S.D. STANDARD DRILLING PLC

(A public company incorporated under the laws of Cyprus)

This prospectus (the "**Prospectus**") has been prepared by S.D. Standard Drilling Plc (the "**Company**" or "**Standard Drilling**"), solely for use in connection with the listing of 66,666,667 newly issued Shares on Oslo Børs (the "**Listing**"), each with a par value of USD 0.03 (the "**New Shares**").

The Listing of 66,666,667 New Shares is made in connection with an offering of shares completed in March 2018 (the "**Equity Offering**"). The New Shares have been issued by the Company and are registered under ISIN number CY0107670917. The New Shares rank in parity with all other shares issued by the Company (the "Shares") and carry one vote.

Trading in the New Shares on Oslo Børs is expected to commence on or about 24 April 2018, under the Company's existing trading symbol "SDSD" and ISIN number CY0101550917 following approval of this Prospectus.

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

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

Manager

Clarksons Platou Securities AS

The date of this Prospectus is 23 April 2018

IMPORTANT INFORMATION

For the definition of certain capitalized terms used throughout this Prospectus, please refer to Section 17 "DEFINITIONS AND GLOSSARY" which also applies to the front page. This prospectus (the "**Prospectus**") has been prepared in order to provide information about S.D. Standard Drilling Plc, its business and its non-consolidated wholly owned subsidiaries (the "**Group**") in connection with the listing of 66,666,667 New Shares issued in the Equity Offering. As the Company qualifies as a "Small or Medium Size Enterprise" (an SME), the level of disclosure in this Prospectus is proportionate to this type of issuer, cf. EC Commission Regulation EC/486/2012. This Prospectus has been prepared solely in the English language.

This Prospectus has been reviewed and been approved by the Norwegian Financial Supervisory Authority (the "**Norwegian FSA**") on 23 April 2018, following a transfer of the prospectus review authority from the Cyprus Securities and Exchange Commission. The Norwegian FSA has not verified or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of verification or approval relating to corporate matters described in or referred to in this Prospectus.

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

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with section 7-15 of the Norwegian Securities Trading Act, significant new factors and material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors of the Shares between the time of approval of this Prospectus by the Norwegian FSA and the Listing will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that there has been no change to the Company's affairs or that the information herein is correct as at any date subsequent of the date of this Prospectus. Without limiting the manner in which the Company may choose to make public announcements, and subject to the Company's obligations under applicable law, announcements in relation to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

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

Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. In addition, the New Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risk of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Company. None of the Company or the Manager, or any of their respective representatives or advisers, is making any representation regarding the legality of an investment in the Shares. Each prospective investor should consult its own legal advisor, business advisor, financial advisor or tax advisor as to legal, business, financial and tax advice.

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

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

The Prospectus and the terms and conditions of the Listing as set out herein shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Listing or this Prospectus.

TABLE OF CONTENTS

APPENDICES

1 SUMMARY

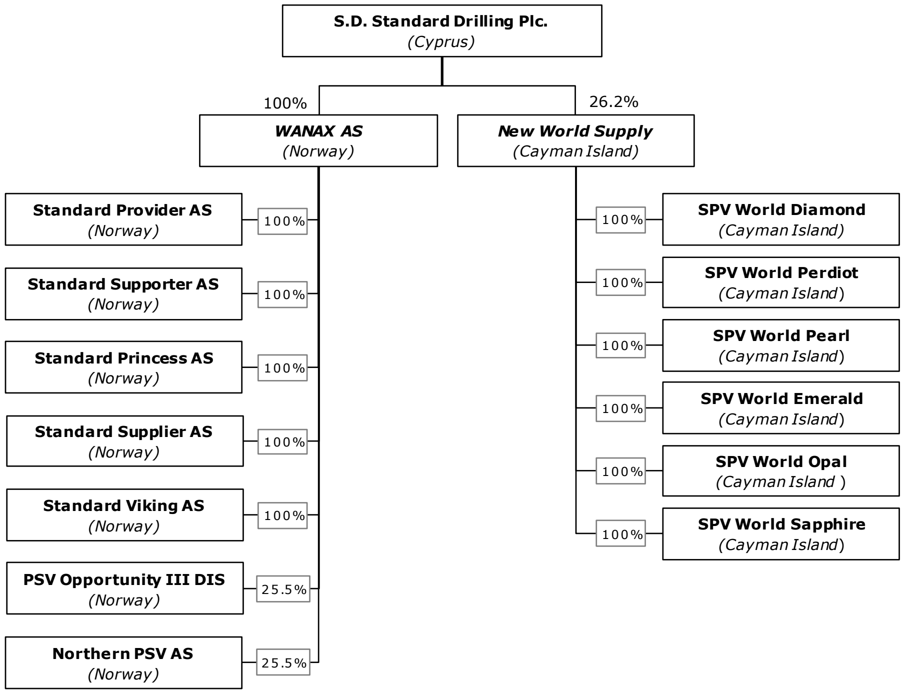
*Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A – E (A.1 – E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and the Company. Because some Elements are not required to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

Section A – Introduction and Warnings

A.1	**Introduction and warning**	This summary should be read as an introduction to the Prospectus; • any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor; • where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	**Consent to the use of this Prospectus by financial intermediaries**	Not applicable; no consent is granted by the Company to the use of this Prospectus for subsequent resale or final placement of the Shares.

Section B – Issuer

B.1	**Legal and commercial name**	The legal name of the Company is S.D. Standard Drilling Plc. and is identical to its commercial name.
B.2	**Domicile and legal form, legislation and country of incorporation**	The Company is a public limited liability company incorporated and operating under the laws of Cyprus. The Company's registration number with the Cyprus Registrar of companies is HE277936. The registered and business address of the Company is: 6 Maximou Michaelidi Street, Maximos Plaza Tower 3, Office 401, CY 3106 Limassol, Cyprus. Telephone number: +35725875474, Telefax: +35725875475.
B.3	**Current operations, principal activities and markets**	The Company was established for the purpose of building a premium oilfield services company through superior assets, systems and people. Having sold all initial rig building contracts, the strategy of the Company has changed, to being an investment entity within the oil and gas sector, which invests directly or indirectly into companies, securities and / or assets, with the aim to control a larger fleet of assets – all acquired at low values for capital appreciation and investment income. The Company has a sound financial position and the Board of Directors believes that it is in a good position to take advantage of any investment opportunity that may appear. This includes, but is not limited to, asset play, or investment directly in other companies. The main drivers are maximizing the return and minimizing the risk. The Group currently has 100% ownership interest in five (5) large-size platform supply vessels ("PSVs"), and significant influence in fifteen (15) medium-sized PSV's through Northern PSV, New World Supply and PSVO III.

B.4a	**Significant recent trends**	The market for PSV services turned dramatically down in the latter part of 2014 and continued its negative development through 2016 and the beginning of 2017 before showing signs of slight improvement towards the end of 2017. Although the PSV market continues to remain challenging in this current environment and a long road to recovery lies ahead, the market seems to have stopped falling and arguably begun a healing process.
B.5	**Description of the Group**	S.D. Standard Drilling Plc. is the parent company of the Group. The Company's investments in the PSV market are partly held directly by the Company, partly by the wholly owned subsidiary Wanax AS and partly through the ownership in New World Supply. 

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<tr>
<td>B.6</td>
<td>Interests in the Company and voting rights</td>
<td>
Shareholders holding 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act.
The table below sets out the ownership percentage held by such notifiable shareholders in Standard Drilling dated 19 April 2018[1].
<table>
<tr><th></th><th>Shareholders in Standard Drilling</th><th>Number of Shares</th><th>%</th></tr>
<tr><td>1</td><td>SAGA TANKERS ASA</td><td>105 719 132</td><td>18.4%</td></tr>
<tr><td>2</td><td>Euroclear Bank S.A./N.V.</td><td>30 842 329</td><td>5.4%</td></tr>
</table>
* Registered as nominee shareholder with VPS. The Company does not know the identity of the ultimate beneficial shareholders holding their Shares through this nominee account.
There are no differences in voting rights between shareholders.
The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.
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[1] The ownership has been calculated by adding the shareholder lists from both the original ISIN and the temporary ISIN.

B.7	Selected historical key financial information	

Income Statement

The table below sets out a summary derived from the Standard Drilling audited statement of comprehensive income for the year ended 31 December, 2017 and 2016 and the unaudited three months ended 31 December 2017 and 2016.

Income statement	**4Q 2017**	**4Q 2016**	**31 Dec. 2017**	**31 Dec. 2016**
Amounts in USD '000	IFRS Unaudited	IFRS Unaudited	IFRS Audited	IFRS Audited
Income				
Changes in fair value on financial assets and financial liabilities at fair value through profit and loss	4 001	193	(2 583)	193
Other gains and losses	(83)	-	281	-
Interest income	147	6	220	42
Net foreign currency gains or losses	(217)	(9)	1 634	-
Total net income/Loss	**3,848**	**190**	**(448)**	**235**
Expenses				
Administrative expenses	(244)	(152)	(721)	(501)
Total operating expenses	**(244)**	**(152)**	**(721)**	**(501)**
Operating profit/(loss) before depreciation	**3,604**	**38**	**(1,169)**	**(266)**
Finance costs				
Sundry finance income/(expense)	-	(4)	(2)	(11)
Profit/(loss) for the year before tax	**3,604**	**34**	**(1,171)**	**(277)**
Income tax expense	-	-	-	-
Profit/(loss) for the period after tax	**3,604**	**34**	**(1,171)**	**(277)**
Other comprehensive income	(2)	(2)	(3)	(1)
Total comprehensive income for the period	**3,602**	**32**	**(1,174)**	**(278)**
Earnings/(loss) per share				
Basic/diluted earnings/(loss) per share	0.01	0.00	(0.00)	(0.00)

Balance Sheet

The table below sets out a summary derived from the Standard Drilling audited balance sheet for the years ended 31 December 2017 and 2016.

Balance sheet	**31 Dec. 2017**	**31 Dec. 2016**
Amounts in USD '000		
	IFRS Audited	IFRS Audited
ASSETS		
Equipment and machinery	1	1
Financial assets at fair value through profit and loss	88 379	5 300
Intangible assets		-
Total non-current assets	**88 380**	**5 301**
Trade and other receivables	42	144
Senior Secured Callable bonds	65	2 018
Available-for-sale financial assets	12	15
Current tax asset	1	1
Loan receivable	-	-
Cash and bank balances	12 148	1 798
Total current assets	**12 268**	**3 976**
Total Assets	**100 648**	**9 277**
EQUITY AND LIABILITIES		
Ordinary shares	15 281	2 620
Share premium	86 840	6 938
Other reserve	(4)	(1)
Accumulated profits/(losses)	(1 625)	(454)
Total equity	**100 492**	**9 103**
Trade and other payables	156	174
Total current liabilities	**156**	**174**
Total Equity and Liabilities	**100 648**	**9 277**

Changes in equity information

The table below sets out a summary derived from the Standard Drilling audited statement of changes in equity for the years ended 31 December 2017 and 2016.

Changes of Equity					
Amounts in USD ’000	**Share Capital**	**Share Premium**	**Fair value reserve – available for sale financial assets**	**Accumulated Profits/(Losses)**	**Total**
Balance at 01.01.2016	**2 620**	**6 938**		**(177)**	**9 381**
Comprehensive income					
Profit/(loss) for the year	-	-	-	(277)	(277)
Other comprehensive income	-	-	(1)	-	(1)
Balance at 31.12.2016 (Audited)	**2 620**	**6 938**	**(1)**	**(454)**	**9 103**
Balance at 01.01.2017	**2 620**	**6 938**	**(1)**	**(454)**	**9 103**
Comprehensive income					
Profit/(loss) for the period	-	-	-	(1 171)	(1 171)
Other comprehensive income	-	-	(3)	-	(3)
Transaction with owners					
Issue of share capital	12 661	83 660	-	-	96 321
Share issue costs	-	(3 758)	-	-	(3 758)
Balance at 31.12.2017 (Audited)	**15 281**	**86 840**	**(4)**	**(1 625)**	**100 492**

Selected cash flow information

The table below sets out a summary derived from the Standard Drilling audited statement of cash flows for the years ended 31 December 2017 and 2016.

Cash Flow	**31 Dec. 2017**	**31 Dec. 2016**
Amounts in USD '000		
	IFRS Audited	IFRS Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before income tax	(1 171)	(277)
Unrealised exchange gain	(303)	-
Other gains and losses	(281)	-
Payments to acquire financial assets at fair value through profit or loss	(81 461)	(5 107)
Interest income	(220)	(42)
Decrease/(Increase) in trade and other receivables	102	(109)
Decrease/(increase) in financial asset fair value through profit or loss	2 583	(193)
(Decrease)/increase in trade and other payables	(18)	109
Net cash generated from/(used in) operating activities	**(80 769)**	**(5 619)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of senior secured callable bond	3 626	-
Payment for the purchase of senior secured callable bonds	(1 392)	(2 018)
Interest received	220	42
Net cash generated from/(used in) investing activities	**2 454**	**(1 976)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	92 120	-
Share issue costs	(3 758)	-
Net cash generated from/(used in) financing activities	**88 362**	**-**
Net decrease in cash and cash equivalents	**10 047**	**(7,595)**
Cash and cash equivalents at beginning of year	1 798	9 393
Effect of exchange rate changes on the balance of cash held in foreign currencies	303	-
Cash and cash equivalents at end of year	**12 148**	**1 798**

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

Section C – Securities

C.1	**Type of securities and ISIN codes**	The Shares with ISIN CY0101550917. All of the Shares are of the same class and have the same rights attached to them. The Shares are registered in book-entry form in the VPS.
C.2	**Currency**	The Shares have a par value in USD, but trading of the Shares is effected in NOK on Oslo Børs.
C.3	**Number of Shares in issue and par value**	At the date of this Prospectus, the Company's authorized share capital consists of 775,000,000 Shares of USD 0.03 each, of which 576,026,424 Shares have been issued.
C.4	**Rights attached to the shares**	The rights attached to the New Shares are the same as those attached to the Company's other existing Shares. The New Shares rank pari passu with existing Shares in all respects including with respect to dividends as from their date of issue. The Bye-laws of the Company provide that each Share shall carry one vote. All of the issued Shares of the Company, including the New Shares, have equal voting rights from their date of issuance.
C.5	**Restriction on the free transferability of the shares**	The Shares are freely transferable.
C.6	**Application for admission to trading on a regulated market**	The Company has issued 66,666,667 New Shares in the Equity Offering. The ordinary shares, save for the New Shares, are traded under the trading symbol "SDSD". The New Shares were registered in the VPS on 8 March 2018 on a separate ISIN and will be listed upon the first day of trading in the New Shares on Oslo Børs upon approval of the Prospectus by the NFSA and publication of this Prospectus, i.e. on 23 April 2018.
C.7	**Dividend policy**	Since the Company's inception, the Board of Directors declared out of the Company's profits, three interim dividend distributions to the shareholders, totalling USD 114 million. In addition, the Company has made distributions in connection with two capital reductions whereas the Company distributed a total of USD 320 million in 2013 and USD 33 million in 2015. No dividends have been paid in 2016 or 2017. According to the Bye-Laws of the Company, the Company's general meeting may declare dividends to its shareholders. Further, the Board of directors may from time to time pay interim dividends to the Company's shareholders as justified by the profits of the Company.

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

Section D – Risks

D.1, D.2	**Key risks specific to the Company or its industry**	The key risks relating to the Company's business activities and its investments in offshore supply and/or offshore drilling assets business are as follows: • the market value for the Company's current vessels and those it acquires or invests in may decrease, which could cause the Company to incur losses if it decides to sell vessels following a decline in their market value; • there can be no assurance that the Company's investments will provide a positive return. Each of the companies in which Standard Drilling has currently invested, may experience an adverse development in financial and operational capabilities, which may in turn result in a total or partial loss of the value of the Company's investment; • suitable investments may not always be available at a particular time. The Company's investment rate may be delayed or progress at a slower rate than anticipated for a variety of reasons and as a result, there is no guarantee that the Company will be available to utilize all of its available equity for favourable investments; • the Company is exposed to a continued downturn in the offshore market, as well as general economic conditions and development and the prospective future development of the economy in general; • the Company's investments are dependent on the satisfactory performance, reputation and relationships of its commercial and technical managers; • the Company is heavily exposed to the PSV market and only participates in a limited number of investments. This lack of diversification implies that returns might be adversely affected by the poor performance of even a single investment; and • the Company's business involves numerous operational hazards, which may cause personal injury, loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations which could materially adversely affect the Company's results of operations, cash flows and financial condition.

D.3	**Key risks specific to the securities**	Prospective investors should consider, among other factors, the following risks related to the securities described herein: • The market price of the Shares may fluctuate; • Shareholders not participating in future offerings of Shares or other equity investments will be diluted; • Future sales of Shares, or the perception that such sales could occur, could reduce the market price of the Shares and adversely affect Standard Drilling's ability to raise additional capital; and • It may be difficult for investors jurisdictions other than Norway, Cyprus and Monaco to effect service of process upon the Company, its affiliates or its directors and executive officers in such other jurisdictions or to enforce judgments obtained in other jurisdictions against the Company, its affiliates or its directors and executive officers.

Section E – Offer

E.1	**Net proceeds and estimated expenses**	The Company has raised approximately NOK 100 million from the Equity Offering and the Company estimates that expenses associated with the Equity Offering and the listing of the New Shares to be approximately NOK 4.3 million. The costs are related primarily to fees to financial and legal advisors and shall be borne by the Company.
E.2	**Reasons for the Listing and use of proceeds**	The shares are already listed on the Oslo Stock Exchange under "SDSD". The New Shares were issued on a separate ISIN number than the Company's original shares pending this Prospectus, being CY0107670917. The Company expects to use the proceeds from the Equity Offering for oil service investment opportunities, either directly into companies, securities and/or assets, as well as for general corporate purposes.
E.3	**Terms and conditions of the Listing**	On 1 March 2018, Clarksons Platou Securities AS approached the Company with an inquiry to perform a capital raising of up to NOK 100 million through receiving indications from potential investors. Based on this, the Board resolved to conduct an Equity Offering with gross proceeds of up to NOK 100 million. The application period opened on 1 March 2018 at 23:30 CET and ended on 2 March 2018 at 08:00 CET. The Equity Offering was subject to a lower application limit of the NOK equivalent to EUR 100,000. On 2 March 2018, the Company announced completion of an Equity Offering of up to NOK 100 million at a subscription price of NOK 1.50 per share consisting of up to 66,666,667 New Shares. The Listing comprises 66,666,667 New Shares issued in connection with the Equity Offering.
E.4	**Material and conflicting interests in the offer**	There are no conflicts of interest in connection with the Listing.
E.5	**Selling shareholder and lock-up agreements**	There are no selling shareholders. As per current date, there are no lock-up agreements in place for any shareholders of the Company.
E.6	**Dilution resulting from the Listing**	The dilution for the shareholders in connection with the Equity Offering was approximately 13%.
E.7	**Estimated expenses charged to the investor**	Not applicable. No costs have or will occur for the Shareholders' in connection with the Listing.

2 RISK FACTORS

Investing in the Company and Shares involves inherent risks. Investors should carefully consider the risk factors and all of the information set forth in this Prospectus, including the financial statements and related notes. The risks and uncertainties described in this Section 2 are the material known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision. If any of the following risks were to materialize, individually or together with other circumstances, it could have material and adverse impact on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the same.

The order of the presented risk factors does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Company's business, results of operations, cash flows, financial condition and/or prospects. The risks mentioned herein could materialize individually or cumulatively. The information in this Section 2 is as of the date of this Prospectus.

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

General investment risks

The business activity of the Company is currently investments in offshore supply/ and or offshore drilling assets. As of the date hereof, the Company has invested in the PSV market and has both significant influence and 100% ownership in twenty (20) PSV's. The Company's investments in the PSV market are, partly held through its significant influence in New World Supply, PSVO III, and Northern PSV and partly by its 100% ownership in Wanax AS. The objective of the Company is to generate significant medium to long term capital growth. The Company has market price risk because of the investments in the financial instruments it holds. As a consequence of these market price risks and the minority stake held in PSVOIII, the Company cannot fully control or influence the operations and performance of some of the companies that Standard Drilling has invested in.

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

Key personnel and investment philosophy risk

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

Availability of investments and competition

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

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

Economic developments

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

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

Dependency on commercial and technical managers

The vessels owned by PSV Opportunity III (“**PSVO III**”), Northern PSV AS (“**Northern PSV**”) and Standard Viking, Standard Princess, Standard Supplier, Standard Provider and Standard Supporter (the “**Standard Vessels**”) are operated by Fletcher Supply Vessels Ltd. ("**Fletcher**") as commercial and technical manager. Fletcher will provide commercial, technical, and corporate services, including vessel maintenance, crewing, purchasing, shipyard supervision, insurance and financial services.

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

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

Exposure to the PSV market

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

Lack of diversification

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

Illiquidity and realization risk

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

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

Valuation

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

2.2 Financial risks

General financial risk

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

Currency fluctuations

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

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

Price risk

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

Borrowing and leverage

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

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

Additional capital needs

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

2.3 Tax risks

Tax risks for the Company

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

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

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

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

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

Tax risks for Norwegian investors

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

Risks related to tax residency

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

Overall tax structure

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

2.4 Risks related to the Share price

The market value of the Shares may fluctuate

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

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

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

Lack of liquidity in the Shares

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

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

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

Dilution

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

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

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

Limitations on the ability to make claims against the Company

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

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

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

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

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

Downturn in offshore market

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

Dependency on oil and gas prices

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

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

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

Fluctuating value of the fleet

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

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

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

Risk of insufficient number of customers

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

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

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

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

Risk of exposure to counter party risk

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

3 RESPONSIBILITY FOR THE PROSPECTUS

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

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

S.D. Standard Drilling Plc

23 April 2018

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

Martin Nes
(Chairman)

Arne Fredly
(Independent Director)

George Crystallis
(Independent Director)

4 GENERAL INFORMATION

4.1 Other important investor information

The Company has furnished the information in this Prospectus. No representation or warranty, express or implied is made by the Manager as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Manager assumes no responsibility for the accuracy or completeness or the verification of this Prospectus and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement.

Neither the Company nor the Manager, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

4.2 Cautionary note regarding forward-looking statements

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

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

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

4.3 Presentation of financial and other information

4.3.1 Financial information

Standard Drilling’s audited financial statements for the years ended 31 December 2017 and 2016, have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union ("**EU**") and the requirements of the Cyprus Companies Law, Cap. 113 (the "**Standard Drilling Financial Statements**"). Standard Drilling’s unaudited interim condensed financial statements as at and for three months period ended 31 December 2017 (the "**Standard Drilling Interim Financial Statements**"), have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Standard Drilling Financial Statements, the Standard Drilling Interim Financial Statements, (collectively referred to as the "**Financial Information**") are incorporated by reference see section 16.5 "Documents incorporated by references". The Standard Drilling Financial Statements have been audited by PricewaterhouseCoopers. The Standard Drilling Interim Financial Statements are unaudited and not reviewed by PwC.

4.3.2 Currency presentation

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

4.3.3 Rounding

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

5 DIVIDENDS AND DIVIDEND POLICY

5.1 Dividend policy

Since the Company's inception the Board of Directors declared out of the Company's profits, three interim dividend distributions to the shareholders, totalling USD 114 million. In addition, the Company has made distributions in connection with two capital reductions whereas the Company distributed a total of USD 320 million in 2013 and USD 33 million in 2015. For the year 2016 and 2017, no dividend payments have been paid out and the Company does not expect to pay any dividends for the year 2018.

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

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

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

5.2 Legal constraints on the distribution of dividends

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

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

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

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

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

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

5.3 Manner of dividend payments

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

6 BUSINESS OF THE GROUP

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

6.1 Corporate information

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

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

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

The company Wanax AS is a 100% owned subsidiary of the Company, which holds the Group's investments in PSVO III, that owns seven mid-size PSV's, the Group's investments in Northern PSV, that owns two mid-size PSV's, and the five Standard Vessels (for further information, please refer to Section 6.11 below). The Company owns 26.2% in the company New World Supply which holds the investments in six New World Supply PSV Vessels. Reference is made to Section 6.10 below.

6.2 The Company History

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

2010

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

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

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

2011

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

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

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

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

2011-2013

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

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

2014

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

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

2015-2016

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

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

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

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

2017

In January, the Company issued 423,076,924 new shares through a private placement with gross proceeds of NOK 275 million, each to a par value of USD 0.01 to a price of NOK 0.65 per ordinary share.

In January, the Company, through its wholly owned subsidiary Wanax AS, invested 35% in PSVOIII and received corresponding ownership interests in two (2) mid-size PSVs.

Additionally on 24 January, the Company secured a 15.6% ownership stake in New World Supply Ltd., a Cayman Island exempted company ("NWS") through a private placement directed towards bondholders in World Wide Supply AS. NWS has acquired six mid-size PSV's from World Wide Supply AS. The Company tendered its bonds in World Wide Supply AS in order to participate in the mentioned private placement and no longer holds those bonds.

The Company completed additional two private placements in January 2017 raising a total of approximately NOK 300 million through the issuance of a total of 331,408,358 shares each to a par value of USD 0.01 each to a share price of NOK 0.90, and completed a subsequent offering of a total of NOK 3.6 million, through the issuance of 5,514,718 shares, each to a price of NOK 0.65 with a par value of USD 0.01.

In February, the Company acquired three (3) large-size PSV's from Volstad Shipping AS (held through Wanax AS) at a 100% ownership basis (vessels referred to as the Standard Vessels).

In March and April, the company acquired an additional 3,433,143 shares in NWS, increasing its ownership to 26.2%. As a consideration for the newly acquired NWS shares, the company issued 48,064,002 SDSD shares to the sellers, increasing the outstanding number of shares in SDSD to 1,070,064,002.

In May, the Company performed a reverse split of its shares, taking the par value from USD 0.01 to USD 0.03, thereby reducing the number of outstanding shares by approximately 1/3. Further, the Company's shares were transferred from Oslo Axess to Oslo Børs on 31 May, 2017.

In June, the Company appointed Christos Neokleous as the new CFO.

In June, following the unanimous decision taken at the extraordinary general meetings of the Partners' Councils of PSV Opportunity I DIS ("PSVOI"), PSV Opportunity II DIS ("PSVOII") and PSV Opportunity III DIS ("PSV OIII"), PSVOI and PSVOII were merged into PSVOIII, giving the Company a 25.5% combined ownership of the seven mid-size PSVs.

In October, the Company announced the acquisition of two large Norwegian built PSV's Standard Provider and Standard Supporter, (formerly E.R. Georgina and E.R. Athina, respectively) through its wholly owned subsidiary Wanax AS, increasing its fleet to 18 Vessels.

In October, the Company announced an equity offering of up to NOK 200 million in order to partly finance the acquisition of two large-size PSVs. The Company issued a total of 152,671,756 Shares, each to a price of NOK 1.31 per share, each with a par value of USD 0.03.

2018

On 10 January 2018 the Company held an Extraordinary General Meeting to resolve an increase in the Company's authorised share capital from 516,666,667 ordinary shares to 775,000,000 ordinary shares.

Ultimo January, the Company also participated in a USD 5 million equity issue in PSV Opportunity III, investing USD 1.3 million corresponding to the Company's pro rata ownership.

In March, the Company announced the Equity Offering of up to NOK 100 million for general corporate purposes and to invest in oil service opportunities directly into companies, securities and/or assets as further described in this Prospectus.

In March, the Company, through its wholly owned subsidiary Wanax AS, invested 25.5% in Northern PSV AS and received corresponding ownership interests in two (2) mid-size PSVs.

6.3 Business overview and Strategy

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

The Company's strategy is to invest in the oil services industry, directly or indirectly into companies, securities and/or assets, with the aim to control a larger fleet of assets – all acquired at low values. The main focus of the Company will be in Platform Supply Vessel ("PSV") market although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The Company will mainly invest in projects financed by equity only, however the Company are not restricted from incurring debt in order to finance its investments and does not have any formal limitations on the amount of debt it may incur. This should put the Company in a position enabling to run at low cost which increases the probability to receive contract awards for the assets owned by the Group (controlled through significant influence). The Company has a sound financial position and the Board of Directors believes that the Company is in a good position to take advantage of any investment opportunity that may appear. This includes, but is not limited to, asset play, or investment directly in other companies. The main drivers are maximizing the return and minimizing the risk. Reference is also made to Section 7.3 below describing the Company's principal market and activities.

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

As the Company is an investment company owning the Vessels, the Company will not have any commercial, technical or corporate management of the Vessels as this is covered by Clarksons Platou Project Finance (acting as the corporate manager, see Section 6.7 below), Fletcher (as commercial and technical manager for the twelve (12) mid-sized PSV Vessels owned by the Norwegian subsidiary and the two Northern PSV AS vessels acquired in March 2018), Remøy Management (as manager for the four New World Vessels World Diamond, World Perdiot, World Pearl and World Opal) and Tschudi Management (as manager for the two New World Vessels World Emerald and World Sapphire. Fletcher, Remøy Management and Tschudi Management are described in Section 6.9 below.

6.4 Competitive strengths

Lead sponsors, Board of Directors and management with strong track record and with extensive transaction and corporate experience which focuses on financial engineering, effective decision processes, low operating cost and maintaining an efficient balance sheet. The Company has a modern fleet and attractive technical specifications.

6.5 Historical Principal Investments in the PSV market

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

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

On 2 January 2017, the Company through its wholly owned subsidiary Wanax AS invested further in the PSV market with a 35% investment in the PSVOIII for a total consideration of USD 5.2 million. PSVOIII is a private company that owns (2) mid-size PSV vessels of the design UT755 LN. Note that in June 2017, following the unanimous decision taken at the extraordinary general meetings of the Partners' Councils of PSVOI, PSVOII and PSV OIII, PSVOI and PSVOII were merged into PSVOIII, giving the Company a 25.5% combined ownership of the seven mid-size PSVs.

On 19 January 2017, the Company announced it had invested further in the PSV market. Through wholly owned subsidiary Wanax AS, the Company had agreed to acquire the three (3) ST-216L CD PSVs Volstad Viking, Volstad Supplier and Volstad Princess from Volstad Shipping AS, which were named Standard Viking, Standard Supplier and Standard Princess. The three vessels are large PSVs all built at Aker Brattvaag, Norway in 2007-2008, with 1,060m2 deck space and equipped with ice class (ICE-1B) capabilities. The Vessels were acquired for a total en-bloc consideration of USD 40 million.

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

On 22 March 2017, the Company announced it had entered into an agreement to further increase its ownership in NWS, whereby the Company acquired an additional 2,500,000 shares in NWS corresponding to approximately 7.7% of the total outstanding shares in NWS, thereby increasing its ownership in NWS to 23.3%. As a consideration for the 2,500,000 shares in NSW, SDSD issued 35,000,000 new shares to the seller, each to a subscription price of NOK 0.75 per new share, corresponding to NOK 26,250,000.

On 1 April 2017, the Company announced it had entered into agreements to further increase its ownership in NWS, whereby the Company acquired an additional 933,143 shares in NWS corresponding to approximately 2.9% of the total outstanding shares in NWS, thereby increasing its ownership in NWS to 26.2%. As a consideration for the 933,143 shares in NSW, SDSD issued 13,064,002 new shares to the sellers, each to a subscription price of NOK 0.75 per new share, corresponding to NOK 9.8 million.

On 12 October 2017, the Company announced the investment in two large Norwegian built PSV's acquired for a total en-bloc consideration of USD 22.2 million. The transaction was completed on 13 November 2017 and the Company (through subsidiaries) took delivery of the two Standard Vessels, Standard Provider and Standard Supporter (formerly, E.R. Georgina and E.R. Athina, respectively).

On 25 January 2018, the Company participated in a USD 5 million equity issue in PSV Opportunity III, investing USD 1.3 million corresponding to the Company's pro rata ownership. On 15 March 2018, the Company through its wholly owned subsidiary Wanax AS invested further in the PSV market with a 25.5% investment in the Northern PSV for a total consideration of USD 1.72 million, using cash at hand. Northern PSV AS is a private company that owns (2) mid-size PSV vessels of the design UT755 LN.

For an overview of all historical investments, please refer to section 11.6.1 below. Reference is also made to section 6.10 below.

6.6 Ongoing and future investments

The Company has no pending investments at the date of this Prospectus. Reference is also made to section 11.6.2and 11.6.3 below.

6.7 PSV Opportunity Partnership structure

This section provides an overview of the partnership structure for the seven mid-sized PSV vessels owned by PSV Opportunity III DIS, owned 25.5% by Wanax AS.

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

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

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

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

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

Each of the seven PSV's in PSV Opportunity III DIS has hired Fletcher as commercial and technical manager (see Section 6.9), and Clarksons Platou Project Finance as Corporate Manager.

Clarksons Platou Project Finance acts as the corporate manager for the vessels. The corporate manager's responsibilities include:

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

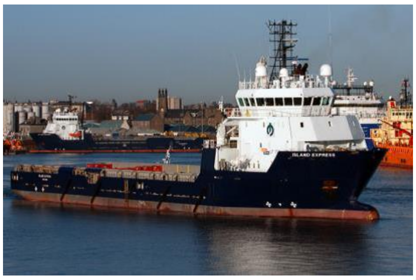
6.8 The PSV Fleet

The Group currently has direct and indirect ownership in 18 vessels.

The PSVOIII vessels:

Vessel	**Vessel specifications:**
	**Vessel name: FS Kristiansand (FSK)** Type: PSV, VS 470 Yard: Kleven; Norway Built: 2005 DWT/GT/NT: 3,544 mt/2,579/774 Deck space: 700 m², 51m x 13.8m Deck Load: 5t/m² Dynamic positioning: DP2 in ERK, DP1 in ERB/ERA Contract Status: Firm charter until Sep-18 + 6 months options Purchase price: USD 2.5 million Owner Structure: 25.5% ownership through an equity investment in PSVOIII Commercial and technical manager: Fletcher
	**Vessel name: FS Bergen (FSB)** Type: PSV, VS 470 Yard: Kleven; Norway Built: 2006 DWT/GT/NT: 3,544 mt/2,579/774 Deck space: 700 m², 51m x 13.8m Deck Load: 5t/m² Dynamic positioning: DP2 in ERK, DP1 in ERB/ERA Contract Status: Warm lay-up Purchase price: USD 2.5 million Owner Structure: 25.5% ownership through an equity investment in PSVOIII Commercial and technical manager: Fletcher
	**Vessel name: FS Arendal (FSA)** Type: PSV, VS 470 Yard: Kleven; Norway Built: 2006 DWT/GT/NT: 3,544 mt/2,579/774 Deck space: 700 m², 51m x 13.8m Deck Load: 5t/m² Dynamic positioning: DP2 in ERK, DP1 in ERB/ERA Contract Status: Firm charter until May-18 Purchase price: USD 2.5 million Owner Structure: 25.5% ownership through an equity investment in PSVOIII Commercial and technical manager: Fletcher

	**Vessel name: FS Abergeldie (ABG)** Type: UT 755 LN Yard: Aukra; Norway Built: 2008 DWT/GT/NT: 3,270 mt/2,180/1074 Deck space: 680 m², 51m x 13.3m Deck Load: 5t/m² Dynamic positioning: DP2 (DGPS, DGNS, Cyscan) Contract Status: Lay-up Purchase price: USD 5.1 million Owner Structure: 25.5% ownership through an equity investment in PSVOIII Commercial and technical manager: Fletcher
	**Vessel name: FS Aberdour (ABD)** Type: UT 755 LN Yard: Aukra; Norway Built: 2009 DWT/GT/NT: 3,270 mt/2,180/1074 Deck space: 680 m², 51m x 13.3m Deck Load: 5t/m² Dynamic positioning: DP2 (DGPS, DGNS, Cyscan) Contract Status: Expected to be on charter until Sep-18 Purchase price: USD 5.7 million Owner Structure: 25.5% ownership through an equity investment in PSVOIII Commercial and technical manager: Fletcher

Vessel	**Vessel specifications:**
	**Vessel name: FS Braemar** Type: UT 755 LN Yard: Aker Brevik, Norway Built: 2007 DWT/GT/NT: 3,130 mt/2,050/1143 Deck space: 710 m² Deck Load: 1,600t Dynamic positioning: DP2 (DGPS, Cyscan) Contract Status: Spot market Purchase price: USD 5.85 million Owner Structure: 25.5% ownership through an equity investment in PSVOIII Commercial and technical manager: Fletcher
	**Vessel name: FS Balmoral** Type: UT 755 LN Yard: Aker Brevik, Norway Built: 2008 DWT/GT/NT: 3,130 mt/2,050/1143 Deck space: 710 m² Deck Load: 1,600t Dynamic positioning: DP2 (DGPS, Cyscan) Contract Status: Expected to be on charter until Jul-18 Purchase price: USD 5.85 million Owner Structure: 25.5% ownership through an equity investment in PSVOIII Commercial and technical manager: Fletcher

The Standard Vessels:

Vessel	**Vessel specifications:**
	**Vessel name: Standard Princess** Type: ST 216 L CD Yard: Aker Brattvag Built: 2008 DWT/GT/NT: 500mt/4,183/1,254 Deck space: 1060m^2 Deck Load: 2,950t Dynamic positioning: DP2 (DGPS, ECDIS, Gyrocompass, Radar) Contract Status: Spot Purchase price: USD 13.3 million Owner Structure: 100% owned through Wanax AS Commercial and technical manager: Fletcher
	**Vessel name: Standard Supplier** Type: ST 216 L CD Yard: Aker Brattvag Built: 2007 DWT/GT/NT: 500mt/4,183/1,254 Deck space: 1060m^2 Deck Load: 2,950t Dynamic positioning: DP2 (DGPS, ECDIS, Gyrocompass, Radar) Contract Status: Firm charter until May-18 Purchase price: USD 13.3 million Owner Structure: 100% owned through Wanax AS Commercial and technical manager: Fletcher
	**Vessel name: Standard Viking** Type: ST 216 L CD Yard: Aker Brattvag Built: 2007 DWT/GT/NT: 500mt/4,183/1,254 Deck space: 1060m^2 Deck Load: 2,950t Dynamic positioning: DP2 (DGPS, ECDIS, Gyrocompass, Radar) Contract Status: Firm charter until Jul-18 + 2x1 year options Purchase price: USD 13.3 million Owner Structure: 100% owned through Wanax AS Commercial and technical manager: Fletcher
	**Vessel name: Standard Supporter** Type: UT 776 CD Yard: STX Breivik Norway Built: 2009 DWT/GT: 4,100 dwt/4,488 GT/ Deck space: 1,000 m^2 Deck Load: 3,000t Dynamic positioning: DP2 Contract Status: Expected to be on charter until May-18, likely to be extended Purchase price: USD 11.1 million Owner Structure: 100% ownership through Wanax AS Commercial and technical manager: Fletcher

	**Vessel name: Standard Provider** Type: UT 776 CD Yard: STX Breivik Norway Built: 2010 DWT/GT: 4,831 tdw/4,488 GT Deck space: 1,000 m^2 Deck Load: 3,000t Dynamic positioning: DP2 Contract Status: Firm charter until Jun-18 Purchase price: USD 11.1 million Owner Structure: 100% ownership through Wanax AS Commercial and technical manager: Fletcher

The New World Supply vessels:

Vessel	**Vessel specifications:**
	**Vessel name: World Diamond** Type: Damen PSV 3300 CD Yard: Damen Shipyards Galati, Romania Built: 2013 DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT Deck space: 728 m^2 Deck Load: 1,520t Dynamic positioning: DPAA Contract Status: Laid-up Purchase price: USD 4.6 million Owner Structure: 26.2% ownership through equity investment in NWS Manager: Remøy Management
	**Vessel name: World Perdiot** Type: Damen PSV 3300 CD Yard: Damen Shipyards Galati, Romania Built: 2013 DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT Deck space: 728 m^2 Deck Load: 1,520t Dynamic positioning: DPAA Contract Status: Laid-up Purchase price: USD 4.6 million Owner Structure: 26.2% ownership through equity investment in NWS Manager: Remøy Management
	**Vessel name: World Pearl** Type: Damen PSV 3300 CD Yard: Damen Shipyards Galati, Romania Built: 2013 DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT Deck space: 728 m^2 Deck Load: 1,520t Dynamic positioning: DPAA Contract Status: Laid-up Purchase price: USD 4.6 million Owner Structure: 26.2% ownership through equity investment in NWS Manager: Remøy Management

	**Vessel name: World Emerald** Type: Damen PSV 3300 CD Yard: Damen Shipyards Galati, Romania Built: 2013 DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT Deck space: 728 m^2 Deck Load: 1,520t Dynamic positioning: DPAA Contract Status: Laid-up Purchase price: USD 4.6 million Owner Structure: 26.2% ownership through equity investment in NWS Manager: Tschudi Ship Management
	**Vessel name: World Opal** Type: Damen PSV 3300 CD Yard: Damen Shipyards Galati, Romania Built: 2013 DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT Deck space: 728 m^2 Deck Load: 1,520t Dynamic positioning: DPAA Contract Status: Laid-up Purchase price: USD 4.6 million Owner Structure: 26.2% ownership through equity investment in NWS Manager: Remøy Management
	**Vessel name: World Sapphire** Type: Damen PSV 3300 CD Yard: Damen Shipyards Galati, Romania Built: 2013 DWT/GT/NT: 3500mt/ 3,832 GT/ 1,254 NT Deck space: 728 m^2 Deck Load: 1,520t Dynamic positioning: DPAA Contract Status: Laid-up Purchase price: USD 4.6 million Owner Structure: 26.2% ownership through equity investment in NWS Manager: Tschudi Ship Management

The Northern PSV vessels:

Vessel	**Vessel specifications:**
TBD	**Vessel name: TBD** Type: UT 755 LN Yard: Aukra; Norway Built: 2008 DWT/GT/NT: 3,270 mt/2,050/649 Deck space: 680 m^2 Deck Load: 5t/m^2 Dynamic positioning: DP2 Contract Status: Spot Purchase price: The two vessels were purchased for an en-block price of USD 4.9 million Owner Structure: 25.5% ownership through an equity investment in Northern PSV Commercial and technical manager: Fletcher

TBD	**Vessel name: TBD** Type: UT 755 LN Yard: Aukra; Norway Built: 2009 DWT/GT/NT: 3,270 mt/2,050/649 Deck space: 680 m² Deck Load: 5t/m² Dynamic positioning: DP2 Contract Status: Spot Purchase price: The two vessels were purchased for an en-block price of USD 4.9 million Owner Structure: 25.5% ownership through an equity investment in Northern PSV Commercial and technical manager: Fletcher

6.9 Commercial and technical managers

The Standard Vessels, the PSVOIII Vessels and the Northern PSV vessels

Fletcher is the commercial and technical manager for the Standard Vessels, the nine mid-sized PSV's in PSVO III and the two newly acquired Northern PSV vessels.

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

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

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

The return on the Company's investments in PSVOIII, Northern PSV and the Standard Vessels will depend significantly upon the satisfactory performance of these services by Fletcher. If Fletcher fails to perform these services satisfactorily or if its stops providing these services (for any reason), the Company's return on its investments may be significantly adversely affected and in a worst-case scenario, the Company may lose its entire investments in PSVOIII, Northern PSV and the Standard Vessels. Furthermore, the return on the Company's investments will depend largely on Fletcher's reputation and relationships in the oil and offshore industry. Reference is also made to section 2.1 above.

The New World Supply vessels

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

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

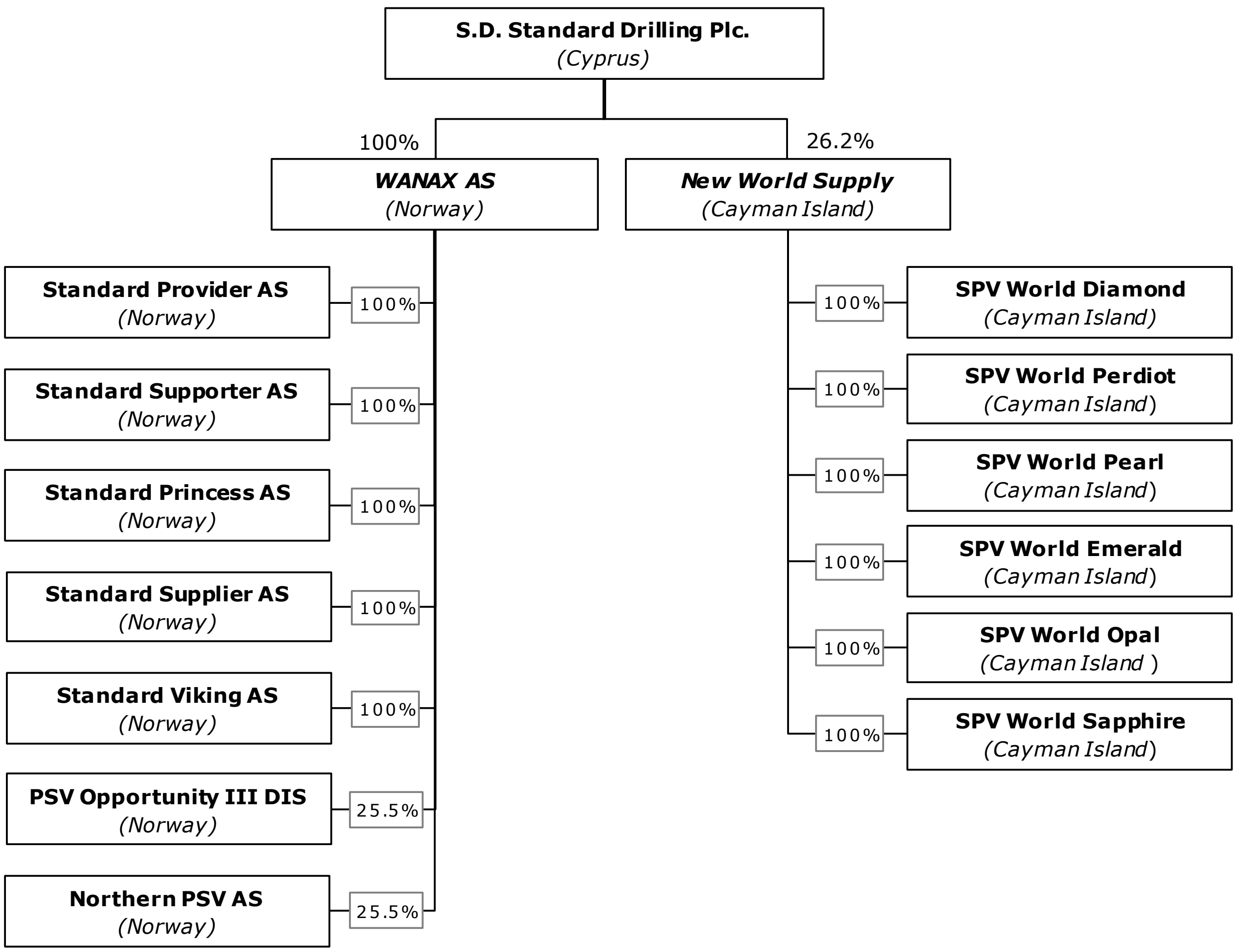
Remøy Management is the manager for the Vessels World Diamond, World Perdiot, World Pearl and World Opal. The four vessels are currently in layup in Ålesund, Norway.

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

6.10 Organizational structure

The company Wanax AS is a 100% owned subsidiary of the Company, which holds the investments in PSVOIII and Northern PSV and owns the Standard Vessels (see section 6.11 below). The Company New World Supply is a 26.2% owned by the Company, which holds the investments in the six New World Vessels. Wanax AS is a private limited liability company incorporated under the laws of Norway. See below details on the Company's legal structure.

Overview of the organisational structure



Subsidiaries	Registered office	Function	Interest held
Wanax AS	Norway	Subsidiary 100% owned by SDSD. Holding company for certain of the investments in the PSV market and direct owner of 5 large-size PSVs	100%
Standard Provider AS	Norway	Owns 1 large-size PSV	100%
Standard Supporter AS	Norway	Owns 1 large-size PSV	100%
PSV Opportunity III DIS	Norway	Owns 7 mid-size PSV	25.5%
Standard Princess AS	Norway	Owns 1 large-size PSV	100%
Standard Supplier AS	Norway	Owns 1 large-size PSV	100%
Standard Viking AS	Norway	Owns 1 large-size PSV	100%
Northern PSV AS	Norway	Owns 2 mid-size PSV	25.5%
New World Supply Ltd.	Cayman Islands	Owns 6 mid-size PSV	26.2%
SPV World Diamond	*Cayman Islands*	*Owns 1 mid-size PSV*	*100%*
SPV World Perdiot	*Cayman Islands*	*Owns 1 mid-size PSV*	*100%*
SPV World Pearl	*Cayman Islands*	*Owns 1 mid-size PSV*	*100%*
SPV World Emerald	*Cayman Islands*	*Owns 1 mid-size PSV*	*100%*
SPV World Opal	*Cayman Islands*	*Owns 1 mid-size PSV*	*100%*
SPV World Sapphire	*Cayman Islands*	*Owns 1 mid-size PSV*	*100%*

6.11 Wanax AS

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

The share capital of Wanax AS is NOK 90,000, divided by 30,000 shares, each with a par value of NOK 3. Standard Drilling is the sole shareholder in Wanax AS.

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

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

For a description of risk factors applicable to Wanax AS, please refer to Sections 2.1, 0 and 2.5.

6.12 Patents and licenses - Intellectual property

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

The Company is not dependent upon research and development, or patents and licences, industrial, commercial or financial contracts (other than Fletcher as described in section 6.9 above) or new manufacturing.

6.13 Property, plant and equipment ("PPE")

Environmental issues that may affect the utilization and fair value of the Group's assets are discussed in Section 2 "RISK FACTORS" and section 6.14 below.

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

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

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

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

7 PRINCIPAL MARKET AND ACTIVITIES

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

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

7.1 S.D. Standard Drilling asset overview

The Company currently has a significant influence in fifteen (15) medium-sized platform supply vessels ("PSVs") and 100% ownership in five (5) large-sized PSVs, see Section 6.8 "The PSV Fleet". Given the Company's current investment focus, this section will address the global PSV market.

7.2 Types of platform supply vessels

Platform supply vessels are designed to provide supplies to mobile offshore drilling units and fixed offshore installations. Offshore drilling and production support comprise the primary end-markets, though PSVs sometimes work in offshore construction hauling materials or in seismic support roles. The vessels are characterized by large back decks for dry cargoes like drill pipe, cement and small containers, while tanks under deck store liquid cargoes including drilling mud, chemicals, fuel and water. In addition to carrying cargo, PSVs are often equipped to perform other services and tasks required offshore such as fire-fighting and standby duties, oil containment and recovery to assist in clean-ups at sea, or equipped with tools, chemicals and personnel to assist in increasing production of offshore wells. In general, a PSV vessel is expected to have an operational life of approximately 25-30 years, depending on the condition of the vessels. PSVs are generally classified according to various specifications including:

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

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

PSVs working in deepwater, harsh environments or remote locations usually have a minimum size of 2500 dwt and must be equipped with dynamic positioning (DP1 or DP2). Deepwater jobs often require medium or large vessels to accommodate the higher supply consumption rates of floating rigs as compared to shallow water jackups.

Even in some primarily shallow water markets like the North Sea, medium and large vessels are preferred for their superior performance in harsh weather and high waves. Markets for medium and large PSVs include the North Sea, Brazil, the deepwater US Gulf of Mexico, West & East Africa and Australia.

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

Figure 1 illustrates the cumulative PSV fleet from 2001 to 2017YTD. Vessels below 1000 dwt have been excluded.

The cumulative PSV fleet from 2000 to YE 2017

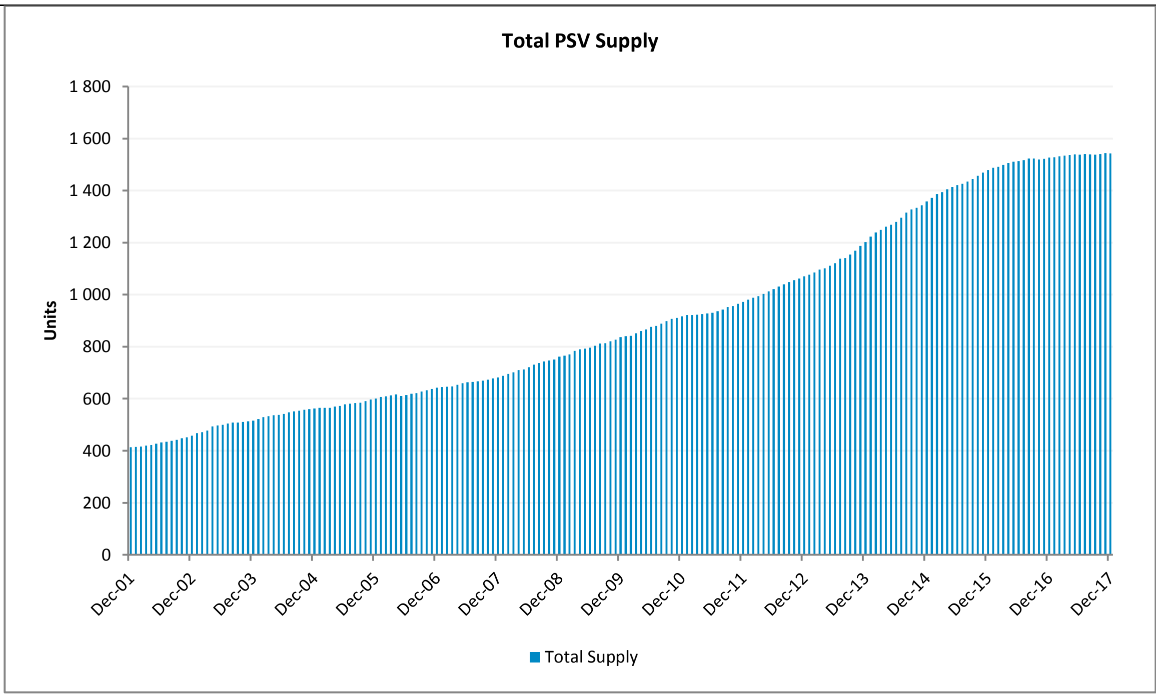


Figure 1: Number of PSV 2000-YE 2017[2]

7.3 Recent market developments and trends

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

[2] Clarkson Research Services Limited, 2016

Oil price from 1988- YE 2017

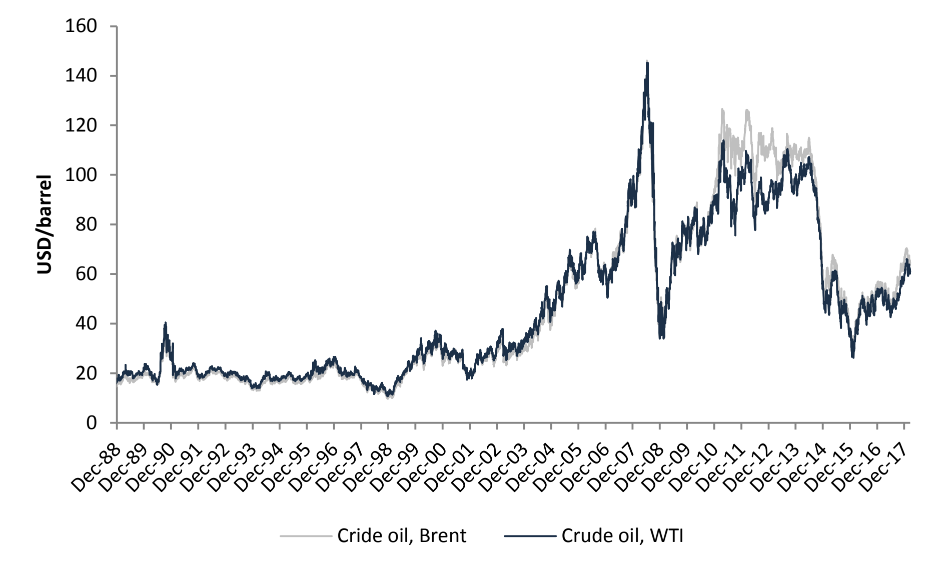


Figure 2: Historical prices for Brent and WTI oil 1988-YE 2017[3]

Large PSVs(North Sea)	***Medium PSVs (North Sea)***

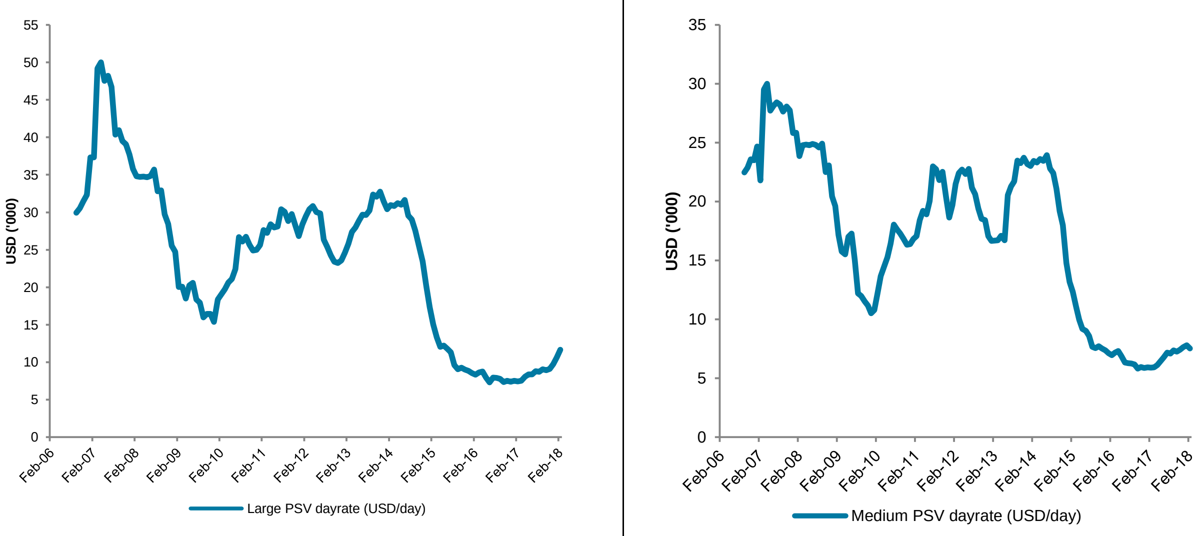


Figure 3: PSV North Sea rates 2006-Feb'18[4]

The current day rates for large PSVs are currently USD 11,650 and for mid-sized PSV's the day rates are approximately USD 7,500. In comparison, the last 10 years average day rates for large PSV's is USD 21,200, and for mid-sized PSV's approximately USD 15,600.

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

[3] Bloomberg, 2017
[4] Clarkson Research Services Limited, 2017

Cabotage laws, regulations governing shipping within a country's borders, restrict access to several markets including the US Gulf, Brazil and Mexico. The Jones Act for example restricts US coastwise trade to vessels built in America and crewed and owned by US citizens. Shutting out foreign competition leads to a more consolidated market and higher prices. In 2015 PSVs in the US Gulf saw the highest average rates in the world outside of Brazil (where very few PSVs actually gained contracts in 2015).

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

7.4 Demand

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

Falling rig demand posed the greatest challenge to the PSV market in 2015 and 2016, however offshore rig count has showed signs of improvement towards the end of 2017. While sanctioning remains well below replacement level, the trend has turned and capex commitments directed towards new offshore developments have risen 65% in 2017. This has resulted in a modest uptick in rig demand for 2017.

The PSV demand is subsequently turning positive after bottoming in January 2017. Rig demand, as opposed to production demand, is the main driver behind the current positive trend.

Rig count from 2000-YE 2017	***PSV demand growth***

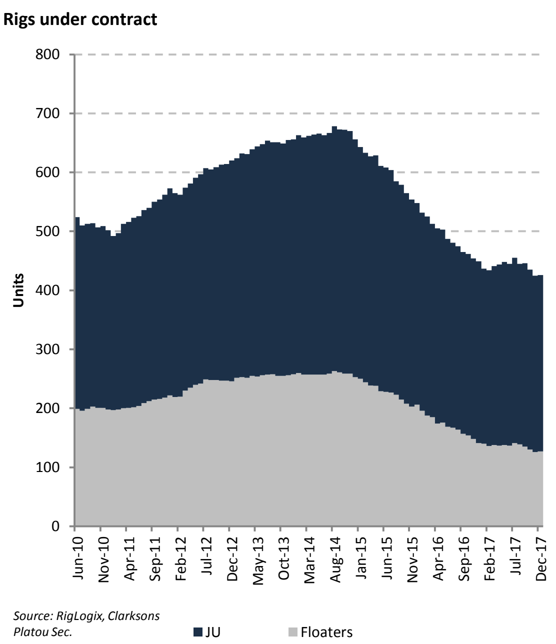
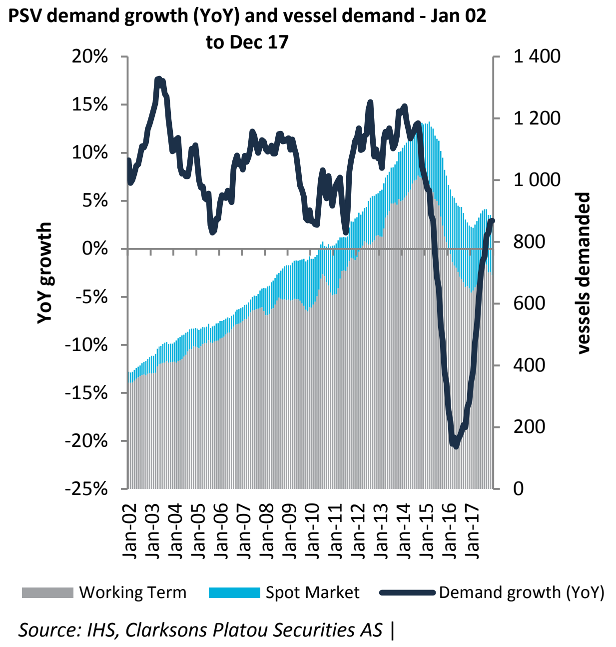

	

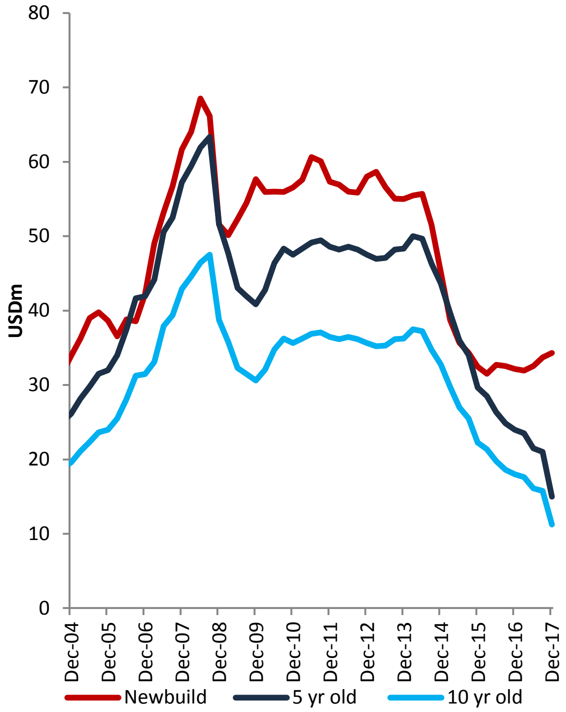
Figure 4: Rig count from 2010-YE 2017[5]	*Figure 5: PSV demand growth, spot and term chartered vessels (includes PSVs >50m LOA and >=1000 dwt)* [6]

[5] RigLogix, Clarksons Platou Securities AS
[6] IHS, Clarksons Platou Securities AS

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

PSV Newbuild and Second-hand values

Large size PSV values



Mid-size PSV values

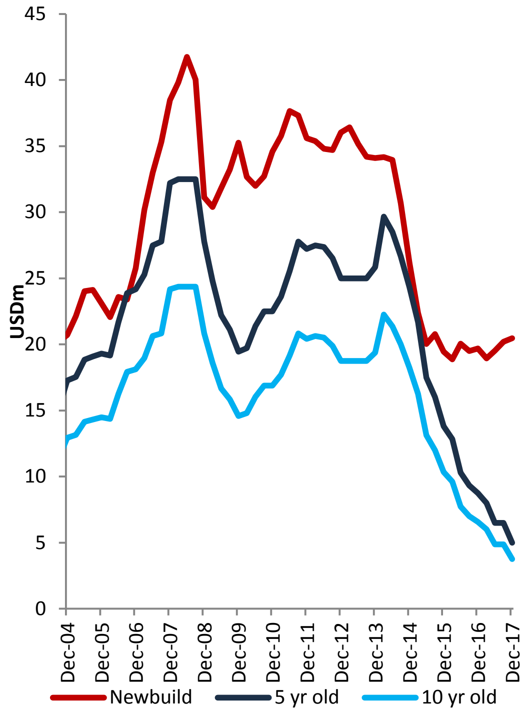


Figure 6: Newbuild and Second-hand value900-1000m^2 and 500-750m2 PSV[7]

7.5 Supply of platform supply vessels

The total supply growth for the PSV space has declined significantly from the levels seen in 2010-2014, as seen in Figure 7. Notably, as seen for Large PSV's in Figure 8, a substantial amount of vessels ordered prior to the oil & gas price downturn remains under construction. The majority of assets are from Chinese yards and significant slippage has already happened and the assets are subject to substantial doubts about their eventual delivery status.

Similarly, the market consists of a large amount of "shadow supply" of stacked vessels that may not return to the market. Large reactivation costs such as special surveys and maintenance may hinder some of the supply returning to the market unless meaningfully higher dayrates and long-term contracts justify the costs of reactivation.

[7] Clarkson Research Services Limited, 2017

PSV fleet growth	*Large PSV orderbook*

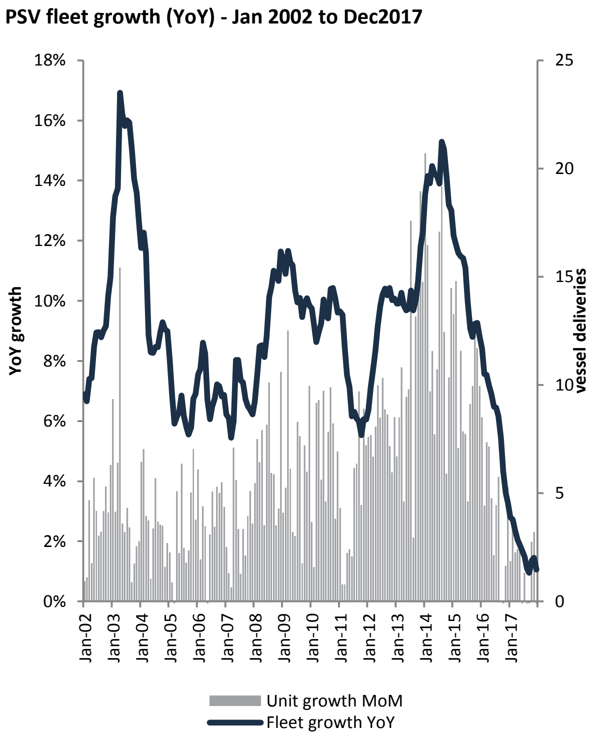
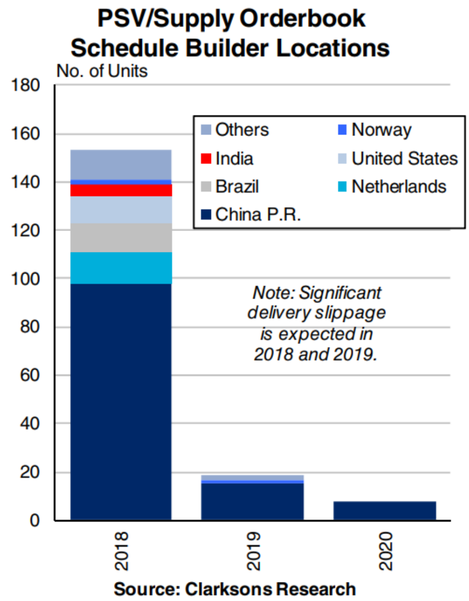

	

Figure 7: Annual growth in PSV fleet 2000-2016 (includes PSVs >50m LOA and >=1000 dwt) [8]	*Figure 8: Large PSV orderbook*[9]

Source: IHS, Clarksons Platou Securities AS |

7.6 Competitive environment

S.D. Standard Drilling is a 100% equity financed investment platform with significant influence in fifteen (15) mid-size PSVs and 100% ownership in five (5) large-size PSVs. In general, the PSV sector is a competitive industry with market participants ranging from large multinational companies to smaller regional companies with fewer units. Although other competitors are significantly larger in size, both in respect to fleet and enterprise value, most operators have a very low market cap, are heavily leveraged and have taken measures, either through covenant renegotiations or a full restructuring, to improve their balance sheets. As such, SDSD's 100% equity capital structure allows for a low break-even dayrate resulting in a competitive advantage in the current depressed market. With no debt, the vessels can be offered to oil companies at highly competitive rates.

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

[8] IHS, Clarksons Platou Securities AS
[9] Clarkson Research Services Limited, 2017

8 MATERIAL CONTRACTS AND RELATED PARTY TRANSACTIONS

8.1 Material Contracts outside the course of ordinary business

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

8.2 Related party transactions

Below is a summary of the Company's related party transactions for the period covered by the historical financial information and up to the date of this Prospectus. For further information on related party transactions of the Group, please refer to note 22 of the audited financial statements for the year 2016.

The Company has entered into a consultancy agreement with Ferncliff TIH II AS whereby Ferncliff TIH II AS provides certain general services to the Company. Fees paid under this agreement from 1 January to 31 December 2017 amounted to USD 90,000. In addition, the Company's wholly-owned subsidiary Wanax AS entered into a management services agreement with Ferncliff TIH II AS in June 2017 pursuant to which Ferncliff TIH II AS provides certain general management services to Wanax AS for a fixed monthly fee of NOK 200,000 from July 2017 onwards, plus a fixed fee of USD 250,000 for services rendered during the first half of the year 2017.

The below table gives an overview of the transactions carried out with related parties for the years ended 31 December 2017, 2016 and 2015:

USD 1,000	**Agreement**	**As per 31.12.2017**	**As per 31.12.2016**	**As per 31.12.2015**
Ferncliff TIH II	Consultancy fees	90	150	350
Total		**90**	**150**	**240**

Ferncliff TIH II AS is a company wholly owned by Øystein Stray Spetalen, which is the controlling shareholder in Saga Tankers ASA. Saga Tankers ASA is the largest shareholder in the Company.

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

8.3 Legal and regulatory proceedings

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

9 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

9.1 Board of Directors

9.1.1 Overview

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

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

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

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

9.1.2 Board of Directors of the Company

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

Name	Position	Served since*	Term expires
Martin Nes	Chairman	August 2013	AGM 2019
Arne Fredly	Independent Director	January 2016	AGM 2018
George Crystallis	Independent Director	December 2010	AGM 2020

*The year indicates the time the director first was elected as a director of the board of Standard Drilling.

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

Martin Nes, Chairman

Martin Nes has been involved with the Company since its incorporation in 2010, and has previously held the roles of Chairman and Acting CEO. He is well versed in the company and the shipping and offshore industry and has broad corporate and board experience. Mr. Nes serves as CEO of Ferncliff TIH II AS, one of Norway's largest investment companies. Mr Nes has previously worked several years for the Norwegian law firm Wikborg Rein, both in their Oslo and London offices and for the shipping law firm Evensen & Co. Mr. Nes holds a law degree from University of Oslo and a Master of laws' degree from University of Southampton, England. He was reappointed as a Chairman in August 2013. Mr. Nes is a Norwegian citizen and resides in Oslo, Norway. Mr. Nes holds 2,264,021 Shares in Standard Drilling through his wholly owned company Hanekamb Invest AS.

Arne Fredly, Independent Director

Arne Fredly is an independent professional investor. Previously Mr Fredly was a senior partner and second largest shareholder of ABG Sundal Collier, an independent Nordic Investment bank, where he was head of equity sales and trading. Mr Fredly has also worked for Alfred Berg. Mr Fredly holds a Master of Science in Finance from the Norwegian School of Economics and Business Administration. He was appointed to the Board of S.D. Standard Drilling in January 2016. Mr. Fredly is a Norwegian citizen and resides in Monaco. Mr. Fredly holds 25,852,310 Shares in Standard Drilling through his wholly owned company Apollo Asset Limited.

George Crystallis, Independent Director

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

9.1.3 Independence of the Board of Directors

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

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

9.1.4 Board of Directors Committees

Audit Committee: The Audit Committee is appointed by the Board of Directors of the Company and is currently comprised by Mr. Arne Helge Fredly (Chairman) and Mr. George Crystallis (member).

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, evaluate and oversee the auditor's independence. The composition of the audit committee is in line with the Code of Practice.

The composition of the audit committee is in line with the provisions of the Auditors' Law of Cyprus and the Code of Practice of Cyprus and Norway.

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

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

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

9.2 Executive management

The Company's Executive Management consists of Evangelia Panagide, General Manager and Christos Neokleous, Chief Financial Officer (the "**Executive Management**").

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

The business address of 6 Maximou Michaelidi Street, Maximos Plaza Tower 3, Office 401, serves as c/o address for the executive management team responsible for the day-to-day management of the Company.

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

Name	Year of birth	Employed since	Executive management since	Current position	Current position since
Evangelia Panagide	1974	2011	2013	General Manager	2013
Christos Neokleous	1970	2017	2017	Chief Financial Officer	2017

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

Evangelia Panagide, General Manager

Mrs Panagide has, from 1 September 2013, been appointed as General Manager of the Company. She is based in the Company's headquarter in Cyprus and has run this office since 2011. Mrs Panagide is a Cypriot citizen and resides in Limassol. Mrs. Panagide do not personally hold any shares in Standard Drilling, however Mr Yiannis Panagide, who is closely related to her holds 186,174 shares in Standard Drilling.

Christos Neokleous, Chief Financial Officer

Christos Neokleous has been involved with the Company since its incorporation and has been appointed to serve as Chief Financial Officer since 1 July 2017. He has more than 25 years of experience and has been a partner in Deloitte in Cyprus since 2009. He is skilled in numerous audit and accounting fields, and has extensive knowledge of International Financial Reporting Standards, taxation policies, Cyprus Companies Law and day to day administration processes.

Christos is a Fellow member of the Chartered Association of Certified Accountants (FCCA), a member of the Institute of Certified Public Accountants of Cyprus (ICPAC) and a member of The Association of Accounting Technicians (MAAT). Mr. Neokleous holds no shares in Standard Drilling.

9.3 Directorships and positions

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

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

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

The table below sets forth remuneration paid by Standard Drilling to the Board of Directors, executive management team and other key personnel for the year ended 31 December 2017:

Name	Title	Salaries (in USD 1,000)	Retirement benefits (in USD 1,000)	Other benefits (in USD 1,000)
Martin Nes	Chairman	-	-	38
Arne Helge Fredly	Independent Director	-	-	25
George Crystallis	Independent Director	-	-	2
Evangelia Panagide	General Manager	48	-	-
Christos Neokleous	CFO	28	-	-

The total amount of compensation in Standard Drilling accrued by the directors and the members of the executive management team was USD 141,000 in 2017 compared to USD 138,000 in 2016.

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

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

Name	Position	Shares	% of outstanding
Martin Nes	Chairman	2,264,021[10]	0.39%
Arne Fredly	Independent Director	25,852,310[11]	4.50%
George Crystallis	Independent Director	0	0.00%
Evangelia Panagide	General Manager	186,174[12]	0.03%
Christos Neokleous	CFO	0	0.00%

9.6 Pensions

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

9.7 Loans and guarantees

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

9.8 Employees

The Company, as of the date of this Prospectus, has two (2) employees being the General Manager and the CFO.

	As of 31 December 2017	As of 31 December 2016
Employees	2	1
Total Company	2	1

9.9 Conflicts of interests etc.

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

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

Furthermore, Chairman Martin Nes is employed with Ferncliff TIH II AS, an affiliate of Saga Tankers ASA (a large shareholder in the Company) and the Company receives certain consultancy services from Ferncliff TIH II AS under its management agreement as further described in Section 8.2 "Related party transactions" above. Apart from the above, there are no actual or potential conflicts of interest between the Company or any member of the Group and the private interests or other duties of any members of the Board or the Executive Management.

9.10 Corporate governance requirements

The Company is committed to maintaining high standards of corporate governance. The Company bases its corporate governance model on Norwegian corporate law and accounting regulations and substantially complies

[10] Through wholly owned company Hanekamb Invest AS.

[11] Through wholly owned company Apollo Asset Limited.

[12] Through a related party

with the Norwegian Code of Practice for Corporate Governance (the "**Code of Practice**"), most recently revised 30 October 2014, due to the listing of the Shares on the Oslo Stock Exchange. This implies that the Company do not base its corporate governance policies on the Corporate Governance Code issued by the Cyprus Stock Exchange.

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

- The recent Extraordinary General Meeting (EGM) that took place on 10 January 2018, provided an authorisation to the Board of Directors to increase the share capital that does not state specific purposes for which the authorisation may be used;
- The authorisation referred to above, including a waiver of the pre-emptive rights of the shareholders, has no end-date, as is customary under Cyprus law.
- The annual general meeting held on 3 May 2017 granted the Board of Directors and authorisation to acquire own shares. This authorisation does not state specific purposes for which the authorisation may be used;
- The annual reports do not include information on participation in board meetings, nor circumstances that can highlight the competences of the board members;
- The Board of Directors has not prepared guidelines for information and communication;
- The Board of Directors has not prepared guidelines for conduct in take-over situations.

10 SELECTED FINANCIAL INFORMATION

10.1 Introduction

The following section presents selected financial information derived from the Company's audited financial statements (including the notes thereto) as of, and for the years ended, 31 December 2017 and 2016 (the "Standard Drilling Financial Statements") and the Company's unaudited interim condensed financial statements for the twelve months ended 31 December 2017 and 2016 (the "Standard Drilling Interim Financial Statements"). The Financial Statements have been audited by PricewaterhouseCoopers Limited a private company registered in Cyprus (Registration number 143594) (the "**PwC**"). The Standard Drilling Financial Statements have been prepared in accordance with IFRS, as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113. The Interim Financial Statements has been prepared in accordance with IAS 34 and has neither been reviewed or audited. This information is only a summary and you should read this selected historical financial data together with Section 11 "OPERATING AND FINANCIAL Information" and with the audited financial statements and notes thereto, incorporated by reference in this Prospectus in Section 16.5 and Appendices C-E.

10.2 Standard Drilling Financial Statements

10.2.1 Basis of presentation

The financial statements of S.D. Standard Drilling Plc. have been prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113 and are expressed in United States Dollars. The financial statements have been prepared under the historical cost convention as reclassified by the revaluation of financial assets at fair value through profit and loss and available-for-sale financial asset. All figures in these 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 Company's accounting policies.

The Company meets the definition of an investment entity as per IFRS 10 and is required to account for the investment in the subsidiary which was incorporated for the purpose of holding the underlying investment on behalf of the Company, and its associate at fair value through profit or loss.

For the preparation of the audited financial statements for the year ended 31 December 2017, 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 2017. The adoption of these Standards did not have a material effect on the financial statements.

At the date of approval of these interim condensed financial statements, a number of accounting standards and interpretations were issued by the International Accounting Standards Board but were not yet effective. The effect and impact of those standards and specifically of IFRS 9 and IFRS 15 was assessed and is not expected to be material to the Company.

The Standard Drilling Interim Financial Statements for the twelve months ended 31 December 2017, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016 which have been prepared in accordance with IFRS as adopted in the (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Standard Drilling Financial Statements and the Standard Drilling Interim Financial Statements have been incorporated by reference, and may be found on the Company's website, www.standard-drilling.com. For documents incorporated by reference, please refer to Section 16.5.

10.2.2 Selected statement of comprehensive income

The table below sets out a summary derived from the Standard Drilling audited statement of comprehensive income for the years ended 31 December 2017 and 2016 and the unaudited fourth quarter ended 31 December 2017 and 2016.

Income statement *Amounts in USD '000*	**4Q 2017** Unaudited IFRS	**4Q 2016** Unaudited IFRS	**31 Dec. 2017** Audited IFRS	**31 Dec. 2016** Audited IFRS
Income				
Changes in fair value on financial assets and financial liabilities at fair value through profit and loss	4 001	193	(2 583)	193
Other gains and (losses)	(83)	-	281	-
Interest income	147	6	220	
Net foreign currency gains or losses	(217)	(9)	1 634	-
Total net income	**3 848**	**190**	**(448)**	**235**
Expenses				
Administration fees	(244)	(152)	(721)	(501)
Total operating expenses	**(244)**	**(152)**	**(721)**	**(501)**
Operating profit/(loss) before depreciation	**3 604**	**38**	**(1 169)**	**(266**
Finance cost				
Sundry finance expenses	-	(4)	(2)	(11)
Profit/(loss) for the year before tax	**3 604**	**34**	**(1 171)**	**(277)**
Income tax credit/(charge)	-	-	-	-
Profit/(loss) for the year	**3 604**	**34**	**(1 171)**	**(277)**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale investments – Fair value loss	(2)	(2)	(3)	(1)
Other comprehensive income	(2)	(2)	(3)	(1)
Total comprehensive income for the year	**3 602**	**32**	**(1 174)**	**(278)**
Earnings/(loss) per share				
Basic/diluted earnings/(loss) per share	0.01	0.00	(0.00)	(0.00)

10.2.3 Selected balance sheet information

The table below sets out a summary derived from the Standard Drilling audited balance sheet for the years ended 31 December 2017 and 2016.

Balance sheet	**31 Dec. 2017**	**31 Dec. 2016**
Amounts in USD '000	IFRS Audited	IFRS Audited
ASSETS		
Equipment and machinery	1	1
Financial assets at fair value through profit or loss	88 379	5 300
Total non-current assets	**88 380**	**5 301**
Trade and other receivables	42	144
Senior Secured Callable bonds	65	2 018
Loan receivable	-	-
Available-for-sale financial assets	12	15
Current tax asset	1	1
Cash and bank balances	12 148	1 798
Total current assets	**12 268**	**3 976**
Total Assets	**100 648**	**9 277**
EQUITY AND LIABILITIES		
Ordinary shares	15 281	2 620
Share premium	86 840	6 938
Other reserves	(4)	(1)
Accumulated profits/(losses)	(1 625)	(454)
Total equity	**100 492**	**9 103**
Trade and other payables	156	174
Total current liabilities	**156**	**174**
Total Equity and Liabilities	**100 648**	**9 277**

10.2.4 Selected changes in equity information

The table below sets out a summary derived from the Standard Drilling audited statement of changes in equity for the years ended 31 December 2017 and 2016.

Changes of Equity					
Amounts in USD '000	**Share Capital**	**Share Premium**	**Fair value reserve – available for sale financial assets**	**Accumulated Profits/ (Losses)**	**Total**
Balance at 01.01.2016	**2 620**	**6 938**	**-**	**(177)**	**9 381**
Comprehensive income					
Profit/(loss) for the year	-	-	-	(277)	(277)
Other comprehensive income	-	-	(1)	-	(1)
Balance at 31.12.2016 (Audited)	**2 620**	**6 938**	**(1)**	**(454)**	**9 103**
Balance at 01.01.2017	**2 620**	**6 938**	**(1)**	**(454)**	**9 103**
Comprehensive income					
Profit/(loss) for the period	-	-	-	(1 171)	(1 171)
Other comprehensive income	-	-	(3)	-	(3)
Transactions with owners					
Issue of share capital	12 661	83 660	-	-	96 321
Share issue costs	-	(3 758)	-	-	(3 758)
Balance at 31.12.2017 (Audited)	**15 281**	**86 840**	**(4)**	**(1 625)**	**100 492**

10.2.5 Selected cash flow information

The table below sets out a summary derived from the Standard Drilling audited statement of cash flows for the years ended 31 December 2017 and 2016.

Cash Flow	**31 Dec. 2017**	**31 Dec. 2016**
Amounts in USD '000	IFRS Audited	IFRS Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year before income tax	(1 171)	(277)
Unrealised exchange loss	(303)	-
Other gains and losses	(281)	-
Payments to acquire financial assets at fair value through profit or loss	(81 461)	(5,107)
Interest income	(220)	(42)
(Decrease)/increase in trade and other receivables	102	(109)
(Decrease)/increase in financial asset fair value through profit or loss	2 583	(193)
(Decrease)/increase in trade and other payables	(18)	109
Net cash generated from/(used in) operating activities	**(80 769)**	**(5 619)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of senior secure callable bonds	3 626	-
Payment for the purchase of senior secured callable bonds	(1 392)	(2 018)
Interest received	220	42
Net cash generated from/(used in) investing activities	**2 454**	**(1 976)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	92 120	-
Share issue costs	(3 758)	-
Net cash generated from/(used in) financing activities	**88 362**	**-**
Net increase/(decrease) in cash and cash equivalents	**10 047**	**(7 595)**
Cash and cash equivalents at beginning of year	1 798	9 393
Non-cash transactions	303	-
Cash and cash equivalents at end of year	**12 148**	**1 798**

11 OPERATING AND FINANCIAL INFORMATION

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

11.1 Principal factors affecting the Company's financial condition and results of operations

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

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

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

11.2 Recent developments and trends

The market for PSV services turned dramatically down in the latter part of 2014 and continued its negative development through 2016 and the beginning of 2017 before showing signs of slight improvement towards the end of 2017. Although the PSV market continues to remain challenging in this current environment and a long road to recovery lies ahead, the market seems to have stopped falling and arguably begun a healing process. See section 7.3 for further information.

11.3 Application of critical accounting policies, estimates and judgments

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

The 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 recognized in the financial statements.

11.3.1 Income taxes and deferred tax assets

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

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

11.3.2 Investment Entity

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

- The Company has announced and subsequently obtained funds for the purpose of providing investors with professional investment management services;
- The business purpose of the Company is to invest mainly in the PSV market, although will pursue any attractive investment opportunities that may arise within the framework of industries it operates, for the purposes of capital appreciation and investment income; and
- The Investments are measured and evaluated by management on a fair value basis.

11.3.3 Investment in Subsidiaries and Consolidation

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

11.3.4 Investments in associates

An associate is an entity, including an unincorporated entity such as a partnership, over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Investments in an associate are carried in the balance sheet at fair value as required by IAS 28, 'Investment in associates', which allows investments that are held by investment entities to be recognized and measured as at fair value through profit or loss and accounted for in accordance with IAS 39 and IFRS 13, with changes in fair value recognized in the statement of comprehensive income in the period of the change.

11.3.5 Financial assets designated at fair value through profit or loss

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

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

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

11.4 Financial condition and operating results – incorporated by references

Information on the financial condition of the Company, changes in financial condition and results of operations for 2016 and 2017 and the quarterly period for the three months ending December 2017 and 2016, are incorporated by reference in section 16.5.

11.5 Liquidity and capital resources

11.5.1 Events after 2017 and up to the date of this Prospectus

On 10 January 2018 the Company held an Extraordinary General Meeting where it was resolved to increase the authorised share capital from USD 15.50 million divided into 516 666 667 ordinary shares to USD 23.25 million divided into 775 000 000 ordinary shares of a nominal value of USD 0.03 each, by the creation of additional new 258 333 333 ordinary shares of USD 0.03 each. The Company has issued 509 359 757 ordinary shares and the number of authorised, but not issued, shares is thus 265 640 243 shares.

On 25 January 2018, the Company also participated in a USD 5 million equity issue in PSV Opportunity III, investing USD 1.3 million corresponding to the Company's pro rata ownership.

On 2 March, the Company announced the Equity Offering of up to NOK 100 million for general corporate purposes and to invest in oil service opportunities directly into companies, securities and/or assets. On 8 March, the Company announced the issuance of 66,666,667 New Shares of par value USD 0.03 to a subscription price of NOK 1.50 per share (approximately USD 0.18899) in the Equity Offering, corresponding to gross proceeds of approximately NOK 100 million (approximately USD 12,599,333) and a share premium of USD 0.15899.

On 15 March, the Company announced the participation in the USD 6.75m equity issue in Northern PSV on a 25.53% basis, investing approximately USD 1.72m through the subsidiary Wanax AS.

11.5.2 2017

The available cash position as of 31 December 2017 was approximately USD 12.1 million.

During 2017, net cash used in operating activities was USD 80.8 million, mainly consisting of a capital contribution of USD 81.5 million to subsidiary Wanax AS. The net cash generated from investing activities was USD 2.5 million consisting mainly of (i) an interest received of USD 220 thousands and (ii) a net inflow of USD 2.2 million from the redemption of World Wide Supply AS's senior secured callable bonds. Net cash generated from financing activities was USD 88.4 million. These funds were generated from the issuance of new share capital at a premium less transaction costs.

During the first quarter of 2017, the Company purchased additional 7,525,000 bonds of World Wide Supply AS at a market price of USD 1,392,000. During the nine month period ending 30 September 2017, an amount of approximately USD 3.6 million have been redeemed.

Payments to acquire financial assets to fair value through profit or loss of approximately USD 81.5 million, represents an amount of USD 70.6 million contributed to the investment in Standard Princess AS, Standard Supplier AS, Standard Viking AS, Standard Provider AS and Standard Supporter AS, an amount of USD 5.1 million for the acquisition of shares in New World Supply Ltd, USD 5.2 million contributed to the investment in PSV DIS III and USD 0.6 million which was contributed to the 100% investment in Wanax AS. In addition there was a decrease in financial assets fair value through profit or loss which represented a change in the fair value of the financial assets of an amount of USD 2.6 million.

11.5.3 2016

The available cash position as of 31 December 2016 was approximately USD 1.8 million.

Net cash used in operating activities during 2016 was USD -5,619,000 and net cash from investing activities was -1,976,000, mainly consisting of payment for the purchase of senior secure callable bonds. Net cash used in financing activities was USD 0.

11.6 Investing activities

11.6.1 Investments in the period from 1 January 2014 up to the date of this Prospectus

Year	Investment	Investment	Ownership (if any)	Comment
Sep-14	Prospector Offshore shares	NOK 420 million	25.37%	Disposed in 2014
Aug-16	PSVOI shares	USD 2.4m	20%	Merged into PSVOIII in 2017

Oct-16	PSVOII shares	USD 2.7m	20%	Merged into PSVOIII in 2017
Oct-16	WWS corporate bonds	USD 2.0m	-	Bonds later converted to shares in NWS
Jan-17	PSVOIII shares	USD 5.2m	35%	-
Jan-17	3x large-size vessels	USD 40m	100%	Acquired 3x vessels from Volstad Shipping AS
Jan-17	NWS shares	USD 5.1m	15.6%	Company subscribed for shares in connection with a PP towards existing bondholders
Mar-17	NWS shares	Issued new SDSD shares for ~NOK 26.25m to the sellers	Increased from existing 15.6% to 23.3%	-
Apr-17	NWS shares	Issued new SDSD shares for ~NOK 9.8m to the sellers	Increased from existing 23.3% to 26.2%	-
Oct-17	2x large-size vessels	USD 22.2m	100%	Acquired 2x vessels from E.R. Offshore GmbH & Cie KG
Jan-18	PSVOIII	Pro-rata investment of USD 1.3m	25.5%	Participated in a USD 5 million equity issue in PSVO III, investing USD 1.3m corresponding to the Company's pro rata ownership
Mar-18	Northern PSV AS shares	USD 1.72m	25.53%	-

On 10 September 2014 the Company purchased 24 million shares in Prospector Offshore Drilling S.A. of a price of NOK 17.50 per share, totalling NOK 420 million, corresponding to 25.37% of the total outstanding share capital of Prospector Offshore Drilling S.A. The consideration under that transaction was paid entirely in cash. On 17 November 2014 S.D. Standard Drilling PLC disposed all the shares held in Prospector Offshore Drilling S.A. at a price of NOK 14.50 per share. As a consequence of the disposal, S.D. Standard Drilling PLC has realized a total loss of USD 14,543,000.

On 11 August 2016 the Company invested USD 2.4 million, representing 20% of the total partnership capital of PSVOI, a partnership arrangement established in Norway. PSVOI owns three mid-size PSV vessels (VS 470 MKII) which were built at Kleven Shipyard in Norway in 2005 and 2006. The transaction was closed in early August 2016.

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

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

On 19 January 2017, the Company through its wholly owned subsidiary invested more in the PSV market with a 35% investment, corresponding to USD 5.215 million in the PSVOIII. PSVOIII is a private company that owns (2) mid-size PSV vessels of the design UT755 LN.

On 19 January 2017, the Company announced it had invested further in the PSV market. Through wholly owned subsidiary Wanax AS, the Company had agreed to acquire the three (3) ST-216L CD PSVs Volstad Viking, Volstad Supplier and Volstad Princess from Volstad Shipping AS, which were renamed Standard Viking, Standard Supplier and Standard Princess. The three vessels are large PSVs all built at Aker Brattvaag, Norway in 2007-2008, with 1,060m2 deck space and equipped with ice class (ICE-1B) capabilities. The Vessels were acquired for a total en-bloc consideration of USD 40 million.

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

On 22 March 2017, the Company announced it had entered into an agreement to further increase its ownership in NWS, whereby the Company acquired an additional 2,500,000 shares in NWS corresponding to approximately 7.7% of the total outstanding shares in NWS, thereby increasing its ownership in NWS to 23.3%. As a consideration for the 2,500,000 shares in NSW, SDSD issued 35,000,000 new shares to the seller, each to a subscription price of NOK 0.75 per new share, corresponding to NOK 26,250,000.

On 1 April 2017, the Company announced it had entered into agreements to further increase its ownership in NWS, whereby the Company acquired an additional 933,143 shares in NWS corresponding to approximately 2.9% of the total outstanding shares in NWS, thereby increasing its ownership in NWS to 26.2%. As a consideration for the 933,143 shares in NSW, SDSD issued 13,064,002 new shares to the sellers, each to a subscription price of NOK 0.75 per new share, corresponding to NOK 9.8 million.

On 12 October 2017 the Company announced the investment in two large Norwegian built PSV's (the Standard Supporter and the Standard Provider) acquired for a total en-bloc consideration of USD 22.2 million.

On 25 January 2018, the Company also participated in a USD 5 million equity issue in PSV Opportunity III, investing USD 1.3 million corresponding to the Company's pro rata ownership.

On 15 March 2018, the Company announced the participation in the USD 6.75m equity issue in Northern PSV on a 25.53% basis, investing approximately USD 1.72m through its subsidiary Wanax AS. The en-bloc consideration for the two UT 755 LN design vessels built at Aukra yard in 2008 and 2009 was USD 4.5m.

11.6.2 Ongoing investments

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

11.6.3 Future investments

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

11.7 Significant change in the Company's financial or trading position

In the period after the balance sheet day of 31 December 2017 and up to the date of this Prospectus, the Company has not completed any significant transactions nor has a significant change to market and financial condition occurred, other than those described in this Prospectus in Sections 6.5 and 11.6 and the Equity Offering as described in chapter 15 below.

11.8 Information on holdings

The Company or the Group does not have any ownership interests or investments other than those mentioned in Sections 6.10 and 11.6, which are likely to have a significant effect on the assessment of the Group's own assets and liabilities, financial position or profit or losses.

11.9 Working capital

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

11.10 Insurance

The Company has a Director and Officers' Liability Insurance with Markel Europe Ltd.

11.11 Financial risk management

11.11.1 Financial risk factor

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

(a) Market risk

(i) Currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

		Liabilities		**Assets**
(Amounts in USD 000)	**31.12.2017**	31.12.2016	**31.12.2017**	31.12.2016
Norwegian Kroner	-	-	12 050	105
Total	**-**	**-**	**12 050**	**105**

Sensitivity analysis:
A 10% strengthening of the Euro against the following currencies at 31 December 2017 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

		Equity		**Profit or loss**
(Amounts in USD 000)	**31.12.2017**	31.12.2016	**31.12.2017**	31.12.2016
Norwegian Kroner	1 205	11	1 205	11
Total	**1 205**	**11**	**1 205**	**11**

(ii) Price risk

The Company is exposed to equity price risk because of investments held which have been classified on the balance sheet either as available-for-sale financial assets or at fair value through profit or loss. The available for sale investments are susceptible to market price risk arising from uncertainties about future prices. The fair value through profit or loss investments are susceptible to market risk arising from the operations, performance and the fair value of the PSV vessels held through its controlled subsidiary and its associate.

The Company’s investments are highly concentrated in equity securities of entities which are active in the PSV market. These investments consist 88% of total assets as at 31 December 2017.

Management monitors the Company’s price risk exposure on a continuous basis and acts accordingly.

(iii) Cash flow and fair value interest rate risk

The Company's interest rate risk arises from interest-bearing assets and liabilities. Interest-bearing instruments at variable rates expose the Company to cash flow interest rate risk. Interest bearing instruments at fixed rates expose the Company to fair value interest rate risk. The Company’s interest rate risk is mainly derived from cash balances and deposits held by the Company. Management does not consider the Company’s interest rate risk exposure to be significant.

(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 statement of financial position. The Company's major classes of financial assets are bank deposits, senior secured callable bonds and trade and other receivables (note 6 of 2017 audited financial statements).

(c) Liquidity risk

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

11.11.2 Capital risk management

The 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.

11.12 Capitalization and Indebtedness

11.12.1 Capitalization

The following table sets forth information about the Company's capitalisation as at 31 December 2017.

Capitalisation *In USD 000*	**31 December 2017 (Audited)**	**Adjustment (Unaudited)**	**As adjusted for the net proceeds from the Equity Offering post balance sheet date (Unaudited)**
Indebtedness			
Total current financial debt...	156		156
- Guaranteed			
- Secured			
- Unguaranteed/unsecured..	156		156
Total non-current financial debt			
- Guaranteed			
- Secured			
- Unguaranteed/unsecured..			
Total indebtedness...	**156**		**156**
Equity			
Share capital...	15 281	2 000	17 281
Legal Reserve	86 840	10 129	96 969
Other Reserve	(1 629)	-	(1 629)
Total equity..	**100 492**	**12 129**	**112 621**
Total capitalisation...	**100 648**	**12 129**	**112 777**

11.12.2 Indebtedness

The following table sets forth information about the Company's net financial indebtedness as at 31 December 2017.

Indebtedness *(Figures in USD 000)*	**31 December 2017 (Audited)**	**Adjustment (Unaudited)**	**As adjusted for the net proceeds from Equity Offering and subsequent events post balance sheet date (Unaudited)**
Net indebtedness			
(A) Cash..	12 148	9 026	21 174
(B) Cash equivalents			
(C) Trading securities	12		12
(D) Liquidity (A)+(B)+(C)	**12 160**	**9 026**	**21 186**
(E) Current financial receivables	**42**	**-**	**42**
(F) Current bank debt			
(G) Current portion of long-term debt			
(H) Other current financial debt (current trade and other payables)	156		156
(I) Current financial debt (F)+(G)+(H)	**156**	**-**	**156**
(J) Net current financial indebtedness (I)-(E)-(D)................	**(12 046)**	**(9 026)**	**(21 072)**
(K) Non-current bank loans			
(L) Bonds issued..			
(M) Other non-current loans			
(N) Non-current financial indebtedness (K)+(L)+(M)			
(O) Net financial indebtedness (J)+(N)	**(12 046)**	**(9 026)**	**(21 155)**

The cash adjustment of USD 9,026 (number adjusted) is made up of the following transactions that incurred post 31 December 2017:

Description	**USD**
Issue of new shares at a premium	12,599
Share issue costs	(553)
Additional contribution to PSVO III	(1,300)
Investments in Northern PSV AS	(1,720)
Adjusted cash	**9,026**

There have not been any other material changes to the indebtedness and capitalization.

11.13 Financial effect of the investments

As explained in section 11.3 above, the investments in PSVOIII, Northern PSV, the Standard Vessels and NWS are valued to fair value principle in accordance with IAS 39. The effect on the future financial statements as a result of the investment in Northern PSV is projected to be an increase in financial assets at fair value through profit and loss. The investments will have a corresponding effect reducing the cash balance of the Company with the same amounts. No significant effect is expected to the profit and loss, as the purchase price of the investment assumed to be close to or identical to the fair value at the time of this Prospectus. The investment in Northern PSV did not trigger any pro forma financial reporting.

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

Investment	**Increase in Ownership**	**Effect on cash**	**Effect on Long term investments at fair value**	**Effect on P&L at time of Prospectus**
PSV Opportunity III DIS	Equity contribution	(1 300)	1 300	0
Northern PSV AS	25.5%	(1 720)	1 720	0
Total		**(3 020)**	**3 020**	**0**

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

12 CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL

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

12.1 Authorized and issued share capital

As of the date of this Prospectus, the Company's authorized share capital is USD 23,250,000 divided into 775,000,000 Shares, each with a par value of USD 0.03. The issued share capital is USD 17,280,792.72 divided into 576,026,424 Shares, each with a par value of USD 0.03, all of which is paid in full. All of the Shares of the Company have equal voting rights.

12.2 VPS registration of the Shares

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

12.3 Stock exchange listing

The Shares of the Company are listed on Oslo Børs under the ticker code "SDSD". For information regarding the listing of the New Shares, please refer to Section 15.6.

12.4 Share capital history

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

Date	Type of change	Change in issued share capital (USD)	New issued share capital (USD)	No. of issued Shares	Subscr. Price (NOK)	Par value (USD)
2014	None – start of year	0.00	2,620,000	262,000,000	N/A	0.01
2014	None – end of year	0.00	2,620,000	262,000,000	N/A	0.01
2015	None – start of year	0.00	2,620,000	262,000,000	N/A	0.01
2015	None – end of year	0.00	2,620,000	262,000,000	N/A	0.01
2016	None – start of year	0.00	2,620,000	262,000,000	N/A	0.01
2016	None – end of year	0.00	2,620,000	262,000,000	N/A	0.01
9 January 2017	Private placement	4,230,769.24	6,850,769.24	685,076,924	0.65	0.01
16 January 2017	Private placement	1,111,112.00	7,961,881.24	796,188,124	0.90	0.01
27 January 2017	Subsequent Offering	55,147.18	8,017,028.42	801,702,842	0.65	0.01
1 February 2017	Private placement	2,202,971.58	10,220,000.00	1,022,000,000	0.90	0.01
18 April 2017	Settlement NWS shares	350,000.00	10,570,000.00	1,057,000,000	0.75	0.01
26 April 2017	Settlement NWS shares	130,640.02	10,700,640.02	1,070,064,002	0.75	0.01
5 May 2017	Reverse share split	0.00	10,700,640.02	356,688,001	N/A	0.03
6 November 2017	Private Placement	4,362,962.07	15,063,602.02	502,120,070	1.31	0.03
13 November 2017	Private Placement	217,191.00	15,280,793.02	509,359,757	1.31	0.03
8 March 2018	Private Placement	2,000,000.01	17,280,792.72	576,026,424	1.50	0.03

12.5 Authorization to increase the share capital

The Board of Directors hold an authorization to increase the share capital by a further 198,973,576 shares, corresponding to USD 5,969,207.28. The authorisation was granted in the extraordinary general meeting held on 10 January 2018, see 12.1 above.

12.6 Treasury shares

The Company currently does not hold any Shares of any class in treasury, neither does any subsidiary hold any Shares in the Company. The Company may purchase such shares provided that such purchase is affected in accordance with the provisions of the Companies Acts and the Bye-Laws. The Bye-Laws currently provides for such a right. Such shares may not be owned by the Company for more than 2 years from the date of purchase.

Treasury shares must never exceed 10% of the issued capital of the Company. The Company may only purchase such shares out of profits.

The annual general meeting held on 3 May 2017 granted an authorization to the Board of Directors to acquire own Shares. The authorisation is valid until 3 May 2018. The maximum number of Shares to be acquired shall not exceed at any time ten percent of the issued share capital or twenty five percent of the average value of the negotiated stock exchange transactions during the last thirty days, whichever is lowest. The acquisition price for Shares acquired under this authorisation shall be between NOK 0.5 to NOK 5.0 per Share, provided that it shall not exceed by more than five percent the average market price of the Shares during the last five stock exchange sessions before the relevant acquisition.

Any Shares acquired under the authorization shall not be held for a longer period than two years.

12.7 Options and conversion rights

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

12.8 Major shareholders

According to a transcript from VPS, dated 19 April 2018, Standard Drilling had a total of 1,937 shareholders registered in the VPS[13]. The table below, from the same transcript, shows the 20 largest shareholders in Standard Drilling:

	Shareholders in Standard Drilling	**Number of Shares**	**%**
1	SAGA TANKERS ASA	105 719 132	18.4 %
2	Euroclear Bank S.A./N.V.	30 842 329	5.4 %
3	State Street Bank and Trust Comp	27 981 469	4.9 %
4	APOLLO ASSET LIMITED	25 852 310	4.5 %
5	HOLBERG NORGE	25 468 292	4.4 %
6	Morgan Stanley & Co. LLC	15 111 751	2.6 %
6	CITY FINANCIAL ABSOLUTE EQUITY FD	15 111 751	2.6 %
8	Banque Pictet & Cie SA	15 110 109	2.6 %
9	UTHALDEN A/S	14 638 526	2.5 %
10	The Bank of New York Mellon SA/NV	13 952 170	2.4 %
11	JPMorgan Chase Bank, N.A., London	12 270 255	2.1 %
12	State Street Bank and Trust Comp	11 666 667	2.0 %
13	CAMACA AS	10 837 952	1.9 %
14	PARK LANE FAMILY OFFICE AS	10 710 195	1.9 %
15	THABO ENERGY AS	9 145 541	1.6 %
16	FLU AS	8 803 218	1.5 %
17	J.P. Morgan Securities LLC	8 547 133	1.5 %
18	J.P. Morgan Securities Plc	7 432 059	1.3 %
19	SOLAN CAPITAL AS	7 156 047	1.2 %
20	HRF MARINE LLC	7 000 000	1.2 %
	Total top 20	**383 356 906**	**66.6 %**
	Other shareholders	192 669 518	33.4 %
	Total shareholders	**576 026 424**	**100.0 %**

** Registered as nominee shareholder with VPS. The Company does not know the identity of the ultimate beneficial shareholders holding their Shares through these nominee accounts.*

So far as is known to the Company, the following persons have, directly or indirectly, an interest of 5% or more of the share capital of the Company (which constitute a notifiable holding under the Norwegian Securities Trading Act)[14].

[13] The ownership has been calculated by adding the shareholder lists in both the original ISIN and the temporary ISIN.
[14] The ownership has been calculated by adding the shareholder lists in both the original ISIN and the temporary ISIN.

	Shareholder	Number of Shares	%
1	SAGA TANKERS ASA	105 719 132	18.4 %
2	EUROCLEAR BANK S.A./N.V.	30 842 329	5.4 %

** Registered as nominee shareholder with VPS. The Company does not know the identity of the ultimate beneficial shareholders holding their Shares through this nominee account.*

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

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

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

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

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

12.9 No limitations on the right to own and transfer Shares

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

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

12.10.1 Object and purposes

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

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

12.10.2 Equal Rights of Shareholders

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

12.10.3 Board of Directors and management

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

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

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

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

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

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

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

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

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

12.10.4 Change of Articles

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

12.10.5 Capital changes

Increase of capital

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

The Company may by ordinary resolution:-

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

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

Reduction of share capital

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

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

Transferability of Shares

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

12.10.6 Rights of Information to Shareholders

Every shareholder has the following rights to information:

a) A right to inspect the register of debenture holders kept by the Company

b) A right to inspect the register of mortgages and charges and the documents creating them

c) A right to inspect the register of members (shareholders)

d) A right to receive notice of any general meetings and of the agenda of such meetings

e) A right to attend general meetings and to ask questions

f) A right to receive, prior to the Annual General Meeting copy of the financial accounts of the Company, of the Director's report and of the Auditor's report

g) A right to vote at general meetings

h) A right to propose resolutions at general meetings in accordance with the procedure stipulated in the Companies law provided that the shareholder holds 5% or more of the issued share capital of the Company

i) A right to inspect the minute book of general meetings

j) A right to participate in dividend distribution

12.10.7 Right to access information about the shareholders

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

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

12.10.8 Amendment to the shareholders rights

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

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

12.10.9 Change of control

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

12.10.10 Redemption

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

12.10.11 Overview of major regulations in the Bye-Laws

Regulation 7 Pre-emption rights

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

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

Regulations 19-22 Lien

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

Regulations 40-43 Conversion of Shares into Stock

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

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

Regulations 50-62 Notice and Attendance at General Meetings

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

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

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

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

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

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

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

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

Regulation 75 Corporations Acting by Representatives at General Meetings

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

Regulations 149-150 Indemnity

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

12.11 Mandatory takeover, squeeze-out and sell-out provisions applicable for the Company

12.11.1 Mandatory takeover

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

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

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

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

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

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

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

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

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

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

12.11.2 Squeeze-out and sell-out

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

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

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

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

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

12.12 Notification obligations for acquisition of large shareholdings

12.12.1 General

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

a) name of the person subject to the notification requirement

b) background for the notification

c) name of the issuer

d) description of the financial instrument

e) type of transaction

f) timing and market for the transaction

g) price and volume for the transaction; and

h) holding after the transaction

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

12.12.2 Acquisition or disposal of shares

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

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

a) the shares are acquired for the sole purpose of clearing and settling of transactions at the latest of three working days following the transaction;

b) a custodian holding shares in its custodian capacity, provided that the custodian can only exercise the voting rights attached to such shares under instructions given in writing or by electronic means by the beneficiary of the shares;

c) an acquisition or disposal of voting rights by a market maker, that reaches or crosses the 5% threshold of the total voting rights of the issuer, provided that the market maker:

   i. acts in its capacity as a market maker and in accordance with the provisions of the Investment Services and Activities and Regulated Markets Law, or where the Republic is not the home member state, in accordance with the law of that member state harmonizing directive 2004/39/EC, and

   ii. neither intervenes in the management of the issuer concerned nor exerts any influence on the issuer to buy such shares or back the share price

d) voting rights held in the credit institution or investment firm's trading book, as defined in Article 4, paragraph 1, item 86) of Regulation 575/2013, provided that:

   i. the voting rights held in the trading book do not exceed five percent (5%) of all of the issuer's voting rights; and

   ii. shall voting rights attached to shares held in the trading book are not exercised nor otherwise used to intervene in the issuer's management;

e) shares given to members of the European System of Central Banks, in carrying out their functions as monetary authorities, including shares provided to or by the European System of Central Banks' members, under a pledge or sold under repurchase agreement or similar agreements to provide liquidity for monetary policy or payment systems operating framework, provided that the underlying transactions are short term and do not exercise the voting rights attached to such shares;

f) voting rights attaching to shares acquired for stabilization purposes in accordance with Regulation 2273/2003, provided that the voting rights attached.

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

12.12.3 Acquisition, disposal or right to exercise voting rights

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

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

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

12.13 Distribution of assets on liquidation

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

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

13 SECURITIES TRADING IN NORWAY

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

13.1 Introduction

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

13.2 Trading and settlement

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

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

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

From 18 June 2010 it became mandatory to clear all trades in shares, equity certificates, depository receipts and exchange traded funds on Oslo Børs and Oslo Axess. Clearing entails that a company authorized to act as a so-called central counterparty assumes the role as an intermediary, acting as a buyer to the seller and seller to the buyer in transactions, in order to reconcile orders and also guarantee for settlement and delivery of securities between the transacting parties. SIX x-clear AG (Six x-clear), a company in the SIX group, has a license from the Norwegian FSA to act as a central clearing service. LCH.Clearnet group Ltd. ("LCH.Clearnet"), a majority owned company by the London Stock Exchange, is authorized as a central counterparty to offer services and activities in the European Union in accordance with the European Markets Infrastructure Regulation (EMIR). Further, LCH.Clearnet also has a license from the Norwegian FSA to act as a central counterparty in accordance with the Norwegian Securities Trading Act. Both Six x-clear and LCH.Clearnet offer clearing services to Oslo Børs. Further, the two clearing houses have signed a master link agreement and inter-CCP operational procedures to operate a link to co-clear the cash equity markets of Oslo Børs and Oslo Axess. Oslo Børs has received a request from Euro CCP to access and to become interoperable in cash equities clearing with SIX x-clear and LCH on Oslo Børs. If the request is approved, a launch is anticipated in the production environment within Q2 2018.

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

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

13.3 Information, control and surveillance

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

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

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

13.4 The VPS and transfer of Shares

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

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

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

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

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

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

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

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

13.5 Nominee registration – Norwegian law

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

13.6 Foreign investment in shares listed in Norway

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

13.7 Disclosure obligations

Disclosure obligations will apply pursuant to Cyprus law, as further set out in Section 12.12 "Notification obligations for acquisition of large shareholdings"

13.8 Insider trading

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

13.9 Mandatory offer requirement

In respect of the Company's Shares, on account of the Company being domiciled in Cyprus, the competence to regulate issues relating to mandatory offer obligations is separated between the competent authorities in Norway and Cyprus, as further set out and described in Section 12.11.1 "Mandatory takeover".

13.10 Foreign exchange controls

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

14 TAXATION

14.1 Introduction

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

14.2 Taxation in Cyprus

14.2.1 Corporate tax

Tax residency

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

The Company is tax resident in Cyprus.

Tax basis and rate

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

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

Deductibility of expenses

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

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

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

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

Any interest expense applicable, or which is deemed to be applicable, to the cost of acquisition of investments in shares is not tax deductible for a period of seven years from the date the investments are bought. Interest expense incurred for the direct or indirect acquisition of 100% of the share capital of a subsidiary company will be treated as deductible for income tax purposes provided that the 100% subsidiary company does not own (directly or indirectly) any assets that are not used in the business. If the subsidiary owns (directly or indirectly) assets not used in the business the interest expense deduction is restricted to the amount which relates to assets used in the business. This applies for acquisitions of subsidiaries from 1 January 2012.

Tax exempt income

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

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

Arm's length principle

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

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

Taxation of interest income

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

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

Notional Interest Deduction

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

14.2.2 Special contribution for defence

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

a) Dividends at the rate 17%:
   - Dividends received from Cyprus tax resident companies are exempt from special contribution for defence
   - Dividends received from non-Cyprus tax resident companies are subject to special contribution for defence only if:
     i. The non-Cyprus tax resident company paying the dividend carries on, directly or indirectly, more than 50% investment activities giving rise to investment income; **and**
     ii. The foreign tax burden on the income of the non-Cyprus tax resident company paying the dividend is significantly lower than the Cyprus tax burden (in practice lower than 5%)

b) Interest at the rate of 30%:
   - Interest derived from the ordinary carrying on of a business, including interest closely connected with the ordinary carrying on of a business, is exempt from special contribution for defence and subject to corporation tax.

c) Rental income less 25% at the rate of 3%. This generally applies to land and buildings.

d) A Cyprus tax resident company is deemed to distribute as a dividend 70% of its accounting profits two years from the end of the tax year in which the profits were generated.

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

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

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

14.2.3 Withholding taxes on dividend and interest payments

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

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

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

14.2.4 Capital gains tax

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

14.2.5 Stamp duties

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

- Contract value € 1 to € 5,000, the stamp value is zero.

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

14.2.6 Gift and inheritance tax

Cyprus does not impose any gift or inheritance taxes.

14.3 Norwegian taxation

14.3.1 General

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

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

14.3.2 Taxation of dividends

Norwegian Personal Shareholders

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

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

Norwegian Corporate Shareholders

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

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

14.3.3 Capital Gains Tax on realization of Shares

Norwegian Personal Shareholders

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

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

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

Norwegian Corporate Shareholders

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

14.3.4 Net wealth tax

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

Norwegian Corporate Shareholders are not subject to wealth tax.

14.3.5 CFC taxation (NOKUS)

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

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

- The Company must be owned or controlled at least 50% directly or indirectly by Norwegian resident shareholders, i.e. if the Norwegian ownership becomes 50% or more going at the beginning and the end of the year, alternatively more than 60% at the end of the year.

- The Company must be considered resident in a low tax jurisdiction, meaning that the entity is subject to less than 2/3 of the tax it would be subject to had the Company been resident in Norway.

- The income of the Company must be of a mainly passive nature, if a doubled tax treaty is applicable.

- The Company do not meet the substance test, i.e. is not genuinely established and do not carry out genuine economic activities in Cyprus.

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

14.3.6 Tax residency

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

15 THE EQUITY OFFERING

15.1 Overview of the Equity Offering

On 1 March 2018, Clarksons Platou Securities AS approached the Company with an inquiry to perform a capital raising of up to NOK 100 million through receiving indications from potential investors. Late 1 March 2018, the Board held a board meeting whereof the Board resolved to conduct an Equity Offering with gross proceeds of up to NOK 100 million through issuance of shares to a subscription price of NOK 1.50 per share. The application period opened on 1 March 2018 at 23:30 CET and ended on 2 March 2018 at 08:00 CET.

On 2 March 2018, the Company announced completion of an Equity Offering of up to NOK 100 million at a subscription price of NOK 1.50 per share consisting of up to 66,666,667 New Shares. The Equity Offering was subject to a lower application limit of the NOK equivalent to EUR 100,000.

On 2 March 2018, the Company held a Board meeting where it was resolved to approve an increase in the Company's share capital from USD 15,280,793 through the issuance of 66,666,667 shares, each to a price of NOK 1.50 with par value USD 0.03, pursuant to an authorisation granted by the Company's general meeting on 10 January 2018. The offering of New Shares in the Equity Offering was made pursuant to applicable exemption from the offer prospectus requirements in the Norwegian Securities Trading Act and ancillary regulations. The New Shares issued in the Equity Offering represented more than 10% of the Company's outstanding share capital. As a consequence the Company had to prepare a prospectus in order to admit the New Shares to trading on Oslo Børs.

The settlement date for the Equity Offering was 6 March 2018. Delivery of the subscribed shares allocated in the Equity Offering (save for the shares to be delivered to Saga Tankers ASA) was made by delivery of existing and unencumbered shares in the Company, pursuant to a share lending agreement entered into between the Company, Clarksons Platou Securities AS and Saga Tankers ASA.

The New Shares issued in the Equity Offering was delivered to Saga Tankers ASA as a repayment of the lent shares in accordance with the share lending agreement, and was registered in the VPS with a separate ISIN number being CY0107670917. The New Shares have not been tradable until the date of this Prospectus. The New Shares will be converted to the Company's ordinary ISIN of the Shares as soon as practically possible after this Prospectus has been approved by the NFSA, where they will be tradable on Oslo Børs under the ticker "SDSD".

Date	Event	Shares Issued	Price (NOK)	Gross Proceeds (NOK)
8 March 2018	Private Placement	66,666,667	1.50	100,000,001.00

15.2 Resolutions regarding the New Shares

On 2 March 2018, the Board of Directors made the following resolution regarding issuance of the New Shares:

1. *"That, having considered that the relevant pre-emption rights granted to the existing shareholders of the Company pursuant to section 60B of the Companies Law Cap 113 and the Company's Articles of Association have been waived by the shareholders at an Extraordinary General Meeting of the Company held on 10 January 2018, to allot 66,666,667 (in words; Sixty Six Million Six Hundred Sixty Six Thousand Six Hundred Sixty Seven) ordinary shares at the price of NOK 1.50 per share corresponding to USD 0.18899 (equivalent to NOK 7.9369 per USD) with a par value of USD 0.03, thus including a premium of USD 0.15899 per share to the shareholders outlined in the list attached hereto and marked as Appendix 1 and forms an integral part of this resolution;*
2. *That Messrs. Deloitte Limited be and is hereby authorized to prepare and deliver the necessary returns to the Registrar of Companies within the time prescribed by the law;*
3. *That the Company enters into a share lending agreement with Clarksons Platou Securities AS and Saga Tankers ASA (hereinafter "Saga"), a copy of which is attached hereto and marked as Appendix 2 and forms an integral part of this resolution, under which the Equity Offering is expected to be settled with existing and unencumbered shares of Saga in the Company that are already listed on Oslo Børs, in order to facilitate delivery of the shares allocated in the equity offering on a delivery versus payment basis and that the General Manager of the Company be and is hereby authorised and appointed to sign the share lending agreement on behalf and in the name of the Company.*

4. *That the newly issued shares of the Company be delivered to Saga will be placed on a separate ISIN pending publication of a listing prospectus for the new shares approved by the Norwegian Financial Supervisory Authority and will not be listed or tradable on Oslo Børs until the Company has published the approved listing prospectus;*
5. *That the management of the Company be and is hereby authorized and empowered to sign any documents and take any necessary actions on behalf of the Company for the transfer of the funds held by Messrs Clarksons Platou Securities AS for the subscription of the new shares allotted by the Company to a bank account of the Company".*

15.3 Rationale for the Equity Offering

The NOK 100 million that was raised through the Equity Offering (after deduction of transaction costs as described in section 15.13) will be used for general corporate purposes and for potential oil service investment opportunities if they arise.

15.4 Equal treatment and deviations from existing shareholders' preferential rights

The Board of Directors considered the Equity Offering to be in the best interests of the Company and its shareholders, particularly since the Company had been approached with an indication of interests for a price per share which represented only a 4.4% discount of the closing price of NOK 1.57 for the SDSD shares on Oslo Børs on 1 March 2018. The Board further resolved not to conduct a subsequent offering as the Board took into consideration the relative low interest by existing shareholders in past offerings of shares conducted by the Company in 2016 and 2017 and the relatively low dilution represented by the Equity Offering. Finally the Board took into consideration the cost related to a subsequent offering and the perceived disadvantage for the Company in having a discount on its share price for a period of time subsequent the Equity Offering and the implication this could have for additional capital raisings by the Company should an opportunity arise.

15.5 Share capital following the Equity Offering

Prior to the issuance of the New Shares, the Company's issued share capital was USD 15,280,793 divided into 509,359,757 ordinary shares, each at USD 0.03 par value. Following the Equity Offering, the Company's share capital is USD 17,280,792.72 consisting of 576,026,424 shares, each at USD 0.03 per share.

Date	Event	Shares Issued	Change in Share Capital (USD)	Par Value (USD)
8 March 2018	Equity Offering	66,666,667 New Shares	2,000,000.01	USD 0.03

Reference is also made to clause 12.4 in this Prospectus for an overview of the share capital development of the Company.

15.6 Admission to trading of the New Shares from the Equity Offering

The Company has issued 576,026,424 ordinary shares of which the New Shares issued in the Equity Offering constitute 66,666,667 shares. The ordinary shares, save for the New Shares, are traded under the trading symbol "SDSD". It is expected that the first day of trading of the New Shares on Oslo Børs will be on or about 24 April 2018 following approval of the Prospectus by the Norwegian Financial Supervisory Authority and publication of this Prospectus.

15.7 Type, class, currency and ISIN number of the Shares

The Shares have been created under the laws of Cyprus and issued in accordance with the regulation with Cyprus Law. The Shares are in registered form, and are registered in book-entry form with the VPS under the securities identification code ISIN CY 0101550917. The 66,666,667 New Shares issued in the Equity Offering is registered on a temporary and separate ISIN being: CY 0107670917. The Company's account operator is DNB Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, 0191 Oslo, Norway. The Shares are denominated in United States Dollar (USD), each with a nominal value of USD 0.03.

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

15.8 Rights attached to the New Shares

The rights attached to the New Shares are the same as those attached to the Company's other existing Shares. The New Shares rank pari passu with existing Shares in all respects including with respect to dividends as from their date of issuance. The New Shares were issued under the separate ISIN number on 8 March 2018.

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

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

15.9 Withholding tax

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

15.10 Interests of natural and legal persons involved in the Listing

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

15.11 Primary insiders acquisitions of SDSD shares and involvement in the Equity Offering

Please see the below overview of the Board of Directors, Management and largest shareholders' acquisitions in the SDSD share during the last 12 months:

NOK 100m equity offering - March 2018:

Name	Position	Equity offer price	# shares bought
Saga Tankers ASA	Largest shareholder	NOK 1.50 per share	2 860 942
Arne Fredly[15]	Independent Director	NOK 1.50 per share	698 768

NOK 200m equity offering - October 2017:

Name	Position	Equity offer price	# shares bought
Saga Tankers ASA	Largest shareholder	NOK 1.31 per share	38 158 635
Martin Nes[16]	Chairman	NOK 1.31 per share	1 000 000
Arne Fredly[17]	Independent Director	NOK 1.31 per share	9 320 017

[15] Through wholly owned company Apollo Asset Limited.
[16] Through wholly owned company Hanekamb Invest AS.
[17] Through wholly owned company Apollo Asset Limited.

Other acquisitions or disposals last twelve months (23 April 2017-23 April 2018):

Name	Position	Date	Price per share	# shares bought
Saga Tankers ASA	Largest shareholder	13.09.2017	NOK 1.33 per share	8 600 000
Arne Fredly[18]	Independent Director	13.09.2017	NOK 1.33 per share	2 100 000
Arne Fredly[19]	Independent Director	06.09.2017	NOK 1.33 per share	1 400 000
Arne Fredly[20]	Independent Director	07.06.2017	NOK 1.60 per share	100 000
Arne Fredly[21]	Independent Director	31.05.2017	NOK 1.60 per share	500 000

15.12 Dilution effect of the Equity Offering

The dilutive effect for existing shareholders in connection with the Equity Offering is:

Date	Event	Shares Issued	Dilution for shareholders not participating in the Equity Offering
8 March 2017	Equity Offering	66,666,667	13.1%

15.13 Expenses for the Equity Offering

The Company estimates the expenses associated with the Equity Offering and the Listing of the New Shares to be approximately NOK 4.3 million. In addition costs related to fees to Oslo Børs and the Norwegian Financial Supervisory Authority is to be borne by the Company.

No expenses or taxes have been charged by the Company to the subscribers in the Equity Offering.

15.14 Governing law and jurisdiction for the Equity Offering

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

[18] Through wholly owned company Apollo Asset Limited.
[19] Through wholly owned company Apollo Asset Limited.
[20] Through wholly owned company Apollo Asset Limited.
[21] Through wholly owned company Apollo Asset Limited.

16 ADDITIONAL INFORMATION

16.1 Auditor

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

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

16.2 Advisors

- Clarksons Platou Securities AS, Munkedamsveien 62C, 0270 Oslo, Norway is acting as the Manager of the Listing.
- Advokatfirmaet CLP DA, Sommerrogata 13-15, 0125 Oslo, Norway, is acting as Norwegian legal counsel to the Company.
- Costas Tsirides & Co L.L.C, Arch. Makariou III, 276 LARA COURT, 3105 Limassol Cyprus, is acting as special Cyprus counsel to the Company.

16.3 Documents on display

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

- the Memorandum of Association of the Company;
- the Bye-laws of the Company;
- the Standard Drilling Financial Statements for the years ended 31 December 2017 and 2016;
- stock exchange notices, including quarterly reports, distributed by the Company through Oslo Børs' information system; and
- all reports, letters, and other documents and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus.

16.4 Third party information

Market and industry data used throughout this Prospectus was obtained from various publicly available or independent third party sources. Although the Company believes that these independent sources are generally reliable, the accuracy and completeness of such information are not guaranteed and have not been verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and the limitations and uncertainties inherent in any statistical survey of market size or consumer demand. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

16.5 Documents incorporated by references

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

Reference:	Chapter in Prospectus:	Incorporated by reference:	Page number in reference document:	Internet:
Q4 Report 2017	Section 10 and 11	Q4 2017 Financial Report 31.12.17	5 – income statement 6 – balance sheet 7 – changes in equity 8 – cash flow statement 5, 6 and 10-11 – financial condition and results of operations	http://www.standard-drilling.com/images/pdf/financial-reports/quarterly/SDSD-Fourth-Quarter-Report-2017.pdf
Q4 Report 2016	Section 10 and 11	Q4 2016 Financial Report 31.12.16	6 – income statement 7 – balance sheet 8 – changes in equity 9 – cash flow statement 6, 7 and 10 – 12 – financial condition and results of operations	http://www.standard-drilling.com/images/pdf/financial-reports/quarterly/SDSD-Fourth-Quarter-Report-2016.pdf
Annual report for 2017	Section 10 and 11	Annual report 2017	10 – income statement 11 – balance sheet 12 – changes in equity 13 – cash flow statement 10, 11 and 23-30 – financial condition and results of operations 33 – 34 – auditor's report	http://www.standard-drilling.com/images/pdf/financial-reports/annual/SDSD-Annual-report-and-Separate-Financial-Statements-2017.pdf

Annual report for 2016	Section 10 and 11	Annual report 2016	7 – income statement 8 – balance sheet 9 – changes in equity 10 – cash flow statement 7, 8 and 19-26 – Financial condition and results of operations 29 – 30 – auditor's report	http://www.standard-drilling.com/images/pdf/financial-reports/annual/SDSD-Annual-report-and-Separate-Financial-Statements-2016.pdf

17 DEFINITIONS AND GLOSSARY

Board or Board of Directors	The Board of Directors of the Company.
Bye-laws	The bye-laws of the Company.
Capex	Capital expenditures.
CESR	Committee of European Securities Regulators.
CFC	Controlled Foreign Corporation (“CFC”) taxation.
Clarksons	Clarksons Platou Securities AS.
Company	S.D. Standard Drilling Plc.
Corporate Governance Code or the Code	The Norwegian Code of Practice for Corporate Governance, dated 30 October 2014.
DIS	Internal partnerships (nw. det indre selskap)
DP	Dynamic positioning.
DWT	Deadweight tonnes.
EBITDA	Earnings before interest, tax, depreciation, amortization and impairment.
E.R. Vessels	The E.R. Georgina and E.R. Athina (renamed Standard Provider and Standard Supporter, respectively).
Executive Management	The executive management of the Company, consisting of Evangelia Panagide (General Manager) and Christos Neokleous (CFO).
Fletcher	Fletcher Supply Vessels Ltd.
Group	S.D. Standard Drilling Plc, its business and its non-consolidated wholly owned subsidiaries.
GT	Gross tonnage.
IAS	International Accounting Standard.
IFRS	International Financial Reporting Standards as adopted by the European Union.
Listing	The listing of the New Shares on Oslo Børs.
Manager	Clarksons Platou Securities AS.
Memorandum of Association	The Company’s memorandum of association.
mt	Metric tonnes.
NOK	Norwegian Kroner, the lawful currency of Norway.
NOKUS	Norwegian CFC-taxation.
Northern PSV AS, or Northern PSV	Northern PSV AS, owning two mid-size PSV vessels
Norwegian Corporate Shareholders	Norwegian shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian FSA	The Norwegian Financial Supervisory Authority (*Nw.: Finanstilsynet*).
Norwegian Personal Shareholders	Individuals resident in Norway for tax purposes
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 28 June 2007, no. 75, as amended (*Nw.: verdipapirhandelloven*).
NT	Net tonnage.
NWS	New World Supply Ltd.
NWS or New World Supply	New World Supply Ltd., a Cayman Island exempted company.
OPEC	Organization of Petroleum Exporting Countries.
Oslo Børs	Oslo Børs ASA.
OSV	Offshore Support Vessels.
Equity Offering	Up to 66,666,667 new shares directed towards new investors and certain existing shareholders in the Company as of 27 February 2018, each with a par value of USD 0.03, raising gross proceeds of up to NOK 100 million.
Prospectus	This Prospectus, dated 23 April 2018.

Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State.
PSV	Platform supply vessels.
PSV Opportunity..............................	PSVOI, PSVOII and PSVOIII jointly.
PSVOI...	PSV Opportunity I DIS.
PSVOII..	PSV Opportunity II DIS.
PSVOIII...	PSV Opportunity III DIS.
Registrar Agreement	The agreement between the Company and the VPS registrar for the registration of the Shares in book-entry form in the VPS.
Relevant Member State	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
S.D. Standard Drilling Plc..................	S.D. Standard Drilling Plc, an exempted limited liability company incorporated on Cyprus on 2 December 2010 with Cyprus registration number HE277936.
SDSD..	The ticker code/trading symbol of the Company's ordinary shares, save for the New Shares, on Oslo Børs.
Share(s)	The shares of the Company, consisting as at the date of this Prospectus of 576,026,424 common shares each with a par value of USD 0.03.
Significant influence …………………………………………………….	The power to participate in the financial and operating policy decisions but not control them.
SIX x-clear..	A wholly-owned subsidiary of SIX x-clear AG, has a license from the Norwegian FSA to act as a central clearing service.
Standard Drilling	Standard Drilling, a public limited liability company, organized and existing under the laws of Cyprus in accordance with and pursuant to the Laws of the republic of Cyprus with registration number HE277936.
Standard Vessels	The three (3) Vessels acquired from Volstad Shipping, Standard Viking, Standard Princess and Standard Supplier (formerly Volstad Viking, Volstad Princess and Volstad Supplier) and the two (2) vessels acquired from E.R. Offshore, Standard Provider and Standard Supporter (formerly E.R. Georgina and E.R. Athina)
USD..	United States Dollars, the lawful currency in the United States.
USDm	USD million.
Vessels...	A joint description of the Company's five (5) large-sized PSVs and its significant influence in fifteen (15) medium-sized PSVs.
Volstad Vessels................................	The three (3) Vessels Volstad Viking, Volstad Princess and Volstad Supplier acquired by Volstad Shipping AS which were renamed to Standard Viking, Standard Princess and Standard Supplier
VPS	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen ASA*).
VPS account.....................................	An account with VPS for the registration of holdings of securities.
VPS Registrar	DNB Bank ASA.

Appendix A - MEMORANDUM OF ASSOCIATION AND BYE-LAWS

THE COMPANIES LAW (CAP.113)

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

S.D. STANDARD DRILLING PLC

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

1. The name of the company is S.D. STANDARD DRILLING PLC

2. The registered office of the company shall be situated in Cyprus.

3. The objects for which the company is established are:-

(1) To carry on the business of producers, refiners, stores, suppliers and distributors of petroleum, petroleum products, oil, oil products in all its branches.

(2) To purchase or otherwise acquire real or personal property of all kinds and in particular land, oil wells, refineries, mines, mining rights, minerals, ores, buildings, machinery, plant, stores, patents, licences, concessions, rights of way, light or water, and any rights or privileges which it may seem convenient to obtain, and whether for the purposes of resale or realisation or otherwise, and to manage, develop, sell, exchange, lease mortgage, or otherwise deal with the whole or any part of such property or rights.

(3) To exploit, explore, develop, maintain, and carry on all or any lands wells, mines or mining rights, minerals, ores, works or other properties from time to time in the possession of the company, in any manner deemed desirable; to erect all necessary or convenient refineries, mills, machinery, laboratories, workshops, dwelling-houses for workmen and others, and other buildings, works and appliances and to aid in or subscribe towards or subsidise any such objects.

(4) To carry on the business of manufacturers, handicraftsmen, merchants, importers, exporters, representatives, packers, purchasers, sellers, (whole sale and/or retail sale) of every kind of merchandise either alone or in partnership with any other company, firm or person.

(5) To carry on business of merchants, commission agents, representatives of importers, exporters, sellers (whole sale and/or retail sale) and retailers of every type of goods or merchandise.

(6) The undertaking of any agencies and the carrying on of any business of commission agencies.

(7) To carry on the trade or business of electrical heating and constructional engineers whether for purpose of temporary installations during building operations or for permanent use in the buildings erected.

(8) To carry on the trade or business of engineers, founders, smiths, metal workers, machinists, manufacturers and patentees.

(9) To enter into any contracts in relation to, and to erect, construct, maintain, alter, repair, pull down and restore, either alone or jointly with any other companies or persons, works of all descriptions including wharves, docks, piers, railways, tramways, waterways, roads, bridges, warehouses, factories, mills, engines, machinery, railway, carriages, and wagons, ships and vessels of every description, gas works, electric works, water works, drainage and sea wage works and buildings of every description.

(10) To carry on the business of electricians, mechanical engineers, and manufacturers, workers and dealers in electrical apparatus and goods and the manufacture sale or hire of apparatus or goods to which the application of electricity or any like power or any power that can be uses as a substitute therefore, is or may be useful, convenient or ornamental, or any other business of a like nature.

(11) To carry on either on their own or jointly with others anywhere in the world the business of contractors, subcontractors, builders, engineers, designers, surveyors, tenderers, constructors, maintainers, repairers, managers of any kind of buildings, premises, structures, plants, projects, machinery, roads, ditches, harbours, pipelines or works of any nature independently of their volume or value, as well as the business of developers of land purchased or leased from government or other institutions for development into agricultural husbandry or other related project, earth removers suppliers of electric or other power, civil engineers architects, fitters, furnishers, decorators, assemblers of ready made or other constructions, and to acquire sell let or make available any kind of "Know- how

(12) To engage, hire and train professional, clerical, manual, technical and other staff and workers or their services or any of them and in any way and manner acquire possess manufacture or assemble any property of any kind or description whatsoever (including any rights over or in connection with such property) and to allocate and make available the aforesaid personnel or services or make the use of such property available on hire purchase sale exchange or in any other manner whatsoever, to those requiring or requesting the same or who have need of the same or their use and otherwise to utilise the same for the benefit or advantage of the company to provide or procure the provision by others of every and any service, need want or requirement of any business nature required by any person firm or company in or in connection with any business carried on by them.

(13) To purchase, obtain by way of gift, take on lease or sub-lease or in exchange, or otherwise acquire or possess and hold any estate or interest in any lands, buildings, easements, rights, privileges, concessions, permits, licences, stock-in-

2

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

(14) To erect, maintain, work, manage, construct, reconstruct, alter, enlarge, repair, improve, adapt, furnish, decorate, control, pull down, replace any shops, offices, flats, electric or water works, apartments, workshops, mills, plants, machinery, warehouses and any other works, buildings, plants, conveniences or structures whatsoever, which the company may consider desirable for the purposes of its business and to contribute to, subsidize or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof.

(15) To improve, manage, control, cultivate, develop, exploit, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, grant as gift, turn to account, grant rights and privileges in respect of, or otherwise deal with all or any part of the property, assets and rights of the company or in which the company is interested and to adopt such means of making known and advertising the business and products of the company as may seem expedient.

(16) To carry on either alone or jointly with others anywhere in the world the business of consultants, managers, analysts, controllers, examiners, researchers of or in relation to any kind or industry or business of any nature either in the private or in the public sector, as well as the business of trustees, investments company and as company engaging, acquiring and making available services and goods, including (without prejudice to the generality of the above) the promotion or setting up of companies and the subscription of shares therein, the buying and selling of securities and the raising and disposal of funds.

(17) To carry on either alone or jointly with others anywhere in the world (and whether in a "free zone area", bonded area, bonded factory or elsewhere), the business of manufacturers, processors, dealers, wholesalers, retailers, importers, exporters, suppliers, distributors, buyers, sellers of any kind of goods, materials, merchandise or things of any nature, as well as the business of merchants in general, carriers by any means of transportation, travel or insurance agents on commission or otherwise forwarding agents, estate agents and agents in general.

(18) To carry on any other business or activity which may seem to the Directors capable of being conveniently or advantageously carried on or done in connection with any of the above objects or calculated directly or indirectly to enhance the value of or render more profitable any of the company's business property or rights.

(19) To manufacture, repair, import, buy, sell, export, let on hire and generally trade or deal in, any king of accessories, articles, apparatus, plant, machinery, tools, goods, properties, rights or things of any description capable of being used or

3

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

(20) To deal in, utilise for building or other purposes, let on lease or sublease or on hire, to assign or grant licence over, charge or mortgage, the whole or any part or parts of the immovable property belonging to the company or any rights thereon or in which the company is interested on such terms as the company shall determine.

(21) To purchase or otherwise acquire all or any part of the business, assets, property and liabilities of any company, society, partnership or person, formed for all or any part of the purposes within the objects of this company, or carrying on any business or intending to carry on any business which this company is authorised to carry on, or possessing property suitable for the purposes of the company and to undertake, conduct and carry on, or liquidate and wind up, any such business and in consideration for such acquisition to pay in cash, issue shares, undertake any liabilities or acquire any interest in the vendor's business.

(22) To apply for and take out, purchase or otherwise acquire any designs, trade marks, patents, patent rights or inventions, brevets d' invention, copyright or secret processes, which may be useful for the company's objects, and to grant licences to use the same.

(23) To pay all costs, charges, and expenses incurred or sustained in or about the promotion, formation and establishment of the company, or which the company shall consider to be in the nature of preliminary expenses or expenses incurred prior to incorporation and with a view to incorporation, including therein professional fees the cost of advertising, taxes, commissions for underwriting, brokerage, printing and stationery, salaries to employees and other similar expenses and expenses attendant upon the formation and functioning of agencies, local boards or local administration or other bodies, or expenses relating to any business or work carried on or performed prior to incorporation, which the company decides to take over or continue.

(24) Upon any issue of shares, debentures or other securities of the company to employ brokers, commission agents and underwriters and to provide for the remuneration of such persons for their services by payment in cash or by the issue of shares debentures or other securities of the company, or by the granting of options to take the same or in any other manner allowed by law.

(25) To borrow, raise money or secure obligations (whether of the company or any other person) in such manner and on such terms as may seem expedient, including the issue of debentures, debenture stock (perpetual or terminable), bonds, mortgages or any other securities, founded or based upon all or any of the property and rights of the company, including its uncalled capital, or without any such security, and upon such terms as to priority or otherwise, as may be through fit.

(26) To lend and advance money or give credit to any person, firm or company; to

4

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

(27) To draw, execute issue, accept, make, indorse, discount and negotiate bills of exchange, promissory notes, bills of lading, and other negotiable or transferable instruments or securities.

(28) To receive money on deposit, with or without allowance of interest thereon.

(29) To advance and lend money upon such security as may be through proper or without any security therefor.

(30) To invest the moneys of the company not immediately required in such manner, other than in the shares of his company, as from time to time may be determined by the Directors.

(31) To issue or guarantee the issue of or the payment of interest on, the shares, debentures, debentures stock, or other securities or obligations of any company or association, and to pay or provide for brokerage, commission, and underwriting in respect of any such issue.

(32) To acquire by subscription, purchase or otherwise, and to accept, take, hold, deal in, convert and sell, any kind of shares, stock, debentures or other securities or interests in any other company, society or undertaking whatsoever.

(33) To issue and allot fully or partly paid shares in the capital of the company or issue debentures or securities in payment or part payment of any movable or immovable property purchased or otherwise acquired by the company or any services rendered to the company and to remunerate in cash or otherwise any person, firm or company rendering services to this company or grant donations to such persons.

(34) To establish anywhere in the world, branch offices, regional offices, agencies and local boards and to regulate and to discontinue the same.

(35) To provide for the welfare of officers or of persons in the employment of the company, or former officers or formerly in the employment of the company or its predecessors in business or officers or employees of any subsidiary or associated or allied company, of this company, and the wives, widows, dependants and families of such persons, by grants of money, pensions or other payments, (including payments of insurance premia) and to form, subscribe to, or otherwise aid, any trust, fund or scheme for the benefit of such persons, and any benevolent, religious, scientific, national or other institution or object of any kind, which shall have any moral or other claims to support or aid, by the company by reason of the nature or the locality of its operations or otherwise.

5

(36) From time to time to subscribe or contribute to any charitable, benevolent, or useful object of a public character the support of which will, in the opinion of the company, tend, to increase its repute or popularity among its employees, its customers, or the public.

(37) To enter into and carry into effect any arrangement for joint working in business, union of interests, limiting competition, partnership or for sharing of profits, or for amalgamation, with any other company, partnership or person, carrying on business within the objects of this company.

(38) To establish, promote and otherwise assist, any company or companies for the purpose of acquiring any of the property or furthering any of the objects of this company or for any other purpose which may seem directly calculated to benefit this company.

(39) To apply for, promote, and obtain any Law, Order, Regulation, By-Law, Degree, Charter, concession, right, privilege, licence or permit for enabling the company to carry and of its objects into effect, or for effecting any modification of the company's constitution, or for any other purpose which may seem expedient, and to oppose any proceedings or applications which may, calculated directly or indirectly, to prejudice the company's interest and to enter into and execute any arrangement with any Government or Authority, supreme, municipal, local or otherwise that may seem conducive to the company's objects or any of them.

(40) To sell, dispose of, mortgage, charge, grant rights or options or transfer the business, property and undertakings of the company, or any part or parts thereof, for any consideration which the company may seem fit to accept.

(41) To accept stock or shares in, or the debentures, mortgage debentures or other securities of any other company in payment or part payment for any services rendered or for any sale made to or debt owing from any such company.

(42) To distribute in specie or otherwise as may be resolved any assets of the company among its members and particularly the shares, debentures or other securities of any other company belonging to this company or which this company may have the power of disposing.

(43) To do all or any of the matters hereby authorised in any part of the world either alone or in conjuction with, or as factors, trustees, principals, sub-contractors or agents for, any other company, firm or person, or by or through any factors, trustees, sub-contractors or agents.

(44) To procure the registration or recognition of the company in any country or place; to act as secretary, manager, director or treasurer of any other company.

(45) Generally to do all such other things as may appear to the company to be incidental or conducive to the attainment of the above objects or any of them.

6

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

4. The liability of the members is limited.

5. The share capital of the Company is US$ Three Hundred Fifty Eight Thousand Six Hundred (US$358.600,00) divided into Thirty-five Million Eight Hundred Sixty Thousand (35,860.000) of US$ 0,01 each. The shares in the original or any increased capital may be divided in different classes and any rights, or preference of other special rights, privileges, terms or restrictions with reference to return of capital dividend voting right and others may be attached to them respectively.

1. *Increase of authorized share capital to 42 000 000 ordinary shares @ US$ 0.01 each by special resolution dated 08/12/10, R10.*
2. *Increase of authorized share capital to 142 000 000 ordinary shares @ US$ 0.01 each by special resolution dated 11/03/11, R26.*
3. *Increase of authorized share capital to 362 000 000 ordinary shares @ US$ 0.01 each by special resolution dated 04/05/11.*
4. *Increase of authorized share capital to 1 022 000 000 ordinary shares @ US$ 0.01 each by special resolution dated 04/01/17.*
5. *Increase of authorized share capital to 1 550 000 000 ordinary shares @ US$ 0.01 each by special resolution dated 23/02/17.*
6. *Reverse split of the share capital of the Company at the ratio of 1 for 3 from 1 550 000 000 to 516 666 667 ordinary shares @ US$ 0,03 each by special resolution dated 04/05/17.*
7. *Increase of authorized share capital to 775 000 000 ordinary shares @ US$0.03 each by ordinary resolution dated 10/01/18.*

7

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

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

25th November 2010

WITNESS TO THE ABOVE SIGNATURES

....

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

8

Appendix B – DIRECTORSHIPS AND POSITIONS HELD BY THE BOARD AND EXECUTIVE MANAGEMENT

Name	**Position in S.D. Standard Drilling Plc**	**Current other directorships and management positions**	**Previous directorships and management positions (last 5 years)**
Martin Nes	Chairman	Ferncliff TIH II AS, CEO Ferncliff Property AS, deputy board member Tycoon Industrier AS, CEO Hanekamb Invest, CEO and chairman Ferenewable AS, Chairman AS Simask, Board member Allum Holding AS, Board member Saga Tankers ASA, Chairman Standard Princess AS, Chairman WANAX AS, Chairman Feok AS, Chairman PSV Opportunity III AS, Chairman Standard Princess, Chairman Standard Viking AS, Chairman Standard Supplier AS, Chairman Standard Provider AS, Chairman Standard Supporter AS, Chairman Nordic Construction Barges I AS, deputy board member Nordic Construction Barges II AS, deputy board member Saga Julie AS, deputy board member Saga Agnes AS, deputy board member Saga Unity AS, deputy board member Saga Chelsea As, deputy board member Bygdøynesveien 33-37 AS, deputy board member Self Storage Group ASA, Chairman City Self-Storage Norge AS, Board member OK Property AS, Chairman OK Minilager, Board member Minilageret AS, Chairman Nyvegen 7 Eiendom AS, board member Etterstadsletta 3 AS, board member Wallemslien 18 AS, Board member	Uno-X Hydrogen AS, Chairman Rotoboost H2 AS, Chairman Febygg AS, Chairman New NEL Hydrogen, Chairman New NEL Hydrogen Eiendom AS, Chairman New NEL Hydrogen P60 AS, Chairman New NEL Hydrogen Holding AS, Chairman Aqualis AS, Board member Aqualis Offshore AS, Chairman Tristein AS, Chairman Strata Marine & Offshore AS, Board member Vistin Pharma AS, Chairman Saga Tankers ASA, Board member Berganodden Invest AS, CEO NEL ASA, Board member Fenel AS, Chairman Ferncliff TIH 1 AS, CEO Ricin Invest AS, Chairman Aqualis ASA, Board member Weifa ASA, Chairman and Board member (two different terms) Strata AS, Board member Ferncliff Asset Management AS, Chairman Maross Invest AS, Board member
Arne Fredly	Independent Director	S.D. Standard Drilling Plc,, director Eiendomsutvikling 1 AS, Chairman Apollo Asset, CEO Apollo Capital Management AS, CEO Apollo Capital Management Ltd., CEO Global Capital Mgt Ltd, CEO SCI Octavian, CEO SCI Galatia, CEO	N/A
George Crystallis	Independent Director	S.D. STANDARD DRILLING PLC /Director CPS TRADING & INVESTMENTS CYPRUS LIMITED (formerly VCP TRADING & INVESTMENTS CYPRUS LIMITED) /Director CPS CHEMICAL HOLDINGS LIMITED	MARVILIA ENTERPRISES LIMITED,Director VARUN CYPRUS LIMITED,Director EVENT 365 CONSULTING LIMITED,Director COMFERT TRADE LIMITED,Director

		(formerly VCP CHEMICAL HOLDINGS LIMITED, /Director GREVERMOND INVESTMENTS LIMITED /Director TAMINA TRADING AND INVESTMENT LIMITED /Director HJERTENAES INVEST CYPRUS LIMITED /Director ASPELIAN HOLDINGS LIMITED /Director DISENIA TRADING LTD/ Director AVERDA ENVIRONMENTAL SERVICES (CYPRUS) LIMITED /Director PROVERBIA ENTERPRISES LIMITED /Director DIDIGROUP LIMITED /Director GL & P INVESTMENTS LIMITED (formerly GLOBERIA CONSULTING LTD) /Director URBANIA INVESTMENTS LTD /Director K&B RM RESOURCE MANAGEMENT LIMITED /Director L.I.T.A.T. Finance Ltd /Director "L.I.T.A.T." HOLDING CO LIMITED/Director L.I.T.A.T. INVESTMENT LIMITED "L.I.T.A.T." MANAGEMENT AND CONSULTING LIMITED /Director STROY POST INCORPORATION LIMITED /Director A. HAK MIDDLE EAST SERVICES LTD /Director DISENIA TRADING LTD /Director SALTORIA CHEMICAL LTD /Director SOCCON LIMITED /Director ERIANTA CO LTD /Director ELAAF DYNAMICS LIMITED /Director ARMANTE INVESTMENTS LIMITED /Director LORRETO CYPRUS LIMITED /Director ELAAF HOLDING LIMITED /Director PURAPIPE INTERNATIONAL LIMITED	SILVERODE MANAGEMENT LIMITED ,Director MIMORI BUSINESS SOLUTIONS LIMITED,Director AGREIN FINANCE LIMITED,Director AGREIN HOLDING LIMITED,Director AGREIN OVERSEAS LIMITED,Director AGREIN MANAGEMENT LIMITED,Director AGREIN INVESTMENTS LIMITED,Director BRONSTAR INVESTMENTS LIMITED,Director EBINVESTMENT LIMITED,Director ALLEN ENTERPRISES LIMITED,Director HALLING OFFSHORE LIMITED,Director JAP DRILLING 1 LIMITED,Director D.V.L. CONSULTING (OVERSEAS) LTD,Director TRESONA ENTERPRISES LTD,Director SUN VALLEY CONSULTING,Director ARMANTE INVESTMENTS LIMITED ,Director DORSINA ENTERPRISES LIMITED ,Director CQS MANAGEMENT LIMITED,Director CQS SECRETARIAL LIMITED,Director CQS NOMINEES LIMITED,Director CQS TRUSTEES LIMITED,Director GELSACO LIMITED,Director SYMONVIT LIMITED,Director SOLVENTUM CAPITAL LIMITED,Director PAUL RAMSAY HOLDINGS RUSSIA LIMITED,Director PAM INSURANCE LTD,Director CEMNET TRADING LIMITED,Director GCI TRADING LIMITED,Director FERMINIA HOLDING LIMITED,Director T.T.C.E. TECHNICAL TIRE CONSULTING LIMITED,Director DANORCO (AFRICA)LIMITED,Director KNUTELAKE HOLDINGS LIMITED,Director LUFFINA LIMITED,Director GRESMONDS TRADING LIMITED,Director

		(formerly PURAPIPE HOLDING LIMITED) /Director PROFARMIA INVESTMENTS LIMITED /Director ERIDANIAN MEDIA LTD /Director MIKAROS LIMITED /Director ROFAB INVEST LIMITED /Director GULFPOINT INTERNATIONAL LIMITED /Director PHARINVA LTD /Director WENTO OPERATIONS CY LTD /Director CQS STATEMENTEMAIL LTD /Director VESTANACO LTD /Director WILCHE HOLDING LIMITED /Director FEN WIND FARM CYPRUS LIMITED /Director ZONDA CYPRUS LTD /Director HALNY CYPRUS LTD /Director FD3I LIMITED /Director REMVIX LIMITED /Director SOPLICA HOLDINGS LIMITED /Director COMREAL DEVELOPMENT LIMITED/Director SOLANUS CYPRUS LIMITED/Director CHAMSIN CYPRUS LIMITED /Director DRANSTONE ENTERPRISES LIMITED /Director MITCHUM SOLUTIONS LIMITED /Director JAMAJO ADVISORY (CYPRUS) LIMITED /Director STOCKPILE CAPITAL LIMITED /Director ADISER LIMITED /Director KOJOTE LIMITED /Director TRACTABEL LIMITED /Director LINSPRO LIMITED /Director RIVADCO LIMITED /Director WBH INTERNATIONAL LTD	ELIANE HOLDINGS LIMITED,Director KUBATOVA HOLDINGS LIMITED,Director PLAY BRAND MANAGEMENT LIMITED,Director GRANSTONE TRANSHIPMENT LIMITED, Director MARVILIA ENTERPRISES LIMITED , Director VARUN CYPRUS LIMITED , Director COMFERT TRADE LIMITED /Director FLY WTS LIMITED /Director KARETA HOLDINGS LIMITED /Director KURUMA HOLDINGS LIMITED /Director HOIRU HOLDINGS LIMITED /Director OMBRETTA INVESTMENTS LIMITED /Director BRONSTAR INVESTMENTS LIMITED /Director EBINVESTMENT LIMITED /Director FH FASHION HOUSE LTD/Director PIAGORINI TRADING LTD /Director

		/Director NIMORALIA ENTERPRISES LIMITED /Director PORSBORG HOLDING LIMITED /Director SOMALO CYPRUS LIMITED /Director FLAVIANA ENTERPRISES LIMITED /Director LEFKIMI ENTERPRISES LIMITED /Director ZUMAFKA TRADING LIMITED /Director JOLSEMINA ENTERPRISES LIMITED /Director AIRMATION LIMITED /Director UMEDIA HOLDINGS LIMITED /Director UKRMEDIA (OVERSEAS) LIMITED /Director MAKEFIELD LIMITED /Director GGK LIMITED /Director DDB (UKRAINE) LIMITED /Director PROVID ADVERTISING LIMITED /Director VISAGE MEDIA LIMITED /Director BESTEALE INVESTMENTS LIMITED /Director TABERANCLE DEVELOPMENT LTD (EX BORALINDA INVESTMENTS LIMITED) /Director TABERANCLE INVESTMENTS LTD (EX GRALINDA ENTERPRISES LIMITED) /Director STORKEN HOLDING LTD /Director SAGGEDI INVESTMENTS LIMITED /Director M.G. CRYSTALLIS & SON LIMITED /Director CQS LTD/Director SAIFRA INVEST LIMITED/DIRECTOR AICARDI INVEST LIMITED/DIRECTOR 2XM CYPRUS LIMITED/DIRECTOR MILUCO INVESTMENTS LIMITED / DIRECTOR	

Evangelia Panagide	General Manager	WANAX AS, Board Member STANDARD PRINCESS AS, Board Member STANDARD VIKING AS, Board Member STANDARD SUPPLIER AS, Board Member STANDARD PROVIDER AS, Board Member STANDARD SUPPORTER AS, Board Member	N/A
Christos Neokleous	Chief Financial Officer	Deloitte Limited, Director Deloitte Holding Ltd., Director Brascow Enterprises Ltd., Director	N/A

Appendix C - S.D. STANDARD DRILLING PLC FINANCIAL STATEMENTS FOR 2017

S.D. STANDARD DRILLING PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2017

STANDARD DRILLING

STANDARD DRILLING

CONTENTS

STANDARD DRILLING

BOARD OF DIRECTORS AND OTHER OFFICERS

MARTIN NES

CHAIRMAN

NON-EXECUTIVE DIRECTOR

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 CCO of Ferncliff TIH II AS.

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 re-elected as a Chairman on 29 May 2017.

ARNE HELGE FREDLY

NON-EXECUTIVE / INDEPENDENT DIRECTOR

Arne Helge Fredly is an Independent Professional Investor. Previously Mr. Fredly was a Senior Partner and second largest shareholder of ABG Sundal Collier, an Independent Nordic Investment Bank, where he was Head of Equity Sales and Trading. Mr. Fredly has also worked for Alfred Berg. Mr. Fredly holds a Master of Science in Finance from the Norwegian School of Economics and Business Administration.

GEORGE CRYSTALLIS

NON-EXECUTIVE / INDEPENDENT DIRECTOR

George Crystallis is Managing Director of M.G. Crystallis & Co Limited, a Cyprus trading company.

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

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.

CHRISTOS NEOCLEOUS

Christos Neocleous has been involved with the Company since its incorporation and has been appointed to serve as Chief Financial Officer since 1 July 2017. He has more than 25 years of experience and has been a partner in Deloitte in Cyprus since 2009. He is skilled in numerous audit and accounting fields, and has extensive knowledge of International Financial Reporting Standards, taxation policies, Cyprus Companies Law and day to day administration processes.

Christos is a Fellow member of the Chartered Association of Certified Accountants (FCCA), a member of the Institute of Certified Public Accountants of Cyprus (ICPAC) and a member of The Association of Accounting Technicians (MAAT).

EXCEL-SERVE SECRETARIES LIMITED
COMPANY SECRETARY
Spyrou Kyprianou, 20
Chapo Central, 3rd Floor
1075 Nicosia
Cyprus

S.D. Standard Drilling Plc. – Annual Report and Financial Statements 2017 3

STANDARD DRILLING

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 and 2009 ("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 2017 we confirm that, to the best of our knowledge:

a) the financial statements of the Company for the year ended 31 December 2017 which are presented on pages 11 to 39.

(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 Management 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 are facing.

Limassol, 19 April 2018

Martin Nes Chairman	Arne Helge Fredly Independent Director	George Crystallis Independent Director
	Christos Neocleous Chief Financial Officer	Evangelia Panagide General Manager

S.D. Standard Drilling Plc. – Annual Report and Financial Statements 2017 4

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 Bors, 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 30 October 2014 (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 is an investment entity within the oil and gas sector, which invest directly or indirectly into companies, securities and / or assets, with the aim to control a larger fleet of assets – all acquired at low values for capital appreciation and investment income. Going forward and having a sound financial position, the Board believes that the Company is in a good position to take advantage of any attractive investment opportunities that may arise within the framework of industries it operates.

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 its 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 Bors Stock Exchange and the Company's website. Any transactions in own (treasury) shares will be executed on the Oslo Bors Stock Exchange or by other means at the listed price.

All transactions between the Company and its close associates are disclosed in the financial statements. 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 the transactions are on market terms.

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. Information about the composition of the Company's shareholders is presented in note 22 to the financial statements.

FREELY TRANSFERABLE SHARES

The shares are listed on the Oslo Bors and are freely transferable. 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 Association 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. 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. The current Nomination Committee is comprised by Mr. Costas Pantelides (Chairman) and Mr. George Papanicolaou (member) and its' tenure ends at the AGM of the year 2018.

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 Audit Committee is appointed by the Board of Directors of the Company and is currently comprised by Mr. Arne Helge Fredly (Chairman) and Mr. George Crystallis (member).

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, evaluate, and oversee the auditor's independence.

The composition of the audit committee is in line with the provisions of the Auditors' Law of Cyprus and the Code of Practice of Cyprus and Norway.

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 preferable 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 Company and its subsidiary Company 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 more than six 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 "Committees" above.

Risk Management and Internal Control

Risk management and internal control is performed through various processes within the Company, 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 subsidiary. 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 that took place on 3 May 2017, having considered proposals by the Nomination Committee in line with the Code of Practice. Information about the fees paid to the Board of Directors and Committees is stated in the notes to the financial statements.

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 the year 2017 for members of the senior management is presented in the notes to the financial statements.

Information and Communications

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

Management Report

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 2017.

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. On 25 March 2011 the Company's shares were listed on Oslo Axess and on 31 May 2017 were listed on Oslo Bors, under the ticker SDSD.

The principal activity of the Company is that of the investment entity within the oil and gas sector, directly or indirectly into companies, securities and / or assets, with the aim to control or have significant influence over a larger fleet of assets. Company's shares were listed on Oslo Axess and on 31 May 2017 were listed on Oslo Bors, under the ticker SDSD.

Business Strategy

The Company's strategy is to invest in the oil services industry, directly or indirectly into companies, securities and / or assets, with the aim to control a larger fleet of assets - all acquired at low values for capital appreciation and investment income. The objective of the Company is to generate significant medium to long term capital growth. The main focus of the Company will be in the Platform Supply Vessel ("PSV") market although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The Company has a sound financial position and the Board of Directors believe that the company is in a good position to take advantage of any attractive investment opportunity that may appear. This includes, but is not limited to, asset play, or investment directly in other companies. The main drivers are maximizing the return and minimizing the risk.

Review of Developments, Position and Performance of the Company's Business

The Company achieved a number of important milestones during the year 2017:

- On 2 January 2017, the Company through its wholly owned subsidiary Wanax AS, invested USD 5,2 million representing 35% of the issued share capital of PSV Opportunity III DIS (hereinafter "PSV III"), a partnership arrangement established in Norway. PSV III owned two mid-size PSV vessels (UT 755LN) which were built at Aker Brevik in Norway in 2007 and 2008. The transaction was closed on 19 January 2017.
- On 19 January 2017, the Company resolved to acquire three large Platform Supply Vessels ("PSV's") for a total consideration of USD 40 million. The PSV's are all built at Aker Brattvaag, Norway in 2007-2008. The Company through its wholly owned subsidiary Wanax AS, took delivery of the PSV's on 9 February and are owned by three 100% owned subsidiaries namely Standard Princess AS, Standard Supplier AS and Standard Viking AS.
- On 24 January 2017 the Company was allocated 5 082 837 ordinary shares, representing 15,6% ownership of New World Supply Ltd at a cost of USD 5,08 million.
- On 21 March 2017 the Company acquired a further 7,7% of New World Supply Ltd. The consideration price was set to NOK 26,3 million and was settled with the issue and allotment of 35 000 000 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company held a 23,3% ownership in New World Supply Ltd.
- On 31 March 2017 the Company acquired a further 2,9% of New World Supply Ltd. The consideration price was set to NOK 9,8 million and was settled with the issue and allotment of 13 064 002 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company holds a 26,2% ownership in New World Supply Ltd.
- During the first quarter of 2017 the Company purchased additional 7 525 000 bonds of World Wide Supply AS at a market price of USD 1 392 125. In the same period an amount of approximately 3,2 million which includes an interest received of USD 43 thousands has been redeemed.
- On 22 May 2017 the Company submitted an application to Oslo Bors requesting a transfer of the listing of the Company's shares from Oslo Axess to Oslo Bors. On 26 May 2017 Oslo Bors approved the application. The first day of trading on Oslo Bors was 31 May 2017.
- In June 2017 and following the unanimous decisions taken at the extraordinary general meetings of the Partners' Councils of PSV Opportunity I DIS ("PSV I"), PSV Opportunity II DIS ("PSV II") and PSV opportunity III DIS ("PSV III"), PSV I and PSV II were merged into PSV III resulting in a combined holding of 25,53% for the Company through its 100% subsidiary Wanax AS.
- In August 2017, the Company received an additional inflow of USD 527 thousands from the redemption of World Wide Supply Ltd's senior secured corporate bonds.
- On 11 October 2017 the Company entered into an agreement to acquire two UT 776 CD PSV vessels for a total en-bloc consideration of USD 22,2 million. The vessels are large PSVs, which were built at STX Brevik, Norway in 2009 and 2010. The Company through its wholly owned subsidiary Wanax AS, took delivery of the two vessels on 13 November 2017 and these are owned by two 100% owned subsidiaries namely Standard Provider AS and Standard Supporter AS.

Non-Financial KPIs

Health, Safety and Environmental regulations:

The Company aims to comply in all material respects with the health, safety and environmental regulations affecting its operations in the countries and jurisdictions in which the Company is operating. In this respect the management has developed and is currently monitoring a system of Non-financial KPIs with regards to the health, safety and environmental regulations. As of today the Company was not found in breach of any of the aforementioned regulations. The Company is not, nor has been involved in any legal, governmental or arbitration proceedings. This is in line with the overall culture and vision of the Company.

Financial Results

The Company's results for the year are set out on page 11. The Company's loss after tax for the year ended 31 December 2017 which is attributable to the equity holders was USD 1,2 million compared to a net loss of USD 277 thousands for the year ended 31 December 2016. The total assets of the Company for 2017 were USD 100,6 million and the net assets were USD 100,5 million, compared to USD 9,3 million and USD 9,1 million respectively in 2016. Despite the loss of USD 1,2 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 PSV market. 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 Company

The Company has further invested in the PSV market through its controlled subsidiary company Wanax As (see note 25 to these financial statements).

Going forward the Company will seek similar investment opportunities. Having a sound financial position, the Board believes that the Company is in a good position to take advantage of any attractive investment opportunities that may arise within the framework of industries it operates.

Dividends

The Board of Directors does not recommend the payment of a dividend for the year 2017.

Share Capital and Premium

- On 4 January 2017 the Company increased its authorised share capital from 362 000 000 to 1 022 000 000 ordinary shares of USD 0,01 each by the creation of additional 660 000 000 ordinary shares of a nominal value of USD 0,01 each.
- On 4 January 2017, the Company issued 423 076 924 new shares through a Private Placement with gross proceeds of NOK 275 million (USD 31 million). The subscription price per new share was set to NOK 0,65 (USD 0,0752) which included a share premium of USD 0,0652 per ordinary share.
- On 5 January 2017, the Company issued 111 111 200 new shares through a Private Placement with gross proceeds of NOK 100 million (USD 11 million). The subscription price per new share was set to NOK 0,90 (USD 0,1048) which included a share premium of USD 0,0948 per share.
- On 13 January 2017, the Company invited certain eligible shareholders as of 8 December 2016 to subscribe for a subsequent offering comprising of up to 9 500 000 Offer Shares at a subscription price of NOK 0,65 per offer share. On 22 January 2017 the Company received applications with gross proceeds of NOK 3,58 million (USD 424 thousands) and allotted 5 514 718 offer shares at the price of USD 0,0769 which included a share premium of USD 0,0669 per share.
- On 24 January 2017, the Company issued 220 297 158 new shares through a Private Placement with gross proceeds of NOK 198 million (USD 23,7 million). The subscription price per new share was set to NOK 0,90 (USD 0,1078) which included a share premium of USD 0,0978 per share.
- On 23 February 2017 the Company increased its authorised share capital from 1 022 000 000 to 1 550 000 000 ordinary shares of USD 0,01 each by the creation of additional 528 000 000 ordinary shares of a nominal value of USD 0,01 each.
- At the Annual General Meeting of the Company which was held on 3 May 2017, the Board of Directors were authorized by the shareholders to purchase the Company's own shares as prescribed by the relevant provisions of article 57A of the Companies Law, within a time period of twelve months from the date of passing of the resolution. As of today, no such purchase has taken place.
- On 4 May 2017 and following the relevant resolution passed on the Annual General meeting, the authorized share capital of the Company comprising of 1 550 000 000 ordinary shares of nominal value of USD 0,01 each has been consolidated into 516 666 667 ordinary shares of nominal value of USD 0,03 each at the ratio of 1 for 3 reverse split. On the same date the issued share capital of the Company comprising of 1 070 064 002 ordinary shares of USD 0,01 each, has been consolidated into 356 688 001 ordinary shares of USD 0,03 each at the ratio of 1 for 3 reverse split.
- On 31 October 2017, the Company announced an equity offering of up to 152 671 756 new shares directed towards all registered shareholders in the Company as of 30 October 2017, divided on two tranches at an offer price of NOK 1,31 per share raising gross proceeds of up to NOK 200 million. The equity offering was successfully completed and the following shares were issued:

  a) On 1 November 2017, the Company issued 145 432 069 new shares at the price of USD 0,1604 per share which included a share premium of USD 0,1304 per share, with gross proceeds of USD 23,3 million.

  b) On 6 November 2017, the Company issued 7 239 687 new shares at the price of USD 0,1604 per share which included a share premium of USD 0,1304 per share, with gross proceeds of USD 1,2 million.

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

Additional issues of share capital which took place between the Balance Sheet date and the date of approval of these financial statements are disclosed in Note 25.

Board of Directors

The members of the Board of Directors as at 31 December 2017 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 2017, other than the following:

- At the Annual General Meeting of the Company that took place on 3 May 2017, Mr. George Crystallis was re-elected as a member of the Board of Directors.
- Mr. Martin Nes was re-appointed in the position of the Chairman of the board on 29 May 2017.

In accordance with Company's Article of Association, Mr. Arne Helge Fredly will retire by rotation and 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 24 of these financial statements.

Directors' Interest in the Share Capital of the Company

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

- Martin Nes through Hanekamb Invest AS (0,44%).
- Arne Helge Fredly through Apollo Asset Limited (4,94%).

Events After the Balance Sheet Date

Any material post balance sheet events are described in note 25 to these financial statements.

Branches

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

Corporate Governance

The Directors of S.D. Standard Drilling Plc, recognize the importance of the corporate governance policies, practices and procedures. Being listed on the Oslo Bors 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 30 October 2014 (the "Code of Practice") on a "comply or explain" basis (see separate section on corporate governance on pages 5 to 7).

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.

Excel – Serve Secretaries Limited
Secretary

Limassol, 19 April 2018

STANDARD DRILLING

Statement Of Comprehensive Income
For The Year Ended 31 December 2017

(Amounts in USD 000)	Note	31.12.2017	31.12.2016
		Audited	Audited
Income			
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss	8	(2 583)	193
Other gains and losses	10	281	-
Interest income		220	42
Net foreign currency gains or losses		1 634	-
Total net income/(loss)		**(448)**	**235**
Expenses			
Administration fees	17	(721)	(501)
Total operating expenses		**(721)**	**(501)**
Operating profit/(loss)		**(1 169)**	**(266)**
Finance costs			
Sundry finance expenses	18	(2)	(11)
Profit/(loss) for the year before tax		**(1 171)**	**(277)**
Income tax expense	19	-	-
Profit/(loss) for the year after tax		**(1 171)**	**(277)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale investments – Fair value loss	15	(3)	(1)
Other comprehensive income for the year		**(3)**	**(1)**
Total comprehensive income for the year		**(1 174)**	**(278)**
Earnings/(loss) per share			
Basic/diluted earnings/(loss) per share	20	(0,00)	(0,00)

S.D. Standard Drilling Plc. – Annual Report and Financial Statements 2017 11

STANDARD DRILLING

Statement Of Financial Position
At 31 December 2017

(Amounts in USD 000)	Note	31.12.2017	31.12.2016
ASSETS		Audited	Audited
Equipment and machinery	7	1	1
Financial asset at fair value through profit or loss	8	88 379	5 300
Total non-current assets		**88 380**	**5 301**
Trade and other receivables	9	42	144
Senior secured callable bonds	10	65	2 018
Loan receivable	11	-	-
Available-for-sale financial assets	12	12	15
Current tax asset	19	1	1
Cash and bank balances	13	12 148	1 798
Total current assets		**12 268**	**3 976**
Total Assets		**100 648**	**9 277**
EQUITY AND LIABILITIES			
Ordinary shares	14	15 281	2 620
Share premium	14	86 840	6 938
Other reserves	15	(4)	(1)
Accumulated profits/(losses)		(1 625)	(454)
Total equity		**100 492**	**9 103**
Trade and other payables	16	156	174
Total current liabilities		**156**	**174**
Total Equity and Liabilities		**100 648**	**9 277**

On 19 April 2018, the Board of Directors of S.D. Standard Drilling Plc authorized these financial statements for issue.

Martin Nes
Chairman

George Crystallis
Director

S.D. Standard Drilling Plc. – Annual Report and Financial Statements 2017 12

STANDARD DRILLING

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts in USD 000)	Share Capital	Share Premium	Fair value reserve - available for sale investments	Accumulated Profits/(Losses)	Total
Balance at 01.01.2016	**2 620**	**6 938**	**-**	**(177)**	**9 381**
Comprehensive income					
Profit/(loss) for the year	-	-	-	(277)	(277)
Other comprehensive income					
Available-for-sale investments – Fair value loss	-	-	(1)	-	(1)
Balance at 31.12.2016 *(Audited)*	**2 620**	**6 938**	**(1)**	**(454)**	**9 103**
Balance at 01.01.2017	**2 620**	**6 938**	**(1)**	**(454)**	**9 103**
Comprehensive income					
Profit/(loss) for the year	-	-	-	(1 171)	(1 171)
Other comprehensive income					
Available-for-sale investments – Fair value loss	-	-	(3)	-	(3)
Transactions with owners					
Issue of share capital (note 14)	12 661	83 660	-	-	96 321
Share issue costs	-	(3 758)	-	-	(3 758)
Total transactions with owners	12 661	79 902	-	-	92 563
Balance at 31.12.2017 *(Audited)*	**15 281**	**86 840**	**(4)**	**(1 625)**	**100 492**

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 17% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents and Cyprus domiciled. 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.

S.D. Standard Drilling Plc. – Annual Report and Financial Statements 2017 13

STANDARD DRILLING

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts in USD 000)	Note	31.12.2017 *Audited*	31.12.2016 *Audited*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year before income tax		(1 171)	(277)
Unrealised exchange gain		(303)	-
Other gain and losses	10	(281)	-
Payments to acquire financial assets at fair value through profit or loss		(81 461)	(5 107)
Interest income		(220)	(42)
Decrease/(increase) in trade and other receivables		102	(109)
Decrease/(increase) in financial asset fair value through profit or loss	8	2 583	(193)
(Decrease)/increase in trade and other payables		(18)	109
Net cash generated from/(used in) operating activities		**(80 769)**	**(5 619)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of senior secure callable bonds		3 626	-
Payment for the purchase of senior secure callable bonds	10	(1 392)	(2 018)
Interest received		220	42
Net cash generated from/(used in) investing activities		**2 454**	**(1976)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		92 120	-
Share issue costs		(3 758)	-
Net cash generated from/(used in) financing activities		**88 362**	**-**
Net increase/(decrease) in cash and cash equivalents		**10 047**	**(7 595)**
Cash and cash equivalents at beginning of year		1 798	9 393
Effect of exchange rate changes on the balance of cash held in foreign currencies		303	-
Cash and cash equivalents at end of year		12 148	1 798

S.D. Standard Drilling Plc. – Annual Report and Separate Financial Statements 2017 14

Notes to the Financial Statements
For the Year Ended 31 December 2017

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 and on 31 May 2017 were listed on Oslo Bors. The head office is located in Limassol, Cyprus and its registered office is at Maximou Michailidi 6, Maximos Plaza, Tower 3, 4th floor, Office 401, 3106 Limassol, Cyprus.

Principal activities

The principal activity of the Company is that of the investment entity within oil and gas sector, directly or indirectly into companies, securities and / or assets, with the aim to control a larger fleet of assets - all at low values. The objective of the Company is to generate significant medium to long-term capital growth. The main focus of the Company will be in the PSV market although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The Company's strategy is to invest into high-risk investments in distressed asset acquisition held by unquoted companies where the Company takes active role in helping to build and develop these companies with the aim to make its returns through medium to long term capital gains appreciation as opposed to invest for strategic purposes.

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 financial assets at fair value through profit or loss and available-for sale financial assets. All figures in these 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 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.

The Company meets the definition of an investment entity as per IFRS 10 and is required to account for the investment in the subsidiary, which was incorporated for the purpose of holding the underlying investment on behalf of the Company, and its associates at fair value through profit or loss.

These financial statements are the only financial statements presented by the Company.

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 2017 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.

STANDARD DRILLING

Notes to the Financial Statements
For the Year Ended 31 December 2017

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 2017. The adoption of these Standards did not have a material effect on the financial statements.

Amendments that are effective for annual periods beginning after 1 January 2017:

- Amendments to IFRS Standards 2014 – 2016 cycle (Disclosures of interest in other entities).
- IAS 7 (Amendments) "Disclosure Initiative" (effective for annual periods beginning on or after 1 January 2017).
- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017).

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective for the year ended 31 December 2017:

(i) Standards and Interpretations adopted by the EU

- Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018).
- Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" including amendments to IFRS 15 (effective for annual periods beginning on or after 1 January 2018).
- Annual improvements to IFRS Standards 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2017 / 1 January 2018).
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).

(ii) Standards and Interpretations not adopted by the EU

- IFRS 17 "Insurance Contracts" (effective for the annual periods beginning on or after 1 January 2021).
- IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).
- IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 (Amendments) "Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019).
- IAS 28 (Amendments): "Long-term Interests in Associates and Joint Ventures" (effective for annual period beginning on or after 1 January 2019).
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019).
- IAS 19 (Amendments): "Plan Amendment, Curtailment or settlement" (effective for annual periods beginning on or after 1 January 2019).

The effect and impact of those financial reporting standards and particularly IFRS 9 and IFRS 15 was assessed by the Board of Directors and is not expected to be material to the Company.

STANDARD DRILLING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 INVESTMENT ENTITY

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

- The Company has announced and subsequently obtained funds for the purpose of providing investors with professional investment management services;
- The business purpose of the Company is to invest mainly in the PSV market, although will pursue any attractive investment opportunities that may arise within the framework of industries it operates, for the purposes of capital appreciation and investment income; and
- The investments are measured and evaluated by management on a fair value basis.

2.3 INVESTMENT IN SUBSIDIARIES AND CONSOLIDATION

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

2.4 INVESTMENT IN ASSOCIATES

An associate is an entity, including an unincorporated entity such as a partnership, over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Investments in an associate are carried in the balance sheet at fair value as required by IAS 28, 'Investment in associates', which allows investments that are held by investment entities to be recognized and measured as at fair value through profit or loss and accounted for in accordance with IAS 39 and IFRS 13, with changes in fair value recognized in the statement of comprehensive income in the period of the change.

2.5 REVENUE RECOGNITION

Revenue earned by the Company is recognized on the following basis:

2.5.1 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.

2.6 FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

The Company's financial statements 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 financial statements 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 on the face in the income statement.

STANDARD DRILLING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 EQUIPMENT AND MACHINERY

(a) *Measurement*

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

(b) *Depreciation*

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

	%
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.

(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.

2.8 CASH AND CASH EQUIVALENTS

In the statement of cash flows and the balance sheet, cash and cash equivalents includes deposits held at call of three months or less with banks.

2.9 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Notes to the Financial Statements
For the Year Ended 31 December 2017

Note 2 – Summary of Significant Accounting Policies (continued)

2.10 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the 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.

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.

2.12 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.

2.13 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 2017

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.

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.

2.16 Financial Assets Designated at Fair Value Through Profit or Loss

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

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

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

2.17 Segmental Information

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

Notes to the Financial Statements
For the Year Ended 31 December 2017

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), PSV market risk, credit risk, and liquidity risk. The Company's overall risk management strategy seeks to minimize any adverse effect from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
(Amounts in USD 000)	**31.12.2017**	31.12.2016	**31.12.2017**	31.12.2016
Norwegian Kroner	-	-	12 050	105
Total	**-**	**-**	**12 050**	**105**

Sensitivity analysis:
A 10% strengthening of the Euro against the following currencies at 31 December 2017 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Equity		Profit or loss	
(Amounts in USD 000)	**31.12.2017**	31.12.2016	**31.12.2017**	31.12.2016
Norwegian Kroner	1 205	11	1 205	11
Total	**1 205**	**11**	**1 205**	**11**

(ii) Price risk

The Company is exposed to equity price risk because of investments held which have been classified on the balance sheet either as available-for-sale financial assets or at fair value through profit or loss. The available for sale investments are susceptible to market price risk arising from uncertainties about future prices. The fair value through profit or loss investments are susceptible to market risk arising from the operations, performance and the fair value of the PSV vessels held through its controlled subsidiary and its associate.

The Company's investments are highly concentrated in equity securities of entities which are active in the PSV market. These investments consist 88% of total assets as at 31 December 2017 (2016: 79%).

Management monitors the Company's price risk exposure on a continuous basis and acts accordingly.

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

The Company's interest rate risk arises from interest-bearing assets and liabilities. Interest-bearing instruments at variable rates expose the Company to cash flow interest rate risk. Interest bearing instruments at fixed rates expose the Company to fair value interest rate risk. The Company's interest rate risk is mainly derived from cash balances, deposits and senior secured callable bonds held by the Company as at year end. Management does not consider the Company's interest rate risk exposure to be significant.

Notes to the Financial Statements
For the Year Ended 31 December 2017

Note 3 – Financial Risk Management (Continued)

(b) PSV market risk

The Company has made significant investments in the PSV market. Although the Company believes that the investments have been made on favourable terms, there is a risk that a further prolonged downturn in the PSV market will affect the Company's investments significantly. The risk factors specific to the PSV market, are described below:

Downturn in offshore market

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

Dependency on oil and gas prices

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

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

- worldwide demand for natural oil and gas;
- the cost of exploring for, developing, producing, transporting and distributing oil and gas;
- expectations regarding future energy prices – for both oil and gas and other sources of energy;
- the ability of the Organization of Petroleum Exporting Countries ("**OPEC**") to set and maintain production and impact pricing;
- level of worldwide production;

Dependency on oil and gas prices (Continued)

- government laws and regulations, including environmental protection laws and regulations;
- the development and exploitation of alternative fuels, and the competitive, social and political position of oil and gas as a source of energy compared with other energy sources;
- local and international political, economic and weather conditions;
- political and military conflicts; and
- the development and exploitation of alternative energy sources.

Fluctuating value of the fleet

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

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

The management has established and implemented sufficient systems and procedures to monitor PSV market and stay alert to changes in the PSV market place in order to help mitigate those risks in timely manner.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 3 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company's credit risk arises from deposits with banks and financial institutions, as well as credit exposures to loans receivables from third parties.

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, senior secured callable bonds and trade and other receivables (note 6).

(d) Liquidity risk

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

The following are the contractual maturities of financial liabilities:

(Amounts in USD 000)	Carrying Amounts	Contractual Cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
2016							
Trade and other payables	174	174	174	-	-	-	-
Total	**174**	**174**	**174**	-	-	-	-

(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
2017							
Trade and other payables	156	156	156	-	-	-	-
Total	**156**	**156**	**156**	-	-	-	-

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 MEASUREMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 3 – FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

The following tables present the Company's fair value hierarchy of the financial assets as at 31 December:

(Amounts in USD 000)	Level 1	Level 2	Level 3	Total
At 31 December 2016				
Assets				
Available for sale financial assets				
- Equity securities	15	-	-	15
Financial Assets through profit or loss				
- Financial asset designated at fair value through profit or loss (note 8)	-	5 300	-	5 300
Total financial assets measured at fair value	15	5 300	-	5 315

(Amounts in USD 000)	Level 1	Level 2	Level 3	Total
At 31 December 2017				
Assets				
Available for sale financial assets				
- Equity securities	12	-	-	12
Financial Assets through profit or Loss				
- Financials asset designated at fair value through profit or loss (note 8)	-	-	88 379	88 379
Total financial assets measured at fair value	12	-	88 379	88 391

Financial assets designated at fair value through profit or loss amounted to USD 5 300 thousands have been reclassified from Level 2 to Level 3 based on unobservable inputs developed by the management using the best available information in the circumstances.

3.3.2 Valuation processes

The management of the Company obtained fair value estimates from two independent Valuers ("Valuer A" and "Valuer B"). Both Valuers have provided a value range based on a willing buyer and willing seller market scenario. Valuer A has also provided a value range based on distressed values. Valuer B has not provided a distressed value range, however, a distressed value range has been derived by the management by applying the same discount rate to Valuer B's willing buyer and willing seller range as the implied discount rate between Valuer A's willing buyer and willing seller value range and Valuer A's distressed value range. The applied fair value for the assets in the Company's financial statements is then set to the average of these two distressed ranges as the Company decided to apply a more conservative approach due to current market conditions and the frequency of such transactions in the market. Should the Company used the average fair values based on a willing buyer and willing seller market scenario of both Valuers, the total financial assets measured fair value would have been USD 126,7 million rather than USD 88,4 million.

STANDARD DRILLING

Notes to the Financial Statements For the Year Ended 31 December 2017

Note 3 – Financial Risk Management (continued)

3.3.3 Reconciliation of Level 3 fair value measurements

The following table presents the changes in Level 3 investments for the year ended 31 December 2017;

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
31 December 2017		
Opening balance	-	-
Total gains or losses:		
- In profit or loss	(2 583)	(2 583)
Purchases	85 662	85 662
Issues	-	-
Disposals/settlements	-	-
Transfers into level 3 from level 2	5 300	5 300
Transfers out of level 3	-	-
Closing balance (note 8)	88 379	88 379
Unrealised gains or (losses) recognized in profit and loss attributable to assets held at the end of the reporting period (included in gains/losses) disclosed above:		
31 December 2017	(2 583)	(2 583)
31 December 2016	-	-

No investments were held under level 3 for the year ended 31 December 2016.

3.3.4 Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31/12/2017	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1) Financial asset designated at fair value through profit or loss:					
(a) Investment in Wanax AS (100%) which holds: (i) 25,53% Participatory interest in PSV Opportunity III DIS "PSV III", (ii) 100% participatory interest in Standard Princess AS, (iii) 100% participatory interest in Standard Supplier AS, (iv) 100% participatory interest in Standard Viking AS, (v) 100% participatory interest in Standard Provider AS, (vi) 100% participatory interest in Standard Supporter AS The principal activity of PSV III, Standard Princess AS, Standard Supplier AS, Standard Viking AS, Standard Provider AS and Standard Supporter AS is that of the holdings of PSV vessels.	USD 80 741 thousands	Level 3	Market Approach The valuation technique uses prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in. The data used are based on observable inputs adjusted by an unobservable input (discount rate) calculated by the management for Valuer B. (note 3.3.2).	Discount rate from willing buyer/seller to distressed valuation from Valuer A, has been applied to Valuer B to predict distressed values for Valuer B, since Valuer B only provided valuation based on willing buyer/seller basis. Discount rate is in the range of 44% to 54% and 24% to 29% based on the size of the respective vessels (note 3.3.2).	Significant increases /(decreases) in the range of rates for discounting the vessels' fair values would result in a significantly lower /higher fair value measurement (note 1).

STANDARD DRILLING

Notes to the Financial Statements For the Year Ended 31 December 2017

Note 3 – Financial Risk Management (continued)

3.4 Fair Value Measurements (continued)

3.3.4 Fair value of the Company's financial assets that are measured at fair value on a recurring basis (continued):

(b) Investment in New World Supply Ltd (26,2%) which holds: (i) 100% Participatory interest in SPV World Diamond, (ii) 100% Participatory interest in SPV World Perdiot, (iii) 100% Participatory interest in SPV World Pearl, (iv) 100% Participatory interest in SPV World Emerald, (v) 100% Participatory interest in SPV World Opal, (vi) 100% Participatory interest in SPV World Sapphire. The principal activities of the above companies is that of the holding of PSV vessels.	USD 7 638 thousands	Level 3	Market Approach The valuation technique uses prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in. The data used are based on observable inputs adjusted by an unobservable input (discount rate) calculated by the management for Valuer B. (note 3.3.2).	Discount rate from willing buyer/seller to distressed valuation from Valuer A, has been applied to Valuer B to predict distressed values for Valuer B, since Valuer B only provided valuation based on willing buyer/seller basis. Discount rate is in the range of 50% to 60% (note 3.3.2).	Significant increases /(decreases) in the range of rates for discounting the fair vessels values would result in a significantly lower /higher fair value measurement (note 1).
2) Listed shares - Bank of Cyprus Holdings Plc	USD 12 thousands	Level 1	Quoted bid prices in an active market	Not applicable	Not applicable

Note 1.

A 5% increase/decrease of the discount rate used while all other variables were held constant would change the fair value of vessels as follows:

- For investment in Wanax AS by USD 2,3 million/- USD 2,3 million.
- For investment in New World Supply Ltd by USD 200 thousands/- USD 200 thousands.

Financial assets	Fair value as at 31/12/2016	Fair value hierarchy	Valuation technique(s) and key input(s)
1) Financial asset designated at fair value through profit or loss Investment in Wanax AS (100%) which holds: (i) 20% Participatory interest in PSV Opportunity I DIS "PSV I" and, (ii) 20% participatory interest in PSV Opportunity II DIS "PSV II", The principal activity of PSV I and PSV II is that of the holding of PSV vessels.	USD 5 300 thousands	Level 2	Market Approach The valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable (similar) PSV vessels. The data used are based on observable inputs.
2) Listed shares - Bank of Cyprus Holdings Plc	USD 15 thousands	Level 1	Quoted bid prices in an active market

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

Investment entity status

In determining the Company's status as an investment entity in accordance with IFRS 10, the Board of Directors considered the following:

a) The Company has announced and subsequently obtained funds for the purpose of providing investors with professional investment management services;
b) The business purpose of the Company is to invest mainly in the PSV market, although will pursue any attractive investment opportunities that may arise within the framework of industries it operates, for the purposes of capital appreciation and investment income; and
c) The Investments are measured and evaluated by management on a fair value basis.

The Company exercised its judgement and concluded that the Company met all three defining criteria. In addition the Board of Directors has assessed the business purpose of the Company and concluded that the Company qualifies as an investment entity.

Fair value of investments not quoted in an active market

The fair values of securities that are not quoted in an active market are determined by using valuation techniques, prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in. The data used are based on observable inputs adjusted by an unobservable input (discount rate) calculated by the management for Valuer B (note 3.3.2). The models used to determine fair values are validated and periodically reviewed by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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
2016				
Assets as per balance sheet				
Financial assets at fair value through profit or loss	-	5 300	-	5 300
Senior secured callable bonds	2 018	-	-	2 018
Trade and other receivables (excluding prepayments)	30	-	-	30
Available-for-sale financial asset	-	-	15	15
Cash and cash equivalents	1 798	-	-	1 798
Total at the end of the year	**3 846**	**5 300**	**15**	**9 161**

(Amounts in USD 000)	Other financial liabilities	Total
2016		
Liabilities as per balance sheet		
Payables (excluding statutory liabilities)	174	174
Total at the end of the year	**174**	**174**

(Amounts in USD 000)	Loans and receivables	Assets at fair value through profit or loss	Available-for Sale	Total
2017				
Assets as per balance sheet				
Financial assets at fair value through profit or loss	-	88 379	-	88 379
Senior secured callable bonds	65	-	-	65
Available-for-sale financial asset	-	-	12	12
Trade and other receivables (excluding prepayments)	34	-	-	34
Cash and cash equivalents	12 148	-	-	12 148
Total at the end of the year	**12 247**	**88 379**	**12**	**100 638**

(Amounts in USD 000)	Other financial liabilities	Total
2017		
Liabilities as per balance sheet		
Payables (excluding statutory liabilities)	156	156
Total at the end of the year	**156**	**156**

Notes to the Financial Statements for the Year Ended 31 December 2017

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)	31.12.2017	31.12.2016
Cash at bank (1)	12 148	1 798
Trade and other receivable (excluding prepayment) (2)	34	30
Total at the end of the year	**12 182**	**1 828**

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

(Amounts in USD 000)	31.12.2017	31.12.2016	Credit ratings Long term rating	Short term rating
DNB Bank ASA (Standard & Poor's)	12 141	1 793	A+	A-1
Bank of Cyprus Public Company Limited (Moody's)	7	5	Caa1	Not Prime

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

Financial Assets with Collaterals and Other Credit Enhancements:

(Amounts in USD 000)	31.12.2017	31.12.2016
Senior secured callable bonds	65	2 018
Total at the end of the year	**65**	**2 018**

The senior secured callable bonds are secured on certain assets of the issuer (note 10).

Note 7 – Equipment And Machinery

(Amounts in USD 000)	Furniture & Fittings	Total
Cost		
At 1 January 2016	2	2
At 31 December 2016	**2**	**2**
At 31 December 2017	**2**	**2**
Depreciation		
At 1 January 2016	1	1
Charge for the year	-	-
At 31 December 2016	**1**	**1**
Charge for the year	-	-
At 31 December 2017	**1**	**1**
Net book amount		
Balance at 31 December 2017	**1**	**1**
Balance at 31 December 2016	1	1

Notes to the Financial Statements for the Year Ended 31 December 2017

Note 8 – Financial Assets At Fair Value through Profit and Loss

(Amounts in USD 000)	31.12.2017	31.12.2016
Balance at 1 January	5 300	-
Additions	85 662	5 107
Change in fair value	(2 583)	193
Balance at the end of the year	**88 379**	**5 300**

Investments designated at fair value through profit or loss are analysed as follows:

Name of Investment	Principal activity	Place of establishment and principal place of business	Proportion of ownership/ Interest held 31.12.2017	31.12.2016
Wanax AS	Investment holding	Norway	100%	100%
New World Supply Ltd	Investment holding	Cayman Islands	26,2%	-

1) On 2 January 2017, the Company through its wholly owned subsidiary Wanax AS, invested USD 5,2 million representing 35% of the issued share capital of PSV Opportunity III DIS (hereinafter "PSV III"), a partnership arrangement established in Norway. PSV III owned two mid-size PSV vessels (UT 755 LN) which were built at Aker Brevik in Norway in 2007 and 2008. The transaction was closed on 19 January 2017.

2) On 19 January 2017, the Company resolved to acquire three large Platform Supply Vessels ("PSV's") for a total consideration of USD 40 million. The PSV's are all built at Aker Brattvaag, Norway in 2007-2008. The Company through its wholly owned subsidiary Wanax AS, took delivery of the PSV's on 9 February and are owned by three 100% owned subsidiaries namely Standard Princess AS, Standard Supplier AS and Standard Viking

3) On 24 January 2017 the Company was allocated 5 082 837 ordinary shares, representing 15,6% ownership of New World Supply Ltd at a cost of USD 5,08 million.

4) During the first quarter of the year, the Company has contributed USD 2,7 million to its subsidiary Wanax AS to support the working capital needs of its investments. These USD 2,7 million have been contributed to sub-subsidiary companies Standard Supplier AS, Standard Viking AS and Standard Princess AS.

5) On 21 March 2017 the Company acquired a further 7,7% of New World Supply Ltd. The consideration price was set to NOK 26,3 million and was settled with the issue and allotment of 35 000 000 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company held a 23,3% ownership in New World Supply Ltd.

6) On 31 March 2017 the Company acquired a further 2,9% of New World Supply Ltd. The consideration price was set to NOK 9,8 million and was settled with the issue and allotment of 13 064 002 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company holds a 26,2% ownership in New World Supply Ltd.

7) In June 2017 and following the unanimous decisions taken at the extraordinary general meetings of the Partners' Councils of PSV Opportunity I DIS ("PSV I"), PSV Opportunity II DIS ("PSV II") and PSV opportunity III DIS ("PSV III"), PSV I and PSV II were merged into PSV III resulting in a combined holding of 25,53% for the Company through its 100% subsidiary Wanax AS.

8) During the second quarter of the year, the Company has contributed USD 3,6 million to its subsidiary Wanax AS to support the working capital needs of its investments. Out of these USD 3,6 million, USD 2,2 million and USD 1,3 million have been contributed to sub-subsidiary companies Standard Supplier AS and Standard Viking AS respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 8 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

9) On 11 October 2017 the Company entered into an agreement to acquire two UT 776 CD PSV vessels for a total en-bloc consideration of USD 22,2 million. The vessels are large PSVs, which were built at STX Brevik, Norway in 2009 and 2010. The Company through its wholly owned subsidiary Wanax AS, took delivery of the two vessels on 13 November 2017 and these are owned by two 100% owned subsidiaries namely Standard Provider AS and Standard Supporter AS.

10) During the fourth quarter the year, the Company has contributed a further USD 2,6 million to its subsidiary Wanax As to support the working capital needs of the subsidiary and of its investments. Out of these USD 2,6 million, USD 2,1 million have been contributed to its' sub-subsidiary companies Standard Provider AS, Standard Supporter AS and Standard Supplier AS.The Company's intension is to provide financial support to its subsidiary Wanax AS, when necessary, in order to support its working capital needs. In this respect on 2 January 2018 the Company granted a loan in the form of a credit facility to its subsidiary Wanax AS for an amount of up to USD 3,5 million.

The above investments are measured at fair value.

(Amounts in USD 000)	**31.12.2017**	31.12.2016
Other net changes in fair value on financial assets at fair value through profit or loss		
Realised	-	-
Unrealised change	(2 583)	193
Total net (losses)/gains	**(2 583)**	**193**
Other net changes in fair values on assets designated at fair value through profit or loss	(2 583)	193
Total net (losses)/gains	**(2 583)**	**193**

NOTE 9 – TRADE AND OTHER RECEIVABLES

(Amounts in USD 000)	**31.12.2017**	31.12.2016
Prepayments	8	114
Other receivables	34	30
Total trade and other receivables at the end of the year	**42**	**144**

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

NOTE 10 – SENIOR SECURED CALLABLE BONDS

(Amounts in USD 000)	**31.12.2017**	31.12.2016
Balance at 1 January	2 018	-
Additions	1 392	2 018
Notional interest received	56	-
Change in estimates of receipts	281	-
Redemption	(3 682)	-
Balance at the end of the year	**65**	**2 018**

In 2016 the Company purchased 12 221 667 senior secured callable bonds (the "bonds") of World Wide Supply AS ("WWS") in the secondary market at a price of USD 2 017 781. World Wide Supply AS initially issued 150 million senior secured callable bonds in November 2013 at a price of USD 1 each. The coupon rate was 7,75% per annum and the maturity date was set on 26 May 2017.

In January 2017 the Company purchased additional 7 525 000 bonds of World Wide Supply AS at a market price of USD 1 392 125.

In February 2017 an amount of approximately USD 3,2 million which includes an interest received of USD 43 thousands has been redeemed. The bonds were in default.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 10 – SENIOR SECURED CALLABLE BONDS (CONTINUED)

In August 2017, the Company received a further redemption of USD 527 thousands which included a nominal interest received of USD 13 thousands, whereas an additional amount of USD 65 thousands is expected to be received within three months from the reporting date. In this respect, the Company recognized during the year a gain of USD 281 thousands.

The fair value of the Company's senior secured callable bonds approximate their carrying value.

NOTE 11 – LOAN RECEIVABLE

(Amounts in USD 000)	**31.12.2017**	31.12.2016
Balance at the beginning of the year	-	-
New loans granted	76 377	-
Interest income	-	-
Conversion of debt to equity	(76 377)	-
Balance at the end of the year	-	-

(Amounts in USD 000)	**31.12.2017**	31.12.2016
Loan to own subsidiary	-	-

During the first quarter of the year, the Company entered into a loan agreement with its wholly owned subsidiary company Wanax AS for a total amount of USD 51,8 million. The loan was interest free, unsecured and convertible into equity. On 28 June 2017 the loan was converted into equity of Wanax AS.

On 12 October 2017, the Company entered into a credit facility agreement with its wholly owned subsidiary Company Wanax AS for a total amount of up to USD 1 million which was subsequently increased to USD 26 million through an addendum concluded on 12 December 2017. The facility was interest free, unsecured, convertible into equity and repayable by 12 October 2018. An amount of USD 24,8 million has been utilized and converted into equity of Wanax AS in December 2017.

NOTE 12 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

(Amounts in USD 000)	**31.12.2017**	31.12.2016
Balance at the beginning of year	15	16
Net loss arising on revaluation of available for sale financial asset	(3)	(1)
Balance at the end of year	**12**	**15**

NOTE 13 – CASH AND CASH EQUIVALENTS

(Amounts in USD 000)	**31.12.2017**	**31.12.2016**
Cash at bank	12 148	1 798
Cash and cash equivalents at the end of the year	**12 148**	**1 798**

Cash and bank balances are denominated in the following currencies:

(Amounts in USD 000)	**31.12.2017**	**31.12.2016**
US Dollar - functional and presentation currency	98	1 693
Norwegian Kroner	12 050	105
	12 148	**1 798**

Notes to the Financial Statements

For the Year Ended 31 December 2017

Note 13 – Cash And Cash Equivalents (Continued)

The Company's main non-cash transactions during the year 2017 are disclosed in note 8 under paragraphs 5 and 6.

Note 14 – Share Capital And Premium

Authorised (Amounts in USD 000)	Number of shares (thousands)	Ordinary shares	Total
2016			
Balance at the beginning of the year	362 000	3 620	**3 620**
Balance at the end of the year	**362 000**	**3 620**	**3 620**
2017			
Balance at the beginning of the period	362 000	3 620	**3 620**
Increase of share capital	1 188 000	11 880	**11 880**
Consolidation of share capital (reverse split 1:3 – see (9) below)	(1 033 333)	-	-
Balance at the end of the year	**516 667**	**15 500**	**15 500**

Issued and fully paid (Amounts in USD 000)	Number of shares (thousands)	Ordinary shares	Share premium	Total
2016				
Balance at the beginning of the year	262 000	2 620	6 938	9 558
Balance at the end of the year	**262 000**	**2 620**	**6 938**	**9 558**
2017				
Balance at the beginning of the period	262 000	2 620	6 938	9 558
Issue of shares	960 736	12 661	83 660	96 321
Consolidation of share capital (reverse split 1:3 – see (9) below)	(713 376)	-	-	-
Share issue costs	-	-	(3 758)	(3 758)
Balance at the end of the year	**509 360**	**15 281**	**86 840**	**102 121**

All shares issued have the same rights and are of nominal value of USD 0,03 each, following the reverse split on 4 May 2017.

During 2017 the following transactions took place:

1) On 4 January 2017 the Company increased its authorised share capital from 362 000 000 to 1 022 000 000 ordinary shares of USD 0,01 each by the creation of additional 660 000 000 ordinary shares of a nominal value of USD 0,01 each.

2) On 4 January 2017, the Company issued 423 076 924 new shares through a Private Placement with gross proceeds of NOK 275 million (USD 31 815 thousands). The subscription price per new share was set to NOK 0,65 (USD 0,0752) which included a share premium of USD 0,0652 per ordinary share.

3) On 5 January 2017, the Company issued 111 111 200 new shares through a Private Placement with gross proceeds of NOK 100 million (USD 11 644 thousands). The subscription price per new share was set to NOK 0,90 (USD 0,1048) which included a share premium of USD 0,0948 per share.

4) On 13 January 2017, the Company invited certain eligible shareholders as of 8 December 2016 to subscribe for a subsequent offering comprising of up to 9 500 000 Offer Shares at a subscription price of NOK 0,65 per offer share. On 22 January 2017 the Company received applications with gross proceeds of NOK 3,58 million (USD 424 thousands) and allotted 5 514 718 offer shares at the price of USD 0,0769 which included a share premium of USD 0,0669 per share.

5) On 24 January 2017, the Company issued 220 297 158 new shares through a Private Placement with gross proceeds of NOK 198 million (USD 23 748 thousands). The subscription price per new share was set to NOK 0,90 (USD 0,1078) which included a share premium of USD 0,0978 per share.

6) On 23 February 2017 the Company increased its authorised share capital from 1 022 000 000 to 1 550 000 000 ordinary shares of USD 0,01 each by the creation of additional 528 000 000 ordinary shares of a nominal value of USD 0,01 each.

Notes to the Financial Statements

For the Year Ended 31 December 2017

Note 14 – Share Capital And Premium (Continued)

7) On 21 March 2017 the Company acquired a further 7,7% of New World Supply Ltd. The consideration price was set to NOK 26,3 million and was settled with the issue and allotment of 35 000 000 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company held a 23,3% ownership in New World Supply Ltd.

8) On 31 March 2017 the Company acquired a further 2,9% of New World Supply Ltd. The consideration price was set to NOK 9,8 million and was settled with the issue and allotment of 13 064 002 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company holds a 26,2% ownership in New World Supply Ltd.

9) On 4 May 2017 and following the relevant resolution passed on the Annual General meeting, the authorized share capital of the Company comprising of 1 550 000 000 ordinary shares of nominal value of USD 0,01 each has been consolidated into 516 666 667 ordinary shares of nominal value of USD 0,03 each at the ratio of 1 for 3 reverse split. On the same date the issued share capital of the Company comprising of 1 070 064 002 ordinary shares of USD 0,01 each, has been consolidated into 356 688 001 ordinary shares of USD 0,03 each at the ratio of 1 for 3 reverse split.

10) On 31 October 2017, the Company announced an equity offering of up to 152 671 756 new shares directed towards all registered shareholders in the Company as of 30 October 2017, divided on two tranches at an offer price of NOK 1,31 per share raising gross proceeds of up to NOK 200 million. The equity offering was successfully completed and the following shares were issued:

a) On 1 November 2017, the Company issued 145 432 069 new shares at the price of USD 0,1604 per share which included a share premium of USD 0,1304 per share, with gross proceeds of USD 23,3 million.

b) On 6 November 2017, the Company issued 7 239 687 new shares at the price of USD 0,1604 per share which included a share premium of USD 0,1304 per share, with gross proceeds of USD 1,2 million.

Note 15 – Other Reserves

(Amounts in USD 000)	31.12.2017	31.12.2016
Balance at the beginning of the year	(1)	-
Fair value reserve-available for sale investments (1)	(3)	(1)
Balance at the end of year	**(4)**	**(1)**

1) The fair value reserve-available for sale investments represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Note 16 – Trade And Other Payables

(Amounts in USD 000)	31.12.2017	31.12.2016
Other payables	103	64
Accrued expenses	53	110
Total trade and other payables at the end of the year	**156**	**174**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 17 – ADMINISTRATIVE EXPENSES

(Amounts in USD 000)	31.12.2017	31.12.2016
Legal, consulting and professional fees	481	296
Other expenses	94	67
Salary and other short-term employee benefit (note 24)	146	138
Total administrative expenses	**721**	**501**

During 2017, audit fees of USD 44 thousands (2016: USD 22 thousand) and fees of USD 46 thousands (2016: USD NIL) for other assurance services were charged by the Company's statutory audit firm.

17.1 Employees full time

	31.12.2017	31.12.2016
Employees	1	1

NOTE 18 – FINANCE COSTS

(Amounts in USD 000)	31.12.2017	31.12.2016
Finance costs:		
Bank charges	(2)	(11)
Total finance cost	**(2)**	**(11)**

NOTE 19 – INCOME TAX EXPENSE

(Amounts in USD 000)	31.12.2017	31.12.2016
Current tax:		
Corporation tax prior year	-	-
Total current tax	-	-
Deferred tax:		
Origination of temporary differences	-	-
Total deferred tax	-	-
	-	-
Income tax expense	-	-

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

(Amounts in USD 000)	31.12.2017	31.12.2016
Profit/(loss) before tax	(1 171)	(277)
Tax calculated at the applicable tax rates	(146)	(35)
Tax effect of expenses/ losses not deductible for tax purposes	519	45
Tax effect of allowances and income not subject to tax	(346)	(25)
Tax effect of tax loss for the year	-	15
Tax effect of tax losses brought forward	(27)	-
Tax charge	-	-

The corporation tax rate is 12,5%.

As from tax year 2012 brought forward losses of only five years may be utilized.
Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2016: 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 2017 (2016: 17%).
Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempted from Cyprus income tax.

S.D. Standard Drilling Plc. – Annual Report and Financial Statements 2017 35

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 19 – INCOME TAX EXPENSE (CONTINUED)

Balance sheet

Current tax asset:

(Amounts in USD 000)	31.12.2017	31.12.2016
Corporate income tax refundable	1	1
Total current tax asset at the end of the year	**1**	**1**

Current tax liability:

(Amounts in USD 000)	31.12.2017	31.12.2016
Corporate income tax	-	-
Total current tax liability at the end of the year	-	-

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 earnings per share

(Amounts in USD 000)	31.12.2017	31.12.2016
Profit/(loss) attributable to equity holders of the Company	(1 171)	(277)
Weighted average number of ordinary shares for the purposes of basic earnings per share in issue (thousands)	371 446	87 333
Basic earnings per share	**(0,00)**	**(0,00)**

The comparative weighted average number of ordinary shares for the year ended 31 December 2017 have been adjusted to consider the reverse split which took place on 4 May 2017 (Note 14).

There are no potentially dilutive instruments.

NOTE 21 – 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 2017 the Company has unutilized losses which can be carried forward however it is not expected to incur any future taxable income from which the unutilized losses will be offset.

S.D. Standard Drilling Plc. – Annual Report and Financial Statements 2017 36

Notes to the Financial Statements For the Year Ended 31 December 2017

Note 22 – Shareholders' Information

The Company's 20 largest shareholders are as follows:

Owner	31.12.2017 Number of Shares	31.12.2017 Ownership interest in %	31.12.2016 Number of Shares	31.12.2016 Ownership interest in %
SAGA Tankers ASA	102 858 190	20,19	120 564 458	46,02
Holberg Norge	38 665 332	7,59	-	-
Euroclear Bank N.V	30 842 329	6,06	78 338 000	29,90
State Street Bank and Trust Comp	27 981 469	5,49	-	-
Apollo Asset Limited	25 153 542	4,94	27 000 000	10,31
Uthalden A/S	14 938 526	2,93	-	-
J.P. Morgan Chase Bank N.A London	12 340 734	2,42	-	-
State Street Bank & Trust Comp	11 666 667	2,29	-	-
Park Lane Family Office AS	10 710 195	2,10	1 060 679	0,40
Thabo Energy AS	9 145 541	1,80	-	-
Camaca AS	8 332 940	1,64	-	-
The Bank of New York Mellon SA/NV	7 821 334	1,54	160 000	0,06
Flu AS	7 533 894	1,48	-	-
J.P. Morgan Securities Plc	7 526 849	1,48	-	-
Solan Capital AS	7 156 047	1,40	-	-
HRF Marine LLC	7 000 000	1,37	27 000 000	10,31
VPF Nordea Norge Verdi	6 568 000	1,29	-	-
Toluma Norden AS	5 954 539	1,17	-	-
VPF Nordea Kapital	5 553 139	1,09	-	-
Profond AS	4 700 800	0,92	128 300	0,05
Oculomotorius AS	-	-	967 126	0,37
Spontel AS	-	-	615 791	0,24
El Investment AS	-	-	460 762	0,18
Hanekamb Invest AS	-	-	410 762	0,16
Strata Marine & Offshore AS	-	-	381 339	0,14
Verpentangen AS	-	-	340 000	0,12
Citibank N.A.	-	-	273 550	0,10
Johansen Geir	-	-	250 000	0,09
Clearstream Banking S.A.	-	-	213 600	0,08
Myklebust	-	-	206 000	0,08
Dirdal Anders	-	-	200 000	0,08
Nordnet Livsforsikring	-	-	179 923	0,07
Bronken	-	-	143 000	0,05
Total 20 largest	352 450 067	69,19	258 893 290	98,81
Others	156 909 690	30,81	3 106 710	1,19
Total	**509 359 757**	**100,00**	**262 000 000**	**100,00**

Notes to the Financial Statements For the Year Ended 31 December 2017

Note 23 – Related-Party Transactions

The following transactions were carried out with related parties:

23.1 Management services

(Amounts in USD 000)	Nature of transactions	31.12.2017	31.12.2016
Ferncliff TIH II AS	Management fees	90	150
Total		**90**	**150**

The Company has entered into a consultancy agreement with Ferncliff TIH II AS whereby Ferncliff TIH II AS provides certain general services to the Company. Fees paid under this agreement from 1 January to 31 December 2017 amounted to USD 90 thousands. In addition, the Company's wholly-owned subsidiary Wanax AS entered into a management services agreement with Ferncliff TIH II AS in June 2017 pursuant to which Ferncliff TIH II AS provides certain general management services to Wanax AS for a fixed monthly fee of NOK 200 thousands from July 2017 onwards, plus a fixed fee of USD 250 thousands for services rendered during the first half of the year 2017.

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

Note 24 – Remuneration To The Board Of directors And Key Management Personnel

(Amounts in USD 000)	Fees	Gross Salary	Social Insurance& other contributions	31.12.2017 Total	Fees	Gross Salary	Social Insurance& other contributions	31.12.2016 Total
Executive management:								
Christos Neocleous – Chief Financial Officer	28	-	-	28	-	-	-	-
Evangelia Panagide – General Manager	-	44	4	48	-	40	4	44
Total remuneration executive management	**28**	**44**	**4**	**76**	**-**	**40**	**4**	**44**

(Amounts in USD 000)	Directors' Fees	Salary	31.12.2017 Total	31.12.2016 Total
Board of Directors:				
Martin Nes (Chairman)	38	-	38	51
Arne Fredly (Independent Director)	25	-	25	34
George Crystallis (Independent Director)	2	-	2	2
Total remuneration of Board of Directors	**65**	**-**	**65**	**87**

(Amounts in USD 000)	Fees	Salary	31.12.2017 Total	31.12.2016 Total
Nomination Committee:				
Costas Pantelides (Nomination Committee member / Chairman)	3	-	3	2
George Papanicolaou (Nomination Committee member)	2	-	2	1
Glen Rodland (Nomination Committee member / Chairman)	-	-	-	4
Total remuneration	**5**	**-**	**5**	**7**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 25 – SUBSEQUENT EVENTS

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

1) The Company's intention is to provide financial support to its subsidiary Wanax AS, when necessary, in order to support its working capital needs. In this respect on 2 January 2018 the Company granted a loan in the form of a credit facility to its subsidiary Wanax AS for an amount of up to USD 3,5 million which was subsequently extended through an addendum on 19 April 2018 to USD 6 million.

2) On 10 January 2018 the Company held an Extraordinary General Meeting where it was resolved to increase the authorised share capital from USD 15,50 million divided into 516 666 667 ordinary shares to USD 23,25 million divided into 775 000 000 ordinary shares of a nominal value of USD 0,03 each, by the creation of additional new 258 333 333 ordinary shares of USD 0,03 each. The Company has issued 509 359 757 ordinary shares and the number of authorised, but not issued, shares is thus 265 640 243 shares.

3) Following an increase of PSV Opportunity III DIS ("PSV III") share capital by USD 5 million on 25 January 2018, the Company through its wholly owned subsidiary Wanax AS contributed an additional USD 1,3 million to the share capital of PSV III resulting in maintaining its initial shareholding to 25,53%.

4) On 2 March 2018, the Company issued 66 666 667 new shares through an Equity Offering with gross proceeds of NOK 100 million (USD 12 599 thousands). The subscription price per new share was set to NOK 1,50 (USD 0,18899) which included a share premium of USD 0,15899 per ordinary share.

5) On 15 March 2018, the Company through its wholly owned subsidiary Wanax AS invested USD 1,72 million in the share capital of Northern PSV AS acquiring a shareholding of 25,53%. Northern PSV AS has acquired two medium size platform supply vessels (PSV) of the UT 755 LN design.

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

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Independent Auditor's Report

To the Members of S.D. Standard Drilling Plc

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of S.D. Standard Drilling Plc (the "Company") as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the financial statements which are presented in pages 11 to 39 and comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We remained independent of the Company throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality	Overall group materiality: US$905.000, which represents 0,9% of total assets.
Key audit matters	We have identified the valuation of financial assets measured at fair value through profit or loss as the key audit matter.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	US$905.000
How we determined it	0,9% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark, because in our view, it is the benchmark against which the performance of the Company is most commonly measured by the users, and is a generally accepted benchmark. We chose 0,9% which in our experience is an acceptable quantitative materiality threshold in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$45.250 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

41

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Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of financial assets measured at fair value through profit or loss	
The Company measures its investments at fair value through profit or loss.	We evaluated the valuation inputs and assumptions, methodologies and calculations adopted by the Board of Directors in determining the fair value of the investments held by the company as at 31 December 2017.
The valuation technique uses prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in for. The data used are based on observable inputs adjusted by an unobservable input (distress value discount rate) calculated by the Board of Directors. We focused on this area because of the size of the investments; and the significant judgement required by the Board of Directors in estimating the fair values of the investments held by the Company. Refer to Note 8 –Financial assets at fair value through profit or loss and Note 3.3. – Fair value measurements.	We have also evaluated: • the competency and objectivity of valuers used by the Company; • the reasonability of the distressed value discount rate applied by the Board of Directors; • the existence and measurement of the working capital for each investment at 31 December 2017, which is adjusting the fair value of the underlying investment; and • the adequacy of the disclosures made in Notes 3.3 and 8 of the financial statements, including those regarding the valuation techniques, key assumptions, key inputs and sensitivity analysis to changes in such assumptions as required. Based on the evidence obtained, we found that the methodologies, assumptions, data used within the models and disclosures made thereon are appropriate.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, the Report on Corporate Governance and the Statement of the Members of the Board of Directors and Other Responsible Persons of the Company for the Financial Statements but does not include financial statements and our auditor's report thereon.

42

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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements

The Board of Directors is responsible for the preparation of the 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

43

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- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company in 2011 by the Board of Directors for the audit of the financial statements for the period ended 31 December 2010. Our appointment has been renewed annually by shareholders' resolution. In 2011 the Company's securities were listed in Oslo Axess and in 2017 the securities were listed in Oslo Bors. Accordingly, the first financial year after the Company qualified as an EU PIE was the year ended 31 December 2012. Since then, the total period of uninterrupted engagement appointment was 6 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 19 April 2018 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors' Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements or the management report.

44

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Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 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.

The engagement partner on the audit resulting in this independent auditor's report is Tasos Nolas.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

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19 April 2018

45

Appendix D - S.D. STANDARD DRILLING PLC FINANCIAL STATEMENTS FOR 2016

S.D. STANDARD DRILLING PLC

ANNUAL REPORT AND SEPARATE FINANCIAL STATEMENTS 2016

STANDARD DRILLING

STANDARD DRILLING

CONTENTS

STANDARD DRILLING

BOARD OF DIRECTORS AND OTHER OFFICERS

MARTIN NES

CHAIRMAN

NON-EXECUTIVE DIRECTOR

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 re-elected as a Chairman on 25 May 2016.

ARNE HELGE FREDLY

NON-EXECUTIVE DIRECTOR

Arne Helge Fredly is an Independent Professional Investor. Previously Mr. Fredly was a Senior Partner and second largest shareholder of ABG Sundal Collier, an Independent Nordic Investment Bank, where he was Head of Equity Sales and Trading. Mr. Fredly has also worked for Alfred Berg. Mr. Fredly holds a Master of Science in Finance from the Norwegian School of Economics and Business Administration.

GEORGE CRYSTALLIS

INDEPENDENT DIRECTOR

George Crystallis is Managing Director of M.G. Crystallis & Co Limited, a Cyprus trading company.

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

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 serves as Acting Chief Financial Officer. He also serves as a Chief Financial Officer 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).

EXCEL-SERVE SECRETARIES LIMITED
COMPANY SECRETARY
Spyrou Kyprianou, 20
Chapo Central, 3rd Floor
1075 Nicosia
Cyprus

STANDARD DRILLING

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 2016 we confirm that, to the best of our knowledge:

a) the financial statements of the Company for the year ended 31 December 2016 which are presented on pages 10 to 36.

(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 Management 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 are facing.

Limassol, 6 April 2017

Martin Nes Chairman	Arne Helge Fredly Non-Executive Director	George Crystallis Independent Director
	Espen Lundaas Chief Financial Officer	Evangelia Panagide General Manager

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 is an investment entity within the oil and gas sector, which invest directly or indirectly into companies, securities and / or assets, with the aim to control a larger fleet of assets – all acquired at low values for capital appreciation and investment income. Going forward and having a sound financial position, the Board believes that the Company is in a good position to take advantage of any attractive investment opportunities that may arise within the framework of industries it operates.

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 its 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 disclosed in the financial statements. 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. Information about the composition of the Company's shareholders is presented in note 21 to the financial statements.

Freely Transferable Shares

The shares are listed on the Oslo Axess and are freely transferable. 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. 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. The current Nomination Committee is comprised by Mr. Costas Pantelides (chairman) and Mr. George Papanicolaou (member).

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

Risk Management and Internal Control

Risk management and internal control is performed through various processes within the Company, 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 subsidiary. 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 that took place on 11 May 2016, 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 notes to the financial statements.

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 the year 2016 for members of the senior management is presented in the notes to the financial statements.

Information and Communications

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

Management Report

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 2016.

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 is listed on the Oslo Axess exchange, since March 2011, under the ticker SDSD.

The principal activity of the Company is that of the investment entity within the oil and gas sector, directly or indirectly into companies, securities and / or assets, with the aim to control or have significant influence over a larger fleet of assets.

Business Strategy

The Company was initially established for the purpose of building a premium oilfield services company through superior assets, systems and people.

Having sold all initial rig building contracts, the strategy of the Company has changed to being an investment entity. The management of the Company performs investment analysis for the Company and puts forward proposals for potential investments to the Board of Directors. The investment decisions are made by the Board of Directors.

The Company's strategy is to invest in the oil services industry, directly or indirectly into companies, securities and / or assets, with the aim to control a larger fleet of assets- all acquired at low values for capital appreciation and investment income. The objective of the Company is to generate significant medium to long term capital growth. The main focus of the Company will be in the PSV market although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The Company has a sound financial position and the Board of Directors believe that the company will be in a good position to take advantage of any investment opportunity that may appear. This includes, but is not limited to, asset play, or investment directly in other companies. The main drivers are maximizing the return and minimizing the risk.

Review of Developments, Position and Performance of the Company's Business

The Company achieved a number of important milestones during the year 2016:

- At the Annual General Meeting of the Company that took place on 11 May 2016, Mr. Glen Ole Rodland retired from his position as the chairman of the nomination committee, Mr. Costas Pantelides was appointed as a chairman and Mr. George Papanicolaou was appointed as a member of the nomination committee.
- The Company has invested USD 2.4 million, representing 20% of the total partnership capital of PSV Opportunity I DIS (hereinafter "PSV I"), a partnership arrangement established in Norway. PSV I owns three mid-size PSV vessels (VS 470 MKII) which were built at Kleven Shipyard in Norway in 2005 and 2006. The transaction was closed in early August 2016.
- The Company has invested USD 2.7 million, representing 20% of the total partnership capital of PSV Opportunity II DIS (hereinafter "PSV II"), a partnership arrangement established in Norway. PSV II owns two mid-size PSV vessels (UK 755 LNI) which were built at Aker Aukra in Norway in 2009 and 2008. The transaction was closed on 26 October 2016.
- On 28 October 2016 the Company purchased 10 521 667 senior secured callable bonds (the "bonds") of World Wide Supply AS ("WWS") in the secondary market at a price of USD 1.78 million. On 3 November 2016 the Company purchased additionally 1 700 000 bonds at a price of USD 242 thousands.
- On 21 November 2016 the Company acquired the entire share capital of Wanax AS, a company incorporated in Norway and on 29 November 2016 the Company further subscribed to the share capital and share premium of the subsidiary an additional USD 5.1 million by transferring the participatory interest held by the Company in PSV Opportunity I DIS and in PSV Opportunity II DIS to the subsidiary company Wanax AS.

Non-Financial KPIs

Health, Safety and Environmental regulations:

The Company aims to comply in all material respects with the health, safety and environmental regulations affecting its operations in the countries and jurisdictions in which the Company is operating. In this respect the management has developed and is currently monitoring a system of Non-financial KPIs with regards to the health, safety and environmental regulations. As of today the Company was not found in breach of any of the aforementioned regulations. The Company is not, nor has been involved in any legal, governmental or arbitration proceedings. This is in line with the overall culture and vision of the Company.

Financial Results

The Company's results for the year are set out on page 10. The Company's loss after tax for the year ended 31 December 2016 which is attributable to the equity holders was USD 277 thousands compared to a net loss of USD 3.3 million for the year ended 31 December 2015. The total assets of the Company for 2016 were USD 9.3 million and the net assets were USD 9.1 million, compared to USD 9.4 million and USD 9.4 million respectively in 2015. Despite the loss of USD 277 thousands the financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

STANDARD DRILLING

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 PSV market. 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 Company

The Company has further invested in the PSV market directly and through its controlled subsidiary company Wanax As (see note 24 to these financial statements).

Going forward the Company will seek similar investment opportunities. Having a sound financial position, the Board believes that the Company is in a good position to take advantage of any attractive investment opportunities that may arise within the framework of industries it operates.

Dividends

The Board of Directors does not recommend the payment of a dividend for the year 2016.

Share capital And Premium

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

Board of Directors

The members of the Board of Directors as at 31 December 2016 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 2016, other than the following:

Mr. Martin Nes was re-elected in the position of the chairman on 11 May 2016.

In accordance with the Company's Articles of Association, Mr. George Crystallis will retire by rotation but being eligible for re-election he has already expressed his willingness to continue in office and offered himself for reappointment at the Annual General Meeting of the Company.

The remuneration of the Members of the Board of Directors is shown in note 23 of these financial statements.

Directors' Interest in the Share Capital of The Company

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

- Martin Nes through Hanekamb Invest AS.
- Arne Helge Fredly through Apollo Asset Limited.

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 24 to these financial statements.

Branches

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

Corporate Governance

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

EXCEL-SERVE SECRETARIES LIMITED NICOSIA CYPRUS

Excel – Serve Secretaries Limited

Secretary, Limassol, 6 April 2017

S.D. Standard Drilling Plc. – Annual Report and Separate Financial Statements 2016 9

STANDARD DRILLING

Statement Of Comprehensive Income For The Year Ended 31 December 2016

(Amounts in USD 000)	Note	31.12.2016	31.12.2015
		Audited	*Audited*
Income			
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss	8	193	-
Interest income		42	241
Net foreign currency gains or losses		-	(2 851)
Total net income /(loss)		**235**	(2 610)
Expenses			
Impairment charges	11	-	(10)
Administration fees	16	(501)	(643)
Waived amount due to subsidiary		-	(31)
Other operating expenses		-	(2)
Total operating expenses		**(501)**	(686)
Operating profit/(loss)		**(266)**	(3 296)
Finance costs			
Sundry finance expenses	17	(11)	(15)
Profit/(loss) for the year before tax		**(277)**	(3 311)
Income tax expense	18	-	-
Profit/(loss) for the year after tax		**(277)**	(3 311)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale investments – Fair value loss	14	(1)	-
Other comprehensive income for the year		**(1)**	-
Total comprehensive income for the year		**(278)**	(3 311)
Earnings/(loss) per share			
Basic/diluted earnings/(loss) per share	19	(0,00)	(0,01)

S.D. Standard Drilling Plc. – Annual Report and Separate Financial Statements 2016 10

STANDARD DRILLING

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

(Amounts in USD 000)	Note	31.12.2016	31.12.2015
ASSETS		*Audited*	*Audited*
Equipment and machinery	7	1	1
Financial asset at fair value through profit or loss	8	5 300	-
Total non-current assets		**5 301**	**1**
Trade and other receivables	9	144	35
Senior secured callable bonds	10	2 018	-
Available-for-sale financial assets	11	15	16
Current tax asset	18	1	1
Cash and bank balances	12	1 798	9 393
Total current assets		**3 976**	**9 445**
Total Assets		**9 277**	**9 446**
EQUITY AND LIABILITIES			
Ordinary shares	13	2 620	2 620
Share premium	13	6 938	6 938
Other reserves	14	(1)	-
Accumulated profits/(losses)		(454)	(177)
Total equity		**9 103**	**9 381**
Trade and other payables	15	174	65
Total current liabilities		**174**	**65**
Total Equity and Liabilities		**9 277**	**9 446**

On 6 April 2017, the Board of Directors of S.D. Standard Drilling Plc authorized these financial statements for issue.

Martin Nes
Chairman

George Crystallis
Director

STANDARD DRILLING

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts in USD 000)	Share Capital	Share Premium	Fair value reserve - available for sale investments	Accumulated Profits/(Losses)	Total
Balance at 01.01.2015	**2 620**	**39 950**	-	**12 304**	**54 874**
Comprehensive income					
Profit/(Loss) for the year	-	-	-	(3 311)	(3 311)
Transactions with owners					
Dividend paid	-	-	-	(9 170)	(9 170)
Share premium reduction	-	(33 012)	-	-	(33 012)
Total transactions with owners	-	(33 012)	-	(9 170)	(42.182)
Balance at 31.12.2015 *(Audited)*	**2 620**	**6 938**	-	**(177)**	**9 381**
Balance at 01.01.2016	**2 620**	**6 938**	-	**(177)**	**9 381**
Comprehensive income					
Profit/(loss) for the year	-	-	-	(277)	(277)
Other comprehensive income					
Available-for-sale investments – Fair value loss	-	-	(1)	-	(1)
Balance at 31.12.2016 *(Audited)*	**2 620**	**6 938**	**(1)**	**(454)**	**9 103**

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.

STANDARD DRILLING

Statement Of Cash Flows
For the Year Ended 31 December 2016

(Amounts in USD 000)	Note	31.12.2016 Audited	31.12.2015 Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year before income tax		(277)	(3 311)
Unrealised exchange loss		-	2 870
Payments to acquire financial assets at fair value through profit or loss	8	(5 107)	-
Impairment charges		-	10
Depreciation and amortization		-	2
Interest income		(42)	(241)
(Decrease)/Increase in trade and other receivables		(109)	38
Increase in financial asset fair value through profit or loss	8	(193)	-
Increase in trade and other payables		109	17
Net cash generated from/(used in) operating activities		**(5 619)**	**(615)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for the purchase of senior secure callable bonds	10	(2 018)	-
Decrease in restricted cash		-	11
Interest received		42	241
Net cash generated from/(used in) investing activities		**(1 976)**	**252**
CASH FLOWS FROM FINANCING ACTIVITIES			
Share premium redemption		-	(35 059)
Interim dividends paid		-	(9 962)
Net cash generated used in financing activities		-	**(45 021)**
Net decrease in cash and cash equivalents		**(7 595)**	**(45 384)**
Cash and cash equivalents at beginning of year		9 393	54 777
Non-cash transaction		-	-
Cash and cash equivalents at end of year		1 798	9 393

STANDARD DRILLING

Notes to the Financial Statements
For the Year Ended 31 December 2016

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

The principal activity of the Company is that of the investment entity within oil and gas sector, directly or indirectly into companies, securities and / or assets, with the aim to control a larger fleet of assets-all at low values. The objective of the Company is to generate significant medium to long term capital growth. The main focus of the Company is currently in the PSV market although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The Company's strategy is to invest into high risk investments in distressed asset acquisition held by unquoted companies where the Company takes active role in helping to build and develop these companies with the aim to make its returns through medium to long term capital gains appreciation as opposed to invest for strategic purposes.

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 financial assets at fair value through profit or loss and available-for sale financial assets. All figures in these 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 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.

The Company meets the definition of an investment entity by IFRS 10 and is required to account for the investment in the subsidiary, which was incorporated for the purpose of holding the underlying investment on behalf of the Company, at fair value through profit or loss.

These financial statements are the only financial statements presented by the Company.

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 2016 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 2016

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 2016. 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 2016:

(i) Standards and interpretations adopted by the EU

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" including amendments to IFRS 15 (effective for annual periods beginning on or after 1 January 2018).
- Investment Entities amendments to IFRS 10, IFRS 12, and IAS 28 "Investment Entities - Applying the Consolidation Exception"(effective for annual periods beginning on or after 1 January 2016).

(ii) Standards and Interpretations not adopted by the EU

- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IFRS2: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018).
- Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
- IAS 7 (Amendments) "Disclosure Initiative" (effective for annual periods beginning on or after 1 January 2017).
- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017).
- Annual Improvements to IFRS Standards 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2018/ 1 January 2017).
- IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).

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 2016

Note 2 – Summary of Significant Accounting Policies (continued)

2.2 Investment Entity

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

- The Company has announced and subsequently obtained funds for the purpose of providing investors with professional investment management services;
- The business purpose of the Company is to invest mainly in the PSV market, although will pursue any attractive investment opportunities that may arise within the framework of industries it operates, for the purposes of capital appreciation and investment income; and
- The Investments are measured and evaluated by management on a fair value basis.

2.3 Investment in Subsidiaries and Consolidation

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

2.4 Revenue recognition

Revenue earned by the Company is recognized on the following basis:

2.4.1 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.

2.5 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'.

Notes to the Financial Statements
For the Year Ended 31 December 2016

Note 2 – Summary of Significant Accounting Policies (continued)

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.

(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 of three months or less 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.

Notes to the Financial Statements
For the Year Ended 31 December 2016

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 2016

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 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.

2.14 Dividends

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

Notes to the Financial Statements
For the Year Ended 31 December 2016

Note 2 – Summary of Significant Accounting Policies (continued)

2.15 Financial Assets Designated at Fair Value Through Profit or Loss

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

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

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

2.16 Transaction costs

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

2.17 Segmental Information

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

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), PSV market risk, credit risk, and liquidity risk. The Company's overall risk management strategy seeks to minimize any adverse effect from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

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

STANDARD DRILLING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 3 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Price risk

The Company is exposed to equity price risk because of investments held which have been classified on the balance sheet either as available-for-sale financial assets or at fair value through profit or loss. The available for sale investments are susceptible to market price risk arising from uncertainties about future prices. The fair value through profit or loss investments are susceptible to market risk arising from the operations, performance and the fair value of the PSV vessels held through its controlled subsidiary.

The Company's investments are highly concentrated in equity securities of entities which are active in the PSV market. These investments consist 79% of total assets as at 31 December 2016.

Management monitors the Company's price risk exposure on a continuous basis and acts accordingly.

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

The Company's interest rate risk arises from interest-bearing assets and liabilities. Interest-bearing instruments at variable rates expose the Company to cash flow interest rate risk. Interest bearing instruments at fixed rates expose the Company to fair value interest rate risk. The Company's interest rate risk is mainly derived from cash balances and deposits held by the Company as at year end. Management does not consider the Company's interest rate risk exposure to be significant.

(b) PSV market risk

The Company has made significant investments in the PSV market. Although the Company believes that the investments have been made on favourable terms, there is a risk that a further prolonged downturn in the PSV market will affect the Company's investments significantly. The risk factors specific to the PSV market, are described below:

Downturn in offshore market

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

Dependency on oil and gas prices

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

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

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

STANDARD DRILLING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 3 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) PSV market risk (Continued)

Fluctuating value of the fleet

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

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

The management has established and implemented sufficient systems and procedures to monitor PSV market and stay alert to changes in the PSV market place in order to help mitigate those risks in timely manner.

(c) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company's credit risk arises from deposits with banks and financial institutions, as well as credit exposures to loans receivables from third parties.

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, senior secured callable bonds and trade and other receivables (note 6).

(d) Liquidity risk

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

The following are the contractual maturities of financial liabilities:

(Amounts in USD 000)	Carrying Amounts	Contractual Cash flows	3 months or Less	3-12 months	1-2 years	2-5 years	More than 5 years
2015							
Trade and other payables	65	65	65	-	-	-	-
Total	**65**	**65**	**65**	-	-	-	-

(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
2016							
Trade and other payables	174	174	174	-	-	-	-
Total	**174**	**174**	**174**	-	-	-	-

STANDARD DRILLING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 3 – FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

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

(Amounts in USD 000)	Level 1	Level 2	Level 3	Total
At 31 December 2015				
Assets				
Available for sale financial assets				
- Equity securities	16	-	-	16
Total financial assets measured at fair value	16	-	-	16

(Amounts in USD 000)	Level 1	Level 2	Level 3	Total
At 31 December 2016				
Assets				
Available for sale financial assets				
- Equity securities	15	-	-	15
Financial Assets through profit or Loss				
- Financials asset designated at fair value through profit or loss	-	5 300	-	5 300
Total financial assets measured at fair value	15	5 300	-	5 315

STANDARD DRILLING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 3 – FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 FAIR VALUE ESTIMATION

3.3.2 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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.

Investment entity status

In determining the Company's status as an investment entity in accordance with IFRS 10, the Board of Directors considered the following:

a) The Company has announced and subsequently obtained funds for the purpose of providing investors with professional investment management services;
b) The business purpose of the Company is to invest mainly in the PSV market, although will pursue any attractive investment opportunities that may arise within the framework of industries it operates, for the purposes of capital appreciation and investment income; and
c) The investments are measured and evaluated by management on a fair value basis.

The Company exercised its judgement and concluded that the Company met all three defining criteria. In addition the Board of Directors has assessed the business purpose of the Company and concluded that the Company qualifies as an investment entity.

Fair value of investments not quoted in an active market

The fair values of securities that are not quoted in an active market are determined by using valuation techniques and recent comparable transactions. The models used to determine fair values are validated and periodically reviewed by the Board of Directors. The inputs in the valuation techniques used include observable data, such as relevant information generated by recent market transactions involving identical or comparable assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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
2015				
Assets as per balance sheet				
Available-for-sale financial asset	-	-	16	16
Trade and other receivables (excluding prepayments)	31	-	-	31
Cash and cash equivalents	9 393	-	-	9 393
Total at the end of the year	**9 424**	-	**16**	**9 440**

(Amounts in USD 000)	Other financial liabilities	Total
2015		
Liabilities as per balance sheet		
Payables (excluding statutory liabilities)	65	65
Total at the end of the year	**65**	**65**

(Amounts in USD 000)	Loans and receivables	Assets at fair value through profit or loss	Available-for Sale	Total
2016				
Assets as per balance sheet				
Financial assets at fair value through profit or loss	-	5 300	-	5 300
Senior secured callable bonds	2 018	-	-	2 018
Trade and other receivables (excluding prepayments)	30	-	-	30
Available-for-sale financial asset	-	-	15	15
Cash and cash equivalents	1 798	-	-	1 798
Total at the end of the year	**3 846**	**5 300**	**15**	**9 161**

(Amounts in USD 000)	Other financial liabilities	Total
2016		
Liabilities as per balance sheet		
Payables (excluding statutory liabilities)	174	174
Total at the end of the year	**174**	**174**

Notes to the Financial Statements
For the Year Ended 31 December 2016

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)	31.12.2016	31.12.2015
Cash at bank and restricted bank deposits (1)	1 798	9 393
Trade and other receivable (excluding prepayment) (2)	30	31
Total at the end of the year	**1 828**	**9 424**

(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)	31.12.2016	31.12.2015	Long term rating	Short term rating
DNB Bank ASA (Standard & Poor's)	1 793	9 385	A+	A-1
Bank of Cyprus Public Company Limited (Moody's)	5	8	Caa3	Not Prime

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

Financial Assets with Collaterals and Other Credit Enhancements:

(Amounts in USD 000)	31.12.2016	31.12.2015
Senior secured callable bonds	2 018	-
Total at the end of the year	**2 018**	-

The senior secured callable bonds are secured on certain assets of the issuer (note 10).

Notes to the Financial Statements
For the Year Ended 31 December 2016

Note 7 – Equipment And Machinery

(Amounts in USD 000)	Computer Hardware	Total
Cost		
At 1 January 2015	2	2
At 31 December 2015	**2**	**2**
At 31 December 2016	**2**	**2**
Depreciation		
At 1 January 2015	1	1
Charge for the year	-	-
At 31 December 2015	1	1
Charge for the year	-	-
At 31 December 2016	**1**	**1**
Net book amount		
Balance at 31 December 2016	**1**	**1**
Balance at 31 December 2015	1	1

Note 8 – Financial Assets At Fair Value through Profit and Loss

(Amounts in USD 000)	31.12.2016	31.12.2015
Balance at 1 January	-	-
Additions	5 107	-
Change in fair value	193	-
Exchange differences	-	-
Balance at the end of the year	**5 300**	-

Investments designated at fair value through profit or loss are analysed as follows:

Name of Investment	Principal activity	Place of establishment and principal place of business	Proportion of ownership/ interest held	
			31.12.2016	31.12.2015
Wanax AS	Investment holding	Norway	100%	-

1) The Company has invested USD 2.4 million, representing 20% of the total partnership capital of PSV Opportunity I DIS (hereinafter "PSVI"), a partnership arrangement established in Norway. "PSVI" owns three mid-size PSV vessels (VS 470 MKII) which were built at Kleven Shipyard in Norway in 2005 and 2006. The transaction was closed in early August 2016.

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

3) On 21 November 2016 the Company acquired the entire share capital of Wanax AS, a company incorporated in Norway for a consideration of USD 7 thousands. On 29 November 2016 the Company has subscribed to the share capital and share premium of Wanax AS an additional USD 5.1 million by transferring the participatory interest held by the Company in PSV Opportunity I DIS and in PSV Opportunity II DIS to the subsidiary company Wanax AS.

STANDARD DRILLING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 8 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

The above investments are measured at fair value.

(Amounts in USD 000)	**31.12.2016**	31.12.2015
Other net changes in fair value on financial assets at fair value through profit or loss		
Realised	-	-
Unrealised change	193	-
Total net gains/(losses)	**193**	-
Other net changes in fair value on assets, held for trading	-	-
Other net changes in fair values on assets designated at fair value through profit or	193	-
Total net gains/(losses)	**193**	-

NOTE 9 – TRADE AND OTHER RECEIVABLES

(Amounts in USD 000)	**31.12.2016**	**31.12.2015**
Prepayments	114	4
Other receivables	30	31
Total trade and other receivables at the end of the year	**144**	**35**

Prepayments of USD 91 thousands relates to anticipated qualifying transaction costs of equity instruments issued after the year end (Note 24).

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

NOTE 10 – SENIOR SECURED CALLABLE BONDS

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

On 28 October 2016 the Company purchased 10 521 667 senior secured callable bonds (the "bonds") of World Wide Supply AS ("WWS") in the secondary market at a price of USD 1.78 million. On 3 November 2016 the Company purchased additionally 1 700 000 bonds at a price of USD 242 thousands. World Wide Supply AS initially issued 150 million senior secured callable bonds in November 2013 at a price of USD 1 each. The coupon rate was 7.75% per annum and the maturity date was set on 26 May 2017.

On 22 December 2016 the bondholders made a resolution to instruct the bond trustee to declare the bond in default and requested WWS to sell the vessels to a new company to be established named New World Supply Ltd ("NWS") where the bondholders had the right to invest. The anticipated proceeds from disposals of WWS vessels will be distributed to bondholders on a later date.

The fair value of the Company's senior secured callable bonds approximate its carrying amount.

STANDARD DRILLING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 11 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

NOTE 12 – CASH AND CASH EQUIVALENTS

(Amounts in USD 000)	**31.12.2016**	**31.12.2015**
Cash at bank	1 798	9 393
Cash and cash equivalents at the end of the year	**1 798**	**9 393**

Cash and bank balances are denominated in the following currencies:

(Amounts in USD 000)	**31.12.2016**	**31.12.2015**
US Dollar - functional and presentation currency	1 693	9 233
Norwegian Kroner	105	160
	1 798	9 393

NOTE 13– SHARE CAPITAL AND PREMIUM

Authorised *(Amounts in USD 000)*	**Number of shares (thousands)**	**Ordinary shares**	**Total**
2015			
Balance at the beginning of the year	362 000	362 000	**362 000**
Balance at the end of the year	**362 000**	**362 000**	**362 000**
2016			
Balance at the beginning of the year	362 000	362 000	**362 000**
Balance at the end of the year	**362 000**	**362 000**	**362 000**

Issued and fully paid *(Amounts in USD 000)*	**Number of shares (thousands)**	**Ordinary shares**	**Share premium**	**Total**
2015				
Balance at the beginning of the year	262 000	2 620	39 950	42 570
Share premium reduction	-	-	(33 012)	(33 012)
Balance at the end of the year	**262 000**	**2 620**	**6 938**	**9 558**
2016				
Balance at the beginning of the year	262 000	2 620	6 938	9 558
Balance at the end of the year	**262 000**	**2 620**	**6 938**	**9 558**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 14 – OTHER RESERVES

(Amounts in USD 000)	31.12.2016	31.12.2015
Fair value reserve-available for sale investments (1)	(1)	-
Balance at the end of year	**(1)**	-

1) The fair value reserve-available for sale investments represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

NOTE 15 – TRADE AND OTHER PAYABLES

(Amounts in USD 000)	31.12.2016	31.12.2015
Other payables	64	39
Accrued expenses	110	26
Total trade and other payables at the end of the year	**174**	**65**

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 – ADMINISTRATIVE EXPENSE

(Amounts in USD 000)	31.12.2016	31.12.2015
Legal, consulting and professional fees	296	356
Other expenses	67	106
Salary and other short-term employee benefit (note 23)	138	181
Total administrative expenses	**501**	**643**

During 2016, audit fees of USD 22 thousand (2015: USD 14 thousand), fees of USD NIL (2015: USD NIL) for other assurance services and fees of USD NIL (2015: USD NIL) for tax consultancy services were charged by the Company's statutory audit firm.

16.1 Employees full time

	31.12.2016	31.12.2015
Employees	1	1

NOTE 17 – FINANCE COSTS

Finance costs:		
Bank charges	(11)	(15)
Total finance cost	**(11)**	**(15)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 18 – INCOME TAX EXPENSE

(Amounts in USD 000)	31.12.2016	31.12.2015
Current tax:		
Corporation tax prior year	-	-
Total current tax	-	-
Deferred tax:		
Origination of temporary differences	-	-
Total deferred tax	-	-
	-	-
Income tax expense	-	-

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

(Amounts in USD 000)	31.12.2016	31.12.2015
Profit/(loss) before tax	(277)	(3 311)
Tax calculated at the applicable tax rates	(35)	(414)
Tax effect of expenses not deductible for tax purposes	45	369
Tax effect of allowances and income not subject to tax	(25)	
Tax effect of tax loss for the year	15	45
Tax charge	-	-

The corporation tax rate is 12.5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2015: 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 2016 (2015: 17%).

Balance sheet

Current tax asset:

(Amounts in USD 000)	31.12.2016	31.12.2015
Corporate income tax refundable	1	1
Total current tax asset at the end of the year	**1**	**1**

Current tax liability:

(Amounts in USD 000)	31.12.2016	31.12.2015
Corporate income tax	-	-
Total current tax liability at the end of the year	-	-

STANDARD DRILLING

Notes to the Financial Statements For the Year Ended 31 December 2016

Note 19 – 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.

19.1 Basic earnings per share

(Amounts in USD 000)	31.12.2016	31.12.2015
Profit/(loss) attributable to equity holders of the Company	(277)	(3 311)
Weighted average number of ordinary shares for the purposes of basic earnings per share in issue (thousands) - Note 13	262 000	262 000
Basic earnings per share	**(0,00)**	**(0,01)**

There are no potentially dilutive instruments.

Note 20 – 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 2016 the Company doesn't have unutilized losses which can be carried forward and used to offset against future taxable income.

S.D. Standard Drilling Plc. – Annual Report and separate Financial Statements 2016 33

STANDARD DRILLING

Notes to the Financial Statements For the Year Ended 31 December 2016

Note 21 – Shareholders' Information

The Company's 20 largest shareholders are as follows:

	31.12.2016		31.12.2015	
Owner	Number of Shares	Ownership interest in %	Number of Shares	Ownership interest in %
SAGA Tankers ASA	120 564 458	46,02	120 564 458	46,02
Euroclear Bank N.V	78 338 000	29,90	-	-
Apollo Asset Limited	27 000 000	10,31	27 000 000	10,31
HRF Marine LLC	27 000 000	10,31	27 000 000	10,31
Park Lane Family Office AS	1 060 679	0,40	2 500 000	0,95
Oculomotorius AS	967 126	0,37	346 098	0,13
Spontel AS	615 791	0,24	615 791	0,24
EL Investment AS	460 762	0,18	460 762	0,18
Hanekamb Invest AS	410 762	0,16	410 762	0,16
Strata Marine & Offshore AS	381 339	0,15	381 339	0,15
Verpentangen AS	340 000	0,13	340 000	0,13
Citibank N.A.	273 550	0,10	273 550	0,10
Johansen Geir	250 000	0,10	250 000	0,10
Clearstream Banking S.A	213 600	0,08	213 600	0,08
Myklebust	206 000	0,08	-	-
Dirdal Anders	200 000	0,08	-	-
Nordnet Livsforsikring	179 923	0,07	-	-
The Bank of New York Mellon N.V.	160 000	0,06	-	-
Bronken	143 000	0,05	-	-
Profond AS	128 300	0,05	128 300	0,05
Bnybe – QVT Fund V LP I	-	-	56 922 364	21,73
BNYPE – QVT Fund IV LP I	-	-	8 754 389	3,34
Quintessence Fund LP	-	-	8 448 377	3,22
Deutsche Bank AG	-	-	4 212 870	1,61
Sparebanken Sogn og Fjordane	-	-	479 939	0,18
Mathias Holding AS	-	-	300 000	0,11
Total 20 largest	258 893 290	98,84	259 602 599	99,10
Others	3 106 710	1,16	2 397 401	0,90
Total	**262 000 000**	**100,00**	**262 000 000**	**100,00**

S.D. Standard Drilling Plc. – Annual Report and separate Financial Statements 2016 34

STANDARD DRILLING

Notes to the Financial Statements For the Year Ended 31 December 2016

Note 22 – Related-Party Transactions

The following transactions were carried out with related parties:

22.1 Management services

(Amounts in USD 000)	Nature of transactions	31.12.2016	31.12.2015
Ferncliff TIH II AS	Management fees	150	240
Total		**150**	**240**

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

Note 23 – Remuneration To The Board Of Directors

(Amounts in USD 000)	Directors' Fees	Salary	31.12.2016 Total	31.12.2015 Total
Executive management:				
Evangelia Panagide – General Manager	-	44	44	43
Total remuneration executive management	-	**44**	**44**	**43**
Average number of employees	-	-	**1**	**1**

(Amounts in USD 000)	Directors' Fees	Salary	31.12.2016 Total	31.12.2015 Total
Board of Directors:				
Martin Nes (Chairman)	51	-	51	75
Arne Fredly (Non-Executive Director)	34	-	34	49
George Crystallis (Independent Director)	2	-	2	2
Glen Rodland (Nomination Committee Chairman)	4	-	4	10
Costas Pantelides (Nomination Committee member/ Chairman)	2	-	2	2
George Papanicolaou (Nomination Committee member)	1	-	1	-
Total remuneration of Board of Directors	**94**	-	**94**	**138**

Note 24 – Subsequent Events

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

1. On 2 January 2017, the Company through its wholly owned subsidiary Wanax AS, invested USD 5.2 million representing 35% of the issued share capital of PSV Opportunity III DIS (hereinafter "PSV III"), a partnership arrangement established in Norway. PSV III owns two mid-size PSV vessels (UT 755 LN) which were built at Aker Brevik in Norway in 2007 and 2008. The transaction was closed on 19 January 2017.

2. On 4 January 2017 the Company held an Extraordinary General Meeting where it was resolved to increase the Company's authorised share capital from 362 000 000 to 1 022 000 000 ordinary shares of USD 0,01 each by the creation of additional 660 000 000 ordinary shares of a nominal value of USD 0,01 each.

STANDARD DRILLING

Notes to the Financial Statements For the Year Ended 31 December 2016

Note 24 – Subsequent Events (Continued)

3. On 4 January 2017, the Company issued 423 076 924 new shares through a Private Placement with gross proceeds of NOK 275 million (USD 31 815 thousands). The subscription price per new share was set to NOK 0,65 (USD 0,0752) which included a share premium of USD 0,0652 per ordinary share.

4. On 5 January 2017, the Company issued 111 111 200 new shares through a Private Placement with gross proceeds of NOK 100 million (USD 11 644 thousands). The subscription price per new share was set to NOK 0,90 (USD 0,1048) which included a share premium of USD 0,0948 per share.

5. On 13 January 2017, the Company invited certain eligible shareholders as of 8 December 2016 to subscribe for a subsequent offering comprising of up to 9 500 000 Offer Shares at a subscription price of NOK 0,65 per offer share. On 22 January 2017 the Company received applications with gross proceeds of NOK 3.58 million (USD 424 thousands) and allotted 5 514 718 offer shares at the price of USD 0,0769 which included a share premium of USD 0,0669 per share.

6. On 24 January 2017 the Company was allocated 5 082 837 ordinary shares, representing 15,6% ownership of New World Supply Ltd at a cost of USD 5,08 million.

7. On 24 January 2017, the Company issued 220 297 158 new shares through a Private Placement with gross proceeds of NOK 198 million (USD 23 748 thousands). The subscription price per new share was set to NOK 0,90 (USD 0,1078) which includes a share premium of USD 0,0978 per share.

8. On 19 February 2017, the Company agreed to acquire three large Platform Supply Vessels ("PSV's") for a total consideration of USD 40 million. The PSV's are all built at Aker Brattvaag, Norway in 2007-2008. The Company took delivery of the PSV's on 9 February and are owned by three 100% owned subsidiaries.

9. On 23 February 2017 the Company held an Extraordinary General Meeting where it was resolved to increase the Company's authorised share capital from 1 022 000 000 to 1 550 000 000 ordinary shares of USD 0,01 each by the creation of additional 528 000 000 ordinary shares of a nominal value of USD 0,01 each.

10. In March 2017 the Company acquired a further 7,7% of New World Supply Ltd. The consideration price was set to NOK 26 250 thousands and was settled with the issue and allotment of 35 000 000 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company holds a 23,3% ownership in New World Supply Ltd.

11. In April 2017 the Company acquired a further 2,9% of New World Supply Ltd. The consideration price was set to NOK 9 798 thousands and was settled with the issue and allotment of 13 064 002 new ordinary shares of the Company at the subscription price of NOK 0,75 (USD 0,08741) which included a share premium of USD 0,07741 per share. Following the transaction, the Company holds a 26,2% ownership in New World Supply Ltd.

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

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Independent auditor's report

To the Members of S.D. Standard Drilling Plc

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements of S.D. Standard Drilling Plc ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2016, 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.

What we have audited

We have audited the financial statements which are presented in pages 10 to 36 which comprise:

- the statement of financial position as at 31 December 2016;
- the comprehensive income statement for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Our audit approach

Overview

We designed our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we considered the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Overall materiality: US$92.700, which represents 1% of total assets.

We conducted full scope audit procedures on the complete financial information.

We have identified the following key audit matters:

- Classification of the Company as an investment entity
- Valuation of financial assets measured at fair value through profit or loss

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

2

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Overall materiality	US$92.700
How we determined it	1% on total assets
Rationale for the materiality benchmark applied	We chose total assets as the most appropriate benchmark, because in our view, it is the benchmark against which the performance of the Company is most commonly measured by the users, and is a generally accepted benchmark. We chose 1% which in our experience is an acceptable quantitative materiality threshold for this benchmark.

We agreed with those charged with governance that we would report to them individual misstatements identified during our audit above US$4.700 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

How we tailored our audit scope

S.D. Standard Drilling Plc is an investment entity. The Company does not have any other subsidiaries other that those determined to be controlled subsidiary investments which are measured at fair value through profit or loss.

Considering our ultimate responsibility for the opinion on the Company's financial statements we are responsible for the direction, supervision and performance of the audit. In this context, we tailored the scope of our audit and determined the nature and extent of the audit procedures to ensure that we perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Overall, we have obtained sufficient and appropriate audit evidence regarding the financial information of the Company to provide a basis for our audit opinion on the financial statements.

3

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Classification of the Company as investment entity	
Refer to Note 2 – Significant accounting policies The Board has determined that the Company meets the definition of investment entity per IFRS as the Company has announced that the Company's strategy is to invest into high risk investments in distressed asset acquisition held by unquoted companies where the Company takes active role in helping to build and develop these companies with the aim to make its returns through medium to long term capital gains appreciation as opposed to invest for strategic purposes ; has obtained funds for investment management services; and the investments are measured and evaluated by management on a fair value basis. We focused on this area because of the significant judgement required by the Board of Directors in establishing whether the Company is an investment entity as defined by IFRS 10.	We have evaluated the Board of Director's assessment and have reviewed the Board of Directors minutes; management reports and announcements made whether the classification of the Company as an investment entity is in accordance with IFRS 10. We have also evaluated the adequacy of the disclosures made in Notes 2 and 4 of the financial statements.
Valuation of financial assets measured fair value through profit or loss	
Refer to Notes 8 –Financial assets at fair value through profit or loss The Company measures its investment in subsidiary at fair value through profit or loss. Management has established the fair value of its investment in subsidiary based on a valuation technique that uses prices and other relevant information generated by	We have assessed the management's assessment of the valuation technique and the fair value by considering the assumptions used, the reliability of data used and the mathematical accuracy of calculations performed. We have also evaluated the competency and objectivity of valuers used by the Company.

4

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Key Audit Matter	How our audit addressed the Key Audit Matter
market transactions involving identical or comparable assets. The data used for the valuation is based on observable inputs other than quoted prices (level 2). We focused on this area because of the significant judgement required by the Board of Directors in establishing the correct fair value hierarchy classification and fair values as required by IFRS 13.	We also evaluated the adequacy of the disclosures made in Notes 3.3 and 8 of the financial statements, including those regarding the valuation techniques and key inputs.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management report, and the Company's complete Annual report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation of the 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

5

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

6

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, 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 management report, whose preparation is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii) and (vi) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

7

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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 to 2016 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.

The engagement partner on the audit resulting in this independent auditor's report is Tasos Nolas.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

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6 April 2017

8

Appendix E - S.D. STANDARD DRILLING PLC FINANCIAL STATEMENTS FOR Q4 2017

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