

S.D. STANDARD DRILLING PLC

FIRST QUARTER REPORT 2015



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

In accordance with Article 10 sections (3)(c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 ("Law") we, the members of the Board of Directors and other responsible persons for the drafting of the interim condensed consolidated financial statements of S.D. Standard Drilling Plc (the "Company") , for the three months ended 31 March 2015 we confirm that, to the best of our knowledge:

- a) The interim condensed consolidated financial statements of the Company for the three months ended 31 March 2015 which are presented on pages 5 to 10:
 - (i) were prepared in accordance with International Financial Reporting Standards IAS 34 "Interim Financial Reporting", as adopted by the European Union in accordance with provisions of Article 10, section (4) of the Law, and
 - (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of the Company, and the business that are included in the consolidated financial statements as a total, and
- b) The Interim Management Report provides a fair overview of the information required as per section 6 of article 10 of Law 190(I)/2007.

Limassol, 15 May 2015

Martin Nes
Chairman

Gunnar Hvammen
Non-Executive Director

George Crystallis
Independent Director

Espen Lundaas
Chief Financial Officer

Evangelia Panagide
General Manager

First Quarter Management Report 2015

Selected Financial Information

	Three Months Ended	
	2015 Q1	2014 Q1
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating Revenue	-	-
Operating profit/(loss) before depreciation	(244)	309
Operating margin, %	-	-
Operating profit/(loss)	(245)	(311)
Profit/(Loss) for the period before taxes	(204)	(251)
Profit/(Loss) for the period	(204)	(319)

Subsequent Events

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

RESULTS

RESULTS FOR FIRST QUARTER 2015

The operating loss for the three months ended on 31 March 2015 was USD 245 thousands. The operating loss includes mainly administration expenses. Net financial income for the period was USD 41 thousands thus a net loss before tax for the period of approximately USD 204 thousands. Earnings per share was USD (0,00) for the quarter.

LIQUIDITY AND CAPITAL STRUCTURE

The available cash position at 31 March 2015 was USD 54.6 million.

During the three months of 2015, net cash used in operating activities was USD 217 thousands and net cash generated from investing activities was USD 54 thousands, mainly consisting of interest received. Net cash used in financing activities was USD Nil.

As of 31 March 2015, the Company had 356 shareholders. The share price as of 31 March 2015 was NOK 1,20 (USD 0,14).

OUTLOOK

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.

*On Behalf of the Board of Directors of
S.D. Standard Drilling Plc.*

15 May, 2015

*Martin Nes
Chairman
(Sign.)*

*Espen Lundaas
CFO
(Sign.)*

INTERIM CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2015

	Note	Three Months Ended	
		2015 Q1	2014 Q1
<i>(Amounts in USD 000)</i>		<i>Unaudited</i>	<i>Unaudited</i>
Operating Revenue		-	-
Operating Expenses		-	-
Gross profit/(loss)		-	-
Other gains and (losses)	3	(17)	7
Administration expenses		(227)	(316)
Operating profit/(loss) before depreciation		(244)	(309)
Depreciation and amortization		(1)	(2)
Operating profit/(loss)		(245)	(311)
Finance Income		43	61
Finance Costs		(2)	(1)
Profit/(Loss) for the period before tax		(204)	(251)
Income tax credit/(expense)		-	(68)
Profit/(Loss) for the period		(204)	(319)
Other comprehensive income		-	-
Total comprehensive income for the period		(204)	(319)
Earnings/(loss) per share			
Basic/diluted earnings/(loss) per share	4	(0,00)	(0,00)

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
AT 31 MARCH 2015**

<i>(Amounts in USD 000)</i>	Note	31.03.2015	31.12.2014
		<i>Unaudited</i>	<i>Audited</i>
ASSETS			
Intangible assets		1	2
Equipment and machinery		1	1
Total non-current assets		2	3
Trade and other receivables		111	104
Available-for-sale financial assets	5	22	26
Current tax asset		1	1
Restricted cash at bank	6	-	11
Cash and bank balances		54 619	54 782
Asset classified as held for sale	7	-	-
Total current assets		54 753	54.924
Total Assets		54 755	54.927
EQUITY AND LIABILITIES			
Ordinary shares		2 620	2 620
Share premium		39 950	39 950
Accumulated profits/(losses)		12 102	12 306
Total equity		54 672	54 876
Trade and other payables		83	51
Total current liabilities		83	51
Total Equity and Liabilities		54 755	54 927

*On Behalf of the Board of Directors of
S.D. Standard Drilling Plc.*

*Martin Nes
Chairman
(Sign.)*

*Espen Lundaas
CFO
(Sign.)*

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2015**

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Accumulated Profits/(Losses)	Total
Balance at 01.01.2014	2 620	39 950	28 375	70 945
Comprehensive income				
Profit/(Loss) for the period	-	-	(319)	(319)
Balance at 31.03.2014 (unaudited)	2 620	39 950	28 056	70 626
Balance at 01.01.2015	2 620	39 950	12 306	54 876
Comprehensive income				
Profit/(loss) for the period	-	-	(204)	(204)
Balance at 31.03.2015 (unaudited)	2 620	39 950	12 102	54 672

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2015**

	Note	Three Months Ended	
		2015	2014
<i>(Amounts in USD 000)</i>		Q1	Q1
		<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the period before income tax		(204)	(251)
Other gains and losses		4	-
Depreciation and amortization		2	2
Interest income		(43)	(61)
Increase in trade and other receivables		(7)	(9)
Increase in trade and other payables		31	26
Income tax paid		-	(21)
Net cash generated from/(used in) operating activities		(217)	(314)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in restricted cash		11	-
Interest received		43	61
Net cash generated from/(used in) investing activities		54	61
Net (decrease)/increase in cash and cash equivalents		(163)	(253)
Cash and cash equivalents at beginning of year		54 782	70 741
Non-cash transactions		-	34
Cash and cash equivalents at end of period		54 619	70 522

NOTES TO THE FINANCIAL INFORMATION

NOTE 1 – INCORPORATION AND PRINCIPAL ACTIVITIES

Country of Incorporation

S.D. Standard Drilling Plc. (the “Company”) is a limited liability Company incorporated and domiciled in Cyprus on 2 December 2010 in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company was converted into a public company on 23 December 2010. On 25 March 2011 the Company’s shares were listed on Oslo Axess. The address of the Company’s registered office is 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 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2015, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2014. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014 which have been prepared in accordance with IFRS as adopted in the (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

In the current period the Company has adopted all of the new and revised standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2015. The adoption of these Standards did not have a material effect on the financial statements.

At the date of approval of these interim condensed consolidated financial statements, a number of accounting standards and interpretations were issued by the International Accounting Standards Board but were not yet effective. The effect of those standards is not expected to be material to the Group.

NOTE 3 – OTHER GAINS AND LOSSES

<i>(Amounts in USD 000)</i>	Three Months Ended	
	31.03.2015	31.03.2014
Impairment of investment in Bank of Cyprus Public Company Ltd (note 5)	(4)	-
Net currency translation differences	(13)	7
	(17)	7

NOTE 4 – EARNINGS/(LOSS) PER SHARE

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

<i>(Amounts in USD 000)</i>	Three Months Ended	
	31.03.2015	31.03.2014
Basic/diluted EPS		
Profit/(Loss) attributable to equity holders of the Company	(204)	(319)
Weighted average number of ordinary shares in issue (thousands)	262 000	262 000
Basic/diluted earnings/(loss) per share	(0,00)	(0,00)

NOTES TO THE FINANCIAL INFORMATION

NOTE 5 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>(Amounts in USD 000)</i>	31.03.2015	31.12.2014
Balance at the beginning of year	26	32
Impairment charge (note 3)	(4)	(6)
Balance at the end of year	22	26

On 29 March 2013 the Central Bank of Cyprus has issued Decrees relating to Bank of Cyprus implementing measures for this bank under the Resolution of Credit and Other Institutions Law of 2013. One of the measures provides for a compulsory conversion of part of the deposits held with Bank of Cyprus into shares of Bank of Cyprus. The Company's cash held with Bank of Cyprus as at the relevant date for implementation of the decisions were USD 398 thousands.

On 30 July 2013 the Ministry Finance and the Central Bank of Cyprus announced that 47,5% of the uninsured deposits with Bank of Cyprus will automatically be converted into ordinary shares in Bank of Cyprus. The respective amount for the Company that has been converted into shares is USD 128 thousands.

As of the date of the conversion the management of the Company on the basis of available information and by exercising their judgment has recognized an impairment loss of USD 96 thousands. On 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 period of USD 4 thousands.

NOTE 6 – RESTRICTED CASH AT BANK

<i>(Amounts in USD 000)</i>	31.03.2015	31.12.2014
Balance at the beginning of year	11	101
Transfer to cash and bank balances	(11)	(90)
Balance at the end of year	-	11

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.

NOTE 7 – ASSETS CLASSIFIED AS HELD FOR SALE

<i>(Amounts in USD 000)</i>	31.03.2015	31.12.2014
Opening	-	-
Additions	-	66 144
Derecognised on disposal	-	(66 144)
Balance at the end of year	-	-

NOTE 8 – APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors of the Company on 15 May 2015.

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q2 2015	28 August 2015
Q3 2015	27 November 2015

S.D. Standard Drilling Plc

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