

Q3

Q3 2016 REPORT



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HIGHLIGHTS

KEY FIGURES

NOK 1000	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating revenues	3 768	12 793	131 147	81 510
Operating profit (-loss) before depreciation (EBITDA)	-4 178	-8 438	112 765	15 204
Operating profit/(-loss) (EBIT)	-4 908	-9 090	110 574	12 565
Net profit/(-loss)	-4 916	-8 979	111 180	14 058
Total comprehensive income	21 281	-21 194	-107 248	267 197
Value adjusted equity per share (NOK)*	2,89	2,58	2,89	2,58
Basic and diluted earnings per share NOK	-0,02	-0,02	0,39	0,07

* 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.

RESULTS

Saga Tankers Group ("The Group") reports a net total comprehensive income for the third quarter 2016 of NOK 21.3 million. (NOK -107.2 million for the first nine months of 2016)

EBITDA for the third quarter was NOK -4.2 million. (NOK 112.8 million for first nine months of 2016)

Earnings per share (EPS) for the third quarter were NOK -0.02. (NOK 0.39 for first nine months of 2016)

The Group had an income of NOK 3.6 million related to lease and operation of real estate and sundry income, and a net gain of NOK 0.1 million from investments for third quarter of 2016.

The average number of outstanding shares in the quarter was 279,732,611. As per the end of the period, the outstanding number of shares was 279,732,611. The Group holds an additional 7,000,000 shares in treasury.

The Group's condensed unaudited financial statements for the third 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 217.8 million. The fair value of the investments by the end of third quarter is as follows:

Pareto Bank ASA	NOK 99 million
NEL ASA	NOK 63 million
Vistin Pharma ASA	NOK 55 million

Net positive changes in market value of NOK 27.1 million for these investments were booked as other comprehensive income in third quarter 2016.

The Group has a cash holding of NOK 551.2 million at the end of third 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.

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, 28 November 2016

The Board of Directors

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

NOK 1000	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other Income	3 640	3 544	14 491	13 683
Net gain/(-loss) from available for sale assets	128	9 249	116 656	-
Other gains/(-losses)	-	-	-	67 547
Operating revenues	3 768	12 793	131 147	81 230
General administrative expenses	6 016	5 834	15 424	19 301
Depreciation (note 5)	730	653	2 191	1 965
Net loss/(-gain) from available for sale assets	-	-	-	6 060
Operating expenses	6 746	6 486	17 615	27 326
Operating profit/(-loss)	-2 978	6 307	113 532	53 905
Interest income	424	596	1 923	2 607
Interest expense	-432	-485	-1 318	-1 495
Other financial items	0	-14 826	-136	-19 000
Net financial items	-8	-14 715	470	-17 887
Share of profit from associates (note 3)	-1 930	-572	-2 822	-5 215
Taxes	-	-	-	65
Net profit/(-loss)	-4 916	-8 979	111 180	30 737
Change in available-for-sale assets	27 058	-43 743	-215 707	29 165
Exchange difference currency translations	-861	31 528	-2 721	17 798
Other comprehensive income	26 197	-12 215	-218 428	46 964
Total comprehensive income	21 281	-21 194	-107 248	77 701
Attributable to:				
Non-controlling interests	389	6 096	1 870	-765
Shareholders' interests	20 892	-27 290	-109 118	78 465
Basic and diluted earnings per share NOK	-0,02	-0,02	0,39	0,13
Average number of shares in the period	279 732 611	286 732 611	281 288 167	286 732 611
Number of shares outstanding at period end	279 732 611	286 732 611	279 732 611	286 732 611

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

<i>NOK 1000</i>	30.09.2016	31.12.2015
	<i>(unaudited)</i>	<i>(audited)</i>
ASSETS		
Non-current assets		
Available-for-sale financial assets (note 4)	217 829	461 908
Fixed assets (note 5)	89 916	92 107
Associates (note 3)	32 601	38 143
Total non-current assets	340 345	592 158
Current assets		
Other current assets	1 476	1 534
Cash and equivalents	551 206	426 606
Total current assets	552 682	428 140
TOTAL ASSETS	893 027	1 020 298
EQUITY AND LIABILITIES		
Equity		
Share capital	286 733	286 733
Own shares	-7 000	-
Other equity	1 009 083	924 814
Total paid-in-capital	1 288 815	1 211 547
Accumulated losses	-557 576	-572 317
Other components of equity	77 142	295 569
Non-controlling interests	27 981	26 112
Total equity	836 362	960 911
LIABILITIES		
Non-current liabilities		
Long-term interest bearing debt	47 000	50 000
Deferred tax	88	88
Total non-current liabilities	47 088	50 088
Current liabilities		
Short-term interest bearing debt	4 000	4 000
Tax payable	5	49
Other current liabilities and accruals	5 571	5 250
Total current liabilities	9 576	9 299
Total liabilities	56 665	59 387
TOTAL EQUITY AND LIABILITIES	893 027	1 020 298

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

NOK 1000	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
	(unaudited)	(unaudited)	(Audited)
Profit before tax	111 180	30 802	14 261
Profitshare from associates	2 822	5 215	5 644
Depreciation (note 5)	2 191	1 965	2 639
Net loss/(-gain) from AVA asset	-116 656	6 060	27 677
Other losses/(-gains)	-	-67 547	-61 486
Foreign exchange losses/(gains)	136	19 000	5 474
Income tax paid	-43	-40	-108
Increase/decrease receivables and prepayments	59	11 979	12 820
Increase/decrease payables and accruals	321	583	485
Net cash flow from operating activities	8	8 016	7 406
Investment in AVA Financial assets	-113 246	-31 351	-80 460
Divestment in AVA Financial assets	257 809	-	97 485
Net divestment/(-investment) trading	466	-27 898	-13 762
Net cash effect new subsidiaries	-	302 848	267 741
Net cash effect disposal of subsidiaries	-	-	-156 947
Investment in fixed assets	-	-173	-173
Net cash flow from investing activities	145 028	243 426	113 884
Repayments of long term borrowings	-3 000	-3 000	-4 000
Dividends paid to non-controlling interests	-	-23 455	-23 455
Acquisition of own shares	-17 300	-	-
Share issuance costs	-	-2	-2
Net cash flow from financing activities	-20 300	-26 457	-27 457
Net change in cash and cash equivalents	124 736	224 984	93 832
Cash and equivalents at beginning of period	426 606	297 729	297 729
Net cash in merger at carryover basis	-	-	35 106
Net foreign exchange differences (unrealised)	-136	-750	-62
Cash and equivalents at end of period	551 206	521 964	426 606

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Sep 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)	-	-	-	109 310			1 870	111 180
Other comprehensive income	-	-	-		-215 707	-2 721		-218 428
Total comprehensive income	-	-	-	109 310	-215 707	-2 721	1 870	-107 248
Reclassification merged equity*	-	-	94 569	-94 569	-	-	-	-
Acquired own shares	-	-7 000	-10 300	-	-	-	-	-17 300
Equity per ending balance 30 September 2016	286 733	-7 000	1 009 083	-557 576	81 180	-4 038	27 981	836 362
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 28 November 2016.

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.

	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
<i>NOK 1000</i>			
Net income financial assets	116 656	-6 060	-27 677
Revenues from lease and operation of property	13 761	13 683	18 032
Other income	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-Sep 2016	-2 822
Currency exchange differences	-2 721
Carrying amount, 30 September 2016	32 601

NOTE 4 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 Sep 2016	31 Dec 2015	
<i>NOK 1000</i>			
At 1 January	461 908	53 158	
Additions	113 246	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	-215 707	251 808	
Reclassified as subsidiaries	-	-53 158	
Reclassified from associates	-	21 423	
Disposals	-141 618	-92 911	
Total	217 829	461 908	
Available-for-sale financial assets include the following:			
	Fair value hierarchy	30 Sep 2016	31 Dec 2015
Listed shares	Level 1	217 829	461 908
Total		217 829	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 30 September 2016. No impairment of financial assets has been recognized through the income statement in 2016.

NOTE 5 – FIXED ASSETS

	Bulidings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2016					
<i>NOK 1000</i>					
Aquisition cost, opening balance 01.01.16	91 529	4 319	38	199	96 084
Acquisitions during the period	-	-	-	-	-
Diposals during the period	-	-	-	-	-
Aquisition cost at 30.09.16	91 529	4 319	38	199	96 084
Accumulated depreciation, opening balance 01.01.16	-3 182	-796	-	-	-3 978
Depreciation	-1 912	-279	-	-	-2 191
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 30.09.16	-5 094	-1 075	-	-	-6 168
Net book value at 30.09.16	86 435	3 244	38	199	89 916

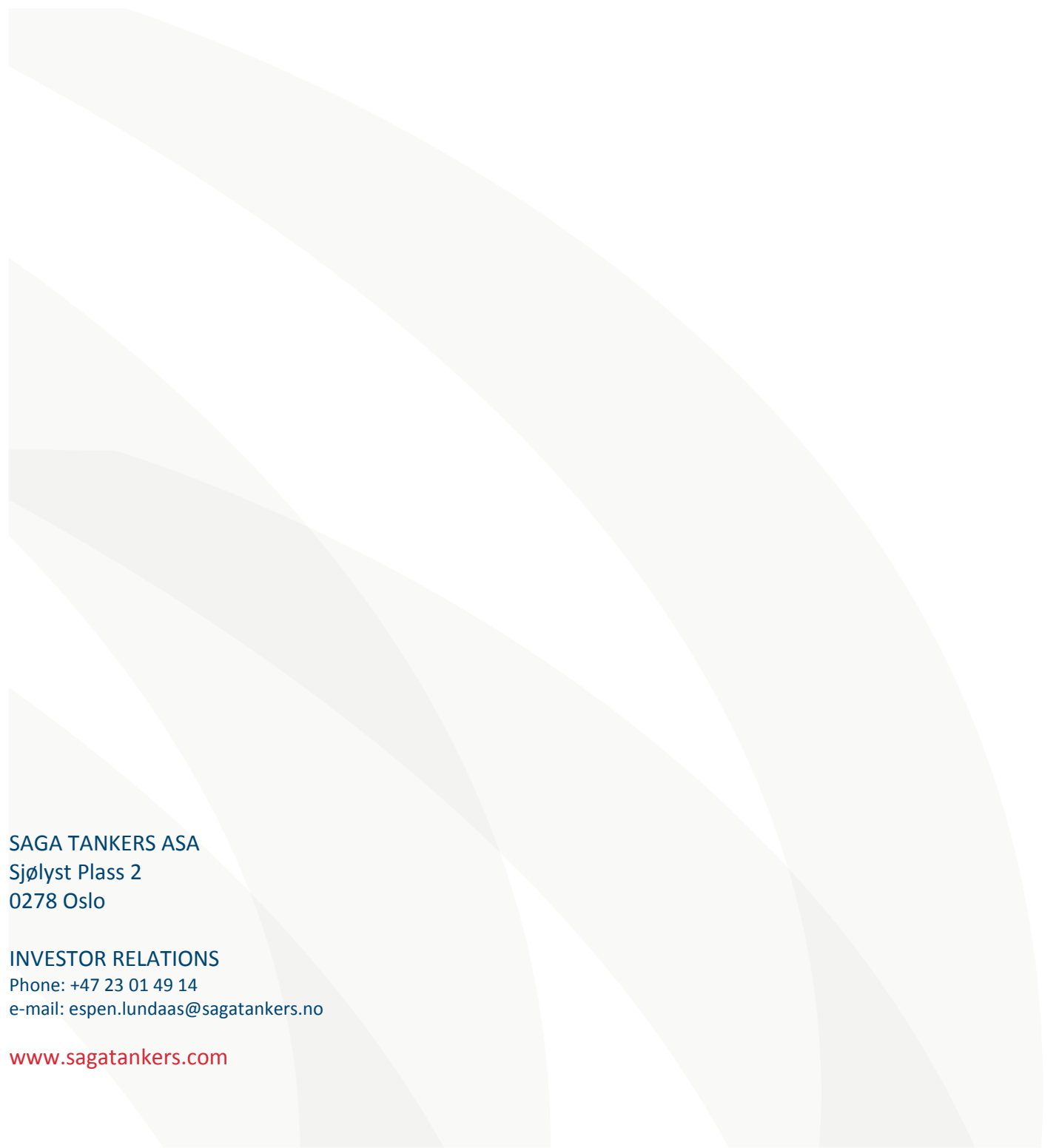
	Bulidings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2015					
<i>NOK 1000</i>					
Aquisition cost, opening balance 01.01.15	91 529	4 146	38	199	95 911
Acquisitions during the period	-	189	-	-	189
Diposals during the period	-	-16	-	-	-16
Aquisition cost at 31.12.15	91 529	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

04.10.2016 NAME	Of total shares	Of outstanding shares
1 SPETALEN ØYSTEIN STRAY **	60,28 %	61,79 %
2 ALLUM HOLDING AS**	14,47 %	14,83 %
3 GROSS MANAGEMENT AS	4,52 %	4,63 %
4 SAGA TANKERS ASA*	2,44 %	N/A
5 APOLLO ASSET LIMITED	2,29 %	2,34 %
6 AS FERNCLIFF**	2,17 %	2,23 %
7 PARK LANE FAMILY OFFICE AS	1,56 %	1,59 %
8 BAKKEN BJØRN	1,45 %	1,48 %
9 UTHALDEN A/S	1,36 %	1,39 %
10 WIECO AS	0,89 %	0,91 %
11 BRÆNDEN BJØRN HÅVARD	0,73 %	0,74 %
12 IKDAHL ØYSTEIN	0,71 %	0,73 %
13 DEUTSCHE BANK AG	0,62 %	0,63 %
14 KLAVENES KÅRE	0,58 %	0,60 %
15 KRISTIAN HODNE AS	0,56 %	0,57 %
16 VIRIK TERJE	0,55 %	0,57 %
17 OLSEN BJØRN	0,42 %	0,43 %
18 BHB CAPITAL MANAGEMENT AS	0,39 %	0,40 %
19 LEOVILLE AS	0,35 %	0,36 %
20 SÆTER HAAKON MORTEN	0,35 %	0,36 %
Total	96,67 %	96,58 %

*The Group holds 7,000,000 treasury shares, making it the fourth largest shareholders. These shares are excluded from number of outstanding shares.

** Controlled by board member Øystein Stray Spetalen, representing 78.85 % of outstanding shares.



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