

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST THREE MONTHS OF 2016

Zadar, April 29th 2016

Highlights of the first three months of 2016:

- Vessel revenues in the amount of HRK 63.7 million (USD 9.6 million)
- EBITDA in the amount HRK 37.01 million (USD 5.6 million)
- EBIT in the amount of HRK 24.3 million (USD 4.8 million)
- Net profit in the amount of HRK 17.04 million (USD 2.6 million)
- First quarter with fully integrated fleet
- Average daily vessel revenues reached USD 105,300

Comments from the CEO

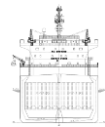
After an intensive investment period during the course of previous year Tankerska Next Generation Inc. finished the first fully operational quarter in which all the vessels generated revenues totalling HRK 63.7 million, without any off hire days. Four newbuildings which were delivered during the previous year are fully integrated into fleet and together with two conventional tankers, realized a strong net profit of HRK 17.04 million in the first quarter of 2016.

Focus on the complete implementation of the strategy for ensuring stable cash flows, backed by a moderate level of indebtedness, and management's commercial effort with a goal to secure optimal employment, enabled TNG to record strong average daily revenue per vessel of USD 17,559 in the first quarter of 2016.

TNG's fleet with its capacity of 300,000 dwt recorded a total of 546 operating days with a fleet utilization of 100%, which underlines the level of efficiency of the management of this young fleet of product tankers, which did not have off hire days during first quarter. This trend of high efficiency backed by the stable level of income is the result of the Company's business model aimed the creating of new value and minimizing the risk of the cyclical industry

John Karavanić, TNG's CEO

A handwritten signature in blue ink, appearing to read 'John Karavanić'.



Market environment

The expected growth of the global economy in 2016, is forecasted at 3.2%, which follows the growth rate recorded in the previous year. These forecasts published by the International Monetary Fund are slightly revised downwards, compared to forecasts published in January 2016. Stronger economic recovery is expected during 2017 when the main drivers of the recovery should be the emerging and developing markets, and overall stabilization of the currently disbalanced economies..

The rate of recovery will be driven by the changes and balance return of Chinese economy, which is trying to ensure more stable growth after a decade of strong credit and investment growth. Uncertainty of the recovery will be further underpinned by the development of the emerging markets, particularly due to falling commodity prices (including uncertainties associated with the movement of crude oil prices) that may adversely affect these economies.

Crude oil prices recovered in the end of the first quarter from a long term minimum recorded in January 2016. Price of Brent crude oil in March surpassed the level of USD 40 per barrel, reflecting the rising optimism based on the talks on reducing production, which would drive down the excess supply on the market. Crude oil trade remained at the same levels with a slight downward trend as a result of the information that the stable agreement on reducing production has not been fully achieved.

In the segment of product tankers the market shows a small level of volatility with different hire rates where the Atlantic has the higher rates than the Far East market. The trend of unstable hire rates is backed by the uncertainties connected to the recovery of world economy on one hand, and the slower growth of the tanker fleet on the other hand.

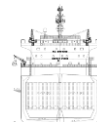
Structural changes in the wake of relocation refining capacities supported the demand for vessels of this type. The new refinery capacities in the Middle and Far East spurred demand in the segment of product tankers, which is further supported by the long-term trend of shifting of the refineries from the west to the east, which moves the production of refined petroleum products away from the place of consumption and increases the need for transportation of these products.

During first three months of 2016, In the segment of product tankers there was a delivery of total 24¹ new units, which shows an increase of 1% in global product tanker fleet compared to 2015, with expectations that by the end of the year there will be 89 newbuildings delivered.

Current ship-owner expectations of MR tankers, for one year hire with immediate delivery are at a level of USD 18,000² per day.

¹ Maersk Broker – Tanker market report March 2016

² Clarksons, Tanker Matrix Report, 2016



Management discussion for the three months ending March 31, 2016

SELECTED FINANCIALS	January - March 2015 (HRK 000)	January - March 2015 (USD 000)	January - March 2016 (HRK 000)	January - March 2016 (USD 000)
Vessel revenues.....	18,274	2,592	63,735	9,587
EBITDA.....	8,886	1,261	37,014	5,568
EBIT.....	4,821	684	24,253	3,649
Net income.....	16,833	2,387	17,044	2,565
EBITDA margin.....	48.6%	48.6%	58.1%	58.1%
EBIT margin.....	26.4%	26.4%	38.1%	38.1%
Net profit margin.....	92.1%	92.1%	26.7%	26.8%
Profit margin excluding foreign exchange changes.....	20.1%	20.1%	26.8%	26.8%

For the three months ending March 31, 2016, Company's revenues amounted to HRK 63.7 million (USD 9.6 million), EBITDA amounted to HRK 37.01 million (USD 5.6 million), which is an increase of 4 times compared to HRK 8.9 million in the first quarter of 2015. The Company's net income in the first three months of 2016. amounted to HRK 17.04 million (USD 2.6 million).

The operating profit of the Q1 was HRK 24.3 million and it is a result of full integration of the newbuildings to the fleet which significantly increased the revenues, and the absence of initial costs of furnishing and delivery of newbuildings which were included in the results during the most part of 2015.

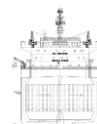
The vessels' revenues for the three months ending March 31, 2016 reached HRK 63.7 million (USD 9.6 million), which is a significant increase in comparison to the revenues recorded in the first quarter of 2015. This increase is primarily reflected revenues generated from the fully operational fleet. The total daily revenues from all six vessels during Q1 were recorded at the level of 105.300 USD. During the second quarter one of the vessels' (m/t Vinjerac) will time charter contract will expire, and its future employment shall be secured best matched to the current market terms and the company's chartering strategy.

First three months of 2016 were marked with usual operating costs, contrary to the previous quarters results being burdened with initial costs of furnishing the ships with material, equipment and lubricants, as well as additional funding costs of the acquired vessels. Fees and voyage associated costs amounted to HRK 2.5 million (USD 0.37 million) in the first quarter of 2016, which is an increase from USD 0.8 million (USD 0.11 million) in 2015, as a result of intensified operations of the fully operational fleet in the quarter.

Vessels' operating expenses for the three months ending March 31, 2016, amounting to HRK 23.04 million (USD 3.46 million) significantly increased, compared to HRK 7.6 million (USD 1.08 million) for the Q1 2015. The upward change was driven by the integration of all newbuildings during 2015, which gave possibility to the first three months of 2016 to be the first fully operational fleet period with normalized operating results.

Depreciation expenses for the three months ending March 31, 2016 were HRK 12.76 million (USD 1.92 million). All the vessels in operation are depreciated over an estimated useful life of 25 years on a straight line basis to their residual value, which represents their scrap value on the international market. The average number of vessels in operation increased to 6.0 for the three months ending March 31, 2016, which is 27% above Q4 2015 average of 4.7 vessels.

General and administrative expenses for the three months ending March 31, 2016 were HRK 1.64 million (USD 0.25 mil.), the increased expenses compared to Q1 2015 are a result of the increased volume of the operations.



Financial position summary

	31.12.2015 (HRK 000)	31.12.2015 (USD 000)	31.03.2015. (HRK 000)	31.03.2015 (USD 000)	31.03.2016. (HRK 000)	31.03.2016. (USD 000)
Bank debt.....	848,104	121,300	228,071	32,350	793,490	119,355
Cash and cash equivalents.....	71,465	10,221	46,374	6,578	63,773	9,593
Net debt.....	776,639	111,079	181,697	25,772	729,717	109,762
Capital and reserves.....	645,794	92,364	524,758	74,431	631,111	94,931
Gearing ratio.....	55%	55%	26%	26%	53%	53%

The year 2015 has been a capital expenditure intensive period for the company, however in line with its ambitious capital expenditures plan and growth strategy during which the Company secured necessary funds for acquisitions of new tankers both on the capital market and with the business banks. With these funding transactions TNG has secured a strong capital base while maintaining a moderately leveraged capital structure and remaining in line with current ratios. The gearing ratio by the end of the year decreased to 53%. This decreasing debt trend is in accordance with the loan repayment plans of TNG, and a further decrease in company's debt is expected in the future.

Securing both sufficient levels of debt and equity financing, provided strong foundations for delivering company strategy and increasing distributable cash flow, the ability to pay dividends and maximizing shareholder value, while lowering the risk of the business by focusing on medium to long term time charter period.

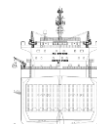
Operational data of the fleet

	January - March 2015.	January - December 2015	January - March 2016.
Gross time charter (USD, per day).....	14,400	16,340	17,559
Time Charter Equivalent (USD, per day).....	13,756	15,257	16,874
Daily vessel operating expenses (USD).....	5,978	7,180	6,348
Operating days (number).....	180	1,191	546
Revenue days (number).....	180	1,191	546
Fleet utilization (%).....	100.0%	100.0%	100.0%
Average number of vessels in the period.....	2.0	3.3	6.0
Number of vessels at period end.....	2.0	6.0	6.0

TNG's operating fleet consists of Velebit, Vinjerac, Vukovar, Zoilo, Dalmacija and Pag, out of which Velebit and Vinjerac were operating throughout the whole year, while other vessels started its operations and the generation of income after the delivery from the shipyards. The vessel employment strategy secured stable level of income in the mid term where three ships are employed on a three year contract, while others are employed on shorter contracts with two options for extension.

Average gross daily freight rates in Q1 2016 amounted to USD 17,559, while the average daily vessel operating expenses (OPEX) amounted to USD 6,348.

The first quarter of 2016 was the first fully operational quarter of the fleet, which came after a several developing quarters in 2015, which were marked by development of the fleet and the delivery of the newbuildings. The efforts of the



management in developing the fleet and securing employment for the vessels resulted in a significant contribution to the daily revenues of the fleet which amounted USD 105.300 per day in the first quarter of 2016, which gives an average daily revenue per vessel of USD 15,599, which surpasses the average in 2015 by 7.5%. During second quarter of 2016. the time charter contract for m/t Vinjerac worth USD 14,800 per day is terminating. The New employment of the vessel will be adjusted to the current market terms and expected hire rates, which will be implemented through strategic guidelines of employment of the fleet, and which will be targeted at securing stable cash flows and generating new value for the shareholders.

During 2016. it is expected that the conventional vessels built in 2011 MT Vinjerac (Q2) and MT Velebit (Q3) are scheduled to undergo the five-year dry dock, that will result in 10 to 15 revenue days less in respective quarters.

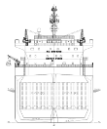
Revenue days and operating days increased significantly by the expanding of the fleet. Employment of the fleet of 100% is due to the fact that the charter parties ran uninterrupted and there were no off hire deductions, characterizing TNG's fleet as highly efficient.

Average daily vessel operating expenses of USD 6,348 USD for the first three months, shows a decrease from the results recorded in 2015, which is connected with the absence of one-off operating costs of the delivery and financing of the vessels. These costs include the furnishing the ship's cabins, supplying the deck with required material, the purchase of lubricants, as well as the initial inspections and education expenses and salaries of the crew in the period prior to delivery. TNG expects normalized operating expenses to be recorded after the first fully operational year of the fleet.

TNG's current fleet

Current TNG's fleet consists of six MR tankers in operation (Velebit, Vinjerac, Vukovar, Zoilo, Dalmacija and Pag). In accordance to the expectations, and the initial schedule of integration of the newbuild vessels into the fleet, the delivery of Dalmacija took place in November, while Pag was delivered in December. Following these deliveries and employments the Group owns an operating fleet which consists of two conventional ice class tankers, and four eco-design modern product tankers with a total capacity of 300,000 dwt.

Vessel	Capacity (dwt)	Type	Built	Yard	Flag	Employment	Daily rate (USD)
Velebit	52.554	Medium Range Product Tanker	Q2 2011	Treći Maj Brodogradilište d.d.	Croatia	Morgan Stanley Time Charter	18,500 (until Q3/Q4 2016)
Vinjerac	51.935	Medium Range Product Tanker	Q4 2011	Treći Maj Brodogradilište d.d.	Croatia	Stena Weco Time Charter	14,800 (until Q2 2016)
Vukovar	49.990	Medium Range Product Tanker (eco design)	Q2 2015	Hyundai Mipo Dockyard Co., Ltd.	Croatia	Scorpio Time Charter	17,250 (until Q2 2018)
Zoilo	49.990	Medium Range Product Tanker (eco design)	Q3 2015	Hyundai Mipo Dockyard Co., Ltd.	Croatia	Trafigura Time Charter	17,750 (until Q3 2018)
Dalmacija	49.990	Medium Range Product Tanker (eco design)	Q4 2015	SPP Shipbuilding Co., Ltd.	Croatia	Trafigura Time Charter	17,750 (until Q4 2018)
Pag	49.990	Medium Range Product Tanker (eco design)	Q4 2015	SPP Shipbuilding Co., Ltd.	Croatia	Trafigura Time Charter	19,300 (until Q4 2016)



TNG's fleet development in 2015

During the first quarter the fleet was expanded by acquiring contracts for two newbuild eco-designed MR tankers (Vukovar and Zoilo) from Hyundai Mipo Shipyard, and with the acquisition of newbuilding contract for eco-designed MR tanker Pag during third quarter from the South Korean shipyard SPP. Newbuilding Vukovar was delivered at the end of April 2015., and newbuilding Zoilo was delivered at the end of July 2015, and newbuilding Pag was delivered in early December 2015.

Vessels Velebit and Vinjerac have been operational since 1 January 2015 at a rate of USD 14,000 and 14,800 per day respectively, while the commercial exploitation of Vukovar started at the beginning of May at the daily rate of USD 17,250, and commercial exploitation of Zoilo at the end of July 2015 with a hire rate of USD 17,750.

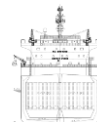
During the third quarter TNG secured 12 month employment for Velebit whose previous contract expired at the end of September, and it was immediately chartered out to the new charterer at the daily hire rate of USD 18,500.

Dalmacija was handed over to its charterer in a three year deal at the daily hire rate of USD 17,750 per day, while the 12-month commercial exploitation of Pag began in early December at the daily hire rate of USD 19,300 per day.

TNG's strategy

The Company's strategy is to be a reliable, efficient and responsible provider of seaborne refined petroleum product transportation services and to manage and expand the Group in a manner that is believed will enable the Company to increase its distributable cash flow, enhance its ability to pay dividends and maximize value to its shareholders. The Company intends to realize these objectives by pursuing the following:

- Focus on the development of the fleet, and the acquisition and management of vessels in the product tanker segment, focusing on product tankers of medium capacity, which are the main labour force in the petroleum derivatives market. MR tankers are flexible because they are small enough that they can access a wide range of ports, and because of this flexibility and the possibility of handling the most common quantities of cargo, are popular with charterers.
- Maintain superior customer service by maintaining high standards of reliability, safety, environmental and quality
- Timely procure modern used and/or re-sale tankers and/or reasonably arrange the newbuildings and timely sell vessels in line with market conditions
- Increase cash flow and profitability by outsourcing most of the management functions to a fleet manager. Management believes that the agreement with an external management will improve the measurability and cost competitiveness of business because it will allow the TNG to expand its fleet without realizing significant additional overheads
- Maintain a strong balance sheet through moderate debt in a way to try to finance future purchases of with approximately 35-45% of equity capital. This would facilitate the possibility of using a substantial part of the cash flow to pay dividends, but also improve conditions in the market as banks, shipyards and outsourcers prefer better capitalized Contracting Parties
- Employment of the fleet in the long-term shipping contracts on time in order to maintain the predictability of revenue. However, if the market create favourable conditions, management may decide to hire ships to shipping contracts on a journey and thus further enhance the company's cash flow



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.

Vessels are managed by Tankerska plovidba Inc. under the terms of the Management agreement which has been in place since 1 January 2015. Due to Tankerska plovidba's long track record of high quality tanker management under competitive terms and due to its good reputation on the market, the Management agreement with Tankerska plovidba Inc. is expected to provide significant benefits to TNG. Under the terms of the Management agreement Tankerska plovidba Inc. 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 plovidba Inc. which also came into force on 1 January 2015. TNG and Tankerska plovidba Inc. have agreed that neither Tankerska plovidba Inc. nor any of its affiliates (other than TNG and its affiliates) will own, lease, commercially operate or charter any MR product tanker.

Structure of TNG Group as of 31 March 2016

TNG's Directly and Indirectly Owned Subsidiary

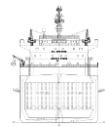
Subsidiary	Jurisdiction of incorporation	Shareholder	Ownership interest	Proportion of voting power
Tankerska Next Generation International Ltd.	Marshall Islands	Tankerska Next Generation d.d.	100%	100%
York Maritime Holdings IV LLC	Marshall Islands	Tankerska Next Generation International Ltd	100%	100%
Zoilo Shipping LLC	Marshall Islands	Tankerska Next Generation International Ltd	100%	100%
Vukovar Shipping LLC	Marshall Islands	Tankerska Next Generation International Ltd	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%

Contracts with Tankerska plovidba

As of 1 January 2015 the Management agreement and Non-Competition Agreement have commenced. More information on the scope and contents of contracts can be found in Company's Prospectus dated 8 December 2014 which is publicly 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:

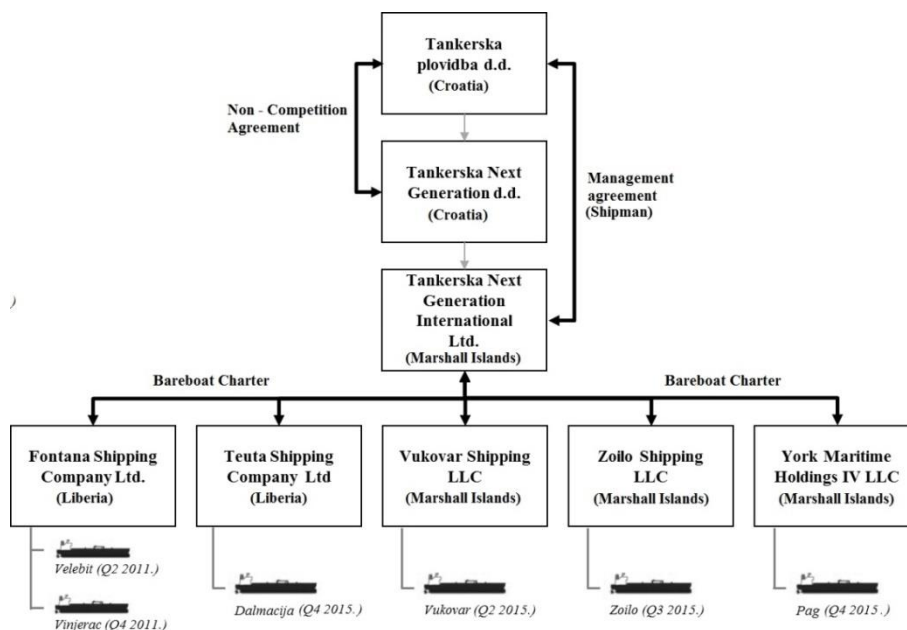
- *Commercial management services fee.* TNGI pays a fee to the Fleet Manager for commercial services it provides to the Group equal to 1.5% of the gross vessel revenues
- *Bunkering.* All bunkering arrangements will be charged at USD 1.00 per metric ton. Any cost directly or indirectly incurred in the 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

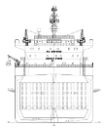
Non-Competition Agreement

According to the Non-Competition agreement between TNG Group and Tankerska Group, the parties have agreed that Tankerska plovidba 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 2016





Current chartering strategy

The Group currently has six Time Charter contracts. All the Group's time charter contracts have been signed in line with usual market practice and have been based on standard industry terms for such contracts. Charterers have a +/- 30 day option on vessels for redelivery at the end of the time charter. 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.

Velebit and Vinjerac

As of 1 January 2015 the vessels Velebit and Vinjerac continued to furnish time charter contracts with Stena Weco and TNGI has become the contracting party with Stena Weco. The contract for m/t Velebit was USD 14,000 per day till the end of contract in late September, and after the redelivery of the vessel, Velebit is chartered out to „CCI“ Castleton Commodities UK Ltd. The secured charter rate for Velebit is USD 18,500 per day for 12 months, and it was contracted at the end of Q3 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.

Vukovar

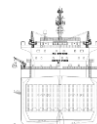
TNG took delivery of Vukovar on 29 April 2015 from Hyundai Mipo Dockyard Co., Ltd., South Korea after which it begun its commercial exploitation on a three year time charter (from 1 May onwards). The current charter rate for Vukovar is USD 17,250 per day with the earliest contract termination in May 2018. The charterer is STI Chartering and Trading Ltd (‐Scorpio‐).

Zoilo and Dalmacija

TNG contracted vessels Zoilo and Dalmacija (Zoilo delivered on 27 July 2015 and Dalmacija delivered on 27 November 2015), both on a three year time charter with the daily rate of USD 17,750, starting from delivery dates. The charterer is Trafigura Maritime Logistics PTE. Ltd. („Trafigura“) which have an option to extend both time charters for additional 12 months at USD 19,750 per day.

Pag

Vessel Pag was delivered on 4 December 2015 from South Korean SPP Shipbuilding Co. Lt. The commercial exploitation of the vessel started on a 12-month time charter deal with Trafigura Maritime Logistics PTE. Ltd. („Trafigura“) with the charter rate of USD 19,300 per day with earliest contract termination in December 2016. The Charterer has an option to extend the time charters for additional 6 months at USD 19,500 per day.



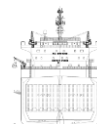
Tankerska Next Generation d.d.
INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR PERIOD STARTING 1 JANUARY 2016 TILL 31 MARCH 2016
unaudited

INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME	January - March 2015 (HRK 000)	January - March 2015 (USD 000)	January - March 2016 (HRK 000)	January - March 2016 (USD 000)
<i>unaudited</i>				
Vessel revenues.....	18,274	2,592	63,735	9,587
Other revenues.....	136	19	457	69
Sales revenues	18,410	2,611	64,192	9,656
Commission and voyage related costs.....	(821)	(116)	(2,485)	(374)
Vessel operating expenses.....	(7,586)	(1,076)	(23,044)	(3,466)
Drydocking, special and intermediate surveys..	-	-	-	-
General and administrative	(1,117)	(158)	(1,649)	(248)
Newbuildings expenses.....	-	-	-	-
Total operating expenses	(9,524)	(1,350)	(27,178)	(4,088)
EBITDA	8,886	1,261	37,014	5,568
Depreciation and amortization.....	(4,065)	(577)	(12,761)	(1,919)
Vessel impairment.....	-	-	-	-
Operating profit (EBIT)	4,821	684	24,253	3,649
Net interest expenses.....	(1,140)	(162)	(7,194)	(1,082)
Net foreign exchange gains (losses).....	13,152	1,865	(15)	(2)
Tonnage Tax.....	-	-	-	-
Net income	16,833	2,387	17,044	2,565
Other comprehensive income.....	29,011	4,115	(31,727)	(4,772)
Total comprehensive income	45,844	6,502	(14,683)	(2,207)
Weighted average number of shares outstanding, basic & diluted (thou.)	7,200	7,200	8,733	8,733
Net income (loss) per share, basic & diluted	2.34	0.33	1.95	0.29

Key comments:

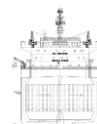
- Daily revenues per operating vessel in Q1 2016 of USD 17,559
- Commission and voyage related costs amounted to 4.0% of total vessel revenues
- Daily vessel operating expenses (OPEX) in Q1 2016 of USD 6,348, which includes the ship management services fee in the amount of USD 457 per vessel per day
- Foreign exchange gains are a result of exchanging dollar assets on the reporting date into the Croatian Kuna in market circumstances when the US dollar strengthened in relation to the local currency
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The financial statements expressed in 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 2016; 1 USD = 6.648 HRK).



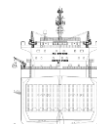
Tankerska Next Generation d.d.
BALANCE SHEET AT THE DATE OF 31 MARCH 2016.
unaudited

BALANCE SHEET	31.3.2015	31.3.2015	31.3.2016	31.3.2016
<i>unaudited</i>	(HRK 000)	(USD 000)	(HRK 000)	(USD 000)
Non-Current Assets	720,537	102,200	1,358,696	204,372
Vessels	407,835	57,847	1,358,674	204,369
Vessels under construction	312,702	44,353	-	-
Other non-current assets.....	-	-	22	3
Current Assets	48,287	6,849	80,888	12,167
Inventory.....	1,628	231	4,879	734
Accounts receivable.....	242	34	202	30
Cash and cash equivalents.....	46,375	6,578	63,773	9,593
Other current assets.....	42	6	12,034	1,810
Total Assets	768,824	109,049	1,439,584	216,539
Shareholders Equity	524,758	74,431	631,111	94,931
Share capital.....	360,000	51,062	436,667	65,683
Reserves.....	136,037	19,295	131,988	19,853
Retained earnings.....	28,721	4,074	62,456	9,395
Non-Current Liabilities	212,585	30,153	746,712	112,319
Bank debt.....	212,585	30,153	746,712	112,319
Current Liabilities	31,481	4,466	61,761	9,289
Bank debt.....	15,486	2,197	46,778	7,036
Accounts payable.....	1,896	269	3,027	455
Other current liabilities.....	14,099	2,000	11,956	1,798
Total Liabilities and Shareholders Equity	768,824	109,050	1,439,584	216,539



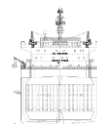
Tankerska Next Generation d.d.
CASH FLOW STATEMENT FOR PERIOD FROM 1 JANUARY 2016 TO 31 MARCH
unaudited

CASH FLOW STATEMENT	1.1.2015 -	1.1.2015 -	1.1.2016 -	1.1.2016 -
unaudited	31.3.2015	31.3.2015	31.3.2016	31.3.2016
	(HRK 000)	(USD 000)	(HRK 000)	(USD 000)
Profit before tax.....	16,833	2,388	17,044	2,564
Depreciation and Amortisation.....	4,065	577	12,763	1,920
Changes in working capital.....	13,990	1,984	1,536	231
Other	-	-	(17,343)	(2,609)
Cash flow from operating activities	34,888	4,949	14,000	2,106
Cash inflows from investing activities.....	-	-	-	-
Cash outflows from investing activities.....	(209,856)	(29,766)	(8,763)	(1,318)
Cash flow from investing activities	(209,856)	(29,766)	(8,763)	(1,318)
Cash inflows from financing activities.....	203,230	28,826	-	-
Cash outflows from financing activities.....	(5,161)	(732)	(12,929)	(1,945)
Cash flow from financing activities	198,069	28,094	(12,929)	(1,945)
Net changes in cash	23,101	3,277	(7,692)	(1,157)
Cash and cash equivalents (beginning of period)	23,273	3,301	71,465	10,750
Cash and cash equivalents (end of period)	46,374	6,578	63,773	9,593



Tankerska Next Generation d.d.
STATEMENT OF CHANGES IN EQUITY FOR PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016
Unaudited

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
For the period from 1 Jan to 31 Mar 2016	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 January 2016	436,667	45,412	123,426	40,289	645,794
Net profit for the period		17,044			17,044
Change in capital					-
Change in other reserves					-
Changes in other comprehensive income				(31,727)	(31,727)
Balance at 31 March 2016	436,667	62,456	123,426	8,562	631,111
For the period from 1 Jan to 31 Mar 2016	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 January 2016	68,734	6,720	19,147	(2,236)	92,365
Net profit for the period		2,564			2,564
Change in capital					-
Change in other reserves		-			-
Changes in other comprehensive income		-		2	2
Balance at 31 March 2016	68,734	9,284	19,147	(2,234)	94,931



Tankerska Next Generation d.d.
NET ASSET VALUE CALCULATION
estimate

Net asset value calculation <i>estimate</i>	At the date 31.12.2015 (USD 000)	At the date 31.3.2016 (USD 000)
Value of the operating fleet.....	205,970	204,369
Deposits / Newbuildings value.....	-	-
Contracted vessels profit (loss).....	-	-
Total fleet value	205,970	204,369
Investments.....	-	-
Other non current assets (excl. Intangibles and goodwill)	4	3
Current assets.....	1,545	2,574
Total value of other assets	1,549	2,577
Cash and cash equivalents.....	10,221	9,593
Bank debt.....	(121,300)	(119,355)
Net debt	(111,079)	(109,762)
Other non-current liabilities.....	-	-
Current liabilities.....	(4,394)	(2,253)
Non-controlling interest.....	-	-
Total value of other liabilities	(4,394)	(2,253)
Net asset value	92,046	94,931
Weighted average number of shares outstanding, basic & diluted (thou.)	8,733,345	8,733,345
Net asset value per share (USD)	10,54	10,87

Key Comments:

- The value of the operating fleet has been based on current industry mid-range bid values for such types of vessels
- The value of newbuildings have been based on purchase price (recognized balance sheet amounts)
- Other inputs are based at their net book values

Key events after the Balance Sheet date

The session of the Supervisory Board of Tankerska Next Generation Inc. was held on 14 April 2016. On the aforementioned session the Supervisory Board considered and adopted the Financial statements for the year ended 31 December 2015 together with Independent auditor's report, and the Company status report. The Management Board proposed, and the Supervisory Board adopted a decision about the proposal regarding 2015's profit distribution which will be proposed to the General Assembly.

Net profit of Tankerska Next Generation Inc. for the year ending with 31 December 2015 is HRK 34,519,646.04. The proposal to the General Assembly is that a part of net profit in the amount of HRK 34,497,712.95 shall be paid out as dividend to shareholders, in the amount of HRK 3.95 per share. A part of net profit in the amount of HRK 21,933.09 shall be allocated to retained earnings.

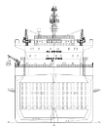
Announcements in 2016.

15.4.2016	Code of Corporate Governance Questionnaire for 2015
15.4.2016	Decisions from the Supervisory Board session
12.4.2016	Announcement of the Management and the Supervisory Board sessions
1.3.2016	Resignation of a Supervisory Board member
25.2.2016	Notification about the held sessions of Management and the Supervisory Board
23.2.2016.	Information of home member state
23.2.2016	Announcement of the Management and the Supervisory Board sessions
5.2.2016	Agreed extension in cooperation in conducting specialist's activities

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

Shareholder	No. of shares	No. of shares	No. of shares	Share (in %)	Share (in %)	Share (in %)
	30.06.2015.	31.12.2015.	31.03.2016.	30.06.2015.	31.12.2015.	31.03.2016.
Tankerska Plovidba d.d.....	4,454,994	4,454,994	4,454,994	51.01%	51.01%	51.01%
PBZ Croatia Osiguranje OMF.....	838,000	838,590	839,000	9.60%	9.60%	9.61%
Erste Plavi OMF.....	808,000	808,000	808,000	9.25%	9.25%	9.25%
Raiffaisen OMF.....	750,636	752,036	750,036	8.60%	8.61%	8.59%
Croatia Osiguranje d.d.....	292,239	292,239	292,239	3.35%	3.35%	3.35%
Other institutional and private investors.....	1,589,476	1,587,076	1,589,076	18.20%	18.17%	18.20%
Ukupno	8,733,345	8,732,935	8,733,345	100.00%	100.00%	100.00%

The Management Board, with the consent of the Supervisory Board, and based on the Decision to increase the share capital, determined the exact number of new shares increasing the share capital by issuing 1,533,345 new dematerialized ordinary registered shares, without par value, at a price of 68.00 HRK per share. Increase of share capital and amendments of the Articles of Association have been carried out with the Decision of the Commercial Court in Zadar, as of 11 June 2015. The Company's share capital increased from HRK 360,000,000.00 by the amount of HRK 76,667,250.00 and equals to HRK 436,667,250.00, divided into 8,733,345 ordinary dematerialized registered shares, without par value.



TANKERSKA NEXT GENERATION Inc.

INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY UNTIL 31 MARCH 2016
(UNAUDITED)

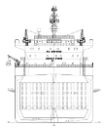
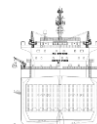


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- I. Report of the Management Board on the Company's operations for the period from 1 January until 31 March, 2016

- II. Unaudited condensed quarterly financial statements
 - Balance Sheet per as at 31 March, 2016
 - Profit and Loss Account for the period from 1 January until 31 March, 2016
 - Cash Flow Statement for the period from 1 January until 31 March, 2016
 - Statement of Changes in Equity for the period from 1 January until 31 March, 2016
 - Notes to the Financial Statements

- 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 2016

During the reporting period the Company reported HRK 64.2 million of operating revenues, attributed in total to revenue generated from sales.

In the same period, the Company reported HRK 39.8 million of operating costs. The majority of operating expenses are depreciation in the amount of HRK 12.8 million, staff costs HRK 12.5 million, material costs HRK 10.0 million, and also other expenses in the amount of HRK 4.6 million.

In the period ending 31 March 2016 reported financial income amounted to HRK 7.7 thousand while financial expenses amounted to HRK 7.2 million.

The Company reported HRK 17.0 million of net profit in the reporting period.

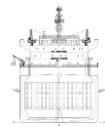
Company's share capital, amounting to HRK 436.7 million has been divided into 8.7 million approved, issued and fully paid ordinary shares with no par value. As at 31 March, 2016 the Company had 13,200 treasury shares.

As at 31 March, 2016 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. Vukovar Shipping, LLC, Majuro, Marshall islands;
5. Zoilo Shipping, LLC, Majuro, Marshall islands;
6. York Maritime Holdings IV, LLC, Majuro, Marshall Islands.

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

Description	Period	Period
	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2016
Total revenues.....	HRK 31,566,662	HRK 64,202,384
Operating revenues / Total revenues.....	58%	99%
Other revenues / Total revenues.....	0%	1%
International market / Total revenues.....	58%	99%
Domestic market / Total revenues.....	0%	0%
Material costs / Operating expenses.....	29%	25%
Employee costs / Operating expenses.....	33%	31%
Financial expenses / Total Expenses.....	8%	15%
Gross margin.....	HRK 91.47	HRK 26.74
Accounting profit.....	HRK 16,715,585	HRK 17,043,539
Operating profit (EBIT).....	HRK 4,703,191	HRK 24,253,373



II. UNAUDITED CONDENSED QUARTERLY FINANCIAL STATEMENTS

Attachment 1.
Reporting period: to

Quarterly financial statement of the entrepreneur TFI-POD

Tax Number (MB):

Company registration number (MBS):

Personal identification number (OIB):

Issuing company:

Postal code and place:

Street and house number:

E-mail address:

Internet address:

Municipality/city code and name:

County code and name: Number of employees (year end):

Consolidated report: NKD code:

Companies of the consolidation subject (according to IFRS):	Seat:	MB:

Bookkeeping service:

Contact person:
(input only surname and name of contact person)

Telephone: Telefax:

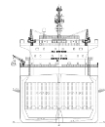
E-mail address:

Family name and name:
(person authorized to represent the company)

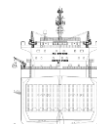
Documents to be published:

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)

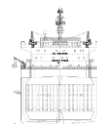

BALANCE SHEET
 as at 31.03.2016.

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	1,442,351,624	1,358,696,252
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	0	0
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	1,442,351,624	1,358,696,252
1. Land	011	0	0
2. Buildings	012	0	0
3. Plant and equipment	013	1,442,327,184	1,358,673,492
4. Instuments, plant inventories and transportation assets	014	24,440	22,760
5. Biological assets	015	0	0
6. Prepayments for tangible assets	016	0	0
7. Tangible assets in preparation	017	0	0
8. Other material assets	018	0	0
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	0	0
2. Loans given to related parties	022	0	0
3. Participating interests (shares)	023	0	0
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	0	0
7. Other long - term financial assets	027	0	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	76,596,715	75,501,953
I. INVENTORIES (036 to 042)	035	4,928,176	4,879,000
1. Row material	036	4,928,176	4,879,000
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	0
7. Biological assets	042	0	0
II. RECEIVABLES (044 to 049)	043	203,520	201,484
1. Receivables from related parties	044	17,724	39,651
2. Accounts receivable	045	3,496	93,074
3. Receivables from participating entrepreneurs	046	0	0
4. Receivables from employees and shareholders	047	5,005	6,354
5. Receivables from government and other institutions	048	169,150	37,191
6. Other receivables	049	8,145	25,214
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	0	6,648,142
1. Shares (stocks) in related parties	051	0	0
2. Loans given to related parties	052	0	0
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	0	0
6. Loans, deposits and similar assets	056	0	6,648,142
7. Other financial assets	057	0	0
IV. CASH AT BANK AND IN CASHIER	058	71,465,019	63,773,327
D) PREPAID EXPENSES AND ACCRUED INCOME	059	5,670,522	5,386,257
E) TOTAL ASSETS (001+002+034+059)	060	1,524,618,861	1,439,584,462
F) OFF-BALANCE SHEET NOTES	061	0	0



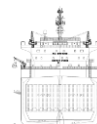
LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	645,794,429	631,110,669
I. SUBSCRIBED CAPITAL	063	436,667,250	436,667,250
II. CAPITAL RESERVES	064	68,425,976	68,425,976
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	55,000,000	55,000,000
1. Reserves prescribed by law	066	0	0
2. Reserves for treasury stocks	067	996,600	996,600
3. Treasury stocks and shares (deduction)	068	996,600	996,600
4. Statutory reserves	069	0	0
5. Other reserves	070	55,000,000	55,000,000
IV. REVALUATION RESERVES	071	40,289,284	8,561,985
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	10,892,273	45,411,919
1. Retained earnings	073	10,892,273	45,411,919
2. Accumulated loss	074	0	0
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	34,519,646	17,043,539
1. Profit for the current year	076	34,519,646	17,043,539
2. Loss for the current year	077	0	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	785,311,255	746,711,973
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	785,311,255	746,711,973
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	0
9. Deferred tax liability	092	0	0
D) SHORT - TERM LIABILITIES (094 to 105)	093	89,769,711	57,236,876
1. Liabilities to related parties	094	420,173	215,977
2. Liabilities for loans, deposits etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	62,792,836	46,777,906
4. Liabilities for received prepayments	097	11,760,664	2,921,526
5. Accounts payable	098	10,482,170	3,026,374
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	0	0
8. Liabilities to employees	101	4,183,437	4,181,694
9. Liabilities for taxes, contributions and similar fees	102	78,573	78,507
10. Liabilities to share - holders	103	0	0
11. Liabilities for long term assets held for sale	104	0	0
12. Other short - term liabilities	105	51,858	34,892
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	3,743,466	4,524,944
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	1,524,618,861	1,439,584,462
G) OFF-BALANCE SHEET NOTES	108	0	0
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 01.01.2016. to 31.03.2016.

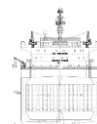
Company: 30312968003; TANKERSKA NEXT GENERATION D.D.

Position	AOP code	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I. OPERATING REVENUES (112+113)	111	18,410,341	18,410,341	64,194,720	64,194,720
1. Sales revenues	112	18,274,271	18,274,271	63,734,750	63,734,750
2. Other operating revenues	113	136,070	136,070	459,970	459,970
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	13,707,150	13,707,150	39,941,347	39,941,347
1. Changes in the value of work in progress and finished goods	115	0	0	0	0
2. Material costs (117 to 119)	116	3,936,760	3,936,760	10,052,536	10,052,536
a) Raw material and material costs	117	1,174,857	1,174,857	2,520,352	2,520,352
b) Costs of goods sold	118	0	0	0	0
c) Other external costs	119	2,761,903	2,761,903	7,532,184	7,532,184
3. Staff costs (121 to 123)	120	4,465,400	4,465,400	12,553,683	12,553,683
a) Net salaries and wages	121	4,436,236	4,436,236	12,350,641	12,350,641
b) Costs for taxes and contributions from salaries	122	19,935	19,935	145,088	145,088
c) Contributions on gross salaries	123	9,229	9,229	57,954	57,954
4. Depreciation	124	4,064,849	4,064,849	12,762,725	12,762,725
5. Other costs	125	1,188,263	1,188,263	3,594,620	3,594,620
6. Impairment (127+128)	126	0	0	0	0
a) Impairment of long-term assets (excluding financial assets)	127	0	0	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	977,783	977,783
III. FINANCIAL INCOME (132 to 136)	131	13,156,321	13,156,321	7,664	7,664
1. Interest income, foreign exchange gains, dividends and similar income from related	132	0	0	0	0
2. Interest income, foreign exchange gains, dividends and similar income from non-	133	13,156,321	13,156,321	7,664	7,664
3. Share in income from affiliated entrepreneurs and participating interests	134	0	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	1,143,927	1,143,927	7,217,498	7,217,498
1. Interest expenses, foreign exchange losses and similar expenses from related	138	0	0	0	0
2. Interest expenses, foreign exchange losses and similar expenses from non - related	139	1,143,927	1,143,927	7,217,498	7,217,498
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	31,566,662	31,566,662	64,202,384	64,202,384
X. TOTAL EXPENSES (114+137+143 + 145)	147	14,851,077	14,851,077	47,158,845	47,158,845
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	16,715,585	16,715,585	17,043,539	17,043,539
1. Profit before taxation (146-147)	149	16,715,585	16,715,585	17,043,539	17,043,539
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	16,715,585	16,715,585	17,043,539	17,043,539
1. Profit for the period(149-151)	153	16,715,585	16,715,585	17,043,539	17,043,539
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	16,715,585	16,715,585	17,043,539	17,043,539
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 to 165)	158	29,011,280	29,011,280	-31,727,298	-31,727,298
1. Exchange differences on translation of foreign operations	159	29,011,280	29,011,280	-31,727,298	-31,727,298
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	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	29,011,280	29,011,280	-31,727,298	-31,727,298
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	45,726,865	45,726,865	-14,683,759	-14,683,759
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 01.01.2016. to 31.03.2016.

Company: 30312968003; TANKERSKA NEXT GENERATION D.D.			
Position	AOP code	Previous period	Current Period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	16,715,585	17,043,539
2. Depreciation	002	4,064,849	12,762,725
3. Increase in short-term liabilities	003	11,898,235	
4. Decrease in short term receivables	004	4,981,938	1,486,943
5. Decrease in inventories	005		49,176
6. Other cash flow increases	006		1,001,173
I. Total increase in cash flow from operating activities (001 to 006)	007	37,660,607	32,343,556
1. Decrease in short - term liabilities	008		14,338,144
2. Increase in short - term receivables	009		
3. Increase in inventories	010	1,627,863	
4. Other cash flow decreases	011	1,144,279	4,005,432
II. Total decrease in cash flow from operating activities (008 to 011)	012	2,772,142	18,343,576
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	34,888,465	13,999,980
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	0	0
2. Cash inflows from sale of equity and debt financial instruments	016	0	0
3. Interest receipts	017	0	0
4. Dividend receipts	018	0	0
5. Other cash inflows from investing activities	019	0	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	2,114,965
2. Cash outflows for purchase of equity and debt financial instruments	022	209,684,738	0
3. Other cash outflows from investing activities	023	0	6,648,143
IV. Total cash outflows from investing activities (021 to 023)	024	209,855,779	8,763,108
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	209,855,779	8,763,108
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027	202,939,463	0
2. Cash inflows from loans, debentures, credits and other borrowings	028	290,255	0
3. Other cash inflows from financing activities	029	0	0
V. Total cash inflows from financing activities (027 to 029)	030	203,229,718	0
1. Cash outflows for repayment of loans and bonds	031	5,162,115	12,928,564
2. Dividends paid	032	0	0
3. Cash outflows for finance lease	033	0	0
4. Cash outflows for purchase of own stocks	034	0	0
5. Other cash outflows from financing activities	035	0	0
VI. Total cash outflows from financing activities (031 do 035)	036	5,162,115	12,928,564
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	198,067,603	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	12,928,564
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	23,100,289	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	7,691,692
Cash and cash equivalents at the beginning of period	041	23,273,102	71,465,019
Increase in cash and cash equivalents	042	23,101,494	0
Decrease in cash and cash equivalents	043	0	7,691,692
Cash and cash equivalents at the end of period	044	46,374,596	63,773,327

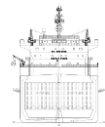


STATEMENT OF CHANGES IN EQUITY
 period from 31.12.2015 to 31.3.2016

Position	AOP code	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	360,000,000	436,667,250
2. Capital reserves	002	41,662,920	68,425,976
3. Reserves from profit	003	55,000,000	55,000,000
4. Retained earnings or accumulated loss	004	11,888,873	45,411,919
5. Profit or loss for the current year	005	16,715,585	17,043,539
6. Revaluation of long - term tangible assets	006	0	0
7. Revaluation of intangible assets	007	0	0
8. Revaluation of financial assets available for sale	008	0	0
9. Other revaluation	009	0	0
10. Total capital and reserves (AOP 001 to 009)	010	485,267,378	622,548,684
11. Currency gains and losses arising from net investments in foreign operations	011	39,374,523	8,561,985
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	39,374,523	8,561,985
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..

Management Board:

- John Karavanić, the sole member of the Board

Supervisory Board members until 29 February 2016:

- Ivica Pijaca, chairman
- Andrej Koštomaj, vice chairman
- Mario Pavić, member
- Nikola Koščica, member
- Joško Miliša, member

Mr. Andrej Koštomaj resigned from its position of deputy chairman and members of the TNG Supervisory Board and ceased to be its member on 29th February 2016. Pursuant to the Companies Act, a new member of the Supervisory Board will be elected by a decision of the TNG General Assembly.

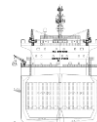
Supervisory board members from 29 February 2016 till the date of the issue of these reports:

- Ivica Pijaca, chairman
- Nikola Koščica, member
- Joško Miliša, member
- Mario Pavić, member

As of 31 March, 2016 Tankerska Next Generation's Inc. share capital amounted to HRK 436,667,250 divided into 8,733,345 TPNG-R-A ordinary shares with no par value.

The Financial Statements for the period ending 31 March, 2016 include assets and liabilities, revenues and expenses respectively 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 Gazette" No. 181/04., 76/07., 146/08., 61/11., 56/13. and 26/15.) 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.

For some of Tankerska Next Generation Inc. subsidiaries that, pursuant to the regulations of the states they have been founded in, are not obliged to keep business books and prepare financial statements, Tankerska Next Generation Inc., in accordance with the Accounting Act and the Income Tax Act, states their assets and liabilities, revenues and expenses respectively, within its financial statements.



2. Principal accounting policies

Tankerska Next Generation Inc. financial statements include assets and liabilities, revenues and expenses 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. Vukovar Shipping, LLC, Majuro, Marshall Islands;
5. Zoilo Shipping, LLC, Majuro, Marshall Islands;
6. York Maritime Holdings IV, LLC, Majuro Marshall Islands.

The Financial statements for the period ending 31 March, 2016 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 December, 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 ending 31 December 2015.

3. Interest bearing debt

On 18 January 2016 Fontana Shipping Company Limited, according to loan agreement with ABN Bank N.V. from 1 December 2015, drawn the remaining USD 29.42 million (HRK 195.6 million) for refinancing of the remaining long term investment loan for vessels „Velebit“ and „Vinjerac“.

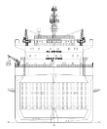
4. Earnings per Share

EARNINGS PER SHARE	Period	
	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2016
Net (loss) / profit to shareholders.....	HRK 16,715,585	HRK 17,043,539
Weighted average number of shares.....	7,200,000	8,733,345
Basic (loss) / earnings per share.....	HRK 2.32	HRK 1.95

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

5. Transactions with the Related Parties

TRANSACTIONS WITH THE RELATED PARTIES	Period	
	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2016
Sales to related parties.....	HRK 0	HRK 0
Purchase from related parties.....	HRK 1,765,472	HRK 4,638,158
Receivables from related parties.....	HRK 241,825	HRK 39,651
Liabilities towards related parties.....	HRK 10,231,221	HRK 215,977
Given loans to related parties.....	HRK 0	HRK 0
Received loans from related parties.....	HRK 1,217,735	HRK 0



6. Subsequent events after Balance Sheet date

There was no subsequent events after Balance Sheet date which would significantly affect the financial statements on 31st March 2016.

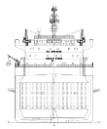
III. STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements for the three month period starting 1 January 2016 and ending 31 March 2016 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.

The report of the Management Board on the Company's operations for the three months period starting on 1 January 2016, and ending on 31 March 2016, contains a fair presentation of the Company's development, operating results and position with the description of significant risks and uncertainty the Company is exposed to.

Zadar, 29th April 2016.

John Karavanić, CEO of Tankerska Next Generation Inc.



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.

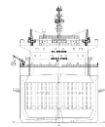
Operating Days. Operating Days represent the number of days the Group's vessels are in operation during the year. Operating Days is a measurement that is only applicable to owned and not bareboated or chartered-in vessels. Where a vessel is under the Group's ownership for a full year, Operating Days 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.

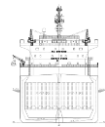
Fleet utilization is calculated by dividing the number of Revenue Days during a period by the number of Operating Days during that period.

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.

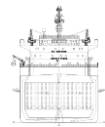
- *Bareboat charter.* Bareboat charter is a contract pursuant to which the vessel owner provides the vessel to the charterer for a fixed period of time at a specified daily rate, and the charterer provides for all of the vessel's operating expenses in addition to the commissions and voyage related costs, 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:

	<u>Time Charter</u>	<u>Voyage Charter</u>
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 includes revenues from charterers for other services and revenues from profit commission on insurance policies.

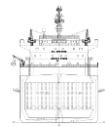
Commercial fee. Commercial fees expenses include fees paid to the Fleet Manager, under the Management Agreement, for providing the Group with chartering and commercial management services.

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.

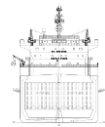
Depreciation and amortization. The Group depreciates the original cost, less an estimated residual value, of its vessels on a straight-line basis over each vessel's estimated useful life. The estimated useful life of 25 years is the Management Board's best estimate and is also consistent with industry 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 tone. The scrap value per tone 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 deprecation 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.

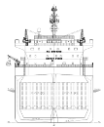
General and administrative expenses. General and administrative expenses comprise of the administrative staff costs, management costs, office expenses, audit, legal and professional fees, travel expenses and other expenses relating to administration.

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		

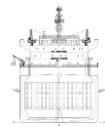


Ship-owner payments



Charterer payments

* fees paid to the Fleet Manager, under the Management Agreements



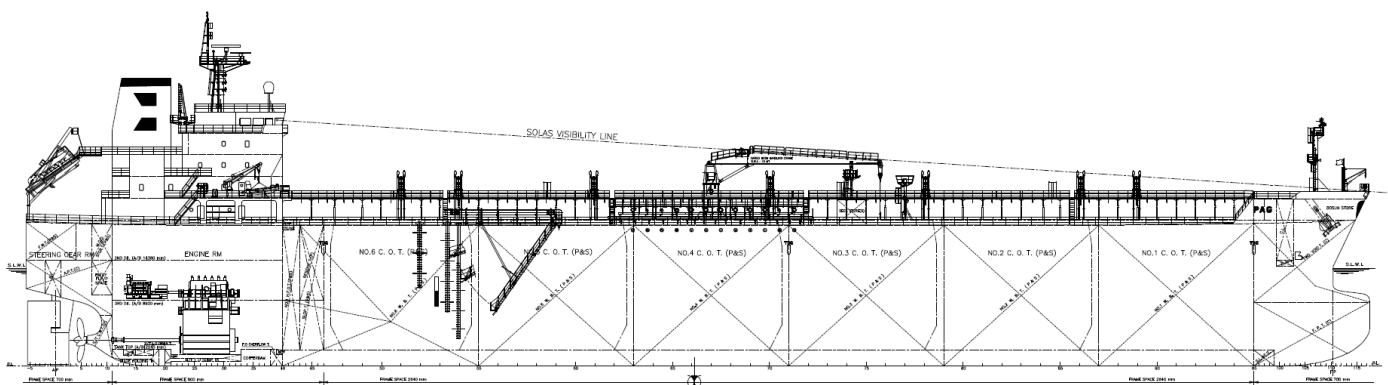
Cautionary note regarding forward-looking statements

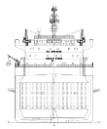
Certain statements in this document are not historical facts and are forward-looking statements. They appear in a number of places throughout this document. From time to time, the Group may make written or oral forward-looking statements in reports to shareholders and in other communications. Forward-looking 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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