

**S.D. STANDARD DRILLING PLC
FIRST QUARTER REPORT 2012**



S.D. Standard Drilling

We are building a world-class drilling company focused on the safety of our crew, satisfying our customers through the delivery of high quality services and creating shareholder value through growth and consolidation globally.

Founded in December 2010, S.D. Standard Drilling owns a fleet of six premium jack-up rigs. The fleet is currently under construction with delivery beginning the first quarter of 2013 through May 2014.

S.D. Standard Drilling was established to capitalize on the strong market opportunity and demand for premium jack-up rigs due to an aging worldwide rig fleet that requires replacement with rigs fitted with new technologies and environmental features that are more desirable by customers in the current regulatory environment. S.D. Standard Drilling is managed with a financially conservative profile.

Our strategy is to own and operate a fleet of high specification jack-up rigs that will be deployed worldwide to customers who share our commitment to a culture of quality, health, safety and environmental stewardship. As we build our company from the ground up, we are recruiting a management, operational staff and crew members that are of the highest caliber as we position S.D. Standard Drilling as one of the world's leading layers in the jack-up rig market.

Our fleet consists of six modern KFELS MOD V B-Class rigs which are under construction at Keppel FELS Shipyard in Singapore. Our site supervision team of 13 professionals on site at Keppel FELS oversees every aspect of the construction.

Financially conservative profile. S.D. Standard Drilling is established with a conservative financial profile and has demonstrated its ability to utilize the financial markets to raise cash. With an established financial market for the type of rigs that the Company builds and intends to operate, the Company is well positioned to move forward, continuing to build on its strong balance sheet.

S.D. Standard Drilling's shares are listed on the Oslo Axess Stock Exchange and trade under the symbol SDSD.

First Quarter Report 2012

Selected Financial Information

<i>(Amounts in USD 000)</i>	2012 Q1 <i>Unaudited</i>	2011 Q1 <i>Unaudited</i>
Operating Revenue	-	-
Operating profit/(loss)before depreciation	(1 780)	(397)
Operating margin, %	-	-
Operating profit/(loss)	(1 780)	(397)
Profit/(Loss) for the period before taxes	(1 682)	(397)
Profit/(Loss) for the period	(1 685)	(397)

Highlights First Quarter 2012

- Vice President of Engineering, Vice President of HSE&Q, Operations Manager as well as Financial Controller have been hired in Q1.
- The construction progress for the first four rigs is according to plan and we will cut steel on the last two rigs during first week of April.
- Cash position at the end of first quarter was USD 119.5 million.
- The good HSEQ performance continued during the first quarter with no serious incidents. The safety records throughout the construction program so far show no serious injury to personnel or damage to equipment.

Subsequent Events

- There have been no significant subsequent events after the closing of the first quarter set of accounts.

RESULTS

RESULTS FOR FIRST QUARTER 2012

The Group is in the build-up stage and will remain so until delivery of the Jack-up rigs and commencement of operation. As a result the Group incurred an operating loss for the three months ended on 31 March 2012 of USD 1 780 thousand, financial income was USD 98 thousand with a net loss for the period of USD 1 685 thousand. The loss is mainly relating to administrative expenses such as personnel costs, travel expenses and professional fees associated with the management of the Company and the building of processes, procedures and infrastructure of the Group to ensure readiness for operation once the rigs are delivered.

The annualized run rate for SG&A is currently at USD 7.1 million and we expect this number to increase towards USD 10.0 million at the end of the year.

LIQUIDITY AND CAPITAL STRUCTURE

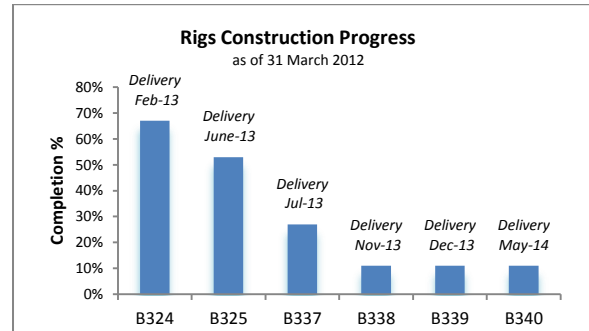
Net cash used in operating activities and investing activities during first quarter was USD 1 416 thousand and USD 1 506 thousand respectively. The cash position at 31 March 2012 was USD 119.5 million, thus the Group has sufficient funds available until delivery of the first rig in February 2013. The Group plans to secure debt-financing for payment of the remaining 80% of construction price for the rigs at delivery in 2013 and 2014. Discussions are continuing with a wide range of financial institutions regarding our preferred funding sources.

As of 31 March 2012, the Group's main assets consisted of USD 274.1 million in rigs under construction, which among others represents the initial down payments for the six Jack-up rigs as well as other construction supervision costs, and of USD 119.5 million in cash.

There were no significant changes of the Company's shareholders during the quarter and as of 31 March 2012, the company had 478 shareholders. The share price as of 31 March 2012 was NOK 7,9 (USD 1,35)

RIGS UNDER CONSTRUCTION

The Group has six Jack-up rigs under construction at Keppel FELS Shipyard (Singapore). The first Jack-up rig, B324 will be delivered in February 2013 and another four will be delivered during 2013. The last of the six Jack-up rigs is scheduled for delivery in May 2014. The rig construction program is on schedule and we expect to take delivery of all rigs in accordance with contractual delivery dates.



Total remaining capital commitment for the Group for the six Rigs under construction is USD 911.3 million. (includes last yard installment payable at delivery of each rig and site supervision cost).

MARKET AND OUTLOOK

The international jack-up market has continued to improve in Q1 of 2012. In the past 6 months, there have been several announcements disclosing higher day rates on new fixtures. We see that oil companies continue to have a preference for new equipment as the improved technical capabilities and operational efficiency contributes to improved operational performance for the customers. Market day rates for newer drilling rigs continue to be strong and they achieve a premium over older jack-ups. For the jack-up market in general there is a continuing trend towards increased demand, improved utilization rates as well as improved contract terms and day rate levels.

Going forward the Company will remain focused on marketing the rigs in the global market place, finalizing funding for the residual amounts due for the rigs, building the organization and developing organizational readiness by establishing solid processes and procedures in order to be able and ready to operate the rigs upon delivery.

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

May 24th 2012

*Robert Petty
Chairman*

*Martin Nes
CEO*

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2012**

<i>(Amounts in USD 000)</i>	Note	2012 Q1	2011 Q1
		<i>Unaudited</i>	<i>Unaudited</i>
Operating Revenue		-	-
Operating Expenses		-	-
Administration expenses		(1 780)	(397)
Operating profit/(loss) before depreciation		(1 780)	(397)
Depreciation and amortization		-	-
Operating profit/(loss)		(1 780)	(397)
Finance Income		98	-
Finance Costs		-	-
Profit/(Loss) for the period before tax		(1 682)	(397)
Income tax expense		(3)	-
Profit/(Loss) for the period		(1 685)	(397)
Other comprehensive income		-	-
Total comprehensive income for the period		(1 685)	(397)
Earnings/(loss) per share			
Basic/diluted earnings/(loss) per share	3	(0,01)	(0,01)

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
AT 31 MARCH 2012**

<i>(Amounts in USD 000)</i>	Note	31.03.2012	31.12.2011
ASSETS		<i>Unaudited</i>	<i>Audited</i>
Non-current assets			
Rigs-Under Construction	4	274 122	272 625
Equipment and machinery		18	9
Non-current receivable		1 434	1 434
Total non-current assets		275 574	274 068
Current assets			
Trade and other receivables		309	110
Cash and bank balances		119 479	122 401
Total current assets		119 788	122 511
Total Assets		395 362	396 579
EQUITY AND LIABILITIES			
Equity and reserves			
Ordinary shares	5(a)	2 620	2 620
Share premium	5(a)	359 950	359 950
Reserves	5(b)	631	282
Accumulated profits/(losses)		28 778	30 463
Total equity		391 979	393 315
Current liabilities			
Trade and other payables		3 373	3 257
Current tax liabilities		10	7
Total current liabilities		3 383	3 264
Total Equity and Liabilities		395 362	396 579

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2012**

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Share Option Reserve	Accumulated Profits/(Losses)	Total
Balance at 01.01.2011	420	40 530	-	(86)	40 864
Comprehensive income					
Profit/(Loss) for the period	-	-	-	(397)	(397)
Transactions with owners					
Share issue costs	-	(9)	-	-	(9)
Balance at 31.03.2011	420	40 521	-	(483)	40 458
Balance at 01.01.2012	2 620	359 950	282	30 463	393 315
Comprehensive income					
Profit/(Loss) for the period	-	-	-	(1 685)	(1 685)
Employee share option scheme					
Value of employee services	-	-	349	-	349
Balance at 31.03.2012	2 620	359 950	631	28 778	391 979

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2012

<i>(Amounts in USD 000)</i>	2012 Q1	2011 Q1
Note	<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before income tax	(1 682)	(397)
Adjustments for:		
Expense recognized in respect of employee share options	349	-
Interest income	(98)	-
Cash flows used in operating activities before working capital changes	(1 431)	(397)
Increase in trade and other receivables	(199)	(30)
Increase/(decrease) in trade and other payables	116	(890)
Cash flows used in operating activities	(1 514)	(1 317)
Income tax paid	-	-
Interest received	98	-
Net cash used in operating activities	(1 416)	(1 317)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment and machinery	(9)	-
Additions to rigs under construction	(1 497)	(249)
Net cash used in investing activities	(1 506)	(249)
Net decrease in cash and cash equivalents	(2 922)	(1 566)
Cash and cash equivalents at beginning of period	122 401	6 140
Cash and cash equivalents at end of period	119 479	4 574

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. At present the Group holds construction contracts for the building of six Jack-up rigs of the KFELS MOD V B-Class design at Keppel FELS Shipyard in Singapore.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2012, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed consolidated financial statements are prepared under the historical cost convention.

The same accounting policies, presentation and methods of computation have been followed in these interim condensed consolidated financial statements as were applied in the preparation of the annual financial statements for the year ended 31 December 2011.

The interim condensed consolidated financial Statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2011.

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 – 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>	31.03.2012	31.03.2011
Basic/diluted EPS		
Profit/(Loss) attributable to equity holders of the Company	(1 685)	(397)
Weighted average number of ordinary shares in issue (thousands)	262 000	42 000
Basic/diluted earnings/(loss) per share	(0,01)	(0,01)

NOTE 4 – RIGS UNDER CONSTRUCTION

<i>(Amounts in USD 000)</i>	31.03. 2012	31.12. 2011
Balance at the beginning of period/year	272 625	37 308
Installments to Keppel FELS Limited	-	153 600
Jack-up rig B319 derecognized on disposal of subsidiary	-	(40 435)
Other capitalized costs related to construction of the rigs	1 497	2 879
Addition from acquisition of subsidiary companies	-	116 651
Contingent commission fee	-	2 622
Balance at the end of period/year	274 122	272 625

Capital Commitments

Capital expenditures contracted for as of 31 March 2012 but not recognized in the Financial Statement:

<i>(Amounts in USD 000)</i>	31.03. 2012	31.12. 2011
Installments to Keppel FELS Limited (80% payable at delivery)	902 400	902 400
Construction supervision and other construction costs	8 903	10 342
Total remaining capital commitments at the end of period/year	911 303	912 742

NOTE 5 – SHARE CAPITAL AND RESERVES

(a) Share Capital

	31.03. 2012		31.12.2011	
	Number of	31.03.2012	Number of	31.12.2011
	shares	US\$	shares	US\$
	(thousands)		(thousands)	
Authorized				
Ordinary shares of US\$0,01 each	262 000	2 620	262 000	2 620
Issued and fully paid				
Balance at the beginning of period/year	262 000	2 620	42 000	420
Issue of shares	-	-	220 000	2 200
Balance at the end of period/year	262 000	2 620	262 000	2 620

(b) Share Option Reserve

A total number of 6 700 000 share options were in existence in 2012, each granting the right to its owner to acquire one ordinary share of the Company, at predetermined strike prices.

Movements in shares options during the period/year

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

	31.03.2012	31.03.2012	31.12.2011	31.12. 2011
	Number of Options	Weighted average exercise price US\$	Number of options	Weighted average exercise price US\$
Balance at beginning of period/year	8 400 000	1,31	-	-
Granted during the period	2 500 000	1,31	8 400 000	1,24
Forfeited during the period	(4 200 000)	1,31	-	-
Exercised during the period	-	-	-	-
Balance at the end of period/year	6 700 000	1,31	8 400 000	1,24

As at the end of the period, 1 400 000 options are exercisable at a weighted average exercise price of USD1,31 per share.

NOTE 6 – SUBSEQUENT EVENTS

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

NOTE 7 – 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 24 May 2012.

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q2 2012	21 August 2012
Q3 2012	27 November 2012
Q4 2012	28 February 2013

S.D. Standard Drilling Plc

213 Arch.Makarios Avenue
Maximos Plaza
Tower 3, Office 401
CY 3030
Limassol, Cyprus
Tel: +357 25875474

S.D. Standard Drilling (Singapore) Pte Ltd
Level 31, Six Battery Road
Singapore 049909
Tel: + 65 65509712

www.standard-drilling.com