S.D. STANDARD DRILLING PLC

ANNUAL REPORT
AND CONSOLIDATED
FINANCIAL STATEMENTS 2014

STANDARD DRILLING

CONTENTS

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 II AS, one of Norway's largest investment companies.

Mr Nes has previously worked several years for the Norwegian law firm Wikborg Rein, both in their Oslo and London offices and for the shipping law firm Evensen & Co. 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 Crystallis is Managing Director of M.G. Crystallis & Co Limited, a Cyprus trading company. Mr. Crystallis is also the founder and owner of Odos Athinon, Art and Culture Centre in Limassol.

Mr. Crystallis has extensive board experience and serves on the boards of several Cypriot companies. He was appointed to the Board of S.D. Standard Drilling in December 2010. Mr. Crystallis holds a degree in Economics from the University of Freiburg, Germany.

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.

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 II AS one of Norway's largest investment companies. He holds a Master of Business and Economics from the Norwegian School of Management (1997-2001).

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.

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 to ensure that members of Board of Directors and executive personnel notify the Board if they may have any direct or indirect interest in any transaction entered into by the Company.

FREELY NEGOTIABLE SHARES

The shares are listed on the Oslo Axess and are freely negotiable. The Articles of Association include no form of restriction on negotiability.

GENERAL MEETINGS

The Annual General Meeting ("AGM") is the forum for the Company's shareholders to participate in major decisions, and shall be held no later than fifteen months from the date of the previous AGM. The Company's Articles of Associations require 21 days' notice for Annual and Extraordinary General Meetings.

The Company's AGM is open to all the Company's shareholders and the Board of Directors is taking steps as recommended by the Code of Practice ensuring that as many shareholders as possible may exercise their rights by participating in general meetings of the Company.

Shareholders may exercise their vote through a representative or proxy. All shares have equal voting rights. There are no restrictions on ownership or any known shareholder agreements. The AGM minutes are published through the notification system of the Oslo Stock Exchange and on the Company's website, http://www.standard-drilling.com.

COMMITTEES

Nomination Committee
At the extraordinary general meeting (EGM) held on 30 May 2012 the shareholders approved the establishment of a Nomination Committee which will operate in accordance with the "Guidelines for the Nomination Committee", which have been posted on the company's website, http://www.standard-drilling.com. Glen Ole Rodland was elected as chairman and Amit Gupta as a member of the Nomination Committee. The Company's articles of association were also amended in the same EGM to provide that the Company shall have a Nomination Committee. The term of appointment is for two years and the current members were re-appointment in last year's AGM.

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

It is the Board of Directors' proposal that the composition of the Nomination Committee is in line with the Code of Practice.

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

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. The election is based on a recommendation prepared and presented by the Nomination Committee to be adopted at the AGM. The recommendation is 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 Committees had been decided at the AGM having considered proposals by the Board of Directors in line with the Code of Practice. Information about the fees paid to the Board of Directors and Committees is stated in the Annual Report.

Remuneration of Executive Personnel

As the Company has a limited number of employees, the Company has not considered it necessary to adopt guidelines for remuneration of executive employees in line with the Code of Practice. Information on remuneration for 2014 for members of the senior management is presented in the notes in the annual accounts.

Information and Communications

The Company complies with the Oslo Børs Code of Practice for Reporting 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 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 2014.

HISTORY AND PRINCIPAL ACTIVITIES

The Company was incorporated as a private limited liability company under the laws of Cyprus with the name of S.D. Standard Drilling Limited on 2 December 2010. The Company was converted into a public limited liability company on 23 December 2010 and the Company's name was changed to S.D. Standard Drilling Plc. The Company has conducted two Private Placements: the first in December 2010 raised USD 42 million and second in May 2011 raised USD 330 million. The Company is listed on the Oslo 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.

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

The Group has a robust financial position and cash availability. The Board of Directors believes that the company is in a good position to take advantage of any investment opportunity that may appear. This includes, but is not limited to, asset play, investment directly in other companies as well as enter into contract with yards. The main drivers are maximizing the return and minimizing the risk.

Going forward, the Board of Directors maintains a policy of continuing to monitor market conditions while seeking to possess maximum flexibility with respect to the future of the Company.

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

During the year the Company entered into the following transactions:

Acquisition of shares in Prospector Offshore Drilling S.A (PROS)

On 10 September 2014 the Company purchased 24 million shares in PROS of a price of NOK 17.5 per share, corresponding to 25.37 % of the total outstanding share capital of PROS (the "Transaction"). The consideration under the Transaction was paid entirely in cash.

Subsequent disposal of shares

On 17 November 2014 S.D. Standard Drilling PLC disposed all the shares held in Prospector Offshore Drilling S.A (PROS) at a price of NOK 14,50 per share. As a consequence of the disposal, S.D. Standard Drilling PLC has realized a total loss of USD 14 543 thousands.

As a result of the disposal of the shares in Prospector, the Company will have a substantial amount of funds to invest in other companies and industries within the Company's current investment strategy and that the Company has sufficient liquidity to make such investments. The Board and the Company's management will continue to consider possible investment opportunities.

Following the transaction the Company has available liquidity of approximately USD 55 million.

SECTOR OUTLOOK

We see the following key themes in the sector:

- Uncertain outlook in the oil services sector
- Supply and demand dynamics will continue to be tested when the rigs under construction will be delivered to the market players;
- New, high specification jack-up rigs are for most wells substantially more efficient than older rigs and have greater technical capabilities.
- Too early to fully comprehend the consequences if the drop in oil prices continue. Although the oil has recovered from the levels in January 2015 there are uncertainties of the levels of where the oil price will stabilize.
- It seems that the oil production in USA and OPEC has a substantial effect on the market.

FINANCIAL RESULTS

The Group's results for the year are set out on page 10. The Group's loss after tax for the year ended 31 December 2014 which is attributable to the equity holders was USD 16.1 million compared to a net profit of USD 69.5 million for the year ended 31 December 2013. The total assets of the Group for 2014 were USD 55 million and the net assets were USD 55 million, compared to USD 71 million and USD 71 million respectively in 2013. Despite the loss of USD 16.1 million the financial position, development and performance of the Group as presented in these consolidated financial statements are considered satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's activities are exposed to the overall economic environment as well as regulatory and market risks associated with the oil and gas service sector. The Group is also exposed to other financial risks as disclosed in Note 3 of the consolidated financial statements.
The Group has in place systems and procedures to maintain its status in the market and to stay alert to changes in the market place in order to help mitigate market risk. Internal procedures have been and are continuously being developed to help mitigate financial and operational risks.

Future Developments of the Group

Having sold all initial rig building contracts and having a robust financial position and cash availability, the strategy of the Company has changed from building up to become an operator of rigs, to being an investment company within the oil and gas service sector. Going forward the Board believes that the Company is in a good position to take advantage of any new investment opportunities that may appear.

Dividends

The Board of Directors does not recommend the payment of a dividend for the year 2014.

Share capital

There were no changes in the share capital of the Company during the year.

Board of Directors

The members of the Board of Directors as at 31 December 2014 and at the date of this report are shown on page 3.

There were no significant changes in the assignment of responsibilities as well as other changes in the composition of the Board of Directors during 2014, other than the following:

Mr. Martin Nes was re-elected in the position of the chairman on 27 August 2014.

In accordance with the Company's Articles of Association, the director Mr. Gunnar Hvammen will retire by rotation but he is eligible for re-election at the Annual General Meeting of the Company.

The remuneration of the Members of the Board of Directors is shown in note 25 of the consolidated financial statements.

Directors' Interest in the Share Capital of The Company

None of the directors holding office at the end of the financial year had any interest in the shares of the Company, except the following indirect shareholdings:

- Gunnar Hvammen through Solan Capital AS and Thabo Energy AS. Thabo Energy AS has 25% ownership in Nordic Barges I AS and Nordic Barges II AS which are shareholders of the Company.
- Martin Nes through Hanekamb Invest AS.

Executive member of the management

- Espen Lundaas through EL Investment AS.

Events After the Balance Sheet Date

Any material post balance sheet events are described in note 26 to the consolidated financial statements.

Branches

The Group did not operate through any branches during the year.

Corporate Governance

The Directors of S.D. Standard Drilling Plc, recognize the importance of the corporate governance policies, practices and procedures. Being listed on the Oslo 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 4 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

CQS SECRETARIAL LIMITED

Secretary, Limassol, 24 April 2015

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE FINANCIAL STATEMENTS

In accordance with Article 9 sections (3)(c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 ("Law") we, the members of the Board of Directors and other responsible persons for the consolidated financial statements of S.D. Standard Drilling Plc (the "Company"), for the year ended 31 December 2014 we confirm that, to the best of our knowledge:

1. the consolidated financial statements of the Company for the year ended 31 December 2014 which are presented on pages 10 to 32:

   (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, 24 April 2015

Martin Nes
Chairman

Gunnar Hvammen
Non-Executive Director

George Crystallis
Independent Director

Espen Lundaas
Chief Financial Officer

Evangelia Panagide
General Manager

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts in USD 000)	Note	31.12.2014 *Audited*	31.12.2013 *Audited*
Operating Revenue		-	-
Operating Expenses		-	-
Gross profit/(loss)		**-**	**-**
Other gains and losses	17	(15 143)	74 744
Impairment charge on bank balances	11	-	(96)
Administrative expenses	18	(1 068)	(5 998)
Operating profit/(loss) before depreciation		**(16 211)**	**68 650**
Depreciation and amortization	7, 8	(8)	(12)
Operating profit/(loss)		**(16 219)**	**68 638**
Finance Income	19	227	876
Finance Costs	19	(6)	(15)
Profit/(loss) for the year before tax		**(15 998)**	**69 499**
Income tax credit/(charge)	16	(71)	14
Profit/(loss) for the year		**(16 069)**	**69 513**
Other comprehensive income		-	-
Total comprehensive income for the year		**(16 069)**	**69 513**
Earnings/(loss) per share			
Basic/diluted earnings/(loss) per share	20	(0,06)	0,27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

(Amounts in USD 000)		31.12.2014	31.12.2013
ASSETS	Note	*Audited*	*Audited*
Intangible assets	7	2	8
Equipment and machinery	8	1	13
Total non-current assets		**3**	**21**
Trade and other receivables	9	104	100
Available-for-sale financial assets	10	26	32
Current tax asset	16	1	46
Restricted cash at bank	11	11	101
Cash and bank balances	12	54 782	70 741
Assets classified as held for sale	13	-	-
Total current assets		**54 924**	**71 020**
Total Assets		**54 927**	**71 041**
EQUITY AND LIABILITIES			
Ordinary shares	14	2 620	2 620
Share premium	14	39 950	39 950
Accumulated profits/(losses)		12 306	28 375
Total equity		**54 876**	**70 945**
Trade and other payables	15	51	96
Total current liabilities		**51**	**96**
Total Equity and Liabilities		**54 927**	**71 041**

On 24 April 2015, the Board of Directors of S.D. Standard Drilling Plc authorized these consolidated financial statements for issue.

Martin Nes
Chairman

George Crystallis
Director

Consolidated Statement Of Changes in Equity
For the Year Ended 31 December 2014

(Amounts in USD 000)	Note	Share Capital	Share Premium	Accumulated Profits/(Losses)	Total
Balance at 01.01.2013		**2 620**	**359 950**	**26 982**	**389 552**
Comprehensive income					
Profit/(loss) for the year		-	-	69 513	69 513
Transactions with owners					
Share premium reduction		-	(320 000)	-	(320 000)
Interim dividend		-	-	(68 120)	(68 120)
Balance at 31.12.2013 *(Audited)*		**2 620**	**39 950**	**28 375**	**70 945**
Balance at 01.01.2014		**2 620**	**39 950**	**28 375**	**70 945**
Comprehensive income					
Profit/(loss) for the year		-	-	(16 069)	(16 069)
Balance at 31.12.2014 (*Audited*)		**2 620**	**39 950**	**12 306**	**54 876**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts in USD 000)		31.12.2014	31.12.2013
	Note	*Audited*	*Audited*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year before income tax		(15 998)	69 499
Adjustments for:			
Other gains and losses	17	14 547	(74 786)
Depreciation and amortization expense		8	12
Loss from sale of equipment and machinery and intangibles		10	19
Impairment charge on bank balances		-	96
Interest income	19	(227)	(876)
(Increase)/decrease in trade and other receivables		(4)	1 679
Decrease in trade and other payables		(43)	(4 326)
Income tax paid		(26)	(76)
Net cash generated from/(used in) operating activities		**(1 733)**	**(8 759)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from the disposal of equipment and machinery		-	3
Additions to rigs under construction		-	(544)
Net proceeds from disposal of assets	17.1	51 601	182 821
Net cash outflow from acquisition of investment	17.1	(66 144)	-
Decrease in restricted cash		90	-
Interest received	19	227	876
Net cash generated from/(used in) investing activities		**(14 226)**	**183 156**
CASH FLOWS FROM FINANCING ACTIVITIES			
Share premium reduction		-	(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		**(15 959)**	**(250 403)**
Cash and cash equivalents at beginning of year		70 741	321 373
Non-cash transactions (note 11)		-	(229)
Cash and cash equivalents at end of year	12	**54 782**	**70 741**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 - INCORPORATION AND PRINCIPAL ACTIVITIES

COUNTRY OF INCORPORATION

S.D. Standard Drilling Plc. (the "Company") is a limited liability Company incorporated and domiciled in Cyprus on 2 December 2010 in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company was converted into a public company on 23 December 2010. On 25 March 2011 the Company's shares were listed on Oslo 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. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

2.1 BASIS OF PREPARATION

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 GOING CONCERN

In the opinion of the directors, the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore adopt the going concern basis in preparing its consolidated financial statements.

2.1.2 ADOPTION OF NEW AND REVISED IFRS'S

As of the date of the authorisation of the consolidated financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2014 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

In the current year, the Group has adopted all of the new and revised standards and Interpretations issued by the International Accounting Standards Board (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 2014. 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 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.2 ADOPTION OF NEW AND REVISED IFRS'S (CONTINUED)

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective for the year ended 31 December 2014:

(i) Standards and Interpretations adopted by the EU

- *Amendment to IAS 19 - "Defined Benefit Plans: Employee Contributions" issued in 21 November 2013 and effective for annual periods beginning on or after 9 January 2015).*
- *Annual Improvements to IFRSs 2010-2012 Cycle (issued on 12 December 2013 and effective for annual periods beginning on or after 9 January 2015).*
- *Annual Improvements to IFRSs 2011-2013 Cycle (issued on 12 December 2013 and effective for annual periods beginning on or after 19 December 2014).*
- *IFRIC 21 "Levies" (issued on 20 May 2013 and effective the latest as from the commencement date of its first annual period beginning on or after 14 June 2014).*

(ii) Standards and Interpretations not adopted by the EU

- *IFRS 9 "Financial Instruments" (issued on 24 July 2014 and effective for annual periods beginning on or after 1 January 2018).*
- *IFRS 14 "Regulatory Deferral Accounts"(issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016).*
- *IFRS 15 "Revenue from Contracts with Customers" (issued on 28 May 2014 and effective for annual periods beginning on or after 1 January 2017).*
- *Amendment to IFRS 10, IFRS 12 and IAS 28 - "Investment Entities: Applying the Consolidation Exception" (issued on 18 December 2014 and effective for annual periods beginning on or after 1 January 2016).*
- *Amendment to IAS 1 - "Disclosure Initiative" (issued on 18 December 2014 and effective for annual periods beginning on or after 1 January 2016).*
- *Annual Improvements to IFRSs 2012-2014 Cycle (issued on 25 September 2014 and effective for annual periods beginning on or after 19 December 2016).*
- *Amendment to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016).*
- *Amendment to IAS 27 - "Equity Method in Separate Financial Statements" (issued on 12 August 2014 and effective for annual periods beginning on or after 1 January 2016).*
- *Amendment to IAS 16 and IAS 41 – Bearer Plants (issued on 30 June 2014 and effective for annual periods beginning on or after 1 January 2016).*
- *Amendment to IAS 16 and IAS 38 - "Clarification of Acceptable Methods of Depreciation and Amortisation" (issued on 12 May 2014 and effective for annual periods beginning on or after 1 January 2016).*
- *Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations" (issued on 6 May 2014 and effective for annual periods beginning on or after 1 January 2016).*

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting right held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring its accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2.3 REVENUE RECOGNITION

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

2.3.1 INTEREST INCOME

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and Presentation currency

Items included in the financial statement of the each entity in the Group are measured using the currency of primary economic environment in which entity operates (functional currency). All entities within the Group have USD as functional currency, and the Group has USD as presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FOREIGN CURRENCY TRANSLATION (CONTINUED)

(b) Translations and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates at the balance sheet date are recognised in profit and loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'financial income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains-net'.

2.5 EQUIPMENT AND MACHINERY

(a) Measurement

Equipment and machinery are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

(b) Depreciation

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture and Fittings	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 EQUIPMENT AND MACHINERY (CONTINUED)

(d) Disposal

An item of equipment and machinery is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment and machinery is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 CASH AND CASH EQUIVALENTS

In the statement of cash flows 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 TRADE RECEIVABLES

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

2.11 INTANGIBLE ASSETS

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate benefits exceeding costs beyond one year are recognized as intangible assets. Subsequently computer software is carried at cost less any accumulated amortization and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the computer software. Cost associated with maintenance of computer software programs are recognized as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

a) Disposal

An intangible asset is 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.

2.12 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.13 DIVIDENDS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available for sale financial assets are non-derivatives that are either designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Available for sale financial assets are those acquired and held for an unspecified period of time and may be sold to cover cash flow deficiencies, fluctuations in interest rates, exchange rates or other security prices. For available-for-sale investments, gains and losses arising from changes in fair value are recognized in other comprehensive income and then in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in profit or loss for the period.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognized at cost less impairment.

NOTE 3 - FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTOR

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

(a) Market risk

(i) Currency risk

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

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

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

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

(c) Liquidity risk

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

The following are the contractual maturities of financial liabilities:

(Amounts in USD 000)	Carrying amounts	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	96	96	96	-	-	-	-
Total	**96**	**96**	**96**	**-**	**-**	**-**	**-**
2014							
Trade and other payables	51	51	51	-	-	-	-
Total	**51**	**51**	**51**	**-**	**-**	**-**	**-**

3.2 CAPITAL RISK MANAGEMENT

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

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

3.3 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

The following tables present the Company's financial assets and liabilities that are measured at fair value:

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

(Amounts in USD 000)	Level 1	Level 2	Level 3	Total
At 31 December 2014				
Assets				
Available for sale financial assets				
- Equity securities	26	-	-	26
Total financial assets measured at fair value	26	-	-	26

There has been a transfer from Level 3 to Level 1 during the year.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Income taxes and deferred tax assets

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

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 5 - FINANCIAL INSTRUMENTS BY CATEGORY

(Amounts in USD 000)	Loans and receivables	Assets at fair value through profit and loss	Available-for sale	Total
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**

(Amounts in USD 000)	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**

(Amounts in USD 000)	Loans and receivables	Assets at fair value through profit and loss	Available-for sale	Total
2014				
Assets as per balance sheet				
Restricted cash at bank	11	-	-	11
Trade and other receivables (excluding prepayments)	93	-	-	93
Available-for-sale financial assets	-	-	26	26
Cash and cash equivalents	54 782	-	-	54 782
Total at the end of the year	**54 886**	**-**	**26**	**54 912**

(Amounts in USD 000)	Other financial liabilities	Total
2014		
Liabilities as per balance sheet		
Trade and other payables (excluding statutory liabilities)	51	51
Total at the end of the year	**51**	**51**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 6 - CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of the main financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Cash at bank and restricted bank deposits (1)	54 793	70 842
Trade and other receivables (excluding prepayments)	93	42
Total at the end of the year	**54 886**	**70 884**

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

			Credit ratings	
(Amounts in USD 000)	**31.12.2014**	**31.12.2013**	**Long term rating**	**Short term rating**
DNB Bank ASA (Standard & Poor's)	54 776	70 738	A+	A-1
Bank of Cyprus Public Company Limited (Moody's)	17	104	Caa3	Not Prime

NOTE 7 - INTANGIBLE ASSETS

(Amounts in USD 000)	**Computer software**	**Total**
Cost		
At 1 January 2013	15	15
At 31 December 2013	**15**	**15**
Disposals	(4)	(4)
At 31 December 2014	**11**	**11**
Amortization		
At 1 January 2013	**3**	**3**
Charge for the year	4	4
At 31 December 2013	**7**	**7**
Charge for the year	4	4
Disposals	(2)	(2)
At 31 December 2014	**9**	**9**
Net book amount		
Balance at 31 December 2014	**2**	**2**
Balance at 31 December 2013	**8**	**8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 8- EQUIPMENT AND MACHINERY

(Amounts in USD 000)	Furniture, Fixtures and Office Equipment	Computer Hardware	Total
Cost			
At 1 January 2013	17	33	50
Disposal	(7)	(22)	(29)
At 31 December 2013	**10**	**11**	**21**
Disposals	(8)	(10)	(18)
At 31 December 2014	**2**	**1**	**3**
Depreciation			
At 1 January 2013	2	5	7
Charge for the year	4	4	8
Disposal	(2)	(5)	(7)
At 31 December 2013	**4**	**4**	**8**
Charge for the year	2	2	4
Disposal	(5)	(5)	(10)
At 31 December 2014	**1**	**1**	**2**
Net book amount			
Balance at 31 December 2014	**1**	**-**	**1**
Balance at 31 December 2013	**6**	**7**	**13**

NOTE 9 - TRADE AND OTHER RECEIVABLES

(Amounts in USD 000)	31.12.2014	31.12.2013
Prepayments	11	58
Other receivables	93	42
Total trade and other receivables at the end of the year	**104**	**100**

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

NOTE 10 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

(Amounts in USD 000)	31.12.2014	31.12.2013
Balance at the beginning of year	32	-
Additions at estimated fair value (note 11)	-	32
Impairment charge (note 17)	(6)	-
Balance at the end of year	**26**	**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 provided for a compulsory conversion of part of the deposits held with Bank of Cyprus into shares of Bank of Cyprus. The Company's cash held with Bank of Cyprus as at the relevant date for implementation of the decisions were USD 398 thousands.

On 30 July 2013 the Ministry Finance and the Central Bank of Cyprus announced that 47,5% of the 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 16 December 2014, Bank of Cyprus shares have been listed and commenced trading on Cyprus Stock Exchange ("CES"). Based on the new developments and on the basis of available information the management of the Company has recognized an additional impairment loss in the current year of USD 6 thousands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 11 – RESTRICTED CASH AT BANK

Restricted cash at bank includes a time deposit for six months of USD 11 thousands. The deposit is interest bearing.

(Amounts in USD 000)	**31.12.2014**	31.12.2013
Balance at the beginning of year	101	-
Transfer to cash and bank balances	(90)	-
Additions	-	229
Impairment charge	-	(96)
Transfer to Available For Sale financial assets at estimated fair value (note 10)	-	(32)
Balance at the end of year	**11**	**101**

On 31 January 2014, the Board of Directors of Bank of Cyprus Public Company Limited ("Bank of Cyprus") has resolved to release the six month time deposit of USD 34 thousand that were blocked as per the decrees relating to the recapitalization of the bank in July 2013 which matured on that date.

On 30 April 2014, the Board of Directors of Bank of Cyprus resolved the partial release of the nine-month time deposit that were blocked as per the same decrees and mature on 30 April 2014, as follows:

- One third of nine-month time deposit is immediately released and become available;
- One third of nine-month time deposit is converted into a three-month time deposit maturity and automatically released at 31 July 2014;
- One third of nine-month time deposit is converted into a six-month time deposit maturity and automatically released at 31 October 2014.

On 31 July 2014, the Board of Directors of Bank of Cyprus resolved the partial release of the twelve-month time deposit that were blocked as per the same decrees and mature on 31 July 2014, as follows:

- One third of twelve-month time deposit is immediately released and become available;
- One third of twelve-month time deposit is converted into a three-month time deposit maturity and automatically released at 30 October 2014;
- One third of twelve-month time deposit is converted into a six-month time deposit maturity and automatically released at 30 January 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 12 - CASH AND CASH EQUIVALENTS

(Amounts in USD 000)	31.12.2014	31.12.2013
Cash at bank	54 782	70 741
Cash and cash equivalents at the end of the year	**54 782**	**70 741**

Cash and bank balances are denominated in the following currencies:

(Amounts in USD 000)	31.12.2014	31.12.2013
US Dollar - functional and presentation currency	54 655	69 983
Norwegian Kroner	123	644
Singapore Dollar	4	114
	54 782	70.741

NOTE 13 – ASSETS CLASSIFIED AS HELD FOR SALE

(Amounts in USD 000)	31.12.2014	31.12.2013
Investment in Prospector Offshore Drilling S.A (PROS)	-	-
Total assets held for sale at the end of the year	**-**	**-**

13.1 Movement of investment classified as held for sale

(Amounts in USD 000)	31.12.2014	31.12.2013
Balance at the beginning of the year	-	-
Additions	66 144	-
Derecognised on disposal	(66 144)	-
Balance at the end of year	**-**	**-**

On 10 September 2014, the Company purchased 24 million shares in Prospector Offshore Drilling S.A (PROS) at a price of NOK 17,5 per share.

On 17 November 2014, the Company disposed all its 24 million shares held in Prospector Offshore Drilling S.A (PROS) at a price of NOK 14,50 per share.

NOTE 14 - SHARE CAPITAL AND PREMIUM

(Amounts in USD 000)	Number of shares (thousands)	Ordinary shares	Share premium	Total
2013				
Balance at the beginning of the year	262 000	2 620	359 950	362 570
Share premium reduction	-	-	(320 000)	(320 000)
Balance at the end of the year	**262 000**	**2 620**	**39 950**	**42 570**
2014				
Balance at the beginning of the year	262 000	2 620	39 950	42 570
Balance at the end of the year	**262 000**	**2 620**	**39 950**	**42 570**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 15- TRADE AND OTHER PAYABLES

(Amounts in USD 000)	31.12.2014	31.12.2013
Other payables	18	18
Accrued expenses	33	78
Total trade and other payables at the end of the year	**51**	**96**

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

NOTE 16 – INCOME TAX EXPENSE

(Amounts in USD 000)	31.12.2014	31.12.2013
Current tax:		
Corporate income tax charge/(credit)	71	(14)
Total current tax	71	(14)
Deferred tax:		
Origination of temporary differences	-	-
Total deferred tax	-	-
Income tax expense/(credit)	**71**	**(14)**

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

(Amounts in USD 000)	31.12.2014	31.12.2013
Profit/(loss) before tax	(15 998)	69 499
Tax calculated at the applicable tax rates	(2 000)	8 687
Tax effect of expenses not deductible for tax purposes	2 025	590
Tax effect of allowances and income not subject to tax	-	(9 293)
Corporation tax prior year	46	2
Tax charge/(credit)	**71**	**(14)**

Balance sheet

Current tax asset

(Amounts in USD 000)	31.12.2014	31.12.2013
Corporate income tax refundable	1	46
Total current tax asset at the end of the year	**1**	**46**

Current tax liability:

(Amounts in USD 000)	31.12.2014	31.12.2013
Corporate income tax	-	-
Total current tax liability at the end of the year	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 17 – OTHER GAINS AND LOSSES

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Gain on disposal of rig under construction B337	-	25 800
Gain on disposal of rig under construction B338	-	18 944
Gain on disposal of investment in subsidiary	-	29 211
Gain on disposal of rig under construction B339	-	831
Loss on disposal of investment in Prospector Offshore Drilling SA (note 17.1)	(14 543)	-
Impairment of available-for-sale financial assets (note 10)	(6)	-
Net currency translation differences	(594)	(42)
Total gains/(losses)	**(15 143)**	**74 744**

On 17 November 2014, the Company disposed all the shares held in Prospector Offshore Drilling S.A (PROS) of a price of NOK 14,50 per share.

17.1 Loss on disposal of investments in Prospector Offshore Drilling S.A

(Amounts in USD 000)	**31.12.2014**	31.12.2013
Consideration received net	51 601	-
Cost of investment	(66 144)	-
Loss on disposal of shares	**(14 543)**	-

The loss of USD 14 543 can be further disaggregated to the following elements:

(Amounts in USD 000)	**31.12.2014**	31.12.2013
Changes in fair value	(11 330)	-
Exchange difference	(3 213)	-
Loss on disposal of shares	**(14 543)**	-

NOTE 18 – ADMINISTRATIVE EXPENSES

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Legal, consulting and professional fees	709	1 328
Other expenses	110	963
Salary and other employee benefit (note 25)	249	3 707
Total administrative expenses	**1 068**	**5 998**

During 2014 audit fees of USD 12 thousand (2013: USD 23 thousand), fees of USD Nil (2013: USD 54 thousand) for other assurance services and fees of USD Nil (2013: USD 3 thousand) for tax consultancy services were charged by the Group's statutory audit firm.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 19 – FINANCE INCOME AND COSTS

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Finance income:		
Bank interest received	227	876
Total finance income	**227**	**876**
Finance cost:		
Bank charges	6	15
Total finance cost	**6**	**15**

NOTE 20 – EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

20.1 Basic/diluted earnings per share

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Profit/(loss) attributable to equity holders of the Company	(16 069)	69 513
Weighted average number of ordinary shares for the purposes of basic earnings per share in issue (thousands)	262 000	262 000
Basic earnings per share	**(0,06)**	**0,27**

NOTE 21 – DEFERRED INCOME TAX

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that realization of the related tax benefit through future taxable profits is probable. As of 31 December 2014 the Group doesn't have unutilized losses which can be carried forward and used to offset against future taxable income.

NOTE 22 – ACQUISITION AND INCORPORATION AND DISSOLUTION OF SUBSIDIARIES

The registered name, country of incorporation and date of incorporation for each of the subsidiaries are as follows:

Name	**Date of incorporation**	**Country of incorporation**	**Share**	**Voting rights**
S.D. Standard Drilling (Singapore) Pte Ltd	9 June 2011	Singapore	100%	100%

On 28 November 2014 the Board of Directors of the Company resolved to proceed with the strike-off of the subsidiary company S.D Standard Drilling (Singapore) Pte Ltd which was dormant. The strike-off is expected to be completed during the year 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 23 – SHAREHOLDERS INFORMATION

The Company's 20 largest shareholders are as follows:

	31.12.2014		31.12.2013	
Owner	Number of Shares	Ownership interest in %	Number of Shares	Ownership interest in %
Clearwater Capital Partners Fund	78 338 000	29,90	78 338 000	29,90
Deutsche Bank AG	70 656 350	26,97	-	-
SAGA Tankers ASA	49 680 082	18,96	3 517 996	1,34
Gross Management AS	20 296 726	7,75	20 296 726	7,75
Dallas Asset Management AS	6 575 000	2,51	-	-
Nordic Construction Barges I AS	5 329 607	2,03	5 329 607	2,03
Thabo Energy AS	4 745 000	1,81	4 745 000	1,81
Solan Capital AS	2 680 006	1,02	2 180 006	0,83
Haakon Morten Saeter	2 319 937	0,89	-	-
Salto Media AS	2 113 300	0,81	-	-
Nordic Construction Barges II AS	2 105 000	0,80	2 105 000	0,80
Nordea Bank Finland Plc, Markets	1 442 459	0,55	-	-
Six-Seven AS	1 091 624	0,42	950 774	0,36
Bjorn Erik Nilsen	645 216	0,25	-	-
Spontel AS	615 791	0,24	615 791	0,24
Lars Tore Brandeggen	568 000	0,22	-	-
Sparebanken Sogn og Fjordane	479 939	0,18	-	-
EL Investment AS	460 762	0,18	-	-
Nortura Konsernpensjonskasse	440 000	0,17	-	-
Marius Horgen	439 434	0,17	-	-
Bnybe – QVT Fund V LP I	-	-	49 307 538	18,82
Ferncliff Listed Dai AS	-	-	34 112 081	13,02
Tymar AS	-	-	11 249 995	4,29
Sabaro Investments Ltd	-	-	7 985 000	3,05
BNYPE – Quintessence Fund LP	-	-	7 491 136	2,86
BNYPE – QVT Fund IV LP I	-	-	7 282 676	2,78
Sabaro Investments Ltd	-	-	5 165 000	1,97
Nordea Bank ASA Markets	-	-	2 811 659	1,07
Silvercoin Industries AS	-	-	1 229 937	0,47
Euroclear Bank S.S./N.V. (BA)	-	-	878 275	0,34
Ferncliff Drilling Management AS	-	-	800 010	0,31
Total 20 largest	251 022 233	95,83	246 392 207	94,04
Others	10 977 767	4,17	15 607 793	5,96
Total	**262 000 000**	**100,00**	**262 000 000**	**100,00**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 24 – RELATED-PARTY TRANSACTIONS

24.1 Management services

(Amounts in USD 000)	Nature of transactions	31.12.2014	31.12.2013
Clearwater Capital Partners LLC	Management fees/Bonus	-	370
Ferncliff TIH 1 AS	Management fees	440	490
		440	**860**

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

24.2 Receivable from related party

(Amounts in USD 000)	Nature of transactions	31.12.2014	31.12. 2013
Ferncliff TIH 1 AS	Management fees	-	40
		-	**40**

NOTE 25 – REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

(Amounts in USD 000)	Directors' Fees	Salary	31.12.2014 Total	31.12.2013 Total
Executive management:				
Mark A. Jackson – Former CEO	-	-	-	-
Geir Johansen – Former CFO	-	-	-	950
Michael Kelley – Former COO	-	-	-	619
Evangelia Panagide – General Manager	-	49	49	16
Total remuneration executive management	**-**	**49**	**49**	**1 585**

(Amounts in USD 000)	Directors' Fees	Salary	31.12.2014 Total	31.12.2013 Total
Board of Directors:				
Martin Nes (Chairman)	75	-	75	27
Gunnar Hvammen (Non-Executive Director)	50	-	50	66
Robert Petty –(Non-Executive Director)	-	-	-	32
Amit Gupta (Non-Executive Director)	-	-	-	24
Oystein Stray Spetalen (Non-Executive Director)	-	-	-	32
Stephen Marzo (Independent Director)	-	-	-	42
Glen Rodland (Nomination Committee Chairman)	10	-	10	18
Demetris Aletraris (Non-Executive Director)	-	-	-	13
George Crystallis (Independent Director)	2	-	2	2
Total remuneration of Board of Directors	**137**	**-**	**137**	**256**

NOTE 26 – 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 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 1066 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 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

Pursuant to the requirements of the Directive 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 Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 24 April 2015

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q1 2015	15 May 2015
Q2 2015	25 August 2015
Q3 2015	27 November 2015

S.D. Standard Drilling Plc

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CY 3030
Limassol, Cyprus
Tel: +357 25875474

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51 Goldhill Plaza,
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Singapore 308900
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S.D. STANDARD DRILLING PLC

ANNUAL REPORT AND SEPARATE FINANCIAL STATEMENTS 2014

STANDARD DRILLING

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors

Martin Nes (Chairman)
Gunnar Hvammen (Non-Executive Director)
George Crystallis (Independent Director)

General Manager

Evangelia Panagides

Chief Financial Officer

Espen Lundaas

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 2014 we confirm that, to the best of our knowledge :

a) the financial statements of the Company for the year ended 31 December 2014 which are presented on pages 7 to 31.

   (i) were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union in accordance with provisions of Article 9, section 4 of the Law, and
   (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of S.D. Standard Drilling Plc, and the business that are included in the financial statements as a total, and

b) the Directors' report provides a fair review of the developments and the performance of the business as well as the financial position of S.D. Standard Drilling Plc, together with a description of the principal risks and uncertainties that they facing.

Limassol, 24 April 2015

Martin Nes
Chairman

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 2014.

HISTORY AND PRINCIPAL ACTIVITIES

The Company was incorporated as a private limited liability company under the laws of Cyprus with the name of S.D. Standard Drilling Limited on 2 December 2010. The Company was converted into a public limited liability company on 23 December 2010 and the Company's name was changed to S.D. Standard Drilling Plc. The Company has conducted two Private Placements: the first in December 2010 raised USD 42 million and second in May 2011 raised USD 330 million. The Company is listed on the Oslo 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.

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, 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

During the year the Company entered into the following transactions:

Acquisition of shares in Prospector Offshore Drilling S.A (PROS)

On 10 September 2014 the Company purchased 24 million shares in PROS of a price of NOK 17.5 per share, corresponding to 25.37 % of the total outstanding share capital of PROS (the "Transaction"). The consideration under the Transaction was paid entirely in cash.

Subsequent disposal of shares

On 17 November 2014 S.D. Standard Drilling PLC has disposed all the shares held in Prospector Offshore Drilling S.A (PROS) at a price of NOK 14,50 per share. As a consequence of the disposal, S.D. Standard Drilling PLC has realized a total loss of USD 14 543 thousands.

As a result of the disposal of the shares in Prospector, the Company will have a substantial amount of funds to invest in other companies and industries within the Company's current investment strategy and that the Company has sufficient liquidity to make such investments. The Board and the Company's management will continue to consider possible investment opportunities.

Following the transaction the Company has available liquidity of approximately USD 55 million.

SECTOR OUTLOOK

We see the following key themes in the sector:

- Uncertain outlook in the oil services sector
- Supply and demand dynamics will continue to be tested when the rigs under construction will be delivered to the market players
- New, high specification jack-up rigs are for most wells substantially more efficient than older rigs and have greater technical capabilities
- Too early to fully comprehend the consequences if the drop in oil prices continue. Although the oil prices has recovered from the levels in January 2015 there are uncertainties of the levels of where the oil price will stabilize
- It seems that the oil production in USA and OPEC has a substantial effect on the market.

FINANCIAL RESULTS

The Company's results for the year are set out on page 7. The Company's loss after tax for the year ended 31 December 2014 which is attributable to the equity holders was USD 16 million compared to a net profit of USD 95.6 million for the year ended 31 December 2013. The total assets of the Company for 2014 were USD 54.9 million and the net assets were also USD 54.9 million, compared to USD 70.9 million and USD 70.9 million respectively in 2013. Despite the loss of USD 16. million 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 oil and gas service sector. The Company is also exposed to other financial risks as disclosed in Note 3 of the 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

The Board of Directors does not recommend the payment of a dividend for the year 2014.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year.

BOARD OF DIRECTORS

The members of the Board of Directors as at 31 December 2014 and at the date of this report are shown on page 3.

There were no significant changes in the assignment of responsibilities as well as other changes in the composition of the Board of Directors during 2014, other than the following:

Mr. Martin Nes was re-elected in the position of the Chairman on 27 August 2014.

In accordance with the Company's Articles of Association, the director Mr. Gunnar Hvammen will retire by rotation but he is eligible for re-election at the Annual General Meeting of the Company.

The remuneration of the Members of the Board of Directors is shown in note 28 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.

Executive member of the management

- Espen Lundaas through EL Investment AS.

EVENTS AFTER THE BALANCE SHEET DATE

Any material post balance sheet events are described in note 29 to the 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

CQS SECRETARIAL LIMITED

Secretary, Limassol, 24 April 2015

Statement Of Comprehensive Income
For The Year Ended 31 December 2014

(Amounts in USD 000)	Note	31.12.2014 *Audited*	31.12.2013 *Audited*
Operating Revenue		-	-
Operating Expenses		-	-
Gross profit/(loss)		**-**	**-**
Other gains and losses	19	(15 243)	96 819
Other income	20	-	2 448
Impairment charges	21	(12)	(2 329)
Administrative expenses	22	(942)	(2 133)
Operating profit/(loss) before depreciation		**(16 197)**	**94 805**
Depreciation and amortization	8, 9	(4)	(4)
Operating profit/(loss)		**(16 201)**	**94 801**
Finance Income	23	283	821
Finance Costs	23	(5)	(8)
Profit/(loss) for the year before tax		**(15 923)**	**95 614**
Income tax expense	18	(46)	(2)
Profit/(loss) for the year		**(15 969)**	**95 612**
Other comprehensive income		-	-
Total comprehensive income for the year		**(15 969)**	**95 612**
Earnings/(loss) per share			
Basic/diluted earnings/(loss) per share	24	(0,06)	0,37

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

(Amounts in USD 000)		31.12.2014	31.12.2013
ASSETS	Note	*Audited*	*Audited*
Investments in subsidiaries	7	-	-
Intangible asset	8	2	5
Equipment and machinery	9	1	2
Total non-current assets		**3**	**7**
Trade and other receivables	10	104	93
Loan receivable	11	-	-
Current tax assets	18	1	46
Available for-sale financial assets	12	26	32
Restricted cash at bank	13	11	101
Cash and bank balances	14	54 777	70 617
Assets classified as held for sale	15	-	-
Total current assets		**54 919**	**70 889**
Total Assets		**54 922**	**70 896**
EQUITY AND LIABILITIES			
Ordinary shares	16	2 620	2 620
Share premium	16	39 950	39 950
Accumulated profits/(losses)		12 304	28 273
Total equity		**54 874**	**70 843**
Trade and other payables	17	48	53
Total current liabilities		**48**	**53**
Total Equity and Liabilities		**54 922**	**70 896**

On 24 April 2015, 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 2014

(Amounts in USD 000)	Note	Share Capital	Share Premium	Accumulated Profits/(Losses)	Total
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		-	-	(68 120)	(68 120)
Share premium reduction		-	(320 000)	-	(320 000)
Balance at 31.12.2013 *(Audited)*		**2 620**	**39 950**	**28 273**	**70 843**
Balance at 01.01.2014		**2 620**	**39 950**	**28 273**	**70 843**
Comprehensive income					
Profit/(loss) for the year		-	-	(15 969)	(15 969)
Balance at 31.12.2014 *(Audited)*		**2 620**	**39 950**	**12 304**	**54 874**

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 2014

(Amounts in USD 000)	Note	31.12.2014 *Audited*	31.12.2013 *Audited*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year before income tax		(15 923)	95 614
Adjustments for:			
Other gains and losses	19	14 649	(96 837)
Impairment charges	21	12	2 329
Depreciation and amortization expense	8, 9	4	4
Interest income	23	(283)	(821)
(Decrease)/increase in trade and other receivables		(17)	9 519
Decrease in trade and other payables		(5)	(2 245)
Income tax paid		(1)	(48)
Net cash generated from/(used in) operating activities		**(1 564)**	**7 515**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from liquidation of subsidiaries		-	251 421
Net proceeds from disposal of subsidiaries		-	68 396
Waiving of balances (receivable)/payable to subsidiaries		-	(5 980)
Loans granted to subsidiary		(50)	(2 200)
Net proceeds from disposal of assets		51 601	-
Net cash outflow from acquisition of investment	15	(66 144)	-
Decrease in restricted cash	13	90	-
Interest received		227	788
Net cash generated from/(used in) investing activities		**(14 276)**	**312 425**
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		**(15 840)**	**(104 860)**
Cash and cash equivalents at beginning of year		70 617	175 706
Non-cash transactions		-	(229)
Cash and cash equivalents at end of year	14	**54 777**	**70 617**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 – INCORPORATION AND PRINCIPAL ACTIVITIES

COUNTRY OF INCORPORATION

S.D. Standard Drilling Plc. (the "Company") is a limited liability company incorporated and domiciled in Cyprus on 2 December 2010 in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company was converted into a public company on 23 December 2010. On 25 March 2011 the Company's shares were listed on Oslo 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 2014 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 2014 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.2 Adoption of new and revised IFRS's (continued)

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 2014. The adoption of these Standards did not have a material effect on the financial statements.

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective for the year ended 31 December 2014:

(i) Standards and Interpretations adopted by the EU

- *Amendment to IAS 19 - "Defined Benefit Plans: Employee Contributions" issued in 21November 2013 and effective for annual periods beginning on or after 9 January 2015).*
- *Annual Improvements to IFRSs 2010-2012 Cycle (issued on 12 December 2013 and effective for annual periods beginning on or after 9 January 2015).*
- *Annual Improvements to IFRSs 2011-2013 Cycle (issued on 12 December 2013 and effective for annual periods beginning on or after 19 December 2014).*
- *IFRIC 21 "Levies" (issued on 20 May 2013 and effective the latest as from the commencement date of its first annual period beginning on or after 14 June 2014).*

(ii) Standards and Interpretations not adopted by the EU

- *IFRS 9 "Financial Instruments" (issued on 24 July 2014) (effective for annual periods beginning on or after 1 January 2018).*
- *IFRS 14 "Regulatory Deferral Accounts"(issued on 30 January 2014) (effective for annual periods beginning on or after 1 January 2016).*
- *IFRS 15 "Revenue from Contracts with Customers" (issued on 28 May 2014) (effective for annual periods beginning on or after 1 January 2017).*
- *Amendment to IFRS 10, IFRS 12 and IAS 28 - "Investment Entities: Applying the Consolidation Exception" (issued on 18 December 2014) (effective for annual periods beginning on or after 1 January 2016).*
- *Amendment to IAS 1 - "Disclosure Initiative" (issued on 18 December 2014) (effective for annual periods beginning on or after 1 January 2016).*
- *Annual Improvements to IFRSs 2012-2014 Cycle (issued on 25 September 2014 and effective for annual periods beginning on or after 19 December 2016).*
- *Amendment to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (issued on 11 September 2014) (effective for annual periods beginning on or after 1 January 2016).*
- *Amendment to IAS 27 - "Equity Method in Separate Financial Statements" (issued on 12 August 2014) (effective for annual periods beginning on or after 1 January 2016).*
- *Amendment to IAS 16 and IAS 38 - "Clarification of Acceptable Methods of Depreciation and Amortisation" (issued on 12 May 2014) (effective for annual periods beginning on or after 1 January 2016).*
- *Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations" (issued on 6 May 2014) (effective for annual periods beginning on or after 1 January 2016).*

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014

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 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 CURRENT AND DEFERRED INCOME TAX (CONTINUED)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 TRADE RECEIVABLES

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

2.11 LOANS GRANTED

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 INTANGIBLE ASSETS

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate benefits exceeding costs beyond one year are recognized as intangible assets. Subsequently computer software is carried at cost less any accumulated amortization and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the computer software. Cost associated with maintenance of computer software programs are recognized as an expense when incurred. Computer software costs are amortized using the straight-line method over their useful lives, not exceeding a period of three years. Amortization commences when the computer software is available for use and is included within administrative expenses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

2.13 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available for sale financial assets are non-derivatives that are either designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Available for sale financial assets are those acquired and held for an unspecified period of time and may be sold to cover cash flow deficiencies, fluctuations in interest rates, exchange rates or other security prices. For available-for-sale investments, gains and losses arising from changes in fair value are recognized in other comprehensive income and then in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in profit or loss for the period.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognized at cost less impairment.

2.15 DIVIDENDS

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

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

(a) Market risk

(i) Currency risk

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

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held. Equity securities are susceptible to market price risk arising from uncertainties about future prices of the investments. The investments are classified on the balance sheet as available-for-sale financial assets.

(iii) Cash flow and fair value interest rate risk.

The Company is currently financed by equity, and has no interest bearing debt; in addition the Company's interest bearing receivable has been waived hence no significant interest rate risk is currently present.

(b) Credit risk

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

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

(c) Liquidity risk

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

The following are the contractual maturities of financial liabilities:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(Amounts in USD 000)	Carrying Amounts	Contractual Cash flows	3 months or Less	3-12 months	1-2 years	2-5 years	More than 5 years
2014							
Trade and other payables	48	48	48	-	-	-	-
Total	**48**	**48**	**48**	**-**	**-**	**-**	**-**

3.2 CAPITAL RISK MANAGEMENT

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

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

3.3 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables present the Company's financial assets and liabilities that are measured at fair value:

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

(Amounts in USD 000)	Level 1	Level 2	Level 3	Total
At 31 December 2014				
Assets				
Available-for-sale financial assets				
- Equity securities	26	-	-	26
Total financial assets measured at fair value	26	-	-	26

There has been a transfer from Level 3 to Level 1 during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Income taxes and deferred tax assets

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company 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 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

(Amounts in USD 000)	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
Available-for-sale financial asset	-	-	32	32
Cash and cash equivalents	70 617	-	-	70 617
Total at the end of the year	**70 757**	**-**	**32**	**70 789**

(Amounts in USD 000)	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**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 5 - FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(Amounts in USD 000)	Loans and receivables	Assets at fair value through profit or loss	Available-for Sale	Total
2014				
Assets as per balance sheet				
Available-for-sale financial asset	-	-	26	26
Restricted cash at bank	11	-	-	11
Trade and other receivables (excluding prepayments)	93	-	-	93
Cash and cash equivalents	54 777	-	-	54 777
Total at the end of the year	**54 881**	**-**	**26**	**54 907**

(Amounts in USD 000)	Other financial liabilities	Total
2014		
Liabilities as per balance sheet		
Payables (excluding statutory liabilities)	48	48
Total at the end of the year	**48**	**48**

NOTE 6 – CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of the main financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

(Amounts in USD 000)	31.12.2014	31.12.2013
Cash at bank and restricted bank deposits (1)	54 788	70 718
Trade and other receivable (excluding prepayment) (2)	93	39
Total at the end of the year	**54 881**	**70 757**

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

			Credit ratings	
(Amounts in USD 000)	31.12.2014	31.12.2013	Long term rating	Short term rating
DNB Bank ASA (Standard & Poor's)	54 771	70 614	A+	A-1
Bank of Cyprus Public Company Limited (Moody's)	17	104	Caa3	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 2014

NOTE 7 – INVESTMENTS IN SUBSIDIARIES

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Balance at the beginning of the year	-	178 500
Cost transfer to gain on liquidation	-	(178 500)
Balance at the end of the year	**-**	**-**

The registered name, country of incorporation and date of incorporation for each of the subsidiaries are as follows:

Name	Date of incorporation	Country of incorporation	Share	Voting rights
S.D. Standard Drilling (Singapore) Pte Ltd	9 June 2011	Singapore	100%	100%

On 28 November 2014 the Board of Directors resolved to proceed with the strike-off of the subsidiary company S.D. Standard Drilling (Singapore) Pte Ltd which was dormant. The strike-off is expected to be completed during the year 2015.

NOTE 8 – INTANGIBLE ASSET

(Amounts in USD 000)	Computer software	Total
Cost		
At 1 January 2013	11	11
At 31 December 2013	**11**	**11**
At 31 December 2014	**11**	**11**
Amortisation		
At 1 January 2013	2	2
Charge for the year	4	4
At 31 December 2013	**6**	**6**
Charge for the year	3	3
At 31 December 2014	**9**	**9**
Net book amount		
Balance at 31 December 2014	**2**	**2**
Balance at 31 December 2013	5	5

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 9 – EQUIPMENT AND MACHINERY

(Amounts in USD 000)	**Computer Hardware**	**Total**
Cost		
At 1 January 2013	2	2
At 31 December 2013	**2**	**2**
At 31 December 2014	**2**	**2**
Depreciation		
At 1 January 2013	-	-
At 31 December 2013	-	-
Charge for the year	1	1
At 31 December 2014	**1**	**1**
Net book amount		
Balance at 31 December 2014	**1**	**1**
Balance at 31 December 2013	**2**	**2**

NOTE 10 – TRADE AND OTHER RECEIVABLES

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Prepayments	11	54
Other receivables	93	39
Total trade and other receivables at the end of the year	**104**	**93**

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

NOTE 11 – LOAN RECEIVABLE

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Balance at the beginning of the year	-	-
New loans granted	50	2 200
Interest income	56	33
Repayments	-	-
Loan waived (note 19)	(106)	(2 233)
Balance at the end of the year	**-**	**-**

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Loans to own subsidiaries	-	-

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
The loan is repayable as follows:		
Within one year	-	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 12 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Balance at the beginning of year	32	-
Additions at estimated fair value (note 13)	-	32
Impairment charge	(6)	-
Balance at the end of year	**26**	**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 provided for a compulsory conversion of part of the deposits held with Bank of Cyprus into shares of Bank of Cyprus. The Company's cash held with Bank of Cyprus as at the relevant date for implementation of the decisions were USD 398 thousands.

On 30 July 2013 the Ministry Finance and the Central Bank of Cyprus announced that 47,5% of the 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 16 December 2014, Bank of Cyprus shares have been listed and commenced trading on Cyprus Stock Exchange ("CES"). Based on the new developments and on the basis of available information the management of the Company has recognized an additional impairment loss in the current year of UD 6 thousands.

NOTE 13 – RESTRICTED CASH AT BANK

Restricted cash at bank includes a time deposit for six months of USD 11 thousands. The deposit is interest bearing.

(Amounts in USD 000)	**31.12.2014**	31.12.2013
Balance at the beginning of year	101	-
Transfer to cash and bank balances	(90)	-
Additions	-	229
Impairment charge	-	(96)
Transfer to Available for sale financial assets at estimated fair value (note 12)	-	(32)
Balance at the end of year	**11**	**101**

On 31 January 2014, the Board of Directors of Bank of Cyprus Public Company Limited ("Bank of Cyprus") has resolved to release the six month time deposit of USD 34 thousand that were blocked as per the decrees relating to the recapitalization of the bank in July 2013 which matured on that date.

On 30 April 2014, the Board of Directors of Bank of Cyprus resolved the partial release of the nine-month time deposit that were blocked as per the same decrees and mature on 30 April 2014, as follows:

- One third of nine-month time deposit is immediately released and become available;
- One third of nine-month time deposit is converted into a three-month time deposit maturity and automatically released at 31 July 2014;
- One third of nine-month time deposit is converted into a six-month time deposit maturity and automatically released at 31 October 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 13 – RESTRICTED CASH AT BANK (CONTINUED)

On 31 July 2014, the Board of Directors of Bank of Cyprus resolved the partial release of the twelve-month time deposit that were blocked as per the same decrees and mature on 31 July 2014, as follows:

- One third of twelve-month time deposit is immediately released and become available;
- One third of twelve-month time deposit is converted into a three-month time deposit maturity and automatically released at 30 October 2014;
- One third of twelve-month time deposit is converted into a six-month time deposit maturity and automatically released at 30 January 2015.

NOTE 14 – CASH AND CASH EQUIVALENTS

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Cash at bank	54 777	70 617
Cash and cash equivalents at the end of the year	**54 777**	**70 617**

Cash and bank balances are denominated in the following currencies:

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
US Dollar - functional and presentation currency	54 654	**69 973**
Norwegian Kroner	123	**644**
	54 777	**70 617**

NOTE 15 – ASSETS CLASSIFIED AS HELD FOR SALE

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Investment in Prospector Offshore Drilling S.A (PROS)	-	-
Total assets held for sale at the end of the year	**-**	**-**

15.1 Movement of investment classified as held for sale

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Additions	66 144	-
Derecognised on disposal	(66 144)	-
Balance at the end of year	**-**	**-**

On 10 September 2014, the Company purchased 24 million shares in Prospector Offshore Drilling S.A (PROS) at a price of NOK 17,5 per share.

On 17 November 2014, the Company disposed all its 24 million shares held in Prospector Offshore Drilling S.A (PROS) at a price of NOK 14,50 per share.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 16– SHARE CAPITAL AND PREMIUM

(Amounts in USD 000)	Number of shares (thousands)	Ordinary shares	Share premium	Total
2013				
Balance at the beginning of the year	262 000	2 620	359 950	362 570
Share premium reduction	-	-	(320 000)	(320 000)
Balance at the end of the year	**262 000**	**2 620**	**39 950**	**42 570**
2014				
Balance at the beginning of the year	262 000	2 620	39 950	42 570
Balance at the end of the year	**262 000**	**2 620**	**39 950**	**42 570**

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

NOTE 17 – TRADE AND OTHER PAYABLES

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Other payables	17	18
Accrued expenses	31	35
Total trade and other payables at the end of the year	**48**	**53**

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

NOTE 18 – INCOME TAX EXPENSE

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Current tax:		
Corporation tax prior year	46	2
Total current tax	46	2
Deferred tax:		
Origination of temporary differences	-	-
Total deferred tax	-	-
	-	-
Income tax expense	**46**	**2**

Notes to the Financial Statements For the Year Ended 31 December 2014

Note 18 – Income Tax Expense (Continued)

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

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Profit/(loss) before tax	(15 923)	95 614
Tax calculated at the applicable tax rates	(1 990)	11 952
Tax effect of expenses not deductible for tax purposes	1 990	1 098
Tax effect of allowances and income not subject to tax	-	(13 050)
Tax effect of tax loss brought forward	-	-
Corporation tax prior year	46	2
Tax charge	**46**	**2**

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2013: 30%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% for 2014 (2013: 20%).

Balance sheet
Current tax asset:

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Corporate income tax refundable	1	46
Total current tax asset at the end of the year	**1**	**46**

Current tax liability:

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Corporate income tax	-	-
Total current tax liability at the end of the year	**-**	**-**

Note 19 – Other Gains And Losses

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Gain on disposal of subsidiary Offshore Driller B324 Ltd	-	29 896
Loan receivable waived (note 11)	(106)	-
Waived amount due from subsidiaries	-	(5 980)
Gain on liquidation of subsidiary companies	-	72 921
Loss on disposal of investment in Prospector Offshore drilling S.A (note 19.1)	(14 543)	-
Net currency translation differences	(594)	(18)
	(15 243)	**96 819**

NOTE 19 – OTHER GAINS AND LOSSES (CONTINUED)

On 17 November 2014, the Company disposed all the shares held in Prospector Offshore Drilling S.A (PROS) of a price of NOK 14,50 per share.

19.1 Loss on disposal of investments in Prospector Offshore Drilling S.A

(Amounts in USD 000)	**31.12.2014**	31.12.2013
Consideration received net	51 601	-
Cost of investment	(66 144)	-
Loss on disposal of shares	**(14 543)**	-

The loss of USD 14 543 can be further disaggregated to the following elements:

(Amounts in USD 000)	**31.12.2014**	31.12.2013
Changes in fair value	(11 330)	-
Exchange difference	(3 213)	-
Loss on disposal of shares	**(14 543)**	-

NOTE 20 – OTHER INCOME

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Reimbursement fees	-	2 448
	-	**2 448**

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

NOTE 21 – IMPAIRMENT CHARGES

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Impairment charge on bank balances (note 13)	-	96
Impairment charge on loan receivable	-	2 233
Impairment charge on amount due from subsidiary (1)	6	-
Impairment charge of available for sale financial asset (note 12)(1)	6	-
	12	**2 329**

(1) As of the balance sheet date of these 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 12 thousands.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 22 – ADMINISTRATIVE EXPENSE

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Legal, consulting and professional fees	674	1 148
Other expenses	84	436
Salary and other short-term employee benefit (note 28)	184	549
Total administrative expenses	**942**	**2 133**

During 2014 audit fees of USD 12 thousand (2013: USD 12 thousand), fees of USD NIL (2013: USD 54 thousand) for other assurance services and fees of USD NIL (2013: 3 thousand) for tax consultancy services were charged by the Company's statutory audit firm.

22.1 Employees full time

	31.12.2014	**31.12.2013**
Employees	1	1

NOTE 23 – FINANCE INCOME AND COSTS

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Finance income:		
Bank interest received	227	788
Interest income from loan to subsidiary	56	33
Total finance income	**283**	**821**
Finance costs:		
Bank charges	5	8
Total finance cost	**5**	**8**

NOTE 24 – EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

24.1 Basic earnings per share

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
Profit/(loss) attributable to equity holders of the Company	(15 969)	95 612
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	**(0.06)**	**0,37**

There are no potentially dilutive instruments.

NOTE 25 – DEFERRED INCOME TAX

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that realisation of the related tax benefit through future taxable profits is probable. As of 31 December 2014 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 2014

NOTE 26 – SHAREHOLDERS' INFORMATION

The Company's 20 largest shareholders are as follows:

	31.12.2014		31.12.2013	
Owner	Number of Shares	Ownership interest in %	Number of Shares	Ownership interest in %
Clearwater Capital Partners Fund	78 338 000	29,90	78 338 000	29,90
Deutsche Bank AG	70 656 350	26,97	-	-
SAGA Tankers ASA	49 680 082	18,96	3 517 996	1,34
Gross Management AS	20 296 726	7,75	20 296 726	7,75
Dallas Asset Management AS	6 575 000	2,51	-	-
Nordic Construction Barges I AS	5 329 607	2,03	5 329 607	2,03
Thabo Energy AS	4 745 000	1,81	4 745 000	1,81
Solan Capital AS	2 680 006	1,02	2 180 006	0,83
Haakon Morten Saeter	2 319 937	0,89	-	-
Salto Media AS	2 113 300	0,81	-	-
Nordic Construction Barges II AS	2 105 000	0,80	2 105 000	0,80
Nordea Bank Finland Plc, Markets	1 442 459	0,55	-	-
Six-Seven AS	1 091 624	0,42	950 774	0,36
Bjorn Erik Nilsen	645 216	0,25	-	-
Spontel AS	615 791	0,24	615 791	0,24
Brandeggen	568 000	0,22	-	-
Sparebanken Sogn og Fjordane	479 939	0,18	-	-
EL Investment AS	460 762	0,18	-	-
Nortura Konsernpensjonskasse	440 000	0,17	-	-
Marius Horgen	439 434	0,17	-	-
Bnybe – QVT Fund V LP I	-	-	49 307 538	18,82
Ferncliff Listed Dai AS	-	-	34 112 081	13,02
Tymar AS	-	-	11 249 995	4,29
Sabaro Investments Ltd	-	-	7 985 000	3,05
BNYPE – Quintessence Fund LP	-	-	7 491 136	2,86
BNYPE – QVT Fund IV LP I	-	-	7 282 676	2,78
Sabaro Investments Ltd	-	-	5 165 000	1,97
Nordea Bank ASA Markets	-	-	2 811 659	1,07
Silvercoin Industries AS	-	-	1 229 937	0,47
Euroclear Bank S.S./N.V. (BA)	-	-	878 275	0,34
Ferncliff Drilling Management AS	-	-	800 010	0,31
Total 20 largest	251 022 233	95,83	246 392 207	94,04
Others	10 977 767	4,17	15 607 793	5,96
Total	**262 000 000**	**100,00**	**262 000 000**	**100,00**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 27 – RELATED-PARTY TRANSACTIONS

The following transactions were carried out with related parties:

27.1 Management services

(Amounts in USD 000)	**Nature of transactions**	**31.12.2014**	**31.12.2013**
Clearwater Capital Partners LLC	Management fees/Bonus	-	370
Ferncliff TIH 1 AS.	Management fees	440	490
Total		**440**	**860**

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

27.2 Interest income

(Amounts in USD 000)	**31.12.2014**	**31.12.2013**
S.D. Standard Drilling (Singapore) Pte Ltd (note 11)	56	33
Total	**56**	**33**

The balance sheet includes the following balances with related parties.

27.3 Receivables from related parties

(Amounts in USD 000)	**Nature of transactions**	**31.12.2014**	**31.12.2013**
Ferncliff TIH 1 AS	Management fees	-	40
Total		**-**	**40**

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 2014

NOTE 28 – REMUNERATION TO THE BOARD OF DIRECTORS

(Amounts in USD 000)	**Directors' Fees**	**Salary**	**31.12.2014 Total**	**31.12.2013 Total**
Executive management:				
Evangelia Panagide – General Manager	-	49	49	16
Total remuneration executive management	**-**	**49**	**49**	**16**

(Amounts in USD 000)	**Directors' Fees**	**Salary**	**31.12.2014 Total**	**31.12.2013 Total**
Board of Directors:				
Martin Nes (Chairman)	75	-	75	27
Gunnar Hvammen (Non-Executive Director)	50	-	50	66
Robert Petty –(Non-Executive Director)	-	-	-	32
Amit Gupta (Non-Executive Director)	-	-	-	24
Oystein Stray Spetalen (Non-Executive Director)	-	-	-	32
Stephen Marzo (Independent Director)	-	-	-	42
Glen Rodland (Nomination Committee Chairman)	10	-	10	18
Demetris Aletraris (Non-Executive Director)	-	-	-	13
George Crystallis (Independent Director)	2	-	2	2
Total remuneration of Board of Directors	**137**	**-**	**137**	**256**

NOTE 29 – SUBSEQUENT EVENTS

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

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Independent auditor's report

To the Members of S.D. Standard Drilling Plc

Report on the financial statements

We have audited the accompanying financial statements of parent company S.D. Standard Drilling Plc (the "Company"), which comprise the statement of financial position as at 31 December 2014, 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 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 24 April 2015