



CONSOLIDATED
FINANCIAL STATEMENTS –
GROUP

ANNUAL REPORT 2019

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BOARD OF DIRECTORS' 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 2019

After a weak fourth quarter of 2018, Oslo Benchmark index ("Index") started the year of 2019 with a strong first quarter, increasing approximately 9.5 %. In the following two quarters, the Index consolidated and moved somewhat sideways. The index closed the year with a relative strong fourth quarter. As a result, the Index increased by approximately 18% for full year of 2019, while the Energy Index increased by approximately 6.8 %.

No major changes has been made in the long term available-for-sale investments during the year. However, the Groups trading portfolio is constantly subject to changes.. The trading portfolio is considered a subordinated business compared to the long-term investments.

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

The reorganization of the group structure, as initiated in 2018, was completed as of 1 January 2019, by the merger of the four wholly owned subsidiaries into Saga Tankers ASA

FINANCIAL RESULTS 2019 (GROUP)

The Group reports a total comprehensive income for 2019 of MNOK 50.3 (2018: MNOK -66.7).

The major items of the Group's net comprehensive income consist of net gain on available-for-sale financial assets of MNOK 57.7, and income from lease and operation of property of MNOK 20.1. The gain on available-for-sale financial assets is a result of a positive development of the value of the long-term investments during the year. The combined income from the Vallhall operations are classified as Other income.

Gross income for 2019 was MNOK 77.8 (2018: MNOK 21.2).

Total operating expenses for 2019 were MNOK 26.5 (2018: MNOK 108.9). The operating expenses of 2018 include MNOK 85.2 in net loss on available-for-sale assets.

Net operating profit for 2019 was MNOK 51.3 (2018: loss of MNOK 87.7).

Operating profit before interest, taxes, depreciation and amortization (EBITDA) for 2019 was MNOK 54.5 (2018: loss of MNOK 61.7). The EBITDA can be derived as described directly and unadjusted from the statement of income. Net financial items for 2019 were NOK -0.9 million (2018: MNOK -1.1).

Earnings per share for 2019 were NOK 0.18 (2018: NOK -0.26), based on the net profit to shareholders of MNOK 48.8 (2018: MNOK -68.4).

As of year-end, the Company had 496 shareholders and 266,149,831 shares outstanding. The average number of shares outstanding throughout the year was also 266,149,831. The Company's 20 largest shareholders controlled about 90.7% of the total number of shares outstanding at year-end.

LIQUIDITY AND CASH FLOW

The cash balance as of 31 December 2019 was MNOK 87.7 (2018: MNOK 143.3). The change in cash over the year was MNOK -55.6 (2018: MNOK 116.2). Of the change in cash in 2019, MNOK -38.8 is from the net investment in the current investment portfolio.

FINANCIAL POSITION

As of 31 December 2019, the Group's total assets amounted to MNOK 437.6 (2018: MNOK 392.7). Total equity to shareholders of parent company was MNOK 350.9 (2018: MNOK 302.1).

It is the opinion of the Board of Directors that the Group is in a sound financial position with an equity ratio of about 84.8 % (2018: 82.1 %.) 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 Group is exposed to legal risk within what would be expected for a listed company. This will include, but not limited to, regulatory,

compliance and contractual risk. The Group is not aware of any anomalies within this area.

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.

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 2019.

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 recognized any such costs during 2019.

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 profit for 2019 of MNOK 12.4 (2018: net profit MNOK 28.1).

Gross revenues for 2019 were MNOK 23.2 (2018 MNOK 34.9).

Total operating expenses for 2019 were MNOK 12.0 (2018: MNOK 7.0).

Operating profit before interest, taxes, depreciation and amortization (EBITDA) for 2019 was MNOK 11.2 (2018: MNOK 27.7).

Net financial items for 2019 were MNOK 1.2 (2018: MNOK 0.3).

The Board of Directors proposes that the net profit for 2019 of MNOK 12.4 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 2019.

SUBSEQUENT EVENTS

As a result of the corona virus (COVID-19), the authorities in a number of countries, including Norway, have introduced powerful measures to reduce the spread of the virus. This will affect the general environment for business operations, as well as the global markets. The Group is operating as usual within the new constraints, except for the Vallhall business, which is operational affected by the social distancing and probation of the gathering of groups exceeding 50 people. The facility has been closed as of 12 March because of this temporarily regulation. The closing of the facility will affect the income of the business. Measures has been taken to minimize the costs in this period. The employees are partly or wholly on temporally redundancy, and all non-vital operations are put on hold. The extent and duration of this remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time. These events are considered to be subsequent events, as restrictions were implemented in 2020, not affecting the figures as stated in this financial statements. References are made to note 22 – Subsequent events for further information.

INVESTMENT IN SHARES

The Group has during 2019 increased its investment In Vistin Pharma ASA with MNOK 5.3, otherwise the long-term portfolio is unchanged, and has a fair value of MNOK 215.3 at year end. The current trading portfolio has been developed from inception to fair value of MNOK 42.9 at year-end, of which MNOK 3.9 is fair value adjustments.

GOING CONCERN AND DIVIDEND

The Group is currently in a sound position with a net book equity ratio of 84.8 % 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.

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 adopted 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, 16 April 2020
The Board of Directors


Øystein Stray Spetalen
Board Member


Martin Nes
Chairman


Yvonne Litsheim Sandvold
Board Member


Kristin Hellebust
Board Member


Espen Lundaas
CEO

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

NOK 1000	NOTE	2019	2018
OPERATING INCOME			
Net gain/loss from available for sale assets (-)	3	57 666	-
Other Income	3	20 112	21 187
GROSS INCOME		77 779	21 187
OPERATING EXPENSES			
Employee benefit expenses	5	9 581	8 466
Other operating expenses	5	13 669	12 174
Depreciation	10	3 262	3 042
Net loss/gain from available-for-sale assets (-)	3	-	85 222
TOTAL OPERATING EXPENSES		26 511	108 904
NET OPERATING PROFIT/LOSS (-)		51 268	-87 717
FINANCIAL INCOME/EXPENSES (-)			
Interest income		1 265	539
Interest expense		-2 138	-2 003
Net foreign exchange gain/loss (-)		2	400
Other financial income/expenses (-)		2	8
NET FINANCIAL INCOME/EXPENSES (-)		-869	-1 056
Share of profit from associates	4	-	22 570
NET PROFIT BEFORE TAX		50 398	-66 203
Taxes	11	72	111
NET PROFIT/LOSS FOR THE YEAR (-)		50 326	-66 314
Attributable to:			
Non-controlling interests		1 559	2 100
Shareholders' interests		48 767	-68 414
Items that may be subsequently reclassified to profit or loss			
Exchange difference currency translations		-	-407
OTHER COMPREHENSIVE INCOME		-	-407
TOTAL COMPREHENSIVE INCOME		50 326	-66 721
Attributable to:			
Non-controlling interests		1 559	2 100
Shareholders' interests		48 767	-68 821
Basic and diluted earnings per share to shareholders of the parent company NOK		0,18	-0,26
Average number of shares in the period		266 149 831	266 149 831
Number of shares outstanding at period end		266 149 831	266 149 831

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

<i>NOK 1000</i>	NOTE	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Available-for-sale financial assets	17,19	215 343	156 462
Fixed assets	10	90 008	91 821
Receivables		340	-
Total non-current assets		305 691	248 282
Current assets			
Trade receivables and other receivables	8	666	666
Other current assets	7	667	414
Financial assets at fair value through profit and loss	20	42 859	-
Cash and equivalents	6,17	87 684	143 304
Total current assets		131 876	144 384
TOTAL ASSETS		437 567	392 667

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

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

NOK 1000	NOTE	31 Dec 2019	31 Dec 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	13	2 661	2 661
Other paid in equity	13	819 655	819 655
Total paid-in-capital		822 316	822 316
Accumulated losses		-468 791	-517 558
Other components of equity		-2 648	-2 648
Non-controlling interests		20 156	20 179
Total equity		371 032	322 288
LIABILITIES			
Non-current liabilities			
Long-term interest bearing debt	12,17	55 000	59 000
Deferred tax	11	278	262
Total non-current liabilities		55 278	59 262
Current liabilities			
Short-term interest bearing debt	12	4 000	4 000
Tax payable		55	90
Trade and other payables		2 072	2 489
Other current liabilities and accruals	9	5 129	4 537
Total current liabilities		11 257	11 116
Total liabilities		66 535	70 378
TOTAL EQUITY AND LIABILITIES		437 567	392 667

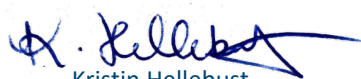
The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

Oslo, 16 April 2020
The Board of Directors


Øystein Stray Spetalen
Board Member


Martin Nes
Chairman


Yvonne Litsheim Sandvold
Board Member


Kristin Hellebust
Board Member


Espen Lundaas
CEO

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

<i>NOK 1000</i>	NOTE	2019	2018
Profit before tax		50 398	-66 203
Profit share from associates		-	-22 570
Depreciation	10	3 262	3 042
Net loss/(-gain) from AFS asset		-57 666	85 222
Foreign exchange losses/(gains)		0	-401
Interest paid		971	1 865
Interest received		-1 225	-513
Income tax paid		-90	-36
Increase/decrease receivables and prepayments		-253	1 431
Increase/decrease payables and accruals		175	-1 306
Net cash flow from operating activities		-4 429	531
Investment in AFS Financial assets	19	-5 292	-46 425
Divestment in AFS Financial assets		-	188 567
Net divestment/(-investment) trading		-38 782	135
Dividends received		-	8 084
Loan to related party		-340	-
Interest received		1 225	513
Investment in fixed assets		-1 449	-2 252
Net cash flow from investing activities		-44 638	148 621
Repayments of long term borrowings	12	-4 000	-7 000
Drawdown long term borrowings		-	24 000
Payment of interest	12	-971	-1 865
Dividends paid to non-controlling interests		-1 583	-8 139
Dividends and repayments to controlling interests		-	-39 922
Net cash flow from financing activities		-6 553	-32 926
Net change in cash and cash equivalents		-55 620	116 226
Cash and equivalents at beginning of period		143 304	27 084
Net foreign exchange differences (unrealised)		-0	-6
Cash and equivalents at end of period		87 684	143 304

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

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

2019	Paid-in-capital		Other capital			
<i>NOK 1000</i>	Issued capital	Other equity	Accumulated losses	Exchange difference currency translations	Non-controlling interests	Total
Equity as at 1 January 2019	2 661	819 655	-517 559	-2 648	20 179	322 288
Net profit/(-loss)	-	-	48 767		1 559	50 326
Total comprehensive income	-	-	48 767	-	1 559	50 326
Dividends to non-controlling interests					-1 583	-1 583
Equity per ending balance 31 December 2019	2 661	819 655	-468 791	-2 648	20 156	371 032
2018	Paid-in-capital		Other capital			
<i>NOK 1000</i>	Issued capital	Other equity	Accumulated losses	Exchange difference currency translations	Non-controlling interests	Total
Equity as at 1 January 2018	2 661	859 577	-449 144	-2 241	26 218	437 071
Net profit/(-loss)	-	-	-68 414		2 100	-66 314
Other comprehensive income	-	-		-407		-407
Total comprehensive income	-	-	-68 414	-407	2 100	-66 721
Dividends to controlling interests		-39 922				-39 922
Dividends to non-controlling interests					-8 139	-8 139
Equity per ending balance 31 December 2018	2 661	819 655	-517 559	-2 648	20 179	322 288

The notes on pages 11 to 32 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 public limited liability 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 2019, were approved by the Board of Directors on 16 April 2020, and will be presented for approval at the Annual General Meeting on 26 May 2020.

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 2019 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.

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.

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.

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.

Associates

The judgement of whether the group imposes significant influence or not over the investment is subject to an assessment of several factors, whereas share of voting-rights is the principle factor. If the share of votes controlled by the group is 20 % or more, significant influence is considered present unless other factors in aggregate state otherwise. These factors could be in form of shareholders agreements that clearly curtails the investors' leeway. For investments where the group controls less than 20 %, factors as board representation, shareholder-structure and other factors that could give rise to further influence is also taken into consideration in order to assess on whether significant influence is presented regardless of voting rights below the 20 % threshold. The investment in SD Standard Drilling Plc was at 2 March 2018 diluted from 20.219 % to 18.375 % ownership of the outstanding shares. The dilution resulted in a reclassification from associated entity to available-for-sale, as the investment was assessed to be an Available-for-sale financial asset as of this period. The company assessed that it did not have significant influence. Actual ownership and influence in a listed company was considered to be the decisive factor. The fact that the company had mutual chairman and received certain services did not in fact lead to significant influence. The assessment is further supported by the fact that it is an independent nomination committee in SDSD, there are no shareholder agreement/voting agreement in place and that Saga Tankers does not have any active management role on behalf of SDSD. There have been no changes in the underlying factors during 2019, hence, the assessment made in 2018 has been deemed to apply for 2019 as well.

Available-for-sale financial assets

Available-for-sale financial assets are valued at fair value. In cases where the fair value is not available through market values in quoted prices, the marked value is estimated through benchmarking, estimates from independent values and other sources.

Summary of significant accounting policies

Depreciation of fixed assets

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

Other income -were the Group act as a lessor

The Group earns revenue from Valhall acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards. Rental income arising from leases is accounted for on a time basis or straight-line basis over the lease term for recurring rentals. Rental income is stated net of discounts, returns and value added tax.

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.

Investment and trading of financial instruments/assets at fair value through profit or loss

Financial instruments/assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or at fair value through profit or loss, whereas the latter acquired principally for the purpose of generating a profit from fluctuation in prices is the most crucial for the Group. The classification of financial assets at initial

recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The group indulges in investment and trading of financial instruments as part of its core business. The group's available-for-sale assets are characterised in addition to the Groups intention of sale, that this sale could typically be expected to occur within a three year time frame. The available-for-sale assets are therefore treated at fair value through profit or loss.

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.

Current investments are considered part of a held for trading portfolio if they are acquired for the purpose of selling or repurchasing in the near term. The trading portfolio is considered a subordinated business compared to the long-term investments. These investments is subsequently measured at fair value in the statement of financial position with net changes in fair value recognized in the statement of profit and loss.

Investments subsequently measured at fair value over profit and loss in accordance with the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Net unrealised and realized gain/losses on the portfolio of investments is classified as operating income, while net unrealized and realized losses is classified as operating expenses.

In cases where as an investment changes classification between associate and available-for-sale assets either way, the investment is derecognized and recognized in its new classification based on its fair value as of time of derecognition/recognition. The highest level achievable according to the IFRS fair-value hierarchy will be applied.

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.

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

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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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.

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.

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 in the reporting period

Only standards and interpretations that are applicable to the Group have been included in the Groups reviews of the impact of these changes on its financial statements. With except for IFRS 16 Leases, no other standards had significant impact

IFRS 16 Leases

Effective for annual periods beginning on or after 1 January 2019. The standard replaced existing IFRS leases requirements. The new standard requires lessees to recognize assets and liabilities for most leases, as the principal distinction between operating and financial leases is removed. Low value leases, which mainly is equipment and tenancy agreement in Vallhall, are not capitalized. The Group does not have any significant lease agreements as a lessee; accordingly, implementation of the new standard does not have any significant impact on the result and financial position.

Standards and Interpretations in issue but not yet adopted

There are no new standards or amendments in short term perspective which have been issued, but are not yet effective, that are considered to have an impact on the Group. The Group intends to adopt these standards, if applicable, when they become effective.

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.

Segments defined:

- Investments: Investments in financial assets of long and short term, operated through the Saga entity
- Vallhall: Rental and operation of the Vallhall facility, conducted through the Vallhall entities
- Other: Ad hoc professional services and similar, delivered through the Saga entity, based on availability of projects and resources.

Investments are governed through a continual assessment of financial markets and investment strategy, supported with scrutiny of expenses.

Vallhall is supervised through budgeting processes and the subsequent analysis of actuals deviation from budget and implementation of appropriate measures based on these processes.

Other is dependent on the availability of ad-hoc assignment for the staff, and the availability of the resources to fulfil these assignments

Segment information	Investment		Vallhall		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<i>NOK 1000</i>								
Income								
Net gain/loss on investments	57 666	-85 222					57 666	-85 222
Rental income/sundry income			20 112	20 687	500		20 112	21 187
Total income	57 666	-85 222	20 112	20 687	-	500	77 779	-64 035
Operating expenses - excluding loss in investments	12 015	9 729	14 496	13 954			26 511	23 682
Net operating profit/loss	45 652	-94 951	5 616	6 733	-	500	51 268	-87 717
Assets	335 276	282 342	102 291	110 324			437 567	392 667
Liabilities	4 610	4 688	61 925	65 690			66 535	70 378

There has not been any transaction across the different segments.

NOTE 4 – INVESTMENT IN ASSOCIATES

The investment in SD Standard Drilling Plc was reclassified to Available-for-sale financial assets as per March 2018 due to dilution in ownership from 20.22 % down to 18.38 %. The 18.38 % ownership was assessed by the group, according to accounting policies as described in note 2 subsection Significant accounting judgements, estimates and assumptions, to be below level of significant influence. As per December 31 2019, the ownership as well as the assessment, remains the same.

NOTE 5 – OPERATING EXPENSES

NOK 1000	2019	2018
Employee benefit expenses		
Salaries	8 183	7 083
Social security costs	1 168	1 056
Pension expenses	129	196
Other personnel expenses	101	131
Total employee benefit expenses	9 581	8 466
Number of man-years	7	7
Other operating expenses		
Fees	5 429	3 413
Other operating expenses Vallhall sports arena	6 348	6 790
Travel expenses and membership fees	157	47
Loss on receivables	12	-27
Other expenses	1 723	1 952
Total administrative expenses	13 669	12 174

Remuneration to the Board of Directors and executive management

2019					
NOK 1000					
Name	Position	Salary and bonus	Other benefits	Pension cost	Director's fees
Espen Lundaas	CEO	2 018	-	-	-
Tore Jakob Berg	CFO	1 148	-	-	-
Martin Nes	Chairman	-	-	-	140
Øystein Stray Spetalen	Board member	-	-	-	100
Kristin Hellebust	Board member	-	-	-	100
Yvonne Litsheim Sandvold	Board member	-	-	-	100
Total remuneration		3 167	-	-	440
2018					
NOK 1000					
Name	Position	Salary and bonus	Other benefits	Pension cost	Director's fees
Espen Lundaas	CEO/CFO*	2 018	-	-	-
Tore Jakob Berg	CFO*	200	-	-	-
Martin Nes	Chairman	-	-	-	140
Øystein Stray Spetalen	Board member	-	-	-	100
Kristin Hellebust	Board member	-	-	-	100
Yvonne Litsheim Sandvold	Board member	-	-	-	100
Total remuneration		2 218	-	-	440

*For the fiscal year ending 31 December 2018, the position as CEO and CFO has been occupied by the same employee until December 2018 when Tore Jakob Berg was hired for the CFO position.

The Group had no outstanding loans or guarantees in favour of any member of the Board of Directors or company management in 2019.

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 common practice in international labour markets and typically include personal communication equipment, access to media, and car and parking arrangements. There is a mutual three months termination period for the employees, and there are no agreements for severance packages.

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 2019.

AUDIT FEES

<i>NOK 1000</i>	2019	2018
Audit fees including VAT		
Audit services	720	918
Other attestation services	-	-
Tax services	-	-
Other non-audit services	-	-
Total	720	918

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:

<i>NOK 1000</i>	31 Dec 2019	31 Dec 2018
US Dollars	34	9
Norwegian kroner	87 650	143 295
Total cash and cash equivalents	87 684	143 304
Restricted cash		
Employee tax accounts	1 100	835

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

<i>NOK 1000</i>	31 Dec 2019	31 Dec 2018
Other receivables	3	-0
Prepayments	455	208
Unbilled revenue	210	206
Total other current assets	667	414

NOTE 8 – TRADE RECEIVABLES AND OTHER RECEIVABLES

The outstanding amount of trade receivables at 31 December 2019 was TNOK 666 (31 December 2018 of TNOK 666). The Group has no expected credit loss on trade receivables and other. Trade receivables are related to rental income for the Vallhall Arena and services rendered to the tenants.

The Group is continuously assessing the need to recognise expected credit losses, on the basis on the difference between contractual cash flows and expected cash flows to be received. A loss of TNOK 12 has been recognized in 2019.(2018: TNOK 0)

NOTE 9 – OTHER CURRENT LIABILITIES

<i>NOK 1000</i>	31 Dec 2019	31 Dec 2018
Public duties payable	1 472	1 169
Deferred revenue	-	104
Accrued interest	385	337
Other current liabilities	3 273	2 928
Total other current liabilities	5 129	4 537

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
2019					
<i>NOK 1000</i>					
Acquisition cost, opening balance 01.01.19	99 141	4 806	38	199	104 184
Acquisitions during the period	1 427	22	-	-	1 449
Disposals during the period	-	-	-	-	-
Acquisition cost at 31.12.19	100 568	4 827	38	199	105 632
Accumulated depreciation, opening balance 01.01.19	-10 853	-1 510	-	-	-12 363
Depreciation	-3 161	-100	-	-	-3 262
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.12.19	-14 015	-1 610	-	-	-15 625
Net book value at 31.12.19	86 553	3 217	38	199	90 008

	Buildings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2018					
<i>NOK 1000</i>					
Acquisition cost, opening balance 01.01.18	97 259	4 436	38	199	101 931
Acquisitions during the period	1 882	370	-	-	2 252
Disposals during the period	-	-	-	-	-
Acquisition cost at 31.12.18	99 141	4 806	38	199	104 184
Accumulated depreciation, opening balance 01.01.18	-7 961	-1 360	-	-	-9 321
Depreciation	-2 893	-149	-	-	-3 042
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.12.18	-10 853	-1 510	-	-	-12 363
Net book value at 31.12.18	88 288	3 296	38	199	91 821

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

The fixed assets are subject to impairment testing if impairment indicators are identified. Such an indicator is present as per year-end; as the price/book-value was lower than 1. Fixed assets consist of Vallhall property and equipment. Recoverable amount is determined by using the value in use approach. Historical revenue and operating expenses have formed the basis for the 2020 budget which is used as basis for the impairment test, with a modest growth due to better utilisation. Over the last years several measures have been taken to improve the utilisation of Vallhall, which currently is at an acceptable level. Future maintenance and re-investment is included based on inflated historical expenses and expected upgrades.. For the period beyond the budget period revenue and expenses are inflated with 2.5%, and with expectation of continued use of Vallhall. Discount rate is set at 6 %. The impairment test performed indicates no need for impairment, further that Vallhall would not suffer an impairment loss given a reasonable change in key input factors (utilisation, operational expenses, re-investments and discount rate). The absence of impairment is also supported by a yield analysis.

Vallhall was temporary closed from 12 March 2020 as a consequence of national restrictions on gathering of people due to the outbreak of COVID-19. The extent and duration of these restrictions remains largely uncertain and will have adverse impact of the results from Vallhall, even if operational measures to minimize costs throughout this period already is implemented. National restrictions, which were implemented in 2020 is considered a non-adjusting subsequent event. See also note 22 Subsequent events.

NOTE 11 – TAX

<i>NOK 1000</i>	2019	2018
Current tax expense	55	90
Deferred tax expense	17	21
Tax expense	72	111
Reconciliation of tax expenses		
Net profit before tax	50 398	-66 203
Tax expense based on nominal tax rate of 22 % (23% for 2018)	11 088	-15 227
Permanente differences **	83 491	27 900
Change in other tax benefits receivables **	-96 588	-15 085
Change in not recognized deferred tax assets	2 082	2 535
Tax effect on deferred tax due to change of tax rate*	-	-12
Tax expense	72	111
Reconciliation of deferred tax (-)/deferred tax assets*		
Fixed and other assets	23	97 531
Net tax loss carried forward	13 805	13 448
Share in partnership	-359	-349
Deferred tax assets	13 469	110 630
Net deferred tax assets not recognized	13 747	110 891
Deferred tax (-)/deferred tax assets in the balance sheet	-278	-262
Tax on other comprehensive income		
Other comprehensive income	-	-407
Income tax related to other comprehensive income	-	-

* In 2018, the tax rate was 23 %, while due to reduction in Norwegian tax rate with effect from 1 January 2019, deferred tax assets was calculated based on 22 % tax rate both pr. 31 December 2019 and 31 December 2018

** The change in other tax benefits receivables is a result of tax positions related to intra group receivables that are terminated du to intra-group merger. The effect is set of against permanent differences, giving no net tax effect. Residual permanent differences are to great extent related to the tax exemption for gain on certain financial assets.

NOTE 12 – INTEREST BEARING DEBT

<i>NOK 1000</i>	31 Dec 2019	31 Dec 2018
Long term interest bearing debt	55 000	59 000
Current portion of long-term debt	4 000	4 000
Accrued interest	385	337
Total interest bearing debt	59 385	63 337

<i>NOK 1000</i>	2019	2018
Opening balance 1. December	63 337	46 199
Accrued interest for the year	2 134	2 002
Instalments paid	-4 000	-7 000
Draw-down	-	24 000
Interest payments	-2 086	-1 865
Ending balance 31. December	59 385	63 337

Material loan agreements

In June 2014 a mortgage of TNOK 60,000 was raised in relation to the Vallhall Arena. 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. In 2018 an additional TNOK 24,000 was drawn on the mortgage, whereas TNOK 3,000 was later repaid. Hence, the balloon payment in 2024 is increased to TNOK 41,000.

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 86,553, reference is made to note 10. There are no additional requirements beyond the collateral.

Interest rate of the mortgage as of 31 December 2019 is NIBOR +2.00 % p.a.

NOTE 13 – ISSUED CAPITAL AND SHAREHOLDERS

Issued capital

2019			
<i>NOK 1000</i>	Number of shares	Share capital	Other paid in capital
Opening balance 01.01.2019	266 149 831	2 661	819 655
Dividends			-
Ending balance 31.12.2019	266 149 831	2 661	819 655
2018			
<i>NOK 1000</i>	Number of shares	Share capital	Other paid in capital
Opening balance 01.01.2018	266 149 831	2 661	859 577
Dividends			-39 922
Ending balance 31.12.2018	266 149 831	2 661	819 655

All issued shares have a nominal value of NOK 0.01 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 2019 the Company had 496 shareholders. The Company's largest shareholders are presented in the table below.

Overview of the largest shareholders as per 31 December 2019

NAME	Shares	Of total shares
1 *ØYSTEIN STRAY SPETALEN	172 841 799	64,94 %
2 TORSTEIN INGVALD TVENGE	10 000 000	3,76 %
3 AF CAPITAL MANAGEMENT AS	9 300 000	3,49 %
4 AS TANJA	5 745 000	2,16 %
5 BORGEN INVESTMENT GROUP NORWAY AS	5 000 000	1,88 %
6 PORTIA AS	4 000 000	1,50 %
7 UTHALDEN AS	3 895 568	1,46 %
8 LEOVILLE AS	3 850 464	1,45 %
9 DNB Markets Aksjehandel/-analyse	3 354 227	1,26 %
10 KRISTIAN HODNE AS	3 200 000	1,20 %
11 PARK LANE FAMILY OFFICE AS	3 000 000	1,13 %
12 FRØILAND INVEST AS	2 604 554	0,98 %
13 HEGE BAKKEN	2 590 681	0,97 %
14 WIECO AS	2 545 733	0,96 %
15 JÆDEREN AS	2 431 027	0,91 %
16 BJØRN HÅVARD BRÆNDEN	1 887 738	0,71 %
17 State Street Bank and Trust Comp	1 764 597	0,66 %
18 BJØRN OLSEN	1 209 879	0,45 %
19 BHB CAPITAL MANAGEMENT AS	1 116 133	0,42 %
20 SPAR KAPITAL INVESTOR AS	1 066 655	0,40 %
Total	241 404 055	90,70 %
Total outstanding shares	266 149 831	100 %

* Board member.

Shareholders per country per 31 December 2019

	Shares	Owner's share %
Norway	263 687 650	99,075 %
United States	1 764 597	0,663 %
Sweden	254 557	0,096 %
France	199 938	0,075 %
Switzerland	103 008	0,039 %
United Arab Emirates	53 354	0,020 %
Belgium	52 000	0,020 %
Germany	10 000	0,004 %
Denmark	8 100	0,003 %
Luxembourg	6 000	0,002 %
Saudi Arabia	5 000	0,002 %
The Netherlands	4 586	0,002 %
United Kingdom	541	0,000 %
Finland	500	0,000 %
Total	266 149 831	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 increase the share capital through issuance of new shares

The Board held as per 31 December 2019 authorization to issue up to 133,074,915 new shares. The authorization may be utilised on one or several occasions.

Power of attorney to repurchase own shares

The Board held authorization to repurchase own shares as per 31 December 2019 limited to 10 % of total shares issued.

Authorization to raise convertible loans

The Board held no authorization to raise convertible bonds as per 31 December 2019.

Stock option arrangements

The Company/Group held no stock option or synthetic stock option agreements as of 31 December 2019.

Shares owned by the Board, Management and their Related Parties

2019	# of Shares
<i>Board of Directors</i>	
Martin Nes* (Chairman)	1 000 000
Øystein Stray Spetalen	172 841 799
Yvonne Litsheim Sandvold	-
Kristin Hellebust	-
<i>Group Management</i>	
Espen Lundaas**, CEO	1 000 000
Tore Jakob Berg, CFO	500 000
Total number of shares held by Board members, Group management and related parties	175 341 799
Total number of shares held by Board members, Group management and related parties in % of total outstanding shares	65,88 %

2018	# 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)	-
Tore Jakob Berg (CFO Dec 2018)	-
Total number of shares held by Board members, Group management and related parties	172 841 799
Total number of shares held by Board members, Group management and related parties in % of total outstanding shares	64,94 %

* Holdings through Hanekamb Invest AS

** Holdings through EI Investment AS.

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 held no such treasury shares as of 31 December 2019.

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 2019.

<i>NOK 1000</i>	2019	2018
Net profit/(loss) attributable to the shareholders	48 767	-68 414
<i>Number of shares</i>		
Weighted average number of ordinary shares outstanding	266 149 831	266 149 831
Weighted average number of shares outstanding, diluted	266 149 831	266 149 831
Number of shares outstanding at period end	266 149 831	266 149 831
<i>NOK per share</i>		
Basic and diluted earnings per share	0,18	-0,26

NOTE 15 – RELATED PARTIES

The company is sharing office locations for its head office with Ferncliff Holding AS, a company controlled by Øystein Stray Spetalen, board member, and the Company's largest shareholder. Transactions with related parties during 2019 are limited to office rent including mutual costs, deliverance of strategic management services 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

2019				
<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	-	930	-	237
Ferncliff Holding AS	-	3 000	-	250
Total	-	3 930	-	487

2018				
<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	-	1 420	-	-
Ferncliff Holding AS	-	450	-	-
Total	-	1 870	-	-

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
Vallhall Fotballhall KS	Norway	54,8 %	2014
Vallhall Fotballhall AS	Norway	54,8 %	2014
Vallhall Fotballhall Drift AS	Norway	55,2 %	2014

The former 100% subsidiaries Saga Chelsea AS, Saga Julie AS, Saga Unity AS and Strata Marine & Offshore AS merged with Saga Tankers ASA 16 February 2019.

The subsidiaries all have their offices in Oslo, Norway.

Combined condensed profit and loss and financial position for Vallhall entities (Vallhall Fotballhall KS, Vallhall Fotballhall AS and Vallhall Fotballhall Drift AS), whereas the non-controlling interest in the Group is sourced:

NOK 1000	2019	2018
NET PROFIT/LOSS FOR THE YEAR (-)	3 449	4 644
Attributable to:		
Non-controlling interests	1 559	2 100
Shareholders' interests	1 889	2 544

NOK 1000	31 Dec 2019	31 Dec 2018
ASSETS		
Non-current assets	89 690	95 713
Current assets	12 323	14 350
TOTAL ASSETS	102 013	110 063
EQUITY AND LIABILITIES		
Equity		
Controlling interests	20 210	24 456
Non-controlling interests	20 156	20 179
Total equity	40 366	44 635
LIABILITIES		
Non-current liabilities	59 000	63 000
Current liabilities	2 647	2 428
TOTAL EQUITY AND LIABILITIES	102 013	110 063

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

References are made to note 22 Subsequent events for the specific risk related to the terms and conditions following the COVID-19 pandemic effecting the operations of Vallhall.

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 258.2 million (2018: NOK 156.5 million).

At 31 December 2019, the impact of increases/decreases of the Oslo Stock Exchange 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	
	2019	2018
Index	2019	2018
Oslo Stock Exchange	10 200	7 993
Total	10 200	7 993

Decrease of 5 %:

NOK 1000	Impact on post-tax profit	
	2019	2018
Index	2019	2018
Oslo Stock Exchange	-10 200	-7 993
Total	-10 200	-7 993

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, 2019.

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

At December 31 2019, 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 1.7 and +/- TNOK 1.7.

Tax risk

Saga Tankers is subject to taxation by Norwegian authorities. Any change in taxation regime may affect the payable taxes of Saga Tankers. Currently the Group's investments are tax exempted («fritaksmetoden»), if the Norwegian tax regime changes and gains/losses on investment become taxable this could have significant impact on the Group's tax position.

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, 2019 was NOK 88.4 million (2018: NOK 144.0 million).

Concentration of credit risk exists to the extent that at December 31, 2019 all cash and cash equivalents were held at two financial institutions, both with credit ratings according to Standard & Poor's of AA-:

NOK 1000				
Counterparty	Rating	Geographical segment	2019	2018
<i>Cash and cash equivalents</i>				
DnB	AA-	Norway	76 350	129 951
Nordea	AA-	Norway	11 334	13 353
Total			87 684	143 304

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 have 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. Additional TNOK 24 000 was drawn on the facility in 2018, whereas TNOK 3 000 of this was subsequently repaid.

<i>NOK 1000</i>				
Instalment plan long term debt	Initial loan May 2014	Jun 2014 - Dec 2019	Jan 2020 - Feb 2024	May 2024
Opening balance loan	-	60 000	59 000	37 000
Release loan	60 000	24 000	-	-
Instalment 1 000 per quarter	-	-25 000	-22 000	-
Balloon-payment	-	-	-	-37 000
Closing balance loan	60 000	59 000	37 000	-
Interest paid/estimated interest payments*		10 457	5 890	365

* Accrued interest is settled at each instalment. Estimated future interest payments are made at current interest rate at 3.00 % 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 87,684 (2018: TNOK 143,304) and other liquid assets of TNOK 666 (2018: TNOK 666) that are expected to readily generate cash inflows for managing liquidity risk.

Based on the financial status at balance sheet date, an increase of the general interest level of one percentile would impact the profit and loss accounts with TNOK +287. A decrease in the general interest level of one percentile would impact the profit and loss accounts with TNOK -287.

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 2019. The fair value of financial instruments does not significantly deviate from their carrying amount.

<i>NOK 1000</i>		
Available-for-sale financial assets (Equity securities) in NOK	2019	2018
Listed shares (Level 1)	208 249	149 959
Non-listed shares (Level 2)	7 094	6 503
Total	215 343	156 462

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.

2019			
<i>NOK 1000</i>	Carrying amount	Fair value	Fair value Hierarchy
Loans and receivables			
Cash and cash equivalents	87 684	143 304	1
Trade receivables	666	666	2
Available-for-sale assets			
Available-for-sale shares	215 343	156 462	1 & 2
Other financial liabilities			
Long term interest bearing debt	55 000	59 000	2
Short term interest bearing debt	4 000	4 000	2
Trade payables	2 072	2 489	2
Other current liabilities	5 129	4 537	2

2018			
<i>NOK 1000</i>	Carrying amount	Fair value	Fair value Hierarchy
Loans and receivables			
Cash and cash equivalents	143 304	143 304	1
Trade receivables	666	666	2
Available-for-sale assets			
Available-for-sale shares	156 462	156 462	1 & 2
Other financial liabilities			
Long term interest bearing debt	59 000	59 000	2
Short term interest bearing debt	4 000	4 000	2
Trade payables	2 489	2 489	2
Other current liabilities	4 537	4 537	2

NOTE 19 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	31 Dec 2019	31 Dec 2018
<i>NOK 1000</i>		
At 1 January	156 462	230 152
Additions*	5 292	46 425
Unrealized gain/(loss)	53 589	-82 433
Reclassified from associates due to dilution and loss of significant influence	-	161 893
Disposals	-	-199 576
At 31 December	215 343	156 462
Less non-current portion	-215 343	-156 462
Current portion	-	-
	Fair value hierarchy	
Listed shares	Level 1	
Non-listed shares	Level 2	
Total		
	31 Dec 2019	31 Dec 2018
	208 249	149 959
	7 094	6 503
Total	215 343	156 462

The addition in 2019 was an increased exposure towards Vistin Pharma ASA

Available-for-sale financial assets include the following:

	2019	2018
Equity securities		
SD Standard Drilling Plc, market price	142 892	108 810
Northern Supply AS, fair value assessment from third parties	7 094	6 503
Vistin Pharma ASA, market price	65 357	41 149

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

NOTE 20 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Investments for short term trading purposes.

<i>NOK 1000</i>		
Financial Assets at fair value through Profit and loss	2019	2018
Cost	38 916	-
Unrealized gain/(loss)	3 944	-
Total	42 859	-

NOTE 21 – DIVIDENDS PAID AND PROPOSED

Repayment of equity have been paid from Vallhall during 2019. See Consolidated changes in equity regarding this repayment. The repayment is intra group, hence only the non-controlling portion is impacted. The board of Directors has decided not to distribute any dividends in 2020 based on the financial year of 2019.

NOTE 22 – SUBSEQUENT EVENTS

As a result of the corona virus (COVID-19), the authorities in a number of countries, including Norway, have introduced powerful measures to reduce the spread of the virus. This is likely to result in reduced economic activity globally for a period of time. In general, the financial markets in the world is characterized by major downturn, and high volatility post balance sheet date, due to the impact of COVID-19. As for the Group, the decrease in the oil-prices will have an impact on the pricing of Available-for-

sale financial assets, however, the weakening of the NOK vs USD will till some extent, soften the fall. The Vallhall investment is expected to be largely unaffected by the global macroeconomic factors, but, however, it will be directly affected by the local restrictions and the public avoidance of social contact in large groups. The Vallhall facility has been closed as of 12 march due to the probation of gathering public crowds exceeding 50 individuals. This will impact the income of the facility, and measures has been taken in order to downscaling the expenses, such as temporally redundancy of staff, and pausing all non-vital operations.

The extent and duration of this remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time.

The Group has a substantial cash holding, all interest bearing debt is related to the Vallhall business, where the cash-flow is expected to be normalized once we exit the need for social restrictions in the public .The Vallhall business currently has sufficient funds to serve the down payments. As for the residual business, the cash-holdings is a potential tool for new opportunities going forward.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period from 1 January 2019 to 31 December 2019 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, 16 April 2020
The Board of Directors


Øystein Stray Spetalen
Board Member


Martin Nes
Chairman


Yvonne Litsheim Sandvold
Board Member


Kristin Hellebust
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 2019.

SEPARATE FINANCIAL
STATEMENT

SAGA TANKERS ASA

PARENT COMPANY INCOME STATEMENT FOR THE PERIOD 01.01. – 31.12.

<i>NOK 1000</i>	NOTE	2019	2018
OPERATING INCOME			
Net gain on financial assets		23 165	34 441
Other Income		-	500
TOTAL OPERATING INCOME		23 165	34 941
OPERATING EXPENSES			
Employee benefit expenses	2	6 240	3 445
Administration expenses	2	5 751	3 598
Depreciation	4	24	4
TOTAL OPERATING EXPENSES		12 015	7 048
NET OPERATING PROFIT/LOSS (-)		11 150	27 893
FINANCIAL INCOME/EXPENSES (-)			
Interest income		1 225	474
Interest expense		-2	-
Reversal of impairment /(impairment of financial assets)		-	-24 715
Net foreign exchange gain/(loss)		2	24 482
Net other financial items		1	8
NET FINANCIAL INCOME/EXPENSES (-)		1 226	250
NET PROFIT BEFORE TAX		12 376	28 143
Taxes	8	-	-
NET PROFIT/LOSS (-) FOR THE YEAR		12 376	28 143
ATTRIBUTABLE TO			
Accumulated losses		12 376	28 143

PARENT COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

NOK 1000	NOTE	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Fixed assets	4	40	25
Shares and other financial assets	11	172 626	107 096
Shares in subsidiaries	7	11 038	30 079
Total non-current assets		183 703	137 200
Current assets			
Intercompany receivables	6	-	30 147
Receivables		340	-
Other current assets		344	83
Market shares	12	42 859	-
Cash and equivalents	3	76 350	128 870
Total current assets		119 893	159 100
TOTAL ASSETS		303 596	296 300
EQUITY AND LIABILITIES			
Equity			
Share capital	9	2 661	2 661
Other paid in equity	9	819 655	819 655
Total paid-in-capital		822 316	822 316
Accumulated losses	9	-523 329	-530 084
Total equity		298 987	292 232
LIABILITIES			
Current liabilities			
Trade and other payables		493	1 045
Public duties payable		1 326	593
Other current liabilities		2 791	2 430
Total current liabilities		4 610	4 068
Total liabilities		4 610	4 068
TOTAL EQUITY AND LIABILITIES		303 596	296 300

Oslo, 16 April 2020
The Board of Directors


Øystein Stray Spetalen
Board Member


Martin Nes
Chairman


Yvonne Litsheim Sandvold
Board Member


Kristin Hellebust
Board Member


Espen Lundaas
CEO

PARENT COMPANY CASH FLOW STATEMENT FOR THE PERIOD 01.01 – 31.12

<i>NOK 1000</i>	NOTE	2019	2018
Profit before tax		12 376	28 143
Depreciation	4	24	4
Impairment financial assets / (Reversal of impairment)		-	24 715
Loss/(-gain) on sale financial asset		-23 165	-34 441
Foreign exchange losses/(gains)			-
Income tax paid	8	-	-
Increase/decrease receivables and prepayments		-260	85
Increase/decrease payables and accruals		-78	-217
Net cash flow from operating activities		-11 103	18 289
Investment in Financial assets non current	11	-5 292	-6 665
Divestment in Financial assets non current		-	188 567
Dividends from Financial assets non current		-	8 084
Net divestment/(-investment) trading		-38 782	135
Dividends from subsidiaries		1 917	9 915
Cash from merged subsidiaries		1 080	-
Net cash flow from intercompany receivables		-	-27 187
Loan to investments		-340	-
Investment in fixed assets		-	-29
Net cash flow from investing activities		-41 417	172 820
Acquisition of own shares		-	-
Dividends and repayment to shareholders		-	-39 922
Net cash flow from financing activities		-	-39 922
Net change in cash and cash equivalents		-52 520	151 187
Cash and equivalents at beginning of period		128 870	2 147
Net foreign exchange differences (unrealised)		-	-24 463
Cash and equivalents at end of period		76 350	128 870

NOTES TO THE PARENT COMPANY 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 other non-current shares

Investments in other shares non-current 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 current shares

Investments in other current shares, that are part of the trading portfolio and considered to be adequate marketable, are valued at fair value through profit and loss.

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 31.12.2019.

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 – SPECIFICATION OF EXPENSES

The expenses for the financial years are specified below:

<i>NOK 1000</i>	2019	2018
Employee benefit expenses		
Salaries	4 967	2 523
Board fees	440	440
Social security costs	770	450
Pension expenses	49	8
Other personnel expenses	14	24
Total employee benefit expenses	6 240	3 445
Number of employees	3	2
Other operating expenses		
Consultancy fees	4 441	2 475
Other operating expenses	1 311	1 124
Total other operating expenses	5 751	3 598

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

NOK 1000	2019	2018
Audit fees including VAT		
Audit services	490	547
Other attestation services	-	-
Tax services	-	-
Other non-audit services	-	-
Total	490	547

Remuneration to the Board of Directors and executive management for the period 01.01.19 – 31.12.19

2019					
NOK 1000					
Name	Position	Salary and bonus	Other benefits	Pension cost	Director's fees
Espen Lundaas	CEO	2 018	-	-	-
Tore Jakob Berg	CFO	1 148	-	-	-
Martin Nes	Chairman	-	-	-	140
Øystein Stray Spetalen	Board member	-	-	-	100
Kristin Hellebust	Board member	-	-	-	100
Yvonne Litsheim Sandvold	Board member	-	-	-	100
Total remuneration		3 167	-	-	440
2018					
NOK 1000					
Name	Position	Salary and bonus	Other benefits	Pension cost	Director's fees
Espen Lundaas	CEO/CFO*	2 018	-	-	-
Tore Jakob Berg	CFO*	200	-	-	-
Martin Nes	Chairman	-	-	-	140
Øystein Stray Spetalen	Board member	-	-	-	100
Kristin Hellebust	Board member	-	-	-	100
Yvonne Litsheim Sandvold	Board member	-	-	-	100
Total remuneration		2 218	-	-	440

*For the fiscal year ending 31 December 2018, the position as CEO and CFO has been occupied by the same employee until December 2018 when Tore Jakob Berg was hired for the CFO position.

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 2019.

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 500 to the CEO, and TNOK 600 to the CFO has been granted for the year 2019. 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 2018.

NOTE 3 – CASH AND CASH EQUIVALENTS

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

<i>NOK 1000</i>	31 Dec 2019	31 Dec 2018
US Dollars	34	8
Norwegian kroner	76 316	128 862
Total cash and cash equivalents	76 350	128 870
Restricted cash		
Employee tax accounts	994	434

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

NOTE 4 – FIXED ASSETS

	Machinery & equipment	Total
2019		
<i>NOK 1000</i>		
Aquisition cost, opening balance 01.01.19	29	29
Additions - merger subsidiary*	42	42
Acquisitions during the period	-	-
Diposals during the period	-	-
Aquisition cost at 31.12.19	72	72
Accumulated depreciation, opening balance 01.01.19	-4	-4
Additions - merger subsidiary*	-4	-4
Depreciation	-24	-24
Accumulated depreciation disposed assets	-	-
Accumulated depreciation at 31.12.19	-32	-32
Net book value at 31.12.19	40	40

* Merger with the subsidiary Strata Marine & Offshore AS as of 1 January 2019. Values based on continuity.

	Machinery & equipment	Total
2018		
<i>NOK 1000</i>		
Aquisition cost, opening balance 01.01.18	-	-
Acquisitions during the period	29	29
Diposals during the period	-	-
Aquisition cost at 31.12.18	29	29
Accumulated depreciation, opening balance 01.01.18		
Depreciation	-4	-4
Accumulated depreciation disposed assets	-	-
Accumulated depreciation at 31.12.18	-4	-4
Net book value at 31.12.18	25	25

NOTE 6 – RELATED PARTIES

Remuneration to executives is disclosed in note 2.

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 2019 are limited to office rent including mutual costs, deliverance of strategic management services, 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

2019				
<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	-	930	-	237
Ferncliff Holding AS	-	3 000	-	250
Total	-	3 930	-	487

2018				
<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	-	1 171	-	-
Ferncliff Holding AS	-	450	-	-
Total	-	1 621	-	-

NOTE 7 - 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 2019	Net book value 31 December 2018
Saga Chelsea AS*	Norway	100 %	2010	N/A	N/A	-
Saga Julie AS*	Norway	100 %	2010	N/A	N/A	-
Saga Unity AS*	Norway	100 %	2010	N/A	N/A	-
Vallhall Fotballhall KS	Norway	54,8 %	2014	35 000	9 664	9 664
Vallhall Fotballhall AS	Norway	54,8 %	2014	100	2 864	2 864
Vallhall Fotballhall Drift AS	Norway	55,2 %	2014	501	427	427
Strata Marine & Offshore AS*	Norway	100 %	2015	N/A	N/A	17 124
Total				35 601	12 955	30 079

*Saga Chelsea AS, Saga Julie AS, Saga Unity AS and Strata Marine & Offshore AS have been merged into Saga Tankers ASA in 2019.

Vallhall Fotballhall AS has decreased its share capital from MNOK 5.5 to MNOK 0.1, of which MNOK 3.5 was repaid to the shareholders. Saga Tankers received its share of MNOK 1.9, as a reduction of its investment.

Vallhall Fotballhall KS, Vallhall Fotballhall AS and Vallhall Fotballhall Drift AS have their offices at Innspurten 16, 0663 Oslo, Norway.

NOTE 8 – INCOME TAX

NOK 1000	2019	2018
Current tax expense	-	-
Deferred tax expense	-	-
Tax effect of group contribution	-	-
Tax expense	-	-
Reconciliation of tax expense		
Net income before tax	12 376	28 143
Tax expense based on nominal tax rate*	2 723	6 473
Tax effect of permanent differences	91 784	12 302
Not recognized deferred tax assets	-94 507	-18 775
Tax expense	-	-
Reconciliation of deferred tax (-) / deferred tax assets*		
Tangible assets	1	-1
Receivables	-	82 642
Net tax loss carried forward**	13 748	3 808
Net deferred tax assets	13 749	86 449
Net deferred tax assets not recognized	-13 749	-86 449
Deferred tax (-)/ deferred tax assets in the balance sheet	-	-
Tax payable		
Current tax expense	-	-
Deferred tax expense	-	-
Tax payable	-	-

* Tax rate for 2018 it was 23%. Tax rate for 2019 as set by the Norwegian Parliament 12 December 2018 is 22%. The rate of 22% has therefore been applied to calculate future tax liabilities and assets as at 31 December 2018, as well as for all 2019 calculations.

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

The change in other tax benefits receivables is a result of tax positions related to intra group receivables that are terminated due to intra-group merger. The effect is set off against permanent differences, giving no net tax effect. Residual permanent differences are to great extent related to the tax exemption for gain on certain financial assets.

NOTE 9 – ISSUED CAPITAL AND SHAREHOLDERS

Issued capital

	Number of shares issued	Number of outstanding shares	Share capital	Own shares	Other equity	Accumu- lated losses	Total
<i>NOK 1000</i>							
Equity per 1 January 2018	266 149 829	266 149 829	2 661	-	859 577	-558 227	304 012
Net profit/loss (-) for the year 2018						28 143	28 143
Cancellation of own shares			-	-			-
Dividends					-39 922		-39 922
Equity per 31 December 2018	266 149 829	266 149 829	2 661	-	819 655	-530 084	292 232
Net profit/loss (-) for the year 2019						7 841	7 841
Merger with subsidiaries*			-	-		-5 622	-5 622
Dividends							-
Equity per 31 December 2018	266 149 829	266 149 829	2 661	-	819 655	-527 865	294 451

All issued shares have a nominal value of NOK 0.01 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.

Board authorizations:

Power of attorney to increase the share capital through issuance of new shares

The Board held as per 31 December 2019 authorization to issue up to 133,074,915 new shares. The authorization may be utilised on one or several occasions.

Power of attorney to repurchase own shares

The Board held authorization to repurchase own shares as per 31 December 2019 limited to 10 % of total shares issued.

Authorization to raise convertible loans

The Board held no authorization to raise convertible bonds as per 31 December 2019.

Stock option arrangements

The Company/Group held no stock option or synthetic stock option agreements as of 31 December 2019.

As of 31 December 2019 the Company had 496 shareholders.

Overview of the largest shareholders as per 31 December 2019

NAME	Of total shares
1 *ØYSTEIN STRAY SPETALEN	64,94 %
2 TORSTEIN INGVALD TVENGE	3,76 %
3 AF CAPITAL MANAGEMENT AS	3,49 %
4 AS TANJA	2,16 %
5 BORGEN INVESTMENT GROUP NORWAY AS	1,88 %
6 PORTIA AS	1,50 %
7 UTHALDEN AS	1,46 %
8 LEOVILLE AS	1,45 %
9 DNB Markets Aksjehandel/-analyse	1,26 %
10 KRISTIAN HODNE AS	1,20 %
11 PARK LANE FAMILY OFFICE AS	1,13 %
12 FRØILAND INVEST AS	0,98 %
13 HEGE BAKKEN	0,97 %
14 WIECO AS	0,96 %
15 JÆDEREN AS	0,91 %
16 BJØRN HÅVARD BRÆNDEN	0,71 %
17 State Street Bank and Trust Comp	0,66 %
18 BJØRN OLSEN	0,45 %
19 BHB CAPITAL MANAGEMENT AS	0,42 %
20 SPAR KAPITAL INVESTOR AS	0,40 %
Total	92,64 %

Shares owned by the Board, Management and their Related Parties

2019	# of Shares
<i>Board of Directors</i>	
Martin Nes* (Chairman)	1 000 000
Øystein Stray Spetalen	172 841 799
Yvonne Litsheim Sandvold	-
Kristin Hellebust	-
<i>Group Management</i>	
Espen Lundaas**, CEO	1 000 000
Tore Jakob Berg, CFO	500 000
Total number of shares held by Board members, Group management and related parties	175 341 799
Total number of shares held by Board members, Group management and related parties in % of total outstanding shares	65,88 %

* Through Hanekamb Invest AS

** Through El Investment AS

2018	# 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)	-
Tore Jakob Berg (CFO Dec 2018)	-
Total number of shares held by Board members, Group management and related parties	172 841 799
Total number of shares held by Board members, Group management and related parties in % of total outstanding shares	64,94 %

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 2019.

NOTE 10 – 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 11 – SHARES AND OTHER FINANCIAL ASSETS

	2019	2018
<i>NOK 1000</i>		
At 1 January	107 096	155 612
Additions	5 292	6 665
Disposals	-	-150 396
Reclassified from associates	-	96 302
Added through merger	41 149	-
Impairment/+reversal of impairment	19 088	-1 087
At 31 December	172 626	107 096

Shares and other financial assets include the following

<i>NOK 1000</i>	2019	2018
Listed shares	165 531	100 593
Non-listed shares	7 094	6 503
Total	172 626	107 096

The financial assets are denominated in NOK and are measured at cost.

NOTE 12 – MARKET SHARES

In addition to the long-term investment as described in note 11, the company holds a trading portfolio of current investments. These investments are measured at fair value through profit and loss.

<i>NOK 1000</i>		
Market shares at fair vaule	2019	2018
Cost	38 916	-
Unrealized gain/(loss)	3 944	-
Total	42 859	-

NOTE 13 – SUBSEQUENT EVENTS

As a result of the corona virus (COVID-19), the authorities in a number of countries, including Norway, have introduced powerful measures to reduce the spread of the virus. This is likely to result in a reduced economic activity globally for a period of time. In general, the financial markets in the world is characterized by major downturn, and high volatility post the balance sheet date, due to the impact of COVID-19.

This will necessarily have an impact on the value of the company's investment in shares, but does not change the value assessment as of 31. December 2019.

The company has no interest bearing debt, as well as a considerable cash reserve. The company's operations continues as usual with the appropriated measures, such as home office for the staff.

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Saga Tankers ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Saga Tankers ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2019, the income statement and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2019 and the statements of comprehensive income, cash flows and changes in equity 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 financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of 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 consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of 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, including 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 and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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 for 2019. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Accounting for investments in SD Standard Drilling Plc

In the first quarter of 2018, the investment in SD Standard Drilling Plc ("SDSD") was reclassified from an investment in Associate (IAS 28) to Available-for-sale financial assets (IFRS 9). There have been no changes to the Group's ownership percentage in SDSD in 2019 and no change in SDSD's Board composition after two of the Board members in SDSD, including the Chairman, were reappointed in 2019.

The classification of the investment in SDSD is dependent on whether the Group has significant influence. Management's assessment is based on an evaluation of the share of voting rights, shareholder structure and other factors such as the composition of the Board of Directors and the Nominating Committee that could indicate significant influence. Considering the use of significant judgment and that an inappropriate classification can have a material effect on the financial statements, this was deemed to be a key audit matter.

We evaluated management's assessment against the requirements within IAS 28, including economic ownership and shareholder structure. Further, we assessed the composition of the Board of Directors and Nominating Committee, including guidelines for the Nominating Committee.

Refer to note 2 in the consolidated financial statement under the section Significant accounting judgements, estimates and assumptions and note 4 Investment in associates for further description of the Group's assessment.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. 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 on the other information obtained prior to the date of the auditor's report, 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 management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report - Saga Tankers ASA

A member firm of Ernst & Young Global Limited

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including 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, 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 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 on the 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 in the statement on corporate governance concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Independent auditor's report - Saga Tankers ASA

A member firm of Ernst & Young Global Limited

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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 16 April 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

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