis or other person may, on a poll, vote by proxy.

54. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.
55. The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the company, or if there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act the directors present shall elect one of their number to be chairman of the meeting.
56. If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be chairman of the meeting.
57. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
58. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded—
- (a) by the chairman; or
  - (b) by at least three members present in person or by proxy; or
  - (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
  - (d) by a member or members holding shares in the company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
- Unless a poll be so demanded a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

66. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
67. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
68. On a poll votes may be given either personally or by proxy.
69. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the Company.
70. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company or at such other place within Cyprus as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll. If there is any default of the aforesaid provisions the instrument of proxy shall not be treated as valid. If a member is present at a general meeting for which he has appointed a proxy, the proxy cannot be present at the said meeting and the proxy document shall be considered as revoked.
71. An instrument appointing a proxy shall be" in the following form or a form as near thereto as circumstances admit or in any form approved by the directors —

**S.D. STANDARD DRILLING PLC**

I/We ..... ,  
of ..... , being a member/members of the above-named Company, hereby appoint ..... or failing him ..... of ..... , as my/our proxy to vote for me/us on my/our behalf at the annual/extraordinary, [strike out whichever does not apply] general meeting of the Company, to be held on the day of ..... , 20... and at any adjournment thereof.  
Signed this day of ..... , 20...."

72. Where it is desired to afford members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit or in any form approved by the directors —

**S.D. STANDARD DRILLING PLC.**

I/We ..... ,  
of ..... , being a member/members of the above-named Company, hereby appoint ..... or failing him ..... of ..... , as my/our proxy to vote for me/us on my/our behalf at the annual/extraordinary, [strike out whichever does not apply] general meeting of the Company, to be held on the day of ..... , 20... and at any adjourned meeting.

Signed this day of ..... , 20...."

The form above shall be used for\*/against\* the passing of the resolution. Unless a different power is conferred, the proxy shall cast his vote as he considers right.

(\*Strike out whichever is not desired)."

Respective of the above provisions, the chairman of the meeting will have the authority to accept a proxy in any format he shall deem as appropriate even if such proxy shall not comply with the above formats.

73. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
74. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the company at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.
- CORPORATIONS ACTING BY REPRESENTATIVES AT GENERAL MEETINGS**
75. Any corporation which is a member of the company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the company or of any class of members of the company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

**DIRECTORS**

76. The number of the Directors, until differently decided by the Company in General Meeting shall not be less than two not more than ten. The names of the first Directors shall be determined in



writing by the subscribers of the memorandum of association or a majority of them. Until the appointment of the first Directors the subscribers of the memorandum of association shall exercise all the powers of the Directors.

77. The remuneration of the directors shall from time to time be determined by the company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the company or in connection with the business of the Company.

78. There is no shareholding qualification for appointment or election to the Board of Directors of the Company.

79. A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the company or in which the company may be interested as shareholder or otherwise, and no such director shall be accountable to the company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the company otherwise direct.

#### **BORROWING POWERS**

80. The directors may exercise all the powers of the company to borrow money, and to charge, either by floating or fixed charge, or mortgage all or any part of its undertaking, movable and immovable property present or future including all or any part of the uncalled capital, and to issue debentures, debenture stock, mortgaged debentures and other bills or securities whether these are continual redeemable or repayable and either directly or as security for any debt, liability or obligation of the company or of any third party.

81. The debentures with floating charge referred to Regulation 80 above and the debentures and debenture stock mortgaged debentures bills or other bonds may be issued at a discount or at a premium or in any other manner and with such powers regarding their redemption, surrender issue of shares or other as the Board may decide.

82. The Directors shall be responsible for keeping proper register of charges according to the provisions of Section 99 of the Law and shall conform to the requirements of Sections 90, 91 and 99 of the Law in respect of the registration of charges as provided by the said Sections.

#### **POWERS AND DUTIES OF DIRECTORS**

83. The business of the Company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the com-

pany as are not, by the Law or by these regulations, required to be exercised by the company in general meeting, subject, nevertheless, to any of these regulations, to the provisions of the Law and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the company in general meeting; but no regulation made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

84. The Board may from time to time and at any time by power of attorney appoint any Company, firm or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these regulations) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

85. The Company may exercise the powers conferred by Section 36 of the Law with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.

86. (1) A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 191 of the Law.

(2) A director shall not vote in respect of any contract or arrangement in which he is interested, and if he shall do so his vote shall not be counted, nor shall he be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to —

- (a) any arrangement for giving any director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the company; or
- (b) to any arrangement for the giving by the company of any security to a third party in respect of a debt or obligation of the company for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (c) any contract by a director to subscribe for or underwrite shares or debentures of the company; or
- (d) any contract or arrangement with any other company in which he is interested only as an officer of the company or as holder of shares or other securities,

and these prohibitions may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, by the company in general meeting.

- (3) A director may hold any other office or place of profit under the company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the company for any profit realised by any sub contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established.
- (4) A director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other director is appointed to hold any such office or place of profit under the company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.
- (5) Any director may act by himself or his firm in a professional capacity for the company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the company.

87. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors shall from time to time by resolution determine.

88. The directors shall cause minutes to be made in books provided for the purpose —

- (a) of all appointments of officers made by the directors;
  - (b) of the names of the directors present at each meeting of the directors and of any committee of the directors;
  - (c) of all resolutions and proceedings at all meetings of the company, and of the directors, and of committees of directors;
- and every director present at any meeting of directors or committee of directors shall sign his name in a book to be kept for that purpose.

89. The Directors on behalf of the company may pay a gratuity or pension or allowance on retirement to any director who has held any other salaried office or place of profit with the company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

**ALTERNATE DIRECTORS**

- 90. Each of the Directors may at any time appoint any person who may either be a Director or not to act as his Alternate Director and further he has the discretion to dismiss him at any time.
- 91. The alternate of any Director shall from all aspects (with the exception of the power of appointing alternate director and the remuneration) be subject to the conditions governing the rest of the members of the Board and has all the powers and duties as those of the appointing Director. Without limitation to the generality referred to above the alternate of a Director shall be entitled to receive all notices regarding the meetings of the Board and to be present and speak and to vote at any such meeting at which the appointing Director And is not present.
- 92. A person may be alternate to more than one Director and for whichever period he is acting as alternate for more than one Directors, he shall be entitled to a separate vote for each Director he is representing and in the event that he is also at the same time a Director he shall be entitled to so many votes apart from his vote as the number of Directors he is substituting.
- 93. The appointment or dismissal of any person substituting for a Director may be effected by telegram or radio telegram or telex or facsimile or email to the Company, or in any other approved by the Board manner and must be confirmed at the earliest opportunity by letter but shall have immediate effect even though the said letter may not have yet been received by the Company and the document by which the appointment is made shall be in the nearest possible form as shown below.

S.D. STANDARD DRILLING PLC

I .....  
 Director of S.D STANDARD DRILLING PLC by virtue of the powers vested in me under Regulation 90 of the Articles of Association of the Company do hereby appoint .....  
 ..... from ..... as Alternate Director so that on my behalf and on my account sit at any meeting of the Board of Directors of the Company at which I am unable to be personally present and to exercise all my powers and perform all my duties as Director of the Company.

Dated the ..... day of ..... 20.....  
 (Sign) ..... DIRECTOR



94. As soon as a Director loses his directorship in any manner, with the exception of vacating his position at a general meeting in which he is re-elected, the person appointed by such Director as provided hereinabove shall have no further power or authority to act as alternate of the Director who appointed him.

95. The Directors do not have any responsibility for the acts or omissions of the alternate appointed by them.

96. The alternate of a Director shall not be counted at the computation of the minimum or maximum number of the members of the Board that are allowed from time to time, but he is counted in the case of ascertaining whether there is a quorum at a particular meeting of the Board at which he is present and has the power to vote.

#### DISQUALIFICATION OF DIRECTORS

97. The office of director shall be vacated when the director —

- (a) ceases to be a director by virtue of Section 176 of the Law; or
- (b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) becomes prohibited from being a director by reason of any order made under Section 180 of the Law; or
- (d) becomes of unsound mind; or
- (e) resigns his office by notice in writing to the company; or
- (f) shall for more than six months have been absent without permission of the directors from meetings of the directors held during that period.

#### ROTATION OF DIRECTORS

98. At the first annual general meeting of the company all the directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office.

99. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

100. A retiring director shall be eligible for re-election.

101. The company at the meeting at which a director retires in manner aforesaid may fill the vacated office by electing a person thereto, and in default the retiring director shall if offering himself for

re-election be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such director shall have been put to the meeting and lost.

102. No person other than a director retiring at the meeting shall unless recommended by the directors or the Nomination Committee be eligible for election to the office of director at any general meeting unless not less than three nor more than twenty-one days before the date appointed for the meeting there shall have been left at the registered office of the company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

103. The company may from time to time by ordinary resolution increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office.

104. The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these regulations. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election, but shall not be taken into account in determining the directors who are to retire by rotation at such meeting.

105. The company may by ordinary resolution, of which special notice has been given in accordance with Section 136 of the Law, remove any director before the expiration of his period of office notwithstanding anything in these regulations or in any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the company.

106. The company may by ordinary resolution appoint another person in place of a director removed from office under the immediately preceding regulation, and without prejudice to the powers of the directors under regulation 104 the company in general meeting may appoint any person to be a director either to fill a casual vacancy or as an additional director. A person appointed in place of a director so removed or to fill such a vacancy shall be subject to retirement at the same time if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

#### PROCEEDINGS OF DIRECTORS

were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

**115.** A resolution in writing, signed or approved by letter, telegram, radio telegram, telex, facsimile, email or other similar manner of communication, from all the Directors or their Alternate (or in the case of a committee of the Board which was formed according to the above Regulations, from all the members of the committee) shall be equally valid and binding as if the said decision was approved at a meeting of the Directors (or of the committee as the case may be) which was convened and took place properly. The said decision may be composed by various documents, each of which bears the signature of one or more members of the persons referred to above.

#### MANAGING DIRECTOR

**116.** The directors may from time to time appoint one or more of their body to the office of managing director for such period and on such terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A director so appointed shall not, whilst holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his appointment shall be automatically determined if he ceases from any cause to be a director.

**117.** A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the directors may from time to time determine. The remuneration of the Director who is appointed in the office of the Managing Director may be independent and in addition to the remuneration fixed in conformity of the provisions of Regulation 81 of the present Regulations.

**118.** The Directors may entrust to and confer upon a Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

#### SECRETARY

**119.** The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as the Board may think fit and any Secretary so appointed may be removed by the Board.

**120.** No person shall be appointed or hold office as Secretary who is —

- (a) the sole director of the company; or
- (b) a corporation the sole director of which is the sole director of the company; or
- (c) the sole director of a corporation which is the sole director of the company.

**107.** The directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors. It shall be necessary to give 48 hours' notice of a meeting of Directors. The notice of a meeting of directors may be served on the directors by any available means including email, fax, telex or letter. All meetings of the Board of Directors and committee meetings of the Directors shall take place in Cyprus or in any other place, provided that the integrity of the Cyprus tax residency of the Company is maintained and not prejudiced. Any Director or a member of a committee of the Directors may participate in a meeting of the Directors or such committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting.

**108.** The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed differently shall be the majority of the Directors.

**109.** The continuing directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the company as the necessary quorum of directors, the continuing directors or director may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the company, but for no other purpose.

**110.** The Directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.

**111.** The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors.

**112.** A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

**113.** The committees may meet and adjourn as the members of each committee think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the chairman shall have a second or casting vote.

**114.** All acts done by any meeting of the directors or of a committee of directors or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them



**121.** A provision of the Law or these regulations requiring or authorising a thing to be done by or to a director and the secretary shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, the secretary.

#### THE SEAL

**122.** The Directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorised by the directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by a director and shall be countersigned by the secretary or by a second director or by some other person appointed by the directors for the purpose.

#### DIVIDENDS AND RESERVE

**123.** The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors.

**124.** The Board may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the company.

**125.** No dividend shall be paid otherwise than out of profits.

**126.** The Board may, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the directors may from time to time think fit. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

**127.** Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. But if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

**128.** The Board may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

**129.** Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board.

**130.** The dividends, interest or other moneys payable in cash in respect of shares may be paid by transfer into a designated bank account of a shareholder, cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other moneys payable in respect of the shares held by them as joint holders.

**(a)** In the event that the shares of the Company are listed on a market payment of dividends may be paid in accordance with the rules of the relevant market.

**131.** No dividend shall bear interest against the company.

#### ACCOUNTS

**132.** The Board shall cause proper books of account to be kept with respect to: —

- (a)** all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b)** all sales and purchases of goods by the company; and
- (c)** the assets and liabilities of the company.

Proper books shall not be deemed to be kept by the Company if there are not kept such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**133.** The books of account shall be kept at the registered office of the company, or, subject to Section 141(3) of the Law, at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.

134. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by statute or authorised by the directors or by the company in general meeting.

135. The Board shall from time to time, in accordance with Sections 142, 143 and 151 of the Law, cause to be prepared and to be laid before the company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in those sections.

136. Without prejudice the provisions of any applicable law or regulation, copies of the documents referred to in Article 152(1) of the Law. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the company in general meeting, together with a copy of the auditors' report, shall not less than twenty one days before the date of the annual general meeting of the Company be made available sent to every member of, and every holder of debentures of, the Company and to every person registered under regulation 375 in accordance with the provisions of paragraphs (4) to (6) of Article 127A of the Law. Provided that this regulation shall not require, in any circumstances, a copy of those documents to be sent to any person of whose address the company is not aware or to more than one of the joint holders of any shares or debentures.

#### CAPITALISATION OF PROFITS

137. The company in general meeting may upon the recommendation of the directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the company to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the directors shall give effect to such resolution. Provided that a share premium account and a capital redemption reserve fund may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.

138. Whenever such a resolution as aforesaid shall have been passed the directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the directors to make such provision

by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming, distributable in fractions, and also to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

#### AUDIT

39. Auditors shall be appointed and their duties regulated in accordance with Sections 152A to 156 (both inclusive) of the Law.

#### PURCHASE OF OWN SHARES

40. Subject to the provisions of sections 57A to 57F of the Law, both inclusive, the Company may purchase its own shares.

#### NOMINATION COMMITTEE

41. The Company shall have a nomination committee. The committee shall present to the general meeting a proposal for candidates to be elected as directors. The committee shall also propose to the general meeting the directors' remuneration

42. The nomination committee shall consist of at least two members and there shall be no maximum. The members of the nomination committee shall be elected by the general meeting. The majority of the committee shall be independent of the administrative organ and the management of the Company. The general meeting shall set the committee members' remuneration. The costs of the nomination committee shall be covered by the company.

#### NOTICES

43. A notice may be given by the company to any member either personally or by sending it by post to him or to his registered address, or (if he has no registered address within Cyprus) to the address, if any, within Cyprus supplied by him to the company for the giving of notice to him or as stipulated in regulation 50. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of 24 hours after the letter



containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

- 144.** A notice may be given by the company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.
- 145.** A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within Cyprus supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- 146.** Notice of every general meeting shall be given in any manner hereinbefore authorised to —
- (a) every member except those members who (having no registered address within Cyprus) have not supplied to the company an address within Cyprus for the giving of notices to them;
  - (b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a member where the member but for his death or bankruptcy would be entitled to receive notice of the meeting; and
  - (c) the auditor for the time being of the company.
- No other person shall be entitled to receive notices of general meetings.

- 147.** Any documents referred to in any notice for a general meeting shall be deemed as made available to the members by posting them on the web site of the Company or on any other web site provided a note to the effect is made on the said notice

#### **WINDING UP**

- 148.** If the company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the company and any other sanction required by the Law, divide amongst the members *in specie* or kind the whole or any part of the assets of the company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **INDEMNITY**

- 149.** Every Director, Managing Director, agent, auditor, Secretary or other person who for the time being holds an office in the Company shall be indemnified out of the assets of the Company, against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 383 of the Law in which relief is granted to him by the Court.

- 150.** Every Director, Managing Director, agent, auditor, Secretary or other person who for the time being holds an office in the Company, and every employee of the Company shall be indemnified by the Company, and the Board shall have the duty to pay from the Company' moneys, all the costs, expenditure and losses that such person has sustained or a liability was imposed upon him to pay by virtue of a contract entered into by him in his said capacity or in relation to any transaction or act carried out in the execution of his powers and/or duties in his said capacity.

## Appendix B – DIRECTORSHIPS AND POSITIONS HELD BY THE BOARD AND EXECUTIVE MANAGEMENT


Name	Position in S.D. Standard Drilling Plc	Current other directorships and management positions	Previous directorships and management positions (last 5 years)
<b>Martin Nes</b>	Chairman	<b>Ferncliff TIH II AS</b> , CEO <b>Tycoon Industrier AS</b> , CEO <b>Hanekamb Invest</b> , CEO <b>OK Self-Storage Group AS</b> , Chairman <b>Feok AS</b> , Chairman <b>PSV Opportunity I AS</b> , Chairman <b>PSV Opportunity II AS</b> , Chairman <b>Saga Tankers ASA</b> , Chairman <b>NEL ASA</b> , Chairman <b>NEL Fuel AS</b> , Chairman <b>Hyme AS</b> , Chairman <b>Ferenewable AS</b> , Chairman <b>AS Simask</b> , Board member <b>OK Minilager</b> , Board member <b>Wallemslien 18 AS</b> , Board member <b>City Self-Storage Norge AS</b> , Board member <b>Allum Holding AS</b> , Board member <b>Nyvegen 7 Eiendom AS</b> , Board member <b>WANAX AS</b> , Chairman	<b>Uno-X Hydrogen AS</b> , Chairman <b>Rotoboost H2 AS</b> , Chairman <b>Febygg AS</b> , Chairman <b>New NEL Hydrogen</b> , Chairman <b>New NEL Hydrogen Eiendom AS</b> , Chairman <b>New NEL Hydrogen P60 AS</b> , Chairman <b>New NEL Hydrogen Holding AS</b> , Chairman <b>Aqualis AS</b> , Board member <b>Aqualis Offshore AS</b> , Chairman <b>Tristein AS</b> , Chairman <b>Strata Marine &amp; Offshore AS</b> , Board member <b>Vistin Pharma AS</b> , Chairman <b>Saga Tankers ASA</b> , Board member <b>Berganodden Invest AS</b> , CEO <b>NEL ASA</b> , Board member <b>Fenel AS</b> , Chairman <b>Ferncliff TIH 1 AS</b> , CEO <b>Ricin Invest AS</b> , Chairman <b>Aqualis ASA</b> , Board member <b>Weifa ASA</b> , Chairman and Board member (two different terms) <b>Strata AS</b> , Board member <b>Ferncliff Asset Management AS</b> , Chairman <b>Maross Invest AS</b> , Board member
<b>Arne Fredly</b>	Independent Director	S.D. Standard Drilling Plc, DIRECTOR Eiendomsutvikling 1 AS, Chairman of the Board Apollo Asset, CEO Global Capital Mgt Ltd, CEO SCI Octavian, CEO	N/A
<b>George Crystallis</b>	Independent Director	GRANSTONE TRANSHIPMENT LIMITED/Director MARVILIA ENTERPRISES LIMITED /Director VARUN CYPRUS LIMITED /Director S.D. STANDARD DRILLING PLC /Director VCP TRADING & INVESTMENTS CYPRUS LIMITED /Director VCP CHEMICAL HOLDINGS LIMITED" /Director GREVERMOND INVESTMENTS LIMITED /Director TAMINA TRADING AND INVESTMENT LIMITED /Director COMFERT TRADE LIMITED /Director "HJERTENAES INVEST CYPRUS LIMITED " /Director ASPELIAN HOLDINGS LIMITED /Director FLY WTS LIMITED /Director AVERDA ENVIRONMENTAL SERVICES	<b>MARVILIA ENTERPRISES LIMITED</b> ,Director <b>VARUN CYPRUS LIMITED</b> ,Director <b>EVENT 365 CONSULTING LIMITED</b> ,Director <b>COMFERT TRADE LIMITED</b> ,Director <b>SILVERODE MANAGEMENT LIMITED</b> ,Director <b>MIMORI BUSINESS SOLUTIONS LIMITED</b> ,Director <b>AGREIN FINANCE LIMITED</b> ,Director <b>AGREIN HOLDING LIMITED</b> ,Director <b>AGREIN OVERSEAS LIMITED</b> ,Director <b>AGREIN MANAGEMENT LIMITED</b> ,Director <b>AGREIN INVESTMENTS LIMITED</b> ,Director <b>BRONSTAR INVESTMENTS LIMITED</b> ,Director <b>EBINVESTMENT LIMITED</b> ,Director <b>ALLEN ENTERPRISES LIMITED</b> ,Director

		<p>(CYPRUS) LIMITED /Director KARETA HOLDINGS LIMITED /Director KURUMA HOLDINGS LIMITED /Director HOIRU HOLDINGS LIMITED /Director PROVERBIA ENTERPRISES LIMITED /Director OMBRETTA INVESTMENTS LIMITED /Director DIDIGROUP LIMITED /Director BRONSTAR INVESTMENTS LIMITED /Director EBINVESTMENT LIMITED /Director GL &amp; P INVESTMENTS LIMITED (formerly GLOBERIA CONSULTING LTD) /Director URBANIA INVESTMENTS LTD /Director K&amp;B RM RESOURCE MANAGEMENT LIMITED /Director L.I.T.A.T. Finance Ltd /Director "L.I.T.A.T." HOLDING CO LIMITED/Director L.I.T.A.T. INVESTMENT LIMITED  "L.I.T.A.T." MANAGEMENT AND CONSULTING LIMITED /Director STROY POST INCORPORATION LIMITED /Director A. HAK MIDDLE EAST SERVICES LTD /Director DISENIA TRADING LTD /Director PIGORINI TRADING LTD /Director SALTORIA CHEMICAL LTD /Director SOCCON LIMITED /Director ERIANTA CO LTD /Director ELAAF DYNAMICS LIMITED /Director ARMANTE INVESTMENTS LIMITED /Director LORRETO CYPRUS LIMITED /Director ELAAF HOLDING LIMITED /Director PURAPIPE HOLDING LIMITED ( PREVIOUS NAME:PURAPIPE INTERNATIONAL LIMITED) /Director PROFARMIA INVESTMENTS LIMITED /Director ERIDANIAN MEDIA LTD /Director MIKAROS LIMITED /Director ROFAB INVEST LIMITED /Director GULFPOINT INTERNATIONAL LIMITED /Director PHARINVA LTD /Director WENTO OPERATIONS CY LTD /Director</p>	<p><b>DISENIA TRADING LTD</b>,Director <b>HALLING OFFSHORE LIMITED</b>,Director <b>JAP DRILLING 1 LIMITED</b>,Director <b>D.V.L. CONSULTING (OVERSEAS) LTD</b>,Director <b>TRESONA ENTERPRISES LTD</b>,Director <b>SUN VALLEY CONSULTING</b>,Director <b>ARMANTE INVESTMENTS LIMITED</b> ,Director <b>DORSINA ENTERPRISES LIMITED</b> ,Director <b>CQS MANAGEMENT LIMITED</b>,Director <b>CQS SECRETARIAL LIMITED</b>,Director <b>CQS NOMINEES LIMITED</b>,Director <b>CQS TRUSTEES LIMITED</b>,Director <b>GELSACO LIMITED</b>,Director <b>SYMONVIT LIMITED</b>,Director <b>SOLVENTUM CAPITAL LIMITED</b>,Director <b>PAUL RAMSAY HOLDINGS RUSSIA LIMITED</b>,Director <b>PAM INSURANCE LTD</b>,Director <b>CEMNET TRADING LIMITED</b>,Director <b>GCI TRADING LIMITED</b>,Director <b>FERMINIA HOLDING LIMITED</b>,Director <b>T.T.C.E. TECHNICAL TIRE CONSULTING LIMITED</b>,Director <b>DANORCO (AFRICA)LIMITED</b>,Director <b>KNUTELAKE HOLDINGS LIMITED</b>,Director <b>LUFFINA LIMITED</b>,Director <b>GRESMONDS TRADING LIMITED</b>,Director <b>ELIANE HOLDINGS LIMITED</b>,Director <b>KUBATOVA HOLDINGS LIMITED</b>,Director <b>PLAY BRAND MANAGEMENT LIMITED</b>,Director</p>
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		<p> CQS STATEMENTEMAIL LTD  /Director  VESTANACO LTD  /Director  WILCHE HOLDING LIMITED  /Director  FEN WIND FARM CYPRUS LIMITED  /Director  ZONDA CYPRUS LTD  /Director  HALNY CYPRUS LTD  /Director  FD3I LIMITED  /Director  REMVIX LIMITED  /Director  SOPLICA HOLDINGS LIMITED  /Director  COMREAL DEVELOPMENT LIMITED/Director  SOLANUS CYPRUS LIMITED    CHAMSIN CYPRUS LIMITED  /Director  DRANSTONE ENTERPRISES LIMITED  /Director  MITCHUM SOLUTIONS LIMITED  /Director  JAMAJO ADVISORY (CYPRUS) LIMITED  /Director  STOCKPILE CAPITAL LIMITED  /Director  ADISER LIMITED  /Director  KOJOTE LIMITED  /Director  TRACTABEL LIMITED  /Director  LINSPRO LIMITED  /Director  RIVADCO LIMITED  /Director  WBH INTERNATIONAL LTD  /Director  NIMORALIA ENTERPRISES LIMITED  /Director  PORSBORG HOLDING LIMITED  /Director  SOMALO CYPRUS LIMITED  /Director  FLAVIANA ENTERPRISES LIMITED  /Director  LEFKIMI ENTERPRISES LIMITED  /Director  ZUMAFKA TRADING LIMITED  /Director  JOLSEMINA ENTERPRISES LIMITED  /Director  AIRMATION LIMITED  /Director  UMEDIA HOLDINGS LIMITED  /Director  UKRMEDIA (OVERSEAS) LIMITED  /Director  MAKEFIELD LIMITED  /Director  GGK LIMITED  /Director  DDB (UKRAINE) LIMITED  /Director  PROVID ADVERTISING LIMITED  /Director  VISAGE MEDIA LIMITED  /Director </p>	
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		<p>BESTEAL INVESTMENTS LIMITED /Director TABERANCL DEVELOPMENT LTD (EX BORALINDA INVESTMENTS LIMITED) /Director TABERANCL INVESTMENTS LTD (EX GRALINDA ENTERPRISES LIMITED) /Director STORKEN HOLDING LTD /Director FH FASHION HOUSE LTD</p> <p>CROWDPOLICY CYPRUS LIMITED /Director SAGGEDI INVESTMENTS LIMITED /Director M.G. CRYSTALLIS &amp; SON LIMITED /Director CQS LTD/Director</p>	
<b>Evangelia Panagide</b>	General Manager	WANAX AS, Board Member	N/A
<b>Espen Lundaas</b>	Acting Chief Financial Officer	<ul style="list-style-type: none"> <li>- <b>S.D Standard Drilling Plc</b>, Acting CFO</li> <li>- <b>Saga Tankers ASA</b>,CEO/CFO</li> <li>- <b>Ferncliff TIH II AS</b>, CFO</li> <li>- <b>Ferncliff Maris AS</b>,CEO</li> <li>- <b>AS Simask</b>, CEO and board member</li> <li>- <b>Allum Holding AS</b>, CEO</li> <li>- <b>Ferncliff Maris AS</b>, Chairman of the board</li> <li>- <b>Strata Marine &amp; Offshore AS</b>, Chairman of the board</li> <li>- <b>Bygdøyneveien 33-37 AS</b>, Chairman of the board</li> <li>- <b>EL Investment AS</b>,  Chairman of the board</li> <li>- <b>Ferncliff Property AS</b>, Chairman of the board</li> <li>- <b>Ferncliff Invest AS</b>, Chairman of the board</li> <li>- <b>Saga Agnes AS</b>, Chairman of the board</li> <li>- <b>Saga Julie AS</b>, Chairman of the board</li> <li>- <b>Saga Chelsea AS</b>, Chairman of the board</li> <li>- <b>Saga Unity AS</b>, Chairman of the board</li> <li>- <b>Nordic Construction Barges I AS</b>,  Chairman of the board</li> <li>- <b>Nordic Construction, Barges II AS</b>, Chairman of the board</li> <li>- <b>Thorvald Erichsensvei Eiendom AS</b>,  Chairman of the board</li> <li>- <b>Vallhall Fotballhall AS</b>, Board member</li> <li>- <b>Vallhall Fotballhall KS</b>, Board member</li> <li>- <b>Vallhall Fotballhall Drift AS</b>, Board member</li> <li>- <b>Gardermoen Media AS</b>, Board member</li> <li>- <b>Allum Holding AS</b>, Boardmember</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Bygdøyneveien 25</b>, Chairman of the board</li> <li>- <b>Dasut AS</b>, Board member</li> <li>- <b>Ferncliff Eiendomsutvikling AS</b>, Chairman of the board</li> <li>- <b>Ricin Invest AS</b>, Board member</li> <li>- <b>Ferncliff DAI AS</b>, Chairman of the board</li> <li>- <b>Tycoon Trading I AS</b>, Board member</li> <li>- <b>Strata AS</b>, Board member</li> <li>- <b>Berganodden Invest AS</b>, Deputy Board member</li> <li>-</li> </ul>

Appendix C - S.D. STANDARD DRILLING PLC FINANCIAL STATEMENTS FOR 2015

	
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## BOARD OF DIRECTORS AND OTHER OFFICERS

### Board of Directors

Martin Nies (Chairman)  
 Gunnar Hvammen (Non-Executive Director) – resigned on 18 December 2015  
 George Crystallis (Independent Director)  
 Arne Helge Fredly (Non-Executive Director) – appointed on 30 December 2015

### General Manager

Evangella Panagides

### Chief Financial Officer

Espen Lundaa

### Company Secretary

Excel – Serve Secretaries Limited  
 Spyrou Kyrianiou, 20  
 Chypso Central, 3<sup>rd</sup> Floor  
 1075 Nicosia  
 Cyprus

### Registered office

213 Arch. Makarios Avenue,  
 Maximos Plaza, Tower 1, 3<sup>rd</sup> floor  
 3030 Limassol  
 Cyprus

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

In accordance with Article 9 sections (3c) 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 financial statements of S.D. Standard Drilling Plc ("the Company"), for the year ended 31 December 2015 we confirm that, to the best of our knowledge:

- a) the financial statements of the Company for the year ended 31 December 2015 which are presented on pages 7 to 28
- (i) were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union in accordance with provisions of Article 9, 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 S.D. Standard Drilling Plc, and the business that are included in the financial statements as a total, and
- b) the Directors' report provides a fair review of the developments and the performance of the business as well as the financial position of S.D. Standard Drilling Plc, together with a description of the principal risks and uncertainties that they facing.


Limassol, 18 April 2016



Martin Nies  
Chairman



Arne Helge Fredly  
Non-Executive  
Director



George Crystallis  
Independent Director



Espen Lundaa  
Chief Financial Officer



Evangella Panagide  
General Manager



## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report together with the audited financial statements of S.D. Standard Drilling Plc. ("SDSD" or the "Company") for the year ended 31. December 2015.

### HISTORY AND PRINCIPAL ACTIVITIES

The Company was incorporated as a private limited liability company under the laws of Cyprus with the name of S.D. Standard Drilling Limited on 2 December 2010. The Company was converted into a public limited liability company on 23 December 2010 and the Company's name was changed to S.D. Standard Drilling Plc. The Company has conducted two Private Placements: the first in December 2010 raised USD 42 million and second in May 2011 raised USD 330 million. The Company is listed on the Oslo Axxis exchange under the ticker SDSD.

### BUSINESS STRATEGY

The Company was established for the purpose of building a premium oilfield services company through superior assets, systems and people.

Having sold all initial rig building contracts, the strategy of the Company has changed to being an investment company.

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 maximising the return and minimizing the risk.

### REVIEW OF DEVELOPMENTS, POSITION AND PERFORMANCE OF THE COMPANY'S BUSINESS

#### Mandatory Offer for S.D. Standard Drilling Plc

On 20 May 2015 Saga Tankers ASA ("Saga") purchased 78 338 000 shares in S.D. Standard Drilling Plc ("SDSD") and following this acquisition Saga and associated companies had a total holding of 140 078 869 shares in SDSD, corresponding to 53.5% of the total outstanding shares in SDSD. As a result of this acquisition a mandatory offer obligation was triggered for the purchase of the remaining shares in SDSD.

On 17 June 2015 Saga announced a cash tender offer (the "Offer") to acquire all issued and outstanding shares (the "Shares") in SDSD not already owned by the Offeror or persons acting in concert with the Offeror. The acceptance period started on 17 June 2015 and completed on 15 July 2015.

The Offeror offered a consideration of NOK 1.35 per Share (the "Offer Price"), payable in cash. The Offer Price represented a premium of 3.4 per cent to SDSD's volume weighted average share price for the 3 month period ending on 19 May 2015. On 17 June 2015, the Offeror, and persons acting in concert with it held 157 013 630 shares, corresponding to 59.93% of the total issued and outstanding shares.

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### DIVIDENDS

On 25 August 2015, the Board of Directors declared an interim dividend of USD 0.035 per share, amounting to USD 9 170 thousands, out of the profits of the year 2013. The dividend was paid to the shareholders in September 2015.

### SHARE CAPITAL AND PREMIUM

In an Extraordinary General Meeting of the Company held on 17 September 2015, it was resolved by a special resolution that the share premium account of the Company to be reduced from USD 39 950 thousand to USD 6 938 thousands. Of this reduction the amount of USD 33 012 thousands has been distributed to the registered shareholders of the Company. The reduction of the share premium became effective late October 2015 following the issue by the Cyprus Registrar of Companies of the certificate of registration of the Court Order and the minutes of the EGM for the reduction of Company's share premium account. The distribution to the shareholders was completed in early November 2015.

### BOARD OF DIRECTORS

The members of the Board of Directors as at 31. December 2015 and at the date of this report are shown on page 3.

There were no significant changes in the assignment of responsibilities as well as other changes in the composition of the Board of Directors during 2015, other than the following:

Mr. Martin Nes was re-elected in the position of the chairman on 25 August 2015.

In accordance with the Company's Articles of Association, the director Mr. Martin Nes will retire by rotation but he is eligible for re-election at the Annual General Meeting of the Company.

On 30 December 2015 Mr. Arne Helge Fredly was appointed as a Director of the Company replacing Mr. Gurnar Hvammen who had resigned on 18 December 2015. Mr. Fredly shall hold office until the next following Annual General Meeting but being eligible for re-election he has already expressed his willingness to continue in office and offered himself for reappointment.

The remuneration of the Members of the Board of Directors is shown in note 28 of these financial statements.

### DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

None of the directors holding office at the end of the financial year had any interest in the shares of the Company, except the following indirect shareholdings:

- Martin Nes through Hanelamb Invest AS.
- Arne Helge Fredly through Apollo Asset Limited.

### Executive member of the management

- Espen Lundaak through EL Investment AS.

### EVENTS AFTER THE BALANCE SHEET DATE

Any material post balance sheet events are described in note 29 to these financial statements.

### BRANCHES

The Company did not operate through any branches during the year.

### CORPORATE GOVERNANCE

The Directors of S.D. Standard Drilling Plc, recognize the importance of the corporate governance policies, practices and procedures. Being listed on the Oslo Axxis Stock Exchange in Norway, the Company must comply with certain aspects of Norwegian securities law and is also obligated to adhere to the Norwegian Code of Practice for Corporate Governance dated 23 October 2012 (the "Code of Practice") on a "comply or explain" basis.

### INDEPENDENT AUDITORS

The independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

On Behalf of the Board of Directors,  
Excel – Service Companies







### STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

(Amounts in USD 000)	31.12.2015	31.12.2014
ASSETS	Audited <sup>1</sup>	Audited
Investments in subsidiaries	-	-
Intangible asset	-	2
Equipment and machinery	1	1
Total non-current assets	1	3
Trade and other receivables	35	104
Loan receivable	-	-
Current tax assets	1	1
Available-for-sale financial assets	16	26
Restricted cash at bank	-	11
Cash and bank balances	9 393	54 777
Assets classified as held for sale	-	-
Total current assets	9 445	54 919
Total Assets	9 446	54 922
<b>EQUITY AND LIABILITIES</b>		
Ordinary shares	2 620	2 620
Share premium	6 938	39 950
Accumulated profits/(losses)	(177)	12 304
Total equity	9 381	54 874
Trade and other payables	65	48
Total current liabilities	65	48
Total Equity and Liabilities	9 446	54 922

On 18 April 2016, the Board of Directors of S.D. Standard Drilling plc authorized these financial statements for issue.

Martin Nes  
Chairman

George Crystallis  
Director

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### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts in USD 000)	31.12.2015	31.12.2014
	Audited <sup>1</sup>	Audited
Operating Revenue	-	-
Operating Expenses	-	-
Gross profit/(loss)	-	-
Other gains and losses	(2 882)	(15 243)
Impairment charges	(10)	(12)
Administrative expenses	(643)	(942)
Operating profit/(loss) before depreciation	(3 535)	(16 197)
Depreciation and amortization	(2)	(4)
Operating profit/(loss)	(3 537)	(16 201)
Finance income	241	283
Finance Costs	(15)	(5)
Profit/(loss) for the year before tax	(3 311)	(15 923)
Income tax expense	-	(46)
Profit/(loss) for the year	(3 311)	(15 969)
Other comprehensive income	-	-
Total comprehensive income for the year	(3 311)	(15 969)
Earnings/(loss) per share		
Basic/diluted earnings/(loss) per share	(0.01)	(0.06)

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

(Amounts in USD 000)	Note	Share Capital	Share Premium	Accumulated Profits/(Losses)	Total
Balance at 01.01.2014		2 620	39 950	28 273	70 843
Comprehensive income		-	-	(15 969)	(15 969)
Profit/(loss) for the year		-	-	(15 969)	(15 969)
Balance at 31.12.2014 (Audited)		2 620	39 950	12 304	54 874
Balance at 01.01.2015		2 620	39 950	12 304	54 874
Comprehensive income		-	-	(3 311)	(3 311)
Profit/(loss) for the year		-	-	(3 311)	(3 311)
Dividends paid (note 19)		-	-	(9 170)	(9 170)
Share premium reduction (note 16)		-	(33 012)	-	(33 012)
Balance at 31.12.2015 (Audited)		2 620	6 938	(177)	9 381

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends, 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

(Amounts in USD 000)	31.12.2015	31.12.2014
	Audited	Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the year before income tax	(3 311)	(15 923)
Adjustments for:		
Other gains and losses	2 870	14 649
Impairment charges	10	12
Depreciation and amortization expense	2	4
Interest income	(241)	(283)
Decrease/(increase) in trade and other receivables	38	(17)
Increase/(decrease) in trade and other payables	17	(5)
Income tax paid	-	(1)
<b>Net cash generated from/(used in) operating activities</b>	<b>(615)</b>	<b>(1 564)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds from liquidation of subsidiaries	-	-
Net proceeds from disposal of subsidiaries	-	-
Waiving of balances (receivable)/payable to subsidiaries	-	-
Loans granted to subsidiary	-	(50)
Net proceeds from disposal of assets	-	51 601
Net cash outflow from acquisition of investment	15	(66 144)
Decrease in restricted cash	13	90
Interest received	241	227
<b>Net cash generated from/(used in) investing activities</b>	<b>252</b>	<b>(14 276)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share premium reduction	(35 055)	-
Dividends paid	(9 962)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(45 021)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(45 384)</b>	<b>(15 840)</b>
Cash and cash equivalents at beginning of year	54 777	70 617
Non-cash transactions	-	-
Cash and cash equivalents at end of year	9 393	54 777

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 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 Axxess. The head office is located in Limassol, Cyprus and its registered office is at 213 Arch. Makarios Avenue, Maximos Plaza, Tower 1, 3<sup>rd</sup> floor, 3030 Limassol, Cyprus.

#### PRINCIPAL ACTIVITIES

Having sold all initial rig contracts, the strategy of the Company has changed to being an investment company. The principal activity of the Company is that of the investment holding.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### 2.1 BASIS OF PREPARATION

The financial statements of S.D. Standard Drilling Plc. have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap 113 and are expressed in United States Dollars. The financial statements have been prepared under the historical cost convention as reclassified by the revaluation of available-for sale financial assets.

The Company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the requirements of the Cyprus Companies Law, Cap 113 for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from the Company's registered office. All figures in these financial statements are in USD'000 unless otherwise stated.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2015 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### 2.1.1 Going concern

In the opinion of the directors, the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore adopted the going concern basis in preparing its financial statements.

#### 2.1.2 Adoption of new and revised IFRS's

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2015 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1.2 Adoption of new and revised IFRS's (continued)

In the current year, 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 2015. The adoption of these Standards did not have a material effect on the financial statements.

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective for the year ended 31 December 2015:

#### (i) Standards and Interpretations adopted by the EU

- Amendment to IAS 19 - "Defined Benefit Plans: Employee Contributions" issued on 21 November 2013 and effective for annual periods beginning on or after 1 February 2015.
- Annual Improvements to IFRSs 2010-2012 Cycle (issued on 12 December 2013 and effective for annual periods beginning on or after 1 February 2015).
- Annual Improvements to IFRSs 2011-2013 Cycle (issued on 12 December 2013 and effective for annual periods beginning on or after 1 January 2015).
- Amendment to IAS 1 - "Disclosure Initiative" (issued on 18 December 2014 and effective for annual periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2012-2014 Cycle (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016).
- Amendment to IAS 27 - "Equity Method in Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2016).
- Amendment to IAS 16 and IAS 38 - "Clarification of Acceptable Methods of Depreciation and Amortization" (issued on 12 May 2014 and effective for annual periods beginning on or after 1 January 2016).
- Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations" (issued on 6 May 2014 and effective for annual periods beginning on or after 1 January 2016).
- Amendment to IAS 16 and IAS 41 - "Bearer Plants" (issued on 30 June 2014 and effective for annual periods beginning on or after 1 January 2016).

#### (ii) Standards and Interpretations not adopted by the EU

- IFRS 9 "Financial Instruments" (issued on 24 July 2014 and effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" (issued on 28 May 2014 and effective for annual periods beginning on or after 1 January 2018).
- Amendment to IFRS 10, IFRS 12 and IAS 28 "Investment Entities" – Applying the Consolidated Exception (issued on 18 December 2014 and effective for annual periods beginning on or after 1 January 2016).
- Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (effective for annual periods beginning on or after 1 January 2017).

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated in balance sheet at cost less any provision for impairment, where necessary.

#### 2.3 REVENUE RECOGNITION

Revenue earned by the Company is recognized on the following basis:

##### 2.3.1 Interest income

Interest revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### 2.4 FOREIGN CURRENCY TRANSLATION

##### a) Functional and presentation currency

The Company's accounts are measured in US dollars (USD) which is the currency that is used primarily in the economic area where the unit operates (functional currency). The Company's accounts are presented in USD.

##### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within finance income or cost. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

#### 2.5 EQUIPMENT AND MACHINERY

##### (a) Measurement

Equipment and machinery are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

##### (b) Depreciation

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

Computer Hardware	%
Furniture and fittings	20
	10

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Subsequent cost

Expenditure for repairs and maintenance of equipment and machinery is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

#### (d) Disposal

An item of equipment and machinery is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment and machinery is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 2.6 CASH AND CASH EQUIVALENTS

In the statement of cash flows and the balance sheet, cash and cash equivalents includes deposits held at call with banks.

#### 2.7 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

#### 2.8 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.9 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.12 INTANGIBLE ASSETS

##### Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate benefits exceeding costs beyond one year are recognized as intangible assets. Subsequently computer software is carried at cost less any accumulated amortization and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the computer software. Cost associated with maintenance of computer software programs are recognized as an expense when incurred. Computer software costs are amortized using the straight-line method over their useful lives, not exceeding a period of three years. Amortization commences when the computer software is available for use and is included within administrative expenses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

#### 2.13 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

#### 2.14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available for sale financial assets are non-derivatives that are either designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Available for sale financial assets are those acquired and held for an unspecified period of time and may be sold to cover cash flow deficiencies, fluctuations in interest rates, exchange rates or other security prices. For available-for-sale investments, gains and losses arising from changes in fair value are recognized in other comprehensive income and then in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in profit or loss for the period.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognized at cost less impairment.

#### 2.15 DIVIDENDS

Dividend distribution to the Company's shareholders is recognized in the Company's financial statements in the year in which they are approved.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.9 CURRENT AND DEFERRED INCOME TAX (CONTINUED)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.10 TRADE RECEIVABLES

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

#### 2.11 LOANS GRANTED

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**NOTE 3 – FINANCIAL RISK MANAGEMENT**
**3.1 FINANCIAL RISK FACTORS**

The Company's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk, and liquidity risk. The Company's overall risk management strategy seeks to minimize any adverse effect from the unpredictability of financial markets on the Company's financial performance.

**(a) Market risk**
**(i) Currency risk**

The Company's functional currency is US dollars. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro and the NOK. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**(ii) Price risk**

The Company is exposed to equity securities price risk because of investments held. Equity securities are susceptible to market price risk arising from uncertainties about future prices of the investments. The investments are classified on the balance sheet as available-for-sale financial assets.

**(iii) Cash flow and fair value interest rate risk.**

The Company is currently financed by equity, and has no interest bearing debt; in addition the Company's interest bearing receivable has been waived hence no significant interest rate risk is currently present.

**(b) Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Company's major classes of financial assets are bank deposits and trade and other receivables (note 6).

**(c) Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents as well as securing availability of funding through adequate amount of credit facilities to meet future obligations.

The following are the contractual maturities of financial liabilities:

(Amounts in USD 000)	Carrying Amounts	Contractual Cash flows	3 months or Less	3-12 months	1-2 years	2-5 years	5 years	More than 5 years
2014	48	48	48	-	-	-	-	-
Total	48	48	48	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**NOTE 3 – FINANCIAL RISK MANAGEMENT (CONTINUED)**
**(c) Liquidity risk (continued)**

(Amounts in USD 000)	Carrying Amounts	Contractual Cash flows	3 months or Less	3-12 months	1-2 years	2-5 years	5 years	More than 5 years
2015	65	65	65	-	-	-	-	-
Total	65	65	65	-	-	-	-	-

**3.2 CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

**3.3 FAIR VALUE ESTIMATION**

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:

(Amounts in USD 000)	Level 1	Level 2	Level 3	Total
<b>At 31 December 2014</b>				
Assets				
Available for sale financial assets				
- Equity securities	26	-	-	26
<b>Total financial assets measured at fair value</b>	26	-	-	26
<b>(Amounts in USD 000)</b>				
	Level 1	Level 2	Level 3	Total
<b>At 31 December 2015</b>				
Assets				
Available-for-sale financial assets				
- Equity securities	16	-	-	16
<b>Total financial assets measured at fair value</b>	16	-	-	16

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**NOTE 4 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following are the critical judgements and estimation, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

**Income taxes and deferred tax assets**

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**NOTE 5 – FINANCIAL INSTRUMENTS BY CATEGORY**

(Amounts in USD 000)	Loans and receivables	Assets at fair value through profit or loss	Available-for-Sale	Total
<b>2014</b>				
Assets as per balance sheet				
Restricted cash at bank	11	-	-	11
Trade and other receivables (excluding prepayments)	93	-	-	93
Available-for-sale financial asset	-	-	26	26
Cash and cash equivalents	54 777	-	-	54 777
<b>Total at the end of the year</b>	<b>54 881</b>	<b>-</b>	<b>26</b>	<b>54 907</b>

**(Amounts in USD 000)**

2014	Loans and receivables	Assets at fair value through profit or loss	Available-for-Sale	Total
Liabilities as per balance sheet				
Payables (excluding statutory liabilities)	48	-	-	48
<b>Total at the end of the year</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>48</b>

**(Amounts in USD 000)**

2015	Loans and receivables	Assets at fair value through profit or loss	Available-for-Sale	Total
Assets as per balance sheet				
Available-for-sale financial asset	-	-	16	16
Trade and other receivables (excluding prepayments)	31	-	-	31
Cash and cash equivalents	9 393	-	-	9 393
<b>Total at the end of the year</b>	<b>9 424</b>	<b>-</b>	<b>16</b>	<b>9 440</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**NOTE 5 – FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

(Amounts in USD 000)	2015	Other financial liabilities	total
Liabilities as per balance sheet			
Payables (excluding statutory liabilities)	65	65	65
<b>Total at the end of the year</b>	<b>65</b>	<b>65</b>	<b>65</b>

**NOTE 6 – CREDIT QUALITY OF FINANCIAL ASSETS**

The credit quality of the main financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings. (If available) or to historical information about counterparty default rates:

(Amounts in USD 000)	31.12.2015	31.12.2014
Cash at bank and restricted bank deposits (1)	9 393	54 788
Trade and other receivable (excluding prepayment) (2)	31	93
<b>Total at the end of the year</b>	<b>9 424</b>	<b>54 881</b>

(1) The external credit ratings of the main financial institutions with which the Company holds its funds are as follows:

(Amounts in USD 000)	31.12.2015	31.12.2014	Long term rating	Short term rating
DNB Bank ASA (Standard & Poor's)	9 385	54 771	A+	A-1
Bank of Cyprus Public Company Limited (Moody's)	8	17	Caa3	Not Prime

(2) The balance relates to other receivables with no history of default.

**NOTE 7 – INVESTMENTS IN SUBSIDIARIES**

On 10 December 2015, S.D. Standard Drilling (Singapore) Pte Ltd, a subsidiary incorporated in Singapore was struck off the Register of Companies.

**NOTE 8 – INTANGIBLE ASSET**

(Amounts in USD 000)	At 1 January 2014	At 31 December 2014	At 31 December 2015	Computer software	Total
Cost					
At 1 January 2014	11	11	11	11	11
At 31 December 2014	11	11	11	11	11
At 31 December 2015	11	11	11	11	11
Amortisation					
At 1 January 2014	6	6	6	6	6
Charge for the year	3	3	3	3	3
At 31 December 2014	9	9	9	9	9
Charge for the year	2	2	2	2	2
At 31 December 2015	11	11	11	11	11
Net book amount					
Balance at 31 December 2015	-	-	-	-	-
Balance at 31 December 2014	2	2	2	2	2

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**NOTE 9 – EQUIPMENT AND MACHINERY**

(Amounts in USD 000)	Computer Hardware	Total
Cost		
At 1 January 2014	2	2
At 31 December 2014	2	2
At 31 December 2015	2	2
Depreciation		
At 1 January 2014	-	-
Charge for the year	1	1
At 31 December 2014	1	1
Charge for the year	-	-
At 31 December 2015	1	1
Net book amount		
Balance at 31 December 2015	1	1
Balance at 31 December 2014	1	1

**NOTE 10 – TRADE AND OTHER RECEIVABLES**

(Amounts in USD 000)	31.12.2015	31.12.2014
Prepayments	4	11
Other receivables	31	93
<b>Total trade and other receivables at the end of the year</b>	<b>35</b>	<b>104</b>

The fair value of trade and other receivables due within one year approximate to their carrying amounts as presented above.

**NOTE 11 – LOAN RECEIVABLE**

(Amounts in USD 000)	31.12.2015	31.12.2014
Balance at the beginning of the year	-	-
New loans granted	-	50
Interest income	-	56
Repayments	-	-
Loan waived (note 20)	-	(106)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
(Amounts in USD 000)	<b>31.12.2015</b>	<b>31.12.2014</b>
Loans to own subsidiaries	-	-
(Amounts in USD 000)	<b>31.12.2015</b>	<b>31.12.2014</b>
The loan is repayable as follows:		
Within one year	-	-

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**NOTE 12 – AVAILABLE-FOR-SALE FINANCIAL ASSETS**

(Amounts in USD 000)	31.12.2015	31.12.2014
Balance at the beginning of year	26	32
Impairment charge (note 21)	(10)	(6)
<b>Balance at the end of year</b>	<b>16</b>	<b>26</b>

**NOTE 13 – RESTRICTED CASH AT BANK**

Restricted cash at bank includes a time deposit for six months of USD 11 thousands. The deposit is interest bearing.

(Amounts in USD 000)	31.12.2015	31.12.2014
Balance at the beginning of year	11	101
Transfer to cash and bank balances	(11)	(90)
<b>Balance at the end of year</b>	<b>-</b>	<b>11</b>

The deposit was converted into a six month time deposit maturity and automatically released on 30 January 2015.

**NOTE 14 – CASH AND CASH EQUIVALENTS**

(Amounts in USD 000)	31.12.2015	31.12.2014
Cash at bank	9 393	54 777
<b>Cash and cash equivalents at the end of the year</b>	<b>9 393</b>	<b>54 777</b>

Cash and bank balances are denominated in the following currencies:

(Amounts in USD 000)	31.12.2015	31.12.2014
US Dollar - functional and presentation currency	9 233	54 654
Norwegian Krone	160	123
	9 393	54 777

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 15 – ASSETS CLASSIFIED AS HELD FOR SALE

(Amounts in USD 000)	31.12.2015	31.12.2014
Investment in Prospector Offshore Drilling S.A. (PROS)	-	-
Total assets held for sale at the end of the year	-	-
<b>15.1 Movement of investment classified as held for sale</b>		
(Amounts in USD 000)	31.12.2015	31.12.2014
Additions	-	66 144
Derecognised on disposal	-	(66 144)
Balance at the end of year	-	-

### NOTE 16 – SHARE CAPITAL AND PREMIUM

(Amounts in USD 000)	Number of shares (thousands)	Ordinary shares	Share premium	Total
<b>2014</b>				
Balance at the beginning of the year	262 000	2 620	39 950	42 570
Balance at the end of the year	262 000	2 620	39 950	42 570
<b>2015</b>				
Balance at the beginning of the year	262 000	2 620	39 950	42 570
Share premium reduction (1)	-	-	(33 012)	(33 012)
Balance at the end of the year	262 000	2 620	6 938	9 558

All shares issued have the same rights and are of nominal value of USD 0.01 each.

(1) In an Extraordinary General Meeting of the Company held on 17 September 2015, it was resolved by a special resolution that the share premium account of the Company to be reduced from USD 39 950 thousand to USD 6 938 thousands. Of this reduction the amount of USD 33 012 thousands has been distributed to the registered shareholders of the Company. The reduction of the share premium became effective late October 2015 following the issue by the Cyprus Registrar of Companies of the certificate of registration of the Court Order and the minutes of the EGM for the reduction of Company's share premium account. The distribution to the shareholders was completed in early November 2015.

### NOTE 17 – TRADE AND OTHER PAYABLES

(Amounts in USD 000)	31.12.2015	31.12.2014
Other payables	39	17
Accrued expenses	26	31
Total trade and other payables at the end of the year	65	48

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

### NOTE 18 – INCOME TAX EXPENSE

(Amounts in USD 000)	31.12.2015	31.12.2014
Current tax:		
Corporation tax prior year	-	46
Total current tax	-	46
Deferred tax:		
Origination of temporary differences	-	-
Total deferred tax	-	-
Income tax expense	-	46

The total charge for the year can be reconciled to the accounting profit as follows:

(Amounts in USD 000)	31.12.2015	31.12.2014
Profit/(loss) before tax	(3 311)	(15 923)
Tax calculated at the applicable tax rates	(414)	(1 990)
Tax effect of expenses not deductible for tax purposes	369	1 909
Tax effect of tax loss for the year	45	81
Corporation tax prior year	-	46
Tax charge	-	46

The corporation tax rate is 12.5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2014: 30%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% for 2015 (2014: 17%).

### Balance sheet

Current tax asset:	31.12.2015	31.12.2014
(Amounts in USD 000)		
Corporate income tax refundable	1	1
Total current tax asset at the end of the year	1	1
Current tax liability:		
(Amounts in USD 000)		
Corporate income tax	-	-
Total current tax liability at the end of the year	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 15 – ASSETS CLASSIFIED AS HELD FOR SALE

(Amounts in USD 000)	31.12.2015	31.12.2014
Investment in Prospector Offshore Drilling S.A. (PROS)	-	-
Total assets held for sale at the end of the year	-	-
<b>15.1 Movement of investment classified as held for sale</b>		
(Amounts in USD 000)	31.12.2015	31.12.2014
Additions	-	66 144
Derecognised on disposal	-	(66 144)
Balance at the end of year	-	-

### NOTE 16 – SHARE CAPITAL AND PREMIUM

(Amounts in USD 000)	Number of shares (thousands)	Ordinary shares	Share premium	Total
<b>2014</b>				
Balance at the beginning of the year	262 000	2 620	39 950	42 570
Balance at the end of the year	262 000	2 620	39 950	42 570
<b>2015</b>				
Balance at the beginning of the year	262 000	2 620	39 950	42 570
Share premium reduction (1)	-	-	(33 012)	(33 012)
Balance at the end of the year	262 000	2 620	6 938	9 558

All shares issued have the same rights and are of nominal value of USD 0.01 each.

(1) In an Extraordinary General Meeting of the Company held on 17 September 2015, it was resolved by a special resolution that the share premium account of the Company to be reduced from USD 39 950 thousand to USD 6 938 thousands. Of this reduction the amount of USD 33 012 thousands has been distributed to the registered shareholders of the Company. The reduction of the share premium became effective late October 2015 following the issue by the Cyprus Registrar of Companies of the certificate of registration of the Court Order and the minutes of the EGM for the reduction of Company's share premium account. The distribution to the shareholders was completed in early November 2015.

### NOTE 17 – TRADE AND OTHER PAYABLES

(Amounts in USD 000)	31.12.2015	31.12.2014
Other payables	39	17
Accrued expenses	26	31
Total trade and other payables at the end of the year	65	48

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 22 – ADMINISTRATIVE EXPENSE

(Amounts in USD 000)	31.12.2015	31.12.2014
Legal, consulting and professional fees	356	674
Other expenses	106	84
Salary and other short-term employee benefit (note 28)	181	184
<b>Total administrative expenses</b>	<b>643</b>	<b>942</b>

During 2015, audit fees of USD 14 thousand (2014: USD 12 thousand), fees of USD NIL (2014: USD NIL) for other assurance services and fees of USD NIL (2014: USD NIL) for tax consultancy services were charged by the Company's statutory audit firm.

### 22.1 Employees full time

	31.12.2015	31.12.2014
Employees	1	1

### NOTE 23 – FINANCE INCOME AND COSTS

(Amounts in USD 000)	31.12.2015	31.12.2014
<b>Finance income:</b>		
Bank interest received	241	227
Interest income from loan to subsidiary	-	56
<b>Total finance income</b>	<b>241</b>	<b>283</b>
<b>Finance costs:</b>		
Bank charges	(15)	(5)
<b>Total finance cost</b>	<b>(15)</b>	<b>(5)</b>

### NOTE 24 – EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

### 24.1 Basic earnings per share

(Amounts in USD 000)	31.12.2015	31.12.2014
Profit/(loss) attributable to equity holders of the Company	(3 311)	(15 969)
Weighted average number of ordinary shares for the purposes of basic earnings per share in issue (thousands) Note 16	262 000	262 000
<b>Basic earnings per share</b>	<b>(0.01)</b>	<b>(0.06)</b>

There are no potentially dilutive instruments.

### NOTE 25 – DEFERRED INCOME TAX

Deferred income tax assets are recognised for tax loss carry-forwards, to the extent that realisation of the related tax benefit through future taxable profits is probable. As of 31 December 2015 the Company doesn't have unutilized losses which can be carried forward and used to offset against future taxable income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 19 – DIVIDENDS

On 25 August 2015, the Board of Directors declared an interim dividend of USD 0.035 per share, amounting to USD 9 170 thousands, out of the profits of the year 2015. The dividend was paid to the shareholders in September 2015.

### NOTE 20 – OTHER GAINS AND LOSSES

(Amounts in USD 000)	31.12.2015	31.12.2014
Loan receivable waived (note 11)	-	106
Waived amount due from subsidiary (20.1)	31	-
Loss on disposal of investment in Prospector Offshore Drilling S.A (note 20.2)	-	14 543
Net currency translation differences (20.3)	2 851	594
	<b>2 882</b>	<b>15 243</b>

### 20.1 Waived amount due from subsidiary

On 1 May 2015 the Company waived its intercompany balance due from S.D. Standard Drilling (Singapore) Pte Ltd.

### 20.2 Loss on disposal of investments in Prospector Offshore Drilling S.A

(Amounts in USD 000)	31.12.2015	31.12.2014
Consideration received net	-	(51 601)
Cost of investment	-	66 144
<b>Loss on disposal of shares</b>	<b>-</b>	<b>14 543</b>

The loss of USD 14 543 can be further disaggregated to the following elements:

(Amounts in USD 000)	31.12.2015	31.12.2014
Changes in fair value	-	11 330
Exchange difference	-	3 213
<b>Loss on disposal of shares</b>	<b>-</b>	<b>14 543</b>

20.3 The foreign exchange difference of USD 2 851 thousand arose mainly from the payment of the interim dividend and share premium reduction during the year. This is due to the conversion of bank balances denominated in USD to Norwegian Kroners and the subsequent appreciation of USD against Norwegian Kroner at the date of payment. Both payments have been made in Norwegian Kroner.

### NOTE 21 – IMPAIRMENT CHARGES

(Amounts in USD 000)	31.12.2015	31.12.2014
Impairment charge on amount due from subsidiary	-	6
Impairment charge of available for sale financial assets	10	6
	<b>10</b>	<b>12</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 27 – RELATED-PARTY TRANSACTIONS

The following transactions were carried out with related parties:

	31.12.2015		31.12.2014	
	Number of Shares	Ownership Interest in %	Number of Shares	Ownership Interest in %
SAGA Tankers ASA	120 564 458	46,02	49 680 082	18,96
Bnybe – QVT Fund V LP I	56 922 364	21,73	-	-
Apollo Asset Limited	27 000 000	10,31	-	-
HRE Marine LLC	27 000 000	10,31	-	-
BNYPE – QVT Fund IV LP I	8 754 389	3,34	-	-
Quintessence Fund LP	8 448 377	3,22	-	-
Deutsche Bank AG	4 212 870	1,61	70 656 350	26,97
Park Lane Family Office AS	2 500 000	0,95	-	-
Spontel AS	615 791	0,24	615 791	0,24
Sparebanken Sogn og Fjordane	479 939	0,18	479 939	0,18
EL Investment AS	460 762	0,18	460 762	0,18
Hanelamb Invest AS	410 762	0,16	-	-
Strata Marine & Offshore AS	381 888	0,15	-	-
Oculomotorius AS	346 098	0,13	-	-
Verpentangen AS	340 000	0,13	-	-
Mathias Holding AS	300 000	0,11	-	-
Citibank N.A.	273 550	0,10	-	-
Johansen	250 000	0,10	-	-
Clearstream Banking S.A.	213 600	0,08	-	-
Profund AS	128 900	0,05	-	-
Clearwater Capital Partners Fund	-	-	78 338 000	29,90
Gross Management AS	-	-	20 296 726	7,75
Dallas Asset Management AS	-	-	6 575 000	2,51
Nordic Construction Barges I AS	-	-	5 329 607	2,03
Thabo Energy AS	-	-	4 745 000	1,81
Solan Capital AS	-	-	2 680 006	1,02
Haakon Morten Sæter	-	-	2 319 937	0,89
Salto Media AS	-	-	2 113 300	0,81
Nordic Construction Barges II AS	-	-	2 105 000	0,80
Nordea Bank Finland Plc, Markets	-	-	1 442 459	0,55
Six-Seven AS	-	-	1 091 624	0,42
Bjorn Erik Nilsen	-	-	645 216	0,25
Lars Tore Brandeggen	-	-	588 000	0,22
Nortura Konserpensjonskasse	-	-	440 000	0,17
Marius Horgen	-	-	439 434	0,17
Total 20 largest	259 602 599	99,10	251 022 233	95,83
Others	2 397 401	0,90	10 977 767	4,17
<b>Total</b>	<b>262 000 000</b>	<b>100,00</b>	<b>262 000 000</b>	<b>100,00</b>

### NOTE 26 – SHAREHOLDERS' INFORMATION

The Company's 20 largest shareholders are as follows:

	31.12.2015		31.12.2014	
	Number of Shares	Ownership Interest in %	Number of Shares	Ownership Interest in %
SAGA Tankers ASA	120 564 458	46,02	49 680 082	18,96
Bnybe – QVT Fund V LP I	56 922 364	21,73	-	-
Apollo Asset Limited	27 000 000	10,31	-	-
HRE Marine LLC	27 000 000	10,31	-	-
BNYPE – QVT Fund IV LP I	8 754 389	3,34	-	-
Quintessence Fund LP	8 448 377	3,22	-	-
Deutsche Bank AG	4 212 870	1,61	70 656 350	26,97
Park Lane Family Office AS	2 500 000	0,95	-	-
Spontel AS	615 791	0,24	615 791	0,24
Sparebanken Sogn og Fjordane	479 939	0,18	479 939	0,18
EL Investment AS	460 762	0,18	460 762	0,18
Hanelamb Invest AS	410 762	0,16	-	-
Strata Marine & Offshore AS	381 888	0,15	-	-
Oculomotorius AS	346 098	0,13	-	-
Verpentangen AS	340 000	0,13	-	-
Mathias Holding AS	300 000	0,11	-	-
Citibank N.A.	273 550	0,10	-	-
Johansen	250 000	0,10	-	-
Clearstream Banking S.A.	213 600	0,08	-	-
Profund AS	128 900	0,05	-	-
Clearwater Capital Partners Fund	-	-	78 338 000	29,90
Gross Management AS	-	-	20 296 726	7,75
Dallas Asset Management AS	-	-	6 575 000	2,51
Nordic Construction Barges I AS	-	-	5 329 607	2,03
Thabo Energy AS	-	-	4 745 000	1,81
Solan Capital AS	-	-	2 680 006	1,02
Haakon Morten Sæter	-	-	2 319 937	0,89
Salto Media AS	-	-	2 113 300	0,81
Nordic Construction Barges II AS	-	-	2 105 000	0,80
Nordea Bank Finland Plc, Markets	-	-	1 442 459	0,55
Six-Seven AS	-	-	1 091 624	0,42
Bjorn Erik Nilsen	-	-	645 216	0,25
Lars Tore Brandeggen	-	-	588 000	0,22
Nortura Konserpensjonskasse	-	-	440 000	0,17
Marius Horgen	-	-	439 434	0,17
Total 20 largest	259 602 599	99,10	251 022 233	95,83
Others	2 397 401	0,90	10 977 767	4,17
<b>Total</b>	<b>262 000 000</b>	<b>100,00</b>	<b>262 000 000</b>	<b>100,00</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 27 – RELATED-PARTY TRANSACTIONS

The following transactions were carried out with related parties:

	31.12.2015		31.12.2014	
	Nature of transactions			
27.1 Management services				
(Amounts in USD 000)				
Ferndiff TH 1 AS	Management fees	240	440	440
<b>Total</b>		<b>240</b>	<b>440</b>	<b>440</b>
The Company had no transactions with shareholders or other related parties other than those disclosed above.				
27.2 Interest income				
(Amounts in USD 000)				
S.D. Standard Drilling (Singapore) Pte Ltd (note 11)		-	-	56
<b>Total</b>		<b>-</b>	<b>-</b>	<b>56</b>
27.3 Ultimate controlling party				
The Company's ultimate controlling party for the period 20 May to 26 November 2015 was Dystein Stray Spretalen through Soga Tankers ASA.				
NOTE 28 – REMUNERATION TO THE BOARD OF DIRECTORS				
(Amounts in USD 000)				
Executive management:				
Evangelia Panajide – General Manager		43	43	49
<b>Total remuneration executive management</b>		<b>43</b>	<b>43</b>	<b>49</b>
(Amounts in USD 000)				
Directors' Fees				
Board of Directors:				
Martin Nes (Chairman)	75	-	75	75
Gunnar Hvalvann (Non-Executive Director)	49	-	49	50
Costas Pantelides (Nomination Committee member)	2	-	2	-
Glen Rodland (Nomination Committee Chairman)	10	-	10	10
George Crystallis (Independent Director)	2	-	2	2
<b>Total remuneration of Board of Directors</b>	<b>138</b>	<b>-</b>	<b>138</b>	<b>137</b>

### NOTE 28 – REMUNERATION TO THE BOARD OF DIRECTORS

	31.12.2015		31.12.2014	
	Fees	Salary	Total	Total
(Amounts in USD 000)				
Executive management:				
Evangelia Panajide – General Manager	-	43	43	49
<b>Total remuneration executive management</b>	<b>-</b>	<b>43</b>	<b>43</b>	<b>49</b>
(Amounts in USD 000)				
Directors' Fees				
Board of Directors:				
Martin Nes (Chairman)	75	-	75	75
Gunnar Hvalvann (Non-Executive Director)	49	-	49	50
Costas Pantelides (Nomination Committee member)	2	-	2	-
Glen Rodland (Nomination Committee Chairman)	10	-	10	10
George Crystallis (Independent Director)	2	-	2	2
<b>Total remuneration of Board of Directors</b>	<b>138</b>	<b>-</b>	<b>138</b>	<b>137</b>

### NOTE 29 – SUBSEQUENT EVENTS

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

S.D. Standard Drilling Plc. – Annual Report and separate Financial Statements 2015

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## Independent auditor's report To the Members of S.D. Standard Drilling Plc

### Report on the financial statements

We have audited the accompanying financial statements of parent company S.D. Standard Drilling Plc (the "Company"), which comprise the statement of financial position as at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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PricewaterhouseCoopers Ltd is a member firm of PricewaterhouseCoopers International Ltd, each member firm of which is a separate legal entity. PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 142954). A list of the company's directors including the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Theodoros Dassis Street, 1050 Nicosia and appears on the company's web site. Offices in Helsinki, Istanbul, Limassol and Paphos.



### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company S.D. Standard Drilling Plc as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

### Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

### Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015.

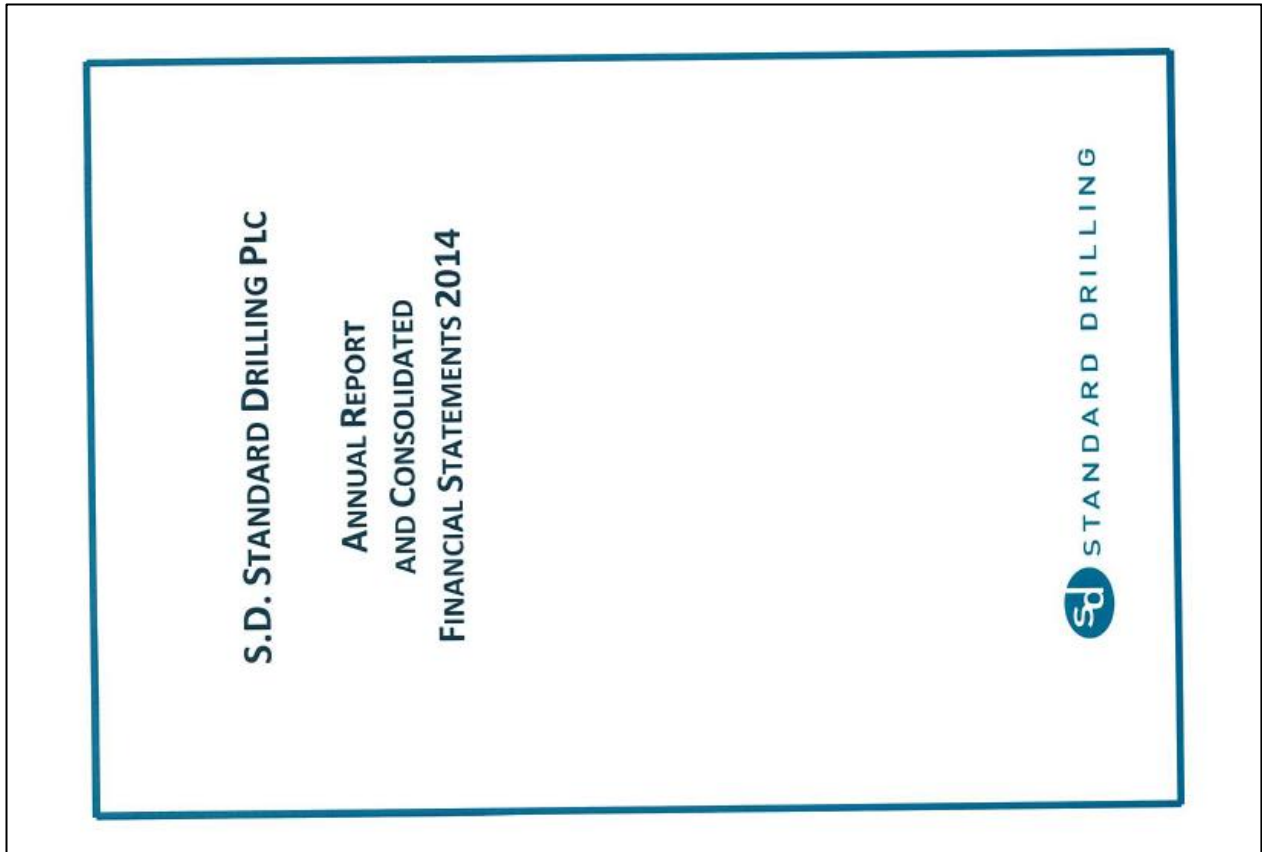
Tasos Nolas  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Limassol, 18 April 2016

Appendix D - S.D. STANDARD DRILLING PLC FINANCIAL STATEMENTS FOR 2014

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## BOARD OF DIRECTORS AND OTHER OFFICERS

### MARTIN NES CHAIRMAN

Mr. Nes was appointed on 22 August 2013 as a Non-Executive Director replacing Øystein Stray Spetalen. Mr. Martin Nes has been involved with the company since its incorporation in 2010, and has previously held the roles of Chairman and Acting CEO. He is well versed in the company and the shipping and offshore industry and has broad corporate and board experience. Mr. Nes is also a partner and serves as a CEO of Fermdiff TH II AS, one of Norway's largest investment companies.

Mr. Nes has previously worked several years for the Norwegian law firm Wilberg Rein, both in their Oslo and London offices and for the shipping law firm Evensen & Co. He holds a law degree from University of Oslo and a Master of Laws degree from University of Southampton, England. He was reappointed as a Chairman on 28 August 2013 replacing Mr. Gunnar Hvammen.

### GUNNAR HVAMMEN Non-Executive Director

Gunnar Hvammen is part of the founding group of S.D. Standard Drilling Plc and has nearly 25 years of experience in the offshore, oil service and drilling industry. Mr. Hvammen has been an independent founder, investor, CEO and board member in numerous companies, including Songa Offshore ASA and Offshore Heavy Transport ASA. Previously, Mr. Hvammen was a Senior Corporate Partner in Fondsfirans ASA and a rig sale and purchase broker in Normarine Offshore Consultants (today Pareto Offshore) which he co-founded. He started in oil services as a rig sale and purchase broker at PE Basse/Loebrock. Mr. Hvammen has served on boards of numerous companies within the offshore, oil service and drilling industries including Offshore Heavy Transport ASA, Global Teiber Barges ASA, Songa Offshore ASA and other Songa entities and Aquarius.

He was named to the Board of S.D. Standard Drilling in December 2010 and has previously held the role of Chairman. He resigned from the chairman's position on 28 August 2013 and continues in office as a Non-Executive Director.

### GEORGE CRYSTALLIS Independent Director

George Crystalllis is Managing Director of M.G. Crystalllis & Co Limited, a Cyprus trading company. Mr. Crystalllis is also the founder and owner of Odos Athinou, Art and Culture Centre in Limassol.

Mr. Crystalllis has extensive board experience and serves on the boards of several Cypriot companies. He was appointed to the Board of S.D. Standard Drilling in December 2010. Mr. Crystalllis holds a degree in Economics from the University of Freiburg, Germany.

### EVANGELIA PANAGIOTE GENERAL MANAGER

Evangelia Panagiotou has, from 1 September 2013, been appointed as General Manager of the Company. She is based in the Company's headquarter in Cyprus and has run this office since 2011.

### ESPER LUNDBAAS Acting Chief Financial Officer

Esper Lundbaas was re-appointed to serve as Acting Chief Financial Officer in September 2013. Mr. Lundbaas having previously held the role of Acting CEO is well versed in the company. He is also a partner and serves as a CEO of Fermdiff TH II AS one of Norway's largest investment companies. He holds a Master of Business and Economics from the Norwegian School of Management (1997-2001).

### COS SECRETARIAL LIMITED COMPANY SECRETARY 213 Arch, Makarios Avenue Maximos Plaza, Tower 1 3030 Limassol, Cyprus

## REPORT ON CORPORATE GOVERNANCE

As a company incorporated in the Republic of Cyprus, S.D. Standard Drilling Plc ("SDSD" or the "Company") is subject to Cypriot laws and regulations. Additionally, as a consequence of being listed on Oslo Aexis, the Company must comply with certain aspects of Norwegian securities law and has decided to adhere to the Norwegian Code of Practice for Corporate Governance dated 23 October 2012 (the "Code of Practice") on a "comply or explain" basis.

SDSD's Board of Directors and management annually review the principles for corporate governance in the Code of Practice and how they are implemented in the Company. Pursuant to the Code of Practice, SDSD hereby gives an account of the Company's corporate governance principles and practice.

The description below accounts for SDSD's compliance with the 15 sections in the Code of Practice.

### IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

As SDSD is a Cyprus registered company, the Company intends to comply with the Code of Practice as long as it is in accordance with mandatory provisions in the Cyprus Companies Law, Cap 113 and Cypriot practice and principles for public limited companies. To ensure adherence to the Code of Practice the Company has adopted specific guidelines such as:

- Rules of procedure for the Board of Directors
- Instructions for the Chief Executive Officer/General Manager
- Guidelines for the duties of the nomination committee
- Guidelines for the auditor's and associated persons' non-auditing work
- Code of conduct of business ethics and corporate social responsibility (Code of Ethics)
- Investor relations policy
- Audit committee charter

The Company's adoption of the Code of Practice and the above guidelines ensures an appropriate division of roles and responsibility and well-functioning cooperation among the Company's shareholders, the Board of Directors and its senior management, and that the Company's activities are subject to satisfactory control. An appropriate division of roles, effective cooperation, and satisfactory control contribute to the best possible value creation over time, to the benefit of owners and other stakeholders.

The Company's Code of Ethics addresses impartiality, conflicts of interests, relations with customers and suppliers, relations with media, insider trading and relevant financial interests of a personal nature. The code of ethics applies to all employees in SDSD.

## BUSINESS

The Company and the entity controlled by the Company, hereafter referred to as the "Group", were established for the purpose of building a premium oilfield services company with superior assets, systems and people. Since its founding in 2010, the Group has ordered seven rigs of the KFELS MOD V B-Class design at Keppel FELS Shipyard ("Yard") in Singapore. Having sold all initial rig building contracts, the strategy of the Company has changed, from building up to become an operator of rigs, to being an investment company within the oil and gas service sector. Going forward and based on the robust 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.

The objectives of the Company are within the framework of the Memorandum of Association, which is located on the Company's website, <http://www.standard-drilling.com>. The Company's Memorandum of Association contains the description of the Company's objectives and strategies under Cypriot law but does not clearly define the Company's business as this is not in accordance with Cypriot practice.

The annual report describes the Company's targets and principal strategies and the market is kept updated through the quarterly reports.

## EQUITY AND DIVIDEND

The Board of Directors continuously reviews the capital situation in light of the Company's targets, strategies and intended risk profile. The Company aims to manage Group resources in a manner which will ensure shareholders a competitive return in the form of dividends and increases in share price relative to comparable investment alternatives. The annual dividend payment will depend on the Company's financial situation, need for working capital and investments.

Cypriot practice and the Cypriot legal system with issued and authorized capital is different from the Norwegian Company law mandates that are specific to the Board of Directors and the recommendations in the Code of Practice. The Board of Directors' authorization is therefore not in line with the recommendations in the Code of Practice with respect to limitation in time and defined purposes.

## EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The Company has only one share class, with identical voting rights. All shareholders are treated equally and the Articles of Association do not contain any restrictions on voting rights. Where there is a need to waive the pre-emption rights of existing shareholders this will be justified at the time of approval or where based on an existing mandate justified in the stock exchange announcement in relation to the relevant share increase. Equal treatment of all shareholders is crucial. All information relevant to the share price is published through the notification system of the Oslo Stock Exchange and the Company's website. Any transactions in own (treasury) shares will be executed on the Oslo Stock Exchange or by other means at the listed price.

All transactions between the Company and its close associates are at arm's length and market prices. If there are material

transactions between the Company and a shareholder, Board member, member of senior management, or a party closely related to any of the aforementioned, the Board of Directors will generally ensure that independent valuations are available. The Company has adopted guidelines to ensure that members of Board of Directors and executive personnel notify the Board if they may have any direct or indirect interest in any transaction entered into by the Company.

#### FREELY NEGOTIABLE SHARES

The shares are listed on the Oslo Axxess and are freely negotiable. The Articles of Association include no form of restriction on negotiability.

#### GENERAL MEETINGS

The Annual General Meeting ("AGM") is the forum for the Company's shareholders to participate in major decisions, and shall be held no later than fifteen months from the date of the previous AGM. The Company's Articles of Associations require 21 days' notice for Annual and Extraordinary General Meetings.

The Company's AGM is open to all the Company's shareholders and the Board of Directors is taking steps as recommended by the Code of Practice ensuring that as many shareholders as possible may exercise their rights by participating in general meetings of the Company.

Shareholders may exercise their vote through a representative or proxy. All shares have equal voting rights. There are no restrictions on ownership or any known shareholder agreements. The AGM minutes are published through the notification system of the Oslo Stock Exchange and on the Company's website, <http://www.standard-drilling.com>.

#### COMMITTEES

##### Nomination Committee

At the extraordinary general meeting (EGM) held on 30 May 2012, the shareholders approved the establishment of a Nomination Committee which will operate in accordance with the "Guidelines for the Nomination Committee", which have been posted on the company's website, <http://www.standard-drilling.com>. Glen Ole Rodland was elected as chairman and Amit Gupta as a member of the Nomination Committee. The Company's articles of association were also amended in the same EGM to provide that the Company shall have a Nomination Committee. The term of appointment is for two years and the current members were re-appointment in last year's AGM.

The Nomination Committee submit recommendations to AGMs for the election of members of the Board of Directors. The recommendation will include relevant information on each candidate's background and independence. Furthermore, the Nomination Committee proposes remuneration to the members of the Board of Directors.

It is the Board of Directors' proposal that the composition of the Nomination Committee is in line with the Code of Practice.

##### Audit Committee

The Board of Directors currently acts as the Audit Committee of the Company.

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#### RIK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control is performed through various processes within the Group, both on a Board level and in daily management of the Company. The Board of Directors receives regular reports from management outlining the financial and operational performance of the Company and its subsidiaries. The Board of Directors evaluates the internal control systems on an ongoing basis and assesses the most important risk factors that the Company will be confronted with. In view of the Company's strategy the Board pays particular attention to ensuring that the internal control systems apply to all aspects of the Company's activities. The Board also considers the need for any further measures in relation to the risk factors identified.

In line with the Code of Practice the Board of Directors has adopted guidelines that encompass the Company's corporate and ethical values and corporate social responsibility, cf. Section "Implementation and reporting on corporate governance" (Code of Ethics).

#### REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration paid to the members of the Committees had been decided at the AGM having considered proposals by the Board of Directors in line with the Code of Practice. Information about the fees paid to the Board of Directors and Committees is stated in the Annual Report.

#### REMUNERATION OF EXECUTIVE PERSONNEL

As the Company has a limited number of employees, the Company has not considered it necessary to adopt guidelines for remuneration of executive employees in line with the Code of Practice. Information on remuneration for 2014 for members of the senior management is presented in the notes in the annual accounts.

#### INFORMATION AND COMMUNICATIONS

The Company complies with the Oslo Børs Code of Practice for Reporting. It information and as well as additional reporting requirements under Cypriot laws and regulations.

#### TAKEOVERS

The Board of Directors has as part of its Corporate Governance Principles adopted guidelines on how it will act in the event of a take-over bid, in line with the Code of Practice.

The Company will not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this. In the event of a take-over bid for the Company's shares, the Board of Directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid. If an offer is made for the Company's shares, SDO's Board of Directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer.

clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the Board of Directors have excluded themselves from the Board of Directors' statement. The Board of Directors should arrange a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the statement. Any transaction that is in effect a disposal of the Company's activities should be decided by a general meeting.

#### AUDITOR

The Company's and the Group's appointed external auditor is PricewaterhouseCoopers Limited, Cyprus ("PwC"). The auditor participates in meetings of the Audit Committee. The auditor submits a report to the Board of Directors following its audit of the Company's annual financial statements. The auditor participates in the meeting of the Board of Directors in which the financial statements are reviewed and approved. The auditor also participates in the AGM. Information about the fee paid to the auditor is stated in the Annual Report.

The Company has adopted guidelines for the auditor's and associated persons' non-auditing work in line with the Code of Practice.

The Board of Director's statement on the offer should make it

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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report together with the audited consolidated financial statements of S.D. Standard Drilling Plc. ("SDSD" or the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2014.

### HISTORY AND PRINCIPAL ACTIVITIES

The Company was incorporated as a private limited liability company under the laws of Cyprus with the name of S.D. Standard Drilling Limited on 2 December 2010. The Company was converted into a public limited liability company on 23 December 2010 and the Company's name was changed to S.D. Standard Drilling Plc. The Company has conducted two Private Placements: the first in December 2010 raised USD 42 million and second in May 2011 raised USD 330 million. The Company is listed on the Oslo Axxis exchange under the ticker SDSD.

### BUSINESS STRATEGY

The Company was established for the purpose of building a premium oilfield services company through superior assets, systems and people.

Having sold all initial rig building contracts, the strategy of the Company has changed, from building up to become an operator of rigs, to being an investment company within the oil and gas service sector.

The Group has a robust financial position and cash availability. 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, investment directly in other companies as well as enter into contract with yards. The main drivers are maximizing the return and minimizing the risk.

Going forward, the Board of Directors maintains a policy of continuing to monitor market conditions while seeking to possess maximum flexibility with respect to the future of the Company.

### REVIEW OF DEVELOPMENTS, POSITION AND PERFORMANCE OF THE GROUP'S BUSINESS

During the year the Company entered into the following transactions:

#### Acquisition of shares in Prospector Offshore Drilling S.A (PROS)

On 10 September 2014 the Company purchased 24 million shares in PROS of a price of NOK 17.5 per share, corresponding to 25.37 % of the total outstanding share capital of PROS (the "Transaction"). The consideration under the Transaction was paid entirely in cash.



### Subsequent disposal of shares

On 17 November 2014 S.D. Standard Drilling PLC disposed all the shares held in Prospector Offshore Drilling SA (PROS) at a price of NOK 14.50 per share. As a consequence of the disposal, S.D. Standard Drilling PLC has realized a total loss of USD 14 543 thousands.

As a result of the disposal of the shares in Prospector, the Company will have a substantial amount of funds to invest in other companies and industries within the Company's current investment strategy and that the Company has sufficient liquidity to make such investments. The Board and the Company's management will continue to consider possible investment opportunities.

Following the transaction the Company has available liquidity of approximately USD 55 million.

### SECTOR OUTLOOK

We see the following key themes in the sector:

- Uncertain outlook in the oil services sector
- Supply and demand dynamics will continue to be tested when the rigs under construction will be delivered to the market players;
- New, high specification jack-up rigs are for most wells substantially more efficient than older rigs and have greater technical capabilities.
- Too early to fully comprehend the consequences if the drop in oil prices continue. Although the oil has recovered from the levels in January 2015 there are uncertainties of the levels of where the oil price will stabilize.
- It seems that the oil production in USA and OPEC has a substantial effect on the market.

### FINANCIAL RESULTS

The Group's results for the year are set out on page 10. The Group's loss after tax for the year ended 31 December 2014 which is attributable to the equity holders was USD 16.1 million compared to a net profit of USD 69.5 million for the year ended 31 December 2013. The total assets of the Group for 2014 were USD 55 million and the net assets were USD 35 million, compared to USD 71 million and USD 71 million respectively in 2013. Despite the loss of USD 16.1 million the financial position, development and performance of the Group as presented in these consolidated financial statements are considered satisfactory.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group's activities are exposed to the overall economic environment as well as regulatory and market risks associated with the oil and gas service sector. The Group is also exposed to other financial risks as disclosed in Note 3 of the consolidated financial statements. The Group 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.

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### FUTURE DEVELOPMENTS OF THE GROUP

Having sold all initial rig building contracts and having a robust financial position and cash availability, the strategy of the Company has changed from building up to become an operator of rigs, to being an investment company within the oil and gas service sector. Going forward the Board believes that the Company is in a good position to take advantage of any new investment opportunities that may appear.

### DIVIDENDS

The Board of Directors does not recommend the payment of a dividend for the year 2014.

### SHARE CAPITAL

There were no changes in the share capital of the Company during the year.

### BOARD OF DIRECTORS

The members of the Board of Directors as at 31 December 2014 and at the date of this report are shown on page 3.

There were no significant changes in the assignment of responsibilities as well as other changes in the composition of the Board of Directors during 2014, other than the following:

Mr. Martin Nes was re-elected in the position of the chairman on 27 August 2014.

In accordance with the Company's Articles of Association, the director Mr. Gunnar Hvammen will retire by rotation but he is eligible for re-election at the Annual General Meeting of the Company.

The remuneration of the Members of the Board of Directors is shown in note 25 of the consolidated financial statements.

### DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

None of the directors holding office at the end of the financial year had any interest in the shares of the Company, except the following indirect shareholdings:

- Gunnar Hvammen through Solan Capital AS and Thabo Energy AS, Thabo Energy AS has 25% ownership in Nordic Barges I AS and Nordic Barges II AS which are shareholders of the Company.
- Martin Nes through Hanelamb Invest AS.

### Executive member of the management

- Espen Lundaa through EI Investment AS.

### EVENTS AFTER THE BALANCE SHEET DATE

Any material post balance sheet events are described in note 26 to the consolidated financial statements.

### BRANCHES

The Group did not operate through any branches during the year.

### CORPORATE GOVERNANCE

The Directors of S.D. Standard Drilling Plc, recognize the importance of the corporate governance policies, practices and procedures. Being listed on the Oslo Axxis Stock Exchange in Norway, the Company must comply with certain aspects of Norwegian securities law and is also obligated to adhere to the Norwegian Code of Practice for Corporate Governance dated 23 October 2012 (the "Code of Practice") on a "comply or explain" basis.

The Report on Corporate Governance is included on page 4 of this annual report.

### INDEPENDENT AUDITORS

The Independent Auditors, Price WaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

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

CCS Secretarial Limited



Secretary, Limassol, 24 April 2015

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	31.12.2014	31.12.2013
		Audited	Audited
Operating Revenue		-	-
Operating Expenses		-	-
<b>Gross profit/(loss)</b>		-	-
Other gains and losses	17	(15 143)	74 744
Impairment charge on bank balances	11	-	(96)
Administrative expenses	18	(1 068)	(5 998)
<b>Operating profit/(loss) before depreciation</b>		<b>(16 211)</b>	<b>68 650</b>
Depreciation and amortization	7, 8	(8)	(12)
<b>Operating profit/(loss)</b>		<b>(16 219)</b>	<b>68 638</b>
Finance Income	19	227	876
Finance Costs	19	(6)	(15)
<b>Profit/(loss) for the year before tax</b>		<b>(15 998)</b>	<b>69 499</b>
Income tax credit/(charge)	16	(71)	14
<b>Profit/(loss) for the year</b>		<b>(16 069)</b>	<b>69 513</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(16 069)</b>	<b>69 513</b>
<b>Earnings/(loss) per share</b>			
Basic/diluted earnings/(loss) per share	20	(0,06)	0,27

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

In accordance with Article 9 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 consolidated financial statements of S.D. Standard Drilling Plc (the "Company"), for the year ended 31 December 2014 we confirm that, to the best of our knowledge:

- the consolidated financial statements of the Company for the year ended 31 December 2014 which are presented on pages 10 to 32:
  - were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union in accordance with provisions of Article 9, section (1) of the Law, and
  - give a true and fair view of the assets and liabilities, the financial position and the profit or losses of S.D. Standard Drilling Plc, and the business that are included in the consolidated financial statements as a total, and
- the Directors' report provides a fair review of the developments and the performance of the business as well as the financial position of S.D. Standard Drilling Plc, and the business that are included in the consolidated financial statements as a total, together with a description of the principal risks and uncertainties that they are facing.

Limassol, 24 April 2015

		
Martin Nes Chairman	Gunnar Hvammnen Non-Executive Director	George Crystallis Independent Director
		
	Espen Lundaa Chief Financial Officer	Evangelia Panagide General Manager

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

(Amounts in USD 000)

	Note	Share Capital	Share Premium	Accumulated Profits/(Losses)	Total
Balance at 01.01.2013		2 620	359 950	26 982	389 552
Comprehensive income					
Profits/(loss) for the year		-	-	69 513	69 513
Transactions with owners					
Share premium reduction		-	(320 000)	-	(320 000)
Interim dividend		-	-	(68 120)	(68 120)
Balance at 31.12.2013 (Audited)		2 620	39 950	28 375	70 945
Balance at 01.01.2014		2 620	39 950	28 375	70 945
Comprehensive income					
Profit/(loss) for the year		-	-	(16 069)	(16 069)
Balance at 31.12.2014 (Audited)		2 620	39 950	12 306	54 876

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2014**

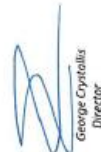
(Amounts in USD 000)

	Note	31.12.2014 Audited	31.12.2013 Audited
<b>ASSETS</b>			
Intangible assets	7	2	8
Equipment and machinery	8	1	13
Total non-current assets	3	3	21
Trade and other receivables	9	104	100
Available-for-sale financial assets	10	26	32
Current tax asset	16	1	46
Restricted cash at bank	11	11	101
Cash and bank balances	12	54 782	70 741
Assets classified as held for sale	13	-	-
Total current assets		54 924	71 020
<b>Total Assets</b>		<b>54 927</b>	<b>71 041</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares	14	2 620	2 620
Share premium	14	39 950	39 950
Accumulated profits/(losses)		12 306	28 375
Total equity		54 876	70 945
Trade and other payables	15	51	96
Total current liabilities		51	96
<b>Total Equity and Liabilities</b>		<b>54 927</b>	<b>71 041</b>

On 24 April 2015, the Board of Directors of S.D. Standard Drilling Plc authorized these consolidated financial statements for issue.



Martin Nes  
Chairman



George Cystolis  
Director



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	31.12.2014	31.12.2013
	Audited	Audited
(Amounts in USD 000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) for the year before income tax	(15 998)	69 499
Adjustments for:		
Other gains and losses	17	14 547
Depreciation and amortization expense	8	(74 786)
Loss from sale of equipment and machinery and intangibles	30	19
Impairment charge on bank balances	-	96
Interest income	(227)	(876)
(Increase)/decrease in trade and other receivables	(4)	1 679
Decrease in trade and other payables	(43)	(4 326)
Income tax paid	(26)	(76)
<b>Net cash generated from/(used in) operating activities</b>	<b>(1 733)</b>	<b>(8 759)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds from the disposal of equipment and machinery	-	3
Additions to rigs under construction	-	(544)
Net proceeds from disposal of assets	17.1	51 601
Net cash outflow from acquisition of investment	17.1	(66 144)
Decrease in restricted cash	90	-
Interest received	19	227
<b>Net cash generated from/(used in) investing activities</b>	<b>(14 226)</b>	<b>183 156</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share premium reduction	-	(320 000)
Interim dividend paid	-	(104 800)
<b>Net cash generated from/(used in) financing activities</b>	<b>-</b>	<b>(424 800)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(15 959)</b>	<b>(250 403)</b>
Cash and cash equivalents at beginning of year	70 741	321 373
Non-cash transactions (note 11)	-	(229)
<b>Cash and cash equivalents at end of year</b>	<b>54 782</b>	<b>70 741</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

#### PRINCIPAL ACTIVITIES

The Company and the entities controlled by the Company, hereafter referred to as the "Group", were established for the purpose of building a premium oilfield services company through superior assets, systems and people. Having sold all initial rig contracts, the strategy of the Group has changed to being an investment Group within the oil and gas service sector.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### 2.1 BASIS OF PREPARATION

The consolidated financial statements of S.D. Standard Drilling Plc. have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113 and are expressed in United States Dollars. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial asset. All figures in these consolidated financial statements are in USD'000 unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

#### 2.1.1 GOING CONCERN

In the opinion of the directors, the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore adopt the going concern basis in preparing its consolidated financial statements.

#### 2.1.2 ADOPTION OF NEW AND REVISED IFRS'S

As of the date of the authorisation of the consolidated financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2014 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

In the current year, the Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (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 2014. The adoption of these Standards did not have a material effect on the consolidated financial statements.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1.2 ADOPTION OF NEW AND REVISED IFRS'S (CONTINUED)

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective for the year ended 31 December 2014:

(i) *Standards and Interpretations adopted by the EU*

- Amendment to IAS 19 - "Defined Benefit Plans: Employee Contributions" issued in 21 November 2013 and effective for annual periods beginning on or after 9 January 2015;
- Annual Improvements to IFRSs 2010-2012 Cycle issued on 12 December 2013 and effective for annual periods beginning on or after 9 January 2015;
- Annual Improvements to IFRSs 2011-2013 Cycle issued on 12 December 2013 and effective for annual periods beginning on or after 19 December 2014;
- IFRIC 21 "Leases" issued on 20 May 2013 and effective the latest as from the commencement date of its first annual period beginning on or after 14 June 2014;

(ii) *Standards and Interpretations not adopted by the EU*

- IFRS 9 "Financial Instruments" issued on 24 July 2014 and effective for annual periods beginning on or after 1 January 2018;
- IFRS 14 "Regulatory Deferral Accounts" issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016;
- IFRS 15 "Revenue from Contracts with Customers" issued on 28 May 2014 and effective for annual periods beginning on or after 1 January 2017;
- Amendment to IFRS 10, IFRS 12 and IAS 28 - "Investment Entities: Applying the Consolidation Exception" issued on 18 December 2014 and effective for annual periods beginning on or after 1 January 2016;
- Amendment to IAS 1 - "Disclosure Initiative" issued on 18 December 2014 and effective for annual periods beginning on or after 1 January 2016;
- Annual Improvements to IFRSs 2012-2014 Cycle issued on 25 September 2014 and effective for annual periods beginning on or after 19 December 2016;
- Amendment to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016;
- Amendment to IAS 27 - "Equity Method in Separate Financial Statements" issued on 12 August 2014 and effective for annual periods beginning on or after 1 January 2016;
- Amendment to IAS 16 and IAS 41 - "Bearer Plants" issued on 30 June 2014 and effective for annual periods beginning on or after 1 January 2016;
- Amendment to IAS 16 and IAS 38 - "Clarification of Acceptable Methods of Depreciation and Amortisation" issued on 12 May 2014 and effective for annual periods beginning on or after 1 January 2016;
- Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations" issued on 6 May 2014 and effective for annual periods beginning on or after 1 January 2016;

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting right held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring its accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

#### 2.3 REVENUE RECOGNITION

Revenue earned by the Group is recognised on the following basis:

##### 2.3.1 INTEREST INCOME

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### 2.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and Presentation currency

Items included in the financial statement of the each entity in the Group are measured using the currency of primary economic environment in which entity operates (functional currency). All entities within the Group have USD as functional currency, and the Group has USD as presentation currency.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.5 EQUIPMENT AND MACHINERY (CONTINUED)

##### (d) Disposal

An item of equipment and machinery is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment and machinery is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 2.6 CASH AND CASH EQUIVALENTS

In the statement of cash flows a and the balance sheet, cash and cash equivalents includes deposits held at call with banks.

#### 2.7 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be reserved for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

#### 2.8 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.9 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.4 FOREIGN CURRENCY TRANSLATION (CONTINUED)

##### (b) Translations and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates at the balance sheet date are recognised in profit and loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'financial income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains-net'.

#### 2.5 EQUIPMENT AND MACHINERY

##### (a) Measurement

Equipment and machinery are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

##### (b) Depreciation

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

Furniture and fittings	%
Computer Hardware	10
	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

##### (c) Subsequent cost

Expenditure for repairs and maintenance of equipment and machinery is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.10 TRADE RECEIVABLES

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

#### 2.11 INTANGIBLE ASSETS

##### Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate benefits exceeding costs beyond one year are recognized as intangible assets. Subsequently computer software is carried at cost less any accumulated amortization and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the computer software. Cost associated with maintenance of computer software programs are recognized as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

#### a) Disposal

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

#### 2.12 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

#### 2.13 Dividends

Dividend distribution to the Company's shareholders is recognized in the Company's financial statements in the year in which they are approved.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available for sale financial assets are non-derivatives that are either designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Available for sale financial assets are those acquired and held for an unspecified period of time and may be sold to cover cash flow deficiencies, fluctuations in interest rates, exchange rates or other security prices. For available-for-sale investments, gains and losses arising from changes in fair value are recognized in other comprehensive income and then in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in profit or loss for the period.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognized at cost less impairment.

### NOTE 3 - FINANCIAL RISK MANAGEMENT

#### 3.1 FINANCIAL RISK FACTOR

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk. The Group's overall risk management strategy seeks to minimize any adverse effect from the unpredictability of financial markets on the Group's financial performance.

#### (a) Market risk

##### (i) Currency risk

The Group's functional currency is US dollars. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro and the NOK. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly

##### (ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group. Equity securities are susceptible to market price risk arising from uncertainties about future prices of the investments. The investments are classified on the balance sheet as available for sale financial assets.

##### (iii) Cash flow and fair value interest rate risk

The Group is currently financed by equity, and has no interest bearing debt; hence no interest rate risk is currently present.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's major classes of financial assets are bank deposits and trade and other receivables (note 6).

#### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents as well as securing availability of funding through adequate amount of credit facilities to meet future obligations.

The following are the contractual maturities of financial liabilities:

(Amounts in USD 000)	Carrying amounts	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
2013						
Trade and other payables	96	96	96	-	-	-
<b>Total</b>	<b>96</b>	<b>96</b>	<b>96</b>	-	-	-
2014						
Trade and other payables	51	51	51	-	-	-
<b>Total</b>	<b>51</b>	<b>51</b>	<b>51</b>	-	-	-

### 3.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

### 3.3 FAIR VALUE ESTIMATION

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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 FAIR VALUE ESTIMATION (CONTINUED)

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

(Amounts in USD 000)	Level 1	Level 2	Level 3	Total
<b>At 31 December 2013</b>				
<b>Assets</b>				
Available for sale financial assets	-	-	32	32
- Equity securities	-	-	32	32
<b>Total financial assets measured at fair value</b>				
(Amounts in USD 000)	Level 1	Level 2	Level 3	Total
<b>At 31 December 2014</b>				
<b>Assets</b>				
Available for sale financial assets	26	-	-	26
- Equity securities	26	-	-	26
<b>Total financial assets measured at fair value</b>				

There has been a transfer from Level 3 to Level 1 during the year.

### NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following are the critical judgements and estimation, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

#### Income taxes and deferred tax assets

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

#### NOTE 6 - CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of the main financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

(Amounts in USD 000)	31.12.2014	31.12.2013
Cash at bank and restricted bank deposits (1)	54 793	70 842
Trade and other receivables (excluding prepayments)	93	42
<b>Total at the end of the year</b>	<b>54 886</b>	<b>70 884</b>

(1) The external credit ratings of the main financial institutions with which the Group holds its funds are as follows:

(Amounts in USD 000)	31.12.2014	31.12.2013	Long term rating	Short term rating
DNB Bank ASA (Standard & Poor's)	54 776	70 738	A+	A-1
Bank of Cyprus Public Company Limited (Moody's)	17	104	Caa3	Not Prime

#### NOTE 7 - INTANGIBLE ASSETS

(Amounts in USD 000)

	Computer software		Total
<b>Cost</b>			
At 1 January 2013	15	15	15
At 31 December 2013	15	15	15
Disposals	(4)	(4)	(4)
<b>At 31 December 2014</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>Amortization</b>			
At 1 January 2013	3	3	3
Charge for the year	4	4	4
At 31 December 2013	7	7	7
Charge for the year	4	4	4
Disposals	(2)	(2)	(2)
<b>At 31 December 2014</b>	<b>9</b>	<b>9</b>	<b>9</b>
Net book amount			
<b>Balance at 31 December 2014</b>	<b>2</b>	<b>2</b>	<b>2</b>
Balance at 31 December 2013	8	8	8

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

#### NOTE 5 - FINANCIAL INSTRUMENTS BY CATEGORY

(Amounts in USD 000)	Loans and receivables	Assets at fair value through profit and loss	Available-for-sale	Total
<b>2013</b>				
<b>Assets as per balance sheet</b>				
Restricted cash at bank	101	-	-	101
Trade and other receivables (excluding prepayments)	42	-	-	42
Available-for-sale financial asset	-	-	32	32
Cash and cash equivalents	70 741	-	-	70 741
<b>Total at the end of the year</b>	<b>70 884</b>	<b>-</b>	<b>32</b>	<b>70 916</b>
		<b>Other financial liabilities</b>		
(Amounts in USD 000)				<b>Total</b>
<b>2013</b>				
<b>Liabilities as per balance sheet</b>				
Trade and other payables (excluding statutory liabilities)	-	-	96	96
<b>Total at the end of the year</b>	<b>-</b>	<b>-</b>	<b>96</b>	<b>96</b>

(Amounts in USD 000)	Loans and receivables	Assets at fair value through profit and loss	Available-for-sale	Total
<b>2014</b>				
<b>Assets as per balance sheet</b>				
Restricted cash at bank	11	-	-	11
Trade and other receivables (excluding prepayments)	93	-	-	93
Available-for-sale financial assets	-	-	26	26
Cash and cash equivalents	54 782	-	-	54 782
<b>Total at the end of the year</b>	<b>54 886</b>	<b>-</b>	<b>26</b>	<b>54 912</b>
		<b>Other financial liabilities</b>		
(Amounts in USD 000)				<b>Total</b>
<b>2014</b>				
<b>Liabilities as per balance sheet</b>				
Trade and other payables (excluding statutory liabilities)	-	-	51	51
<b>Total at the end of the year</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>51</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 11 – RESTRICTED CASH AT BANK

Restricted cash at bank includes a time deposit for six months of USD 11 thousands. The deposit is interest bearing.

(Amounts in USD 000)	31.12.2014	31.12.2013
Balance at the beginning of year	101	-
Transfer to cash and bank balances	(90)	-
Additions	-	229
Impairment charge	-	(96)
Transfer to Available For Sale financial assets at estimated fair value (note 10)	-	(32)
<b>Balance at the end of year</b>	<b>11</b>	<b>101</b>

On 31 January 2014, the Board of Directors of Bank of Cyprus Public Company Limited ("Bank of Cyprus") has resolved to release the six month time deposit of USD 34 thousand that were blocked as per the decrees relating to the recapitalization of the bank in July 2013 which matured on that date.

On 30 April 2014, the Board of Directors of Bank of Cyprus resolved the partial release of the nine-month time deposit that were blocked as per the same decrees and mature on 30 April 2014, as follows:

- One third of nine-month time deposit is immediately released and become available;
- One third of nine-month time deposit is converted into a three-month time deposit maturity and automatically released at 31 July 2014;
- One third of nine-month time deposit is converted into a six-month time deposit maturity and automatically released at 31 October 2014.

On 31 July 2014, the Board of Directors of Bank of Cyprus resolved the partial release of the twelve-month time deposit that were blocked as per the same decrees and mature on 31 July 2014, as follows:

- One third of twelve-month time deposit is immediately released and become available;
- One third of twelve-month time deposit is converted into a three-month time deposit maturity and automatically released at 30 October 2014;
- One third of twelve-month time deposit is converted into a six-month time deposit maturity and automatically released at 30 January 2015.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 8– EQUIPMENT AND MACHINERY

(Amounts in USD 000)	Furniture, Fixtures and Office Equipment	Computer Hardware	Total
<b>Cost</b>			
At 1 January 2013	17	33	50
Disposal	(7)	(22)	(29)
At 31 December 2013	10	11	21
Disposals	(8)	(10)	(18)
At 31 December 2014	2	1	3
<b>Depreciation</b>			
At 1 January 2013	2	5	7
Charge for the year	4	4	8
Disposal	(2)	(5)	(7)
At 31 December 2013	4	4	8
Charge for the year	2	2	4
Disposal	(5)	(5)	(10)
At 31 December 2014	1	1	2
Net book amount			
Balance at 31 December 2014	1	-	1
Balance at 31 December 2013	6	7	13

### NOTE 9 – TRADE AND OTHER RECEIVABLES

(Amounts in USD 000)	31.12.2014	31.12.2013
Prepayments	11	58
Other receivables	93	42
<b>Total trade and other receivables at the end of the year</b>	<b>104</b>	<b>100</b>

The fair value of trade and other receivables due within one year approximate to their carrying amount as presented above.

### NOTE 10 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

(Amounts in USD 000)	31.12.2014	31.12.2013
Balance at the beginning of year	32	-
Additions at estimated fair value (note 11)	-	32
Impairment charge (note 17)	(6)	-
<b>Balance at the end of year</b>	<b>26</b>	<b>32</b>

On 25 March 2013 the Central Bank of Cyprus has issued Decrees relating to Bank of Cyprus implementing measures for this bank under the Resolution of Credit and Other Institutions Law of 2013. One of the measures provided for a compulsory conversion of part of the deposits held with Bank of Cyprus into shares of Bank of Cyprus. The Company's cash held with Bank of Cyprus as at the relevant date for implementation of the decisions were USD 398 thousands.

On 30 July 2013 the Ministry Finance and the Central Bank of Cyprus announced that 47.5% of the unimpaired deposits with Bank of Cyprus will automatically be converted into ordinary shares in Bank of Cyprus. The respective amount for the Company that has been converted into shares is USD 128 thousands.

As of the date of the conversion the management of the Company on the basis of available information and by exercising their judgment has recognized an impairment loss of USD 96 thousands. On 15 December 2014, Bank of Cyprus shares have been listed and commenced trading on Cyprus Stock Exchange ("CSE"). Based on the new developments and on the basis of available information the management of the Company has recognized an additional impairment loss in the current year of USD 6 thousands.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**
**NOTE 15- TRADE AND OTHER PAYABLES**

(Amounts in USD 000)	31.12.2014	31.12.2013
Other payables	18	18
Accrued expenses	33	78
<b>Total trade and other payables at the end of the year</b>	<b>51</b>	<b>96</b>

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

**NOTE 16 – INCOME TAX EXPENSE**

(Amounts in USD 000)	31.12.2014	31.12.2013
<b>Current tax:</b>		
Corporate income tax charge/(credit)	71	(14)
Total current tax	71	(14)

**Deferred tax:**

Origination of temporary differences	-	-
Total deferred tax	-	-

<b>Income tax expense/(credit)</b>	<b>71</b>	<b>(14)</b>
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The total charge for the year can be reconciled to the accounting profit as follows:

(Amounts in USD 000)	31.12.2014	31.12.2013
Profit/(loss) before tax	(15 998)	69 499
Tax calculated at the applicable tax rates	(2 000)	8 687
Tax effect of expenses not deductible for tax purposes	2 025	590
Tax effect of allowances and income not subject to tax	-	(9 293)
Corporation tax prior year	46	2
<b>Tax charge/(credit)</b>	<b>71</b>	<b>(14)</b>

**Balance sheet**

(Amounts in USD 000)	31.12.2014	31.12.2013
<b>Current tax asset</b>		
Corporate income tax refundable	1	46
<b>Total current tax asset at the end of the year</b>	<b>1</b>	<b>46</b>

**Current tax liability:**

(Amounts in USD 000)	31.12.2014	31.12.2013
Corporate income tax	-	-
<b>Total current tax liability at the end of the year</b>	<b>-</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**
**NOTE 12 - CASH AND CASH EQUIVALENTS**

(Amounts in USD 000)	31.12.2014	31.12.2013
Cash at bank	54 782	70 741
<b>Cash and cash equivalents at the end of the year</b>	<b>54 782</b>	<b>70 741</b>

Cash and bank balances are denominated in the following currencies:

(Amounts in USD 000)	31.12.2014	31.12.2013
US Dollar - functional and presentation currency	54 655	69 983
Norwegian Kroner	123	644
Singapore Dollar	4	114
<b>Total</b>	<b>54 782</b>	<b>70 741</b>

**NOTE 13 – ASSETS CLASSIFIED AS HELD FOR SALE**

(Amounts in USD 000)	31.12.2014	31.12.2013
Investment in Prospector Offshore Drilling S.A (PROS)	-	-
<b>Total assets held for sale at the end of the year</b>	<b>-</b>	<b>-</b>

**13.1 Movement of investment classified as held for sale**

(Amounts in USD 000)	31.12.2014	31.12.2013
Balance at the beginning of the year	-	-
Additions	66 144	-
Derecognised on disposal	(66 144)	-
<b>Balance at the end of year</b>	<b>-</b>	<b>-</b>

On 10 September 2014, the Company purchased 24 million shares in Prospector Offshore Drilling S.A (PROS) at a price of NOK 17.5 per share.

On 17 November 2014, the Company disposed all its 24 million shares held in Prospector Offshore Drilling S.A (PROS) at a price of NOK 14.50 per share.

**NOTE 14 - SHARE CAPITAL AND PREMIUM**

(Amounts in USD 000)	Number of shares (thousands)	Ordinary shares	Share premium	Total
<b>2013</b>				
Balance at the beginning of the year	262 000	2 620	359 950	362 570
Share premium reduction	-	-	(320 000)	(320 000)
<b>Balance at the end of the year</b>	<b>262 000</b>	<b>2 620</b>	<b>39 950</b>	<b>42 570</b>
<b>2014</b>				
Balance at the beginning of the year	262 000	2 620	39 950	42 570
<b>Balance at the end of the year</b>	<b>262 000</b>	<b>2 620</b>	<b>39 950</b>	<b>42 570</b>

All shares issued have the same rights and are of nominal value of USD 0.01 each.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**
**NOTE 17 – OTHER GAINS AND LOSSES**

(Amounts in USD 000)	31.12.2014	31.12.2013
Gain on disposal of rig under construction B337	-	25 800
Gain on disposal of rig under construction B338	-	18 944
Gain on disposal of investment in subsidiary	-	29 211
Gain on disposal of rig under construction B339	-	831
Loss on disposal of investment in Prospector Offshore Drilling SA (note 17.1)	(14 543)	-
Impairment of available-for-sale financial assets (note 10)	(6)	-
Net currency translation differences	(594)	(42)
<b>Total gains/(losses)</b>	<b>(15 143)</b>	<b>74 744</b>

On 17 November 2014, the Company disposed all the shares held in Prospector Offshore Drilling S.A. (PROS) of a price of NOK 14,50 per share.

17.1 Loss on disposal of investments in Prospector Offshore Drilling S.A

(Amounts in USD 000)	31.12.2014	31.12.2013
Consideration received net	51 601	-
Cost of investment	(66 144)	-
<b>Loss on disposal of shares</b>	<b>(14 543)</b>	-

The loss of USD 14 543 can be further disaggregated to the following elements:

(Amounts in USD 000)	31.12.2014	31.12.2013
Changes in fair value	(11 330)	-
Exchange difference	(3 213)	-
<b>Loss on disposal of shares</b>	<b>(14 543)</b>	-

**NOTE 18 – ADMINISTRATIVE EXPENSES**

(Amounts in USD 000)	31.12.2014	31.12.2013
Legal, consulting and professional fees	709	1 328
Other expenses	110	963
Salary and other employee benefit (note 25)	249	3 707
<b>Total administrative expenses</b>	<b>1 068</b>	<b>5 998</b>

During 2014 audit fees of USD 12 thousand (2013: USD 23 thousand), fees of USD Nil (2013: USD 54 thousand) for other assurance services and fees of USD Nil (2013: USD 3 thousand) for tax consultancy services were charged by the Group's statutory audit firm.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**
**NOTE 19 – FINANCE INCOME AND COSTS**

(Amounts in USD 000)	31.12.2014	31.12.2013
<b>Finance Income:</b>		
Bank interest received	227	876
<b>Total finance income</b>	<b>227</b>	<b>876</b>
<b>Finance cost:</b>		
Bank charges	6	15
<b>Total finance cost</b>	<b>6</b>	<b>15</b>

**NOTE 20 – EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

**20.1 Basic/diluted earnings per share**

(Amounts in USD 000)	31.12.2014	31.12.2013
Profit/(loss) attributable to equity holders of the Company	(16 069)	69 513
Weighted average number of ordinary shares for the purposes of basic earnings per share in issue (thousands)	262 000	262 000
<b>Basic earnings per share</b>	<b>(0.06)</b>	<b>0.27</b>

**NOTE 21 – DEFERRED INCOME TAX**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that realization of the related tax benefit through future taxable profits is probable. As of 31 December 2014 the Group doesn't have unutilized losses which can be carried forward and used to offset against future taxable income.

**NOTE 22 – ACQUISITION AND INCORPORATION AND DISSOLUTION OF SUBSIDIARIES**

The registered name, country of incorporation and date of incorporation for each of the subsidiaries are as follows:

Name	Date of incorporation	Country of incorporation	Share	Voting rights
S.D. Standard Drilling (Singapore) Pte Ltd	9 June 2011	Singapore	100%	100%

On 28 November 2014 the Board of Directors of the Company resolved to proceed with the strike-off of the subsidiary company S.D Standard Drilling (Singapore) Pte Ltd which was dormant. The strike-off is expected to be completed during the year 2015.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 23 – SHAREHOLDERS INFORMATION

The Company's 20 largest shareholders are as follows:

	31.12.2014		31.12.2013	
Owner	Number of Shares	Ownership interest in %	Number of Shares	Ownership interest in %
Clearwater Capital Partners Fund	78 338 000	29,90	78 338 000	29,90
Deutsche Bank AG	70 656 350	26,97	-	-
SAGA Tankers ASA	49 680 082	18,96	3 517 996	1,34
Grossa Management AS	20 296 726	7,75	20 296 726	7,75
Dallas Asset Management AS	6 575 000	2,51	-	-
Nordic Construction Barges I AS	5 329 607	2,03	5 329 607	2,03
Thabo Energy AS	4 745 000	1,81	4 745 000	1,81
Solan Capital AS	2 680 006	1,02	2 180 006	0,83
Hakon Morten Saeter	2 319 937	0,89	-	-
Salto Media AS	2 113 300	0,81	-	-
Nordic Construction Barges II AS	2 105 000	0,80	2 105 000	0,80
Nordea Bank Finland Plc, Markets	1 442 459	0,55	-	-
Six-Seven AS	1 091 624	0,42	950 774	0,36
Bjorn Erik Nilien	645 216	0,25	-	-
Spontel AS	615 791	0,24	615 791	0,24
Lars Tore Brandeggen	568 000	0,22	-	-
Sparebanken Sogn og Fjordane	479 939	0,18	-	-
EL Investment AS	460 762	0,18	-	-
Marius Horgen	440 000	0,17	-	-
Nortura Konserpsjonskasse	439 434	0,17	-	-
Bybye – QVT Fund V LP I	-	-	49 307 538	18,82
Fernciff Listed Dai AS	-	-	34 112 081	13,02
Tynnar AS	-	-	11 249 995	4,29
Sabaro Investments Ltd	-	-	7 985 000	3,05
BNYPE – Quintessence Fund LP	-	-	7 494 136	2,86
BNYPE – QVT Fund IV LP I	-	-	7 287 676	2,78
Sabaro Investments Ltd	-	-	5 165 000	1,97
Nordea Bank ASA Markets	-	-	2 811 659	1,07
Silvercreek Industries AS	-	-	1 229 937	0,47
Euroclear Bank S.S./N.V. (BA)	-	-	878 275	0,34
Fernciff Drilling Management AS	-	-	800 010	0,31
Total 20 largest	251 022 233	95,83	246 392 207	94,04
Others	10 977 767	4,17	15 607 793	5,96
<b>Total</b>	<b>262 000 000</b>	<b>100,00</b>	<b>262 000 000</b>	<b>100,00</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 24 – RELATED-PARTY TRANSACTIONS

24.1 Management services

	31.12.2014		31.12.2013	
(Amounts in USD 000)	Nature of transactions	Management fees/Bonus	Management fees/Bonus	Management fees
Clearwater Capital Partners LLC		-	-	370
Fernciff TH 1 AS		440	440	490
		<b>440</b>	<b>440</b>	<b>860</b>

The Company had no transactions with shareholders or other related parties other than those disclosed above.

24.2 Receivable from related party

	31.12.2014		31.12.2013	
(Amounts in USD 000)	Nature of transactions	Management fees	Management fees	Management fees
Fernciff TH 1 AS		-	-	40
		<b>-</b>	<b>-</b>	<b>40</b>

### NOTE 25 – REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

	31.12.2014		31.12.2013	
(Amounts in USD 000)	Directors' Fees	Salary	Directors' Fees	Salary
Executive management:				
Mark A. Jackson – Former CEO	-	-	-	-
Geir Johnsen – Former CFO	-	-	-	950
Michael Kelley – Former COO	-	-	-	619
Evangelia Panagide – General Manager	-	49	-	16
<b>Total remuneration executive management</b>	<b>-</b>	<b>49</b>	<b>-</b>	<b>1 585</b>

	31.12.2014		31.12.2013	
(Amounts in USD 000)	Directors' Fees	Salary	Directors' Fees	Salary
Board of Directors:				
Martin Nes (Chairman)	75	-	75	27
Gunnar Hvammen (Non-Executive Director)	50	-	50	66
Robert Petty – (Non-Executive Director)	-	-	-	32
Amit Gupta (Non-Executive Director)	-	-	-	24
Oystein Stray Spetalen (Non-Executive Director)	-	-	-	32
Stephen Rodland (Independent Director)	-	-	-	42
Glen Rodland (Nomination Committee Chairman)	10	-	10	18
Demetris Alentaris (Non-Executive Director)	-	-	-	13
George Crystallis (Independent Director)	2	-	2	-
<b>Total remuneration of Board of Directors</b>	<b>137</b>	<b>-</b>	<b>137</b>	<b>256</b>

### NOTE 26 – SUBSEQUENT EVENTS

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

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## Independent auditor's report To the Members of S.D. Standard Drilling Plc

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of S.D. Standard Drilling Plc (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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P O Box 53094, CY-3300 Limassol, Cyprus  
T: +357 25 555 000, F: +357 - 25 555 001, www.pwc.com/cy

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#### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

Pursuant to the requirements of the Directive Df190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

#### Other matter


This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Tasos Nolas  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Limassol, 24 April 2015

Appendix E - S.D. STANDARD DRILLING PLC FINANCIAL STATEMENTS FOR Q3 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 nine months ended 30 September 2016 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 2016 which are presented on pages 5 to 11:
- (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 November 2016

Martin Mes  
Chairman

Arne Helge Fredly  
Non-Executive Director

George Crystallis  
Independent Director

Espen Lundås  
Chief Financial Officer

Evangelia Panagide  
General Manager

## Third Quarter Management Report 2016

### Selected Financial Information

(Amounts in USD 000)	Three months Ended		Nine Months Ended	
	2016 Q3 Unaudited	2015 Q3 Unaudited	2016 Q3 Unaudited	2015 Q3 Unaudited
Operating Revenue	-	-	-	-
Operating profit/(loss) before depreciation	(508)	(2 070)	(756)	(3 401)
Operating margin, %	-	-	-	-
Operating profit/(loss)	(508)	(2 070)	(756)	(3 403)
Profit/(Loss) for the period before taxes	(498)	(2 052)	(727)	(3 317)
Profit/(Loss) for the period	(498)	(2 052)	(727)	(3 317)

### Presentation of Interim Condensed Financial Statements

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

### Subsequent Events

The Company has invested USD 2.7 million, representing 20% of the issued share capital of PSV Opportunity II DIS (hereinafter "PSV II"), a partnership arrangement established in Norway. PSV II owns two mid-size PSV vessels (UT 755 LN) which were built at Aker Aukra in Norway in 2009 and 2008. The transaction was closed in 26 October 2016.

During November 2016, the Company has invested USD 2 million in corporate bonds.

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

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

	Three Months Ended		Nine Months Ended	
	2016 Q3	2015 Q3	2016 Q3	2015 Q3
	Unaudited	Unaudited	Unaudited	Unaudited
	(Amounts in USD 000)			
	Note			
Operating Revenue	-	-	-	-
Operating Expenses	-	-	-	-
Gross profit/(loss)	-	-	-	-
Other gains and (losses)	4	(1 905)	9	(3 910)
Share of profit/(loss) from associate	(416)	-	(416)	-
Administration expenses	(96)	(365)	(349)	(491)
Operating profit/(loss) before depreciation	(508)	(2 070)	(756)	(3 401)
Depreciation and amortization	-	-	-	(2)
Operating profit/(loss)	(508)	(2 070)	(756)	(3 403)
Finance income	11	18	36	90
Finance Costs	(1)	-	(7)	(4)
Profit/(Loss) for the period before tax	(498)	(2 052)	(727)	(3 317)
Income tax credit/(expense)	-	-	-	-
Profit/(Loss) for the period	(498)	(2 052)	(727)	(3 317)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange difference arising on the translation of foreign associate financial statements	117	-	117	-
Available-for-sale investments – Fair value gains	-	-	1	-
Other comprehensive income for the period	117	-	118	-
Total comprehensive income for the period	(381)	(2 052)	(609)	(3 317)
Earnings/(loss) per share				
Basic/diluted earnings/(loss) per share	4	(0.00)	(0.01)	(0.01)

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**RESULTS****RESULTS FOR THIRD QUARTER 2016**

The operating loss for the three months ended on 30 September 2016 was USD 508 thousands. The operating loss includes mainly the share of loss from associate. Net financial income for the period was USD 10 thousands thus a net loss before tax for the period of approximately USD 498 thousands. Earnings per share was USD 0,00 for the quarter.

**LIQUIDITY AND CAPITAL STRUCTURE**

The available cash position as at 30 September 2016 was USD 6,7 million.

During the nine months of 2016, net cash used in operating activities was USD 377 thousands and net cash used in investing activities was USD 2 364 thousands, mainly consisting of interest received of USD 36 thousands and an outflow of USD 2 400 thousands for subscribing in the partnership capital of PSV Opportunity I DIS. Net cash used in financing activities was USD NIL.

As of 30 September 2016, the Company had 269 shareholders. The share price as of 30 September 2016 was NOK 1,10 (USD 0,136).

**INVESTMENT IN PSV OPPORTUNITY I DIS**

On 29 July 2016 the Company subscribed for USD 2,4 million, representing 20% of the total partnership capital of PSV Opportunity I DIS (hereinafter "PSV I"), a partnership arrangement established in Norway. PSV I 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.

**OUTLOOK**

Having subscribed in the partnership capital of PSV I and PSV II, the Company is reinvesting in the offshore shipping industry.

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 November, 2016

Martin Nes  
Chairman  
(Sign.)

Espen Lundoas  
CFO  
(Sign.)

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INTERIM CONDENSED STATEMENT  
OF FINANCIAL POSITION  
AT 30 SEPTEMBER 2016

(Amounts in USD 000)	Note	30.9.2016	31.12.2015
		Unaudited	Audited
<b>ASSETS</b>			
Equipment and machinery		1	1
Investment in associate	5	2,101	-
<b>Total non-current assets</b>		<b>2,102</b>	<b>1</b>
Trade and other receivables		49	35
Available-for-sale financial assets	6	16	16
Current tax asset		1	1
Cash and bank balances		6,652	9,393
<b>Total current assets</b>		<b>6,718</b>	<b>9,445</b>
<b>Total Assets</b>		<b>8,820</b>	<b>9,446</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares		2,620	2,620
Share premium		6,938	6,938
Other reserves	7	118	-
Accumulated profits/(losses)		(904)	(177)
<b>Total equity</b>		<b>8,772</b>	<b>9,381</b>
Trade and other payables		48	65
<b>Total current liabilities</b>		<b>48</b>	<b>65</b>
<b>Total Equity and Liabilities</b>		<b>8,820</b>	<b>9,446</b>

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

Martin NES  
Chairman  
(Sign.)

Espen LUNDQVIST  
CFO  
(Sign.)



INTERIM CONDENSED STATEMENT  
OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

(Amounts in USD 000)	Share Capital	Share Premium	Foreign exchange translation reserve	Fair value reserve - available for sale investments	Accumulated Profits/(Losses)	Total
Balance at 01.01.2015	2 620	39 950	-	-	12 306	54 876
Comprehensive income						
Profit/(Loss) for the period	-	-	-	-	(3 317)	(3 317)
Dividend paid	-	-	-	-	(9 170)	(9 170)
<b>Balance at 30.09.2015 (unaudited)</b>	<b>2 620</b>	<b>39 950</b>	<b>-</b>	<b>-</b>	<b>(161)</b>	<b>42 389</b>
Balance at 01.01.2016	2 620	6 938	-	-	(177)	9 381
Comprehensive income						
Profit/(loss) for the period	-	-	-	-	(727)	(727)
Other comprehensive income	-	-	117	1	-	118
<b>Balance at 30.09.2016 (unaudited)</b>	<b>2 620</b>	<b>6 938</b>	<b>117</b>	<b>1</b>	<b>(904)</b>	<b>8 772</b>



## INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Note	Nine Months Ended	
		2016 Q3	2015 Q3
<i>(Amounts in USD 000)</i>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) for the period before income tax		(727)	(3 317)
Other gains and losses	3	-	2 069
Depreciation and amortization		-	2
Share of profit/(loss) from associate		416	-
Interest income		(36)	(90)
Increase/(decrease) in trade and other receivables		(14)	59
(Decrease)/increase in trade and other payables		(16)	37
<b>Net cash generated from/(used in) operating activities</b>		<b>(377)</b>	<b>(1 240)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire investment in associate		(2 400)	-
Decrease in restricted cash		-	11
Interest received		36	90
<b>Net cash generated from/(used in) investing activities</b>		<b>(2 364)</b>	<b>101</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interim dividends paid		-	(9 170)
<b>Net cash generated from/(used in) financing activities</b>		<b>-</b>	<b>(9 170)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2 741)</b>	<b>(10 309)</b>
Cash and cash equivalents at beginning of year		9 393	54 777
Non-cash transaction		-	(2 065)
<b>Cash and cash equivalents at end of period</b>		<b>6 652</b>	<b>42 403</b>

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## 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 Axxess. The address of the Company's registered office is Maximos Michailide 6, Maximos Plaza, Tower 3, 4<sup>th</sup> Floor, Flat/Office 401, 3106, 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 nine months ended 30 September 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.

#### Investments in associates

An associate is an entity of which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is 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 recognised in the statement of financial position at cost and adjusted thereafter to recognise 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 recognising its share of further losses. Additional losses are recognised 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 recognised at the date of acquisition is recognised 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 recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise 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 recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised 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 recognised in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

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## NOTES TO THE FINANCIAL INFORMATION

### NOTE 3 – OTHER GAINS AND LOSSES

	Three Months Ended		Nine Months Ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Impairment of investment in Bank of Cyprus Public Company Ltd	-	-	-	(4)
Waived amount due from subsidiary	-	-	-	(31)
Net currency translation differences	4	(1,905)	9	(2,875)
	4	(1,905)	9	(2,910)

### 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.

	Three Months Ended		Nine Months Ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Basic/diluted EPS				
Profit/(Loss) attributable to equity holders of the Company	(498)	(2,052)	(727)	(3,317)
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)	(0.01)	(0.00)	(0.01)

### NOTE 5 – INVESTMENT IN ASSOCIATE

Name of associate	Principal activity	Place of establishment and principal place of business	Proportion of ownership/interest held
PSV Opportunity I DIS	Owner of vessels	Norway	30.09.2016 31.12.2015 20% -

The Company has subscribed USD 2.4 million, representing 20% of the total partnership capital of PSV Opportunity I DIS (hereinafter "PSV I"), a partnership arrangement established in Norway. "PSV I" owns three mid-size PSV vessels (VS 470 MKIII) which were built at Kleven Shipyard in Norway in 2005 and 2006. The transaction was closed in early August 2016.

The above associate is accounted for using the equity method.

Summarised financial information in respect of the associate is set out below. The summarized financial information below represents amounts shown in the associate's management reports prepared in accordance with IFRS.

PSV Opportunity I DIS	30.09.2016	31.12.2015
(Amounts in USD 000)		
Current assets	2,673	-
Non-current assets	7,839	-
Current liabilities	(5)	-
Non-current liabilities	-	-

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 5 – INVESTMENT IN ASSOCIATE (CONTINUED)

	30.09.2016	30.09.2015
(Amounts in USD 000)		
Revenue	85	-
Profit or loss from continuing operations	(2,080)	-
Profit (loss) for the period	(2,080)	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(2,080)	-
Reconciliation of the above summarized financial information to the carrying amount of the interest in PSV Opportunity I DIS recognized in the financial statements:		
(Amounts in USD 000)	30.09.2016	31.12.2015
Net assets of the associate	10,507	-
Proportion of the Company's ownership interest in PSV Opportunity I DIS	20%	-
Carrying amount of the Company's interest in PSV Opportunity I DIS	2,101	-

### NOTE 6 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30.09.2016	31.12.2015
(Amounts in USD 000)		
Balance at the beginning of year	16	26
Impairment charge	-	(10)
Balance at the end of period/year	16	16

### NOTE 7 – OTHER RESERVES

	30.09.2016	30.09.2015
(Amounts in USD 000)		
Fair value reserve available for sale investments (1)	1	-
Foreign currency translation reserve (2)	117	-
Balance at the end of period	118	-

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.

2) Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e. Currency Units) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

### NOTE 8 – APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

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



## S.D. Standard Drilling

### Financial Calendar (Release of Financial Reports)

Q4 2016

27 February 2017

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