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Άλλες Ανακοινώσεις

**S.D. STANDARD DRILLING PLC**

SDSD

**SDSD Q4 2019 REPORT**

ATTACHED Q4 2019 REPORT

Attachment:

1. **Q4 2019 REPORT**

**Non Regulated**

Publication Date: 13/02/2020

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**OSE NOTIFICATION****SDSD: FOURTH QUARTER 2019 FINANCIAL RESULTS**

NOTE: THE COMPANY IS AN INVESTMENT ENTITY AND SHALL NOT CONSOLIDATE ITS SUBSIDIARIES.

**(Limassol, 13 February 2020) S.D. Standard Drilling Plc (Standard Drilling, OSE:SDSD) had a negative adjusted EBITDA of USD 0.5 million in the fourth quarter of 2019 from the underlying operations of Platform Supply Vessels (PSVs) (Q4 2018: USD 0.3 million), with an utilization of 82% on fully owned large-sized PSVs (Q4 2018 90%). EBITDA (adj) for the full year 2019 was positive USD 6 million (2018 USD 0.9 million)**

Standard Drilling reported an operating loss of USD 1.6 million in the fourth quarter of 2019 (Q4 2018: Profit USD 1.5 million), following unrealized loss on revaluation of financial assets of USD 1.9 million. Standard Drilling is an investment entity and shall not consolidate its subsidiaries. Therefore, the company measures its investments in PSVs based on fair value estimates from reputable independent valuers. Revenues and EBITDA from chartering out the vessels are not consolidated into, nor reflected in the financial statements.

From operating the PSVs the group had an underlying negative adjusted EBITDA<sup>1</sup> in the fourth quarter 2019 of USD 0.5 million (Q4 2018 USD 0.3 million). For the full year 2019 the group had a positive EBITDA of USD 6 million compared to USD 0.9 million in 2018. The utilization of the large-sized PSV's was 82% in the quarter (Q4 2018 90%).

"The operating result from the PSV fleet in the fourth quarter was somewhat disappointing due to a weak winter market, but our full year results for 2019 show that the market is heading in the right direction. We expect the rates in the PSV market to improve during the upcoming spring and summer season.", says Martin Nes, Chairman of the Board of Standard Drilling Plc.

The total cash balance was USD 58.2 million at the end of fourth quarter, including pro-rata ownership of the subsidiaries and investments, up from USD 28 million at the end of third quarter 2019.

Standard Drilling has in January 2020 invested USD 36.5 million, including working capital, for a 33.3% ownership in a new built VLCC that was delivered directly from the yard, Daewoo Shipbuilding & Marine Engineering Co in Korea, end of January 2020. The purchase price of the vessel ( "Gustavia S") was USD 106 million. Gustavia S is a 300 000 TDW ECO Design Crude Oil Tanker and fitted with scrubber technology by Wärtsilä.

"Standard Drilling has during the fourth quarter sold two of its six large size PSV's. In addition to realizing a profit for both vessels that were sold, we have reduced the risk and future capital expenditures in our PSV fleet while increasing our cash holding significantly. This enables the company to pursue other investment opportunities in line with our strategy to exploit market opportunities within oil service and shipping, both by acquisition and sale of assets ", says Martin Nes

In addition to the ownership of the VLCC vessel Gustavia S, Standard Drilling currently owns 100% of four large-size modern PSVs. Further, the company has invested in 9 mid-size PSVs, bringing the total

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<sup>1</sup> Excluding non-recurring cost and dry dock, special survey, maintenance and repair

fleet of partly and fully owned vessels to 13 PSVs, including one vessel on a bare-boat contract. The company has zero debt, cost effective operations and low overhead cost.

ENDS

**For additional information, please contact:**

General Manager, Evangelia Panagide at +357 99 77 11 16

Chairman of the Board, Martin Nes at +47 92 01 48 14

Standard Drilling | [www.standard-drilling.com](http://www.standard-drilling.com)

*S.D. Standard Drilling was founded in 2010. In addition to a 33.3% ownership of a VLCC, the company currently has 100% ownership interest in four large-size Platform Supply Vessels ('PSVs') and an indirect ownership interest in nine mid-size PSVs including one vessel on a 1 year bare- boat contract.*

# S.D. STANDARD DRILLING PLC

## FOURTH QUARTER REPORT 2019



## **CONTENTS**

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<b>STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE INTERIM CONDENSED FINANCIAL STATEMENTS</b>	<b>2</b>
<b>FOURTH QUARTER MANAGEMENT REPORT</b>	<b>3</b>
<b>INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>6</b>
<b>INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION</b>	<b>7</b>
<b>INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY</b>	<b>8</b>
<b>INTERIM CONDENSED STATEMENT OF CASH FLOWS</b>	<b>9</b>
<b>NOTES TO THE FINANCIAL INFORMATION</b>	<b>10</b>

## STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE INTERIM CONDENSED 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 and 2009 ("Law") we, the members of the Board of Directors and other responsible persons for the drafting of the interim condensed financial statements of S.D. Standard Drilling Plc (the "Company"), for the three months and twelve months ended 31 December 2019 we confirm that, to the best of our knowledge:

- a) The interim condensed financial statements of the Company for the three months and twelve months ended 31 December 2019 which are presented on pages 6 to 17:
  - (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 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, 12 February 2020

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Martin Nes  
Chairman

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Konstantinos Pantelidis  
Independent Director

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George Crystallis  
Independent Director

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Christos Neocleous  
Chief Financial Officer

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Evangelia Panagide  
General Manager

# Fourth Quarter Management Report 2019

## Selected Financial Information

	Three Months Ended		Twelve Months Ended	
	2019 Q4	2018 Q4	2019 Q4	2018 Q4
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating profit/(loss)	<b>(1 569)</b>	1 548	<b>6 547</b>	(1 232)
Profit/(loss) for the period before tax	<b>(1 570)</b>	1 556	<b>6 542</b>	(1 235)
Total comprehensive income/(loss) for the period	<b>(1 570)</b>	1 556	<b>6 542</b>	(1 235)

## Presentation of Interim Condensed Financial Statements

These interim condensed financial statements for the fourth quarter of the year 2019 are prepared and presented on a standalone basis, since the Company is an investment entity and shall not consolidate its subsidiary. The Company measures its investment in subsidiary and associates at fair value through profit or loss. Consequently, the Company's investment in Platform Supply Vessels (PSVs) is valued based on estimates made by reputable independent valuers and prices generated by market transactions involving identical or comparable (similar) PSV vessels. Revenue and EBITDA from chartering out the vessels are not consolidated into nor directly reflected in these Financial Statements. More information is available in the Q4 19 presentation, which is released together with this interim report.

## Highlights Fourth Quarter

1. On 2 October 2019, through its wholly owned subsidiary Standard Provider AS, the Company agreed to sell the PSV vessel Standard Provider for USD 13,5 million. The transaction was completed on 30 October 2019.
2. On 19 November 2019, through its wholly owned subsidiary Standard Supporter AS, the Company agreed to sell the PSV vessel Standard Supporter for USD 15 million. The transaction was completed on 10 December 2019.
3. In Q4 19, the Company recognized an unrealized loss of USD 1,9 million from the revaluation of its financial assets at fair value, whereas for the twelve months ended 31 December 2019 a fair value profit of USD 6,8 million was recognised, out of which USD 6,5 million were unrealised. The fair value of the investments as of 31 December 2019 was USD 76,8 million.
4. On 11 December 2019, the subsidiary Wanax AS following a decision taken at an Extraordinary General Meeting, distributed the amount of USD 19,7 million to the Company by way of share premium reserve reduction.
5. Negative EBITDA (adj.) of USD 0,4 million excluding start-up cost, dry dock, special survey and maintenance (Q4 18 positive USD 0,6 million) from chartering out the large-sized PSV's. Including the ownership in Northern Supply AS (25,53%) the group netted a negative EBITDA (adj.) excluding start-up cost, dry dock, special survey and maintenance of USD 0,5 million (Q4 18 positive USD 0,3 million).
6. Utilisation of the Company's vessels of 82 % (Q4 18 90%) for the large PSV Standard vessels and 83% (Q4 18 82%) for the Northern Supply AS vessels (excluding those in lay-up).

# Fourth Quarter Management Report 2019 (Continued)

## Selected Financial Information

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### Subsequent Events

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The following events took place between the Balance Sheet date and the date of approval of these interim condensed financial statements:

- 1) On 17 January 2020, the Company was granted a loan of USD 2,5 million from its subsidiary Wanax AS which was used for investment purposes.
- 2) On 20 January 2020, the Company invested USD 36,5 million to acquire a 33.3% ownership interest in a Marshall Islands register ship owning company which owns a newbuild VLCC tanker to be named "Gustavia S". The investment is financed with 100% equity and the amount invested included working capital.

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



# FOURTH QUARTER MANAGEMENT REPORT 2019 (CONTINUED)

## RESULTS FOR FOURTH QUARTER 2019

The operating loss for the three months ended on 31 December 2019 was USD 1,6 million compared to the three months ended 31 December 2018 profit of USD 1,6 million. The operating loss includes an unrealized loss on revaluation of financial assets of USD 1,9 million, interest income of USD 167 thousands, net foreign currency gain of USD 186 thousands, a fair value gains of USD 128 thousands from investments held for trading and is after deducting administration expenses of USD 202 thousands. Finance cost for the period was USD 1 thousand thus a net loss before tax for the period of approximately USD 1,6 million. Earnings per share was USD 0,00 for the Quarter.

## RESULTS FOR THE TWELVE MONTHS OF 2019 AND FINANCIAL COMPARISON WITH THE TWELVE MONTHS OF 2018

The operating profit for the twelve months ended 31 December 2019 was USD 6,5 million compared to the twelve months ended 31 December 2018 which was a loss of USD 1,2 million. The profit in 2019 compared to 2018's loss is mainly due to a fair value gain on revaluation of financial assets of approximately USD 6,8 million (out of which USD 6,5 million were unrealized) compared to a revaluation loss of USD 694 thousands in 2018, a fair value gain of USD 128 thousands from investments held for trading, interest income of USD 298 thousands, and is after deducting a net foreign currency loss of USD 117 thousands, administration expenses of USD 563 thousands and finance costs of 5 thousand. Earnings per share was USD 0,01 for the twelve months.

## LIQUIDITY AND CAPITAL STRUCTURE

The cash position of the Company as at 31 December 2019 was USD 41,1 million.

During the twelve months of 2019 net cash generated from operating activities was USD 24,4 million mainly consisting of a cash inflow from disposal of financial assets of USD 34,6 million and an outflow of capital contribution of USD 9,6 million to subsidiary Wanax AS. The net cash generated from investing activities of USD 426 thousands was mainly consisted from an interest income of USD 298 thousands, a cash inflow from financial assets held for trading of USD 1,6 million and a cash outflow from financial assets held for trading of USD 1,5 million.

As of 31 December 2019, the Company had 2 052 shareholders. The share price as of 31 December 2019 was NOK 1,35 (USD 0,154).

## PRINCIPLE RISK AND UNCERTAINTIES

The Company's activities are exposed to the overall economic environment as well as regulatory and market risks associated with the PSV and tanker market. The Company is also exposed to other financial risks as disclosed in Note 5 of annual financial statements for the year ended 31 December 2018.

The Company has implemented systems and procedures to monitor the market and to stay alert to changes in order to mitigate market risk. Internal procedures have been and are continuously being developed to mitigate financial and operational risks.

## OUTLOOK

The principal activity of the Company is to operate as an investment entity within the oil and gas and shipping sectors, with exposure directly or indirectly into companies, securities and / or assets.

The objective of the Company is to generate significant medium to long-term capital growth. The main focus of the Company has lately been 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 results in 2019 show that the PSV market is moving in the right direction after several challenging years. Already into the winter season the Company's short-term focus is to secure winter coverage of the vessels and to take part in an expected upturn in the market in the North Sea Sector during the spring and summer season of 2020.

The Company has a sound financial position and the Board of Directors believe that the Company is well positioned to take advantage of opportunities that may appear in the PSV market in the North Sea Sector, the shipping industry and elsewhere going forward. 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.

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

*12 February 2020*

*Martin Nes  
Chairman*

*Christos Neocleous  
CFO*

**INTERIM CONDENSED STATEMENT  
OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Note	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
		<b>2019 Q4</b>	2018 Q4	<b>2019 Q4</b>	2018 Q4
<i>(Amounts in USD 000)</i>				<i>Unaudited</i>	<i>Audited</i>
<b>Income</b>					
Changes in fair value on financial assets at fair value through profit or loss	5.1	(1 852)	2 303	6 801	(694)
Changes in fair value on financial assets at fair value through profit or loss-held for trading	5.2	128	-	128	1
Other gains and (losses)		-	(65)	-	(65)
Interest income		167	147	298	258
Net foreign currency gains or (losses)		186	(651)	(117)	(147)
<b>Total net income /(loss)</b>		<b>(1 371)</b>	1 734	<b>7 110</b>	(647)
<b>Expenses</b>					
Administration fees		(202)	(186)	(563)	(585)
<b>Total operating expenses</b>		<b>(202)</b>	(186)	<b>(563)</b>	(585)
<b>Operating profit/(loss)</b>		<b>(1 569)</b>	1 548	<b>6 547</b>	(1 232)
<b>Finance costs</b>					
Sundry finance income/(expenses)		(1)	8	(5)	(3)
<b>Profit/(loss) for the period before tax</b>		<b>(1 570)</b>	1 556	<b>6 542</b>	(1 235)
Income tax expense		-	-	-	-
<b>Profit/(loss) for the period after tax</b>		<b>(1 570)</b>	1 556	<b>6 542</b>	(1 235)
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>(1 570)</b>	1 556	<b>6 542</b>	(1 235)
<b>Earnings/(loss) per share</b>					
Basic/diluted earnings/(loss) per share (USD)	4	0,00	0,00	0,01	0,00

**INTERIM CONDENSED STATEMENT  
OF FINANCIAL POSITION  
AT 31 DECEMBER 2019**

<i>(Amounts in USD 000)</i>	Note	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>ASSETS</b>		<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery		1	1
Financial assets at fair value through profit or loss	5	76 751	94 966
<b>Total non-current assets</b>		<b>76 752</b>	<b>94 967</b>
Trade and other receivables		10	25
Current tax asset		1	1
Cash and bank balances		41 095	16 382
<b>Total current assets</b>		<b>41 106</b>	<b>16 408</b>
<b>Total Assets</b>		<b>117 858</b>	<b>111 375</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares	6	17 281	17 281
Share premium	6	96 861	96 861
Accumulated profits/(losses)		3 678	(2 864)
<b>Total equity</b>		<b>117 820</b>	<b>111 278</b>
Trade and other payables		38	97
<b>Total current liabilities</b>		<b>38</b>	<b>97</b>
<b>Total Equity and Liabilities</b>		<b>117 858</b>	<b>111 375</b>

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

*Martin Nes  
Chairman*

*Christos Neocleous  
CFO*

**INTERIM CONDENSED STATEMENT  
OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Fair value reserve - available for sale financial assets	Accumulated Profits/(Losses)	Total
<b>Balance at 01.01.2018</b>	<b>15 281</b>	<b>86 840</b>	-	<b>(1 629)</b>	<b>100 492</b>
<b>Comprehensive income</b>					
Loss for the period	-	-	-	(1 235)	(1 235)
<b>Transactions with owners</b>					
Issue of share capital (note 6)	2 000	10 600	-	-	12 600
Share issue costs	-	(579)	-	-	(579)
<b>Balance at 31.12.2018 (audited)</b>	<b>17 281</b>	<b>96 861</b>	-	<b>(2 864)</b>	<b>111 278</b>
<b>Balance at 01.01.2019</b>	<b>17 281</b>	<b>96 861</b>	-	<b>(2 864)</b>	<b>111 278</b>
<b>Comprehensive income</b>					
Profit for the period	-	-	-	6 542	7 968
<b>Transactions with owners</b>					
Issue of share capital	-	-	-	-	-
Share issue costs	-	-	-	-	-
<b>Balance at 31.12.2019 (unaudited)</b>	<b>17 281</b>	<b>96 861</b>	-	<b>3 678</b>	<b>117 820</b>

**INTERIM CONDENSED STATEMENT  
OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Note	Twelve Months Ended	
		2019 Q4	2018 Q4
<i>(Amounts in USD 000)</i>			
		<i>Unaudited</i>	<i>Audited</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) for the period before income tax		6 542	(1 235)
Unrealised exchange (gain)/loss		117	698
Other (gains)/losses		-	65
Payments to financial assets at fair value through profit or loss	5.1	(9 618)	(7 281)
Receipts from disposal of financial assets of fair value through profit or loss	5.1	34 634	13
Interest income		(298)	(258)
Decrease in trade and other receivables		15	17
(Increase)/decrease in financial assets fair value through profit or loss	5.1	(6 801)	694
Increase in financial assets fair value through profit or loss – held for trading	5.2	(128)	-
Decrease in trade and other payables		(59)	(60)
<b>Net cash generated from/(used in) operating activities</b>		<b>24 404</b>	<b>(7 347)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to financial assets at fair value through profit or loss held for trading	5.2	(1 453)	-
Receipts from disposal of financial assets of fair value through profit or loss held for trading	5.2	1 581	-
Interest received		298	258
<b>Net cash generated from investing activities</b>		<b>426</b>	<b>258</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of ordinary shares		-	12 600
Share issue costs		-	(579)
<b>Net cash generated from/(used in) financing activities</b>		<b>-</b>	<b>12 021</b>
<b>Net increase in cash and cash equivalents</b>		<b>24 830</b>	<b>4 932</b>
Cash and cash equivalents at beginning of year		16 382	12 148
Effect of exchange rate changes on the balance of cash held in foreign currencies		(117)	(698)
Cash and cash equivalents at end of period		41 095	16 382

## 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 and on 31 May 2017 on Oslo Bors. The address of the Company’s registered office is Chrysanthou Mylona 1, Panayides Building, 2<sup>nd</sup> floor, Office 3, 3030, Limassol, Cyprus.

#### Principal Activities

The principal activity of the Company is to operate as an investment entity within oil and gas sector. The Company invest directly or indirectly into companies, securities and/or assets, with the aim to control a larger fleet of assets- acquired 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 (i.e. for income return).

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The interim condensed financial statements for the three months and twelve months ended 31 December 2019, 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 2018. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 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 2019. This adoption did not have a material effect on the accounting policies of the Company.

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 is not expected to be material to the Company.

### 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>	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Basic/diluted EPS</b>				
Profit/(Loss) attributable to equity holders of the Company	(1 570)	1 556	6 542	(1 235)
Weighted average number of ordinary shares in issue (thousands)	576 026	576 026	576 026	565 067
<b>Basic/diluted earnings/(loss) per share (USD)</b>	<b>0,00</b>	<b>0,00</b>	<b>0,01</b>	<b>0,00</b>

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 5 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

#### 5.1 Investments at fair value through profit or loss

<i>(Amounts in USD 000)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
Balance at 1 January	94 966	88 379
Additions	9 618	7 281
Sales/Reduction	(34 634)	-
Change in fair value	6 801	(694)
<b>Balance at the end of the period/year (note 7.1)</b>	<b>76 751</b>	<b>94 966</b>

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	
			31.12.2019	31.12.2018
Wanax AS	Investment holding	Norway	100%	100%
New World Supply Ltd	Investment holding	Cayman Islands	0,39%	34,4%

During the twelve months of the year 2019, the following transactions took place:

- The Company has contributed USD 9,6 million to its subsidiary Wanax AS to support the working capital needs of its investments, as well as the acquisition of Standard Olympus which was purchased for USD 8,1 million.
- In July 2019 New World Supply Ltd (“NWS”) completed the repurchase of 98,86% of the issued ordinary shares from each shareholder for a purchase price of USD 1,35 per share. As a result, the Company has received the amount of USD 14,9 million and its ownership in NWS has been reduced to 0,39% of the issued share capital. It has also been resolved that the remaining shares will be repurchased in the future at such a price and in such a manner to be determined by the board of directors of NWS. From this transaction the Company has realised a gain of USD 3,8 million, all of which has been previously recognised as a fair value gain through profit or loss in the period of Q1 17 to Q2 19. USD 333 thousands have been recognised during the first six months of the year 2019.
- On 2 October 2019, through its wholly owned subsidiary Standard Provider AS, the Company agreed to sell the PSV vessel Standard Provider for USD 13,5 million. The Transaction was completed on 30 October 2019.
- On 19 November 2019, through its wholly owned subsidiary Standard Supporter AS, the Company agreed to sell the PSV vessel Standard Supporter for USD 15 million. The Transaction was completed on 10 December 2019.
- On 11 December 2019, the subsidiary Wanax AS following a decision taken at an Extraordinary General Meeting, distributed the amount of USD 19,7 million to the Company by way of share premium reserve reduction.

The above investments are measured at fair value.

<i>(Amounts in USD 000)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
<i>Other net changes in fair value on financial assets at fair value through profit or loss</i>		
Realised	333	-
Unrealised change	6 468	(694)
<b>Total net gains/(losses)</b>	<b>6 801</b>	<b>(694)</b>
Other net changes in fair values on assets designated at fair value through profit or loss	6 801	(694)
<b>Total net gains/(losses)</b>	<b>6 801</b>	<b>(694)</b>

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 5 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

#### 5.2 Investments held for trading

<i>(Amounts in USD 000)</i>	31.12.2019	31.12.2018
Balance at 1 January	-	-
Additions	1 453	
Reclassification from available for sale to FVPL	-	12
Disposals	(1 581)	(13)
Changes in fair value	128	1
<b>Balance at the end of year</b>	<b>-</b>	<b>-</b>

In Q4, the Company invested USD 1,5 million for the acquisition of shares listed on the Oslo Stock Exchange. During the same quarter, the Company disposed the shares realising a gain of USD 128 thousands.

### NOTE 6 – SHARE CAPITAL AND PREMIUM

<b>Authorised</b>	<b>Number of shares (thousands)</b>	<b>Ordinary shares</b>	<b>Total</b>	
<i>(Amounts in USD 000)</i>				
<b>2019</b>				
Balance at the beginning of the year	865 000	25 950	25 950	
Increase of share capital	-	-	-	
<b>Balance at the end of the year</b>	<b>865 000</b>	<b>25 950</b>	<b>25 950</b>	
<b>2018</b>				
Balance at the beginning of the year	516 667	15 500	15 500	
Increase of share capital	348 333	10 450	10 450	
<b>Balance at the end of the year</b>	<b>865 000</b>	<b>25 950</b>	<b>25 950</b>	
<b>Issued and fully paid</b>				
	<b>Number of shares (thousands)</b>	<b>Ordinary shares</b>	<b>Share premium</b>	<b>Total</b>
<i>(Amounts in USD 000)</i>				
<b>2019</b>				
Balance at the beginning of the year	576 026	17 281	96 861	114 142
Issue of shares	-	-	-	-
Share issue costs	-	-	-	-
<b>Balance at the end of the year</b>	<b>576 026</b>	<b>17 281</b>	<b>96 861</b>	<b>114 142</b>
<b>2018</b>				
Balance at the beginning of the year	509 360	15 281	86 840	102 121
Issue of shares	66 666	2 000	10 600	12 600
Share issue costs	-	-	(579)	(579)
<b>Balance at the end of the year</b>	<b>576 026</b>	<b>17 281</b>	<b>96 861</b>	<b>114 142</b>

There have been no movement in shares during the period.

All shares issued have the same rights and are of nominal value of USD 0,03 each.



## NOTES TO THE FINANCIAL INFORMATION

### NOTE 7 – FAIR VALUE MEASUREMENTS

7.1 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 fair value hierarchy of the financial assets that are measured at fair value:

<i>(Amounts in USD 000)</i>	Level 1	Level 2	Level 3	Total
<b>At 31 December 2019</b>				
<b>Assets</b>				
Financial Assets through profit or Loss				
- Financials asset at fair value through profit or loss (note 5)	-	-	76 751	76 751
<b>Total financial assets measured at fair value</b>	-	-	76 751	76 751
<b>At 31 December 2018</b>				
<b>Assets</b>				
Financial Assets through profit or Loss				
- Financials asset at fair value through profit or loss (note 5)	-	14 606	80 360	94 966
<b>Total financial assets measured at fair value</b>	-	14 606	80 360	94 966

7.2 Valuation processes

a) Valuation processes (Level 3)

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 have 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 95,8 million rather than USD 76,8 million.

b) Valuation processes (Level 2)

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 management of the Company. The inputs in the valuation techniques used include observable data, such as vessel's sale prices and other relevant information generated by recent market transactions involving identical or comparable (similar) PSV Vessels.

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

#### 7.3 Reconciliation of Level 3 fair value measurements

The following table presents the changes in Level 3 investments for the twelve months ended 31 December 2019:

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
<b>31 December 2019</b>		
Opening balance	80 360	80 360
Total gains or losses:		
- In profit or loss	6 468	6 468
Purchases	9 618	9 618
Issues	-	-
Sales / Reduction	(19 695)	(19 695)
Closing balance (note 7.1)	<u>76 751</u>	<u>76 751</u>

The following table presents the changes in Level 3 investments for the year ended 31 December 2018:

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
<b>31 December 2018</b>		
Opening balance	88 379	88 379
Total gains or losses:		
- In profit or loss	(694)	(694)
Purchases	7 281	7 281
Issues	-	-
Sales / Reduction	-	-
Transfers out of level 3 (1)	(14 606)	(14 606)
Closing balance (note 7.1)	<u>80 360</u>	<u>80 360</u>

- (1) Financial assets designated at fair value through profit or loss amounted to USD 14 606 million have been reclassified from Level 3 to Level 2 as the valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable (similar) PSV Vessels. The data used is based on observable input.

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 2019	<u>6 468</u>	<u>6 468</u>
31 December 2018	<u>(694)</u>	<u>(694)</u>

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

#### 7.4 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 31/12/2019	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
<p>Financial asset at fair value through profit or loss:</p> <p>Investment in Wanax AS (100%) which holds:</p> <ul style="list-style-type: none"> <li>(i) 100% participatory interest in Standard Princess AS,</li> <li>(ii) 100% participatory interest in Standard Supplier AS,</li> <li>(iii) 100% participatory interest in Standard Viking AS,</li> <li>(iv) 100% participatory interest in Standard Olympus AS,</li> <li>(v) 25,53% participatory interest in Northern Supply AS.</li> <li>(vi) 100% participatory interest in Standard Provider AS,</li> <li>(vii) 100% participatory interest in Standard Supporter AS,</li> </ul> <p>The principal activities of Standard Princess AS, Standard Supplier AS, Standard Viking AS, Standard Olympus AS, Standard Provider AS, Standard Supporter AS and Northern Supply AS is that of the holdings of PSV vessels, all of which are registered in Norway. Standard Provider AS and Standard Supporter AS have disposed their PSV vessels as of 31 December 2019 and remained dormant holding mainly cash.</p>	USD 76 751 thousands	Level 3 (note 1)	<p>Market Approach</p> <p>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 7.2.a).</p>	<p>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 20% to 22% and 27% to 43% based on the size of the respective vessels (note 7.2).</p>	<p>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).</p>

#### 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 for the investment in Wanax AS by USD 1,5 million/ (USD 1,5) million.

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

#### 7.4 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 31/12/2018	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
<p>1) Financial asset at fair value through profit or loss:</p> <p>(a) Investment in Wanax AS (100%) which holds:</p> <p>(i) 100% participatory interest in Standard Princess AS,</p> <p>(ii) 100% participatory interest in Standard Supplier AS,</p> <p>(iii) 100% participatory interest in Standard Viking AS,</p> <p>(iv) 100% participatory interest in Standard Provider AS,</p> <p>(v) 100% participatory interest in Standard Supporter AS,</p> <p>(vi) 25,53% participatory interest in Northern Supply AS.</p> <p>The principal activity of Standard Princess AS, Standard Supplier AS, Standard Viking AS, Standard Provider AS, Standard Supporter AS and Northern Supply AS is that of the holdings of PSV vessels, all of which are registered in Norway.</p>	USD 80 360 thousands	Level 3 (note 1)	<p>Market Approach</p> <p>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 7.2.a).</p>	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 50% and 24% to 29% based on the size of the respective vessels (note 7.2).	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).
<p>(b) Investment in New World Supply Ltd (34,4%) which holds:</p> <p>(i) 100% Participatory interest in SPV World Diamond,</p> <p>(ii) 100% Participatory interest in SPV World Peridot,</p> <p>(iii) 100% Participatory interest in SPV World Pearl,</p> <p>(iv) 100% Participatory interest in SPV World Emerald,</p> <p>(v) 100% Participatory interest in SPV World Opal.</p> <p>(vi) 100% Participatory interest in SPV World Sapphire</p> <p>The principal activities of the above companies (registered in Cayman Islands) is that of the holding of PSV vessels. PSV World Emerald and PSV Sapphire disposed the PSV vessels during the year 2018 and remained dormant.</p>	USD 14 606 thousands	Level 2	<p>Market Approach</p> <p>The valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable (similar) PSV Vessels. The data used is based on observable input (note 7.2.b).</p>	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 for the investment in Wanax AS by USD 2,1 million/ (USD 2,1) million.

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 8 – APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 12 February 2020.

# S.D. Standard Drilling

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## Financial Calendar (Release of Financial Reports)

Q4 2019	13 February 2020
Annual Report 2019	16 April 2020
Q1 2020	14 May 2020
Q2 2020	25 August 2020
Q3 2020	6 November 2020

## S.D. Standard Drilling Plc

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Chrysanthou Mylona 1,  
Panayides Building,  
2nd Floor, Office 3  
CY 3030  
Limassol, Cyprus  
Tel: +357 25875474

[www.standard-drilling.com](http://www.standard-drilling.com)

# S.D. Standard Drilling Plc.

## 4Q 2019 Presentation

13 February 2020



STANDARD DRILLING

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# Agenda

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## **I. Highlights**

**II. Company**

**III. PSV Fleet update**

**IV. VLCC investment update**

**V. Financial information**

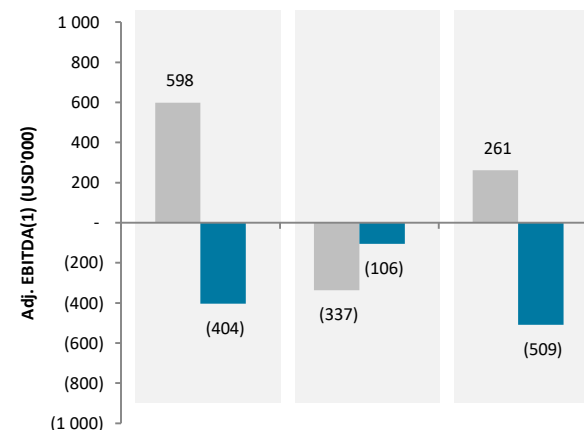
# Highlights Q4 2019 - FY 2019

■ 4Q18/2018 ■ 4Q19/2019

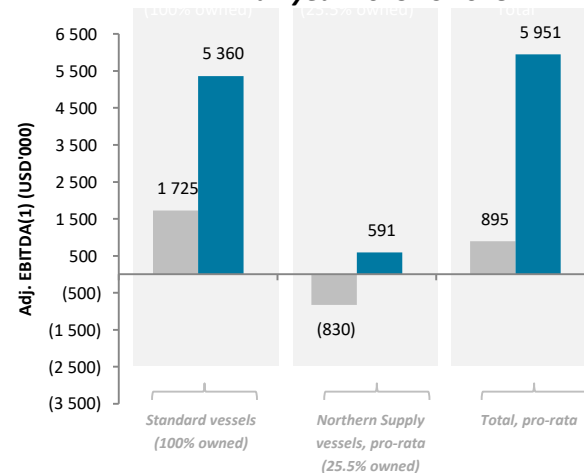
- Loss after tax of USD 1.6m (USD 1.6m). Profit of USD 6.5m for the full year 2019<sup>(1)</sup>
- Total year end cash balance of USD 58.2m (USD 25.6m)<sup>(2)</sup>
- Book Value of Equity of USD 117.8 m ~NOK 1.80 per share <sup>(3)</sup>
- Negative EBITDA (adj) of USD (0.5)m (USD 0.3m)<sup>(4)</sup>. Full year 2019 EBITDA (adj) USD 6m
- Large-size – 6x Standard vessels (100% owned)
  - Negative EBITDA (adj) of USD (0.4)m (USD 0.6m) <sup>(4)</sup>
  - Utilization of ~82% ( ~90%) <sup>(5)</sup>
- Mid-size – 9x Northern Supply vessels (25.5% owned)<sup>(5)</sup>
  - Negative EBITDA (adj) of USD (0.1)m (USD (0.3)m)<sup>(4)</sup>
  - Utilization of ~83% (~82%)<sup>(5)</sup>



Operation of vessels – EBITDA adj  
4Q19 vs 4Q18



Full year 2019 vs 2018



(1) Numbers in brackets are comparable numbers from 4Q 18

(2) Including pro-rata ownership of cash in subsidiaries and investments, of which USD 56.8 m is cash in SDSA and subsidiaries

(3) USD/NOK 8.78 end of Dec-19

(4) EBITDA for vessels only (pro-rata), adjusted for start up cost, non-recurring cost and dry dock, special survey, maintenance and repairs

(5) Utilization, based on weighted average, does not include vessels in lay-up. 9x vessels includes FS Arrendal on bareboat charter

# Highlights cont.

- **Sale of two (2) large size PSV's**
  - Standard Provider was sold for USD 13.5m with delivery 30 Oct 2019
  - Standard Supporter was sold for USD 15m with delivery 10 Dec 2019
  - Realized profit of approximately USD 7m for the two vessels <sup>(1)</sup>
  - Reduced forward capital expenditures
  - Increasing the bank balance significantly
  
- **Negative fair value adjustment of financial assets of USD 1.9m**



# Subsequent events

- **The Company entered the VLCC market by acquiring 33.3% ownership in a new built ECO design VLCC-“Gustavia S”**
  - Delivered on 23 January from the yard Daewoo Shipbuilding & Marine Engineering Co in Korea
  - Fitted with scrubber technology delivered by Wärtsilä
  - Purchase price for the vessel USD 106m
  - Invested USD 36.5m including working capital
  - Highly experienced and well known partners
  - TMS Tankers Ltd will act as technical and commercial manager
- **Contract highlights PSV segment:**
  - Standard Viking on term contract until mid July 2020
  - Standard Supplier has secured a one (1) well contract (~125 days) from March 20
  - Standard Olympus secured a one (1) well contract (~50-60 days) from March 20
- **Average utilization of 49% in January 20 for the large size Standard vessels**
- **Average utilization of 79 % in January 20<sup>(3)</sup> for the medium size vessels in Northern Supply (25.5% owned)**



# Agenda

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I. Highlights

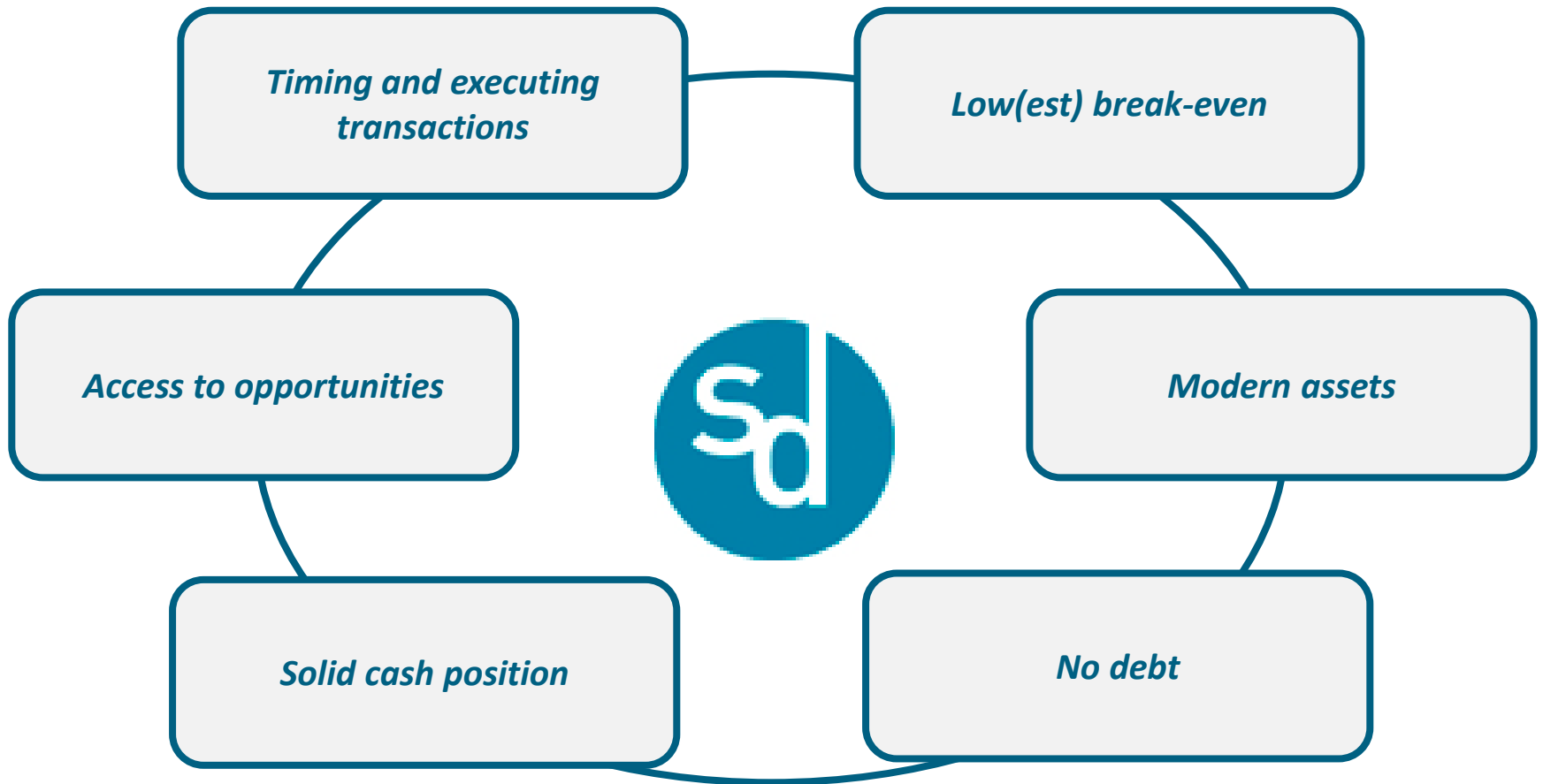
II. Company

III. PSV Fleet update

IV. VLCC investment update

V. Financial information

# Asset Play - following the strategy



# Competitive advantages

## 1 No debt

*No interest cost*



*No amortization*



*Low break-even*

## 2 Low overhead costs

*Low-cost and flexible structure*



*Outsourced operational management*



*Outsourced technical management*

## 3 Modern fleet of vessels

*Modern fleet and attractive tech. spec*



*High vessel utilization*



*No reactivation costs*

## 4 Independent position

*Good cash position*



*Positive EBITDA*



*Extensive transaction experience*

# Agenda

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I. Highlights

II. PSV Fleet update

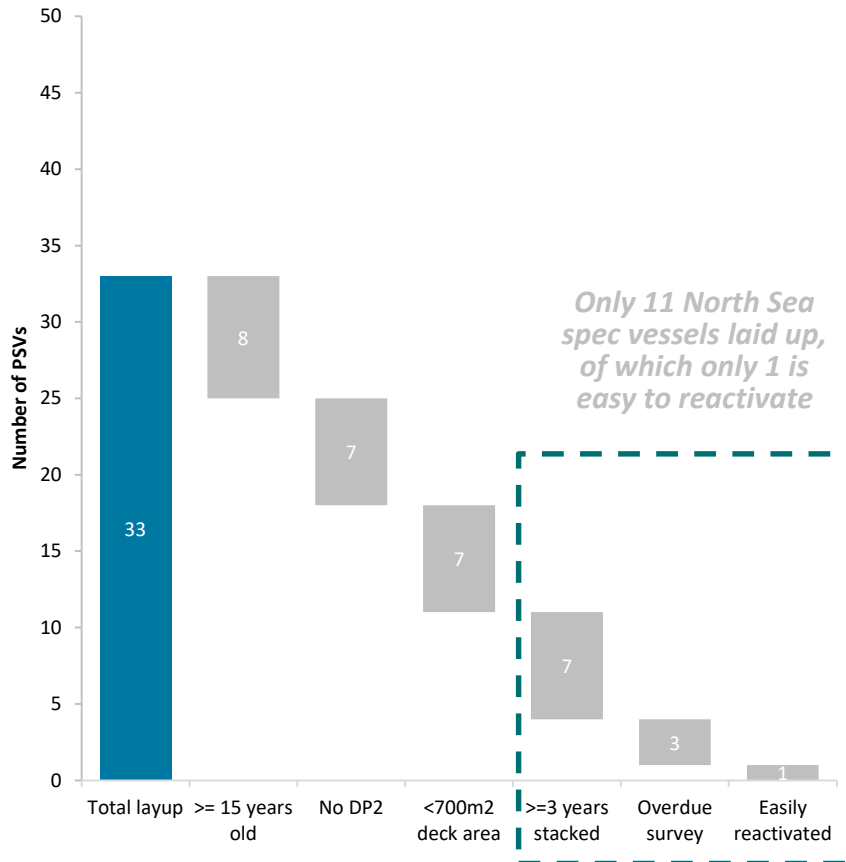
III. VLCC investment update

IV. Financial information

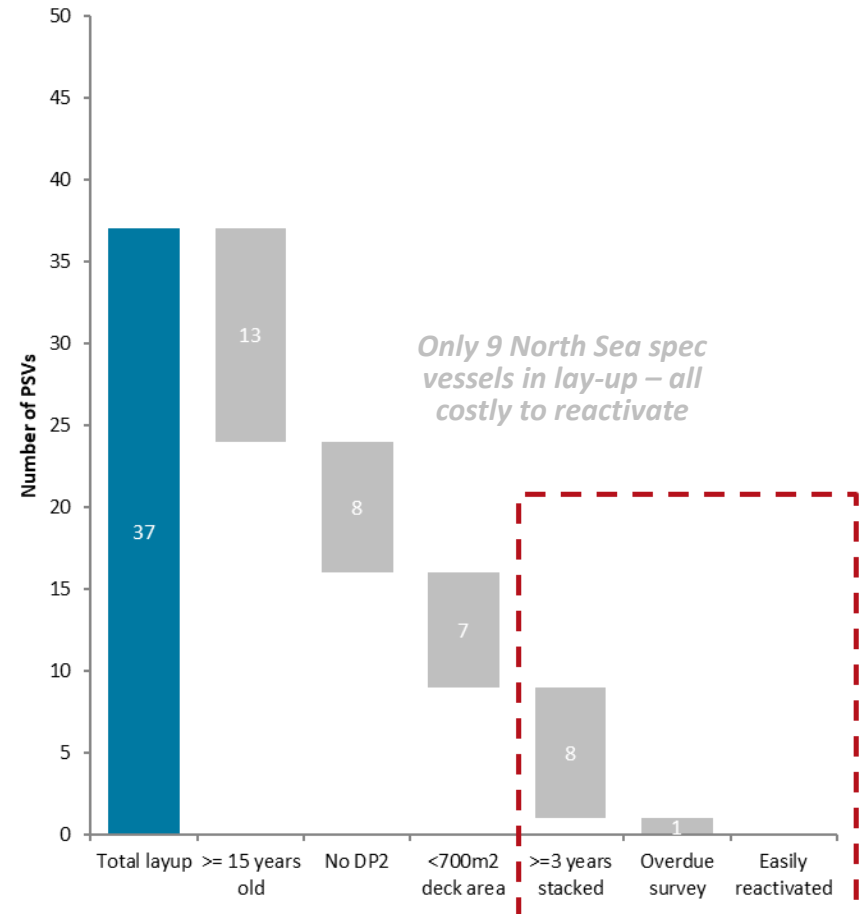


# No modern large size vessels to be easily reactivated

## Breakdown of laid up North Sea PSV fleet (3Q19)

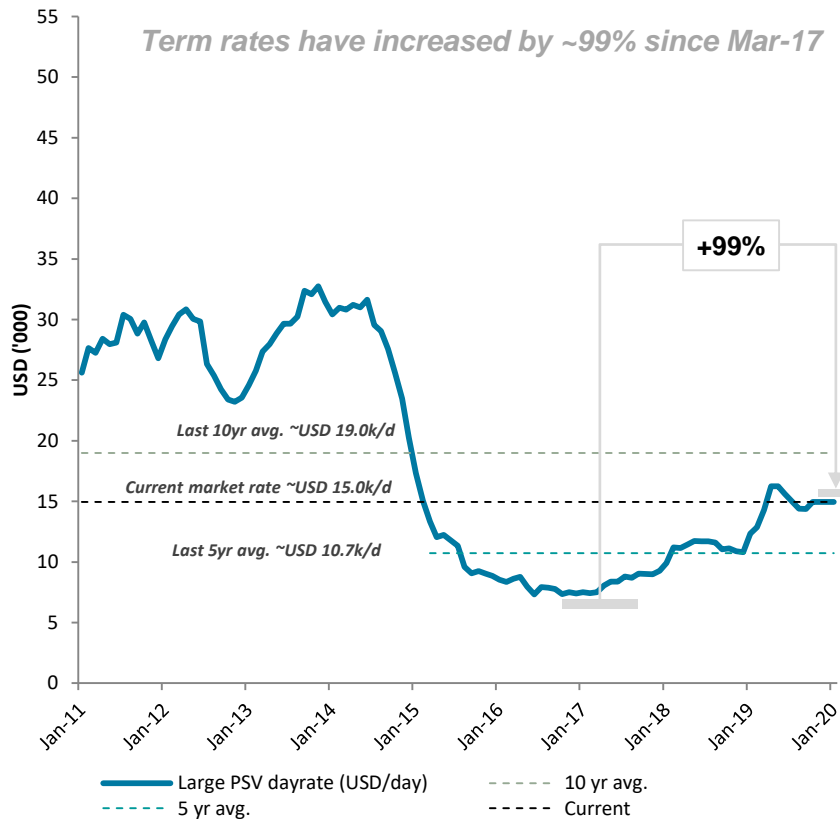


## Breakdown of laid up North Sea PSV fleet (4Q19)

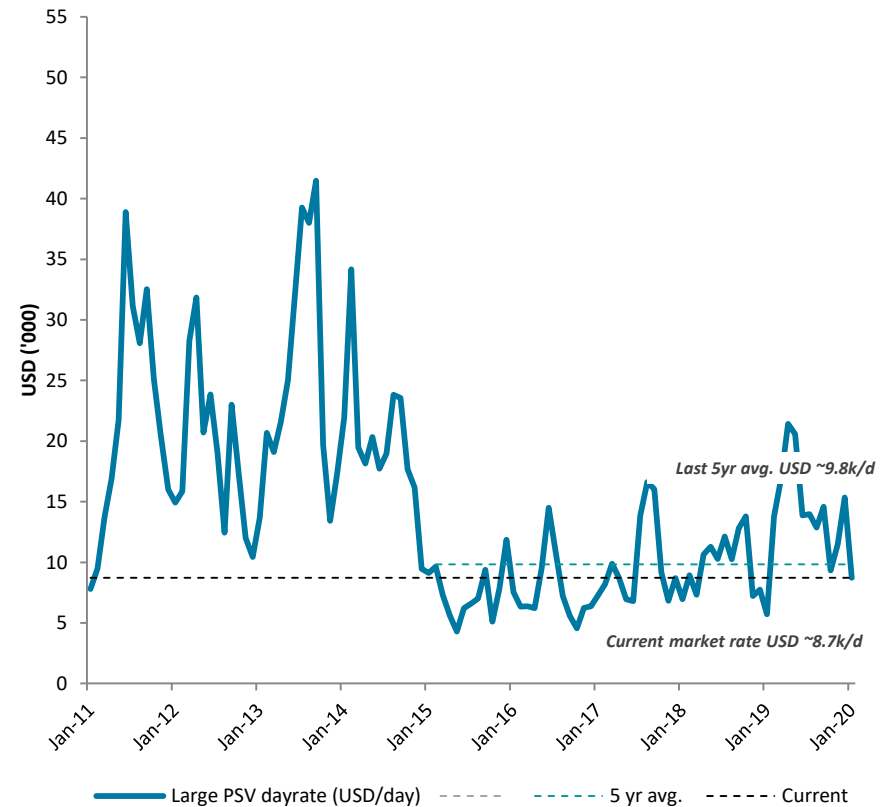


# Passed the bottom - large size vessels leading the way

## Large-size PSV term rates (900m<sup>2</sup>)

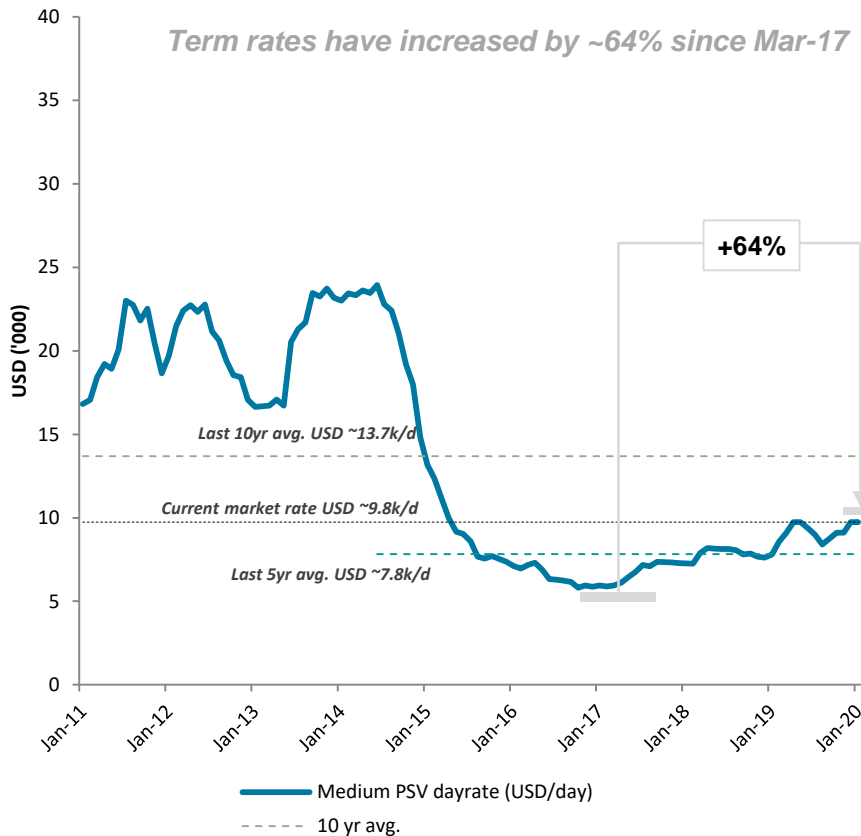


## Large-size PSV spot rates (900m<sup>2</sup>)

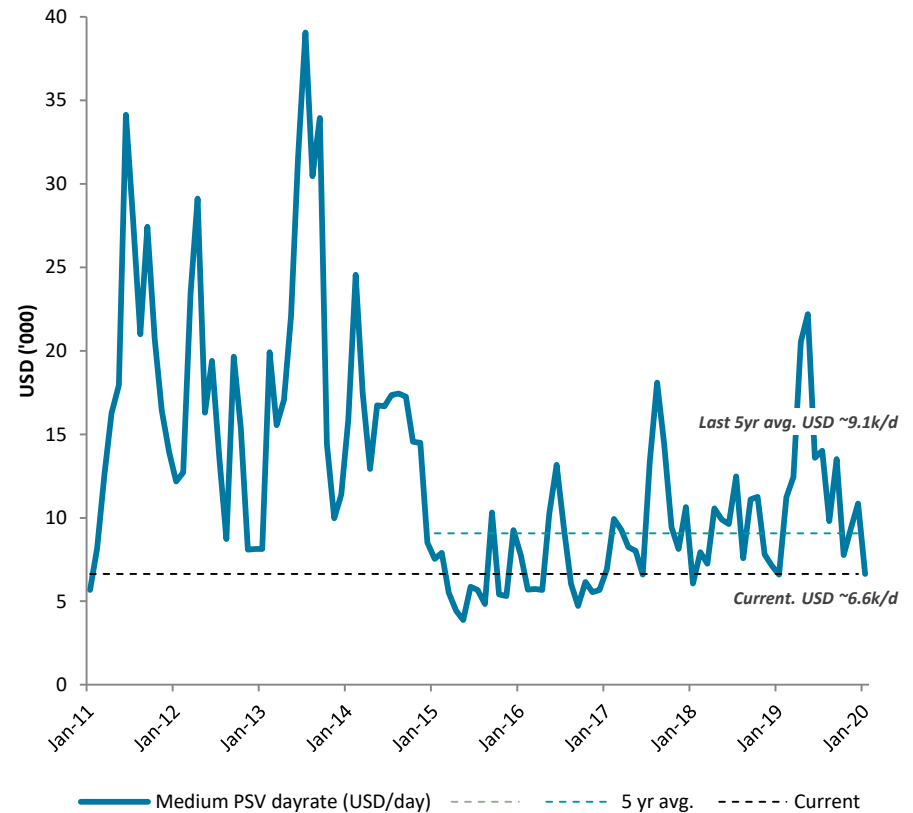


# Improvement also in the medium size segment

## Mid-size PSV term rates (500-749m<sup>2</sup>)



## Mid-size PSV spot rates (500-899m<sup>2</sup>)



Source: Clarksons Platou Research, 2020  
PSV size based upon clear deck area (m<sup>2</sup>)

# Large-size PSV vessels – 100% owned

## Standard vessels (4x)



### **Standard Viking (2008)**

**Purchase price:**  
~USD 13.3m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 1,060m<sup>2</sup>

**Design:** ST-216 L CD

**Yard:** Aker Brattvaag

**Age:** ~11 years

### **Standard Supplier (2007)**

**Purchase price:**  
~USD 13.3m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 1,060m<sup>2</sup>

**Design:** ST-216 L CD

**Yard:** Aker Brattvaag

**Age:** ~12 years

### **Standard Princess (2008)**

**Purchase price:**  
~USD 13.3m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 1,060m<sup>2</sup>

**Design:** ST-216 L CD

**Yard:** Aker Brattvaag

**Age:** ~11 years

### **Standard Olympus (2014)**

**Purchase price:**  
~USD 8.1m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 800m<sup>2</sup>

**Design:** Havyard 832

**Yard:** Havyard Ship  
Technology

**Age:** ~5 years

## Sales in 2019



### **Standard Provider (2010)**

**Purchase price:**  
~USD 11.1m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 1,000m<sup>2</sup>

**Design:** UT 776 CD

**Yard:** STX Brevik

**Age:** ~9 years

**SOLD Oct 2019**

**USD 13.5m**

### **Standard Supporter (2009)**

**Purchase price:**  
~USD 11.1m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 1,000m<sup>2</sup>

**Design:** UT 776 CD

**Yard:** STX Brevik

**Age:** ~10 years

**SOLD Nov 2019**

**USD 15m**

**Average purchase price: USD 12<sup>(1)</sup>**

**Average age 10.75 years<sup>(2)</sup>**

**Average newbuild price: ~USD 42.5<sup>(3)</sup>**

(1) Excluding working capital, start-up costs, Standard Provider and Standard Supporter

(2) Based on current fleet. Including Standard Olympus that was delivered in May 2019

(3) Based on estimated USDNOK when the vessel contracts of current fleet were agreed with respective yards

# Mid-size PSV vessels – Partly owned

## Northern Supply vessels (8x) – 25.5% owned



**2x vessels**

**Purchase price:**

~USD 2.5m<sup>(1)</sup>

**Ownership:** 25.5%

**Deck-space:** 680m<sup>2</sup>

**Design:** UT 755 LN

**Yard:** Aker Aukra

**Avg. age:** ~10 years

**FS Carrick (2008)**

**FS Crathes (2009)**



**2x vessels**

**Purchase price:**

~USD 5.4m<sup>(1)</sup>

**Ownership:** 25.5%

**Deck-space:** 680m<sup>2</sup>

**Design:** UT 755 LN

**Yard:** Aukra

**Avg. age:** ~10 years

**FS Abergeldie (2008)**

**FS Aberdour (2009)**



**2x vessels**

**Purchase price:**

~USD 5.9m<sup>(1)</sup>

**Ownership:** 25.5%

**Deck-space:** 710m<sup>2</sup>

**Design:** UT 755 LN

**Yard:** Aker Brevik

**Avg. age:** ~11 years

**FS Braemar (2007)**

**FS Balmoral (2008)**



**2x vessels**

**Purchase price:**

~USD 2.5m<sup>(1)</sup>

**Ownership:** 25.5%

**Deck-space:** 700m<sup>2</sup>

**Design:** VS 470 MK II

**Yard:** Kleven

**Avg. age:** ~13 years

**FS Kristiansand (2005)**

**FS Bergen (2006)**

**(FS Arendal (2006))<sup>(2)</sup>**

<sup>(1)</sup> Excluding working capital and start-up costs

<sup>(2)</sup> Completed a sale-lease back contract in Sep-18

# Low overhead costs and low breakeven rates [slette?]

- **Average cash break-even for SDDS, all-in costs (USD / Day) for PSV vessels**
  - Large-size: USD ~7,000 per day <sup>(1)</sup>
  - Mid-size: USD ~6,700 per day <sup>(1)</sup>
- **Overhead cost of ~USD 500 per vessel per day <sup>(1)</sup>**
- **With competitive cost, all equity and no debt, SDDS is positioned to have one of the lowest breakeven rates compared to peers, all cost included**



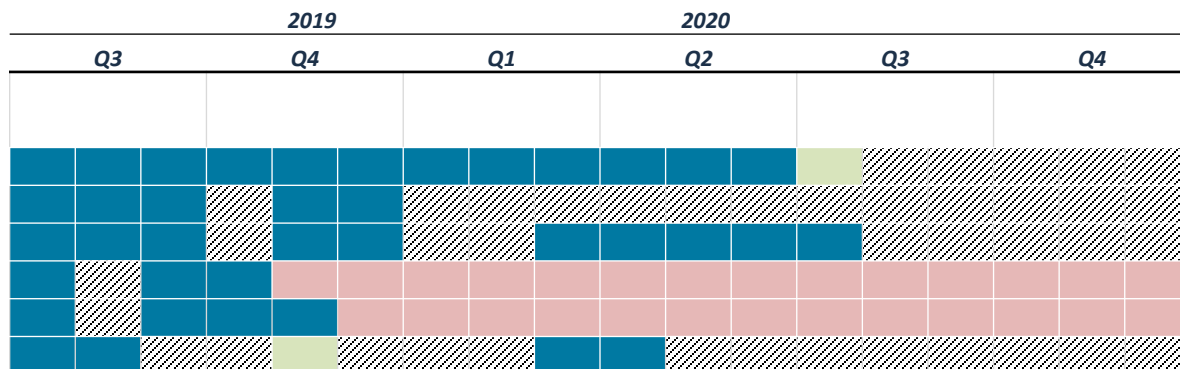
# Large-size PSV vessels – Simplified contract overview

## Standard vessels (100% owned)

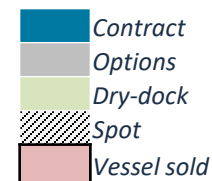
Vessel	Built	Client	Country
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### Large-size Vessels

Standard Viking	2007	Peterson	UK
Standard Princess	2008	Spot	UK
Standard Supplier	2007	TBN	UK
Standard Provider	2010	N/A	
Standard Supporter	2009	Equiner	UK
Standard Olympus	2014	TBN	



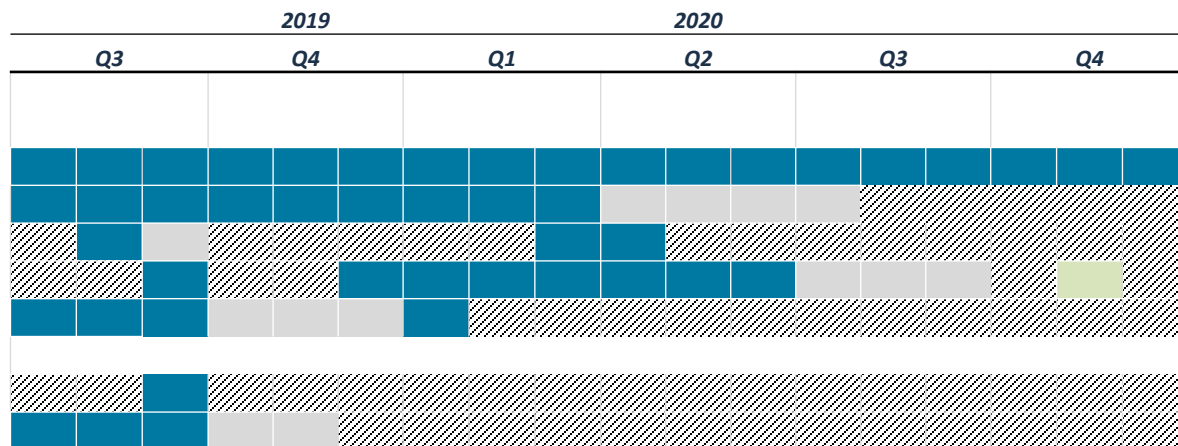
- Having secured utilization for part of the fleet we are well positioned for the expected upturn in the spring and summer season 2020
- Standard Provider and Standard Supporter sold during 4Q19



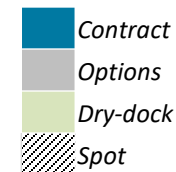
# Mid-size PSV vessels – Simplified contract overview

## Northern Supply vessels (25.5% owned)

Vessel	Built	Client	Country
<b>Mid-size Vessels</b>			
FS Arendal	2006	Repsol	UK
FS Aberdour	2009	Spirit Energy	UK
FS Balmoral	2008	TBN	UK
FS Kristiansand	2005	Fletcher Offshore Ltd	UK
FS Braemar	2007	Peterson DH	UK
FS Bergen	2006	Lay-up	UK
FS Abergeldie	2008	Spot	UK
FS Carrick	2009	Spot	UK
FS Crathes	2008	Warm Lay Up	UK



- Focus on coverage going forward





# Large-size PSV vessels – Utilization overview

## Historical utilization of operating vessels (%)

Utilization	S.Viking	S. Princess	S. Supplier	S.Provider	S. Supporter	S. Olympus	Weighted average
1Q18	100 %	100 %	65 %	100 %	100 %	n.a.	93 %
2Q18	100 %	73 %	98 %	100 %	99 %	n.a.	95 %
3Q18	100 %	81 %	61 %	88 %	92 %	n.a.	85 %
4Q18	98 %	100 %	100 %	68 %	82 %	n.a.	90 %
<b>2018, weighted avg.</b>	<b>100 %</b>	<b>90 %</b>	<b>81 %</b>	<b>89 %</b>	<b>93 %</b>	<b>n.a.</b>	<b>91 %</b>
1Q19	100 %	100 %	88 %	79 %	78 %	n.a.	89 %
2Q19	100 %	99 %	100 %	98 %	86 %	63 %	93 %
3Q19	99 %	100 %	100 %	98 %	84 %	89 %	95 %
4Q19	100 %	77 %	82 %	80 %	95 %	48 %	82 %
<b>2019, weight. avg.</b>	<b>100 %</b>	<b>94 %</b>	<b>92 %</b>	<b>91 %</b>	<b>85 %</b>	<b>71 %</b>	<b>90 %</b>
Jan-20	100 %	37 %	37 %	-	-	17 %	49 %
<b>2020, weight. avg.</b>	<b>100 %</b>	<b>37 %</b>	<b>37 %</b>	<b>-</b>	<b>-</b>	<b>17 %</b>	<b>49 %</b>

Total days	S.Viking	S. Princess	S. Supplier	S.Provider	S. Supporter	S. Olympus	Weighted average
Tot. avail. days, 2018	363	332	359	357	362	n.a.	1774
Tot. days work., 2018	362	298	292	318	338	n.a.	1608
<b>Total utilization, 2018</b>	<b>100 %</b>	<b>90 %</b>	<b>81 %</b>	<b>89 %</b>	<b>93 %</b>	<b>n.a.</b>	<b>91 %</b>
Tot. avail. days, 2019	342	360	339	295	316	190	1840
Tot. days work., 2019	341	338	313	267	267	135	1661
<b>Total utilization, 2019</b>	<b>100 %</b>	<b>94 %</b>	<b>92 %</b>	<b>91 %</b>	<b>85 %</b>	<b>71 %</b>	<b>90 %</b>
Tot. avail. days, Jan-20	31	27	31	-	-	27	116
Tot. days work., Jan-20	31	10	11	-	-	5	57
<b>Total utilization, Jan-20</b>	<b>100 %</b>	<b>37 %</b>	<b>37 %</b>	<b>-</b>	<b>-</b>	<b>17 %</b>	<b>49 %</b>

Note:  
- Vessels unavailable due to dry docking, maintenance, class renewal and other. Utilization does not include vessels in lay-up

# Mid-size PSV vessels – Utilization overview

## Historical utilization of operating vessels (%)<sup>(1)</sup>

Utilization	FS Aberdour	FS Arendal	FS Balmoral	FS Kr. Sand	FS Braemar	FS Carrick	FS Crathes	FS Aberg.	Weighted average
<b>1Q18</b>	100 %	99 %	100 %	100 %	69 %	n.a.	n.a.	n.a.	<b>98 %</b>
<b>2Q18</b>	100 %	100 %	63 %	100 %	100 %	62 %	74 %	n.a.	<b>88 %</b>
<b>3Q18</b>	100 %	100 %	75 %	100 %	75 %	100 %	100 %	n.a.	<b>92 %</b>
<b>4Q18</b>	50 %	100 %	75 %	100 %	88 %	60 %	100 %	49 %	<b>82 %</b>
<b>2018, weighted avg.</b>	<b>92 %</b>	<b>100 %</b>	<b>79 %</b>	<b>100 %</b>	<b>86 %</b>	<b>75 %</b>	<b>92 %</b>	<b>49 %</b>	<b>89 %</b>
<b>1Q19</b>	-	100 %	53 %	81 %	90 %	94 %	-	65 %	<b>80 %</b>
<b>2Q19</b>	89 %	100 %	89 %	100 %	92 %	82 %	-	79 %	<b>90 %</b>
<b>3Q19</b>	100 %	100 %	92 %	88 %	100 %	92 %	-	73 %	<b>92 %</b>
<b>4Q19</b>	100 %	100 %	58 %	88 %	100 %	78 %	-	56 %	<b>83 %</b>
<b>2019, weight. avg.</b>	<b>97 %</b>	<b>100 %</b>	<b>73 %</b>	<b>90 %</b>	<b>95 %</b>	<b>87 %</b>	<b>-</b>	<b>68 %</b>	<b>87 %</b>
<b>Jan-20</b>	100 %	100 %	45 %	100 %	100 %	31 %	-	75 %	<b>79 %</b>
<b>2020 YTD, weight. avg</b>	<b>100 %</b>	<b>100 %</b>	<b>45 %</b>	<b>100 %</b>	<b>100 %</b>	<b>31 %</b>	<b>-</b>	<b>75 %</b>	<b>79 %</b>

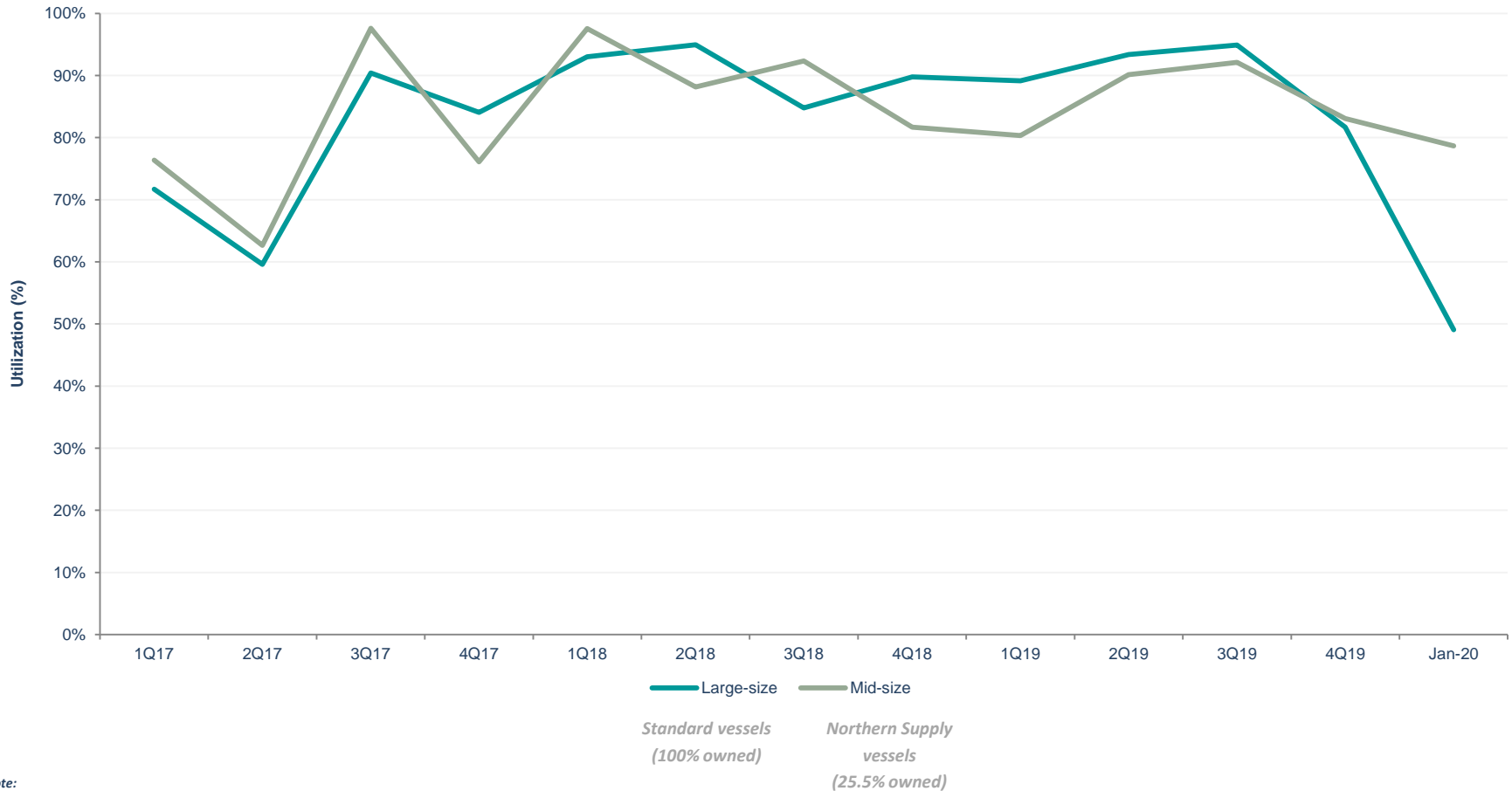
Total days	FS Aberdour	FS Arendal	FS Balmoral	FS Kr. Sand	FS Braemar	FS Carrick	FS Crathes	FS Aberg.	Weighted average
<b>Tot. avail. days, 2018</b>	264	365	349	306	298	249	164	12	2007
<b>Tot. days work., 2018</b>	243	364	275	306	257	187	151	6	1790
<b>Total utilization, 2018</b>	<b>92 %</b>	<b>100 %</b>	<b>79 %</b>	<b>100 %</b>	<b>86 %</b>	<b>75 %</b>	<b>92 %</b>	<b>49 %</b>	<b>89 %</b>
<b>Tot. avail. days, 2019</b>	193	276	298	283	301	284	-	291	1927
<b>Tot. days work., 2019</b>	185	276	233	255	285	254	-	207	1694
<b>Total utilization, 2019</b>	<b>96 %</b>	<b>100 %</b>	<b>78 %</b>	<b>90 %</b>	<b>95 %</b>	<b>89 %</b>	<b>-</b>	<b>71 %</b>	<b>88 %</b>
<b>Tot. avail. days, Jan-20</b>	29	31	31	31	31	31	-	31	215
<b>Tot. days work., Jan-20</b>	29	31	14	31	31	9	-	23	169
<b>Total utilization, Jan-20</b>	<b>100 %</b>	<b>100 %</b>	<b>45 %</b>	<b>100 %</b>	<b>100 %</b>	<b>31 %</b>	<b>-</b>	<b>75 %</b>	<b>79 %</b>

**Note:**

- Vessels unavailable due to dry docking, maintenance, class renewal and other. Utilization does not include vessels in lay-up

# Combined fleet – Utilization overview large-and medium size PSV's

Combined fleet utilization 1Q17 to Jan-20



**Note:**  
- Vessels unavailable due to dry docking, maintenance, class renewal and other

# Large-size PSV vessels – EBITDA overview

## 4x Standard vessels (100% owned) <sup>(1)</sup>

Standard vessels (USD)	Three months ended, 4Q19	Three months ended, 4Q18	2019	2018
<b>Net hire (net of commission)</b>	<b>4 037 510</b>	<b>4 456 512</b>	<b>20 889 109</b>	<b>15 421 401</b>
Admin expenses	(62 544)	(66 770)	(267 813)	(235 195)
Technical and Commercial Management Fee	(398 363)	(293 495)	(1 339 746)	(1 203 557)
OPEX/Lay-up costs	(3 699 972)	(3 253 897)	(13 364 456)	(11 792 201)
Start up / Liquidation expenses	(4 220)	-	(257 869)	(25 691)
Dry docking expenses / Surveys / Repairs	(1 257 377)	63 811	(1 752 658)	(2 086 474)
Bunkers on delivery / redelivery / repositioning	(280 315)	(244 392)	(557 217)	(465 056)
Other	-	-	-	-
<b>Total operation expenses</b>	<b>(5 702 790)</b>	<b>(3 794 742)</b>	<b>(17 539 758)</b>	<b>(15 808 174)</b>
<b>EBITDA</b>	<b>(1 665 281)</b>	<b>661 770</b>	<b>3 349 351</b>	<b>(386 773)</b>
Adj. EBITDA excluding non-recurring costs <sup>(2)</sup>	(1 661 061)	661 770	3 607 220	(361 082)
Adj. EBITDA excluding dry docking and non-recurring costs <sup>(3)</sup>	(403 684)	597 959	5 359 878	1 725 392
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	n.a	13 %	26 %	11 %

**Note:**

(1) Note that the above unaudited EBITDA breakdown is not found in the company report. Include operation of the two large size PSV's sold in Q4 19.

(2) Non-recurring costs are costs directly related to preparing newly acquired vessels for the market.

(3) Illustrates the day-to-day operations of the vessel, excluding (a) non-recurring costs and (b) dry dock, special survey, maintenance and repairs.

# Mid-size PSV vessels – EBITDA overview

## 9x Northern Supply vessels (25.5% owned) <sup>(1)</sup>, pro-rata overview

Northern Supply vessels (USD)	Three months ended, 4Q19	Three months ended, 4Q18	2019	2018
<b>Net hire (net of commission)</b>	<b>1 056 695</b>	<b>820 431</b>	<b>4 978 926</b>	<b>3 331 397</b>
Admin expenses	(28 368)	(28 746)	(110 601)	(117 272)
Technical and Commercial Management Fee	(104 975)	(104 798)	(400 876)	(387 258)
OPEX/Lay-up costs <sup>(2)</sup>	(945 705)	(897 645)	(3 663 281)	(3 416 424)
Start up / Liquidation expenses <sup>(2)</sup>	-	(36 774)	-	(255 655)
Dry docking expenses / Surveys / Repairs <sup>(2)</sup>	52 432	(135 689)	(440 721)	(423 970)
Bunkers on delivery / redelivery / repositioning	(46 131)	(126 156)	(116 981)	(240 605)
Other	(37 062)	-	(96 184)	-
<b>Total operation expenses</b>	<b>(1 109 809)</b>	<b>(1 329 808)</b>	<b>(4 828 645)</b>	<b>(4 841 183)</b>
<b>EBITDA</b>	<b>(53 114)</b>	<b>(509 377)</b>	<b>150 280</b>	<b>(1 509 786)</b>
Adj. EBITDA excluding non-recurring costs <sup>(3)</sup>	(53 114)	(472 603)	150 280	(1 254 132)
Adj. EBITDA excluding dry docking and non-recurring costs <sup>(4)</sup>	(105 546)	(336 914)	591 001	(830 162)
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	n.a	n.a	12 %	n.a

**Note:**

(1) Note that the above unaudited EBITDA breakdown is not found in the company report

(2) USD calculated from native NOK by application of average exchange each month. Numbers from 2018 has been recalculated with the final average of the year

(3) Non-recurring costs are costs directly related to preparing newly acquired vessels for the market.

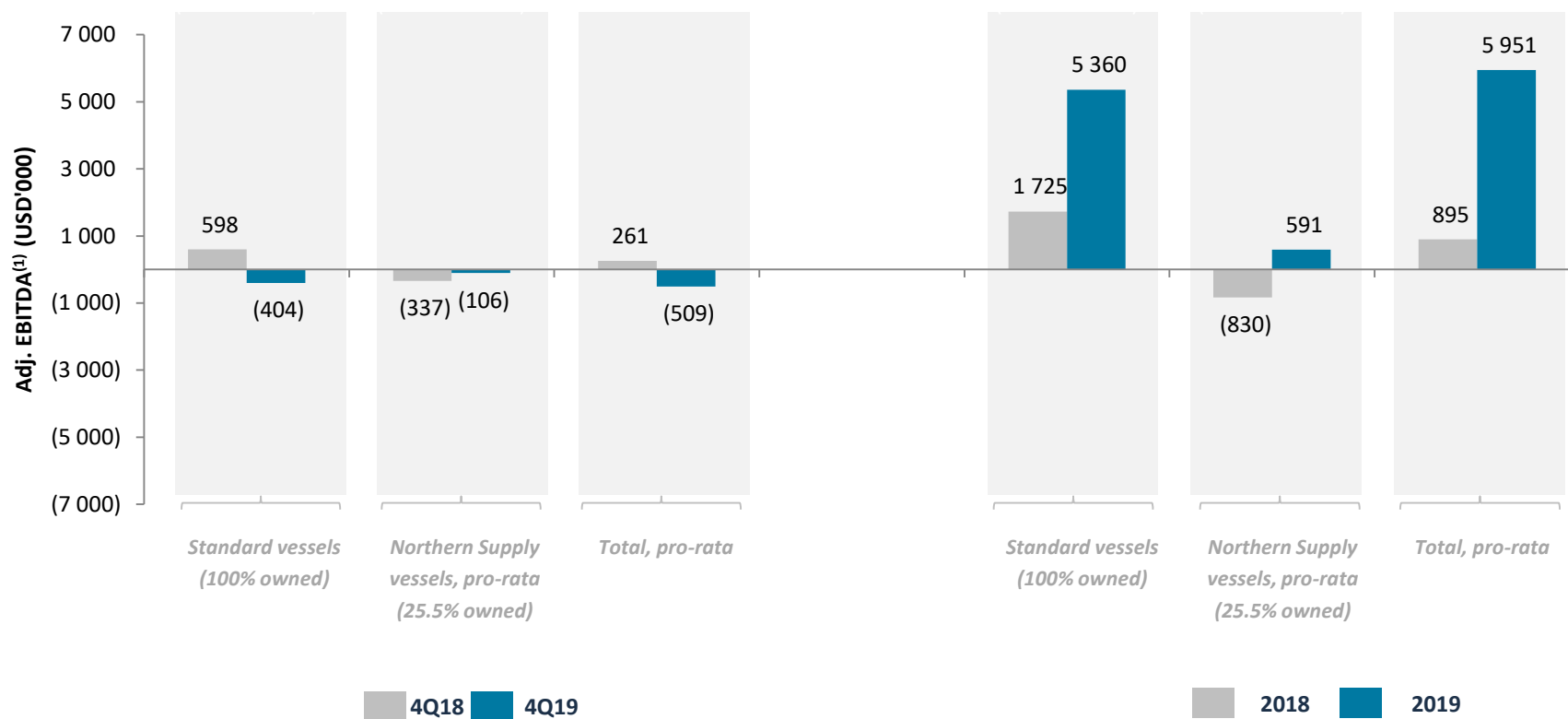
(4) Illustrates the day-to-day operations of the vessel, excluding (a) non-recurring costs and (b) dry dock, special survey, maintenance and repairs.

# Summary – Adj. EBITDA excluding dry docking and non-recurring costs <sup>(1)</sup>

Standard vessels (100% owned) and Northern Supply vessels (25.5% owned), pro-rata

4Q18 vs. 4Q19

Full year 2018 vs. 2019



# Explanation of the fair value accounting gain in 4Q19

- **SDSD is classified as an investment entity in accordance with IFRS 10**
  - Investments, including subsidiaries, are not consolidated but measured at fair value through profit and loss every quarter based on estimates made by reputable independent valuers
  - The underlying operational activities are not directly reflected in the interim financial statements of the company
  - Consequently, SDSD reported an unrealized gain on revaluation of financial assets of ~USD 1.9m
- **Example of fair value calculation for Standard Viking:**

Figures in USDm	Independent Valuer A <sup>(1)</sup>				Independent Valuer B <sup>(1)</sup>				Alternative value	Applied value
	Willing buyer/seller		Distressed		Willing buyer/seller		Distressed		Willing buyer/seller	Distressed
	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Average	Average
Standard Viking (4Q19)	18.5	15.0	14.5	12.0	19.0	17.0	14.9	13.6	17.40	13.75

**(1) Note:**

Fair value estimates have been obtained 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 a distressed value market scenario. Valuer B has not provided a distressed value range, however, a distressed value range has been derived 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 value for the vessel in the S.D. Standard Drilling accounts is then set to the average of these two distressed ranges as the Company decided to apply a more conservative approach due to the current market condition. The value is set to USD 13.75m as opposed to an average value of USD 17.75m for scenarios of transactions between two willing parties.

# Agenda

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- I. Highlights
- II. PSV Fleet update
- III. VLCC investment update**
- IV. Financial information



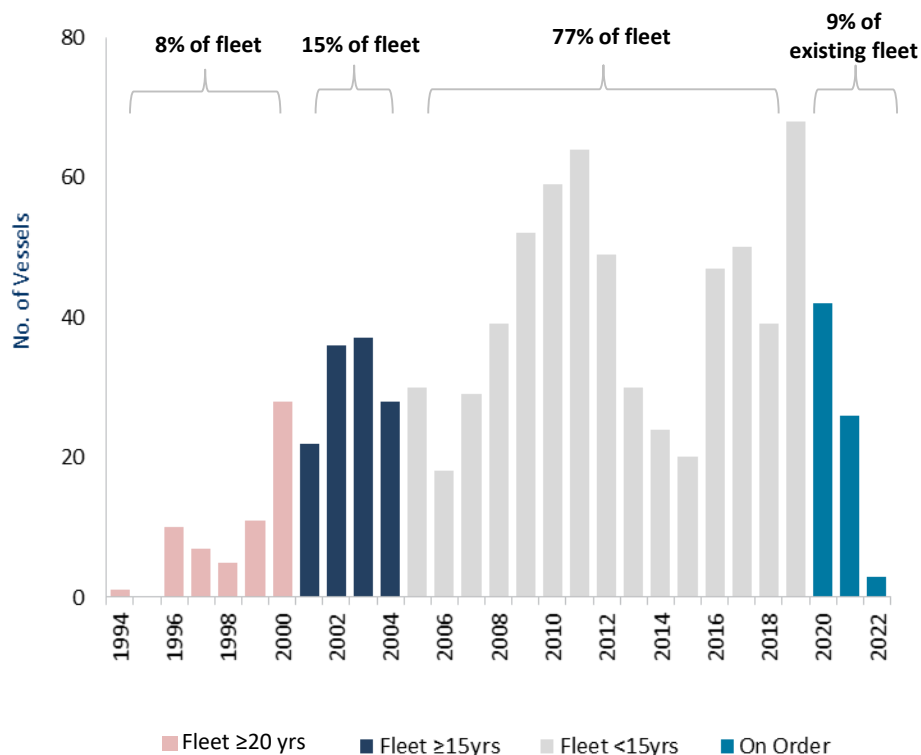
# Specification of the VLCC «Gustavia S»

- Builder : Daewoo Shipbuilding & Marine Engineering
- Built : January 2020
- Ship Type: Oil Tanker
- Classification Society: DNVGL
- Class Notations :  
+1A Tanker for oil, BIS, BWM (T), Clean, CMON,  
COAT-PSPC(B,C), CSR, E0, ESP, LCS, NAUT (NAV),  
Recycable, SPM, TMON (oil lubricated)  
VCS (2), ER (EGCS Open)
- Length Overall/Between Perpendiculars: 336/330m
- Breadth : 60m
- Depth : 29.50m
- Draught (design/scantling): 20.5/21.6m
- DWT (at scantling draught) : 299,995mt
- Cargo tanks capacity (100%): 341,870m<sup>3</sup>
- Bunkers Tanks capacity – cruising range : HFO 6435m<sup>3</sup> – MGO 650m<sup>3</sup> – 31,700 miles at service speed
- Service Speed (at design draught) : 14.8kn
- Main engine : HSD MAN 7G80ME-C9.5 – 24,510kW
- Loading/Discharge rate: 20,500/16,500 m<sup>3</sup>/hr
- Complement : 30 persons + 6 Suez crew

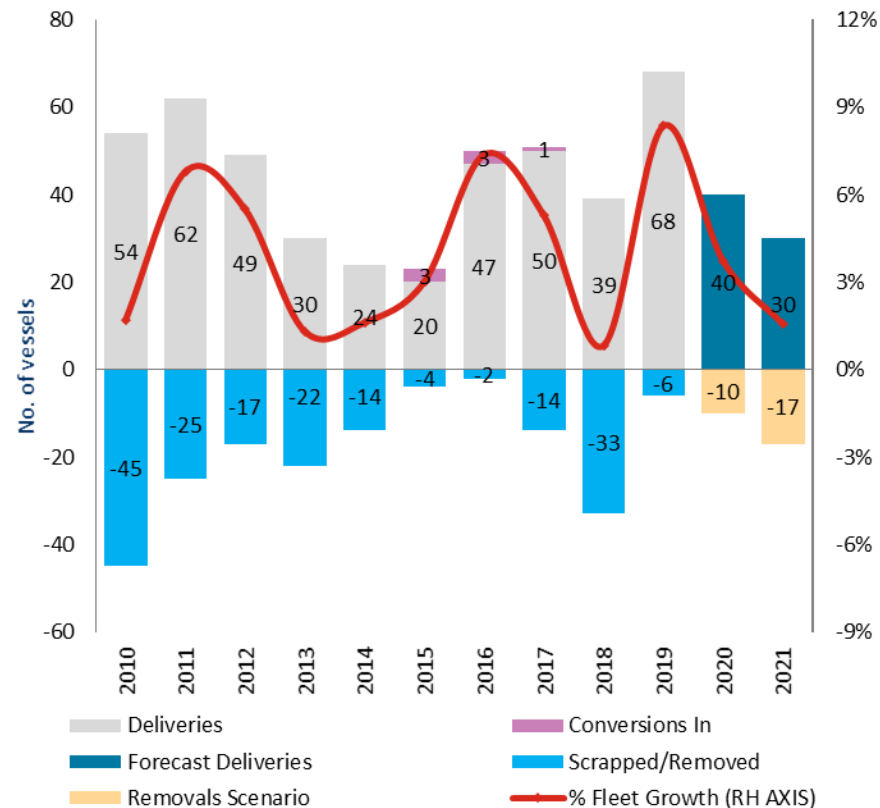


# VLCC supply

## VLCC age profile, fleet ~800 vessels (excl orderbook)



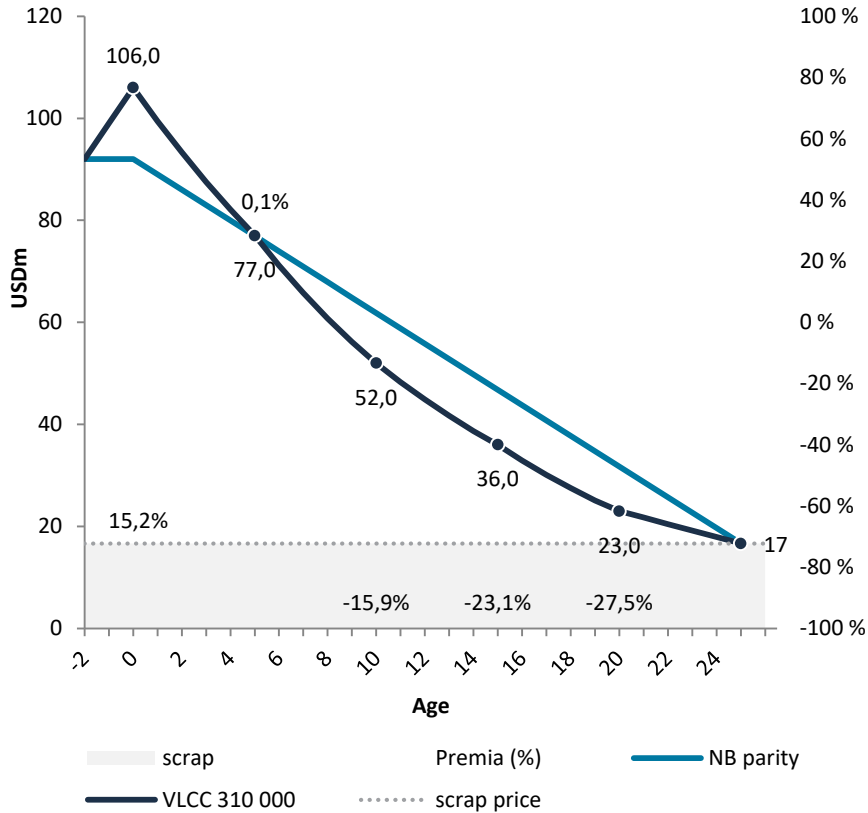
## VLCC fleet growth



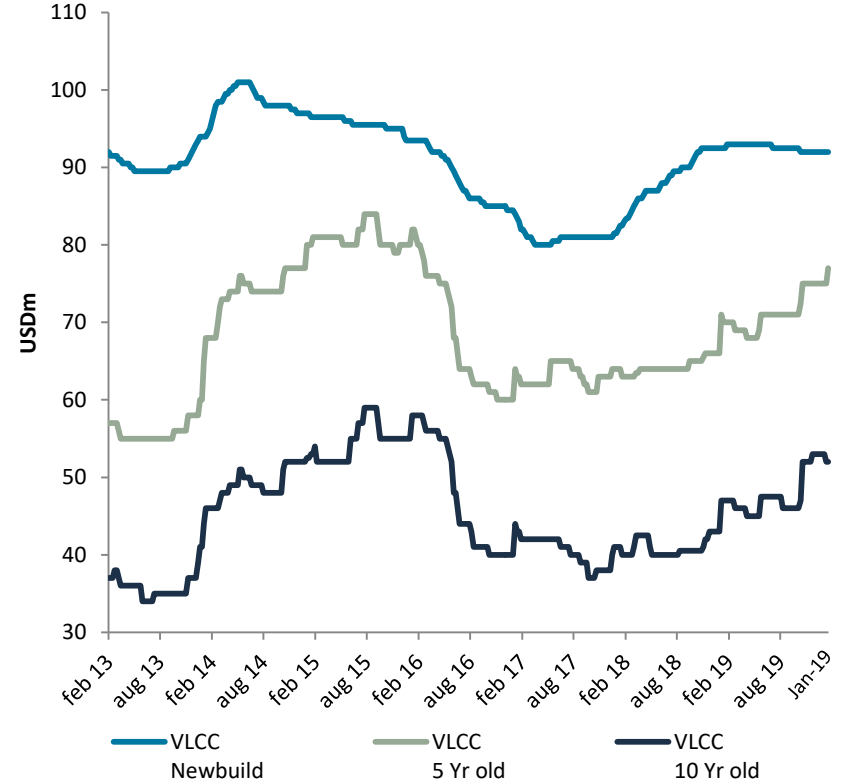
Aging asset profile combined and low net fleet growth

# VLCC demand

## VLCC NB parity



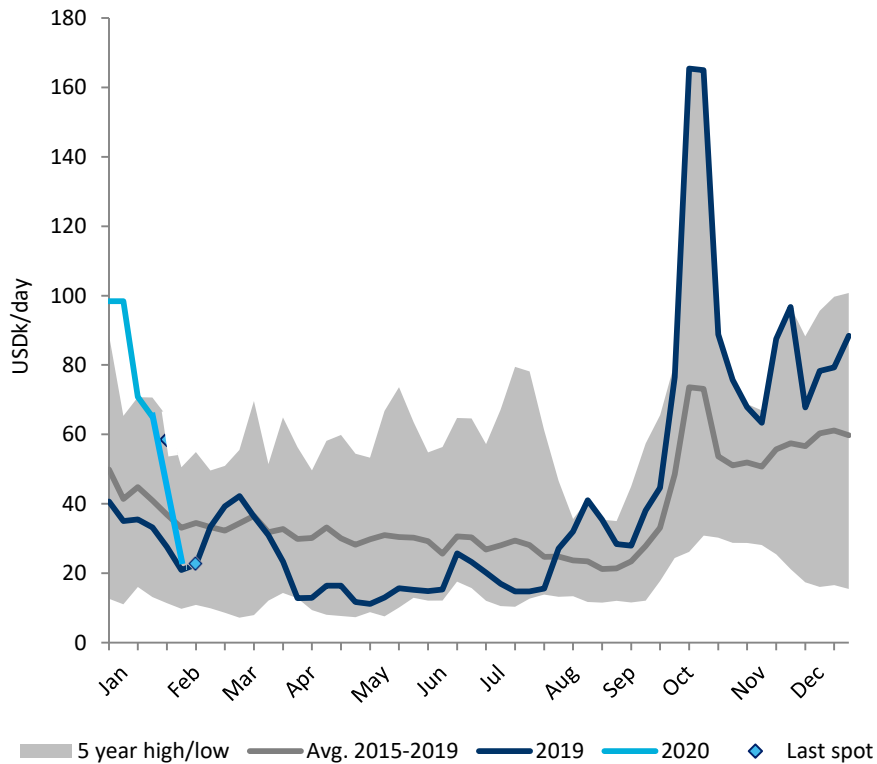
## VLCC values last 5 years



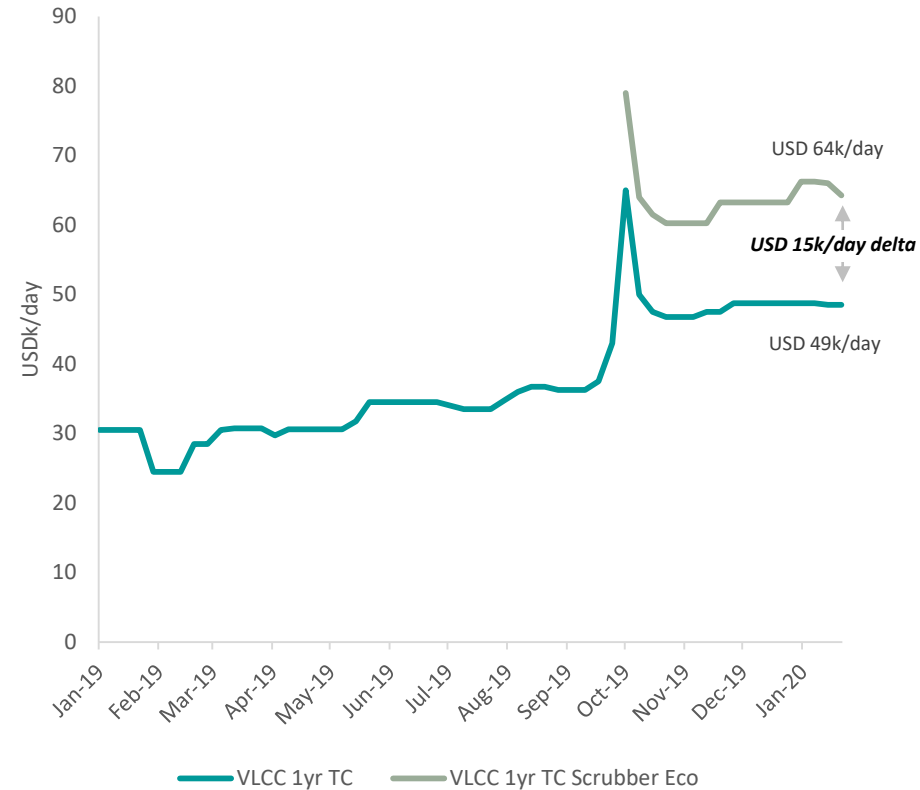
Assets values increasing

# VLCC earnings

## VLCC spot earnings (USD/day)



## VLCC 1 year TC dayrate



# Agenda

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- I. Highlights
- II. PSV Fleet update
- III. VLCC investment update

**IV. Financial information**

# Income statement

## S.D. Standard Drilling – Income statement for 4Q19

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	2019 Q4	2018 Q4	2019 Q4	2018 Q4
<i>(Amounts in USD 000)</i>				
			<i>Unaudited</i>	<i>Audited</i>
<b>Income</b>				
Changes in fair value on financial assets at fair value through profit or loss	(1 852)	2 303	6 801	(694)
Changes in fair value on financial assets at fair value through profit or loss-held for trading	128	-	128	1
Other gains and (losses)	-	(65)	-	(65)
Interest income	167	147	298	258
Net foreign currency gains or (losses)	186	(651)	(117)	(147)
<b>Total net income / (loss)</b>	<b>(1 371)</b>	<b>1 734</b>	<b>7 110</b>	<b>(647)</b>
<b>Expenses</b>				
Administration fees	(202)	(186)	(563)	(585)
<b>Total operating expenses</b>	<b>(202)</b>	<b>(186)</b>	<b>(563)</b>	<b>(585)</b>
<b>Operating profit/(loss)</b>	<b>(1 569)</b>	<b>1 548</b>	<b>6 547</b>	<b>(1 232)</b>
<b>Finance costs</b>				
Sundry finance income/(expenses)	(1)	8	(5)	(3)
<b>Profit/(loss) for the period before tax</b>	<b>(1 570)</b>	<b>1 556</b>	<b>6 542</b>	<b>(1 235)</b>
Income tax expense	-	-	-	-
<b>Profit/(loss) for the period after tax</b>	<b>(1 570)</b>	<b>1 556</b>	<b>6 542</b>	<b>(1 235)</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>(1 570)</b>	<b>1 556</b>	<b>6 542</b>	<b>(1 235)</b>
<b>Earnings/(loss) per share</b>				
Basic/diluted earnings/(loss) per share (USD)	0,00	0,00	0,01	0,00

# Balance sheet

## S.D. Standard Drilling – Balance sheet for 4Q19

<i>(Amounts in USD 000)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>ASSETS</b>	<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery	1	1
Financial assets at fair value through profit or loss	76 751	94 966
<b>Total non-current assets</b>	<b>76 752</b>	<b>94 967</b>
Trade and other receivables	10	25
Current tax asset	1	1
Cash and bank balances	41 095	16 382
<b>Total current assets</b>	<b>41 106</b>	<b>16 408</b>
<b>Total Assets</b>	<b>117 858</b>	<b>111 375</b>
<b>EQUITY AND LIABILITIES</b>		
Ordinary shares	17 281	17 281
Share premium	96 861	96 861
Accumulated profits/(losses)	3 678	(2 864)
<b>Total equity</b>	<b>117 820</b>	<b>111 278</b>
Trade and other payables	38	97
<b>Total current liabilities</b>	<b>38</b>	<b>97</b>
<b>Total Equity and Liabilities</b>	<b>117 858</b>	<b>111 375</b>

# Cash flow statement

## S.D. Standard Drilling – Cash flow statement for 4Q19

	Twelve Months Ended	
	2019 Q4	2018 Q4
<i>(Amounts in USD 000)</i>		
	<i>Unaudited</i>	<i>Audited</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) for the period before income tax	6 542	(1 235)
Unrealised exchange (gain)/loss	117	698
Other (gains)/losses	-	65
Payments to financial assets at fair value through profit or loss	(9 618)	(7 281)
Receipts from disposal of financial assets of fair value through profit or loss	34 634	13
Interest income	(298)	(258)
Decrease in trade and other receivables	15	17
(Increase)/decrease in financial assets fair value through profit or loss	(6 801)	694
Increase in financial assets fair value through profit or loss – held for trading	(128)	-
Decrease in trade and other payables	(59)	(60)
<b>Net cash generated from/(used in) operating activities</b>	<b>24 404</b>	<b>(7 347)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to financial assets at fair value through profit or loss held for trading	(1 453)	-
Receipts from disposal of financial assets of fair value through profit or loss held for trading	1 581	-
Interest received	298	258
<b>Net cash generated from investing activities</b>	<b>426</b>	<b>258</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of ordinary shares	-	12 600
Share issue costs	-	(579)
<b>Net cash generated from/(used in) financing activities</b>	<b>-</b>	<b>12 021</b>
<b>Net increase in cash and cash equivalents</b>	<b>24 830</b>	<b>4 932</b>
Cash and cash equivalents at beginning of year	16 382	12 148
Effect of exchange rate changes on the balance of cash held in foreign currencies	(117)	(698)
Cash and cash equivalents at end of period	41 095	16 382





STANDARD DRILLING