

S.D. STANDARD DRILLING PLC

SECOND QUARTER REPORT 2015



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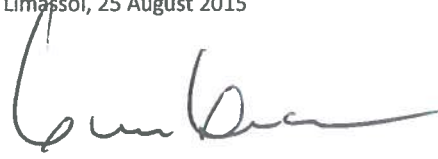
STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Article 10 sections (3)(c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 ("Law") we, the members of the Board of Directors and other responsible persons for the drafting of the interim condensed consolidated financial statements of S.D. Standard Drilling Plc (the "Company") , for the six months ended 30 June 2015 we confirm that, to the best of our knowledge:

- a) The interim condensed consolidated financial statements of the Company for the six months ended 30 June 2015 which are presented on pages 5 to 10:
 - (i) were prepared in accordance with International Financial Reporting Standards IAS 34 "Interim Financial Reporting", as adopted by the European Union in accordance with provisions of Article 10, section (4) of the Law, and
 - (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of the Company, and the business that are included in the consolidated financial statements as a total, and
- b) The Interim Management Report provides a fair overview of the information required as per section 6 of article 10 of Law 190(I)/2007.

Limassol, 25 August 2015



Martin Nes
Chairman

Gunnar Hvammen
Non-Executive Director

George Crystallis
Independent Director

Espen Lundaas
Chief Financial Officer

Evangelia Panagide
General Manager

Second Quarter Management Report 2015

Selected Financial Information

	Three Months Ended		Six Months Ended	
	2015 Q2	2014 Q2	2015 Q2	2014 Q2
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating Revenue	-	-	-	-
Operating profit/(loss) before depreciation	(1 091)	(289)	(1 335)	(598)
Operating margin, %	-	-	-	-
Operating profit/(loss)	(1 092)	(292)	(1 337)	(603)
Profit/(Loss) for the period before taxes	(1 065)	(235)	(1 269)	(486)
Profit/(Loss) for the period	(1 065)	(236)	(1 269)	(555)

Subsequent Events

On 25 August 2015, the Board of Directors of the Company resolved the following:

- To declare an interim dividend of USD 0,035 per share, amounting to USD 9.17 million, out of the profits of the year 2013.
- To convene an Extraordinary General Meeting of the Company on 17 September 2015 which will consider and approve a capital reduction exercise, with the intention to affect a proposed payout of USD 33 million to the shareholders of the Company out of the share premium account. It is expected that the contemplated Capital Reduction will be completed in Q3 2015.

RESULTS

RESULTS FOR SECOND QUARTER 2015

The operating loss for the three months ended on 30 June 2015 was USD 1 092 thousands. The operating loss includes mainly administration expenses and an unrealized exchange difference of USD 957 arose mainly from the re-translation of bank balances denominated at Norwegian Kroner as at the reporting date. Net financial income for the period was USD 27 thousands thus a net loss before tax for the period of approximately USD 1 065 thousands. Earnings per share was USD (0,00) for the quarter.

LIQUIDITY AND CAPITAL STRUCTURE

The available cash position at 30 June 2015 was USD 53.6 million.

During the first six months of 2015, net cash used in operating activities was USD 291 thousands and net cash generated from investing activities was USD 83 thousands respectively, mainly consisting of interest received. Net cash used in financing activities was USD Nil.

As of 30 June 2015, the Company had 280 shareholders. The share price as of 30 June 2015 was NOK 1,34 (USD 0,17).

MANDATORY OFFER FOR S.D. STANDARD DRILLING PLC

On 20 May 2015 Saga Tankers ASA ("Saga") purchased 78,338,000 shares in S.D. Standard Drilling Plc ("SDSD") and following this acquisition Saga and associated companies had a total holding of 140,078,869 shares in SDSD, corresponding to 53.5 % of the total outstanding shares in SDSD. As a result of this acquisition a mandatory offer obligation was triggered for the purchase of the remaining shares in SDSD.

In the period between 20 May 2015 and 16 June 2015, Saga purchased an additional 16,523,998 shares in SDSD bringing its shareholding to 156,221,528 shares, corresponding to 59,63% of the total outstanding shares of SDSD.

On 17 June 2015 Saga announced a cash tender offer (the "Offer") to acquire all issued and outstanding shares (the "Shares") in SDSD not already owned by the Offeror or persons acting in concert with the Offeror. The acceptance period started on 17 June 2015 and completed on 15 July 2015.

The Offeror had offered a consideration of NOK 1.35 per Share (the "Offer Price"), payable in cash. The Offer Price represented a premium of 3.4 per cent to SDSD's volume weighted average share price for the 3 month period ending on 19 May 2015. On 17 June 2015, the Offeror, and persons acting in concert with it held 157,013,630 Shares, corresponding to 59.93 % of the total issued and outstanding Shares.

On 15 July 2015 the Offeror had received acceptance of the Mandatory Offer for a total of 22,555,800 Shares, representing approximately 8.61 per cent of the outstanding Shares and votes in SDSD. Together with the 157,013,630 Shares already owned by Saga and persons acting in concert with Saga, now owns and holds, rights to a total of 179,569,430 shares, representing approximately 68.54 % of the Shares and voting rights in SDSD.

OUTLOOK

Going forward and based on the robust financial position and cash availability, the Board believes that the Company is in a good position to take advantage of any new investment opportunities that may appear.

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

25 August, 2015



*Martin Nes
Chairman*



*Espen Lundaas
CFO*

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2015**

<i>(Amounts in USD 000)</i>	Note	Three Months Ended		Six Months Ended	
		2015	2014	2015	2014
		Q2	Q2	Q2	Q2
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating Revenue		-	-	-	-
Operating Expenses		-	-	-	-
Gross profit/(loss)		-	-	-	-
Other gains and (losses)	3	(957)	(12)	(974)	(5)
Administration expenses		(134)	(277)	(361)	(593)
Operating profit/(loss) before depreciation		(1 091)	(289)	(1 335)	(598)
Depreciation and amortization		(1)	(3)	(2)	(5)
Operating profit/(loss)		(1 092)	(292)	(1 337)	(603)
Finance Income		29	60	72	121
Finance Costs		(2)	(3)	(4)	(4)
Profit/(Loss) for the period before tax		(1 065)	(235)	(1 269)	(486)
Income tax credit/(expense)		-	(1)	-	(69)
Profit/(Loss) for the period		(1 065)	(236)	(1 269)	(555)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		(1 065)	(236)	(1 269)	(555)
Earnings/(loss) per share					
Basic/diluted earnings/(loss) per share	4	(0,00)	(0,00)	(0,00)	(0,00)

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
AT 30 JUNE 2015**

<i>(Amounts in USD 000)</i>	Note	30.06.2015	31.12.2014
ASSETS		<i>Unaudited</i>	<i>Audited</i>
Intangible assets		-	2
Equipment and machinery		1	1
Total non-current assets		1	3
Trade and other receivables		36	104
Available-for-sale financial assets	5	22	26
Current tax asset		1	1
Restricted cash at bank	6	-	11
Cash and bank balances		53 615	54 782
Asset classified as held for sale	7	-	-
Total current assets		53 674	54.924
Total Assets		53 675	54.927
EQUITY AND LIABILITIES			
Ordinary shares		2 620	2 620
Share premium		39 950	39 950
Accumulated profits/(losses)		11 037	12 306
Total equity		53 607	54 876
Trade and other payables		68	51
Total current liabilities		68	51
Total Equity and Liabilities		53 675	54 927

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



Martin Nes
Chairman



Espen Lundaas
CFO

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2015**

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Accumulated Profits/(Losses)	Total
Balance at 01.01.2014	2 620	39 950	28 375	70 945
Comprehensive income				
Profit/(Loss) for the period	-	-	(555)	(555)
Balance at 30.06.2014 (unaudited)	2 620	39 950	27 820	70 390
Balance at 01.01.2015	2 620	39 950	12 306	54 876
Comprehensive income				
Profit/(loss) for the period	-	-	(1 269)	(1 269)
Balance at 30.06.2015 (unaudited)	2 620	39 950	11 037	53 607

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015

	Note	Six Months Ended	
		2015 Q2	2014 Q2
<i>(Amounts in USD 000)</i>			
		<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the period before income tax		(1 269)	(486)
Other gains and losses		963	-
Depreciation and amortization		2	5
Interest income		(72)	(121)
Decrease in trade and other receivables		68	2
Increase in trade and other payables		17	4
Income tax paid		-	(22)
Net cash generated from/(used in) operating activities		(291)	(618)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in restricted cash		11	45
Interest received		72	121
Net cash generated from/(used in) investing activities		83	166
Net (decrease)/increase in cash and cash equivalents		(208)	(452)
Cash and cash equivalents at beginning of year		54 782	70 741
Non-cash transaction (1)		(959)	-
Cash and cash equivalents at end of period		53 615	70 289

- 1) The non-cash transaction relates to an unrealized exchange difference arose from the retranslation of bank balances denominated at Norwegian Kroner on 30 June 2015.

NOTES TO THE FINANCIAL INFORMATION

NOTE 1 – INCORPORATION AND PRINCIPAL ACTIVITIES

Country of Incorporation

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

Principal Activities

The Company and the entities controlled by the Company, hereafter referred to as the “Group”, were established for the purpose of building a premium oilfield services company through superior assets, systems and people. Having sold all initial rig contracts, the strategy of the Group has changed to being an investment Group within the oil and gas service sector.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2015, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2014. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014 which have been prepared in accordance with IFRS as adopted in the (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

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

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

NOTE 3 – OTHER GAINS AND LOSSES

<i>(Amounts in USD 000)</i>	Three Months Ended		Six Months Ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Impairment of investment in Bank of Cyprus Public Company Ltd (note 5)	-	-	(4)	-
Net currency translation differences	(957)	(12)	(970)	(5)
	(957)	(12)	(974)	(5)

NOTE 4 – EARNINGS/(LOSS) PER SHARE

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

<i>(Amounts in USD 000)</i>	Three Months Ended		Three Months Ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Basic/diluted EPS				
Profit/(Loss) attributable to equity holders of the Company	(1 065)	(236)	(1 269)	(555)
Weighted average number of ordinary shares in issue (thousands)	262 000	262 000	262 000	262 000
Basic/diluted earnings/(loss) per share	(0,00)	(0,00)	(0,00)	(0,00)

NOTES TO THE FINANCIAL INFORMATION

NOTE 5 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>(Amounts in USD 000)</i>	30.06.2015	31.12.2014
Balance at the beginning of year	26	32
Impairment charge (note 3)	(4)	(6)
Balance at the end of year	22	26

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

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

As of the date of the conversion the management of the Company on the basis of available information and by exercising their judgment has recognized an impairment loss of USD 96 thousands. On 16 December 2014, Bank of Cyprus shares have been listed and commenced trading on Cyprus Stock Exchange ("CSE"). Based on the new developments and on the basis of available information, the management of the Company has recognized an additional impairment loss in the current period of USD 4 thousands.

NOTE 6 – RESTRICTED CASH AT BANK

<i>(Amounts in USD 000)</i>	30.06.2015	31.12.2014
Balance at the beginning of year	11	101
Transfer to cash and bank balances	(11)	(90)
Balance at the end of year	-	11

NOTE 7 – ASSETS CLASSIFIED AS HELD FOR SALE

<i>(Amounts in USD 000)</i>	30.06.2015	31.12.2014
Opening	-	-
Additions	-	66 144
Derecognised on disposal	-	(66 144)
Balance at the end of year	-	-

NOTE 8 – APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors of the Company on 25 August 2015.

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q3 2015

27 November 2015

S.D. Standard Drilling Plc

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