

Q3

Q3 2013 REPORT



CONTENTS

FINANCIAL INFORMATION

[Highlights >](#)

[Responsibility Statement >](#)

[Consolidated condensed statement of comprehensive income >](#)

[Consolidated condensed statement of financial position >](#)

[Consolidated condensed cash flow statement >](#)

[Consolidated condensed statement of changes in equity >](#)

[Notes to the financial statements >](#)

HIGHLIGHTS

KEY FIGURES

| NOK 1000 | Jul-Sep 2013 (unaudited) | Jul-Sep 2012 (unaudited) | Jan-Sep 2013 (unaudited) | Jan-Sep 2012 (unaudited) |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Gross freight revenue | 0 | 5 579 | 0 | 43 338 |
| Operating revenue | 0 | 5 573 | 20 925 | 42 541 |
| Operating profit (-loss) before depreciation (EBITDA) | -1 542 | 3 800 | 213 | 24 346 |
| Operating profit/(-loss) (EBIT) | -1 542 | 3 766 | 213 | 24 270 |
| Net profit/(-loss) | -1 590 | 3 705 | 1 712 | 22 763 |
| Total comprehensive income | 6 777 | -5 162 | 20 611 | 14 046 |
| Basic and diluted earnings per share NOK | -0,02 | 0,04 | 0,02 | 0,26 |

RESULTS

Saga Tankers group reports a net total comprehensive income for the third quarter 2013 of NOK 6.7 million.

The Group has sold all vessels and had as such no freight revenues during the quarter.

EBITDA for the third quarter was NOK -1.5 million.

Impairment cost of NOK 0.4 million due to the decreased share price in S.D Standard Drilling Plc.

Earnings per share (EPS) for the third quarter were NOK -0.02.

The average number of shares in the quarter was 86,777,409. As per the end of the period, the outstanding number of shares was 86,777,409.

The Group's condensed unaudited financial statements for the third quarter of 2013 are enclosed.

Current Investments

The Group currently holds investments in Prospector Offshore Drilling S.A, S.D Standard Drilling PLC, Northern Energy ASA and partnership shares in Vallhall Arena. Changes in market value of NOK 8.4 million for these investments were booked as other comprehensive income in third quarter 2013.

The Group has a cash holding of NOK 115.5 million.

Future

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.

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 November 2013

The Board of Directors

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| <i>NOK 1000</i> | Jul-Sep 2013 | Jul-Sep 2012 | Jan-Sep 2013 | Jan-Sep 2012 |
|---|---------------------|---------------------|---------------------|---------------------|
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Gross freight revenues | - | 5 579 | - | 43 338 |
| Voyage related expenses | - | - 6 | - | - 797 |
| Other Income | - | - | 20 925 | - |
| Operating revenues | - | 5 573 | 20 925 | 42 541 |
| Operating expenses vessels | - | 1 667 | - | 9 933 |
| General administrative expenses | 1 155 | 106 | 3 242 | 8 262 |
| Depreciation (note 2) | - | 24 | - | 76 |
| Impairment | 387 | - | 17 523 | - |
| Loss(-gain) sale fixed assets (note 2) | - | - | -53 | - |
| Operating expenses | 1 542 | 1 797 | 20 712 | 18 271 |
| Operating profit/(-loss) | -1 542 | 3 800 | 213 | 24 346 |
| Interest income | - | - | 7 | - |
| Interest expense | - | -195 | -2 | -1 525 |
| Other financial items | -47 | 124 | 1 495 | 18 |
| Net financial items | -47 | -71 | 1 499 | -1 507 |
| Profit/(-loss) before tax | -1 590 | 3 705 | 1 712 | 22 763 |
| Taxes | - | - | - | - |
| Net profit/(-loss) | -1 590 | 3 705 | 1 712 | 22 763 |
| Change in available-for-sale assets | 8 366 | - | 18 899 | - |
| Currency translation differences | - | -8 867 | - | -8 717 |
| Other comprehensive income | 8 366 | - | 18 899 | - |
| Total comprehensive income | 6 777 | -5 162 | 20 611 | 14 046 |
| Basic and diluted earnings per share NOK | -0,02 | 0,04 | 0,02 | 0,26 |
| Average number of shares in the period | 86 777 409 | 86 777 409 | 86 777 409 | 86 777 409 |
| Number of shares outstanding at period end | 86 777 409 | 86 777 409 | 86 777 409 | 86 777 409 |

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

| <i>NOK 1000</i> | 30.09.2013 | 31.12.2012 |
|--|--------------------|--------------------|
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| ASSETS | | |
| Non-current assets | | |
| Vessels and other assets (note 2) | - | 278 |
| Available-for-sale financial assets (note 5) | 81 921 | 48 648 |
| Total non-current assets | 81 921 | 48 926 |
| Current assets | | |
| Trade receivables | 7 | - |
| Other current assets | 105 | 138 |
| Cash and cash equivalents | 115 488 | 146 852 |
| Total Current assets | 115 599 | 146 990 |
| TOTAL ASSETS | 197 520 | 195 916 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 86 777 | 86 777 |
| Share premium | 44 850 | 44 850 |
| Other Equity | 838 846 | 838 846 |
| Accumulated losses | -792 734 | -794 446 |
| Other components of equity | 19 283 | 385 |
| Total equity | 197 022 | 176 411 |
| Current liabilities | | |
| Other current liabilities and accruals | 498 | 19 505 |
| Total current liabilities | 498 | 19 505 |
| TOTAL EQUITY AND LIABILITIES | 197 520 | 195 916 |

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

| <i>NOK 1000</i> | Jan-sep 2013 | Jan-sep 2012 |
|---|---------------------|---------------------|
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Profit before tax | 1 712 | 22 763 |
| Interest income | -7 | - |
| Interest expenses | 2 | 1 530 |
| Depreciation | - | 76 |
| Impairment charge | 17 523 | - |
| Loss sale fixed asset | -53 | -610 |
| Increase/decrease Inventories | - | - |
| Increase/decrease receivables and prepayments | 33 | 364 |
| Increase/decrease payables and accruals | -19 007 | -1 102 |
| Pensions | - | - |
| Increase/decrease other provisions | - | -944 |
| Net cash flow from operating activities | 203 | 22 077 |
| Investments in Financial assets | -31 898 | - |
| Investments in tangible fixed assets | - | - |
| Proceeds from sale of vessel | - | 181 368 |
| Proceeds from sale of other fixed assets | 331 | - |
| Net cash flow from investing activities | -31 567 | 181 368 |
| Repayments of long term borrowings | - | -116 100 |
| Payments of interest expenses | - | -1 530 |
| Interest income | - | - |
| Net cash flow from financing activities | - | -117 630 |
| Effects of exchange rate change on cash (unrealized) | - | -7 369 |
| Net change in cash and cash equivalents | -31 364 | 78 445 |
| | | - |
| Cash and cash equivalents at beginning of period | 146 852 | 100 895 |
| Cash and cash equivalents at end of period | 115 488 | 179 340 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Jan-Sep 2013 (unaudited) | | | | | | | |
|--|----------------|---------------|----------------|--------------------|---|---|----------------|
| <i>NOK 1000</i> | Issued capital | Share premium | Other equity | Accumulated losses | Available for sale financial assets reserve | Exchange difference currency translations | Total |
| Equity as at 1 January 2013 | 86 777 | 44 850 | 838 846 | -794 446 | 3 033 | -2 648 | 176 411 |
| Net profit/(-loss) | - | - | - | 1 712 | - | - | 1 712 |
| Other comprehensive income | - | - | - | - | 18 899 | - | 18 899 |
| Total comprehensive income | - | - | - | 1 712 | 18 899 | - | 20 611 |
| Equity per ending balance 30 September 2013 | 86 777 | 44 850 | 838 846 | -792 734 | 21 931 | -2 648 | 197 022 |

| Jan-Dec 2012 (unaudited) | | | | | | | |
|---|----------------|---------------|----------------|--------------------|---|---|----------------|
| <i>NOK 1000</i> | Issued capital | Share premium | Other equity | Accumulated losses | Available for sale financial assets reserve | Exchange difference currency translations | Total |
| Equity as at 1 January 2012 | 86 777 | 44 850 | 838 846 | -815 757 | - | 9 314 | 164 030 |
| Net profit/(-loss) | - | - | - | 21 311 | - | - | 21 311 |
| Other comprehensive income | - | - | - | - | 3 033 | -11 962 | -8 929 |
| Total comprehensive income | - | - | - | 21 311 | 3 033 | -2 648 | 12 381 |
| Equity per ending balance 31 December 2012 | 86 777 | 44 850 | 838 846 | -794 446 | 3 033 | -2 648 | 176 411 |

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 28 November 2013.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those presented in the Annual Report of 2012, with the exception of functional currency and presentation currency which has been changed from USD to NOK 1. January 2013. Comparable figures from periods prior to this date, has been recalculated to NOK for presentation purposes. 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 – VESSELS AND OTHER ASSETS

| <i>NOK 1000</i> | Other assets | Total |
|---|---------------------|--------------|
| Acquisition cost, 1 January 2013 | 575 | 575 |
| Acquisition of assets | - | - |
| Sale of assets | -575 | -575 |
| Acquisition cost, ending balance 30 September 2013 | - | - |
| Accumulated depreciation, 1 January 2013 | -297 | -297 |
| Depreciation | - | - |
| Accumulated depreciation sold assets | 297 | 297 |
| Accumulated depreciation, ending balance 30 September 2013 | - | - |
| Net carrying amount, ending balance 30 September 2013 | - | - |

Other fixed assets were sold during the first quarter. Sales price was TNOK 331, resulting in gain of TNOK 53

NOTE 3 – OPERATING SEGMENTS

During 2012, the Company operated only one type of vessel, VLCC. All the vessels were sold during or before 2012. The Company has during 2013 acquired financial instruments traded in active markets. These are further described in note 5.

For management purposes, the Company's business is not organized into separate operating segments and hence only has one reportable operating segment which is in line with the consolidated figures presented in this report. Group financing is also monitored on a Group basis.

NOTE 4 – SAGA AGNES CLAIM SUMMARY

As informed in the annual report for 2012, 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. The Group has made no provisions for this claim.

NOTE 5 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 30 Sep 2013 | 31 Dec 2012 |
|---|----------------|----------------|
| At 1 January | 48 648 | - |
| Additions | 31 897 | 45 615 |
| Impairment | -17 523 | - |
| Change in available-for-sale financial assets | 18 899 | 3 033 |
| Total | 81 921 | 48 648 |

Available-for-sale financial assets include the following:

| | Fair value hierarchy | 2013 | 2012 |
|--------------------|----------------------|---------------|---------------|
| Unlisted shares | Level 3 | 1 541 | 1 541 |
| Partnership shares | Level 3 | 12 459 | 12 459 |
| Listed shares | Level 1 | 67 921 | 34 648 |
| Total | | 81 921 | 48 648 |

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 30.09.2013. Partnership shares/Unlisted shares (level 3) were acquired during the end of 2012 from an independent third party, where the acquisition cost is still considered to be their fair value. Impairment of financial assets has been recognized through the income statement. .

NOTE 6 – 20 LARGEST INVESTORS

| | NAME | 03.10.2013 |
|----|-----------------------------------|----------------|
| 1 | SPETALEN | 95,18 % |
| 2 | SELACO AS | 0,71 % |
| 3 | ASTRUP FEARNLEY A/S | 0,36 % |
| 4 | KOLBERG | 0,31 % |
| 5 | KOLBERG MOTORS AS | 0,31 % |
| 6 | NORDSTJERNEN AS | 0,28 % |
| 7 | MOUNT AIRY SHIPPING & TRADING LTD | 0,24 % |
| 8 | SKIBSAKTIESELSKAPET ABACO | 0,23 % |
| 9 | RAMS AS | 0,18 % |
| 10 | DNBNOR MARKETS | 0,17 % |
| 11 | AVANZA BANK AB | 0,16 % |
| 12 | RHIANNON AS | 0,13 % |
| 13 | NISTUÅ II AS | 0,12 % |
| 14 | GADD HOLDING | 0,12 % |
| 15 | MYKLAND INVEST AS | 0,12 % |
| 16 | SKAGENKAIEN EIENDOM | 0,12 % |
| 17 | PAK INVEST AS | 0,09 % |
| 18 | VOLDMO | 0,08 % |
| 19 | INITIUM INVEST AS | 0,07 % |
| 20 | ARAMIS FLEKKEFJORD AS | 0,07 % |
| | TOTAL | 99,06 % |



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