



CONSOLIDATED
FINANCIAL STATEMENTS –
GROUP

ANNUAL REPORT 2016

CONTENTS

2016 Annual Report

Board of Director's Report 2016 > page 3 – page 5

Consolidated statement of comprehensive income 2016 > page 6

Consolidated statement of financial position 2016 > page 7 - page 8

Consolidated cash flow statement 2016 > page 9

Consolidated statement of changes in equity 2016 > page 10

Notes to the consolidated financial statements > page 11 – page 31

Responsibility statement > page 32

Corporate Governance > page 33

Separate income statement 2016 > page 35

Separate financial position 2016 > page 36

Separate cash flow statement 2016 > page 37

Notes to the separate financial statements > page 38 – page 49

Independent auditor's report 2016 > page 50

BOARD OF DIRECTOR'S REPORT

The business activity of the Group is investment and management related to shipping, rig, real estate, stock trading and similar business activities.

A LOOK BACK ON 2016

The year 2016 began with a broad correction for the stock market in general and Oslo Benchmark index took a hit of 15%. During the year Oslo Stock Exchange gradually had a positive development and a strong fourth quarter resulted in a positive return for 2016. Oslo Børs Benchmark Index increased by 12% in 2016, while the Energy Index increased by approximately 32%.

There have not been any changes in the group structure throughout 2016. However, there has been a substantial rotation in the portfolio of available-for-sale financial assets. Investments in NEL ASA and Axactor ASA have been partially or completely disposed. New investments have been made, whereas the most significant is the investment in Pareto Bank ASA.

The Group's largest investments at the end of the year were Pareto Bank ASA, SD Standard Drilling Plc, NEL ASA and Vistin Pharma ASA.

FINANCIAL RESULTS 2016 (GROUP)

The Group reports a total comprehensive income for 2016 of MNOK -96.4 (2015: MNOK 267.2).

The major items of the Groups net comprehensive income consist of income from lease and operation of property MNOK 18.3 and net gain on available-for-sale financial assets of MNOK 116.7. Change in available-for-sale assets generated other comprehensive income of MNOK -206.0, of which MNOK -181.4 is reclassification of former positive other comprehensive income to Net gain from available for sale assets.

Gross income for 2016 was MNOK 135.6 (2015: MNOK 81.5).

Total operating expenses for 2016 were MNOK 24.9 (2015: MNOK 56.8). The decrease in operating expenses is to a great extent attributable to absence of loss on available-for-sale assets in 2016.

Net operating profit for 2016 was MNOK 110.7 (2015: MNOK 24.7).

Operating profit before interest, taxes, depreciation and amortization (EBITDA) for 2016

was MNOK 112.8 (2015: MNOK 15.2). The EBITDA can be derived as described directly and unadjusted from the statement of income. Net financial items for 2016 were NOK 0.9 million (2015: MNOK -4.8).

Earnings per share for 2016 were NOK 0.39 (2015: NOK 0.07), based on the net profit to shareholders of MNOK 108.8 (2015: MNOK 19.9).

As of year-end, the Company had a total of 221 shareholders and a total of 266,149,831 shares outstanding, and an average number of 279,767,379 shares outstanding throughout the year. Number of outstanding shares is exclusive of 20,582,780 treasury shares. Number of total issued shares (including treasury shares) are 286,732,611. The Company's 20 largest shareholders controlled about 97.3% of the total number of shares outstanding at year end.

LIQUIDITY AND CASH FLOW

The net cash balance as of 31 December 2016 was TNOK 439,060 (2015: TNOK 426,606). The net change in cash over the year was TNOK 12,454 (2015: TNOK 128,877). Of the change in cash in 2016, TNOK 73,649 is the net result of investment and divestment in financial assets, and TNOK -52,637 as a result of acquisition of own shares.

FINANCIAL POSITION

As of 31 December 2016, the Group's total assets amounted to MNOK 863.9 (2015: MNOK 1,020.3). Total equity to shareholders of parent company was MNOK 784.1 (2015: MNOK 934.8).

It is the opinion of the Board of Directors that the Group is in a sound financial position with an equity ratio of about 93.5 % (2015: 94.2 %.) Please see further information described under the Going Concern section.

RISK FACTORS

The Group is exposed to a limited number of risk factors. The most significant risk factors are market risk, legal risk, credit risk and liquidity risk.

Market risk: The Group's investments in shares and other financial instruments expose the Group to market risk in terms of equity price risk. The Group moderates this risk through careful selection of securities for investments.

Legal risk: The tax audit as referred to in the 2015 financial statements is in its final stage. The raised issues that potentially could affect the Groups

financial statements has been settled without any effect for the financial statements. There is still an tax audit concerning "paid in capital". As to the Groups knowledge there are no outstanding issues in the tax audit that could impact the financial statements. The status of this audit is further described in note 11 Taxes.

Credit risk: The Group is exposed to credit risk, inherent in the risk that the counterparty will be unable to pay outstanding amounts in full when due. The Group has normally insignificant amounts of outstanding receivables. However, this risk is also applicable to bank deposits. The risk is limited through the use of financial institutions with solid credit ratings for bank deposits and settlement of transactions.

Liquidity risk: The Group continuously monitors the liquidity requirements, in order to ensure sufficient cash for meeting the operational needs. The Group has no outstanding debt or capital commitments.

Saga Tankers manages these risk factors through internal reporting and control procedures as well as consulting with external advisors. The Group's risk factors are described more detailed in note 17.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

A good and safe working environment has been given a high priority in Saga Tankers. The Group's goal is to ensure that it operates in such a way that no detrimental effects are made on either people or the environment in which we operate. The Group's objective is to ensure safe and secure operations. The business operates in compliance with national and international requirements and regulations. There have been no work-related accidents resulting in sick leave during 2016.

Saga Tankers aims to have a workplace free from discrimination on the basis of gender, sex and race in matters of salary, promotion and recruitment. At year end the Group had six employees.

The Group is not directly involved in any research or development projects, and has not recognised any such costs during 2016.

CORPORATE SOCIAL RESPONSIBILITY

The Group has no formalized guidelines regarding corporate responsibility. However, The Group is constantly focused on conducting its business through a sound code of ethics.

FINANCIAL RESULTS OF PARENT COMPANY

Saga Tankers ASA (the Parent Company) reports a net loss for 2016 of MNOK -3.4 (2015: net profit MNOK 9.9).

Gross revenues for 2016 were MNOK 5.0 (2015 MNOK 13.5).

Total operating expenses for 2016 were MNOK 9.4 (2015: MNOK 10.6).

Operating profit before interest, taxes, depreciation and amortization (EBITDA) for 2016 was MNOK -4.8 (2015: MNOK 7.3).

Net financial items for 2016 were MNOK 1.0 (2015: MNOK 7.0).

The Board of Directors proposes that the net loss for 2016 of MNOK -3.4 is attributed to accumulated losses.

CORPORATE GOVERNANCE

The Group strives to comply with the NUES corporate governance guidelines.

Please see the Company's website for a description of the Corporate Governance policies and information about the Company's deviations from the NUES guidelines during 2016.

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 some of these placements, but the group's ownership has been diluted from 46.16 % to 15.76 %. References are made to note 21 – Subsequent events for further information.

INVESTMENT IN SHARES

The Group has during 2016 invested MNOK 148 in Pareto Bank ASA, which at year-end is set at fair value of MNOK 190. The Group has disposed of its investment in Axactor ASA, an investment set at fair value of MNOK 134 per 2015. The Group has disposed 44% of its investment in NEL ASA with a fair value of MNOK 125 per 2015. The residual investment in NEL has a fair value of MNOK 53 as per 2016.

GOING CONCERN AND DIVIDEND

The Group is currently in a sound position with a net book equity ratio of 93.5 % and surplus liquidity available.

The Board of Directors and the management has substantial experience and competence within

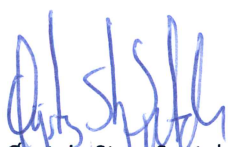
shipping, real estate and the oil, energy and offshore industries, and will continuously pursue potential investments within these industries and within other markets or industries that may appear attractive. The Group expects to make further investments within the next few years assuming attractive prices and markets, reasonable financing terms and acceptable counterparty risk.

It is expected that the shareholders will receive return on more attractive terms if proceeds are

managed by the Group. Hence, no suggestions on dividend are made by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by EU, while the financial statements for the parent company have been prepared in accordance with the Norwegian Generally accepted Principles (NGAAP). The Board of directors confirms that these annual accounts are based on the going concern assumptions, and that these conditions exist.

Oslo, 28 April 2017
The Board of Directors



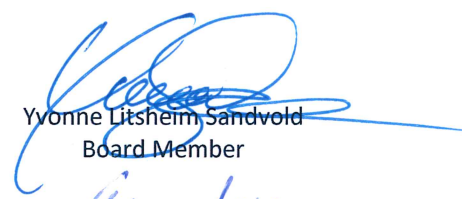
Øystein Stray Spetalen
Board Member



Kristin Hellebust
Board Member



Martin Nes
Chairman



Yvonne Litsheim Sandvold
Board Member



Espen Lundaas
CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 01.01. – 31.12.

NOK 1000	NOTE	2016	2015
OPERATING INCOME			
Other Income	3	18 982	20 024
Net gain/loss from available for sale assets (-)	3	116 656	-
Other gains/losses (-)		-	61 486
GROSS INCOME		135 638	81 510
OPERATING EXPENSES			
Employee benefit expenses	5	9 139	8 768
Other operating expenses	5	13 178	17 743
Depreciation	10	2 632	2 639
Net loss/gain from available-for-sale assets (-)	3	-	27 677
TOTAL OPERATING EXPENSES		24 949	56 827
NET OPERATING PROFIT/LOSS (-)		110 689	24 683
FINANCIAL INCOME/EXPENSES (-)			
Interest income		2 743	3 652
Interest expense		-1 748	-1 955
Net foreign exchange gain/loss (-)		-71	-5 475
Other financial income/expenses (-)		1	-999
NET FINANCIAL INCOME/EXPENSES (-)		925	-4 777
Share of profit from associates	4	-1 074	-5 644
NET PROFIT BEFORE TAX		110 540	14 261
Taxes	11	159	203
NET PROFIT/LOSS FOR THE YEAR (-)		110 380	14 058
Attributable to:			
Non-controlling interests		1 643	-5 801
Shareholders' interests		108 738	19 859
Items that may be subsequently reclassified to profit or loss			
Change in available-for-sale assets	19	-205 970	251 808
Exchange difference currency translations		-846	1 331
OTHER COMPREHENSIVE INCOME		-206 816	253 139
TOTAL COMPREHENSIVE INCOME		-96 436	267 197
Attributable to:			
Non-controlling interests		1 643	-5 801
Shareholders' interests		-98 079	272 998
Basic and diluted earnings per share to shareholders of the parent company NOK		0,39	0,07
Average number of shares in the period		279 767 379	286 732 611
Number of shares outstanding at period end		266 149 831	286 732 611

The notes on pages 11 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

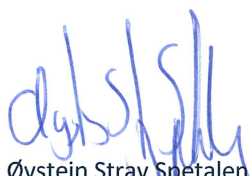
NOK 1000	NOTE	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Available-for-sale financial assets	17,19	298 480	461 908
Fixed assets	10	89 513	92 107
Associates	4	36 223	38 143
Total non-current assets		424 216	592 158
Current assets			
Trade receivables and other receivables	8	160	423
Other current assets	7	466	1 111
Cash and equivalents	6,17	439 060	426 606
Total current assets		439 685	428 140
TOTAL ASSETS		863 901	1 020 298

The notes on pages 11 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER (CONTINUED)

NOK 1000	NOTE	31 Dec 2016	31 Dec 2015
EQUITY AND LIABILITIES			
Equity			
Share capital	13	286 733	286 733
Own shares	13	-20 583	-
Other paid in equity	13	987 329	924 814
Total paid-in-capital		1 253 479	1 211 547
Accumulated losses		-558 148	-572 317
Other components of equity		88 753	295 569
Non-controlling interests		23 685	26 112
Total equity		807 768	960 911
LIABILITIES			
Non-current liabilities			
Long-term interest bearing debt	12,17	46 000	50 000
Deferred tax	11	173	88
Total non-current liabilities		46 173	50 088
Current liabilities			
Short-term interest bearing debt	12	4 000	4 000
Tax payable		14	49
Trade and other payables		1 410	421
Other current liabilities and accruals	9	4 535	4 829
Total current liabilities		9 959	9 299
Total liabilities		56 133	59 387
TOTAL EQUITY AND LIABILITIES		863 901	1 020 298

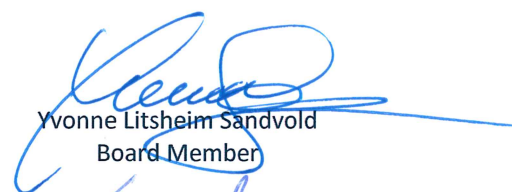
The notes on pages 10 to 30 are an integral part of these consolidated financial statements.


Øystein Stray Spetsten
Board Member


Kristin Hellebust
Board Member

Oslo, 28 April 2017
The Board of Directors


Martin Nes
Chairman


Yvonne Litsheim Sandvold
Board Member


Espen Lundaas
CEO

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD 01.01. – 31.12.

NOK 1000	NOTE	2016	2015
Profit before tax		110 540	14 261
Profit share from associates		1 074	5 644
Depreciation	10	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	19	-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	12	-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

The notes on pages 11 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

2016								
<i>NOK 1000</i>	Issued capital	Own shares	Other paid in 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)	-	-	-	108 738			1 643	110 380
Other comprehensive income	-	-	-	-	-205 970	-846		-206 816
Total comprehensive income	-	-	-	108 738	-205 970	-846	1 643	-96 436
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	-558 149	90 917	-2 164	23 685	807 768
2015								
<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

The notes on pages 11 to 30 are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTE 1 – CORPORATE INFORMATION

Saga Tankers ASA (“the Company”) is a publicly limited company incorporated and domiciled in Norway. The address of the head office is Sjølyst Plass 2, 0278 Oslo. The Company was incorporated on 24 March 2010 and was listed on the Oslo Stock Exchange “Axess”-list on 18 June 2010.

The consolidated financial statements for the year ended 31 December 2016, were approved by the Board of Directors on 28 April 2017, and will be presented for approval at the Annual General Meeting on 24 May 2017.

The business activity of the Group is investment and management related to shipping, rig, real estate, stock trading and similar business activities.

NOTE 2 – ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements for Saga Tankers for the financial year 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The IFRS principles have been applied consistently since incorporation. Below is a summary of the Group’s accounting policies to be applied in the consolidated financial statements.

The consolidated financial statements are presented in NOK and all numbers are rounded to the nearest thousands, except where otherwise indicated.

In line with practice, the statement of comprehensive income is presented on a mixed basis (a blend of expenses by nature and function), as this is assessed to be the most relevant and reliable presentation.

Going concern

The financial statements have been prepared on the going concern assumption. For additional information see Board of Director’s report.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Saga Tankers ASA and its subsidiaries (the “Group”) as of 31 December each year.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date the control ceases.

All inter-company transactions and balances are eliminated in the consolidated financial statements.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case when the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee after the date of acquisition. The group’s investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to share of profit/ (loss) of associates in the income statement.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that may affect assets, liabilities, revenues, expenses and information in notes to the financial statement. Estimates are management's best knowledge based on information available at the date the financial statements are authorized for issue. Actual results may differ from these estimates. Such changes will be recognized when new estimates can be determined with certainty.

Depreciation of fixed assets

Fixed assets are depreciated on a straight-line basis over their expected useful lives. Land is not depreciated.

Recognition other income

Other income related to lease of property and related services. The income is recognised as soon as the services are rendered to the recipients.

Summary of significant accounting policies

Revenue from investment and trading of financial instruments

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the group's activity (i.e. at trade date).

The group indulges in investment and trading of financial instruments as part of its core business. All such instruments are classified as available-for-sale assets, unless the Group exercises significant influence of the investment, in which case the investment will be classified as associate. See the group accounting policy describing Financial Instruments below.

Dividend Income

Dividend income is recognised when the right to receive payment is established. The company classifies such income as 'Other Income' on the face of Consolidated Statement of Comprehensive Income.

Foreign currency

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

Transactions in foreign currencies are recorded at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate at the financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Impairment of non-financial assets

(i) Fixed assets

Fixed assets are reviewed for indication of impairment at each reporting date, and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an assets net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets if possible, or else for the cash-generating unit.

Impairment of financial assets

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

Reversal of impairment losses recognized in prior years is recorded in profit and loss if there is an indication that previous impairment losses recognized no longer exist or have decreased.

(ii) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria referred to in (i) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. IFRS standards indicates that a drop of more than 20% is classified as significant and that if the assets are below the cost price for six to twelve months, the period is considered to be prolonged. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

Financial instruments

The group classifies its financial assets and liabilities in the following categories: loans and receivables, other financial liabilities and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are initially recognized at fair value plus directly attributable transaction costs. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in profit and loss when the loans and receivables are de-recognized or impaired, as well as through the amortization process. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not designated in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The financial assets are denominated in NOK and are measured at Fair value. Listed shares are valued at quoted market price at each balance sheet date. Partnership shares/other shares acquired just before year end from an independent third parties are deemed to have an acquisition cost considered as its fair value. Other assets in this category not traded in an active market are valued based on valuation techniques, which is considered to be their fair value. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Net gains and losses from available-for-sale assets'.

Other financial liabilities: Other financial liabilities are initially recognized at fair value plus directly attributable transaction costs. After initial recognition other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest method amortization process.

Trade receivables and other receivables

Current trade receivables and other receivables are initially recorded at their fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Trade payables and other payables

Current trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Cash, cash equivalents and cash flow statement

Cash represents cash on hand and deposits with bank that is callable on demand.

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

The cash flow statement is prepared using the indirect method.

Financial liabilities

Interest-bearing debt is initially recognized at fair value when the Group becomes a party to the contractual provisions of the instrument. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on the settlement. Financial liabilities are presented as current if the liability is due settled within 12 months after the financial position date, whereas liabilities with the legal right to be settled more than 12 months after the financial position date are classified as non-current.

Financial liabilities are derecognized from the financial position when the contractual obligation expires, is discharged or cancelled. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest income and other financial items and interest and other finance expenses.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as financial expense.

Equity

Transaction costs related to an equity transaction are recognized directly in equity after deduction of tax.

Ordinary taxation

At year end, all subsidiaries within the Group are subject to the ordinary Norwegian taxation regime. Current income taxes are measured at the amount expected to be paid to (recover from) authorities, deferred tax assets/liabilities are calculated based on temporary differences at the reporting date. Deferred tax assets are recognized to the extent that it is probable that they can be utilized in the future. Dividends and capital gains are taxed according to the Norwegian exemption model.

Financial position classification

Current assets and current liabilities include items due less than one year from the financial position date, and items tied to the operating cycle. The current portion of long-term debt is included as current liabilities.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties have been made on an arm's length basis and are settled on a regular basis.

Contingent liabilities

Contingent liabilities are defined as possible obligations that arises from past events whose existence depends on one or more future events not wholly within the control of the entity, or present obligations that are not recognized because it is not probable that they will lead to an outflow or resources.

Contingent liabilities are not recognized on the balance sheet unless arising from assuming assets and liabilities in a business combination. Significant contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefit is a remote one.

Contingent assets are not accounted for unless virtually certain.

Events after financial position date

New information regarding the Group's situation on the financial position date is taken into account in the financial statements. Events occurring after the financial position date, that do not affect the Group on the financial position date but will affect the Group's situation in the future, are disclosed if significant.

New and amended standards adopted by the group

There are no new or amended accounting standards that required the Group to change its accounting policies for the 2016 financial year.

NOTE 3 – OPERATING SEGMENTS

The management monitors the net income from investments in financial assets, and the revenues from lease and operation of property on a separate basis. The Group also generates other income such as fees for services rendered, guarantees and such.

Segment information	2016	2015
<i>NOK 1000</i>		
Outcome		
Net loss/gain from available-for-sale assets	116 656	-27 677
Revenues from lease and operation of property (other income)	18 252	18 032
Sundry income (other income)	729	1 993
Budget		
Net income financial assets	*	*
Revenues from lease and operation of property	17 730	18 491
Sundry income	**	**

* Net income financial assets are impacted by a range of external parameters as well as the management's decisions. The management continuously monitors the return on investments and assesses the risk level, but does not set any long term fixed targets for the outcome.

** Sundry income is considered as irregularly items subject to availability of resources to provide services as well as opportunity to provide. Other income is therefore not subject to projections by the management.

NOTE 4 – INVESTMENT IN ASSOCIATES

<i>NOK 1000</i>	2016	2015
At January 1	38 143	-
Received through merger	-	27 086
Reclassified from subsidiary	-	36 781
Share of profit*	-1 074	-25 696
Changes in surplus value*	-	20 053
Repayment of capital	-	-
Currency exchange differences	-846	1 331
Other items directly towards equity	-	12
Reclassified as subsidiaries	-	-
Reclassified to Available-for-sale financial assets**	-	-21 423
At 31 December	36 223	38 143

* Constitutes net loss associates of TNOK -5,643 in 2015.

** Axactor AB reclassified in 2015 due to dilution in ownership below significant influence.

The Group's share of the results of its principal associates, and its aggregated assets and liabilities are as follows:

<i>NOK 1000</i>						
31 December 2016						
Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit	% Interest held
SD Standard Drilling Plc	Cyprus	36 915	692	923	-1 074	46,16 %
		36 915	692	923	-1 074	

<i>NOK 1000</i>						
31 December 2015						
Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit	% Interest held
Axactor AB (Nickel Mountain Group AB)*	Sweden	-	-	-	-5 675	0 %
SD Standard Drilling Plc**	Cyprus	38 410	266	-	32	46,16 %
		38 410	266	-	-5 643	

* Associate in the period 1 January 2015 to 30 October 2015. Recognized as Available-for-sale financial assets as of 1 September 2015. Net loss of TNOK -5,675 includes gain on surplus value of TNOK 20,053

** Subsidiary in the period 1 March 2015 to 30 October 2015. Recognized as Associate as of 1 September 2015

Total result, assets and liabilities for the associated companies for the complete financial years:

<i>NOK 1000</i>						
31 December 2016						
Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit	
SD Standard Drilling Plc	Cyprus	79 968	1 500	2 000	-2 327	
		79 968	1 500	2 000	-2 327	

<i>NOK 1000</i>						
31 December 2015						
Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit	
Axactor AB (Nickel Mountain Group AB)*	Sweden	633 533	116 226	4 247	-159 459	
SD Standard Drilling Plc**	Cyprus	83 210	581	-	-26 757	
		716 743	116 808	4 247	-186 216	

NOTE 5 – OPERATING EXPENSES

NOK 1000	2016	2015
Employee benefit expenses		
Salaries	7 887	7 429
Social security costs	1 135	1 099
Pension expenses	24	136
Other personnel expenses	94	104
Total employee benefit expenses	9 139	8 768
Number of man-years	7	6
Other operating expenses		
Fees	5 389	7 644
Other operating expenses Vallhall sports arena	6 467	5 108
Travel expenses and membership fees	80	260
Loss on receivables	3	245
Operating expenses SD Standard Drilling Plc	-	2 388
Other expenses	1 240	2 099
Total administrative expenses	13 178	17 743

Remuneration to the Board of Directors and executive management

2016					
NOK 1000					
Name	Position	Salary and bonus	Other benefits	Pension cost	Director's fees
Espen Lundaas	CEO/CFO	2 518	-	-	-
Martin Nes	Chairman	-	-	-	140
Øystein Stray Spetalen	Board member	-	-	-	100
Kristin Hellebust	Board member	-	-	-	100
Yvonne Litsheim Sandvold	Board member	-	-	-	100
Total remuneration		2 518	-	-	440
2015					
NOK 1000					
Name	Position	Salary and bonus	Other benefits	Pension cost	Director's fees
Espen Lundaas	CEO/CFO	2 118	-	-	-
Martin Nes 1)	Chairman	-	-	-	130
Øystein Stray Spetalen 2)	Board member	-	-	-	110
Kristin Hellebust 3)	Board member	-	-	-	75
Yvonne Litsheim Sandvold 3)	Board member	-	-	-	75
Brita Eilertsen 4)	Board member	-	-	-	25
Total remuneration		2 118	-	-	415

1) Board member until 27 March 2015. Chairman from that date

2) Chairman until 27 March 2015. Board member from that date

3) From 27 March 2015

4) Until 27 March 2015

The Group had no outstanding loans or guarantees in favour of any member of the Board of Directors or company management in 2016.

Guidelines for determining salaries and other compensation for company management

In accordance with the regulations in paragraph 6-16a in the Norwegian Public Limited Companies Act, the Board of Directors has established a statement regarding remuneration. The focus of the company is to hire qualified managers and to pay according to the market. Salary and remuneration of the CEO and CFO is determined by the Board of Directors, and payments to

other employees are determined by the CEO according to guidelines from the Board of Directors. For the fiscal year ending 31 December 2016, the position as CEO and CFO has been occupied by the same employee.

Saga Tankers Group's compensation schemes include only a limited number of benefits in kind. These benefits are offered in line with common practice in international labour markets and typically include personal communication equipment, access to media, and car and parking arrangements.

The *Statement on the determination salary and other remuneration for senior executives* will be presented at the annual general meeting and made available on the Company's webpage.

Stock options program to Board members and Company employees

No stock options or right to stock options are held by members of the board of directors or any of the Company's employees at 31 December 2016.

AUDIT FEES

NOK 1000	2016	2015
Audit fees including VAT		
Audit services	706	1 050
Other attestation services	-	179
Tax services	-	2 707
Other non-audit services	33	69
Total	740	4 005

Fees to the Group's auditors are included in administrative expenses.

NOTE 6 – CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents are denominated in the following currencies:

NOK 1000	31 Dec 2016	31 Dec 2015
US Dollars	43	4 233
Norwegian kroner	439 015	422 370
GB Pounds	2	2
Total cash and cash equivalents	439 060	426 606
Restricted cash		
Employee tax accounts	677	930

All cash deposits are held in financial institutions with a long term credit ratings of minimum A+ according to Standard & Poor's. Reference are made to note 17 for further information.

Interest income is earned at floating interest rates.

NOTE 7 – OTHER CURRENT ASSETS

NOK 1000	31 Dec 2016	31 Dec 2015
Other receivables	4	659
Prepayments	256	225
Unbilled revenue	205	228
Total other current assets	466	1 111

NOTE 8 – TRADE RECEIVABLES AND OTHER RECEIVABLES

The outstanding amount of trade receivables at 31 December 2016 was TNOK 829 (31 December 2015 of TNOK 1,722). The Group has booked a reserve for loss on trade receivables and other receivables totalling TNOK 1,325, of which TNOK 30 is a decrease in 2016 taken over the profit and loss. Trade receivables are related to rental income for the Vallhall Arena and services rendered to the tenants.

NOTE 9 – OTHER CURRENT LIABILITIES

<i>NOK 1000</i>	31 Dec 2016	31 Dec 2015
Public duties payable	908	1 382
Deferred revenue	11	11
Accrued interest	240	261
Other current liabilities	3 377	3 176
Total other current liabilities	4 535	4 829

Other current liabilities are non-interest bearing. Other current liabilities are normally settled on 30 to 60 day terms. Deferred revenues are revenues invoiced, but not earned per 31 December.

NOTE 10 – 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>					
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

Depreciation

Assets have been depreciated on a straight-line basis over their expected useful lives as follows:

Buildings:	67 years
Machinery and equipment:	5-10 years
Capitalized cost - Work in progress:	No depreciation before utilization
Land:	No depreciation

NOTE 11 – TAX

NOK 1000	2016	2015
Current tax expense	75	114
Deferred tax expense	85	89
Tax expense	159	203
Reconciliation of tax expenses		
Net profit before tax	110 540	14 261
Tax expense based on nominal tax rate of 25 % (27% for 2015)	27 635	3 851
Permanente differences	-26 566	-9 024
Change in other tax benefits receivables	-2 974	-27 227
Change in not recognized deferred tax assets	2 071	32 610
Tax effect on deferred tax due to change of tax rate*	-7	-7
Tax expense	159	203
Reconciliation of deferred tax (-)/deferred tax assets*		
Fixed and other assets	128 362	136 688
Net tax loss carried forward	10 870	9 312
Share in partnership	-301	-286
Deferred tax assets	138 931	145 714
Net deferred tax assets not recognized	139 104	145 802
Deferred tax (-)/deferred tax assets in the balance sheet	-173	-88
Tax on other comprehensive income		
Other comprehensive income	-206 816	253 139
Income tax related to other comprehensive income	-	-

* Tax rate for 2015 was 27%, and for 2016 it was 25%. Tax rate for 2017 as set by the Norwegian Parliament 17 December 2016 is 24%. The rate of 24% has therefore been applied to calculate future tax liabilities and assets as at 31 December 2016.

	2015 as reported in financial statements	Waived tax assets	2015 as filed for tax
Change in deferred tax assets - waived 2015			
Fixed and other assets	136 688	-	136 688
Deferred tax loss sale of assets	95 665	95 665	-
Net tax loss carried forward	61 743	52 457	9 287
Share in partnership	-286	-	-286
Deferred tax assets	293 810	148 121	145 689
Net deferred tax assets not recognized	293 898	148 121	145 777
Deferred tax (-)/deferred tax assets in the balance sheet	-88	-	-88

In conjunction with the tax audit as described in the financial statements of 2015, the Group has settled the issues regarding tax positions, through the waiver of certain tax positions as described above. The settlement was concluded after the release of the financial statements of 2015, but before the tax filing of 2015. Hence – the settlement is adjusted into the tax positions as of 2015. As mentioned in this matter in the 2015 financial report; the tax positions in question are not recognized in the balance sheet, hence, the waiver of such does not affect the group accounts, neither on the balance sheet, nor the income statement.

NOTE 12 – INTEREST BEARING DEBT

NOK 1000	31 Dec 2016	31 Dec 2015
Long term interest bearing debt	46 000	50 000
Current portion of long-term debt	4 000	4 000
Total interest bearing debt	50 000	54 000

Material loan agreements

In June 2014 a mortgage of TNOK 60,000 was raised. The mortgage is paid in quarterly instalments of TNOK 1,000. The maturity of the mortgage is May 2024, with a balloon payment of TNOK 20,000.

As collateral for the mortgage, two 1.st priority mortgage deeds of TNOK 72,800 and 25,000, totalling TNOK 97,800 has been issued on the property gnr. 122 / bnr. 440, in Oslo. The book value of the collateral is TNOK 86,088 reference note 10.

Interest rate of the mortgage as of 31 December 2016 is 3.24 % p.a.

NOTE 13 – ISSUED CAPITAL AND SHAREHOLDERS

Issued capital

2016				
NOK 1000	Number of shares	Share capital	Own shares	Other paid in capital
Opening balance 01.01.2016	286 732 611	286 734	-	1 019 383
Acquired own shares		-20 583	-20 582 780	-32 054
Ending balance 31.12.2015	286 732 611	266 151	-20 582 780	987 329
2015				
NOK 1000	Number of shares	Share capital	Own shares	Other paid in capital
Opening balance 01.01.2015	175 833 728	175 834	-	883 696
Merger 1 January 2015	110 898 883	110 899	-	135 687
Ending balance 31.12.2015	286 732 611	286 733	-	1 019 383

The nominal value per share as of 31 December 2016 was NOK 1 per share.

All issued shares have a nominal value of NOK 1 and are of equal rights. Saga Tankers ASA is incorporated in Norway, listed on the Oslo Exchange Axess list, and the share capital is denominated in NOK. As of 31 December 2016 the Company had 221 shareholders. The Company's largest shareholders are presented in the table below.

The increase in other paid in capital as a result of the merger in 2015 has been increased with TNOK 94,569 compared with reported at year end 2015, due to reallocation between Accumulated losses and other paid in equity.

Overview of the largest shareholders as per 31.12.2016

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 company holds 20,582,780 treasury shares, corresponding 7.18 % of total shares issued. Ownership of outstanding shares is calculated excluding the treasury shares.

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

Shareholders per country per 31.12.2016

	Shares	Owner's share %
Norway	278 173 738	97,015 %
Monaco	6 556 270	2,287 %
Belgium	1 764 597	0,615 %
Great Britain	170 437	0,059 %
Switzerland	33 158	0,012 %
Singapore	13 000	0,005 %
Sweden	11 411	0,004 %
Germany	10 000	0,003 %
Total	286 732 611	100,000 %

Total paid in capital

Please see table above.

Shareholders rights

There are currently no limitations in voting rights or trade limitations related to the Saga Tankers share.

Power of attorney to repurchase own shares

The Board held authorization to repurchase own shares as per 31 December 2016 limited to 10 % of total shares issued. As per 31 December 2016 the Group held 20,582,780 own shares, constituting 7.18 % of outstanding shares. The authorization therefore potentially includes additional 8.090.831 own shares at the boards discretion.

Authorization to raise convertible loans

The Board held no authorization to raise convertible bonds as per 31 December 2016.

Stock option arrangements

The Company/Group held no stock option or synthetic stock option agreements as of 31 December 2016.

Shares owned by the Board, Management and their Related Parties

2016	# of Shares
<i>Board of Directors</i>	
Martin Nes (Chairman)	-
Øystein Stray Spetalen	172 841 799
Yvonne Litsheim Sandvold	-
Kristin Hellebust	-
<i>Group Management</i>	
Espen Lundaas, CEO (CFO)	-
<i>Related parties</i>	
Allum Holding AS**	41 491 339
AS Ferncliff**	6 235 316
Total number of shares held by Board members, Group management and related parties	220 568 454
Total number of shares held by Board members, Group management and related parties in % of total outstanding shares	82,87 %

2015	# of Shares
<i>Board of Directors*</i>	
Martin Nes (Chairman)	-
Øystein Stray Spetalen	172 841 799
Yvonne Litsheim Sandvold	-
Kristin Hellebust	-
<i>Group Management</i>	
Espen Lundaas, CEO (CFO)	-
<i>Related parties</i>	
Allum Holding AS**	41 491 339
AS Ferncliff**	6 235 316
Total number of shares held by Board members, Group management and related parties	220 568 454
Total number of shares held by Board members, Group management and related parties in % of total outstanding shares	76,92 %

* Board of Directors was altered in March 2015. Brita Eilertsen left the Board, and Martin Nes was appointed Chairman. New elected board members Yvonne Litsheim Sandvold and Kristin Hellebust.

** Allum Holding AS and AS Ferncliff are companies in which Øystein Stray Spetalen is the sole beneficial owner.

NOTE 14 – EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the company and held as treasury shares. The company has 20,582,780 such treasury shares as of 31 December 2016.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares to ordinary shares. The Company does not have any potential dilutive ordinary shares in addition to its ordinary outstanding number of shares as per 31 December 2016.

<i>NOK 1000</i>	2016	2015
Net profit/(loss) attributable to the shareholders	108 738	19 859
<i>Number of shares</i>		
Weighted average number of ordinary shares outstanding	279 767 379	286 732 611
Weighted average number of shares outstanding, diluted	279 767 379	286 732 611
Number of shares outstanding at period end	266 149 831	286 732 611
<i>NOK per share</i>		
Basic and diluted earnings per share	0,39	0,07

NOTE 15 – RELATED PARTIES

The company is sharing office locations for its head office with Ferncliff Holding AS, a company controlled by Øystein Stray Spetsten, board member, and the Company's largest shareholder. Transactions with related parties during 2016 are limited to office rent including mutual costs, and services rendered regarding support for financial reporting.

All transactions with related parties have been made on an arm's length basis and are settled on a regular basis. Goods and/or services purchased from related parties have been priced at industry standard rates. Transactions with related parties are specified below:

RELATED PARTY TRANSACTIONS

2016				
NOK 1000	Sales to related parties	Purchase from related parties	Amounts owed by related parties	Amounts owed to related parties
Tycoon Industrier AS	-	875	-	-

2015				
NOK 1000	Sales to related parties	Purchase from related parties	Amounts owed by related parties	Amounts owed to related parties
Tycoon Industrier AS	-	1 268	-	-

NOTE 16 – SUBSIDIARIES

The consolidated financial statements include the financial statements of Saga Tankers ASA and its subsidiaries listed in the table below:

Subsidiaries	Country of incorporation	Ownership share	Consolidated in the Group financial statements from
Saga Agnes AS	Norway	100 %	2010
Saga Chelsea AS	Norway	100 %	2010
Saga Julie AS	Norway	100 %	2010
Saga Unity AS	Norway	100 %	2010
Vallhall Fotballhall KS	Norway	54,8 %	2014
Vallhall Fotballhall AS	Norway	54,8 %	2014
Vallhall Fotballhall Drift AS	Norway	55,2 %	2014
Strata Marine & Offshore AS	Norway	100 %	2015

The subsidiaries have their offices in Oslo, Norway.

NOTE 17 – FINANCIAL RISK MANAGEMENT

Through its activities the Group is exposed to a variety of financial risks: market risk including currency risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. To reduce and manage these risks, management periodically assesses the Group's financial market risk in general

Equity price risk

The Group invests in both marketable securities on different stock exchanges as well unlisted securities in order to take advantage of market movements in the equity markets.

All marketable securities present a risk of loss of capital. The Group moderates this risk through a careful selection of securities. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Group's overall market positions are monitored on a quarterly basis. The Group's maximum exposure to risk at the balance sheet date is NOK 298.5 million (2015: NOK 461.9 million).

At 31 December 2016, the impact of increases/decreases of the Oslo Stock Exchange and Oslo Axess on the group's post-tax profit for the year and on equity would have been as shown below. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% with all other variables held constant and all the group's equity instruments moved according to the historical correlation with the index.

Increase of 5 %:

NOK 1000	Impact on post-tax profit		Impact on other components of equity	
	2016	2015	2016	2015
Index				
Oslo Stock Exchange	-	-	1 109	-6 232
Oslo Axess	-	-	-212	2 104
Total	-	-	897	-4 129

Decrease of 5 %:

NOK 1000	Impact on post-tax profit		Impact on other components of equity	
	2016	2015	2016	2015
Index				
Oslo Stock Exchange	-	-1 542	-1 109	7 774
Oslo Axess	-	-	212	-2 104
Total	-	-1 542	-897	5 671

The sensitivity analysis derives partially countercyclical outcome. This is a result of the largest investment in the portfolio having a negative correlation with the market over a period, resulting in a negative beta. It can be assumed that this is just a temporary state.

Currency Risk

The value of monetary assets and liabilities denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. The majority of the Group's financial assets and liabilities are denominated in Norwegian Kroner and at December 31, 2016, the only material assets and liabilities denominated in foreign currencies expect for the associated SD Standard Drilling Plc are USD bank accounts of USD 4.126, denominated at NOK 42.516.

The Group monitors its exposure to currency risk on a regular basis.

At December 31 2016, had the exchange rate between the US Dollar and the Norwegian Kroner increased/(decreased) by 5% with all other variables held constant, the decrease or increase respectively in net assets and the income statement +/- TNOK 1.813 and +/- TNOK 2.

Tax risk

Saga Tankers is subject to taxation by Norwegian authorities. Any change in taxation regime may affect the payable taxes of Saga Tankers.

Legal risk

The Charterer of the vessel MT Saga Agnes ("Saga Agnes") redelivered the vessel from its contract to the Company on July 27, 2012. After redelivering the vessel to the Group, 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.

Credit Risk

The Group is exposed to credit risk, inherent in the risk that a counterparty will be unable to pay amounts in full when due. Allowances are made for credit losses that have been incurred by the balance sheet date, if any. The maximum exposure to credit risk on cash and cash equivalents and trade and other receivables (ignoring collateral and credit quality) at December 31, 2016 was NOK 439.1 million (2015: NOK 426.6 million).

Concentration of credit risk exists to the extent that at December 31, 2016 all cash and cash equivalents were held at two financial institutions with credit ratings according to Standard & Poor's of A+ or better:

NOK 1000				
Counterparty	Rating	Geographical segment	2016	2015
<i>Cash and cash equivalents</i>				
DnB	A+	Norway	417 724	398 136
Nordea	AA-	Norway	21 336	28 470
Total			439 060	426 606

Liquidity risk

The group monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. The group has no outstanding capital commitments.

Long term debt of TNOK 60 000 was raised in the subsidiary Vallhall Fotballhall KS in May 2014. Fixed assets in the subsidiary are used as collateral. No group guarantees has been issued related to the debt. The debt has an instalment plan of TNOK 1 000 per quarter until final settlement in May 2024. Hence the loan will have a revolving current portion of TNOK 4 000 until May 2023.

NOK 1000				
Instalment plan long term debt	Initial loan May 2014	Jun 2014 - Dec 2016	Jan 2017 - Feb 2024	May 2024
Opening balance loan	-	60 000	50 000	20 000
Release loan	60 000	-	-	-
Instalment 1 000 per quarter	-	-10 000	-30 000	-
Balloon-payment	-	-		-20 000
Closing balance loan	60 000	50 000	20 000	-
Estimated interest payments *		4 609	8 041	213

* Accrued interest is settled at each instalment. Estimated future interest payments are made at current interest rate at 3.24 % per annum. The interest rate is floating and hence subject to change.

At the reporting date, the Group held cash and cash equivalents of TNOK 439,060 (2015: TNOK 426,606) and other liquid assets of TNOK 160 (2015: TNOK 423) that are expected to readily generate cash inflows for managing liquidity risk.

Capital Management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors the available cash and projected capital expenditure requirements so that they can capitalize on attractive investment opportunities when such arise. The Group considers the available cash and the existing credit lines, if any, to be at an appropriate level for the short to medium term.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The estimated fair value has been determined by the Group using appropriate market information and valuation methodologies. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2014. The fair value of financial instruments does not significantly deviate from their carrying amount.

NOK 1000		
Available-for-sale financial assets (Equity securities) in NOK	2016	2015
Listed shares (Level 1)	289 877	461 908
Non-listed shares (Level 2)	8 604	-
Total	298 480	461 908

There were no transfers between the levels during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Oslo Axess, OSE, DAX and FTSE 100 equity investments classified as trading securities or available for sale.

(a) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

NOTE 18 – FINANCIAL INSTRUMENTS

Set out below is a comparison by category for carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements.

2016			
<i>NOK 1000</i>	Carrying amount	Fair value	Fair value Hierarchy
Loans and receivables			
Cash and cash equivalents	439 060	439 060	1
Trade receivables	160	160	2
Available-for-sale assets			
Available-for-sale shares	298 480	298 480	1
Other financial liabilities			
Long term interest bearing debt	46 000	46 000	2
Short term interest bearing debt	4 000	4 000	2
Trade payables	1 410	1 410	2
Other current liabilities	4 535	4 535	2
2015			
<i>NOK 1000</i>	Carrying amount	Fair value	Fair value Hierarchy
Loans and receivables			
Cash and cash equivalents	426 606	426 606	1
Trade receivables	423	423	2
Available-for-sale assets			
Available-for-sale shares	461 908	461 908	1
Other financial liabilities			
Long term interest bearing debt	50 000	50 000	2
Short term interest bearing debt	4 000	4 000	2
Trade payables	421	421	2
Other current liabilities	4 829	4 829	2

NOTE 19 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at year end the Group held the following financial instruments carried at fair value in the statement of financial position:

	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 (Note 2)	-	219 607
Currency translations	-	9
Impairment*	-	-18 488
Increase/(Decrease) in value recognized as other comprehensive income	-205 970	251 808
Reclassified as subsidiaries due to aquisition and gain of control	-	-53 158
Reclassified from associates due to dilution and loss of significant influence	-	21 423
Disposals	-141 618	-92 911
At 31 December	298 480	461 908
Less non-current portion	-298 480	-461 908
Current portion	-	-
	Fair value hierarchy	
Listed shares	Level 1	289 877
Non-listed shares	Level 2	8 604
Total		298 480
		461 908

* Impairments are made in cases where shortfall in value is substantial (more than 20%), and/or is considered not to be temporary.

Available-for-sale financial assets include the following:

	2016	2015
Equity securities		
Pareto Bank ASA, market price	190 101	-
NEL ASA, market price	52 593	249 159
PSV Opportunity II DIS, market price	8 604	-
Axcator AB, market price	-	134 304
Vistin Pharma ASA, market price	47 183	42 071
Weifa ASA, market price	-	23 586
Aqualis ASA, market price	-	12 788

All the available-for-sale financial assets shown above are denominated in NOK and are measured at fair value as of year-end.

No impairment was made for the Group during 2016 (2015: TNOK 18 488).

NOTE 20 – DIVIDENDS PAID AND PROPOSED

No dividends have been paid during 2015 and 2016. The board of Directors has decided not to distribute any dividends in 2017 based on the financial year of 2016. However, acquisition of own shares has been made through 2016.

NOTE 21 – SUBSEQUENT EVENTS

The associated company S.D Standard Drilling Plc has in the period January to April 2017 completed five 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 808,064,002 from 262,000,000 to 1,070,064,002.

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

Incidence	Shares issued	Allocated	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 %
Private placement 4	35 000 000	-	1 057 000 000	157 680 002	14,92 %
Aquisition in the market	-	11 000 000	1 057 000 000	168 680 002	15,96 %
Private placement 5	13 064 002	-	1 070 064 002	168 680 002	15,76 %

Saga Tankers has been allocated a total of 36,734,205 of these new shares, corresponding to 4.55% of the new shares. Saga Tankers has also acquired 11,000,000 shares in the market. Saga Tankers ownership in S.D Standard Drilling Plc has thereby been diluted from 46.16 % down to 15.76%, and a new assessment of control will be made in the first quarter of 2017.

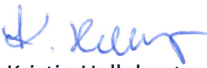
RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period from 1 January 2016 to 31 December 2016 have been prepared in accordance with the applicable accounting standards, and give a true and fair view of the Group and the Company's consolidated assets, liabilities, financial position and results of operations. Furthermore, we confirm that the Report of the Board provides a true and fair view of the development and performance of the business and the position of the Group and the Company, together with a description of the key risks and uncertainty factors that the Group is facing.

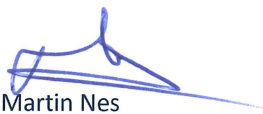
Oslo, 28 April 2017
The Board of Directors



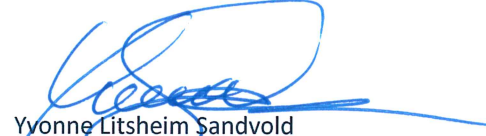
Øystein Stray Spetalen
Board Member



Kristin Hellebust
Board Member



Martin Nes
Chairman



Yvonne Litsheim Sandvold
Board Member



Espen Lundaas
CEO

CORPORATE GOVERNANCE

The Group endeavours to comply with the NUES corporate governance guidelines.

Please see the Company's website for information about the Company's deviations from the NUES guidelines during 2016.

SEPARATE FINANCIAL
STATEMENT

SAGA TANKERS ASA

SEPARATE INCOME STATEMENT FOR THE PERIOD 01.01. – 31.12.

NOK 1000	NOTE	2016	2015
OPERATING INCOME			
Net gain on financial assets	2	4 291	13 073
Other Income	2	729	400
TOTAL OPERATING INCOME		5 020	13 473
OPERATING EXPENSES			
Net loss on financial assets		-	-
Employee benefit expenses	3	4 341	3 361
Administration expenses	3	5 050	7 236
TOTAL OPERATING EXPENSES		9 390	10 597
NET OPERATING PROFIT/LOSS (-)		-4 370	2 876
FINANCIAL INCOME/EXPENSES (-)			
Interest income		1 426	2 585
Interest expense		-0	-2
Reversal of impairment /(impairment of financial assets)	5	11 894	-100 840
Net foreign exchange gain/(loss)		-12 301	105 299
NET FINANCIAL INCOME/EXPENSES (-)		1 019	7 042
NET PROFIT BEFORE TAX		-3 351	9 919
Taxes	9	-	65
NET PROFIT/LOSS (-) FOR THE YEAR		-3 351	9 854
ATTRIBUTABLE TO			
Accumulated losses		-3 351	9 854

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

NOK 1000	NOTE	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Shares and other financial assets	12	156 604	3 760
Subsidiaries	8	259 591	264 522
Associates	13	-	-
Total non-current assets		416 195	268 282
Current assets			
Intercompany receivables	5	2 355	101 274
Other current assets		82	114
Cash and equivalents	4	140 197	344 000
Total current assets		142 634	445 388
TOTAL ASSETS		558 829	713 669
EQUITY AND LIABILITIES			
Equity			
Share capital	10	286 733	286 733
Own shares	10	-20 583	-
Other paid in equity	10	987 329	924 814
Total paid-in-capital		1 253 479	1 211 547
Accumulated losses	10	-697 676	-599 756
Total equity		555 803	611 791
LIABILITIES			
Current liabilities			
Intercompany payables	14	-	98 500
Trade and other payables		52	143
Public duties payable		495	802
Other current liabilities		2 479	2 434
Total current liabilities		3 026	101 879
Total liabilities		3 026	101 879
TOTAL EQUITY AND LIABILITIES		558 829	713 669

Oslo, 28 April 2017
The Board of Directors


Øystein Stray Spetalen
Board Member


Kristin Hellebust
Board Member


Martin Nes
Chairman


Yvonne Litsheim Sandvold
Board Member


Espen Lundaas
CEO

SEPARATE CASH FLOW STATEMENT FOR THE PERIOD 01.01 – 31.12

NOK 1000	NOTE	2016	2015
Profit before tax		-3 351	9 919
Impairment financial assets / (Reversal of impairment)		-11 894	101 061
Loss/(-gain) on sale financial asset		-4 291	-13 294
Foreign exchange losses/(gains)		12 301	-105 299
Income tax paid	9	-	-66
Increase/decrease receivables and prepayments		32	-40
Increase/decrease payables and accruals		-353	2 095
Net cash flow from operating activities		-7 556	-5 624
Investment in Financial assets non current	12	-171 658	-180 230
Divestment in Financial assets non current		22 642	256 801
Net divestment/(-investment) trading		463	-14 100
Net cash flow from intercompany receivables		-	13 304
Net payment from/(to) associated companies and subsidiaries		4 931	-50
Net cash flow from investing activities		-143 622	75 725
Acquisition of own shares		-52 637	-
Net cash flow from financing activities		-52 637	-
Net change in cash and cash equivalents		-203 815	70 101
Cash and equivalents at beginning of period		344 000	269 740
Net foreign exchange differences (unrealised)		13	4 160
Cash and equivalents at end of period		140 197	344 000

NOTES TO THE SEPARATE FINANCIAL STATEMENT

NOTE 1 – ACCOUNTING POLICIES

General

The financial statements are presented in accordance with the Norwegian Accounting Act and Norwegian general accepted accounting principles in Norway (NGAAP). The accompanying notes are an integral part of the financial statements. The parent company accounts are presented in NOK which also is the functional currency for the parent company.

Estimates

The management has used estimates and assumptions that may have effect on revenues, costs and the valuation of assets and liabilities in the reporting of the annual financial statements. These assumptions are in accordance with generally accepted accounting policies in Norway.

Currency

Transactions in foreign currencies are recorded at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate at the financial position date. Realized currency exchange gains or losses are recorded at the time of payment and recognised as financial income/expense. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Measurement of revenues and costs

Revenues are recognized as they are earned. Cost is recognized in the same reporting period as the corresponding revenues.

Classification and evaluation of balance sheet items

Current assets and short-term liabilities consist of items due for payment within a year after establishment. Other items are recognized as long-term assets or liabilities. Current assets are valued at the lowest of acquisition value or fair value. Short-term liabilities are recorded at the nominal value at the time of establishment. Non-current assets are valued to the value at the time of acquisition less accumulated depreciation. Long-term loans are valued at nominal value at the time of establishment.

Receivables

Receivables are recorded in the balance sheet at nominal value less provision for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables.

Taxes

The income tax in the profit and loss statement consists of taxes payable and changes in deferred taxes. Deferred tax and deferred tax benefit is calculated based on temporary differences between tax bases of assets and liabilities and their carrying amount for financial reporting purposes, and is based on nominal values. Net deferred tax benefit is recorded in the balance sheet only in the event that it is probable that it can be utilized in the foreseeable future. Taxes payable and deferred taxes are recorded directly in equity in the event that the tax items are related to equity transactions.

Shares in subsidiaries

Investments in shares in subsidiaries are accounted for using the cost-method in the statutory accounts. An impairment loss is recognized if the fair value is lower than book value and this is viewed as non-temporary. The impairment loss is reversed to the degree that the fair value improve, and that the improvement is not assumed to be of a short-term nature.

Dividends, Group contribution and other distributions are recognized in the same year as they are recognized in the subsidiary's financial statement. If dividends / Group contribution exceed withheld profits after acquisition, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recognized value of the acquisition in the balance sheet for the parent company.

Investments in associates

Investments in shares in associates are accounted for using the cost-method in the statutory accounts. An impairment loss is recognized if the fair value is lower than book value and this is viewed as non-temporary. The impairment loss is reversed to the degree that the fair value improve, and that the improvement is not assumed to be of a short-term nature.

Investments in other shares

Investments in shares in other shares are accounted for using the cost-method in the statutory accounts, unless considered as part of trading portfolio. An impairment loss is recognized if the fair value is lower than book value and this is viewed as non-temporary. The impairment loss is reversed to the degree that the fair value improve, and that the improvement is not assumed to be of a short-term nature.

Pensions

The company is obligated to have an occupational pension plan. The company meets the requirements for an occupational pension plan in accordance with the Norwegian law on required occupational pensions.

Share-based compensation plans

The Company held no share-based compensation plans as of 31.12.2016.

Cash, cash-equivalents and cash flow statement

Cash and cash-equivalents include cash, bank deposits and other short deposits that are repayable on demand. The cash flow statement is prepared using the indirect method. Restricted bank deposits related to the operations are included in cash equivalents.

NOTE 2 – OPERATING SEGMENTS

The management monitors the net income from investments in financial assets. The Company also generates other income such as fees for services rendered, guarantees and such.

Segment information	2016	2015
<i>NOK 1000</i>		
Net income financial assets	4 291	13 073
Services rendered	729	300
Other income	-	100

NOTE 3 – SPECIFICATION OF EXPENSES

The expenses for the financial years are specified below:

<i>NOK 1000</i>	2016	2015
Employee benefit expenses		
Salaries	3 332	2 500
Board fees	440	415
Social security costs	535	437
Pension expenses	18	3
Other personnel expenses	15	6
Total employee benefit expenses	4 341	3 361
Number of employees	2	2
Other operating expenses		
Consultancy fees	4 218	6 259
Other operating expenses	831	977
Total other operating expenses	5 050	7 236

Fees to the Group's auditors are included in administration expenses.

NOK 1000	2016	2015
Audit fees including VAT		
Audit services	370	604
Other attestation services	-	166
Tax services	-	2 707
Other non-audit services	-	-
Total	370	3 478

Remuneration to the Board of Directors and executive management for the period 01.01.16 – 31.12.16

2016					
NOK 1000					
Name	Position	Salary and bonus	Other benefits	Pension cost	Director's fees
Espen Lundaas	CEO/CFO	2 518	-	-	-
Martin Nes	Chairman	-	-	-	140
Øystein Stray Spetalen	Board member	-	-	-	100
Kristin Hellebust	Board member	-	-	-	100
Yvonne Litsheim Sandvold	Board member	-	-	-	100
Total remuneration		2 518	-	-	440
2015					
NOK 1000					
Name	Position	Salary and bonus	Other benefits	Pension cost	Director's fees
Espen Lundaas	CEO/CFO	2 118	-	-	-
Martin Nes 1)	Chairman	-	-	-	130
Øystein Stray Spetalen 2)	Board member	-	-	-	110
Kristin Hellebust 3)	Board member	-	-	-	75
Yvonne Litsheim Sandvold 3)	Board member	-	-	-	75
Brita Eilertsen 4)	Board member	-	-	-	25
Total remuneration		2 118	-	-	415

The company had no outstanding loans, guarantees or securities in favour of any member of the Board of Directors, company management or other related parties at year end 2016. However, the company had a short term loan of MNOK 10 from board member and shareholder Øystein Stray Spetalen for a period in 2015.

Guidelines for determining salaries and other compensation for company management:

In accordance with the regulations in paragraph 6-16a in the Norwegian Public Limited Companies Act, the Board of Directors has established a statement regarding remuneration. The focus of the company is to hire qualified managers and to pay according to the market. Salary and remuneration of the CEO and CFO is determined by the Board of Directors, and payments to other employees are determined by the CEO according to guidelines from the Board of Directors.

Saga Tankers Group's compensation schemes include only a limited number of benefits in kind. These benefits are offered in line with what is common practice in international labor markets and typically include personal communication equipment, access to media, and car and parking arrangements.

The CEO/CFO of Saga Tankers ASA has no set bonus scheme. A bonus of TNOK 1.000 has been granted for the year 2016. The senior executive has a mutual three months termination period, and no contractual agreements for severance compensation in case of termination of employment except for salary through the termination period. The "Statement on the determination salary and other remuneration for senior executives" will be presented at the annual general meeting and made available on the Company's webpage.

Stock options program to Board members and Company employees

No stock options or rights to stock options are held by members of the board of directors or any of the Company's employees at 31 December 2016.

NOTE 4 – CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in the following currencies:

<i>NOK 1000</i>	31 Dec 2016	31 Dec 2015
US Dollars	41	1 592
Norwegian kroner	140 156	342 408
Total cash and cash equivalents	140 197	344 000
Restricted cash		
Employee tax accounts	372	596

Interest income is earned at floating interest rates. Restricted cash consists of salary related tax.

NOTE 5 – LOANS TO GROUP COMPANIES

Net book value

<i>NOK 1000</i>	31 Dec 2016	31 Dec 2015
Saga Agnes	1 492	19 991
Saga Chelsea AS	322	19 291
Saga Julie AS	254	28 105
Saga Unity AS	289	33 887
Intercompany short-term loans	2 355	101 274

Impairment/ (reversal of impairment)

<i>NOK 1000</i>	2016	Accumulated
Saga Agnes	-2 166	99 133
Saga Chelsea AS	-2 246	101 818
Saga Julie AS	-3 342	149 791
Saga Unity AS	-4 140	183 745
Impairment of loan	-11 894	534 488

Intercompany loans consist of loans to the subsidiaries provided prior years from the parent company for acquisitions of vessels and working capital purposes. The loans are denominated in USD.

A down payment of the loans has been done in 2016 through set off against intercompany payables. References are made to note 14.

The Company has, as per NGAAP, evaluated if there are reasons to believe that any negative change in value adjusted equity of the subsidiaries are permanent and should lead to an impairment of the intercompany receivables, and consequently written down the receivables with NOK 534 million to a book value of NOK 2 million. The impairment has been reversed with NOK 11.9 million in 2016, as a result of currency effects.

Debtors which fall due later than one year

<i>NOK 1000</i>	31 Dec 2016	31 Dec 2015
Face value	536 844	647 657
Impairment	-534 488	-546 383
Net book value	2 355	101 274

NOTE 6 –LEASE AGREEMENTS

The company currently hold no own fixed assets.

Annual rental of non-financial assets

The company has a lease agreement for office space, with a contract period until 30 May 2017 and a mutual termination span of six months. The annual rent for 2016 was TNOK 93. Additional costs TNOK 55 for other mutual costs relating to the premises was also incurred in 2016. It is expected for these costs to remain at approximately this level for the duration of the lease period.

NOTE 7 – RELATED PARTIES

Remuneration to executives is disclosed in note 3, and balance with group companies is disclosed in note 5 and note 14.

Company is sharing office locations for its head office with Ferncliff Holding AS, the holding company of a board member, and the Company's largest shareholder. Transactions with related parties during 2016 are limited to office rent including mutual costs, and services rendered regarding support for financial reporting.

All transactions with related parties have been made on an arm's length basis and are settled on a regular basis. Goods and/or services purchased from related parties have been priced at industry standard rates. Transactions with related parties are specified below:

RELATED PARTY TRANSACTIONS

2016				
<i>NOK 1000</i>	Sales to related parties	Purchase from related parties	Amounts owed by related parties	Amounts owed to related parties
Tycoon Industrier AS	-	794	-	-

2015				
<i>NOK 1000</i>	Sales to related parties	Purchase from related parties	Amounts owed by related parties	Amounts owed to related parties
Tycoon Industrier AS	-	830	-	-

NOTE 8 - INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements include the financial statements of Saga Tankers ASA and its subsidiaries listed in the table below:

<i>NOK 1000</i>	Country of incorporation	Ownership/ Voting rights	Consolidated in the Group financial statements from	Share capital/ partner capital	Net book value 31 December 2016	Net book value 31 December 2015
Saga Agnes	Norway	100 %	2010	1 000	-	-
Saga Chelsea AS	Norway	100 %	2010	1 000	-	-
Saga Julie AS	Norway	100 %	2010	1 000	-	-
Saga Unity AS	Norway	100 %	2010	1 000	-	-
Vallhall Fotballhall KS*	Norway	54,8 %	2014	35 000	9 664	14 594
Vallhall Fotballhall AS	Norway	54,8 %	2014	5 500	2 864	2 864
Vallhall Fotballhall Drift AS	Norway	55,2 %	2014	501	427	427
Strata Marine & Offshore AS	Norway	100 %	2015	1 000	246 636	246 636
Total				46 001	259 591	264 522

* The net book value of Vallhall Fotballhall KS has been reduced through reimbursement of capital.

The Saga Agnes AS, Saga Chelsea AS, Saga Julie AS, Saga Unity AS and Strata Marine & Offshore AS have their offices in Sjølyst Plass 2, 0278 Oslo, Norway. Vallhall Fotballhall KS, Vallhall Fotballhall AS and Vallhall Fotballhall Drift AS have their offices at Innspurten 16, 0663 Oslo, Norway.

Impairment

<i>NOK 1000</i>	Recognized 2016	Accumulated as at 31 December 2016
Saga Agnes	-	100 452
Saga Chelsea AS	-	114 874
Saga Julie AS	-	112 939
Saga Unity AS	-	113 987
Impairment subsidiaries	-	442 254

The impairment of the subsidiaries has been made on basis of their equity as an estimate of recoverable amount. The subsidiaries have for the time being no substantial assets other than cash.

NOTE 9 – INCOME TAX

<i>NOK 1000</i>	2016	2015
Current tax expense	-	-
Deferred tax expense	-	-
Tax effect of group contribution	-	-
Tax expense	-	-
Reconciliation of tax expense		
Net income before tax	-3 351	9 919
Tax expense based on nominal tax rate*	-838	2 678
Tax effect of permanent differences	-754	-7 542
Not recognized deferred tax assets	1 591	4 864
Tax expense	-	-
Reconciliation of deferred tax (-) / deferred tax assets*		
Tangible assets	-4	-5
Receivables	110 541	120 216
Net tax loss carried forward**	2 238	4 467
Net deferred tax assets	112 775	124 678
Net deferred tax assets not recognized	-112 775	-124 678
Deferred tax (-)/ deferred tax assets in the balance sheet	-	-
Tax payable		
Current tax expense	-	65
Deferred tax expense	-	-
Tax effect of group contribution	-	-
Tax payable	-	65

* Tax rate for 2015 was 27%, and for 2016 it was 25%. Tax rate for 2017 as set by the Norwegian Parliament 17 December 2016 is 24%. The rate of 24% has therefore been applied to calculate future tax liabilities and assets as at 31 December 2016.

** Net tax loss carried forward is available indefinitely for offset against future taxable profits.

The Group is currently undergoing a tax audit, where the integrity of certain tax positions has been questioned for the fiscal years of 2012 and 2013. An agreement regarding the questioned tax positions that could affect the financial statements of the company was made at the filing of the tax for 2015, without any effect for the company income statement or balance sheet. The tax audit is currently not finally closed as the matter of paid in equity has not been concluded. This tax position is however regarded as an shareholder-position, not a company position.

NOTE 10 – ISSUED CAPITAL AND SHAREHOLDERS

Issued capital 2016

Issues shares and capital	Number of shares issued	Number of outstanding shares	Share capital	Own shares	Other equity	Accumulated losses	Total
NOK 1000							
Equity per 31 December 2014	175 833 726	175 833 726	175 834		883 696	-704 178	355 351
Merger 1 January 2015	110 898 883	110 898 883	110 899		41 118	94 569	246 586
Net profit/loss (-) for the year 2015		-	-		-	9 854	9 854
Equity per 31 December 2015	286 732 609	286 732 609	286 733		924 814	-599 756	611 791
Net profit/loss (-) for the year 2016		-				-3 351	-3 351
Reclassification merged equity*		-			94 569	-94 569	-
Acquisition of own shares**		-20 582 780		-20 583	-32 054		-52 637
Equity per 31 December 2016	286 732 609	266 149 829	286 733	-20 583	987 329	-697 676	555 803

The company Strata Marine & Offshore AS merged with a subsidiary of Saga Tankers ASA with effect from 1 January 2015. Saga Tankers ASA issued 110 898 883 new shares to the former shareholders of Strata Marine & Offshore AS as settlement for the transaction. The transaction is considered to be a combination of entities under common control. The principle of Carryover basis accounting has been applied.

The nominal value per share as of 31 December 2016 was NOK 1 per share, for all of the Company's shares. All issued shares have a nominal value of NOK 1 and are of equal rights. Saga Tankers ASA is incorporated in Norway, listed on the Oslo Exchange Axxess list, and the share capital is denominated in NOK.

Board authorizations

The board of directors had authorizations to increase the share capital with up to NOK 87,916,864, but no authorization for purchase of own shares was outstanding at year end. This authorization has later been cancelled and replaced by new authorizations. See note 15 - Subsequent events for further information.

As of 30 December 2016 the Company had 221 shareholders.

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 %

Shares owned by the Board, Management and their Related Parties

2016	# of Shares
<i>Board of Directors</i>	
Martin Nes (Chairman)	-
Øystein Stray Spetalen	172 841 799
Yvonne Litsheim Sandvold	-
Kristin Hellebust	-
<i>Group Management</i>	
Espen Lundaas, CEO (CFO)	-
<i>Related parties</i>	
Allum Holding AS**	41 491 339
AS Ferncliff**	6 235 316
Total number of shares held by Board members, Group management and related parties	220 568 454
Total number of shares held by Board members, Group management and related parties in % of total outstanding shares	82,87 %

2015	# of Shares
<i>Board of Directors</i>	
Martin Nes (Chairman)	-
Øystein Stray Spetalen	172 841 799
Yvonne Litsheim Sandvold	-
Kristin Hellebust	-
<i>Group Management</i>	
Espen Lundaas, CEO (CFO)	-
<i>Related parties</i>	
Allum Holding AS*	41 491 339
AS Ferncliff*	6 235 316
Total number of shares held by Board members, Group management and related parties	220 568 454
Total number of shares held by Board members, Group management and related parties in % of total outstanding shares	76,92 %

* Board of Directors was altered in March 2015. Brita Eilertsen left the Board, and Martin Nes was appointed Chairman. New elected board members Yvonne Litsheim Sandvold and Kristin Hellebust.

** Allum Holding AS and AS Ferncliff are companies in which Øystein Stray Spetalen are the sole beneficial owner.

Shares and stock options by Board members and Group management

No stock options or rights to stock options are held by members of the board of directors or any of the Company's employees at 31 December 2015.

NOTE 11 – RISKS

The risk exposure of Saga Tankers ASA is considered to be similar as the risks described for the Saga Tankers Group. References are made to note 17 in the Saga Tankers Group consolidated accounts. The sensitivity analysis for the equity instruments in the consolidated accounts will not be applicable to the Company's accounts, due to differences in accounting principles.

NOTE 12 – SHARES AND OTHER FINANCIAL ASSETS

	2016	2015
<i>NOK 1000</i>		
At 1 January	3 760	53 158
Additions	171 658	180 230
Disposals	-18 815	-2 622
Reclassified as associates	-	-226 765
Impairment	-	-241
At 31 December	156 604	3 760

Shares and other financial assets include the following

<i>NOK 1000</i>		
	2016	2015
Listed shares	148 000	3 760
Non-listed shares	8 604	-
Total	156 604	3 760

The financial assets are denominated in NOK and are measured at cost. The financial assets have been impaired with TNOK 241 in 2015 which also is the total accumulated impairment at year end.

NOTE 13 – ASSOCIATES

Book value of associates

	SD Standard Drilling Plc
<i>NOK 1000</i>	
At 1 January 2016	-
Changes in 2016	-
At 31 December 2016	-

Financials for associates:

<i>NOK 1000</i>						
31 December 2016						
Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit	% Interest held
SD Standard Drilling Plc	Cyprus	79 968	1 500	2 000	-2 327	46,02%*

* The investment of 46.02 % share in SD Standard Drilling Plc has a carrying value of 0, as the company has formerly reimbursed capital exceeding the initial investment of Saga. SD Standard Drilling Plc has during 2017 completed several equity-issues, whereas Saga Tankers ASA has participated. References are made to note 15 for further information regarding the equity issues in 2017.

NOTE 14 – INTERCOMPANY PAYABLES

Net book value

	31 December 2016	31 December 2015
<i>NOK 1000</i>		
Saga Agnes	-	18 359
Saga Chelsea AS	-	18 873
Saga Julie AS	-	27 750
Saga Unity AS	-	33 518
Intercompany payables	-	98 500

The intercompany payable has been settled in 2016 through set off against intercompany receivables. References are made to note 5 regarding the intercompany receivables.

NOTE 15 – SUBSEQUENT EVENTS

The associated company S.D Standard Drilling Plc has in the period January to April 2017 completed five 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 808,064,002 from 262,000,000 to 1,070,064,002.

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	Allocated 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 %
Private placement 4	35 000 000	-	1 057 000 000	157 680 002	14,92 %
Aquisition in the market	-	11 000 000	1 057 000 000	168 680 002	15,96 %
Private placement 5	13 064 002	-	1 070 064 002	168 680 002	15,76 %

Saga Tankers has been allocated a total of 36,734,205 of these new shares, corresponding to 4.55% of the new shares. Saga Tankers has also acquired 11,000,000 shares in the market. Saga Tankers ownership in S.D Standard Drilling Plc has thereby been diluted from 46.16 % down to 15.76%, and a new assessment of control will be made in the first quarter of 2017.

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 from 46.16 % down to 15.43%, and a new assessment of control will be made in the first quarter of 2017.

References are made to note 13 associates.

To the General Meeting of Saga Tankers ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Saga Tankers ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the statement of financial position as at 31 December 2016, statement of comprehensive income, statement of changes in equity and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of quoted investments

Key audit matter	How the matter was addressed in the audit
Refer to note 17 and 19 in the Group financial statements. The Company's portfolio of listed investments makes up 34% of the Company's total assets (by value) and is considered to be the key driver of the Company's capital and revenue performance. We do not consider these investments to be at high risk of significant misstatement, or to be subject to significant level of judgement, because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing the audit.	Our procedures over the completeness, valuation and existence of the Company's portfolio of listed investments included, but were not limited to: • documenting and assessing the processes in place to record investment transactions and to value the portfolio; • agreeing the valuation of quoted investments to an independent source of market prices; • agreeing a selection of the investment holdings to independently received third party confirmations; and • testing a selection of investment additions and disposals shown in the Company's records against supporting documentation.

Other information

Management is responsible for the other information. The other information comprises the Annual Report and statement on Corporate Governance, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group

use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

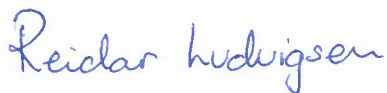
Opinion on the Board of Directors' report and statement on Corporate Governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and statements on Corporate Governance concerning the financial statements, the going concern assumption, and the proposal for coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 28 April 2017
Deloitte AS



Reidar Ludvigsen
State Authorised Public Accountant (Norway)

SAGA TANKERS ASA
+47 23 01 49 14
Sjølyst Plass 2, 0278 Oslo
Norway

INVESTOR RELATIONS
Phone: +47 23 01 49 14
e-mail: espen.lundaas@sagatankers.no

www.sagatankers.com