

Q4

Q4 2016 REPORT



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HIGHLIGHTS

KEY FIGURES

NOK 1000	Oct-Dec 2016 (unaudited)	Oct-Dec 2015 (unaudited)	Jan-Dec 2016 (unaudited)	Jan-Dec 2015 (unaudited)
Operating revenues	4 491	6 342	135 638	81 510
Operating profit (-loss) before depreciation (EBITDA) (1)	-589	-16 451	112 177	15 204
Operating profit/(-loss) (EBIT) (2)	-1 030	-17 125	109 545	12 565
Net profit/(-loss)	-684	-16 595	110 496	14 058
Total comprehensive income	10 928	189 581	-96 320	267 197
Value adjusted equity per share (NOK) (3)	2,95	3,26	2,95	3,26
Basic and diluted earnings per share NOK	-	-0,06	0,39	0,07

(1) EBITDA can be calculated from the statement of income by deducting interest income, interest expenses and depreciation from the profit/(loss) before taxes.

(2) EBIT can be calculated from the statement of income by deducting interest income and interest expenses from the profit/(loss) before taxes.

(3) Value adjusted equity has been calculated through application of market value for assets and liabilities traded in quoted markets, and book value for other assets and liabilities. As traded assets and liabilities are carried at fair value in the balancesheet, the VAE per share equals total equity excluding non-controlling interests per outstanding share.

RESULTS

Saga Tankers Group ("The Group") reports a net total comprehensive income for the fourth quarter 2016 of NOK 10.9 million. (NOK -96.3 million for the whole 2016)

EBITDA for the fourth quarter was NOK -.6 million. (NOK 112.2 million for the whole 2016)

Earnings per share (EPS) for the fourth quarter were NOK 0.00. (NOK 0.39 for the whole 2016)

The Group had an income of NOK 4.5 million, all of which relates to lease and operation of real estate and sundry income in the fourth quarter of 2016.

The average number of outstanding shares in the quarter was 275,205,018. As per the end of the period, the outstanding number of shares was 266,149,831. The Group holds an additional 20,582,780 shares in treasury.

The Group's condensed unaudited financial statements for the fourth quarter of 2016 are enclosed.

Current Investments

The Group currently holds investments classified as financial assets available for sale with a fair value of NOK 298.5 million. The fair value of the investments by the end of fourth quarter is as follows:

Pareto Bank ASA	NOK 190 million
NEL ASA	NOK 53 million
Vistin Pharma ASA	NOK 47 million
Other investments	NOK 9 million

Net positive changes in market value of NOK 9.7 million for these investments were booked as other comprehensive income in fourth quarter 2016.

The Group has a cash holding of NOK 439.1 million at the end of fourth quarter.

Outlook

The Group has a solid investment portfolio and a strong balance sheet, enabling the company to continue to pursue attractive investment opportunities within the framework of industries it operates.

The Group expects the current market volatility to continue going forward, providing opportunities to create value through investments in assets, equity or debt.

Subsequent events

The associated company S.D. Standard Drilling Plc has after the date of the balance sheet completed several equity placements in order to finance new investments in Platform Supply Vessels. Saga Tankers has participated in these placements, but the groups ownership has been diluted from 46.16 % to 15.43 %. References are made to note 7 – Subsequent events for further information.

FORWARD-LOOKING STATEMENTS

Matters discussed in this report may constitute forward looking statements. The forward looking statements in this report are based on various assumptions, many of which are based upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these

assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies, which are difficult to predict and beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

Oslo, 27 February 2017

The Board of Directors



CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK 1000</i>	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Other Income (note 2)	4 491	6 342	18 982	20 024
Net gain/(-loss) from available for sale assets (note 2)	-	-	116 656	-
Other gains/(-losses) (note 6)	-	-	-	61 486
Operating revenues	4 491	6 342	135 638	81 510
General administrative expenses	6 894	7 210	22 318	26 511
Depreciation (note 5)	441	674	2 632	2 639
Net loss/(-gain) from available for sale assets (note 2)	-	21 618	-	27 677
Other losses/(-gains)	-	6 062	-	-
Operating expenses	7 335	35 564	24 949	56 827
Operating profit/(-loss)	-2 843	-29 222	110 689	24 683
Interest income	819	1 045	2 743	3 652
Interest expense	-430	-461	-1 748	-1 955
Other financial items	66	12 526	-70	-6 474
Net financial items	456	13 110	925	-4 777
Share of profit from associates (note 3)	1 748	-429	-1 074	-5 644
Taxes	44	53	44	203
Net profit/(-loss)	-684	-16 595	110 496	14 058
Change in available-for-sale assets	9 737	222 643	-205 970	251 808
Exchange difference currency translations	1 874	-16 468	-846	1 331
Other comprehensive income	11 612	206 175	-206 816	253 139
Total comprehensive income	10 928	189 581	-96 320	267 197
Attributable to:				
Non-controlling interests	-175	-4 998	1 695	-5 801
Shareholders' interests	11 102	194 579	-98 015	272 998
Basic and diluted earnings per share NOK	0,00	-0,06	0,39	0,07
Average number of shares in the period	275 205 018	286 732 611	279 767 379	286 732 611
Number of shares outstanding at period end	266 149 831	286 732 611	266 149 831	286 732 611

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

<i>NOK 1000</i>	31.12.2016	31.12.2015
	<i>(unaudited)</i>	<i>(audited)</i>
ASSETS		
Non-current assets		
Deferred tax assets	-	-
Available-for-sale financial assets (note 4)	298 480	461 908
Fixed assets (note 5)	89 513	92 107
Associates (note 3)	36 223	38 143
Total non-current assets	424 216	592 158
Current assets		
Other current assets	625	1 534
Financial assets at fair value through profit and loss	-	-
Cash and equivalents	439 060	426 606
Total current assets	439 685	428 140
TOTAL ASSETS	863 901	1 020 298
EQUITY AND LIABILITIES		
Equity		
Share capital	286 733	286 733
Own shares	-20 583	-
Other equity	987 329	924 814
Total paid-in-capital	1 253 479	1 211 547
Accumulated losses	-558 085	-572 317
Other components of equity	88 753	295 569
Non-controlling interests	23 737	26 112
Total equity	807 884	960 911
LIABILITIES		
Non-current liabilities		
Long-term interest bearing debt	46 000	50 000
Deferred tax	57	88
Total non-current liabilities	46 057	50 088
Current liabilities		
Short-term interest bearing debt	4 000	4 000
Tax payable	14	49
Other current liabilities and accruals	5 945	5 250
Financial liabilities at fair value through profit and loss	-	-
Total current liabilities	9 959	9 299
Total liabilities	56 017	59 387
TOTAL EQUITY AND LIABILITIES	863 901	1 020 298

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

NOK 1000	Jan-Dec 2016	Jan-Dec 2015
	(unaudited)	(Audited)
Profit before tax	110 540	14 261
Profitshare from associates	1 074	5 644
Depreciation (note 5)	2 632	2 639
Net loss/(-gain) from AVA asset	-116 656	27 677
Other losses/(-gains)	-	-61 486
Foreign exchange losses/(gains)	136	5 474
Income tax paid	-109	-108
Increase/decrease receivables and prepayments	908	12 820
Increase/decrease payables and accruals	695	485
Net cash flow from operating activities	-781	7 406
Investment in AVA Financial assets	-184 160	-80 460
Divestment in AVA Financial assets	257 809	97 485
Net divestment/(-investment) trading	466	-13 762
Net cash effect new subsidiaries	-	267 741
Net cash effect disposal of subsidiaries	-	-156 947
Investment in fixed assets	-38	-173
Net cash flow from investing activities	74 076	113 884
Repayments of long term borrowings	-4 000	-4 000
Dividends paid to non-controlling interests	-4 070	-23 455
Acquisition of own shares	-52 637	-
Share issuance costs	-	-2
Net cash flow from financing activities	-60 706	-27 457
Net change in cash and cash equivalents	12 589	93 832
Cash and equivalents at beginning of period	426 606	297 729
Net cash in merger at carryover basis	-	35 106
Net foreign exchange differences (unrealised)	-136	-62
Cash and equivalents at end of period	439 060	426 606

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Dec 2016 (Unaudited)								
<i>NOK 1000</i>	Issued capital	Own shares	Other equity	Accumulated losses	Available for sale reserve	Exchange difference currency translations	Non-controlling interests	Total
Equity as at 1 January 2016	286 733	-	924 814	-572 318	296 887	-1 317	26 112	960 911
Net profit/(-loss)	-	-	-	108 801	-	-	1 695	110 496
Other comprehensive income	-	-	-	-	-205 970	-846	-	-206 816
Total comprehensive income	-	-	-	108 801	-205 970	-846	1 695	-96 320
Reclassification merged equity*	-	-	94 569	-94 569	-	-	-	-
Acquired own shares	-	-20 583	-32 054	-	-	-	-	-52 637
Dividends to minority interests	-	-	-	-	-	-	-4 070	-4 070
Equity per ending balance 31 December 2016	286 733	-20 583	987 329	-558 085	90 917	-2 164	23 737	807 884
Jan-Dec 2015 (Audited)								
<i>NOK 1000</i>	Issued capital	Own shares	Other equity	Accumulated losses	Available for sale reserve	Exchange difference translations	Non-controlling interests	Total
Equity as at 1 January 2015	175 834	-	883 696	-694 519	-	-2 648	24 041	386 404
Net profit/(-loss)	-	-	-	19 859	-	-	-5 801	14 058
Other comprehensive income	-	-	-	-	251 808	1 331	-	253 139
Total comprehensive income	-	-	-	19 859	251 808	1 331	-5 801	267 197
Merger 1 January 2015	110 899	-	41 118	94 708	45 079	-	-	291 803
Shareholders costs	-	-	-	10	-	-	-	10
New minority interests	-	-	-	-	-	-	177 916	177 916
Acquired from minorities	-	-	-	7 625	-	-	-38 075	-30 450
Dividends to minority interests	-	-	-	-	-	-	-23 455	-23 455
Exit minority interests	-	-	-	-	-	-	-108 513	-108 513
Equity per ending balance 31 December 2015	286 733	-	924 814	-572 318	296 887	-1 317	26 112	960 911

* Other equity arising from merger in 2015 has been reclassified to paid in equity.

NOTES

NOTE 1 – BASIS FOR PREPARATION

The Company's condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as approved by the EU and requirements in the Norwegian Securities Trading Act. This condensed interim financial statement for the second quarter is adopted by the Board of Directors on 27 February 2017.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those presented in the Annual Report of 2015. Available for sale financial assets are measured at fair value. Changes in fair value are booked as other comprehensive income provided that no impairment is present.

Foreign currency

The financial statements are presented in NOK. NOK is also the functional currency for all the subsidiaries in the Group.

NOTE 2 – OPERATING SEGMENTS

The management monitors the net income from investments in financial assets and liabilities, and the revenues from lease and operation of property on a separate basis.

Segment information	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
<i>NOK 1000</i>				
Net income financial assets	-	-21 618	116 656	-27 677
Revenues from lease and operation of property	4 491	4 549	18 252	18 032
Other income	-	1 793	729	1 993

NOTE 3 – ASSOCIATES

<i>NOK 1000</i>	SD Standard Drilling Plc
Carrying amount, 31 December 2015	38 143
Share of profit companies Jan-Dec 2016	-1 074
Currency exchange differences	-846
Carrying amount, 31 December 2016	36 223

NOTE 4 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 Dec 2016	31 Dec 2015	
<i>NOK 1000</i>			
At 1 January	461 908	53 158	
Additions	184 160	80 460	
Assets received through merger and demerger	-	219 607	
Currency translations	-	9	
Impairment	-	-18 488	
Increase/(Decrease) in value recognized as other comprehensive income	-205 970	251 808	
Reclassified as subsidiaries	-	-53 158	
Reclassified from associates	-	21 423	
Disposals	-141 618	-92 911	
Total	298 480	461 908	
Available-for-sale financial assets include the following:			
	Fair value hierarchy	31 Dec 2016	31 Dec 2015
Listed shares	Level 1	289 877	461 908
Non-listed shares	Level 2	8 604	-
Total		298 480	461 908

The entire change in available-for-sale financial assets during the quarter relates to financial instruments that fall within the level 1 category of the fair value hierarchy. The fair value hierarchy is described below.

Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data, for example discounted cash flow technique.

The financial assets are denominated in NOK and are measured at fair value. Listed shares are valued at values quoted in active markets as of 31 December 2016. No impairment of financial assets has been recognized through the income statement in 2016.

NOTE 5 – FIXED ASSETS

	Buildings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2016					
<i>NOK 1000</i>					
Acquisition cost, opening balance 01.01.16	91 529	4 319	38	199	96 084
Acquisitions during the period	-	38	-	-	38
Disposals during the period	-	-	-	-	-
Acquisition cost at 31.12.16	91 529	4 357	38	199	96 122
Accumulated depreciation, opening balance 01.01.16					
	-3 182	-796	-	-	-3 978
Depreciation	-2 259	-373	-	-	-2 632
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.12.16	-5 441	-1 169	-	-	-6 609
Net book value at 31.12.16	86 088	3 188	38	199	89 513

	Buildings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2015					
<i>NOK 1000</i>					
Acquisition cost, opening balance 01.01.15	91 529	4 146	38	199	95 911
Acquisitions during the period	-	189	-	-	189
Diposals during the period	-	-16	-	-	-16
Acquisition cost at 31.12.15	91 529	4 319	38	199	96 084
Accumulated depreciation, opening balance 01.01.15					
	-923	-423	-	-	-1 347
Depreciation	-2 259	-380	-	-	-2 639
Accumulated depreciation disposed assets	-	8	-	-	8
Accumulated depreciation at 31.12.15	-3 182	-796	-	-	-3 978
Net book value at 31.12.15	88 347	3 523	38	199	92 107

NOTE 6 – 20 LARGEST INVESTORS

30.12.2016 NAME	Of total shares	Of outstanding shares
1 SPETALEN ØYSTEIN STRAY **	60,28 %	64,94 %
2 ALLUM HOLDING AS **	14,47 %	15,59 %
3 SAGA TANKERS ASA *	7,18 %	N/A
4 APOLLO ASSET LIMITED	2,29 %	2,46 %
5 PARK LANE FAMILY OFFICE AS	2,23 %	2,40 %
6 FERNCLIFF AS **	2,17 %	2,34 %
7 BAKKEN BJØRN	1,45 %	1,56 %
8 UTHALDEN A/S	1,36 %	1,46 %
9 WIECO AS	0,89 %	0,96 %
10 SOLVANG KRISTOFER	0,70 %	0,75 %
11 BRÆNDEN BJØRN HÅVARD	0,66 %	0,71 %
12 LEOVILLE AS	0,65 %	0,70 %
13 TIGERSTADEN AS	0,60 %	0,64 %
14 QVT FUND LP	0,56 %	0,60 %
15 OLSEN BJØRN	0,42 %	0,45 %
16 BLAAUW DIRK	0,42 %	0,45 %
17 BHB CAPITAL MANAGEMENT AS	0,39 %	0,42 %
18 KLAVENES KÅRE	0,33 %	0,36 %
19 GREENWAY AS	0,24 %	0,26 %
20 GUNERIUS INVEST AS	0,21 %	0,23 %
Total	97,49 %	97,29 %

*The Group holds 20,582,780 treasury shares, making it the third largest shareholders. These shares are excluded from number of outstanding shares.

** Controlled by board member Øystein Stray Spetalen, representing 82.87 % of outstanding shares.

NOTE 7 – SUBSEQUENT EVENTS

The associated company S.D Standard Drilling Plc has in January and February 2017 completed three private placements, and one subsequent offer in conjunction with the first private placement. The company has thereby increased its number of outstanding shares with a total of 760,000,000 from 262,000,000 to 1,022,000,000.

The funds raised by S.D. Standard Drilling has been used to finance new investments in Platform Supply Vessels (PSV).

Incidence	Shares issued		Aggregated		Saga ownership
	Total	Saga	Total	Saga	
As per 2016			262 000 000	120 945 797	46,16 %
Private placement 1	423 076 924	18 365 800	685 076 924	139 311 597	20,34 %
Private placement 2	111 111 200	7 872 174	796 188 124	147 183 771	18,49 %
Subsequent offer for private placement 1	5 514 718	-	801 702 842	147 183 771	18,36 %
Private placement 3	220 297 158	10 496 231	1 022 000 000	157 680 002	15,43 %

Saga Tankers has been allocated a total of 36,734,205 of these new shares, corresponding to 4.83% of the new shares. Saga Tankers ownership in S.D Standard Drilling Plc has thereby been diluted, and an new assessment of control will be made in the first quarter of 2017.



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