

Q1

Q1 2015 REPORT



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HIGHLIGHTS

KEY FIGURES

NOK 1000	Jan-Mar 2015 (unaudited)	Jan-Mar 2014 (unaudited)	Jan-Dec 2014 (audited)
Operating revenue	8 517	-317	-1 057
Operating profit (-loss) before depreciation (EBITDA)	7 821	-1 941	1 572
Operating profit/(-loss) (EBIT)	7 169	-1 941	225
Net profit/(-loss)	7 651	- 1 782	830
Total comprehensive income	15 047	-30 739	-39 479
Basic and diluted earnings per share NOK	0,04	-0,02	0,00

RESULTS

Saga Tankers group reports a net total comprehensive income for the first quarter 2015 of NOK 15.0 million.

EBITDA for the first quarter was NOK 7.8 million.

Earnings per share (EPS) for the first quarter were NOK 0.04.

The average number of shares in the quarter was 175,833,728. As per the end of the period, the outstanding number of shares was 175,833,728.

The Group's condensed unaudited financial statements for the first quarter of 2015 are enclosed.

Current Investments

The Group currently holds investments in S.D Standard Drilling PLC and Cortendo AB, classified as assets held for sale. Changes in market value of NOK 7.4 million were booked as other comprehensive income in first quarter 2015. No impairment was booked for these investments in first quarter.

The Group's investment in Vallhall Arena is classified as subsidiaries with a minority interest, hence fully consolidated in the Group accounts.

During the first quarter the Group has also made substantial short term investments. These investments are treated at fair value through profit and

loss. The short term investments consist of both net investments in shares, classified as financial assets, and net negative investments (short positions) classified as financial liabilities. The latter is carried out through the disposal of borrowed shares, which at closing of the position is purchased in the marked for delivery to the lender. Fair value of these financial assets as per first quarter is NOK 2.3 million, while fair value of the financial liabilities is NOK -63.7 million. The liability is equal to the marked price for purchasing borrowed shares.

Outlook

The Group will continuously evaluate investment opportunities that may arise based on the present framework surrounding the industries in which it operates.

Whether the Group will invest in asset or equity depends on investment opportunities that may arise as well as the equity and funding market at the time being. The Company does not rule out investing in debt related instruments in industries in which the Company operates.

The process of merger with Strata Marine & Offshore AS has been approved by the general assembly of the merging parties, and Saga Tankers ASA. The merger is expected to be completed early June 2015

Subsequent Event

Reference is made to the stock exchange notice 20 May 2015 and 22 May 2015. The Group has increased the ownership in S.D Standard Drilling Plc to approximately 60%. The Group intends to make a mandatory offer for the remaining shares in S.D Standard Drilling Plc at the latest within four weeks from 20 May 2015.

STATEMENT REGARDING 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 May 2015

The Board of Directors

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

NOK 1000	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
	(Unaudited)	(Unaudited)	(Audited)
Other Income	5 836	-	8 079
Net gain / (-loss) from Available-for-sale financial assets	2 680	-317	-9 136
Operating revenues	8 517	-317	-1 057
General administrative expenses	5 587	992	11 388
Depreciation (note 5)	652		1 347
Other losses/(-gains)	-	-	3 162
Operating expenses	6 239	992	15 896
Loss(-gain) sale fixed assets (note 2)	-	-	-
Operating profit/(-loss)	2 277	-1 309	-16 953
Interest income	1 074	159	1 813
Interest expense	-592	-	-1 120
Other financial items	4 891	-1 163	16 425
Net financial items	5 373	-1 004	17 118
Share of profit from associates	-	531	753
Profit/(-loss) before tax	7 651	-1 782	918
Taxes	-	-	-88
Net profit / (-loss) for the year	7 651	-1 782	830
Items that may be subsequently reclassified to profit or loss			
Change in available-for-sale assets	7 396	-28 956	-39 479
Other comprehensive income	7 396	-28 956	-39 479
Total comprehensive income	15 047	-30 739	-38 649
Attributable to:			
Non-controlling interests	1 198	-	419
Shareholders' interests	13 849	-30 739	-39 069
Basic and diluted earnings per share NOK	0,04	-0,02	0,00
Average number of shares in the period	175 833 728	86 777 409	131 305 569
Number of shares outstanding at period end	175 833 728	86 777 409	175 833 728

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

<i>NOK 1000</i>	31.03.2015	31.12.2014
	<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS		
Non-current assets		
Deferred tax assets	1	1
Available-for-sale financial assets (note 4)	63 176	53 158
Fixed asset (note 5)	93 956	94 565
Total non-current assets	157 133	147 723
Current assets		
Other current assets	79 826	1 849
Financial assets at fair value through profit and loss	2 356	-
Cash and cash equivalents	287 888	297 729
Total Current assets	370 071	299 579
TOTAL ASSETS	527 204	447 302
EQUITY AND LIABILITIES		
Equity		
Share capital	175 834	175 834
Other Equity	883 696	883 696
Total paid-in-capital	1 059 530	1 059 530
Accumulated losses	-688 067	-694 519
Other components of equity	4 748	-2 648
Non-controlling interests	25 238	24 041
Total equity	401 449	386 404
LIABILITIES		
Non-current liabilities		
Long term interest bearing debt	53 000	54 000
Total non-current liabilities	53 000	54 000
Current liabilities		
Short-term interest bearing debt	4 000	4 000
Tax payable	23	43
Other current liabilities and accruals	4 989	2 856
Financial liabilities at fair value through profit and loss	63 743	-
Total current liabilities	72 755	6 899
Total liabilities	125 755	60 899
TOTAL EQUITY AND LIABILITIES	527 204	449 302

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

<i>NOK 1000</i>	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Profit before tax	7 651	-1 782	918
Profit share from associates	-	-531	-753
Depreciation (note 5)	652	-	1 347
Impairment charge	-	317	17 173
Loss/(gain) on sale AFS assets	-	-	-8 037
Loss/(gain) on financial assets and liabilities at fair value through profit and loss	-2 680	-	-
Other gains and losses	-	-	3 162
Foreign exchange losses/(gains)	-5 087	1 163	- 16 425
Income tax paid	-20	-	-
Increase/decrease receivables and prepayments	-129	-3	417
Increase/decrease payables and accruals	2 133	-156	130
Net cash flow from operating activities	2 519	-992	-2 070
Investments in AFS assets	-2 622	-	-
Divestment in AFS assets	-	-	167 449
Net divestments/(-investment) trading	-13 781	-	-
Net payments from associated companies	-	-	3 447
Cash holdings in new subsidiaries	-	-	12 044
Investment in fixed assets	-44	-	-318
Net cash flow from investing activities	-16 447	-	182 622
Repayments of long term borrowings	-1 000	-	-1 652
Share issuance costs	-	-	-462
Net cash flow from financing activities	- 1 000	-	-2 114
Net change in cash and cash equivalents	-14 926	-992	178 440
Cash and cash equivalents at beginning of period	297 729	102 864	102 864
Net foreign exchange differences (unrealized)	5 087	-1 163	16 425
Cash and cash equivalents at end of period	287 888	100 710	297 729

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Mar 2015 (unaudited)							
<i>NOK 1000</i>	Issued capital	Other equity	Accumulated losses	Available for sale reserve	Exchange difference translations	Non-controlling interest	Total
Equity as at 1 January 2015	175 834	883 696	-695 519	-	-2 648	24 041	386 404
Net profit/(-loss)	-	-	6 453	-	-	1 198	7 651
Other comprehensive income	-	-	-	7 369	-	-	7 396
Total comprehensive income	-	-	6 453	7 396	-	1 198	15 047
Equity per ending balance 31 March 2015	175 834	883 696	-694 519	7 396	-2 648	25 238	401 449

Jan-Dec 2014 (Audited)							
<i>NOK 1000</i>	Issued capital	Other equity	Accumulated losses	Available for sale reserve	Exchange difference translations	Non-controlling interest	Total
Equity as at 1 January 2014	86 777	883 696	-790 117	39 479	-2 648	-	217 187
Net profit/(-loss)	-	-	410	-	-	419	830
Other comprehensive income	-	-	-	-39 479	-	-	-39 479
Total comprehensive income	-	-	410	-39 479	-	419	-38 649
Demerger 1 July	89 056	-	95 650	-	-	23 621	208 327
Share issuance costs	-	-	-462	-	-	-	-462
Equity per ending balance 31 December 2014	175 834	883 696	-695 519	-	-2 648	24 041	386 404

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 first quarter is adopted by the Board of Directors on 28 May 2015.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those presented in the Annual Report of 2014. 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. The group has during first quarter 2015 also been engaged in short term trading in financial assets and liabilities, these assets and liabilities are fair value adjusted through profit and loss.

Foreign currency

The financial statements are presented in NOK. NOK is also the functional currency for all the companies 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. The segment of lease and operation of property was introduced at the demerger as per July 2014.

Segment information	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
<i>NOK 1000</i>			
Outcome			
Net income financial assets	2 680	-317	-9 136
Revenues from lease and operation of property	5 836	-	8 079

NOTE 3 – SAGA AGNES CLAIM SUMMARY

As informed in the annual report for 2014, the Charterers of Saga Agnes AS has presented the Group with a claim of about USD 2 million related to the time charterparty for the vessel "Saga Agnes". The matter will be resolved through arbitration. Saga Tankers ASA acts as guarantor under the named charterparty. No reserves have been made for this claim, as it is considered by the management of the group to be unlikely that the claim will be supported by the arbitration.

NOTE 4 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 Mar 2015	31 Dec 2014
At 1 January	53 158	99 731
Additions	2 622	-
Assets received through demerger	-	169 490
Impairment	-	-17 173
Increase/(Decrease) in value recognized as other comprehensive income	7 396	-39 479
Disposals	-	-159 412
Total	63 176	53 158

Available-for-sale financial assets include the following:

	Fair value hierarchy	2015	2014
Listed shares	Level 1	63 176	53 158
Total		63 176	53 158

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 31.03.2015. Impairment of financial assets has been recognized through the income statement.

NOTE 5 – FIXED ASSETS

	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	-	44	-	-	44
Disposals during the period	-	-	-	-	-
Acquisition cost at 31.03.15	91 529	4 189	38	199	95 955
Accumulated depreciation, opening balance 01.01.15	-923	-423	-	-	-1 347
Depreciation during the period	-562	-91	-	-	-652
Disposals during the period	-	-	-	-	-
Accumulated depreciation at 31.03.15	-1 485	-514	-	-	-1 999
Net book value at 31.03.15	90 043	3 375	38	199	93 956

	Buildings	Machinery & Equipment	Capitalized costs - work in progress	Land	Total
2014					
<i>NOK 1000</i>					
Acquisition cost, opening balance 01.01.14	-	-	-	-	-
Assets received through demerger	91 529	3 828	38	199	95 593
Acquisitions during the year	-	318	-	-	318
Disposals during the year	-	-	-	-	-
Acquisition cost at 31.12.14	91 529	4 146	38	199	95 911
Accumulated depreciation, opening balance 01.01.14	-	-	-	-	-
Depreciation during the year	-923	-423	-	-	-1 347
Disposals during the year	-	-	-	-	-
Accumulated depreciation at 31.12.14	-923	-423	-	-	-1 347
Net book value at 31.12.14	90 605	3 722	38	199	94 565

NOTE 6 – FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets and liabilities at fair value through profit and loss comprises of financial instruments held for trading purposes

	Cost	Fair value	Unrealized gain/(loss)
<i>NOK 1000</i>			
Financial assets	2 000	2 356	356
Financial liabilities	-63 403	-63 743	-341
Total	-61 403	-61 387	16
The financial assets and liabilities include the following:			
Fair value hierarchy (ref note 4)			
Listed shares - long positions	Level 1	2 356	
Listed shares - short positions	Level 1	-63 743	
Total		-61 387	

NOTE 7 – 20 LARGEST INVESTORS

	NAME	07.04.2015
1	SPETALEN	98,30 %
2	KRISTIAN HODNE AS	0,19 %
3	KOLBERG MOTORS AS	0,15 %
4	NORDSTJERNEN AS	0,14 %
5	KOLBERG	0,14 %
6	SKIBSAKTIESELSKAPET ABACO	0,11 %
7	RAMS AS	0,09 %
8	NISTUÅ II AS	0,06 %
9	GADD HOLDING AS	0,06 %
10	MYKLAND INVEST AS	0,06 %
11	DNB NOR MARKETS, AKSJEHAND/ANALYSE	0,05 %
12	PAK INVEST AS	0,05 %
13	VOLDMO	0,04 %
14	INITIUM INVEST AS	0,04 %
15	MOMO INVEST AS	0,03 %
16	BUSINESSPARTNER AS	0,02 %
17	PEDRO EIENDOM	0,02 %
18	JAGUAR FUND INVEST 2015 AS	0,02 %
19	THALBERG	0,02 %
20	ALBRECHT	0,02 %
	TOTAL	99,60 %

NOTE 8 – POST BALANCE SHEET EVENTS

On 27 March 2015 an extraordinary general meeting was held in Saga Tankers ASA, approving the proposed merger with Strata Marine & Offshore AS.

All assets and liabilities in Strata Marine & Offshore AS will be transferred to Saga Invest Holding AS, a new subsidiary of Saga Tankers ASA. Saga Tankers ASA will issue 110 898 883 new shares to the former shareholders of Strata Marine & Offshore AS as settlement for the merger.

Completion of the transaction is expected primo June 2015.

Pro forma balance for Saga Tankers Group as per 1 January 2015 as if the Merger had taken place at 1 January 2015:

<i>NOK 1000</i>	Saga Tankers Group 01.01.15	Strata Marine & Offshore Group 01.01.15	Estimated transaction costs	New Saga Tankers Group 01.01.15
ASSETS				
Non-current assets				
Deferred tax assets	1	-	-	1
Fixed assets	94 565	-	-	94 565
Available-for-sale financial assets	53 158	219 608	-	272 765
Long term receivables	-	9 718	-	9 718
Associates	-	27 086	-	27 086
Total non-current assets	147 723	256 411	-	404 134
Current assets				
Trade receivables	622	137	-	759
Other current assets	1 227	2 135	-	3 362
Cash and cash equivalents	297 729	35 106	-	332 835
Total Current assets	299 579	37 378	-	336 957
TOTAL ASSETS	447 302	293 789	-	741 091
EQUITY AND LIABILITIES				
Equity				
Share capital	175 834	110 899	-	286 733
Other Equity	883 696	-	-	883 696
Total paid-in-capital	1 059 530	110 899	-	1 170 429
Accumulated losses	-694 519	134 724	-514	-560 309
Other components of equity	-2 648	46 181	-	45 532
Non-controlling interest	24 041	-	-	24 041
Total equity	386 404	291 804	-514	677 693
Non-current liabilities				
Long term interest bearing debt	53 000	-	-	53 000
Total non-current liabilities	53 000	-	-	53 000
Current liabilities				
Short-term interest bearing debt	4 000	-	-	4 000
Tax Payable	43	-	-	43
Trade and other payables	728	464	-	1 192
Other current liabilities	2 127	1 522	514	4 163
Total current liabilities	6 899	1 986	514	9 399
TOTAL EQUITY AND LIABILITIES	447 302	293 789	-	741 091

This is an estimated opening balance, and may be subject to change



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