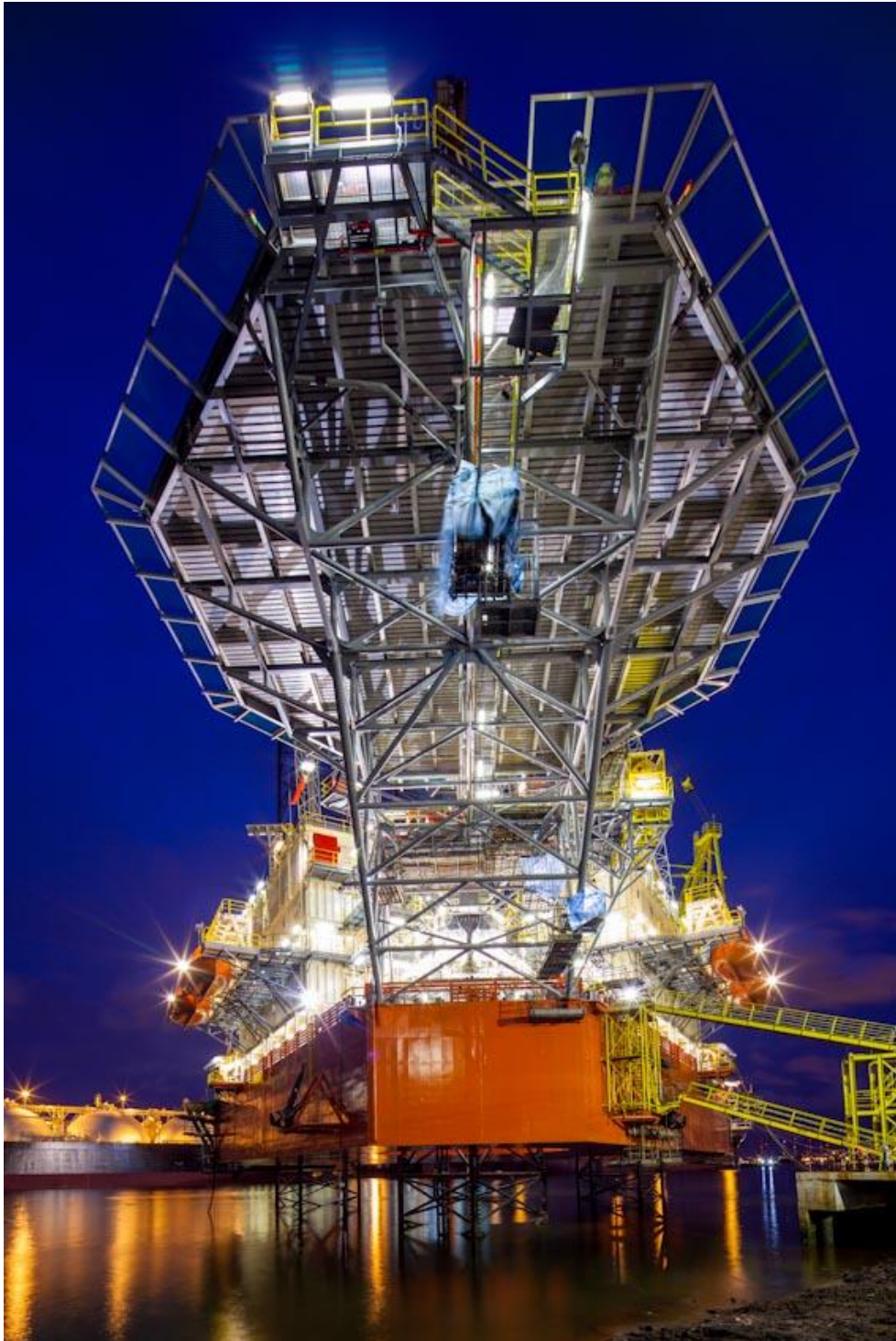


S.D. STANDARD DRILLING PLC
FOURTH QUARTER REPORT 2012



Fourth Quarter Report 2012

Selected Financial Information

	Three Months Ended		Twelve Months Ended	
	2012 Q4	2011 Q4	2012 Q4	2011 Q4
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating Revenue	-	-	-	-
Operating profit/(loss)before depreciation	22 475	33 107	33 249	30 507
Operating margin, %	-	-	-	-
Operating profit/(loss)	22 471	33 107	33 240	30 507
Profit/(Loss) for the period before taxes	22 655	33 156	33 758	30 556
Profit/(Loss) for the period	22 602	33 149	33 702	30 549

Highlights Fourth Quarter 2012

- In November 2012, the Company entered into a Sale and Purchase Agreement (“SPA”) with CP Latina, a company incorporated in Mexico, for the sale of the rig under construction B337 for a total consideration of USD 222.5 million. The transaction closed in January 2013.
- In November 2012, the Company signed an option Agreement with CP Latina for the sale of a second rig under construction B338 or alternatively B339, for a consideration of USD 215 million and USD 214 million, respectively.
- In December 2012, the Company entered into a Sale and Purchase Agreement with Arabian Drilling Company, a company incorporated in the Kingdom of Saudi Arabia, for the sale of the rig under construction B339 for a total consideration of USD 220 million. The transaction closed in December 2012.
- In December 2012, the Board of Directors declared an interim dividend of USD 0,14 per share.
- The Group’s cash position at the end of Q4 2012 was USD 321.4 million.
- The good HSEQ performance continued during Q4 2012 with no serious incidents. The safety record throughout the construction program to date has been without serious injury to personnel or damage to equipment.

Subsequent Events

- In January 2013, CP Latina exercised its option to purchase the rig under construction B338. Financial and legal closing of the transaction is scheduled to occur in March 2013.
- In January 2013, an interim dividend of USD 0.14 per share amounting to USD 36.7 million in total was distributed to shareholders.
- In February 2013, the Board of Directors of the Company announced that an Extraordinary General Meeting of the Company will be held on 5 March 2013 to consider and approve a capital reduction exercise, with the intention to affect a proposed payout of USD 320 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 Q2 2013.
- In January 2013, the Company decided to proceed with the liquidation of the following subsidiary companies: Offshore Driller B325 Ltd, Offshore Driller 1 Ltd, and Offshore Driller 3 Ltd.

RESULTS

RESULTS FOR FOURTH QUARTER 2012

The operating profit for the three month ended on 31 December 2012 was USD 22.5 million. The operating profit includes a gain on disposal of the rig under construction (B339) of USD 25.4 million. Net financial income was USD 184 thousand, thus net profit for the period was USD 22.6 million. Earnings per share was USD 0,09 for the quarter.

LIQUIDITY AND CAPITAL STRUCTURE

The cash position at 31 December 2012 was USD 321.4 million.

During twelve months of 2012, net cash used in operating activities was USD 8.3 million and net cash generated from investing activities was USD 207.2 million, mainly consisting of the disposal of assets which generated USD 210.9 million.

After closing of sale transaction for B339 in Q4 2012, the remaining capital commitment to Keppel FELS shipyard was reduced from USD 614.4 million to USD 460.8 million. Following the sale of B337 and the anticipated closing of the sale of rig B338, capital commitments for the Company are projected to be reduced to USD 153.6 million.

There were no significant changes to the Company's shareholders during Q4 2012. As of 31 December 2012, the Company had 507 shareholders. The share price as of 31 December 2012 was NOK 9,6 (USD 1,72).

RIGS UNDER CONSTRUCTION

Construction of the two remaining rigs (B338 and B340) is progressing according to plan and the Company expects delivery to take place in November 2013 and May 2014, respectively.

MARKET AND OUTLOOK

During 2012 the jack-up rig market demonstrated steady improvement as evidenced by rising rig day rates. As a result, the Company has taken advantage of the strength of the market through the sale of rigs under construction. In 2012 the Company initiated five new build rig sales, whereof one transaction closed in January 2013 and another of the rig transactions is anticipated to close in March 2013.

As a result of the sale of much of its rig fleet under construction the Company is now considering alternative operating models and investment opportunities going forward. The Company remains positively opportunistic with respect to a potential sale of the remaining rig new build.

On Behalf of the Board of Directors of

S.D. Standard Drilling Plc.

28 February 2013

Gunnar Hvammen
Chairman

Martin Nes
CEO

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

	Note	Three Months Ended		Twelve Months Ended	
		2012 Q4	2011 Q4	2012 Q4	2011 Q4
<i>(Amounts in USD 000)</i>		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating Revenue		-	-	-	-
Operating Expenses		-	-	-	-
Gross profit/(loss)		-	-	-	-
Other gains and losses	3	25 394	34 709	42 070	34 709
Administration expenses		(2 919)	(1 602)	(8 821)	(4 202)
Operating profit/(loss) before depreciation		22 475	33 107	33 249	30 507
Depreciation and amortization		(4)	-	(9)	-
Operating profit/(loss)		22 471	33 107	33 240	30 507
Finance Income		200	49	572	49
Finance Costs		(16)	-	(54)	-
Profit/(Loss) for the period before tax		22 655	33 156	33 758	30 556
Income tax expense		(53)	(7)	(56)	(7)
Profit/(Loss) for the period		22 602	33 149	33 702	30 549
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		22 602	33 149	33 702	30 549
Earnings per share					
Basic/diluted earnings per share	4	0,09	0,13	0,13	0,16

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

<i>(Amounts in USD 000)</i>	Note	31.12.2012	31.12.2011
ASSETS		<i>Unaudited</i>	<i>Audited</i>
Rigs-Under Construction	5	-	272 625
Intangible assets		12	-
Equipment and machinery		43	9
Non-current receivable		-	1 434
Total non-current assets		55	274 068
Trade and other receivables		1 779	110
Cash and bank balances		321 373	122 401
Assets classified as held for sale	6	118 831	-
Total current assets		441 983	122 511
Total Assets		442 038	396 579
EQUITY AND LIABILITIES			
Ordinary shares		2 620	2 620
Share premium		359 950	359 950
Reserves	7	-	282
Accumulated profits/(losses)		26 982	30 463
Total equity		389 552	393 315
Trade and other payables	8	15 762	3 257
Dividend payable	9	36 680	-
Current tax liabilities		44	7
Total current liabilities		52 486	3 264
Total Equity and Liabilities		442 038	396 579

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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	-	-	-	30 549	30 549
Transactions with owners					
Share capital increase	2 200	327 800	-	-	330 000
Share issue costs	-	(8 380)	-	-	(8 380)
Employees share option scheme					
Value of employees services	-	-	282	-	282
Balance at 31.12.2011 (audited)	2 620	359 950	282	30 463	393 315
Balance at 01.01.2012	2 620	359 950	282	30 463	393 315
Comprehensive income					
Profit/(Loss) for the period	-	-	-	33 702	33 702
Transactions with owners					
Interim dividend (note 9)	-	-	-	(36 680)	(36 680)
Employee share option scheme					
Value of employee services	-	-	2 094	-	2 094
Value of employees services reclassified on modification to cash-settled share based payments transactions	-	-	(2 376)	(503)	(2 879)
Balance at 31.12.2012 (unaudited)	2 620	359 950	-	26 982	389 552

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

	Note	Twelve Months Ended	
		2012 Q4	2011 Q4
<i>(Amounts in USD 000)</i>			
		<i>Unaudited</i>	<i>Audited</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the period before income tax		33 758	30 556
Other gains and losses	3	(42 070)	(34 709)
Expense recognized in respect of employee share options		-	282
Loss on disposal of intangible assets		115	-
Interest income		(572)	(49)
Increase in trade and other receivables		(235)	(61)
Increase/Decrease in trade and other payables		761	(631)
Income tax paid		(19)	-
Net cash generated from/(used in) operating activities		(8 262)	(4 612)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of equipment and machinery		(34)	(9)
Additions to rigs under construction		(4 062)	(158 390)
Net proceeds from disposal of assets		200 885	75 110
Advance received for sale of rig B337		10 000	-
Purchase of intangible assets		(127)	-
Interest received		572	49
Net cash generated from/(used in) investing activities		207 234	(83 240)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares, net		-	204 113
Net cash generated from financing activities		-	204 113
Net increase in cash and cash equivalents		198 972	116 261
Cash and cash equivalents at beginning of period		122 401	6 140
Cash and cash equivalents at end of period		321 373	122 401

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim condensed consolidated financial statements for the three months ended 31 December 2012, 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 2011. The accounting policies applied are consistent with those of the annual 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.

Non-current assets held for sale

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

Modification of share option scheme

Where the terms of the Company’s share option scheme is modified to be settled in cash rather than in equity instruments, the Company measures the liability initially using the modification date fair value of the equity-settled award based on the elapsed portion of the vesting period. This amount is then recognized as a credit to liability and a debit to equity. Until the liability is settled, it is re-measured at each reporting date with changes in fair value recognized in profit and loss.

NOTE 3 – OTHER GAINS AND LOSSES

<i>(Amounts in USD 000)</i>	Three Months Ended		Twelve Months Ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Gain on disposal of investment in subsidiary Offshore Driller 5 Ltd	-	34 709		34 709
Gain on disposal of investment in subsidiary Offshore Driller B324 Ltd (1)	-	-	8 429	-
Gain on disposal of rig under construction B325 (2)	-	-	8 247	-
Gain on disposal of rig under construction B339 (3)	25 394	-	25 394	-
	25 394	34 709	42 070	34 709

NOTES TO THE FINANCIAL INFORMATION

NOTE 3 – OTHER GAINS AND LOSSES (CONTINUED)

- 1) In June 2012, the Group entered into an agreement to sell the shares held in the subsidiary company Offshore Driller B324 Ltd which owned rig B324, currently under construction at Keppel FELS shipyard in Singapore, to UMW Oil and Gas, a company incorporated in Malaysia. The transaction closed in September 2012.
- 2) In July 2012, the Group entered into a Sale and Purchase Agreement with Arabian Drilling Company, a company incorporated in the Kingdom of Saudi Arabia, for the sale of rig B325 owned by the subsidiary company Offshore Driller B325 Ltd. The transaction closed in August 2012.
- 3) In December 2012, the Group entered into a Sale and Purchase Agreement with Arabian Drilling Company, a company incorporated in the Kingdom of Saudi Arabia, for the sale of rig B339 owned by the subsidiary company Offshore Driller 3 Ltd. The transaction closed in December 2012.

NOTE 4 – EARNINGS 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		Twelve Months Ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Basic/diluted EPS				
Profit attributable to equity holders of the Company	22 602	33 149	33 702	30 549
Weighted average number of ordinary shares in issue (thousands)	262 000	262 000	262 000	187 260
Basic/diluted earnings per share	0,09	0,13	0,13	0,16

NOTE 5 – RIGS UNDER CONSTRUCTION

<i>(Amounts in USD 000)</i>	31.12.2012	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)
Jack-up rig B324, derecognized on disposal of subsidiary	(59 486)	-
Jack up rig B325 derecognized on disposal of rig	(59 323)	-
Jack up rig B337 classified as held for sale (note 6)	(40 118)	-
Jack up rig B338 classified as held for sale (note 6)	(39 917)	-
Jack up rig B339 derecognized on disposal of rig (note 3)	(40 001)	-
Jack up rig B340 classified as held for sale (note 6)	(38 796)	-
Other capitalized costs related to construction of the rigs	5 016	2 879
Addition from acquisition of subsidiary companies	-	116 651
Contingent commission fee	-	2 622
Balance at the end of period/year	-	272 625

NOTES TO THE FINANCIAL INFORMATION

NOTE 5 – RIGS UNDER CONSTRUCTION (CONTINUED)

Capital Commitments

Capital expenditures contracted for as of 31 December 2012 but not recognized in the Financial Statements:

<i>(Amounts in USD 000)</i>	31.12.2012	31.12.2011
Installments to Keppel FELS Limited (80% payable at delivery)	460 800	902 400
Construction supervision	1 992	10 342
Total remaining capital commitments at the end of period/year	462 792*	912 742

*USD 462.8 million relates to Assets classified as held for sale.

NOTE 6 – ASSETS CLASSIFIED AS HELD FOR SALE

<i>(Amounts in USD 000)</i>	31.12.2012	31.12.2011
Jack up rig B337 held for sale (1)	40 118	-
Jack up rig B338 held for sale (2)	39 917	-
Jack up rig B340 held for sale (3)	38 796	-
Total jack up rigs held for sale	118 831	-

- 1) In November 2012, the Group entered into a Sale and Purchase Agreement with CP Latina, a company incorporated in Mexico, for the sale of rig B337, owned by the subsidiary company Offshore Driller 1 Ltd. Net cash proceed, from the sale of the rig amounts to USD 67.9 million. The transaction closed in January 2013.
- 2) In January 2013, CP Latina exercised the option to purchase rig B338 owned by the subsidiary company Offshore Driller 2 Ltd, by novation of the construction agreement, at the agreed price of USD 60.4 million. The financial and legal closing of the transaction is scheduled to occur in March 2013.
- 3) The rig B340 owned by the subsidiary Company Offshore Driller 4 Ltd, was reclassified as held for sale as management is committed to a plan to sell the hull no B340 and an active program to locate a buyer and complete the plan has been initiated.

NOTE 7 – SHARE OPTION RESERVE

A total number of 8 200 000 share options were in existence at the end of Q4 2012, each granting the right to its owner to acquire one ordinary share of the Company, at predetermined strike prices. Following a modification on 31 December 2012 the Company decided to settle in cash the share options granted to its employees. In this respect the Company has reclassified the value of employees services previously recognized in equity to current liabilities. The total liability as at the balance sheet date estimated to be USD 2.9 million. Options were priced using Black-Scholes pricing model.

NOTE 8 – TRADE AND OTHER PAYABLES

<i>(Amounts in USD 000)</i>	31.12.2012	31.12.2011
Other payables	289	1 738
Accrued expenses	2 594	1 519
Prepayment received for the sale of B337	10 000	-
Payable to employees under cash-settled share based payment transactions (note 7)	2 879	-
Total Trade and Other Payables	15 762	3 257

NOTES TO THE FINANCIAL INFORMATION

NOTE 9 – DIVIDEND PAYABLE

On 20 December 2012, the Board of Directors declared an interim dividend of USD 0,14 per share. The dividend was paid on 11 January 2013.

NOTE 10 – 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 28 February 2013.

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q4 2012	28 February 2013
Q1 2013	21 May 2013
Q2 2013	15 August 2013
Q3 2013	12 November 2013

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