
TANKERSKA NEXT GENERATION
UNAUDITED QUARTERLY FINANCIAL STATEMENTS FOR Q1 2015

Financial Report for Q1 2015

Zadar (30 April 2015)

Key highlights:

- Vessel revenues in the amount of HRK 18.3 mln (USD 2.6 mln; USD 14.400 per day per vessel)
- EBITDA in the amount HRK 8.9 mln (USD 1.3 mln)
- EBIT in the amount of HRK 4.8 mln (USD 0.7 mln)
- Net profit in the amount of HRK 16.8 mln (USD 2.4 mln)
- Successfully concluded IPO on the Official Market of the Zagreb Stock Exchange on 12 February

Comments from the CEO

„During the first quarter of 2015 TNG has successfully concluded the Initial public offering on the Official market of the Zagreb Stock Exchange. Following the conclusion of the offering, the Company has been focused on investing the IPO proceeds in the amount of HRK 208 mln (appx. USD 31 mln) for the expansion of the eco-product tanker fleet, securing high-quality long-term charters, while maintaining a strong financial position and moderate leverage provided by the leading banks engaged in shipping finance .

Since the IPO we have acquired newbuild contracts for delivery of two 50,000 dwt eco-design tankers which are built in South Korea's Hyundai Mipo, the world's leading shipyard for these types of vessels. On 29 April we took the delivery of vessel Vukovar while the delivery of the second vessel is scheduled for July 2015. By completing the aforementioned acquisitions we have fulfilled the goals we have set prior to the IPO. We have to highlight that the vessel quality, purchase price, timing of operational engagement and the contracted charter rate fully surpassed our initial plans.

Our operating results for the Q1 of 2015 are fully aligned with our expectations. However, TNG generated strong financial results due to exchange difference on translation of foreign operations and gains attributable to monetary balance sheet items. The indicated gains are a result of exchanging our dollar assets on the reporting date into the Croatian Kuna in market circumstances when the US dollar strengthened in relation to the local currency. As such, these gains are not attributable to operating performance of our company. Given the US dollar is our operating currency while Croatian Kuna is the reporting one, the indicated foreign exchange results are unavoidable. However, the foreign exchange effect on the net profit tends to be more pronounced in early stages of operations.

John Karavanić, predsjednik Uprave TNG



Tankerska Next Generation Shipping Joint Stock Company
Božidara Petranovića 4, 23000 Zadar, Croatia
Short name of the company: Tankerska Next Generation Inc.
Incorporated 22 August 2014
Company's Bank Account:
Privredna Banka Zagreb Inc. Zagreb
IBAN HR86 2340 0091 1106 7758 7
Swift code: PBZGHR2X

MBS (registration number) 110046753 Commercial Court in Zadar
Share capital: 360.000.000,00 HRK paid completely
Issued shares: 7.200.000 ordinary shares with no par value
The President of Supervisory Board: Ivica Pijaca
The Management Board: John Karavanić
OIB (personal identification number): 30312968003

Selected financials

SELECTED FINANCIALS	January - March 2015 (HRK 000)	January - March 2015 (USD 000)
Vessel revenues.....	18,274	2,592
EBITDA.....	8,886	1,261
EBIT.....	4,821	684
Net income.....	16,833	2,387
EBITDA margin.....	48.6%	48.6%
EBIT margin.....	26.4%	26.4%
Net profit margin.....	92.1%	92.1%
Profit margin excluding foreign exchange changes.....	20.1%	20.1%

Operational data of the Fleet

OPERATIONAL DATA OF THE FLEET	January - March 2015
Gross Time Charter rates (USD, per day).....	14,400
Time Charter Equivalent rates (USD, per day).....	13,756
Daily vessel operating expenses (USD).....	5,978
Operating days (number).....	90
Revenue days (number).....	90
Fleet utilization (%).....	100.0%
Average number of vessels in the period.....	2.0
Number of vessels at period end.....	2.0

Operating vessels, Velebit and Vinjerac, have been fully utilized through a time charter contract with Stena Weco. The average gross daily time charter rate per vessel in Q1 amounted to USD 14,400 while the average daily vessel operating expenses (OPEX) amounted to USD 5,978. For the benefit of the reader, all of the important industry terms and concepts are presented in the continuation of this report.

Financial position

FINANCIAL POSITION	31 Mar 2015 (HRK 000)	31 Mar 2015 (USD 000)
Bank debt.....	228,071	32,350
Cash and cash equivalents.....	46,374	6,578
Net debt.....	181,697	25,772
Capital and reserves.....	524,758	74,431
Gearing ratio.....	26%	26%

Tankerska Next Generation

Tankerska Next Generation Inc. (TNG) is a company incorporated in Zadar, Croatia. The Group is the owner and operator of medium range product tanker fleet and provides seaborne transportations of petroleum products and chemicals worldwide to oil majors, national oil companies and oil and chemical traders.

During the first quarter fleet was expanded by acquiring contracts for two newbuilds which will increase the fleet under ownerships from three to five vessels. At the end of the year, by which time we expect that deliveries of all new vessels and commencement of their commercial exploitation will have taken place, the Group will own a fleet with a capacity of 250,000 dwt. Currently m/t Velebit and m/t Vinjerac are in operation. In April the shipyard Hyundai Mipo Dockyard Co. has completed the construction and delivered m/t Vukovar, a modern eco-design eco tanker which was one of the vessels acquired in March of this year.

Vessels are managed by Tankerska plovdba under the terms of the Management agreement which has been in place since 1 January 2015. Due to Tankerska plovdba's long track record of high quality tanker management under competitive terms and due to its good reputation on the market, Management agreement with Tankerska plovdba is expected to provide significant benefits to TNG. Under the terms of the Management agreement Tankerska plovdba provides commercial, crewing, technical, and certain administrative and corporate services in exchange for management services fees.

TNG has entered into a non-competition agreement with Tankerska plovdba which also came into force on 1 January 2015. TNG and Tankerska plovdba have agreed that Tankerska plovdba nor any of its affiliates (other than TNG and its affiliates) will own, lease, commercially operate or charter any MR product tanker.

At the end of first quarter of 2015 TNG's fleet consists of two MR tankers in operation, one tanker which has recently been delivered and two tankers which are on order.

Vessel	Capacity (dwt)	Type	Built	Yard	Employment	Daily rate (USD)
Velebit	52,554	Medium Range Product Tanker	2011	Treći Maj Brodogradilište Inc.	Stena Weco Time Charter	14,000 (until August 2015)
Vinjerac	51,935	Medium Range Product Tanker	2011	Treći Maj Brodogradilište Inc.	Stena Weco Time Charter	14,800 (until April 2016)
Hull 2491, Vukovar	50,000	Medium Range Product Tanker (eco design)	2015.	Hyundai Mipo Dockyard Co., Ltd.	Scorpio Tankers Time Charter	17,250 (until May 2018)
Hull 2472, Zoilo	50,000	Medium Range Product Tanker (eco design)	2015.	Hyundai Mipo Dockyard Co., Ltd.	n/a	n/a
Hull 5065, Dalmacija	50,300	Medium Range Product Tanker (eco design)	2015	SPP Shipbuilding Co., Ltd.	n/a	n/a

Note: Newbuilds Zoilo and Dalmacija are scheduled to be delivered in July and October 2015 respectively and all vessels will be under Croatian flag upon their delivery

Since their delivery, m/t Velebit and m/t Vinjerac had been chartered to Tankerska plovidba, which in turn chartered them to a third party. Both vessels are currently employed under a time charter agreement with Stena Weco. After 1 January 2015 m/t Velebit and m/t Vinjerac have continued to operate under a time charter agreement with Stena Weco with TNGI becoming the contracting party with Stena Weco. Since 1 January 2015 all revenues and costs attributable to vessels owned by TNG pertain solely to TNG by which TNG became a fully operational shipping company.

TNG's development since the date of incorporation

Milestones:

- The Company was incorporated in Zadar, Croatia on 22 August 2014 by Tankerska plovidba
- On 30 September 2014 TNG acquired the company Fontana (which owns the vessels m/t Velebit and m/t Vinjerac) and the company Teuta (which holds a binding contract for the newbuild Dalmacija)
- On 24 November the Group signed a loan agreement with the German bank DVB SE regarding financing m/t Dalmacija
- On 5 February 2015 the Company successfully completed its initial public offering (IPO) through which it raised HRK 208 mln via the sale of 3.2 mln shares at a price of HRK 65.00 per share
- On 12 February 2015 all of Company's 7.2 mln shares have been admitted for trading on the Official Market of Zagreb Stock Exchange under the ticker TPNG-R-A
- On 12 March 2015 TNG acquired two newbuilds contracts for the construction of 50,000 dwt eco-designed product tankers from the Hyundai Mipo Dockyard in South Korea

The most important events in the first quarter of 2015

Initial Public Offering

On 5 February 2015 Tankerska Next Generation Inc. has successfully completed its HRK 208 mln (appx. USD 31 mln) Initial Public Offering (IPO) through the sale of 3.2 mln shares at a price of HRK 65.00 per share. The proceeds from the Offering have been fully paid into Company's capital on 9 February 2015 by Tankerska plovidba.

On 9 February 2014 the Commercial court in Zadar registered the capital increase of the Company. The Company's share capital has increased from HRK 200 mln for the amount of HRK 160 mln to the amount of HRK 360 mln while HRK 48 mln has been allocated to capital reserves of the Company. As per the indicated IPO, the total number of issued shares has increased from 4.0 mln to 7.2 mln.

All of the Company's shares have been listed on the Official Market of the Zagreb Stock Exchange on 12 February, 2015.

As of 31 March 2015, the Company does not own any treasury shares.

Acquisition of York Maritime Holdings IX LLC and York Maritime Holdings VI LCC

On 17 March 2015 the Group acquired two companies, York Maritime Holdings IX LLC and York Maritime Holdings VI LCC, which are each in possession of a contract for the construction of a 50,000 dwt eco-designed product tanker in the Korean Hyundai Mipo Shipyard. The acquisitions were financed from the proceeds raised in the Initial Public Offering.

The first vessel has been delivered in April (m/t Vukovar), while the second vessel (m/t Zoilo) is expected to be delivered in July. Total investment per vessel will amount to USD 36.5 mln.

Structure of TNG Group as of 31 March 2015

Subsidiary	Jurisdiction of incorporation	Sharholder	Ownership interest	Proportion of voting power
Tankerska Next Generation International Ltd.	Marshall Islands	Tankerska Next Generation d.d.	100%	100%
Fontana Shipping Company Ltd.	Liberia	Tankerska Next Generation International Ltd	100%	100%
Teuta Shipping Company Ltd.	Liberia	Tankerska Next Generation International Ltd	100%	100%
York Maritime Holdings IX LLC	Marshall Islands	Tankerska Next Generation International Ltd	100%	100%
York Maritime Holdings VI LLC	Marshall Islands	Tankerska Next Generation International Ltd	100%	100%

Contracts with Tankerska plovidba

As of 1 January 2015 the Management agreement and Non-Competition Agreement have been commenced. More information on the scope and contents of contracts can be found in Company's Prospectus dated 8 December 2014 which is publically available on TNG's website (www.tng.hr).

Management Agreement

Under the careful supervision of the Management Board, the Group's operations are managed by Tankerska (Fleet Manager) and the Group has entered into a long-term agreement with the Fleet Manager (Management Agreement). Pursuant to the Management Agreement, the Fleet Manager shall provide to the Group commercial, crewing, technical, and certain administrative and corporate services in exchange for management services fees. The Management Agreement shall continue until the 31 December 2020. Management Board believes that the Group will greatly benefit from the relationship with Tankerska as it is a vastly experienced and highly reputable tanker operator which can offer premium services at favourable rates.

In return for providing the services under the Management Agreement, TNGI pays the Fleet Manager fees comprised of the following key components:

- *Commercial management services fee.* TNGI pays a fee to the Fleet Manager for commercial services it provides to the Group equal to 1.5% of the gross vessel revenues
- *Bunkering.* All bunkering arrangements will be charged at USD 1.00 per metric ton. Any cost directly or indirectly incurred in the process of providing the bunkering services (including but not limited to agency costs, bunker samples analysis, bunker surveys, etc.) will be off-budget and charged to TNGI as contingency costs
- *Ship management services fee.* TNGI pays a fee to the Fleet Manager for the ship management services. The fee is related to Moore Stephens' publication which provides an average daily expense for each type of vessel. The fee TNGI pays to the Fleet Manager is equal to 67% of the management fee published in Moore Stephens' latest OpCost

for Handysize Product Tankers and amounts to USD 503 daily for 2014 or pro-rata on daily basis for the part of a month.

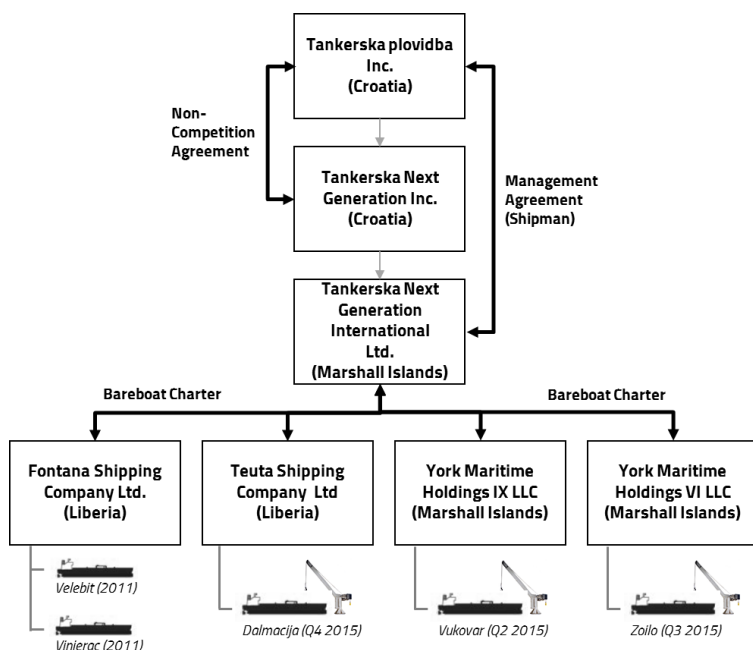
- *S&P fee*. In the event of a definitive agreement for the direct purchase, acquisition, sale or disposition of any vessels entered into by or on behalf of the Group or its affiliates or their owners, the Fleet Manager shall be entitled to a fee in the amount of 1% of the aggregate consideration

Non-Competition Agreement

According to the Non-Competition agreement between TNG Group and Tankerska Group, the parties have agreed that Tankerska plovdba nor its affiliates (other than the Company and its affiliates) shall own, lease, commercially operate or charter any MR product tanker.

The Non-Competition Agreement automatically terminates, expires and has no further force and effect on the date that Tankerska and its affiliates no longer retain direct or indirect ownership of at least an aggregate of 33% of Company's shares.

Overview of related party transactions as of 31 March 2015



Credit Facility DVB Bank SE

Teuta Shipping Company Ltd. ("Teuta") has signed on 24 November 2014 a Credit Facility agreement with DVB Bank SE for a loan which will partly finance the newbuild MR product tanker Dalmacija contracted in the SPP shipyard.

Teuta will drawdown the amount which is the lesser of a) USD 23.1 mln; or b) 60% of the vessel's Dalmacija market value at delivery if that amount is less than USD 23.1 mln. The Credit Facility will be repaid in 24 consecutive quarterly repayment instalments of approximately USD 0.41 mln each based on 14 years full payout profile and balloon payment payable with the last instalment so as to cover the total outstanding amount. Credit Facility matures six years after delivery of the vessel and bears interest of LIBOR plus 3.50%.

In April 2015 the Company agreed with DVB bank the modification to the purpose of the Credit Facility. Under the new terms, the Credit Facility will be used for the financing of the acquired new build Vukovar, owned by York Maritime Holdings IX LLC. All other terms and conditions to the Credit Facility remain unchanged.

Newbuild contract with SPP

TNG has entered into a shipbuilding contract with Korean SPP Shipbuilding Co., Ltd. (SPP) for a 50.300 DWT Product Oil / Chemical tanker (Hull No. 5065) named Dalmacija. The outstanding instalments under the contract include Keel laying tranche (USD 4.0 mln) and Delivery tranche (USD 20.05 mln).

Newbuild contract with Hyundai Mipo (1)

A newbuild contract for a 50,000 dwt MR tanker vessel for transportation of oil/chemicals (Hull No. 2491) with a planned name Vukovar was signed with South Korea's Hyundai Mipo Dockyard Co., Ltd. On 31 March 2015 the remaining unpaid delivery instalment was in the amount of USD 21.1 mln. Vessel was delivered on 29 April 2015.

TNG signed a loan agreement with DVB Bank SE which along with own funds is, in management's opinion, sufficient to finance this newbuild.

Newbuild contract with Hyundai Mipo (2)

A newbuild contract for a 50,000 dwt MR tanker vessel for transportation of oil/chemicals (Hull No. 2472) with a planned name Zoilo was signed with South Korea's Hyundai Mipo Dockyard Co., Ltd. on 31 March 2015 the remaining unpaid delivery instalment was in the amount of USD 21.6 mln. Vessel is expected to be delivered in July 2015.

Time charter contracts for vessels Velebit and Vinjerac

On 1 January 2015 Tankerska plovidba and TNGI (TNG's a fully owned operating company) commenced the Management Agreement under which Tankerska plovidba will operate TNG's fleet in the name and for the account of TNGI. As of 1 January 2015 the vessels m/t Velebit and m/t Vinjerac will continue to furnish the contract with Stena Weco and TNGI will be the contracting party with Stena Weco.

Tankerska's current charter rate for m/t Velebit is USD 14,000 per day with earliest contract termination in August 2015. In March 2015 TNG has exercised the put option for m/t Vinjerac and thus the current charter rate is USD 14,800 per day with earliest contract termination in April 2016. Charterers have a +/- 30 day option on both vessels for redelivery at the end of the time charter. Both time charter contracts have been signed in line with usual market practice and have been based on standard industry terms for such contracts.

Income Statement and Statement of Other Comprehensive Income

INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME	January - March 2015 (HRK 000)	January - March 2015 (USD 000)
<i>unaudited</i>		
Vessel revenues.....	18,274	2,592
Other revenues.....	136	19
Sales revenues	18,410	2,611
Commission and voyage related costs.....	(821)	(116)
Vessel operating expenses.....	(7,586)	(1,076)
Drydocking, special and intermediate surveys.....	-	-
General and administrative	(1,117)	(158)
Total operating expenses	(9,524)	(1,350)
EBITDA	8,886	1,261
Depreciation and amortization.....	(4,065)	(577)
Vessel impairment.....	-	-
Operating profit (EBIT)	4,821	684
Net interest expenses.....	(1,140)	(162)
Net foreign exchange gains (losses).....	13,152	1,865
Tonnage Tax.....	-	-
Net income	16,833	2,387
Other comprehensive income.....	29,011	4,115
Total comprehensive income	45,844	6,502
Weighted average number of shares outstanding, basic & diluted (thou.)	7,200	7,200
Net income (loss) per share, basic & diluted	2.34	0.33

Key comments:

- Daily revenues per vessel for the two operating vessels of USD 14,400
- Commission and voyage related costs amounted to 4.5% of total vessel revenues
- Daily vessel operating expenses (OPEX) of USD 5,978, which includes the ship management services fee in the amount of USD 503 (HRK per vessel per day payable to Tankerska plovidba
- G&A cost amounted to HRK 1,117 k (USD 158k), of which HRK 419 k (USD 59k) related to costs associated with the IPO which were accounted through the Profit and Loss statement (travelling, marketing and other costs)
- Foreign exchange gains are a result of exchanging our dollar assets on the reporting date into the Croatian Kuna in market circumstances when the US dollar strengthened in relation to the local currency

The financial statements expressed HRK have been converted from USD amounts by applying the mid foreign exchange rate published by the Croatian National Bank and valid on the date of reporting (31 March 2015; 1 USD = 7.050259 HRK).

Balance Sheet

BALANCE SHEET	31.3.2015.	31.3.2015.
<i>unaudited</i>	(HRK 000)	(USD 000)
Non-Current Assets	720,537	102,200
Vessels (1).....	407,835	57,847
Vessels under construction (2).....	312,702	44,353
Current Assets	48,287	6,849
Inventory.....	1,628	231
Accounts receivable.....	242	34
Cash and cash equivalents.....	46,375	6,578
Other current assets.....	42	6
Total Assets	768,824	109,049
Shareholders Equity	524,758	74,431
Share capital.....	360,000	51,062
Reserves.....	136,037	19,295
Retained earnings.....	28,721	4,074
Non-Current Liabilities	212,585	30,153
Bank debt (3).....	212,585	30,153
Current Liabilities	31,481	4,466
Bank debt (3).....	15,486	2,197
Accounts payable.....	1,896	269
Other current liabilities.....	14,099	2,000
Total Liabilities and Shareholders Equity	768,824	109,050

- (1) Operating vessels m/t Velebit and m/t Vinjerac were acquired by TNG on 30 September 2014
- (2) Vessels under construction relate to the newbuild m/t Dalmacija and the two acquired newbuilds m/t Vukovar and m/t Zoilo,
- (3) Outstanding loan amount with Commerzbank AG (Fontana Shipping Company Ltd as debtor)

Cash Flow Statement

CASH FLOW STATEMENT <i>unaudited</i>	Current period (HRK 000)	Current period (USD 000)
Profit before tax.....	16,833	2,388
Depreciation and Amortisation.....	4,065	577
Changes in working capital.....	13,990	1,984
Other	-	-
Cash flow from operating activities	34,888	4,949
Cash inflows from investing activities.....	-	-
Cash outflows from investing activities.....	(209,856)	(29,766)
Cash flow from investing activities	(209,856)	(29,766)
Cash inflows from financing activities.....	203,230	28,826
Cash outflows from financing activities.....	(5,161)	(732)
Cash flow from financing activities	198,069	28,094
Net changes in cash	23,101	3,277
Cash and cash equivalents (beginning of period)	23,273	3,301
Cash and cash equivalents (end of period)	46,374	6,578

Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY <i>unaudited</i>	Share capital	Retained Earnings	Foreign exchange translation reserves	Other reserves and comprehensive income	Total
For the period from 1 Jan to 31 Mar 2015	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 January 2015	200,000	11,888	55,000	10,363	277,251
Net profit for the period		16,833			16,833
Change in capital	160,000				160,000
Change in other reserves			41,663		41,663
Changes in other comprehensive income				29,011	29,011
Balance at 31 March 2015	360,000	28,721	96,663	39,374	524,758
For the period from 1 Jan to 31 Mar 2015	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 January 2015	33,556	1,886	8,971	(420)	43,993
Net profit for the period		2,388			2,388
Change in capital	23,712			-	23,712
Change in other reserves		-	6,174		6,174
Changes in other comprehensive income		-		(1,836)	(1,836)
Balance at 31 March 2015	57,268	4,274	15,145	(2,256)	74,431

Net Asset Value (NAV) calculation

Net asset value calculation <i>estimate</i>	At the date of 31.3.2015 (USD 000)
Value of the operating fleet.....	57,990
Deposits / Newbuildings value.....	44,353
Contracted vessels profit (loss).....	-
Total fleet value	102,343
Investments.....	-
Other non-current assets (excl. Intangibles and goodwill).....	3
Current assets.....	271
Total value of other assets	274
Cash and cash equivalents.....	6,578
Bank debt.....	(32,350)
Net debt	(25,772)
Other non-current liabilities.....	-
Current liabilities.....	(2,269)
Non-controlling interest.....	-
Total value of other liabilities	(2,269)
Net asset value	74,576
Weighted average number of shares outstanding, basic & diluted (thou.)	7,200,000
Net asset value per share (USD)	10.36

Key Comments

- The value of the operating fleet has been based on current industry mid-range bid values for such type of vessels
- The value of newbuilds have been based on purchase price (recognized balance sheet amounts)

Key events after the Balance Sheet date

Delivery and start of commercial exploitation of the new vessel (Time charter)

TNG took delivery of the first newbuild m/t Vukovar on 29 April 2015 in Hyundai Mipo Dockyard Co., Ltd., South Korea shipyard after which it will begin its commercial exploitation. TNG contracted the vessel on a three year time charter with Scorpio Tankers with the daily rate of USD 17,250.

Announcements in 2015

27 April	M/t Vukovar - vessel delivery and medium term time charter employment
21 April	The management has recruited a Chief Financial Officer
17 March	Notification on results of stabilization of financial instrument-TPNG-R-A
16 March	Agreed cooperation in conducting specialist's activities
13 March	Announces the acquisition of two newbuilds contracts
12 March	Managing Board member mandate prolongation
12 February	Stabilization notice
10 February	TPNG-R-A Listing resolution
10 February	Equity increase notice

Tankerska Next Generation Inc. – shareholder structure by numbers of shares

Shareholder	No. of shares	No. of shares	Share (in %)	Share (in %)
	31.12.2014	31.3.2015	31.12.2014	31.3.2015
Tankerksa plovdba d.d.	4,000,000	4,000,000	100.00%	55.56%
PBZ Croatia Osiguranje OMF	n/p	568,000	n/p	7.89%
Erste Plavi OMF	n/p	530,000	n/p	7.36%
Raiffeisen OMF	n/p	460,386	n/p	6.39%
Croatia Osiguranje d.d.	n/p	240,769	n/p	3.34%
Other institutional and private investors	n/p	1,400,845	n/p	19.46%
Total	4,000,000	7,200,000	100.00%	100.00%

Changes in organization, the Management Board or the Supervisory Board

Initial Public Offering

On 5 February 2015 Tankerska Next Generation Inc. has finalized the sale of 3.2 mln of new shares, after which all of TNG's shares have been listed on the Official market of the Zagreb Stock Exchange under the ticker TPNG-R-A. Company's shares began trading on 12 February 2015.

Management Board

Following the Supervisory Board's meeting on 11 March 2015, John Karavanić, the current CEO had his mandate prolonged for four additional years. The new mandate begins on 1 July 2015.

Appointment of the CFO

On 21 April 2015 the Management Board appointed Mr. Mario Devošić as the Company's Chief Financial Officer. Mr. Devosic has been recruited from INA (the largest domestic oil company) where he held the positions of the Senior Expert for Credit Risk Management and IR Director responsible for development and implementation of investor relations strategy.

TANKERSKA NEXT GENERATION Inc.

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY UNTIL 31 MARCH 2015

(UNAUDITED)

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- III. Statement of Responsibility for the Financial Statements

I. REPORT OF THE MANAGEMENT BOARD ON THE COMPANY'S OPERATIONS FOR THE PERIOD FROM 1 JANUARY UNTIL 31 MARCH 2015

During the reporting period the Company reported HRK 18,410,341 of operating revenues, attributed in total to revenue generated from sales.

In the same period, the Company reported HRK 13,589,482 of operating costs. Majority of operating expenses are comprised of material costs HRK 3,819,092 staff costs HRK 4,465,400, depreciation in the amount of HRK 4,064,849 and also other expenses in the amount of HRK 1,240,141.

In the period ended 31 March 2015 reported financial income amounted HRK 13,156,321 while financial expenses amounted to HRK 1,143,927.

The Company reported HRK 16,833,253 of net profit in the reporting period.

Company's share capital, amounting to HRK 360,000,000 has been divided into 7,200,000 approved, issued and fully paid ordinary shares with no par value. As at 31 March, 2015 the Company had no treasury shares.

As at 31 March, 2015 the Company owned following subsidiaries abroad:

1. Tankerska Next Generation International Ltd., Majuro, Marshall Islands;
2. Fontana Shipping Company Limited, Monrovia, Liberia;
3. Teuta Shipping Company Ltd., Monrovia, Liberia;
4. York Maritime Holdings VI, LLC, Majuro, Marshall Islands;
5. York Maritime Holdings IX, LLC, Majuro, Marshall Islands.

Herein below are some of the most significant data from the Financial Statements for the period:

Description	Period
	1 Jan - 31 Mar 2015
Total revenues.....	31,566,662 kn
Operating revenues / Total revenues.....	58%
Other revenues / Total revenues.....	42%
International market / Total revenues.....	58%
Domestic market / Total revenues.....	0%
Material costs / Operating expenses.....	28%
Employee costs / Operating expenses.....	33%
Financial expenses / Total Expenses.....	8%
Gross margin.....	92.11 kn
Accounting profit.....	16,833,253 kn
Operating profit (EBIT).....	4,820,859 kn

II. UNAUDITED CONDENSED QUARTERLY FINANCIAL STATEMENTS

Attachment 1.		
Reporting period:	1.1.2015	to 31.3.2015
Quarterly financial statement of the entrepreneur TFI-POD		
Tax Number (MB):	04266838	
Company registration number (MBS):	110046753	
Personal identification number (OIB):	30312968003	
Issuing company:	TANKERSKA NEXT GENERATION D.D.	
Postal code and place:	23000	ZADAR
Street and house number:	BOŽIDARA PETRANOVIĆA 4	
E-mail address:	tnq@tnq.hr	
Internet address:	www.tnq.hr	
Municipality/city code and name:	520	ZADAR
County code and name:	13	ZADARSKA COUNTY
Number of employees (year end)	50	
Consolidated report:	NO	NKD code: 5020
Companies of the consolidation subject (according to IFRS)	Seat:	MB:
Bookkeeping service:		
Contact person:	KOŠČICA NIKOLA (input only surname and name of contact person)	
Telephone:	023/202-311	Telefax: 023/250-357
E-mail address:	nikola.koscica@tankerska.hr	
Family name and name:	JOHN KARAVANIĆ (person authorized to represent the company)	
Documents to be published:		
1. Financial reports (balance sheet, profit and loss account, cash-flow statement, statement of changes in equity and notes to financial reports)		
2. Interim management report,		
3. Statement form persons responsible for preparation of reports		
	M.P.	(signature of the person authorized to represent the company)

BALANCE SHEET
as at 31.03.2015.

Company: 30312968003; TANKERSKA NEXT GENERATION D.D.			
Position	AOP code	Previous year	Current year (net)
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL	001	0	0
B) LONG - TERM ASSETS (003+010+020+029+033)	002	460,139,311	720,555,488
I. INTANGIBLE ASSETS (004 to 009)	003	0	0
1. Assets development	004	0	0
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005		
3. Goodwill	006	0	0
4. Prepayments for purchase of intangible assets	007	0	0
5. Intangible assets in preparation	008	0	0
6. Other intangible assets	009	0	0
II. TANGIBLE ASSETS (011 to 019)	010	460,139,311	720,555,488
1. Land	011		
2. Buildings	012		
3. Plant and equipment	013	368,190,814	407,835,584
4. Instruments, plant inventories and transportation assets	014		18,304
5. Biological assets	015	0	0
6. Prepayments for tangible assets	016	0	0
7. Tangible assets in preparation	017	91,948,497	312,701,600
8. Other material assets	018		
9. Investment in buildings	019	0	0
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	0	0
1. Shares (stocks) in related parties	021		
2. Loans given to related parties	022	0	0
3. Participating interests (shares)	023		
4. Loans to entrepreneurs in whom the entity hold participating interests	024	0	0
5. Investment in securities	025	0	0
6. Loans, deposits and similar assets	026		
7. Other long - term financial assets	027		0
8. Investments accounted by equity method	028	0	0
IV. RECEIVABLES (030 to 032)	029	0	0
1. Receivables from related parties	030	0	0
2. Receivables based on trade loans	031	0	0
3. Other receivables	032	0	0
V. DEFERRED TAX ASSETS	033	0	0
C) SHORT- TERM ASSETS (035+043+050+058)	034	27,084,616	48,244,284
I. INVENTORIES (036 to 042)	035	0	1,627,863
1. Row material	036		1,627,863
2. Work in progress	037	0	0
3. Finished goods	038	0	0
4. Merchandise	039	0	0
5. Prepayments for inventories	040	0	0
6. Long - term assets held for sale	041	0	
7. Biological assets	042	0	0
II. RECEIVABLES (044 to 049)	043	3,811,514	241,825
1. Receivables from related parties	044	3,811,514	241,825
2. Accounts receivable	045		
3. Receivables from participating entrepreneurs	046	0	0
4. Receivables from employees and shareholders	047		
5. Receivables from government and other institutions	048		
6. Other receivables	049		
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	0	0
1. Shares (stocks) in related parties	051	0	0
2. Loans given to related parties	052		
3. Participating interests (shares)	053	0	0
4. Loans to entrepreneurs in whom the entity hold participating interests	054	0	0
5. Investment in securities	055		
6. Loans, deposits and similar assets	056		
7. Other financial assets	057	0	0
IV. CASH AT BANK AND IN CASHIER	058	23,273,102	46,374,596
D) PREPAID EXPENSES AND ACCRUED INCOME	059	1,318,892	24,309
E) TOTAL ASSETS (001+002+034+059)	060	488,542,819	768,824,081
F) OFF-BALANCE SHEET NOTES	061		0

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	277,250,744	524,758,196
I. SUBSCRIBED CAPITAL	063	200,000,000	360,000,000
II. CAPITAL RESERVES	064		41,662,920
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	55,000,000	55,000,000
1. Reserves prescribed by law	066		
2. Reserves for treasury stocks	067	0	0
3. Treasury stocks and shares (deduction)	068	0	0
4. Statutory reserves	069	0	0
5. Other reserves	070	55,000,000	55,000,000
IV. REVALUATION RESERVES	071	10,363,244	39,374,523
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	0	11,887,500
1. Retained earnings	073		11,887,500
2. Accumulated loss	074	0	0
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	11,887,500	16,833,253
1. Profit for the current year	076	11,887,500	16,833,253
2. Loss for the current year	077		0
VII. MINORITY INTEREST	078	0	0
B) PROVISIONS (080 to 082)	079	0	0
1. Provisions for pensions, severance pay and similar liabilities	080	0	0
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	0	0
C) LONG TERM LIABILITIES (084 to 092)	083	190,026,197	212,585,078
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits etc.	085	0	0
3. Liabilities to banks and other financial institutions	086	190,026,197	212,585,078
4. Liabilities for received prepayments	087	0	0
5. Accounts payable	088	0	0
6. Liabilities arising from debt securities	089	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090	0	0
8. Other long-term liabilities	091		0
9. Deferred tax liability	092	0	0
D) SHORT - TERM LIABILITIES (094 to 105)	093	20,361,903	30,516,491
1. Liabilities to related parties	094	873,472	11,448,956
2. Liabilities for loans, deposits etc.	095		
3. Liabilities to banks and other financial institutions	096	18,457,309	15,486,345
4. Liabilities for received prepayments	097		
5. Accounts payable	098	1,010,532	1,896,078
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101		1,634,151
9. Liabilities for taxes, contributions and similar fees	102	5,719	45,648
10. Liabilities to share - holders	103		
11. Liabilities for long term assets held for sale	104	0	0
12. Other short - term liabilities	105	14,871	5,313
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	903,975	964,316
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	488,542,819	768,824,081
G) OFF-BALANCE SHEET NOTES	108		
APPENDIX TO BALANCE SHEET (only for consolidated financial statements)			
A) CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109		
2. Attributed to minority interests	110		

Note 1.: Appendix to balance sheet is filled out only by entrepreneurs who consolidate financial reports.

PROFIT AND LOSS ACCOUNT

for period 01.01.2015. to 31.03.2015.

Company: 30312968003; TANKERSKA NEXT GENERATION D.D.

Position	AOP code	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I. OPERATING REVENUES (112+113)	111	0	0	18,410,341	18,410,341
1. Sales revenues	112			18,274,271	18,274,271
2. Other operating revenues	113			136,070	136,070
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	0	0	13,589,482	13,589,482
1. Changes in the value of work in progress and finished goods	115	0	0	0	0
2. Material costs (117 to 119)	116	0	0	3,819,092	3,819,092
a) Raw material and material costs	117			1,174,857	1,174,857
b) Costs of goods sold	118			0	0
c) Other external costs	119			2,644,235	2,644,235
3. Staff costs (121 to 123)	120	0	0	4,465,400	4,465,400
a) Net salaries and wages	121			4,436,236	4,436,236
b) Costs for taxes and contributions from salaries	122			19,935	19,935
c) Contributions on gross salaries	123			9,229	9,229
4. Depreciation	124			4,064,849	4,064,849
5. Other costs	125			1,188,263	1,188,263
6. Impairment (127+128)	126	0	0	0	0
a) Impairment of long-term assets (excluding financial assets)	127			0	0
b) Impairment of short-term assets (excluding financial assets)	128	0	0	0	0
7. Provisions	129	0	0	0	0
8. Other operating expenses	130			51,878	51,878
III. FINANCIAL INCOME (132 to 136)	131	0	0	13,156,321	13,156,321
1. Interest income, foreign exchange gains, dividends and similar income from related	132			0	0
2. Interest income, foreign exchange gains, dividends and similar income from non-	133			13,156,321	13,156,321
3. Share in income from affiliated entrepreneurs and participating interests	134		0	0	0
4. Unrealized gains (income) from financial assets	135	0	0	0	0
5. Other financial income	136	0	0	0	0
IV. FINANCIAL EXPENSES (138 to 141)	137	0	0	1,143,927	1,143,927
1. Interest expenses, foreign exchange losses and similar expenses from related	138			0	0
2. Interest expenses, foreign exchange losses and similar expenses from non - related	139			1,143,927	1,143,927
3. Unrealized losses (expenses) on financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	0	0
V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142	0	0	0	0
VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+142 + 144)	146	0	0	31,566,662	31,566,662
X. TOTAL EXPENSES (114+137+143 + 145)	147	0	0	14,733,409	14,733,409
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	0	0	16,833,253	16,833,253
1. Profit before taxation (146-147)	149	0	0	16,833,253	16,833,253
2. Loss before taxation (147-146)	150	0	0	0	0
XII. PROFIT TAX	151	0	0	0	0
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	0	0	16,833,253	16,833,253
1. Profit for the period(149-151)	153	0	0	16,833,253	16,833,253
2. Loss for the period (151-148)	154	0	0	0	0
APPENDIX TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	155				
2. Attributed to minority interests	156				
STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157			16,833,253	16,833,253
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 to 165)	158	0	0	29,011,280	29,011,280
1. Exchange differences on translation of foreign operations	159			29,011,280	29,011,280
2. Movements in revaluation reserves of long-term tangible and intangible assets	160	0	0	0	0
3. Profit or loss from revaluation of financial assets available for sale	161			0	0
4. Gains or losses on efficient cash flow hedging	162	0	0	0	0
5. Gains or losses on efficient hedge of a net investment in foreign countries	163	0	0	0	0
6. Share in other comprehensive income / loss of associated companies	164	0	0	0	0
7. Actuarial gains / losses on defined benefit plans	165	0	0	0	0
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	0	0	0	0
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	0	0	29,011,280	29,011,280
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	0	0	45,844,533	45,844,533
APPENDIX to Statement of comprehensive income (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	169				
2. Attributed to minority interests	170				

CASH FLOW STATEMENT - Indirect method
period 01.01.2015. to 31.03.2015.

Company: 30312968003; TANKERSKA NEXT GENERATION D.D.

Position 1	AOP code 2	Previous period 3	Current Period 4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001		16,833,253
2. Depreciation	002		4,064,849
3. Increase in short-term liabilities	003		11,898,235
4. Decrease in short term receivables	004		4,864,271
5. Decrease in inventories	005		
6. Other cash flow increases	006		0
I. Total increase in cash flow from operating activities (001 to 006)	007	0	37,660,608
1. Decrease in short - term liabilities	008		
2. Increase in short - term receivables	009		0
3. Increase in inventories	010		1,627,863
4. Other cash flow decreases	011		1,144,279
II. Total decrease in cash flow from operating activities (008 to 011)	012	0	2,772,142
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	0	34,888,466
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	015		
2. Cash inflows from sale of equity and debt financial instruments	016		
3. Interest receipts	017		
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		0
III. Total cash inflows from investing activities(015 to 019)	020	0	0
1. Cash outflows for purchase of long - term tangible and intangible assets	021		171,041
2. Cash outflows for purchase of equity and debt financial instruments	022		209,684,738
3. Other cash outflows from investing activities	023		0
IV. Total cash outflows from investing activities (021 to 023)	024	0	209,855,779
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	0	209,855,779
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027		202,939,463
2. Cash inflows from loans, debentures, credits and other borrowings	028		290,255
3. Other cash inflows from financing activities	029		0
V. Total cash inflows from financing activities (027 to 029)	030	0	203,229,718
1. Cash outflows for repayment of loans and bonds	031		5,162,115
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034		
5. Other cash outflows from financing activities	035		
VI. Total cash outflows from financing activities (031 do 035)	036	0	5,162,115
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	198,067,603
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	0
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	0	23,101,494
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	0
Cash and cash equivalents at the beginning of period	041		23,273,102
Increase in cash and cash equivalents	042		23,101,494
Decrease in cash and cash equivalents	043		
Cash and cash equivalents at the end of period	044	0	46,374,596

STATEMENT OF CHANGES IN EQUITY

period **1.1.2015** to **31.3.2015**

Position	AOP code	Previous year	Current year
1	2	3	4
1. Subscribed capital	001		360,000,000
2. Capital reserves	002		41,662,920
3. Reserves from profit	003		55,000,000
4. Retained earnings or accumulated loss	004		11,887,500
5. Profit or loss for the current year	005		16,833,253
6. Revaluation of long - term tangible assets	006		0
7. Revaluation of intangible assets	007	0	0
8. Revaluation of financial assets available for sale	008		0
9. Other revaluation	009	0	0
10. Total capital and reserves (AOP 001 to 009)	010	0	485,383,673
11. Currency gains and losses arising from net investments in foreign operations	011		39,374,523
12. Current and deferred taxes (part)	012		
13. Cash flow hedging	013		
14. Changes in accounting policies	014		
15. Correction of significant errors in prior periods	015		
16. Other changes in capital	016		
17. Total increase or decrease in capital (AOP 011 to 016)	017	0	39,374,523
17 a. Attributed to equity holders of parent company	018		
17 b. Attributed to minority interest	019		

Items decreasing the capital are entered with a negative number sign

Data entered under AOP marks 001 to 009 are entered as situation on the Balance Sheet date

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Tankerska Next Generation Inc. is incorporated on 22 August, 2014 in the Republic of Croatia. It's headquarter is at Božidara Petranovića 4, Zadar, Croatia.

As at 31 March, 2015 Tankerska Next Generation had 50 employees, 2 administrative and 48 crew members.

All of the Tankerska Next Generation, Inc. shares have been listed on the Official Market of the Zagreb Stock Exchange on 12 February, 2015.

Management Board:

- John Karavanić, the sole member of the Board

Supervisory Board members:

- Ivica Pijaca, chairman
- Nikola Koščica, vice chairman
- Mario Pavić, member
- Ivan Pupovac, member
- Luka Kolanović, member

As at 31 March, 2015 Tankerska Next Generation's Inc. share capital amounted to HRK 360,000,000 divided into 7,200,000 ordinary shares with no par value.

The Financial Statements for the period ending 31 March, 2015 include the Financial Statement of Tankerska Next Generation Inc. and its international subsidiaries (companies engaged in international shipping). All companies are managed by Tankerska Next Generation Inc. from the sole headquarters and by the same Management Board. Pursuant to the Article 429.a, section 4 of the Maritime Code ("Official Gazzete" No. 181/04., 76/07., 146/08., 61/11., and 56/13.) Tankerska Next Generation Inc. is obliged to conduct accounting and prepare financial statements for all domestic and international business operations, including all shipping companies in which it holds the majority ownership and which are engaged in vessel operations with their net tonnage being included in the tonnage tax calculation.

In line with the applicable legislation of countries where Company's subsidiaries have been incorporated, Company's subsidiaries are not required to maintain their own records and prepare financial statements in their domicile jurisdictions. Therefore, in line with the Accounting Act and Corporate Income Tax Act, Tankerska Next Generation, Inc. as an integral part of its financial statements, accounts for assets and liabilities and revenues and costs of its subsidiaries.

2. Principal accounting policies

Quarterly Financial Statements for the period ending 31 March, 2015 have been prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting.

Tankerska Next Generation, d.d. Zadar financial statements include assets and liabilities, revenue and expenditure of the following fully owned subsidiaries:

1. Tankerska Next Generation International Ltd., Majuro, Marshall Islands;

2. Fontana Shipping Company Limited, Monrovia, Liberia;
3. Teuta Shipping Company Ltd., Monrovia, Liberia;
4. York Maritime Holdings VI, LLC, Majuro, Marshall Islands; and
5. York Maritime Holdings IX, LLC, Majuro, Marshall Islands.

The Financial statements for the period ending 31 March, 2015 do not include all information important for comprehension of the current period in the course of the year and should be read together with the Company's Financial Statements as at 31 March, 2015.

Financial statements have been prepared based on the same accounting policies, presentations and calculation methods as the ones used during preparation of the financial statements for the period ended 31 March 2015.

3. Intangible Assets, Property, Plant And Equipment

During the three-month period ending 31 March, 2015, the Company invested HRK 171,046 in acquisition of intangible assets, property, plant and equipment.

4. Related parties transactions

On 17 March 2015, TNG has acquired two companies, York Maritime Holdings VI LLC, Marshal Islands and York Maritime Holdings IX, LLC, Marshal Islands at the price of USD 29,741 thousand. With that TNG acquired contracts for construction of two new build eco-designed product tankers, each 50,000 dwt, that are to be delivered by South Korean shipyard Hyundai Mipo.

First vessel, (hull number 2491 Vukovar) was delivered on 29 April 2015, while the second vessel (hull number 2472, Zoilo) is expected to be delivered in July 2015.

5. Capital and Reserves

On 5 February 2015 Tankerska Next Generation ordinary shares initial public offering (IPO) was successfully completed, raising HRK 208 mln via the sale of 3.2 mln ordinary shares at the price of HRK 65.00 per share.

With the Decision of the General Assembly of 19 November 2014, Decision of the Management Board on determining successful new shares issue, exact amount of share capital increase and exact number of new shares of 6 February 2015 and the Supervisory Board decision giving consent to the Management Board company share capital has been increased by issuing 3,200,000 immaterialized ordinary shares without par value at issued the price of HRK 65.00 per share. Share capital was increased for HRK 160,000,000 form current HRK 200,000,000 to HRK 360,000,000. Each new ordinary share has been paid HRK 65.00, all together HRK 208,000,000.

Share Capital increase has been executed at the Commercial court registrar on 9 February.

After this increase, Tankerska Next Generation d.d. share capital amounts to HRK 360,000,000 and is divided into 7,200,000 ordinary shares without par value, with the ticker TPNG-R-A.

Initial public offering transaction costs of HRK 6,337,080 have been recorded as a deduction form share capital.

6. Earnings per Share

EARNINGS PER SHARE	Period
	1 Jan - 31 Mar 2015
Net (loss) / profit to shareholders.....	16,833,253 kn
Weighted average number of shares.....	7,200,000
Basic (loss) / earnings per share.....	2.34 kn

Since the Company has no potential dilutable ordinary shares, basic and diluted earnings per share are identical.

7. Transactions with the Related Parties

TRANSACTIONS WITH THE RELATED PARTIES	Period
	1 Jan - 31 Mar 2015
Sales to related parties.....	0 kn
Purchase from related parties.....	1,765,472 kn
Receivables from related parties.....	241,825 kn
Liabilities towards related parties.....	10,231,221 kn
Given loans to related parties.....	0 kn
Received loans from related parties.....	1,217,735 kn

8. Subsequent events after Balance Sheet date

On April 29 South Korean shipyard Hyundai Mipo Dockyard Co., Ltd has delivered hull number 2491 named Vukovar, a MR eco-design tanker 50,000 dwt.

III. STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements for the period from 1 January until 31 March, 2015 have been prepared by applying the International Financial Reporting Standards and provide an accurate and truthful review of assets, liabilities, profit and loss, financial position and operating of the Company.

Report of the Management Board on the Company's operations for the period from 1 January until 31 March, 2015 contains a fair presentation of the Company development, operating results and position with description of significant risks and uncertainty the Company is exposed to.

Zadar, 30 April 2015

Management Board of the Company

John Karavanić, CEO of Tankerska Next Generation

A handwritten signature in black ink, appearing to read 'J. Karavanić', written in a cursive style.

Important industry terms and concepts

The Group uses a variety of industry terms and concepts when analysing its own performance. These include the following:

Revenue Days. Revenue Days represent the total number of calendar days the Group's vessels were in possession of the Group during a period, less the total number of Off-Hire Days during that period generally associated with repairs, drydocking or special or intermediate surveys.

Consequently, Revenue Days represent the total number of days available for a vessel to earn revenue. Idle days, which are days when a vessel is available to earn revenue, yet is not employed, are included in Revenue Days. The Group uses Revenue Days to explain changes in its net voyage revenues (equivalent to time charter earnings) between periods.

Off-Hire Days. Off-Hire Days refer to the time a vessel is not available for service due primarily to scheduled and unscheduled repairs or drydocking.

When a vessel is off-hire, or not available for service, the charterer is generally not required to pay the charter hire rate and the Group will be responsible for all costs, including the cost of fuel bunkers unless the charterer is responsible for the circumstances giving rise to the lack of availability. Prolonged off-hire may obligate the vessel owner to provide a substitute vessel or permit the charter termination.

The Group's vessels may be out of service, that is, off-hire, for several reasons: scheduled drydocking, special surveys, vessel upgrade or maintenance or inspection, which are referred to as scheduled off-hire; and unscheduled repairs, maintenance, operational deficiencies, equipment breakdown, accidents/incidents, crewing strikes, certain vessel detentions or similar problems, or charterer's failure to maintain the vessel in compliance with its specifications and contractual and/or market standards (for example major oil company acceptances) or to man a vessel with the required crew, which is referred to as unscheduled off-hire.

Operating Days. Operating Days represent the number of days the Group's vessels are in operation during the year. Operating Days is a measurement that is only applicable to owned and not bareboated or chartered-in vessels. Where a vessel is under the Group's ownership for a full year, Operating Days will generally equal calendar days. Days when a vessel is in a dry dock are included in the calculation of Operating Days as the Group still incurs vessel operating expenses.

Operating Days are an indicator of the size of the fleet over a period of time and affect both revenues and expenses recorded during that period.

(Net) Time Charter Equivalent (TCE). TCE is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed per day as charter hire rates for vessels on time charters are. Therefore the net equivalent of a daily time voyage rate is expressed in net daily time charter rate.

(Net) TCE earnings. The Group defines time charter equivalent earnings, or TCE earnings, as vessel revenues less commissions and voyage-related costs (both major and minor) during a period.

TCE earnings is a measure of performance of a vessel or a fleet, achieved on a given voyage or voyages and it is expressed in US dollars per day. The Group's definition of TCE earnings may not be the same as that used by other companies in the shipping or other industries.

(Net) TCE rates. The Group defines time charter equivalent rates, or TCE rates, as vessel revenues less commission and voyage related costs (both major and minor) during a period divided by the number of Revenue Days during that period.

TCE rates is a measure of the average daily revenue performance of a vessel or a fleet, achieved on a given voyage or voyages and it is expressed in US dollars per day. TCE rates correspond to the net voyage earnings per day. The Group's definition of TCE rates may not be the same as that used by other companies in the shipping or other industries.

The Group uses the foregoing methodology for calculating TCE rates and TCE earnings in cases of both time charter and voyage charter contracts.

Gross Time Charter rates (GTC rates). The Group defines gross time charter rates, or GTC rates, as vessel revenues during a period divided by the number of Revenue Days during that period.

GTC rates should reflect the average daily charter rate of a vessel or a fleet and is expressed in US dollars per day. The Group's definition of GTC rate may not be the same as that used by other companies in the shipping or other industries.

Daily vessel operating expenses. Daily vessel operating expenses is a metric used to evaluate the Group's ability to efficiently operate vessels incurring operating expenses and to limit these expenses.

Daily vessel operating expenses represent vessel operating expenses divided by the number of Operating Days of vessels incurring operating expenses and is expressed in US dollars per day.

Average number of vessels. Historical average number of owned vessels consists of the average number of vessels that were in the Group's possession during a period. The Group uses average number of vessels primarily to highlight changes in vessel operating costs.

Fleet utilization. Fleet utilization is the percentage of time that the Group's vessels generate revenues. The shipping industry uses fleet utilization to measure a company's efficiency in finding employment for its vessels and in minimizing the number of days that its vessels are off-hire for reasons such as scheduled repairs, drydocking, surveys or other reasons other than commercial waiting time.

Fleet utilization is calculated by dividing the number of Revenue Days during a period by the number of Operating Days during that period.

Important chartering contracts

The Group's performance can be affected by some of the following types of charter contracts:

Time charter. Time charter is a contract under which a charterer pays a fixed daily hire rate on a semi-monthly or monthly basis for a fixed period of time for using the vessel. Subject to any restrictions in the charter, the charterer decides the type and quantity of cargo to be carried and the ports of loading and unloading. Under a time charter the charterer pays substantially all of the voyage-related costs (etc. port costs, canal charges, cargo manipulation expenses, fuel expenses and others). The vessel owner pays commissions on gross voyage revenues and the vessel operating expenses (etc. crew wages, insurance, technical maintenance and other).

Time charter rates are usually fixed during the term of the charter. Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating under voyage charters in the spot market during periods characterized by favourable market conditions. Prevailing time charter rates fluctuate on a seasonal and year-on-year basis reflecting changes in spot charter rates, expectations about future spot charter rates and other factors. The degree of volatility in time charter rates is lower for longer-term time charters compared to shorter-term time charters.

Voyage charter. Voyage charter involves the carriage of a specific amount and type of cargo from a specific loading port(s) to a specific unloading port(s) and most of these charters are of a single voyage nature. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo loaded on board by the cost per cargo tonne. The owner is responsible for the payment of all expenses including commissions, voyage-related costs, operating expenses and capital costs of the vessel. The charterer is typically responsible for any costs associated with any delay at the loading or unloading ports. Voyage charter rates are volatile and fluctuate on a seasonal and year-on-year basis.

Other charters. Besides the two most common charters (time and voyage) the shipping industry provides other types of contracts between the ship owner and the charterer.

- *Bareboat charter.* Bareboat charter is a contract pursuant to which the vessel owner provides the vessel to the charterer for a fixed period of time at a specified daily rate, and the charterer provides for all of the vessel's operating expenses in addition to the commissions and voyage related costs, and generally assumes all risk of operation. The charterer undertakes to maintain the vessel in a good state of repair and efficient operating condition and drydock the vessel during the term of the charter consistent with applicable classification society requirements.
- *Time charter trip.* Time charter trip is a short term time charter where the vessel performs a single voyage between loading port(s) and unloading port(s). Time charter trip has all the elements of a time charter including the upfront fixed daily hire rate.

Important financial and operating terms and concepts

The Group uses a variety of financial and operational terms and concepts when analysing its own performance. These include the following:

Vessel revenues. The Group generates revenues by charging customers for the transportation of their oil products using its own vessels. Historically, the Operating Fleet's services have generally been provided under time charters although the Group may enter into voyage charters in the future. The following describes these basic types of contractual relationships:

- *Time charters*, under which the vessels are chartered to customers for a fixed period of time at rates that are generally fixed; and
- *Voyage charters*, under which the vessels are chartered to customers for shorter intervals that are priced on a current or "spot" market rate.

The table below illustrates the primary distinctions among these types of charters and contracts:

	Time Charter	Voyage Charter
Typical contract length.....	1-5 years	Single voyages, consecutive voyages and contracts of affreightment (COA)
Hire rate basis (1).....	Daily	Varies
Commercial fee (2).....	The Group pays	The Group pays
Commissions (2).....	The Group pays	The Group pays
Major Vessel related costs (2).....	Customer pays	The Group pays
Minor Vessel related cost (2).....	The Group pays	The Group pays
Vessel operating costs (2).....	The Group pays	The Group pays
Off-hire (3).....	Customer does not pay	Customer does not pay

(1) 'Hire' rate refers to the basic payment from the charterer for the use of the vessel

(2) See 'Important Financial and Operational Terms and Concepts' below

(3) 'Off-hire' refers to the time a vessel is not available for service due primarily to scheduled and unscheduled repairs and drydockings

Under a time charter the charterer pays substantially all of the voyage-related costs. The vessel owner pays commissions on gross vessel revenues and also the vessel operating expenses. Time charter rates are usually fixed during the term of the charter.

Vessels operating under time charters provide more predictable cash flows over a given period of time, but can yield lower profit margins than vessels operating under voyage charters in the spot market during periods characterized by favourable market conditions. Prevailing time charter rates fluctuate on a seasonal and year-on-year basis reflecting changes in spot charter rates, expectations about future spot charter rates and other factors. The degree of volatility in time charter rates is lower for longer-term time charters as opposed to shorter-term time charters.

Other revenues. Other revenues primary include revenues from charterers for other services and revenues from profit commission on insurance policies.

Commercial fee. Commercial fees expenses include fees paid to the Fleet Manager, under the Management Agreement, for providing the Group with chartering and commercial management services.

Commissions. Commissions are realized in two basic forms: addressed commission and brokerage commission.

Addressed commission is commission payable by the ship owner to the charterer, regardless of charter type and is expressed as a percentage of the freight or hire. This commission is a reimbursement to the charterer for costs incurred in relation to the chartering of the vessel either to third party brokers or by the charterer's shipping department.

Brokerage commission is payable under a time charter on hire. Subject to the precise wording of the charter, the broker's entitlement to commission will therefore only arise when the charterers remit hire or is recovered by some other means. Commission under a voyage charter is payable on freight, and may also be payable on deadfreight and demurrage.

Voyage-related costs. Voyage-related costs are typically paid by the ship owner under voyage charters and by the customer under time charters. Voyage-related costs are all expenses which pertain to a specific voyage. The Group differs major and minor voyage-related costs.

Most of the voyage-related costs are incurred in connection with the employment of the fleet on the spot market (voyage charter) and under COAs (contracts of affreightment). Major voyage-related costs include bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees, extra war risks insurance and any other expenses related to the cargo are typically paid by the customer.

Minor voyage-related expenses such as draft surveys, tank cleaning, postage and other minor miscellaneous expenses related to the voyage may occur and are typically paid by the ship owner. From time to time, the ship owner may also pay a small portion of above mentioned major voyage-related costs.

Vessel operating costs. The Group is responsible for vessel operating costs which include crewing, repairs and maintenance, lubricants, insurance, spares, stores, registration and communication and sundries.

Vessel operating costs also includes management fees paid to the Fleet Manager, under the Management Agreement, for providing the Group with technical and crew management, insurance arrangements and accounting services.

The largest components of vessel operating costs are generally crews and repairs and maintenance. Expenses for repairs and maintenance tend to fluctuate from period to period because most repairs and maintenance typically occur during periodic drydocking. These expenses may tend to increase as these vessels mature and thus the extent of maintenance requirements expands.

Depreciation and amortization. The Group depreciates the original cost, less an estimated residual value, of its vessels on a straight-line basis over each vessel's estimated useful life. The estimated useful life of 25 years is the Management Board's best estimate and is also consistent with industry practice for similar vessels. The residual value is estimated as the lightweight tonnage of each vessel multiplied by an estimated scrap value (cost of steel) per tonne. The scrap value per tonne is estimated taking into consideration the historical Indian sub-continent five year scrap market rate.

Depreciation expense typically consists of charges related to the depreciation of the historical cost of the vessels (less an estimated residual value) over the estimated useful lives of the vessels and charges relating to the depreciation of upgrades

to vessels, which are depreciated over the shorter of the vessel's remaining useful life or the life of the renewal or upgrade. The Group reviews the estimated useful life of vessels at the end of each annual reporting period.

Drydocking and surveys (special and intermediate). The vessels are required to undergo planned drydocking for replacement of certain components, major repairs and maintenance of other components, which cannot be carried out while the vessels are operating, approximately every 30 months or 60 months depending on the nature of work and external requirements. The Group intend to periodically drydock each of vessels for inspection, repairs and maintenance and any modifications to comply with industry certification or governmental requirements. The number of drydocking undertaken in a given period and the nature of the work performed determine the level of drydocking expenses.

Vessel impairment. The carrying amounts of the vessels are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exists, the vessel's recoverable amount is estimated. Vessels that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The carrying values of the vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuilds. Historically, both the charter rates and vessel values have been cyclical in nature.

Management Board's judgment is critical in assessing whether events have occurred that may impact the carrying value of the vessels and in developing estimates of future cash flows, future charter rates, vessel operating expenses, and the estimated useful lives and residual values of those vessels. These estimates are based on historical trends as well as future expectations. Management Board's estimates are also based on the estimated fair values of their vessels obtained from independent ship brokers, industry reports of similar vessel sales and evaluation of current market trends.

General and administrative expenses. General and administrative expenses comprise of the administrative staff costs, management costs, office expenses, audit, legal and professional fees, travel expenses and other expenses relating to administration.

Interest expense and finance costs. Interest expense and finance costs comprise of interest payable on borrowings and loans and foreign exchange gains and losses.

Tonnage tax. The tonnage tax regime is introduced into the Croatian maritime legislation by new amendments to the Maritime Act and is applicable from January 1, 2014. According to the relevant provisions of the Maritime Act ("Maritime Act"), qualifying companies may choose to have their shipping activities taxed on the basis of the net tonnage of their fleet instead of on the basis of their actual profits. Companies, having opted for the tonnage tax, must remain subject to this regime for the following 10 years. The qualifying company has to be a shipping company liable under the Croatian corporate tax on any profits it generates. Furthermore, it must operate the vessels which satisfy all applicable requirements, and most importantly, the qualifying company must be carrying out the strategic and commercial management activities of vessels in Croatia.

In the tonnage tax system, the shipping operations shifted from taxation of business income to tonnage-based taxation. Under the tonnage tax regime, the tax liability is not calculated on the basis of income and expenses as under the normal corporate taxation, but is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the fleet under management.

Summary of expenses. Under voyage charters, the Group will be responsible for commissions, all vessel voyage-related costs and operating expenses. Under time charters, the charterer generally pays commissions, operating expenses and minor voyage-related costs. For both types of contracts the Group is responsible to pay fees to the Fleet Manager, under the Management Agreement.

The table below illustrates the payment responsibilities of the ship owner and charterer under a time and voyage charter.

EXPENSE TYPE	MAIN COMPONENTS	TIME CHARTER	VOYAGE CHARTER
Capital	Capital Principal Repayment Interest		
Operating	Crewing Repairs and Maintenance Lubricants Insurance Spares and stores Registration, communication and sundries <i>Management fee*</i> - <i>technical management</i> - <i>crew management</i> - <i>insurance arrangements</i> - <i>accounting services</i>		
Commissions	Address Brokerage		
Commercial fee*	<i>Chartering and commercial management services</i>		
Voyage (minor)	Draft surveys Tank cleaning Postage Other minor miscellaneous expenses		
Voyage (major)	Bunker fuel expenses Port fees Cargo loading and unloading expenses Canal tolls Agency fees Extra war risks insurance Other expenses related to the cargo		

Ship-owner payments
 Charterer payments
 * fees paid to the Fleet Manager, under the Management Agreements

Cautionary note regarding forward-looking statements

Certain statements in this document are not historical facts and are forward-looking statements. They appear in a number of places throughout this document. From time to time, the Group may make written or oral forward-looking statements in reports to shareholders and in other communications. Forward-looking statements include statements concerning the Group's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditure, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, business strategy and the trends which the Group anticipates in the industries and the political and legal environment in which it operates and other information that is not historical information.

Words such as „believe“, „anticipate“, „estimate“, „expect“, „intend“, „predict“, „project“, „could“, „may“, „will“, „plan“ and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as of the date on which they were made. Accordingly, the Company does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, other than as required by applicable laws and the Zagreb Stock Exchange Rules. The Company makes no representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.



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MBS (registration number) 110046753 Commercial Court in Zadar
Share capital: 360.000.000,00 HRK paid completely
Issued shares: 7.200.000 ordinary shares with no par value
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