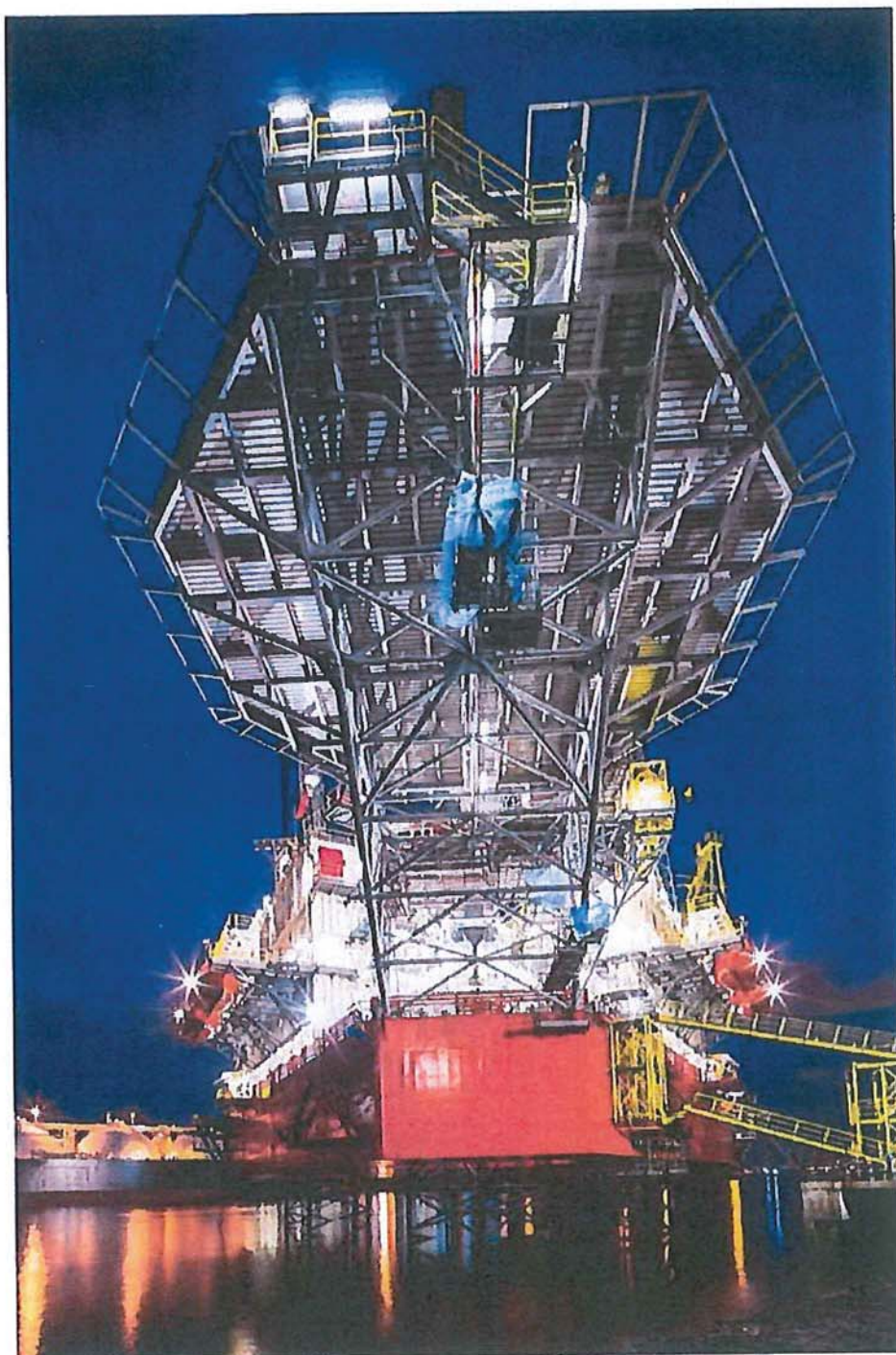


S.D. STANDARD DRILLING PLC
ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS 2013



STANDARD DRILLING

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BOARD OF DIRECTORS AND OTHER OFFICERS

MARTIN NES

CHAIRMAN

NON-EXECUTIVE DIRECTOR

Martin 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 Ferncliff Tih 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. 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 Fondsfinans 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 PF Bassøe/Loosbrock. Mr. Hvammen has served on boards of numerous companies within the offshore, oil service and drilling industries including Offshore Heavy Transport ASA, Global Tender Barges ASA, Songa Offshore ASA and other Songa entities and Aquanos.

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 Athlon, 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.

ESPEN LUNDAAS

ACTING CHIEF FINANCIAL OFFICER

Espen Lundaas was re-appointed to serve as Acting Chief Financial Officer in September 2013. Mr Lundaas having previously held the role of Acting CFO is well versed in the company. He is also a partner and serves as a CFO of Ferncliff TIH AS one of Norway's largest investment companies. He holds a Master of Business and Economics from the Norwegian School of Management (1997-2001).

EVANGELIA PANAGIDE

GENERAL MANAGER

Evangelia 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.

CQS 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 Axess, 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.

In an extraordinary general meeting of the Company on 5 March 2013, it was resolved by a special resolution that the share premium account of the Company which is kept under the provisions of section 55 of the Companies Law, be reduced from USD 369.4 million (gross of share issue costs amounting to USD 9.4 million) to USD 39.9 million. Of this reduction in the share premium account, the amount of USD 320 million was returned to the registered shareholders corresponding to USD 1.22 per share.

On 21 May 2013, the Board of Directors of the Company declared an interim dividend of USD 0.26 per share, amounting to USD 68.1 million, out of the profits of the year 2013. The dividend was paid to the shareholders in June 2013.

Cyprus 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 that 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 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 are eligible for re-appointment at the forthcoming AGM.

The Nomination Committee will submit recommendations to future 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.

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.

THE BOARD OF DIRECTORS COMPOSITION

The Company does not have a corporate assembly. According to the Articles of Association, the Company shall have a Board of Directors consisting of a minimum of two and a maximum of ten members. At present, the Board of Directors consists of three members.

The Board members are elected at the AGM. From 2013 the election will be based on a recommendation prepared and presented by the Nomination Committee to be adopted at the AGM. The recommendation will be distributed to the shareholders along with the convening letter to the AGM. Decisions on the composition of the Board of Directors require a simple majority and Directors are elected for two-year terms and can be re-elected.

The Company aims to ensure a balanced composition of the Board of Directors in terms of competence, experience and background relevant to the Company's operations. It is also desirable that the Board of Directors reflect both the Company's ownership structure and the need for independent representatives. The current composition of the Board of Directors satisfies the requirements for independence as set forth in the Code of Practice.

THE WORK OF BOARD OF DIRECTORS

The Board annually adopts a plan for its work, emphasizing goals, strategies and implementation. The Board regularly receives financial reports for the Group and all its subsidiaries with the management's comments on the financial status and other relevant issues. The Board of Directors discusses strategy and budgets in extended board meetings.

The Board of Directors holds six to ten board meetings per year and conducts an annual self-evaluation of its work.

As set forth under Section "Implementation and Reporting on Corporate Governance" above, the Board of Directors has adopted guidelines in line with the recommendations in the Code of Practice. The Board of Directors has also adopted committees as recommended, cf. also Section "Committee" above.

RISK 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 Board of Directors will be decided at the AGM. The remuneration paid to the members of the Committees will be 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 2013 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 IR 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, SDSD's Board of Directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board of Director's statement on the offer should make it 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 interim and 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.

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 2013.

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. Standard Drilling trades on the Oslo Axess 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.

The fleet expansion since 2010 and 2011 was predicated on capitalizing on the strong market opportunity and demand for premium jack-up rigs due to an aging worldwide rig fleet requiring replacement and new technologies and equipment features desirable in the current regulatory environment.

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 to sell several of the Group's new build contracts. This had the benefits of recognizing significant gains relative to the contracted cost associated with the new build rig contracts, but also provided the Group with the ability to reduce the residual financial costs associated with the rig new build contracts. As a result this strategy allowed the Group to reduce its overall exposure to the availability of cost competitive financing in the financial markets and lessen any impact to the Company's share price and equity position. The last rig contract was sold in May 2013.

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.

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.

REVIEW OF DEVELOPMENTS, POSITION AND PERFORMANCE OF THE GROUP'S BUSINESS

Standard Drilling achieved a number of important milestones during 2013:

- During the year the Group sold the last three out of total seven rigs. Agreement to sell rig B337 was signed in November 2012 and together with rigs B338 and B340 the financial and legal closing took place in 2013. The net proceeds from these sales were USD 347.4 million while net gain was USD 74.7 million.
- All rigs delivered under the rig contracts have been delivered on time.
- The Group has adapted the management to scope of the business by which it operates. As a result the management of the Group has been reduced to a total of three persons.

RIG NEW BUILD CONTRACT

As of 31 December 2013 the Group does not have any new build contracts in its portfolio.

SECTOR OUTLOOK

We see the following key themes in the sector:

- Still robust outlook in the oil services sector
- Supply demand dynamics are strong in the jack-up segment with the premium market running close to full utilization;
- Significant need for fleet renewal given the aging fleet of existing jack-ups; and
- New, high specification jack-up rigs are for most wells substantially more efficient than older rigs and have greater technical capabilities.

FINANCIAL RESULTS

The Group's results for the year are set out on page 12. The Group's profit after tax for the year ended 31 December 2013 which is attributable to the equity holders was USD 69.5 million compared to a net profit of USD 33.7 million for the year ended 31 December 2012. The total assets of the Group for 2013 were USD 71 million and the net assets were USD 70.9 million, compared to USD 442 million and USD 389.5 million respectively in 2012. 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 offshore rig industry. 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.

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

In May 2013, the Board of Directors of the Company declared an interim dividend of USD 0,26 per share, amounting to USD 68.1 million, out of the profits of the year 2013. The dividend was paid to the shareholders in June 2013.

The Board of Directors does not recommend the payment of a final dividend for the year 2013.

SHARE CAPITAL

In an extraordinary general meeting of the Company held on 5 March 2013, it was resolved by a special resolution that the share premium account of the company to be reduced from USD 369.4 million (gross of share issue costs amounting to USD 9.4 million) to USD 39.9 million. Of this reduction the amount of USD 320 million was returned to the registered shareholders of the Company.

BOARD OF DIRECTORS

The members of the Board of Directors as at 31 December 2013 and at the date of this report are shown on page 3.

There were significant changes in the assignment of responsibilities as well as other significant changes in the composition of the Board of Directors during 2013.

In an extraordinary general meeting of the Company held on 22 August 2013, it was resolved by ordinary resolutions that the Directors of the Company Mr. Robert Petty, Mr. Glen Ole Rodland, Mr. Stephen Marzo, Mr. Demetris Aletraris and Mr. Oystein Stray Spetalen, are removed from their office and that Mr. Martin Nes was appointed as a Director of the Company replacing Mr. Oystein Stray Spetalen. The board currently consists of Mr. Martin Nes, Mr. Gunnar Hvammen and Mr. George Crystallis.

On 28 August 2013, Mr. Martin Nes was elected in the office as the new chairman of the Board of Directors to replace Mr. Gunnar Hvammen. On the same date Mrs. Evangelia Panagide was appointed as a General Manager of the Company.

In accordance with the Company's Articles of Association, the director Mr. George Crystallis 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 30 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 Hanekamb Invest AS. Hanekamb Invest AS has 26% ownership in Ricin Invest AS which is a shareholder of the Company.

EVENTS AFTER THE BALANCE SHEET DATE

Any material post balance sheet events are described in note 31 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 in the Oslo Axess 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 5 of this annual report.

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 of S.D. Standard Drilling Plc.

CQS Secretarial Limited

Secretary, Limassol, 25 April 2014



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 2013 we confirm that, to the best of our knowledge:

1. the consolidated financial statements of the Company for the year ended 31 December 2013 which are presented on pages 11 to 35:
 - (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 consolidated financial statements as a total, and
2. 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, 25 April 2014


 Martin Nes
 Chairman


 Gunnar Hvammen
 Non-Executive Director


 George Crystallis
 Independent Director


 Espen Lundaas
 Chief Financial Officer


 Evangella Panagide
 General Manager

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

<i>(Amounts in USD 000)</i>		31.12.2013	31.12.2012
	Note	<i>Audited</i>	<i>Audited</i>
Operating Revenue		-	-
Operating Expenses		-	-
Gross profit/(loss)		-	-
Other gains and losses	21	74 744	42 060
Impairment charge on bank balances	10	(96)	-
Administrative expenses	22	(5 998)	(8 821)
Operating profit/(loss) before depreciation		68 650	33 239
Depreciation and amortization	8, 9	(12)	(9)
Operating profit/(loss)		68 638	33 230
Finance Income	23	876	572
Finance Costs	23	(15)	(44)
Profit/(loss) for the year before tax		69 499	33 758
Income tax credit/(charge)	20	14	(56)
Profit/(loss) for the year		69 513	33 702
Other comprehensive income		-	-
Total comprehensive income for the year		69 513	33 702
Earnings/(loss) per share			
Basic/diluted earnings/(loss) per share	24	0,27	0,13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

<i>(Amounts in USD 000)</i>		31.12.2013	31.12.2012
	Note	<i>Audited</i>	<i>Audited</i>
ASSETS			
Rigs – Under construction	7	-	-
Intangible assets	8	8	12
Equipment and machinery	9	13	43
Available-for-sale financial assets	10	32	-
Total non-current assets		53	55
Trade and other receivables	11	100	1 779
Current tax asset	20	46	-
Restricted cash at bank	12	101	-
Cash and bank balances	13	70 741	321 373
Assets classified as held for sale	14	-	118 831
Total current assets		70 988	441 983
Total Assets		71 041	442 038
EQUITY AND LIABILITIES			
Ordinary shares	15	2 620	2 620
Share premium	15	39 950	359 950
Reserves	16	-	-
Accumulated profits/(losses)		28 375	26 982
Total equity		70 945	389 552
Trade and other payables	17	96	5 762
Prepayments received (sale of rig)	18	-	10 000
Dividend payable	19	-	36 680
Current tax liabilities	20	-	44
Total current liabilities		96	52 486
Total Equity and Liabilities		71 041	442 038

On 25 April 2014, the Board of Directors of S.D. Standard Drilling Plc authorized these consolidated financial statements for issue.


 Martin Nes
 Chairman


 George Crystallis
 Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

<i>(Amounts in USD 000)</i>	Note	Share Capital	Share Premium	Share Option Reserve	Accumulated Profits/(Losses)	Total
Balance at 01.01.2012		2 620	359 950	282	30 463	393 315
Comprehensive income						
Profit/(loss) for the year		-	-	-	33 702	33 702
Transactions with owners						
Interim dividend	19	-	-	-	(36 680)	(36 680)
Employees share option scheme						
Value of employee services	16	-	-	2 094	-	2 094
Value of employees services reclassified on modification to cash - settled share based payments transactions	16	-	-	(2 376)	(503)	(2 879)
Balance at 31.12.2012 (Audited)		2 620	359 950	-	26 982	389 552
Balance at 01.01.2013		2 620	359 950	-	26 982	389 552
Comprehensive income						
Profit/(loss) for the year		-	-	-	69 513	69 513
Transactions with owners						
Share premium reduction	15	-	(320 000)	-	-	(320 000)
Interim dividend	19	-	-	-	(68 120)	(68 120)
Balance at 31.12.2013 (Audited)		2 620	39 950	-	28 375	70 945

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts in USD 000)		31.12.2013	31.12.2012
	Note	Audited	Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year before income tax		69 499	33 758
Adjustments for:			
Other gains and losses	21	(74 786)	(42 070)
Depreciation and amortization expense		12	9
Loss from sale of equipment and machinery		19	4
Loss on disposal on intangible assets		-	115
Impairment charge on bank balances		96	-
Interest income	23	(876)	(572)
Increase in trade and other receivables		1 679	(235)
Increase/(decrease) in trade and other payables		(4 326)	761
Income tax paid		(76)	(19)
Net cash generated from/(used in) operating activities		(8 759)	(8 249)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from the disposal of equipment and machinery		3	-
Advance received for sale of rig B337		-	10 000
Purchases of equipment and machinery	9	-	(44)
Additions to rigs under construction		(544)	(4 062)
Net proceeds from disposal of assets		182 821	200 885
Purchase of intangible assets	8	-	(130)
Interest received		876	572
Net cash generated from/(used in) investing activities		183 156	207 221
CASH FLOWS FROM FINANCING ACTIVITIES			
Share premium reduction	15	(320 000)	-
Interim dividend paid		(104 800)	-
Net cash generated from/(used in) financing activities		(424 800)	-
Net increase/(decrease) in cash and cash equivalents		(250 403)	198 972
Cash and cash equivalents at beginning of year		321 373	122 401
Non-cash transactions (note 10-12)		(229)	-
Cash and cash equivalents at end of year		70 741	321 373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 1 - INCORPORATION AND PRINCIPAL ACTIVITIES

COUNTRY OF INCORPORATION

S.D. Standard Drilling Plc. (the "Company") is a limited liability Company incorporated and domiciled in Cyprus on 2 December 2010 in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company was converted into a public company on 23 December 2010. On 25 March 2011 the Company's shares were listed on Oslo Axess. The address of the Company's registered office is 213 Arch. Makarios Avenue, Maximos Plaza, Tower 1, 3rd floor, 3030 Limassol, Cyprus.

PRINCIPAL ACTIVITIES

The 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.

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 assets. 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 2013 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 (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 2013. The adoption of these Standards did not have a material effect on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013:

(i) Standards and Interpretations adopted by the EU

- IFRS 10, Consolidated Financial Statements (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IFRS 11, Joint Arrangements, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IFRS 12, Disclosure of Interest in Other Entities, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IAS 27, Separate Financial Statements, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- ISA 28, Investments in Associates and Joint Ventures, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014).
- Transition guidance for IFRS10, 11 & 12 (effective for annual periods beginning on or after 1 January 2014).
- Investment Entities amendments to IFRS 10, IFRS 12, and IAS 27 (effective for annual periods beginning on or after 1 January 2014).
- Annual improvements to IFRSs 2009 – 2011 Cycle (issued by the IASB in May 2012).
- Amendment to ISA 36 "Recoverable Amount – Disclosures for Non-Financial Assets" (effective for annual periods beginning on or after 1 January 2014).
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement", Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014).

(ii) Standards and Interpretations not adopted by the EU

- Amendment to IAS 19 - "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014).
- IFRS 9 "Financial Instruments" (issued 12 November 2009) and subsequent amendments (amendments to IFRS 9 and IFRS 7 issued 16 December 2011) (effective for annual periods beginning on or after 1 January 2015).
- Annual Improvements to IFRSs 2010-2012 Cycle (issued on 12 December 2013) (effective for annual periods beginning on or after 1 July 2014).
- Annual Improvements to IFRSs 2011-2013 Cycle (issued on 12 December 2013) (effective for annual periods beginning on or after 1 July 2014).
- IFRIC 21 "Leases" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014).

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.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 BUSINESS COMBINATIONS

Acquisitions which meet the definition of a business are accounted for using the acquisition method.

For acquisitions not meeting the definition of a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed; and allocates the cost of the transaction between the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill.

2.4 REVENUE RECOGNITION

Revenue earned by the Group is recognised on the following basis:

2.4.1 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.

2.5 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.

(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'.

2.6 RIGS-UNDER CONSTRUCTION

Costs relating to construction of the Drilling rigs are classified as non-current assets in the balance sheet. Instalments on Rig building contracts are recognised when due in accordance with the rig-building agreement, costs relating to on-site construction supervision are recognised based on stage of completion of the construction of the rigs and other pre-delivery construction costs are recognised upon incurring.

A rig 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 a rig is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 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	10
Computer Hardware	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.

(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.

2.8 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.

2.9 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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.

2.11 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 substantially 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.

2.12 SHARE-BASED PAYMENTS

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments such as options to buy shares of the Company.

The cost of equity-settled transactions is measured by reference to the fair value at the date on which the award is granted. The fair value is determined using appropriate valuation models.

The cost of equity settled transactions was recognised as an expense, together with a corresponding increase in reserves within equity, over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the entity revises the estimates of the number of options that are expected to vest based on the non-market conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 SHARE-BASED PAYMENTS (CONTINUED)

Where the terms of the share option scheme is modified to be settled in cash rather than in equity instruments, the entity measures the liability initially using the modification date fair value of the equity-settled award, based on the elapsed portion of the vesting period. This amount is then recognized as a credit to liability and a debit to equity. Until the liability is settled it is re-measured at each reporting date with changes in fair value recognized in profit and loss.

2.13 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.

2.14 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.

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.

2.15 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.

2.16 DIVIDENDS

Dividend distribution to the Company's shareholders is recognized in the Company's financial statements in the year in which they are approved by the Company's shareholders.

2.17 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

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 recognised 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 recognised 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 recognised 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), Shipyard risk, credit risk, liquidity risk. The Group's overall risk management strategy seeks to minimise 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 the Group's transactions are primarily in US dollars, as such currency risk arising is low. Currency risk may arise from future commercial transactions in currencies other than US dollars.

(ii) Price risk

The Group is not directly exposed to price risk relating to income, since the rigs which were under construction were disposed. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as available for sale. These resulted from the conversion of 47,5% of the uninsured bank deposits into ordinary shares of Bank of Cyprus (Note 10).

(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) Shipyard risk

The Group bear the risk of the rigs not being delivered from the shipyard at the agreed time, with the agreed quality, and at the agreed price. The Group had hired GL Noble Denton, which has long experience with the supervision of such rig projects, to supervise that the construction projects were executed by the shipyard in accordance with the building contracts. If the shipyard (Keppel FELS) failed to deliver the vessel by the delivery date, the Group will have the right to receive compensation. Keppel FELS Shipyard has a long and solid track record in constructing the type of rigs that the Group had on order, thus the management considers that the shipyard risk was low. During 2013 the Group disposed the rigs and the Shipyard risk was eliminated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) 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).

(d) 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	More than 5 years
2012							
Trade and other payables	5 762	5 762	5 762	-	-	-	-
Dividend payable	36 680	36 680	36 680	-	-	-	-
Total	42 442	42 442	42 442	-	-	-	-
2013							
Trade and other payables	96	96	96	-	-	-	-
Total	96	96	96	-	-	-	-

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 2013

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

The following table presents the Company's financial assets and liabilities that are measured at fair value at 31 December 2013.

<i>(Amounts in USD 000)</i>	Level 1	Level 2	Level 3	Total
At 31 December 2013				
Assets				
Available-for-sale financial assets:				
- Equity securities	-	-	32	32
Total financial assets measured at fair value	-	-	32	32

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 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.

Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 5 - FINANCIAL INSTRUMENTS BY CATEGORY

<i>(Amounts in USD 000)</i>	Loans and receivables	Assets at fair value through profit and loss	Available-for sale	Total
2012				
Assets as per balance sheet				
Trade and other receivables (excluding prepayments)	1 543	-	-	1 543
Cash and cash equivalents	321 373	-	-	321 373
Total at the end of the year	322 916	-	-	322 916

<i>(Amounts in USD 000)</i>		Other financial liabilities	Total
2012			
Liabilities as per balance sheet			
Dividend payable		36 680	36 680
Trade and other payables (excluding statutory liabilities)		5 762	5 762
Total at the end of the year		42 442	42 442

<i>(Amounts in USD 000)</i>	Loans and receivables	Assets at fair value through profit and loss	Available-for sale	Total
2013				
Assets as per balance sheet				
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
Total at the end of the year	70 884	-	32	70 916

<i>(Amounts in USD 000)</i>		Other financial liabilities	Total
2013			
Liabilities as per balance sheet			
Trade and other payables (excluding statutory liabilities)		96	96
Total at the end of the year		96	96

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Cash at bank and restricted bank deposits (1)	70 842	321 373
Trade and other receivables (excluding prepayments)	42	1 543
Total at the end of the year	70 884	322 916

(1) The external credit ratings of the main financial institutions with which the Group holds its funds are as follows:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012	Credit ratings	
			Long term rating	Short term rating
DNB Bank ASA (Standard & Poor's)	70 738	250 597	A+	A-1
JP Morgan Chase Bank (Standard & Poor's)	-	70 186	A+	A-1
Bank of Cyprus Public Company Limited (Moody's)	104	590	Ca	Not Prime

NOTE 7 - RIGS-UNDER CONSTRUCTION

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of the year	-	272 625
Addition from the acquisition of subsidiary companies	-	-
Instalments to Keppel FELS Limited in 2011	-	-
Jack-up rig B319 derecognised on disposal of subsidiary	-	-
Jack-up rig B324, derecognized on disposal of subsidiary (note 21)	-	(59 486)
Jack-up rig B325, derecognized on disposal of rig (note 21)	-	(59 323)
Jack-up rig B337 classified as held for sale (note 14)	-	(40 118)
Jack-up rig B338 classified as held for sale (note 14)	-	(39 917)
Jack-up rig B339 derecognized on disposal of rig (note 21)	-	(40 001)
Jack-up rig B340 classified as held for sale (note 14)	-	(38 796)
Other capitalised expenses related to construction of the rigs	-	5 016
Balance at the end of the year	-	-

Capital Commitments

As of 31 December 2013 there were no capital expenditures contracted by the Group:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Installments to Keppel FELS Limited (80% payable at delivery)	-	460 800
Construction supervision	-	1 992
Total remaining capital commitments at the end of the year	-	462 792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 8 - INTANGIBLE ASSETS

<i>(Amounts in USD 000)</i>	Computer software	Total
Cost		
At 1 January 2012	-	-
Additions	130	130
Disposals	(115)	(115)
At 31 December 2012	15	15
At 31 December 2013	15	15
Amortization		
At 1 January 2012	-	-
Charge for the year	3	3
At 31 December 2012	3	3
Charge for the year	4	4
At 31 December 2013	7	7
Net book amount		
Balance at 31 December 2013	8	8
Balance at 31 December 2012	12	12

NOTE 9- EQUIPMENT AND MACHINERY

<i>(Amounts in USD 000)</i>	Furniture, Fixtures and Office Equipment	Computer Hardware	Total
Cost			
At 1 January 2012	1	9	10
Additions	17	27	44
Disposal	(1)	(3)	(4)
At 31 December 2012	17	33	50
Disposals	(7)	(22)	(29)
At 31 December 2013	10	11	21
Depreciation			
At 1 January 2012	-	1	1
Charge for the year	2	4	6
At 31 December 2012	2	5	7
Charge for the year	4	4	8
Disposal	(2)	(5)	(7)
At 31 December 2013	4	4	8
Net book amount			
Balance at 31 December 2013	6	7	13
Balance at 31 December 2012	15	28	43

NOTE 10 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of year	-	-
Additions at estimated fair value (note 12)	32	-
Balance at the end of year	32	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 10 – AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

On 29 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 provides 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 uninsured 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 the bank balances. Furthermore and as of the balance sheet date, the management of the Company on the basis of available information and by exercising their judgment has considered that the fair value of the shares is €0,25 while their nominal value is €1 per share.

NOTE 11 - TRADE AND OTHER RECEIVABLES

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Prepayments (note 29.2)	58	236
Other receivables	42	1 543
Total trade and other receivables at the end of the year	100	1 779

The fair value of trade and other receivables due within one year approximate to their carrying amount as presented above.

NOTE 12 – RESTRICTED CASH AT BANK

Restricted cash at bank includes three separate time deposits of six, nine and twelve months of USD 34 thousands each, respectively. These deposits bear interest and can be renewed at Bank of Cyprus's discretion once for the same time duration.

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of year	-	-
Additions	229	-
Impairment charge	(96)	-
Transfer to Available For Sale financial assets at estimated fair value (note 10)	(32)	-
Balance at the end of year	101	-

NOTE 13 - CASH AND CASH EQUIVALENTS

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Cash at bank	70 741	321 373
Cash and cash equivalents at the end of the year	70 741	321 373

Cash and bank balances are denominated in the following currencies:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
US Dollar - functional and presentation currency	69.983	321.325
Norwegian Kroner	644	-
Singapore Dollar	114	48
	70.741	321.373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 14 - ASSETS CLASSIFIED AS HELD FOR SALE

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Jack up rig B337 held for sale (note 21.1)	-	40 118
Jack up rig B338 held for sale (note 21.2)	-	39 917
Jack up rig B340 held for sale (note 21.3)	-	38 796
Total assets held for sale at the end of the year	-	118 831

14.1. Movement of assets classified as held for sale

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of year	118 831	-
Additions	544	-
Reclassified in the year	-	118 831
Jack up rigs B337 and B338 derecognized on disposal	(80 191)	-
Jack up rig B340 derecognized on disposal of subsidiary	(39 184)	-
Balance at the end of year	-	118 831

NOTE 15 - SHARE CAPITAL AND PREMIUM

<i>(Amounts in USD 000)</i>	Number of shares (thousands)	Ordinary shares	Share premium	Total
2012				
Balance at the beginning of the year	262 000	2 620	359 950	362 570
Balance at the end of the year	262 000	2 620	359 950	362 570
2013				
Balance at the beginning of the year	262 000	2 620	359 950	362 570
Share premium reduction (1)	-	-	(320 000)	(320 000)
Balance at the end of the year	262 000	2 620	39 950	42 570

In an extraordinary general meeting of the Company held on 5 March 2013, it was resolved by a special resolution that the share premium account of the company to be reduced from USD 369.4 million (gross of share issue costs amounting to USD 9.4 million) to USD 39.9 million. Of this reduction the amount of USD 320 million was returned to the registered shareholders of the Company.

All shares issued have the same rights and are of nominal value of USD 0,01 each.

NOTE 16 - EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of year	-	282
Arising on share-based payments	-	2 094
Value of employees services reclassified on modification to cash-settled share based payments transactions	-	(2 376)
Balance at the end of the year	-	-

The Group granted share options to key management employees. Further information about share-based payments to employees is set out in note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 17- TRADE AND OTHER PAYABLES

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Other payables	18	289
Accrued expenses	78	2 594
Payable to employees under cash-settled share based payment transactions (note 27)	-	2 879
Total trade and other payables at the end of the year	96	5 762

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- PREPAYMENTS RECEIVED

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Prepayment received for the sale of jack-up rig B337	-	10 000
Balance at the end of the year	-	10 000

NOTE 19 – DIVIDEND PAYABLE

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Interim dividend	-	36 680
	-	36 680

On 20 December 2012, the Board of Directors declared an interim dividend of USD 0.14 per share out of the profits of the years 2011 and 2012. The dividend was paid to the shareholders in January 2013.

On 21 May 2013, the Board of Directors of the Company declared an interim dividend of USD 0.26 per share, amounting to USD 68.1 million, out of the profits of the year 2013. The dividend was paid to the shareholders in June 2013.

NOTE 20 – INCOME TAX EXPENSE

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Current tax:		
Corporate income tax (credit)/charge	(14)	56
Total current tax	(14)	56
Deferred tax:		
Origination of temporary differences	-	-
Total deferred tax	-	-
Income tax (credit)/expense	(14)	56

The total charge for the year can be reconciled to the accounting profit as follows:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Profit/(loss) before tax	69 499	33 758
Tax calculated at the applicable tax rates	8 687	3 376
Tax effect of expenses not deductible for tax purposes	592	131
Tax effect of allowances and income not subject to tax	(9 293)	(3 444)
Tax effect of tax loss brought forward	-	(7)
Tax (credit)/charge	(14)	56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 20 – INCOME TAX EXPENSE (CONTINUED)

Balance sheet

Current tax asset

(Amounts in USD 000)	31.12.2013	31.12.2012
Corporate income tax refundable	46	-
Total current tax asset at the end of the year	46	-

Current tax liability:

(Amounts in USD 000)	31.12.2013	31.12.2012
Corporate income tax	-	44
Total current tax liability at the end of the year	-	44

NOTE 21 – OTHER GAINS AND LOSSES

	Twelve Months Ended	
(Amounts in USD 000)	31.12.2013	31.12.2012
Gain on disposal of rig under construction B337 (1)	25 800	-
Gain on disposal of rig under construction B338 (2)	18 944	-
Gain on disposal of investment in subsidiary (3)	29 211	-
Gain on disposal of rig under construction B339	831	25 394
Gain on disposal of investment in subsidiary company Offshore Driller B324 Ltd	-	8 429
Gain on disposal of rig under construction B325	-	8 247
Net currency translation differences	(42)	(10)
	74 744	42 060

1. In November 2012, the Group entered into a Sale and Purchase Agreement with CP Latina, a company incorporated in Mexico, for the sale of jack-up rig B337, owned by the subsidiary company Offshore Driller 1 Ltd. Net proceeds from the sale amounted to USD 65.7 million. Financial and legal closing of the transaction took place in January 2013.
2. In January 2013, CP Latina exercised the option to purchase jack-up rig B338 owned by the subsidiary company Offshore Driller 2 Ltd, by novation of the construction agreement. Net proceeds from the sale amounted to USD 58.7 million. Financial and legal closing of the transaction took place in March 2013.
3. In May 2013, the Group entered into an agreement to sell the shares held in the subsidiary company Offshore Driller 4 Ltd which owned rig B340, currently under construction at Keppel FELS shipyard in Singapore, to UMW Rig Asset (L) Ltd incorporated in Malaysia. Net proceeds from the sale amounted to USD 68.4 million. Financial and legal closing of the transaction took place in June 2013.
4. The above gains on disposal of rigs under construction include an amount of USD 1 340 thousands which relates to over provision of capitalized expenses recognized in 2012 and reversed in 2013 whereof USD 831 thousands is related to B339.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 22 – ADMINISTRATIVE EXPENSES

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Legal, consulting and professional fees	1 328	1 389
Other expenses	963	1 354
Salary and other employee benefit (note 30)	3 707	6 078
Total administrative expenses	5 998	8 821

During 2013 audit fees of USD 23 thousand (2012: USD 22 thousand), fees of USD 54 thousand (2012: USD 18 thousand) for other assurance services and fees of USD 3 (2012: NIL) for tax consultancy services were charged by the Group's statutory audit firm.

NOTE 23 – FINANCE INCOME AND COSTS

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Finance income:		
Bank interest received	876	572
Total finance income	876	572
Finance cost:		
Bank charges	15	44
Total finance cost	15	44

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/diluted earnings per share

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Profit/(loss) attributable to equity holders of the Company	69 513	33 702
Weighted average number of ordinary shares for the purposes of basic earnings per share in issue (thousands)	262 000	262 000
Basic earnings per share	0,27	0,13

NOTE 25 – 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 2013 the Group doesn't have unutilized losses which can be carried forward and used to offset against future taxable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 26 – 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 23 May 2013, the Group disposed the shares held in the subsidiary company Offshore Driller 4 Ltd to UMW Rig Asset (L) Ltd incorporated in Malaysia.

On 22 July 2013 the subsidiary company Offshore Driller B325 Ltd incorporated in Cayman Islands was dissolved.

On 22 July 2013 the subsidiary companies Offshore Driller 1 Ltd and Offshore Driller 3 Ltd incorporated in Cayman Islands were dissolved.

On 15 August 2013 the subsidiary company Offshore Driller 2 Ltd incorporated in Cayman Islands was dissolved.

NOTE 27 – SHARE-BASED PAYMENTS

27.1 Employee share option plan of the Group

27.1.1 Details of the employee share option plan of the Group

According to the employment contracts, certain employees were granted options during 2011 and 2012, to acquire ordinary shares of the S.D. Standard Drilling Plc ("the Parent"). The subsidiary granted a total number of 8 200 000 (2012: 8 200 000) share options each granting the right to its owner to acquire one ordinary share of the parent, at predetermined strike prices as stated below in note 27.1.4.

Arrangement 1

According to certain employment contracts of the first arrangement, an equal portion of the options across each of the strike prices will vest on a pro-rata basis when each rig has been on hire for at least 30 days.

If a rig is sold prior to the rig being on contract for at least 30 days, the proportionate shares shall immediately vest upon the later of the receipt of consideration for the sale of the rig or the contractual delivery date of the rig.

However, if such sale leads to a change of control in the parent, 100% of the options shall vest upon the change of control.

Arrangement 2

According to the employment contracts of the second arrangement, part of share options of certain employees will vest on the first, second and third anniversary of the date of commencement of employment and part will vest 30 days after the schedule delivery dates of the rigs.

If there is a change of control the options shall vest upon the change of control.

Following a modification on 31 December 2012 the Group decided to settle in cash the share options granted to its employees. In this respect the Group has reclassified the value of employees services previously recognized in equity to current liabilities.

27.1.2 Share options vested

During 2013 all the rigs have been disposed and the subsidiary companies were dissolved or disposed. Following that, termination contracts have been signed by all share options participants and the share options were vested on satisfaction of all vesting conditions. The total cost of the share options paid to employees was USD 3.4 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 27 – SHARE-BASED PAYMENTS (CONTINUED)

27.1.3 Movements in shares options during the period

The following reconciles the share options outstanding at the beginning and end of the period:

	31.12.2013		31.12.2012	
	Number of Options	Weight average exercise price	Number of options	Weight average exercise price
		USD		USD
Balance at beginning of period	8 200 000	1,36	8 400 000	1,34
Granted during the period	-	-	4 000 000	1,39
Forfeited during the period	-	-	(4 200 000)	1,34
Exercised during the period	(8 200 000)	1,35	-	-
Balance at end of period	-	-	8 200 000	1,36

The weighted average share price of the exercised share options including dividends for the period was USD 1,77.

27.1.4 Fair value of share options as at the reporting date

Options were priced using Black-Scholes pricing model. The fair value of the share options was USD 3.4 million from which 0.5 million was recognized in the statement of comprehensive income in 2013.

Inputs into the model:

	Batch 1	Batch 2	Batch 3	Batch 4	Batch 5	Batch 6	Batch 7
Number of options	1,475,000	1,475,000	1,475,000	1,475,000	1,500,000	500,000	300,000
Exercise price (US\$)	0,98	1,21	1,42	1,69	1,41	1,44	1,39
Exercise price (NOK)	5,50	6,80	8,00	9,50	8,06	7,94	7,67
Expected volatility	62,03%	62,03%	62,03%	62,03%	61,33%	61,33%	61,33%
Option life	0,46 years	0,46 years	0,46 years	0,46 years	0,46 years	0,04 years	0,05 years
Risk free interest rate	0,32%	0,32%	0,32%	0,32%	0,34%	0,36%	0,35%
Weighted average share price at exercise date (USD)	1,77	1,77	1,77	1,77	1,78	1,70	1,71
Weighted average share price at exercise date (NOK)	10,01	10,01	10,01	10,01	10,23	9,40	9,45

The USD/NOK actual exchange rates for the period 1 January 2013 to 11 July 2013 were used for all conversions into USD.

The share based payment arrangements were separate to batches according to their exercise price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 28 – SHAREHOLDERS INFORMATION

The Company's 20 largest shareholders are as follows:

Owner	31.12.2013		31.12.2012	
	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
BNYBE – QVT Fund V LP I	49 307 538	18,82	17 378 146	6,63
Ferncliff Listed Dai AS	34 112 081	13,02	-	-
Gross Management AS	20 296 726	7,75	5 166 681	1,97
Tymar AS	11 249 995	4,29	11 249 995	4,29
Sabaro Investments Ltd	7 985 000	3,05	-	-
BNYBE – Quintessence Fund LP	7 491 136	2,86	2 981 977	1,14
BNYBE – QVT Fund IV LP I	7 282 676	2,78	2 967 067	1,13
Nordic Construction Barges I AS	5 329 607	2,03	-	-
Sabaro Investment Ltd	5 165 000	1,97	5 165 000	1,97
Thabo Energy AS	4 745 000	1,81	4 745 000	1,81
Saga Tankers ASA	3 517 996	1,34	-	-
Nordea Bank ASA Markets	2 811 659	1,07	-	-
Solan Capital AS	2 180 006	0,83	-	-
Nordic Construction Barges II AS	2 105 000	0,80	-	-
Silvercoin Industries AS	1 229 937	0,47	-	-
Six-Seven AS	950 774	0,36	-	-
Ferncliff Drilling Management AS	800 010	0,31	-	-
Euroclear Bank S.A./N.V. (BA)	878 275	0,34	8 308 489	3,17
Spontel AS	615 791	0,24	-	-
Credit Suisse Securities (USA) LLC	-	-	16 151 588	6,16
Citibank NA London Branch	-	-	-	-
Deutsche Bank AG London	-	-	13 315 901	5,08
Tycoon Industrier AS	-	-	10 100 256	3,86
BNYBE – QVT Fund L.P.	-	-	7 274 983	2,78
JPMCB RE SHB Swedish Funds Lending	-	-	4 021 875	1,54
JPMORGAN Chase Bank	-	-	3 925 968	1,50
JP Morgan Clearing Corp.	-	-	3 738 488	1,43
MP Pensjon PK	-	-	3 560 000	1,36
Verdipapirfondet dnb Norge Selekti	-	-	3 407 013	1,30
VPF Nordea Kapital	-	-	3 056 592	1,17
Deutsche Bank AG London	-	-	2 955 255	1,13
Bank of New York Mellon SA/NV	-	-	-	-
Goldman Sachs & Co – Equity	-	-	-	-
Varma Mutual Pension Insurance	-	-	-	-
SHB Stockholm Clients Account	-	-	-	-
Morgan Stanley & Co LLC	-	-	-	-
Skandinaviska Enskilda Banken	-	-	-	-
JP Morgan Clearing Corp.	-	-	-	-
Shenga Trading Company Limited	-	-	-	-
Total 20 largest	246 392 207	94,04	207 808 274	79,32
Others	15 607 793	5,96	54 191 726	20,68
Total	262 000 000	100,00	262 000 000	100,00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 29 – RELATED-PARTY TRANSACTIONS

29.1 Management services

<i>(Amounts in USD 000)</i>	Nature of transactions	31.12.2013	31.12. 2012
Clearwater Capital Partners LLC	Management fees/Bonus	370	300
Ferncliff TIH AS	Management fees	490	368
Tycoon Industrier AS	Recharging fees	-	88
		860	756

The Company had no transactions with shareholders other than those disclosed above.

29.2 Receivable from related party

<i>(Amounts in USD 000)</i>	Nature of transactions	31.12.2013	31.12. 2012
Ferncliff TIH AS	Management fees	40	-
		40	-

NOTE 30 – REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

<i>(Amounts in USD 000)</i>	Directors Fees	Salary	Benefits in kind	Share options Scheme	31.12.2013 Total	31.12.2012 Total
Executive management:						
Mark A. Jackson – Former CEO	-	-	-	-	-	959
Geir Johansen – Former CFO	-	173	511*	266	950	1 152
Michael Kelley – Former COO	-	242	290*	87	619	1 592
Evangelia Panagide – General Manager	-	14	2	-	16	-
Total remuneration executive management	-	429	803	353	1 585	3 703

* The benefit in kind includes also severance costs following a termination agreement entered between the Company and the two members of the executive management (CFO, COO).

<i>(Amounts in USD 000)</i>	Directors' Fees	Salary	Benefits in kind	Share options Scheme	31.12.2013 Total	31.12.2012 Total
Board of Directors:						
Martin Nes (Chairman)	27	-	-	-	27	-
Gunnar Hvammen (Non-Executive Director)	66	-	-	-	66	65
Robert Petty –(Non-Executive Director)	32	-	-	-	32	60
Amit Gupta (Non-Executive Director)	24	-	-	-	24	50
Oystein Stray Spetalen (Non-Executive Director)	32	-	-	-	32	50
Stephen Marzo (Independent Director)	42	-	-	-	42	63
Glen Rodland (Non-Executive Director)	18	-	-	-	18	-
Demetris Aletraris (Non-Executive Director)	13	-	-	-	13	18
George Crystallis (Independent Director)	2	-	-	-	2	2
Total remuneration of Board of Directors	256	-	-	-	256	308

NOTE 31 – SUBSEQUENT EVENTS

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



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 2013, 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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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. 143594). A list of the company's directors including for individuals 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 Themistocles Dervis Street, 1088 Nicosia and appears on the company's web site. Offices in Nicosia, Limassol, Larnaca and Paphos.



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 2013, 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 Law 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 DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (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 Law 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.

A handwritten signature in blue ink, appearing to read 'Tasos Nolas', written over a horizontal line.

Tasos Nolas
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 25 April 2014

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q1 2014	16 May 2014
Q2 2014	29 August 2014
Q3 2014	28 November 2014

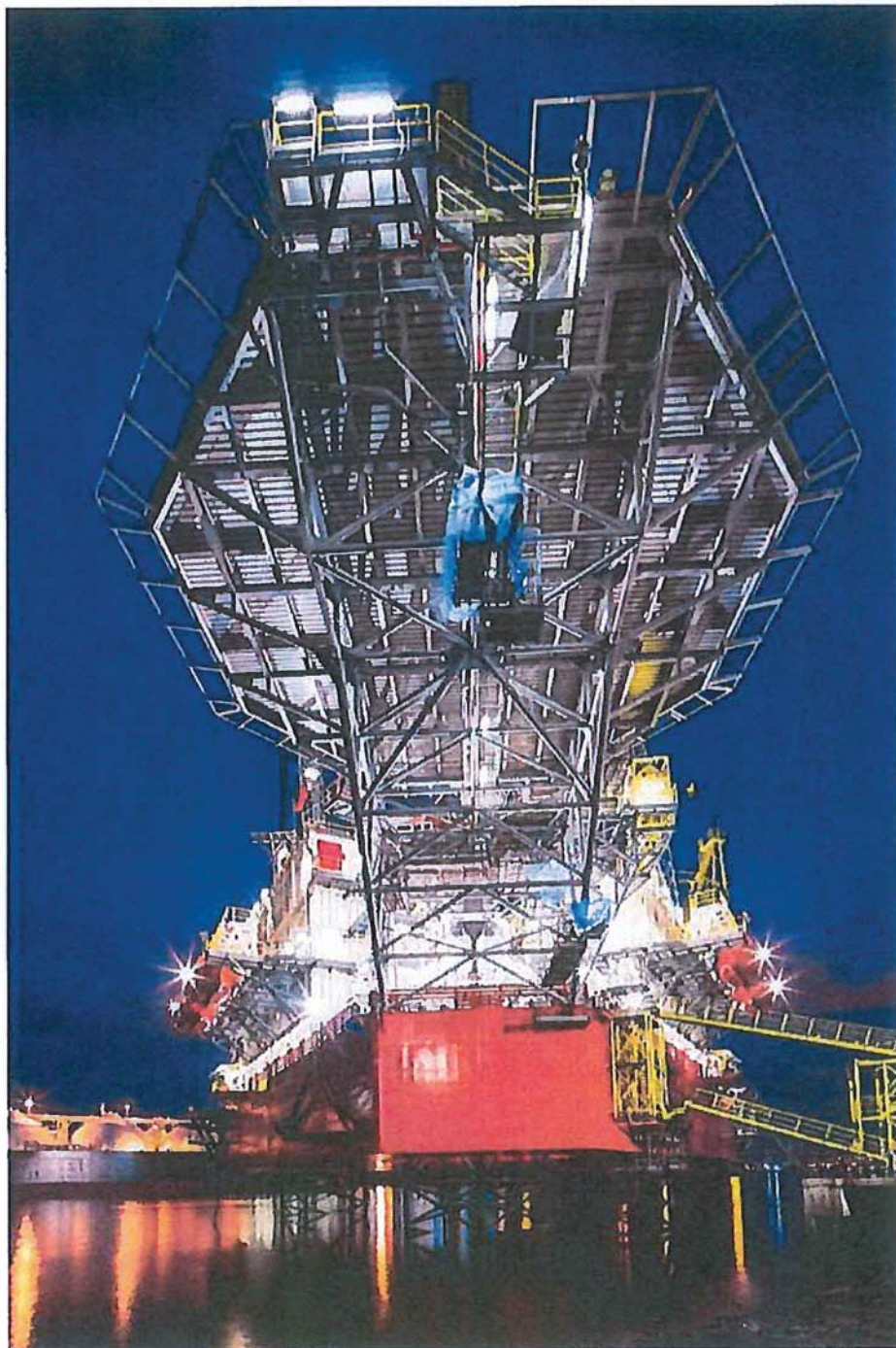
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S.D. STANDARD DRILLING PLC
ANNUAL REPORT AND SEPARATE FINANCIAL
STATEMENTS 2013



STANDARD DRILLING

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors

Martin Nes (Chairman) – appointed on 22 August 2013
Gunnar Hvammen (Non-Executive Director)
George Crystallis (Independent Director)
Amit Gupta (Non-Executive Director) – removed on 27 June 2013
Robert Petty (Non-Executive Director) – removed on 22 August 2012
Øystein Stray Spetalen (Non-Executive Director) – removed on 22 August 2012
Stephen Marzo (Independent Director) – removed on 22 August 2012
Demetris Aletraris (Non-Executive Director) – removed on 22 August 2012
Glen Ole Rodland - appointed on 27 June 2013
- resigned on 22 August 2013

Chief Financial Officer

Geir Johansen – resigned on 1 August 2013
Espen Lundaas – appointed on 1 September 2013

General Manager

Evangelia Panagides

Company Secretary

CQS Secretarial Limited
213 Arch. Makarios Avenue
Maximos Plaza, Tower 1
3030 Limassol
Cyprus

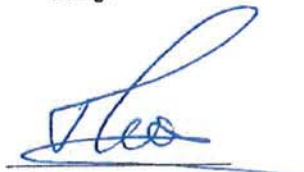
Registered office

213 Arch. Makarios Avenue,
Maximos Plaza, Tower 1, 3rd 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 2013 we confirm that, to the best of our knowledge :

- a) The financial statements of the Company for the year ended 31 December 2013 which are presented on pages 8 to 33.
- (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.



Martin Nes
Chairman

Linnæssol, 25 April 2014



Gunnar Hvammen
Non-Executive
Director



George Crystallis
Independent Director



Espen Lundaas
Chief Financial Officer



Evangelia 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 2013.

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. Standard Drilling trades on the Oslo Axxess 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.

The fleet expansion since 2010 and 2011 was predicated on capitalizing on the strong market opportunity and demand for premium jack-up rigs due to an aging worldwide rig fleet requiring replacement and new technologies and equipment features desirable in the current regulatory environment.

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 to sell several of the Group's new build contracts. This had the benefits of recognizing significant gains relative to the contracted cost associated with the new build rig contracts, but also provided the Group with the ability to reduce the residual financial costs associated with the rig new build contracts. As a result this strategy allowed the Group to reduce its overall exposure to the availability of cost competitive financing in the financial markets and lessen any impact to the Company's share price and equity position. The last rig contract was sold in May 2013.

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.

The Company 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.

REVIEW OF DEVELOPMENTS, POSITION AND PERFORMANCE OF THE GROUP'S BUSINESS

The Company and the entities controlled by the Company, hereafter refer as the "Group", achieved a number of important milestones during 2013:

- During the year the Group sold the last three out of total seven rigs. Agreement to sell rig B337 was signed in November 2012 and together with rigs B338 and B340 the financial and legal closing took place in 2013. The net proceeds from these sales were USD 347.4 million while net gain was USD 74.7 million.
- All rigs delivered under the rig contracts have been delivered on time.
- The Group has adapted the management to scope of the business by which it operates. As a result the management of the Group has been reduced to a total of three persons.

RIG NEW BUILD CONTRACT

As of 31 December 2013 the Group does not have any new build contracts in its portfolio.

SECTOR OUTLOOK

We see the following key themes in the sector:

- Still robust outlook in the oil services sector
- Supply demand dynamics are strong in the jack-up segment with the premium market running close to full utilization;
- Significant need for fleet renewal given the aging fleet of existing jack-ups; and
- New, high specification jack-up rigs are for most wells substantially more efficient than older rigs and have greater technical capabilities.

FINANCIAL RESULTS

The Company's results for the year are set out on page 8. The Company's profit after tax for the year ended 31 December 2013 which is attributable to the equity holders was USD 95,6 million compared to a net profit of USD 5,2 million for the year ended 31 December 2012. The total assets of the Company for 2013 were USD 70.9 million and the net assets were USD 70.8 million, compared to USD 402 million and USD 363.3 million respectively in 2012. The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities are exposed to the overall economic environment as well as regulatory and market risks associated with the offshore rig industry. The Company is also exposed to other financial risks as disclosed in Note 3 of the consolidated financial statements.

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

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

In May 2013, the Board of Directors of the Company declared an interim dividend of USD 0,26 per share, amounting to USD 68.1 million, out of the profits of the year 2013. The dividend was paid to the shareholders in June 2013.

The Board of Directors does not recommend the payment of a final dividend for the year 2013.

SHARE CAPITAL

In an extraordinary general meeting of the Company held on 5 March 2013, it was resolved by a special resolution that the share premium account of the company to be reduced from USD 369.4 million (gross of share issue costs amounting to USD 9.4 million) to USD 39.9 million. Of this reduction the amount of USD 320 million was returned to the registered shareholders of the Company.

BOARD OF DIRECTORS

The members of the Board of Directors as at 31 December 2013 and at the date of this report are shown on page 3.

There were significant changes in the assignment of responsibilities as well as other significant changes in the composition of the Board of Directors during 2013.

In an extraordinary general meeting of the Company held on 22 August 2013, it was resolved by ordinary resolutions that the Directors of the Company Mr. Robert Petty, Mr. Glen Ole Rodland, Mr. Stephen Marzo, Mr. Demetris Aletraris and Mr. Oystein Stray Spetalen, are removed from their office and that Mr. Martin Nes was appointed as a Director of the Company replacing Mr. Oystein Stray Spetalen. The board currently consists of Mr. Martin Nes, Mr. Gunnar Hvammen and Mr. George Crystallis.

On 28 August 2013, Mr. Martin Nes was elected in the office as the new chairman of the Board of Directors to replace Mr. Gunnar Hvammen. On the same date Mrs. Evangelia Panagide was appointed as a General Manager of the Company.

In accordance with the Company's Articles of Association, the director Mr. George Crystallis 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 31 of the 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 Hanekamb Invest AS. Hanekamb Invest AS has 26% ownership in Ricin Invest AS which is a shareholder of the Company

EVENTS AFTER THE BALANCE SHEET DATE

Any material post balance sheet events are described in note 32 to the consolidated 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 in the Oslo Axess 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 of S.D. Standard Drilling Plc.

CQS Secretarial Limited

Secretary, Limassol, 25 April 2014



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

<i>(Amounts in USD 000)</i>		31.12.2013	31.12.2012
	Note	<i>Audited</i>	<i>Audited</i>
Operating Revenue		-	-
Operating Expenses		-	-
Gross profit/(loss)		-	-
Other gains and losses	21	96 819	6 250
Other income	22	2 448	-
Impairment charges	23	(2 329)	-
Administrative expenses	24	(2 133)	(2 159)
Operating profit/(loss) before depreciation		94 805	4 091
Depreciation and amortization		(4)	(3)
Operating profit/(loss)		94 801	4 088
Finance Income	25	821	1 154
Finance Costs	25	(8)	(36)
Profit/(loss) for the year before tax		95 614	5 206
Income tax expense	20	(2)	(6)
Profit/(loss) for the year		95 612	5 200
Other comprehensive income		-	-
Total comprehensive income for the year		95 612	5 200
Earnings/(loss) per share			
Basic/diluted earnings/(loss) per share	26	0,37	0,02

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

<i>(Amounts in USD 000)</i>		31.12.2013	31.12.2012
	Note	<i>Audited</i>	<i>Audited</i>
ASSETS			
Investments in subsidiaries	7	-	178 500
Intangible asset	8	5	9
Equipment and machinery	9	2	2
Available for-sale financial assets	10	32	-
Total non-current assets		39	178 511
Trade and other receivables	11	93	9 612
Loan receivable	12	-	-
Current tax assets	20	46	-
Restricted cash at bank	13	101	-
Cash and bank balances	14	70 617	175 706
Assets classified as held for sale	15	-	38 500
Total current assets		70 857	223 818
Total Assets		70 896	402 329
EQUITY AND LIABILITIES			
Ordinary shares	16	2 620	2 620
Share premium	16	39 950	359 950
Reserves	17	-	-
Accumulated profits/(losses)		28 273	781
Total equity		70 843	363 351
Trade and other payables	18	53	2 298
Dividend payable	19	-	36 680
Current tax assets	20	-	-
Total current liabilities		53	38 978
Total Equity and Liabilities		70 896	402 329

On 25 April 2014, the Board of Directors of S.D. Standard Drilling Plc authorized these financial statements for issue.


 Martin Nes
 Chairman


 George Crystallis
 Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

<i>(Amounts in USD 000)</i>	Note	Share Capital	Share Premium	Share Option Reserve	Accumulated Profits/(Losses)	Total
Balance at 01.01.2012		2 620	359 950	282	32 261	395 113
Comprehensive income						
Profit/(loss) for the year		-	-	-	5 200	5 200
Transactions with owners						
Interim dividend	19	-	-	-	(36 680)	(36 680)
Employee share option scheme						
Value of employee services	17	-	-	2 094	-	2 094
Value of employees services reclassified on modification to cash settled share based payments transactions.	17	-	-	(2 376)	-	(2 376)
Balance at 31.12.2012 (Audited)		2 620	359 950	-	781	363 351
Balance at 01.01.2013		2 620	359 950	-	781	363 351
Comprehensive income						
Profit/(loss) for the year		-	-	-	95 612	95 612
Transactions with owners						
Interim dividend	19	-	-	-	(68 120)	(68 120)
Share premium reduction	16	-	(320 000)	-	-	(320 000)
Balance at 31.12.2013 (Audited)		2 620	39 950	-	28 273	70 843

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 2013

<i>(Amounts in USD 000)</i>		31.12.2013	31.12.2012
	Note	<i>Audited</i>	<i>Audited</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year before income tax		95 614	5 206
Adjustments for:			
Other gains and losses	21	(96 837)	(6 250)
Impairment charges	23	2 329	-
Depreciation and amortization expense	8	4	2
Interest income	25	(821)	(1 154)
Decrease/(increase) in trade and other receivables		9 519	(5 522)
Decrease in trade and other payables		(2 245)	(921)
Income tax paid		(48)	(13)
Net cash generated from/(used in) operating activities		7 515	(8 652)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	8	-	(11)
Purchases of equipment and machinery	9	-	(1)
Net proceeds from liquidation of subsidiaries	21.3	251 421	-
Net proceeds from disposal of subsidiaries	21.1	68 396	67 856
Waiving of balances (receivable)/payable to subsidiaries		(5 980)	1 394
Loans granted to subsidiary	12	(2 200)	-
Loans repayments received	12	-	35 813
Interest received	25	788	1 154
Net cash generated from/(used in) investing activities		312 425	106 205
CASH FLOWS FROM FINANCING ACTIVITIES			
Share premium reduction		(320 000)	-
Dividends paid		(104 800)	-
Net cash generated from/(used in) financing activities		(424 800)	-
Net increase/(decrease) in cash and cash equivalents		104 860	97 553
Cash and cash equivalents at beginning of year		175 706	78 153
Non-cash transactions (notes 10,13)		(229)	-
Cash and cash equivalents at end of year		70 617	175 706

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 1 – INCORPORATION AND PRINCIPAL ACTIVITIES

COUNTRY OF INCORPORATION

S.D. Standard Drilling Plc. (the “Company”) is a limited liability company incorporated and domiciled in Cyprus on 2 December 2010 in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company was converted into a public company on 23 December 2010. On 25 March 2011 the Company’s shares were listed on Oslo Axess. The head office is located in Limassol, Cyprus and its registered office is at 213 Arch. Makarios Avenue, Maximos Plaza, Tower 1, 3rd floor, 3030 Limassol, Cyprus.

PRINCIPAL ACTIVITIES

Having sold all initial rig contracts, the strategy of the Company has changed to being an investment Company within the oil and gas service sector. 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 (IFRSs) 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 2013 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 2013 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 2013

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 2013. The adoption of these Standards did not have a material effect on the financial statements.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for the year ended 31 December 2013:

(i) Standards and Interpretations adopted by the EU

- IFRS 10, Consolidated Financial Statements (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IFRS 11, Joint Arrangements, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IFRS 12, Disclosure of Interest in Other Entities, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IAS 27, Separate Financial Statements, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- ISA 28, Investments in Associates and Joint Ventures, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014).
- Transition guidance for IFRS10, 11 & 12 (effective for annual periods beginning on or after 1 January 2014)
- Investment Entities amendments to IFRS 10, IFRS 12, and IAS 27 (effective for annual periods beginning on or after 1 January 2014).
- Annual improvements to IFRSs 2009 – 2011 Cycle (issued by the IASB in May 2012).
- Amendment to ISA 36 "Recoverable Amount – Disclosures for Non-Financial Assets" (effective for annual periods beginning on or after 1 January 2014).
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement", Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014).

(ii) Standards and Interpretations not adopted by the EU

- Amendment to IAS 19 - "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014).
- IFRS 9 "Financial Instruments" (issued 12 November 2009) and subsequent amendments (amendments to IFRS 9 and IFRS 7 issued 16 December 2011) (effective for annual periods beginning on or after 1 January 2015).
- Annual Improvements to IFRSs 2010-2012 Cycle (issued on 12 December 2013) (effective for annual periods beginning on or after 1 July 2014).
- Annual Improvements to IFRSs 2011-2013 Cycle (issued on 12 December 2013) (effective for annual periods beginning on or after 1 July 2014).
- IFRIC 21 "Leases" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014).

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 2013

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	20
Furniture and fittings	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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 SHARE-BASED PAYMENTS

Employees of the Company and of its subsidiaries receive remuneration in the form of share-based payment, whereby employees render services, and the Company undertakes the obligation to issue shares in return (equity-settled transactions).

The cost of equity-settled transactions is measured by reference to the fair value at the date on which the award is granted. The fair value is determined using appropriate valuation models.

The cost of equity settled transactions is recognised in the cost of investments in subsidiaries, together with a corresponding increase in reserves within equity, over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the entity revises the estimates of the number of options that are expected to vest based on the non-market conditions. It recognises the impact of the revision to original estimates, if any, in the cost of investments in subsidiaries, with a corresponding adjustment to equity.

Upon modification of the scheme to cash-settled, the value of the employees services previously recognized in equity and in the cost of investments has been reversed.

2.14 DIVIDENDS

Dividend distribution to the Company's shareholders is recognized in the Company's financial statements in the year in which they are approved by the Company's shareholders.

2.15 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.

2.16 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 recognised 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 recognised 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 recognised at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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), shipyard risk (through subsidiaries), credit risk, and liquidity risk. The Company's overall risk management strategy seeks to minimise any adverse effect from the unpredictability of financial markets on the Group's financial performance.

(a) Market risk

(i) Currency risk

The Company's functional currency is the USD. The Company operates internationally and transactions are primarily in US dollars, as such currency risk arising is low. Currency risk may arise from future commercial transactions in currencies other than US dollars.

(ii) Price risk

The Company is not directly exposed to price risk relating to income, since the rigs owned by its subsidiaries and were under construction have been disposed. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as available for sale. These resulted from the conversion of 47,5% of the uninsured bank deposits into ordinary shares of Bank of Cyprus (Note 10).

(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 repaid hence no significant interest rate risk is currently present.

(b) Shipyard risk

The Company through its subsidiaries bears the risk of the rigs not being delivered from the shipyard at the agreed time, with the agreed quality, and at the agreed price. The Company has hired GL Noble Denton, which has long experience with the supervision of such rig projects, to supervise that the construction projects are executed by the shipyard in accordance with the building contracts. Keppel FELS yard has a long and solid track record in constructing the type of rigs that the Group had on order, thus the management considers that the shipyard risk was low. In addition during the year the Group disposed all the rigs thus the Shipyard risk was eliminated.

(c) 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, loan receivable and trade and other receivables (note 6).

(d) 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:

<i>(Amounts in USD 000)</i>	Carrying Amounts	Contractual Cash flows	3 months or Less	3-12 months	1-2 years	2-5 years	More than 5 years
2012							
Trade and other payables	2 298	2 298	2 298	-	-	-	-
Dividend payable	36 680	36 680	36 680	-	-	-	-
Total	38 978	38 978	38 978	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 3 – FINANCIAL RISK MANAGEMENT (CONTINUED)

<i>(Amounts in USD 000)</i>	Carrying Amounts	Contractual Cash flows	3 months or Less	3-12 months	1-2 years	2-5 years	More than 5 years
2013							
Trade and other payables	53	53	53	-	-	-	-
Total	53	53	53	-	-	-	-

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 table presents the Company's financial assets and liabilities that are measured at fair value at 31 December 2013.

<i>(Amounts in USD 000)</i>	Level 1	Level 2	Level 3	Total
At 31 December 2013				
Assets				
Available-for-sale financial assets:				
- Equity securities	-	-	32	32
Total financial assets measured at fair value	-	-	32	32

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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 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.

Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Impairment on loans receivable

The Company reviews its loans receivable for evidence of their recoverability. Such evidence includes the payment record and the overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective impairment is made. The amount of the impairment is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the impairment are reviewed regularly and adjusted accordingly.

NOTE 5 - FINANCIAL INSTRUMENTS BY CATEGORY

<i>(Amounts in USD 000)</i>	Loans and receivables	Assets at fair value through profit or loss	Available-for Sale	Total
2012				
Assets as per balance sheet				
Trade and other receivables (excluding prepayments)	9 595	-	-	9 595
Cash and cash equivalents	175 706	-	-	175 706
Total at the end of the year	185 301	-	-	185 301

<i>(Amounts in USD 000)</i>	Other financial liabilities	Total
2012		
Liabilities as per balance sheet		
Payables (excluding statutory liabilities)	2 298	2 298
Dividend payable	36 680	36 680
Total at the end of the year	38 978	38 978

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 5 - FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

<i>(Amounts in USD 000)</i>	Loans and receivables	Assets at fair value through profit or loss	Available-for Sale	Total
2013				
Assets as per balance sheet				
Restricted cash at bank	101	-	-	101
Trade and other receivables (excluding prepayments)	39	-	-	39
Cash and cash equivalents	70 617	-	-	70 617
Total at the end of the year	70 757	-	-	70 757

<i>(Amounts in USD 000)</i>	Other financial liabilities	Total
2013		
Liabilities as per balance sheet		
Payables (excluding statutory liabilities)	53	53
Total at the end of the year	53	53

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:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Cash at bank and restricted bank deposits (1)	70 718	175 706
Trade and other receivable (excluding prepayment) (2)	39	9 595
Total at the end of the year	70 757	185 301

(1) The external credit ratings of the main financial institutions with which the Company holds its funds are as follows:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012	Credit ratings	
			Long term rating	Short term rating
DNB Bank ASA (Standard & Poor's)	70 614	175 116	A+	A-1
Bank of Cyprus Public Company Limited (Moody's)	104	590	Ca	Not Prime

(2) The balance relates to other receivables with no history of default.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 7 – INVESTMENTS IN SUBSIDIARIES

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of the year	178 500	280 282
Cost of share based payments	-	2 094
Value of employees services reclassified on modification to cash-settled share based payment transactions (note 29)	-	(2 376)
Cost transfer to gain on liquidation (note 21.3)	(178 500)	(63 000)
Investment in Offshore Driller 4 Ltd - classified as held for sale (note 15)	-	(38 500)
Balance at the end of the year	-	178 500

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 23 May 2013, the Group entered into an agreement to sell the shares held in the subsidiary company Offshore Driller 4 Ltd which owns rig B340, currently under construction at Keppel FELS shipyard in Singapore, to UMW Rig Asset (L) Ltd incorporated in Malaysia. Net proceeds from the sale amounted to USD 68.4 million. Financial and legal closing of the transaction took place in June 2013.

On 22 July 2013 the subsidiary company Offshore Driller B325 Ltd incorporated in Cayman Islands was dissolved.

On 22 July 2013 the subsidiary companies Offshore Driller 1 Ltd and Offshore Driller 3 Ltd incorporated in Cayman Islands were dissolved.

On 15 August 2013 the subsidiary company Offshore Driller 2 Ltd incorporated in Cayman Islands was dissolved.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 8 – INTANGIBLE ASSET

<i>(Amounts in USD 000)</i>	Computer software	Total
Cost		
At 1 January 2012	-	-
Additions	11	11
At 31 December 2012	11	11
At 31 December 2013	11	11
Amortisation		
At 1 January 2012	-	-
Charge for the year	2	2
At 31 December 2012	2	2
Charge for the year	4	4
At 31 December 2013	6	6
Net book amount		
Balance at 31 December 2013	5	5
Balance at 31 December 2012	9	9

NOTE 9 – EQUIPMENT AND MACHINERY

<i>(Amounts in USD 000)</i>	Computer Hardware	Total
Cost		
At 1 January 2012	1	1
Additions	1	1
At 31 December 2012	2	2
At 31 December 2013	2	2
Depreciation		
At 1 January 2012	-	-
At 31 December 2012	-	-
Charge for the year	-	-
At 31 December 2013	-	-
Net book amount		
Balance at 31 December 2013	2	2
Balance at 31 December 2012	2	2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 10 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of year	-	-
Additions at estimated fair value (note 13)	32	-
Balance at the end of year	32	-

On 29 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 provides 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 uninsured 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 the bank balances. Furthermore and as of the balance sheet date, the management of the Company on the basis of available information and by exercising their judgment has considered that the fair value of the shares is €0,25 while their nominal value is €1 per share ..

NOTE 11 – TRADE AND OTHER RECEIVABLES

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Prepayments (note 30.3)	54	17
Other receivables (1)	39	1 528
Receivables from own subsidiaries (note 30.3)	-	8 067
Total trade and other receivables at the end of the year	93	9 612

(1) On 23 December the Company has received the final instalment of USD 1 434 from Keppel FELS Ltd upon the delivery of jack-up rigs B337 and B338.

The fair value of trade and other receivables due within one year approximate to their carrying amounts as presented above.

NOTE 12 – LOANS RECEIVABLE

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of the year	-	35 813
New loans granted	2 200	-
Interest income	33	600
Repayments	-	(36 413)
Impairment charge (note 23)	(2 233)	-
Balance at the end of the year	-	-

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Loans to own subsidiaries (note 30.4)	-	-

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
The loan is repayable as follows:		
Within one year	-	-

The above loan is bearing interest at 4% per annum, is unsecured and it is repayable on 16 August 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 13 – RESTRICTED CASH AT BANK

Restricted cash at bank includes three separate time deposits of six, nine and twelve months of USD 34 thousands each, respectively. These deposits bear interest and can be renewed at Bank of Cyprus's discretion once for the same time duration.

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of year	-	-
Additions	229	-
Impairment charge	(96)	-
Transfer to Available For Sale financial assets at estimated fair value (note 10)	(32)	-
Balance at the end of year	101	-

NOTE 14 – CASH AND CASH EQUIVALENTS

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Cash at bank	70 617	175 706
Cash and cash equivalents at the end of the year	70 617	175 706

Cash and bank balances are denominated in the following currencies:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
US Dollar - functional and presentation currency	69.973	175.706
Norwegian Kroner	644	-
	70.617	175.706

NOTE 15 – ASSETS CLASSIFIED AS HELD FOR SALE

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Investment in Offshore Driller 4 Ltd	-	38 500
Total assets held for sale at the end of the year	-	38 500

The investment in subsidiary Company Offshore Driller 4 Ltd, was disposed on June 2013 (note 21.1).

15.1. Movement of assets classified as held for sale

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of year	38 500	-
Reclassified in the year	-	38 500
Derecognized on disposal of investment in Offshore Driller 4 Ltd	(38 500)	-
Balance at the end of year	-	38 500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 16 – SHARE CAPITAL AND PREMIUM

<i>(Amounts in USD 000)</i>	Number of shares (thousands)	Ordinary shares	Share premium	Total
2012				
Balance at the beginning of the year	262 000	2 620	359 950	362 570
Balance at the end of the year	262 000	2 620	359 950	362 570
2013				
Balance at the beginning of the year	262 000	2 620	359 950	362 570
Share premium reduction (1)	-	-	(320 000)	(320 000)
Balance at the end of the year	262 000	2 620	39 950	42 570

(1) In an extraordinary general meeting of the Company held on 5 March 2013, it was resolved by a special resolution that the share premium account of the company to be reduced from USD 369.4 million (gross of share issue costs amounting to USD 9.4 million) to USD 39.9 million. Of this reduction the amount of USD 320 million was returned to the registered shareholders of the Company.

All shares issued have the same rights and are of nominal value of USD 0,01 each.

NOTE 17 – EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Balance at the beginning of the year	-	282
Arising on share-based payments	-	2 094
Value of employees services reclassified on modification to cash-settled share based payments transactions (note 29)	-	(2 376)
Balance at the end of the year	-	-

Share options were granted to key management employees. Further information about share-based payments to employees is set out in note 29.

NOTE 18 – TRADE AND OTHER PAYABLES

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Other payables	18	289
Accrued expenses	35	2 009
Total trade and other payables at the end of the year	53	2 298

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 2013

NOTE 19 – DIVIDEND PAYABLE

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Interim dividend	-	36 680
	-	36 680

On 21 May 2013, the Board of Directors of the Company declared an interim dividend of USD 0,26 per share, amounting to USD 68.1 million, out of the profits of the year 2013. The dividend was paid to the shareholders in June 2013.

On 20 December 2012 the Board of Directors declared an interim dividend of USD 0,14 per share out of the profits of the years 2011 and 2012. The dividend was paid to the shareholder in January 2013.

NOTE 20 – INCOME TAX EXPENSE

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Current tax:		
Corporation tax prior year	2	-
Corporation tax current year	-	6
Total current tax	2	6
Deferred tax:		
Origination of temporary differences	-	-
Total deferred tax	-	-
	-	-
Income tax expense	2	6

The total charge for the year can be reconciled to the accounting profit as follows:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Profit/(loss) before tax	95 614	5 206
Tax calculated at the applicable tax rates	11 952	521
Tax effect of expenses not deductible for tax purposes	1 098	117
Tax effect of allowances and income not subject to tax	(13 048)	(625)
Tax effect of tax loss brought forward	-	(7)
Corporation tax prior year	2	-
Tax charge	2	6

The corporation tax rate is 12,5% (2012: 10%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 20 – INCOME TAX EXPENSE (CONTINUED)

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012: 15%). 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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

Balance sheet

Current tax asset:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Corporate income tax refundable	46	-
Total current tax asset at the end of the year	46	-

Current tax liability:

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Corporate income tax	-	-
Total current tax liability at the end of the year	-	-

NOTE 21 – OTHER GAINS AND LOSSES

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Gain on disposal of subsidiary Offshore Driller B324 Ltd (note 21.1)	29 896	4 856
Waived amount due from/to subsidiaries (note 21.2)	(5 980)	1 394
Gain on liquidation of subsidiary companies (note 21.3)	72 921	-
Net currency translation differences	(18)	-
	96 819	6 250

On 23 May 2013, the Group entered into an agreement to sell the shares held in the subsidiary company Offshore Driller 4 Ltd which owns rig B340, currently under construction at Keppel FELS shipyard in Singapore, to UMW Rig Asset (L) Ltd incorporated in Malaysia. Net proceeds from the sale amounted to USD 68.4 million. Financial and legal closing of the transaction took place in June 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 21 – OTHER GAINS AND LOSSES (CONTINUED)

21.1 Gain on disposal of subsidiary

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Consideration received net	68 396	67 856
Cost of investment	(38 500)	(63 000)
Gain on disposal	29 896	4 856

21.2 Waived amount due (from)/to subsidiaries

On 31 May 2013 the Company waived its intercompany balance due from Offshore Driller 4 Ltd of USD 3 532 thousands.

On 11 November 2013 the Company waived its intercompany balance due from S.D. Standard drilling Singapore Pte Ltd of USD 2 448 thousands.

21.3 Gain on liquidation of subsidiary Companies

	Offshore Driller B325 Ltd	Offshore Driller 1 Ltd	Offshore Driller 3 Ltd	Offshore Driller 2 Ltd	Total
Consideration received net	70 180	62 753	63 191	55 297	251 421
Cost of investment	(63 000)	(38 500)	(38 500)	(38 500)	(178 500)
Gain on disposal	7 180	24 253	24 691	16 797	72 921

NOTE 22 – OTHER INCOME

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Reimbursement fees	2 448	-
	2 448	-

During 2013 the Company recharged the expenditures incurred on behalf of its subsidiary companies.

NOTE 23 – IMPAIRMENT CHARGES

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Impairment charge on bank balances (note 13)	96	-
Impairment charge on loan receivable (1)	2 233	-
	2 329	-

(1) As of the balance sheet date of these interim condensed consolidated financial statements, the management of the Company on the basis of available information and by exercising their judgment has considered that impairment indicators exist and have recognized an impairment loss of USD 2 233 thousands (note 22).

NOTE 24 – ADMINISTRATIVE EXPENSE

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Legal, consulting and professional fees	1 148	1 165
Other expenses	436	394
Salary and other short-term employee benefit (note 31)	549	600
Total administrative expenses	2 133	2 159

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 24 – ADMINISTRATIVE EXPENSE (CONTINUED)

During 2013 audit fees of USD 12 thousand (2012: USD 11 thousand), fees of USD 54 thousand (2012: USD 18 thousand) for other assurance services and fees of USD 3 (2011: NIL) for tax consultancy services were charged by the Company's statutory audit firm.

24.1 Employees full time

	31.12.2013	31.12.2012
Employees	1	1

NOTE 25 – FINANCE INCOME AND COSTS

(Amounts in USD 000)	31.12.2013	31.12.2012
Finance income:		
Bank interest received	788	554
Interest income from loan to subsidiary	33	600
Total finance income	821	1 154
Finance costs:		
Bank charges	8	36
Total finance cost	8	36

NOTE 26 – 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.

26.1 Basic earnings per share

(Amounts in USD 000)	31.12.2013	31.12.2012
Profit/(loss) attributable to equity holders of the Company	95 612	5 200
Weighted average number of ordinary shares for the purposes of basic earnings per share in issue (thousands)	262 000	262 000
Basic earnings per share	0,37	0,02

There are no potentially dilutive instruments.

NOTE 27 – 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 2013 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 2013

NOTE 28 – SHAREHOLDERS' INFORMATION

The Company's 20 largest shareholders are as follows:

Owner	31.12.2013		31.12.2012	
	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
BNYBE – QVT Fund V LP I	49 307 538	18,82	17 378 146	6,63
Ferncliff Listed Dai AS	34 112 081	13,02	-	-
Gross Management AS	20 296 726	7,75	5 166 681	1,97
Tymar AS	11 249 995	4,29	11 249 995	4,29
Sabaro Investments Ltd	7 985 000	3,05	-	-
BNYBE – Quintessence Fund LP	7 491 136	2,86	2 981 977	1,14
BNYBE – QVT Fund IV LP I	7 282 676	2,78	2 967 067	1,13
Nordic Construction Barges I AS	5 329 607	2,03	-	-
Sabaro Investment Ltd	5 165 000	1,97	5 165 000	1,97
Thabo Energy AS	4 745 000	1,81	4 745 000	1,81
Saga Tankers ASA	3 517 996	1,34	-	-
Nordea Bank ASA Markets	2 811 659	1,07	-	-
Solan Capital AS	2 180 006	0,83	-	-
Nordic Construction Barges II AS	2 105 000	0,80	-	-
Silvercoin Industries AS	1 229 937	0,47	-	-
Six-Seven AS	950 774	0,36	-	-
Ferncliff Drilling Management AS	800 010	0,31	-	-
Euroclear Bank S.A./N.V. (BA)	878 275	0,34	8 308 489	3,17
Spontel AS	615 791	0,24	-	-
Credit Suisse Securities (USA) LLC	-	-	16 151 588	6,16
Citibank NA London Branch	-	-	-	-
Deutsche Bank AG London	-	-	13 315 901	5,08
Tycoon Industrier AS	-	-	10 100 256	3,86
BNYBE – QVT Fund L.P.	-	-	7 274 983	2,78
JPMCB RE SHB Swedish Funds Lending	-	-	4 021 875	1,54
JPMORGAN Chase Bank	-	-	3 925 968	1,50
JP Morgan Clearing Corp.	-	-	3 738 488	1,43
MP Pensjon PK	-	-	3 560 000	1,36
Verdipapirfondet dnb Norge Selekti	-	-	3 407 013	1,30
VPF Nordea Kapital	-	-	3 056 592	1,17
Deutsche Bank AG London	-	-	2 955 255	1,13
Bank of New York Mellon SA/NV	-	-	-	-
Goldman Sachs & Co – Equity	-	-	-	-
Varma Mutual Pension Insurance	-	-	-	-
SHB Stockholm Clients Account	-	-	-	-
Morgan Stanley & Co LLC	-	-	-	-
Skandinaviska Enskilda Banken	-	-	-	-
JP Morgan Clearing Corp.	-	-	-	-
Shenga Trading Company Limited	-	-	-	-
Total 20 largest	246 392 207	94,04	207 808 274	79,32
Others	15 607 793	5,96	54 191 726	20,68
Total	262 000 000	100,00	262 000 000	100,00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 29 – SHARE-BASED PAYMENTS

A total number of 8 200 000 share options were in existence at the end 2012, each granted the right to its owner to acquire one ordinary share of the Company, at predetermined strike prices. Following a modification in the terms of the share option scheme on 31 December 2012 the Company is no longer obliged to issue shares or pay cash and it was decided to settle in cash the share options granted to its employees by the Company's subsidiary. In this respect the share based arrangement became cash-settled and the value of employees services previously recognized in equity and to the cost of investment has been reversed. The total liability in 2012 which was estimated to be 2.9 million was recognised in the books of the subsidiary company S.D. Standard Drilling (Singapore) Pte Ltd.

NOTE 30 – RELATED-PARTY TRANSACTIONS

The following transactions were carried out with related parties:

30.1 Management services

<i>(Amounts in USD 000)</i>	Nature of transactions	31.12.2013	31.12.2012
Clearwater Capital Partners LLC	Management fees/Bonus	370	300
Ferncliff TIH AS	Management fees	490	368
Tycoon Industrier AS	Recharging fees	-	88
Total		860	756

The Company had no transactions with shareholders other than those disclosed above.

30.2 Interest income

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Offshore Driller B324 Limited (note 12)	-	600
S.D. Standard Drilling (Singapore) Pte Ltd (note 12)	33	-
Total	600	600

The balance sheet includes the following balances with related parties.

30.3 Receivables from related parties

<i>(Amounts in USD 000)</i>	Nature of transactions	31.12.2013	31.12.2012
Offshore Driller 1 Limited	Finance	-	2 284
Offshore Driller 2 Limited	Finance	-	2 084
Offshore Driller 3 Limited	Finance	-	1 567
Offshore Driller 4 Limited	Finance	-	316
Offshore Driller B324 Limited	Finance	-	-
Offshore Driller B325 Limited	Finance	-	-
S.D. Standard Drilling (Singapore) Pte. Limited	Finance	-	1 816
Ferncliff TIH AS	Management fees	40	-
Total		40	8 067

The receivables from related parties were interest free, unsecured and were repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 30 – RELATED-PARTY TRANSACTIONS (CONTINUED)

30.4 Loan to related undertaking

<i>(Amounts in USD 000)</i>	31.12.2013	31.12.2012
Offshore Driller B324 Limited (note 12)	-	-
Total	-	-

The loan granted to own subsidiary bear interest 4% per annum, is unsecured and it is repayable in full on 16 August 2014.

NOTE 31 – REMUNERATION TO THE BOARD OF DIRECTORS

<i>(Amounts in USD 000)</i>	Directors' Fees	Salary	Benefits in kind	Share based Payments expense	31.12.2013 Total	31.12.2012 Total
Executive management:						
Evangelia Panagide – General Manager	-	14	2	-	16	-
Total remuneration executive management	-	14	2	-	16	-

<i>(Amounts in USD 000)</i>	Directors' Fees	Salary	Benefits in kind	Share options Scheme	31.12.2013 Total	31.12.2012 Total
Board of Directors:						
Martin Nes (Chairman)	27	-	-	-	27	-
Gunnar Hvammen (Non-Executive Director)	66	-	-	-	66	65
Robert Petty –(Non-Executive Director)	32	-	-	-	32	60
Amit Gupta (Non-Executive Director)	24	-	-	-	24	50
Oystein Stray Spetsten (Non-Executive Director)	32	-	-	-	32	50
Stephen Marzo (Independent Director)	42	-	-	-	42	63
Glen Rodland	18	-	-	-	18	-
Demetris Aletraris (Non-Executive Director)	13	-	-	-	13	18
George Crystallis (Independent Director)	2	-	-	-	2	2
Total remuneration of Board of Directors	256	-	-	-	256	308

NOTE 32 – SUBSEQUENT EVENTS

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



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 2013, 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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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 2013, 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 Law 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 Law 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 2013.

A handwritten signature in blue ink, appearing to read 'Nolas', written over a horizontal line.

Tasos Nolas
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 25 April 2014