

# Q1

Q1 2016 REPORT



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# HIGHLIGHTS

## KEY FIGURES

NOK 1000	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
	(unaudited)	(unaudited)	(unaudited)
Operating revenues	16 478	8 517	81 510
Operating profit (-loss) before depreciation (EBITDA)	10 960	7 821	15 204
Operating profit/(-loss) (EBIT)	10 229	7 169	12 565
<b>Net profit/(-loss)</b>	<b>10 352</b>	<b>7 651</b>	<b>14 058</b>
<b>Total comprehensive income</b>	<b>-119 350</b>	<b>15 047</b>	<b>267 197</b>
<b>Value adjusted equity per share (NOK)*</b>	<b>2,85</b>	<b>2,14</b>	<b>3,26</b>
<b>Basic and diluted earnings per share NOK</b>	<b>0,03</b>	<b>0,04</b>	<b>0,07</b>

\* 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 first quarter 2016 of NOK -119.4 million.

EBITDA for the first quarter was NOK 11.0 million.

Earnings per share (EPS) for the first quarter were NOK 0.03.

The Group had an income of NOK 5.7 million related to lease and operation of real estate and sundry income, and a net gain of NOK 10.8 million from investments.

In February 2016 the Group purchased 7,000,000 of its own shares in the open market. Through this transaction the number of outstanding shares was reduced from 286,732,611 in the start of the quarter, to 279,732,611 at the end of the quarter. The average number of shares in the quarter was 284,399,278.

The Group's condensed unaudited financial statements for the first 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 288.8 million. The fair value of the investments by the end of first quarter is as follows:

NEL ASA	NOK 151 million
Axactor AB	NOK 97 million
Vistin Pharma ASA	NOK 41 million

Net negative changes in market value of NOK 105.7 million for these investments were booked as other comprehensive income in first quarter 2016, while NOK 21.7 million former positive changes was reclassified to profit and loss due to partial realization of investment in Axactor AB. The largest changes in market value in the first quarter derives from ownership of 7.6% of NEL ASA with a negative change of NOK 98.1 million and a 7.9% share of Axactor AB with a negative change of NOK 6.6 million.

The Group has a cash holding of NOK 465.0 million at the end of first 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

Since the end of first quarter the Group has divested shares in Axactor AB and NEL ASA. Total proceeds from the sales were NOK 174 million. Further the Group has acquired 6% of the outstanding shares in Pareto Bank ASA.

## 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, 26 May 2016

The Board of Directors



# CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK 1000</i>	<b>Jan-Mar 2016</b>	<b>Jan-Mar 2015</b>	<b>Jan-Dec 2015</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Other Income	5 684	5 836	20 024
Net gain/(-loss) from available for sale assets	10 794	2 680	-
Other gains/(-losses)	-	-	61 486
<b>Operating revenues</b>	<b>16 478</b>	<b>8 517</b>	<b>81 510</b>
General administrative expenses	4 802	5 587	26 511
Depreciation (note 5)	730	652	2 639
Net loss/(-gain) from available for sale assets	-	-	27 677
<b>Operating expenses</b>	<b>5 533</b>	<b>6 239</b>	<b>56 827</b>
<b>Operating profit/(-loss)</b>	<b>10 945</b>	<b>2 277</b>	<b>24 683</b>
Interest income	575	1 074	3 652
Interest expense	-452	-592	-1 955
Other financial items	-133	4 891	-6 474
<b>Net financial items</b>	<b>-10</b>	<b>5 373</b>	<b>-4 777</b>
<b>Share of profit from associates (note 3)</b>	<b>-583</b>	<b>-</b>	<b>-5 644</b>
Taxes	-	-	203
<b>Net profit/(-loss)</b>	<b>10 352</b>	<b>7 651</b>	<b>14 058</b>
Change in available-for-sale assets	-127 390	7 396	251 808
Exchange difference currency translations	-2 312	-	1 331
<b>Other comprehensive income</b>	<b>-129 702</b>	<b>7 396</b>	<b>253 139</b>
<b>Total comprehensive income</b>	<b>-119 350</b>	<b>15 047</b>	<b>267 197</b>
Attributable to:			
Non-controlling interests	846	1 198	-5 801
Shareholders' interests	-120 196	13 849	272 998
<b>Basic and diluted earnings per share NOK</b>	<b>0,03</b>	<b>0,04</b>	<b>0,07</b>
Average number of shares in the period	284 399 278	175 833 728	286 732 611
Number of shares outstanding at period end	279 732 611	175 833 728	286 732 611

# CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

<i>NOK 1000</i>	<b>31.03.2016</b>	<b>31.12.2015</b>
	<i>(unaudited)</i>	<i>(audited)</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Available-for-sale financial assets (note 4)	288 750	461 908
Fixed assets (note 5)	91 376	92 107
Associates (note 3)	35 248	38 143
<b>Total non-current assets</b>	<b>415 375</b>	<b>592 158</b>
<b>Current assets</b>		
Other current assets	2 048	1 534
Cash and equivalents	464 959	426 606
<b>Total current assets</b>	<b>467 006</b>	<b>428 140</b>
<b>TOTAL ASSETS</b>	<b>882 381</b>	<b>1 020 298</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	286 733	286 733
Own shares	-7 000	-
Other equity	914 514	924 814
<b>Total paid-in-capital</b>	<b>1 194 246</b>	<b>1 211 547</b>
Accumulated losses	-562 811	-572 317
Other components of equity	165 868	295 569
Non-controlling interests	26 957	26 112
<b>Total equity</b>	<b>824 260</b>	<b>960 911</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term interest bearing debt	49 000	50 000
Deferred tax	88	88
<b>Total non-current liabilities</b>	<b>49 088</b>	<b>50 088</b>
<b>Current liabilities</b>		
Short-term interest bearing debt	4 000	4 000
Tax payable	27	49
Other current liabilities and accruals	5 006	5 250
<b>Total current liabilities</b>	<b>9 033</b>	<b>9 299</b>
<b>Total liabilities</b>	<b>58 121</b>	<b>59 387</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>882 381</b>	<b>1 020 298</b>

# CONSOLIDATED CONDENSED CASH FLOW STATEMENT

<i>NOK 1000</i>	<b>Jan-Mar 2016</b>	<b>Jan-Dec 2015</b>
	<i>(unaudited)</i>	<i>(Audited)</i>
Profit before tax	10 352	14 261
Profitshare from associates	583	5 644
Depreciation (note 5)	730	2 639
Net loss/(-gain) from AVA asset	-10 794	27 677
Other losses/(-gains)	-	-61 486
Foreign exchange losses/(gains)	133	5 474
Income tax paid	-87	-108
Increase/decrease receivables and prepayments	-448	12 820
Increase/decrease payables and accruals	-245	485
<b>Net cash flow from operating activities</b>	<b>225</b>	<b>7 406</b>
Investment in AVA Financial assets	-8 900	-80 460
Divestment in AVA Financial assets	65 461	97 485
Net divestment/(-investment) trading	-	-13 762
Net cash effect new subsidiaries	-	267 741
Net cash effect disposal of subsidiaries	-	-156 947
Investment in fixed assets	-	-173
<b>Net cash flow from investing activities</b>	<b>56 561</b>	<b>113 884</b>
Repayments of long term borrowings	-1 000	-4 000
Dividends paid to non-controlling interests	-	-23 455
Acquisition of own shares	-17 300	-
Share issuance costs	-	-2
Net cash flow from financing activities	-18 300	-27 457
<b>Net change in cash and cash equivalents</b>	<b>38 486</b>	<b>93 832</b>
<b>Cash and equivalents at beginning of period</b>	<b>426 606</b>	<b>297 729</b>
<b>Net cash in merger at carryover basis</b>	<b>-</b>	<b>35 106</b>
<b>Net foreign exchange differences (unrealised)</b>	<b>-133</b>	<b>-62</b>
<b>Cash and equivalents at end of period</b>	<b>464 959</b>	<b>426 606</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Mar2016 (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
<b>Equity as at 1 January 2016</b>	<b>286 733</b>	-	<b>924 814</b>	<b>-572 318</b>	<b>296 887</b>	<b>-1 317</b>	<b>26 112</b>	<b>960 911</b>
Net profit/(-loss)	-	-	-	9 506	-	-	846	<b>10 352</b>
Other comprehensive income	-	-	-	-	-127 390	-2 312	-	<b>-129 702</b>
<b>Total comprehensive income</b>	-	-	-	<b>9 506</b>	<b>-127 390</b>	<b>-2 312</b>	<b>846</b>	<b>-119 350</b>
Aquired own shares	-	-7 000	-10 300	-	-	-	-	<b>-17 300</b>
<b>Equity per ending balance 31 March 2016</b>	<b>286 733</b>	<b>-7 000</b>	<b>914 514</b>	<b>-562 811</b>	<b>169 497</b>	<b>-3 629</b>	<b>26 957</b>	<b>824 260</b>
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
<b>Equity as at 1 January 2015</b>	<b>175 834</b>	-	<b>883 696</b>	<b>-694 519</b>	-	<b>-2 648</b>	<b>24 041</b>	<b>386 404</b>
Net profit/(-loss)	-	-	-	19 859	-	-	-5 801	<b>14 058</b>
Other comprehensive income	-	-	-	-	251 808	1 331	-	<b>253 139</b>
<b>Total comprehensive income</b>	-	-	-	<b>19 859</b>	<b>251 808</b>	<b>1 331</b>	<b>-5 801</b>	<b>267 197</b>
Merger 1 January 2015	110 899	-	41 118	94 708	45 079	-	-	<b>291 803</b>
Shareholders costs	-	-	-	10	-	-	-	<b>10</b>
New minority interests	-	-	-	-	-	-	177 916	<b>177 916</b>
Aquired from minorities	-	-	-	7 625	-	-	-38 075	<b>-30 450</b>
Dividends to minority interests	-	-	-	-	-	-	-23 455	<b>-23 455</b>
Exit minority interests	-	-	-	-	-	-	-108 513	<b>-108 513</b>
<b>Equity per ending balance 31 December 2015</b>	<b>286 733</b>	-	<b>924 814</b>	<b>-572 318</b>	<b>296 887</b>	<b>-1 317</b>	<b>26 112</b>	<b>960 911</b>



# 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 third quarter is adopted by the Board of Directors on 26 May 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 companies in the Group as of 1 January 2013.

## 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	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
<i>NOK 1000</i>			
Net income financial assets	10 794	2 680	-27 677
Revenues from lease and operation of property	5 384	5 836	18 032
Other income	300	-	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-mar 2016	-583
Currency exchange differences	-2 312
<b>Carrying amount, 31 March 2016</b>	<b>35 248</b>

#### NOTE 4 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 Mar 2016	31 Dec 2015	
<i>NOK 1000</i>			
At 1 January	461 908	53 158	
Additions	8 900	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	-127 390	251 808	
Reclassified as subsidiaries	-	-53 158	
Reclassified from associates	-	21 423	
Disposals	-54 668	-92 911	
<b>Total</b>	<b>288 751</b>	<b>461 908</b>	
Available-for-sale financial assets include the following:			
	Fair value hierarchy	31 Mar 2016	31 Dec 2015
Listed shares	Level 1	288 751	461 908
<b>Total</b>		<b>288 751</b>	<b>461 908</b>

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 March 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
<b>2016</b>					
<i>NOK 1000</i>					
<b>Aquisition cost, opening balance 01.01.16</b>	<b>91 529</b>	<b>4 319</b>	<b>38</b>	<b>199</b>	<b>96 084</b>
Acquisitions during the period	-	-	-	-	-
Diposals during the period	-	-	-	-	-
<b>Aquisition cost at 31.03.16</b>	<b>91 529</b>	<b>4 319</b>	<b>38</b>	<b>199</b>	<b>96 084</b>
<b>Accumulated depreciation, opening balance 01.01.16</b>	<b>-3 182</b>	<b>-796</b>	<b>-</b>	<b>-</b>	<b>-3 978</b>
Depreciation	-637	-93	-	-	-730
Accumulated depreciation disposed assets	-	-	-	-	-
<b>Accumulated depreciation at 31.03.16</b>	<b>-3 819</b>	<b>-889</b>	<b>-</b>	<b>-</b>	<b>-4 708</b>
<b>Net book value at 31.03.16</b>	<b>87 709</b>	<b>3 430</b>	<b>38</b>	<b>199</b>	<b>91 376</b>

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

#### NOTE 6 – 20 LARGEST INVESTORS

04.04.2016 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 AS FERNCLIFF**	2,17 %	2,23 %
6 BAKKEN BJØRN	1,45 %	1,48 %
7 UTHALDEN A/S	1,36 %	1,39 %
8 PARK LANE FAMILY OFFICE AS	1,05 %	1,08 %
9 APOLLO ASSET LIMITED	1,05 %	1,07 %
10 IKDAHL ØYSTEIN	0,90 %	0,92 %
11 WIECO AS	0,89 %	0,91 %
12 HIGH SEAS AS	0,78 %	0,80 %
13 BRÆNDEN BJØRN HÅVARD	0,73 %	0,74 %
14 DEUTSCHE BANK AG	0,62 %	0,63 %
15 KLAVENES KÅRE	0,59 %	0,60 %
16 VIRIK TERJE	0,55 %	0,57 %
17 KRISTIAN HODNE AS	0,52 %	0,54 %
18 OLSEN BJØRN	0,42 %	0,43 %
19 BHB CAPITAL MANAGEMENT AS	0,39 %	0,40 %
20 MORGAN STANLEY & CO. INTERNATIONAL	0,36 %	0,37 %
<b>Total</b>	<b>95,54 %</b>	<b>95,43 %</b>

\*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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