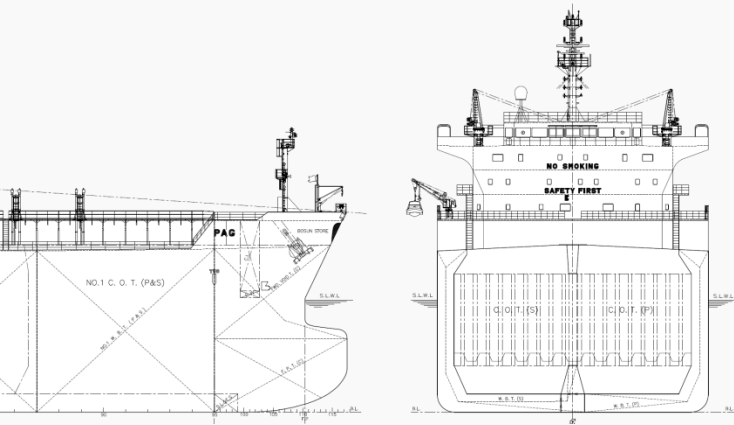


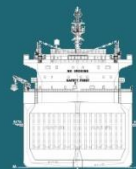
Tankerska Next Generation VII-IX & I-IX 2017



Contents



- Comments from the CEO
- Market environment
- Results for the period
- Operational data of the fleet
- About TNG
- Financial summary
- Risk management
- Unaudited financial statements
- Notes to the financial statements
- Important terms and concepts
- Cautionary note
- Contact



Total number of vessels: 6

ECO design MR Product tankers: 4

ICE class MR Product tankers: 2

Chartered vessels: 6

TNG's MR average age : **3.5 years**

Cargoes: Refined oil products
such as fuel oil, gas oil, gasoline,
naphtha and jet fuel

Customers: Oil majors
and oil traders

MT Vukovar, built: 2015

ECO design MR product tanker

Lenght/width: 195/32 m

Cargo capacity: 49,990 dwt

MT Zoilo, built: 2015

ECO design MR product tanker

Lenght/width: 183/32 m

Cargo capacity: 49,990 dwt

MT Dalmacija, built: 2015

ECO design MR product tanker

Lenght/width: 183/32 m

Cargo capacity: 49,990 dwt

MT Pag, built: 2015

ECO design MR product tanker

Lenght/width: 183/32 m

Cargo capacity: 49,990 dwt

MT Velebit, built: 2011

ICE class MR product tanker

Lenght/width: 195/32 m

Cargo capacity: 52,554 dwt

MT Vinjerac, built: 2011

ICE class MR product tanker

Lenght/width: 195/32 m

Cargo capacity: 51,935 dwt

Comments from the CEO

Interim management report

„During the first nine months of the year TNG reached an EBITDA of nearly HRK 86 million in a very challenging market environment marked by volatile hire rates which created more pressure towards the ship owners in order to maximize the commercial potential of the fleet. The three vessels which hold time charter contracts stabilized the income volatility, and together with the vessels operating in the spot market the fleet brought in more than HRK 212 million of revenues. The effects of a stronger fleet engagement in the spot market in the first nine months of the year have resulted in stable financial position and the operational profit which reached nearly HRK 48 million and thus mitigated the unfavorable market trends.

The strategy of employment is adjusted to the current market conditions, and it offers management enough flexibility to ease the current market volatilities. This adjustment resulted in an increase of revenues during the reporting period. Using this mix between voyage and time charter contracts offers management enough flexibility to timely react to the expected long term positive changes in the freight rate market.

Increased operations in the "spot" market simultaneously require higher liquidity, due to the fact that the ship owner covers all the voyage related expenses upfront.

During the third quarter both spot and long-term charter rates showed a certain level of volatility along with some positive trends, especially in the east due to China's higher export quotas and due to increased transpacific trade, which was backed by Hurricane Harvey, which caused a shorter time out in operations of the refineries in the Gulf of Mexico, which in the short term favored the otherwise weaker trade in the Atlantic during the third quarter. During the last quarter, we expect a similar volatility trend to continue, but with a gradual seasonal recovery of freight rates as a result of increased trade in derivatives that follows higher demand in the colder winter months.

Volatile market trends which are typical for this year will require additional efforts of the management to adapt the employment strategy in the last quarter of 2017.

According to available market analysis and the projections of order books, backed by the solid growth in consumption and refined cargo-targeted export and economic growth, we expect market recovery in the medium term.

Basic indicators and trends in the segment of product tankers show a significant decrease in the growth of the total product tanker fleet in the next two-year period and the stability of the supply and demand for this type of vessel which indicates further stabilization of the market and positive trends in the midterm.

During the next period TNG's management will focus on activities aimed at achieving the optimal structure of employment and providing the resources needed to continue with balanced business operations, while adapting to the changes in the regulatory environment related to the entry into force of Sulphur emission regulations and the application of the ballast water management convention, and securing the resources for the implementation of the regulatory requirements."

First nine months of 2017 results:

Vessel revenues: 33.398 mil USD

EBITDA: 13.484 mil USD

EBIT: 7.539 mil USD

NET profit: 4.041 mil USD

TCE net: 15,792 USD/day

OPEX: 6,691 USD/day



John Karavanić, CEO

Market environment

Interim management report

The expected growth of the world economy is projected to pick up pace in 2017 and 2018 with 3.6¹ percent and 3.7 percent respectively, which is a higher growth rate in comparison to 2016 which was the weakest since the global financial crisis at 3.2 percent.

IMF growth estimates and projections for the next two years published in October show a certain improvement (+0,1%) relative to the previously published projections in April. The growth of developed economies is expected to continue, reflecting somewhat stronger economic activity recorded in the second half of 2016 and the first half of 2017.

An increase in positive market sentiment is recorded in the euro area, Japan, emerging Asia, emerging Europe, and Russia, where growth outcomes in the first half of 2017 were better than expected, unlike the slight downward revisions given for the United States, UK and India.

While the market sentiment strengthens

thanks to the developed economies, growth is still weak in many countries, and inflation is below target levels even in the most developed economies. Commodity exporters, especially of fuel, are particularly affected because as their adjustment to a sharp stepdown in foreign earnings continues with the structurally lower oil prices.

During the third quarter of 2017, the price of Brent crude oil has risen from below USD 47 in the first half of July to USD 59 a barrel at the end of September, mainly due to the Kurdish vote for independence and Turkey's threat to shut down the Kirkuk-Ceyhan pipeline carrying 700,000 barrels crude oil per day.

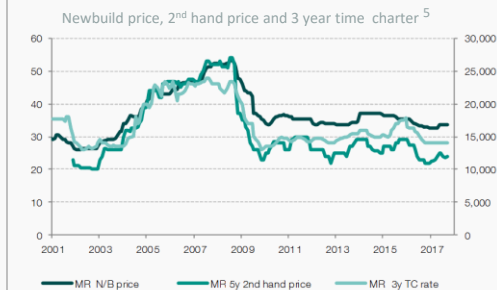
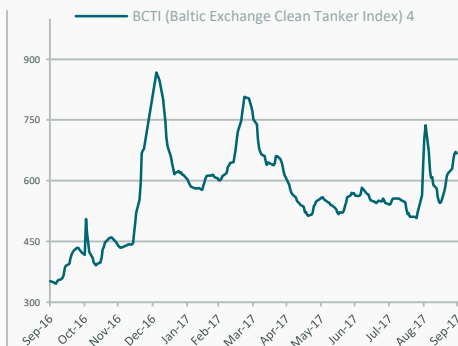
In the segment of product tankers during the third quarter the market showed a certain level of volatility along with some positive trends. China's higher export quotas benefited to transpacific trade, which was further backed by Hurricane Harvey as it caused a shorter time out in operations of the refineries in the Gulf of

Mexico. These closures also resulted in the short term spike in the otherwise weaker trade in the Atlantic during the third quarter.

Meanwhile, MR product tanker supply is significantly decelerating, with 47² new build units delivered in 2017, and another 22² expected by the end of the year, while scrapping continues at constant rate with around ten vessels scheduled for scrapping by the end of the year. Comparing to the 2016 when a total of 94² new units were delivered, this is a significant slowing down in supply, while the order book for 2018 is currently at 60² new MR's.

This kind of slowing down in vessel supply alongside with the positive trends on the oil derivatives market, plus the expected drop in oil supply should result in a positive trend in the remainder of 2017.

Current eco MR ship-owner expectations for one year hire with immediate delivery are at a level of USD 15,000³ per day.



1 IMF World economic outlook, October 2017

2 Maersk broker, October 2017

3 Clarksons, Tanker Matrix Report, October 2017

4 Baltic exchange, BCTI, October 2017

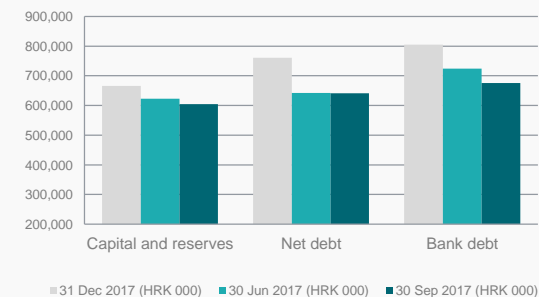
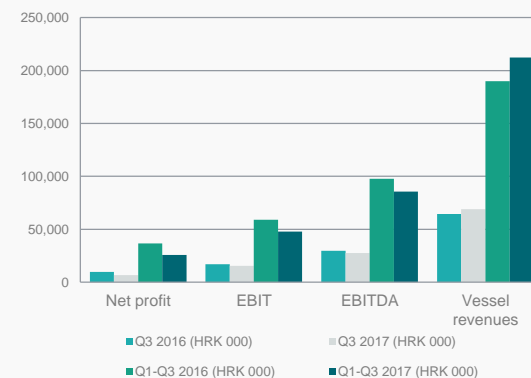
5 ABN AMRO shipping daily chartbook, October 2017

Results

Interim management report

SELECTED FINANCIALS	July - September 2016 (HRK 000)	January - September 2016 (HRK 000)	July - September 2017 (HRK 000)	January - September 2017 (HRK 000)	July - September 2016 (USD 000)	January - September 2016 (USD 000)	July - September 2017 (USD 000)	January - September 2017 (USD 000)
Vessel revenues	64,542	189,901	69,065	212,214	9,902	28,360	11,342	33,398
EBITDA	29,528	97,729	27,542	85,676	4,553	14,595	4,527	13,484
EBIT	16,815	58,943	15,467	47,903	2,600	8,803	2,541	7,539
Net profit	9,593	36,493	6,759	25,676	1,489	5,450	1,126	4,041

FINANCIAL POSITION SUMMARY	31 Dec 2016 (HRK 000)	30 Jun 2017 (HRK 000)	30 Sep 2017 (HRK 000)	31 Dec 2016 (USD 000)	30 Jun 2017 (USD 000)	30 Sep 2017 (USD 000)
Bank debt	805,162	724,492	675,323	112,319	111,628	106,282
Cash and cash equivalents	43,915	81,962	33,625	6,126	12,629	5,292
Net debt	761,247	642,530	641,698	106,193	98,999	100,990
Capital and reserves	666,502	622,503	604,573	92,976	95,914	95,149
Gearing ratio Net debt / (Capital and reserves + Net debt)	53%	51%	51%	53%	51%	51%



Results for the first nine months of 2017

Interim management report

Revenues for the first nine months of 2017 reached USD 212.2 mil. (USD 33.4 mil.), and were 11.7% higher compared to the same period of 2016, while EBITDA amounted to USD 85.7 mil. HRK (USD 13.5 mil.), which compared to HRK 97.7m in the first nine months of 2016 represents a decrease of 12.3%. TNG net profit amounted to HRK 25.7 million (USD 4.04m).

Operating profit for the first nine months of the year amounted to HRK 47.9 mil. (USD 7.5 mil.) and it is a result of (i) income stability brought in by the time charter contracts, (ii) contributions from Velebit, Vinjerac and Pag in the spot market. These positive trends were moderated by the (iii) increased costs as a result of higher exposure to the "spot" market and the one-off costs associated to the regular five-year drydocking of Vinjerac, which ended in January this year, (iv) the correction of the spot hire rates, (v) a slightly lower level of fleet utilization of 95.9% due to vessel repositioning in the second quarter and (vi) appreciation of the kuna against the US dollar.

The increase in ship revenues for the first nine months of 2017 primarily reflects the change in employment strategy of Vinjerac, Velebit and Pag. With the three vessels on the spot market TNG as a ship owner covers the voyage-related costs, contrary to the time-charter contracts where the charterer covers the voyage-related costs. This significant part of the expenses, is compensated through increased revenues.

The average TCE net rate of the vessels during the first nine months of the year was recorded at 15.792 USD, and shows a slight decrease from the 16.180 USD recorded in 2016 following the change in market terms.

The first nine months of the year were predominately marked with usual vessel operating expenses, except for the one off costs associated with m/t Vinjerac drydocking which ended in January and partly burdened the first quarter result. In spite of that, the vessel operating expenses show a decrease of 4,8% from the level recorded in the same period of 2016 and amount to 69.6 mil. HRK (10.9 mil. USD).

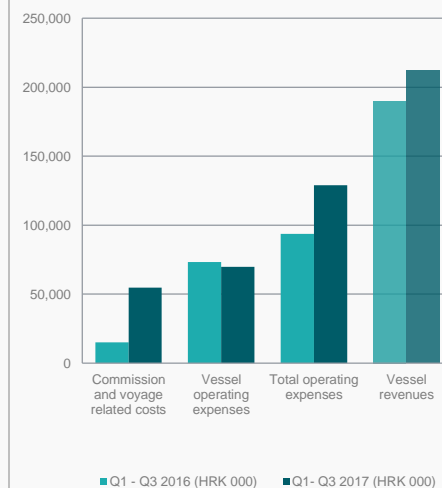
Fees and voyage associated costs amounted to HRK 54.7 million in the first nine months of 2017, which is a significant increase from HRK 15 million recorded in the first nine months of 2016. This significant increase came as a result of intensified operations of the fully operational fleet in the quarter and the transfer of m/t Vinjerac, Velebit and Pag to the spot market where the voyage-related costs are paid by the ship owner, contrary to the time-charter contracts where the charterer covers the voyage-related costs.

The total operating expenses for the nine months ending September 30, 2017, amounting to HRK 128.9 million (USD 20.3 mil.). The significant increase from the level recorded in the same period of 2016 (+45%) came as a result of the transfer of m/t Vinjerac, Velebit and Pag to the spot market which increased the commissions and voyage related costs.

Depreciation expenses for the nine months ending September 30, 2017 were HRK 35.8 million (USD 5.9 mil.). All the vessels in operation are depreciated over an estimated useful life span of 25 years

on a straight line basis to their residual value, which represents their scrap value on the international market.

General and administrative expenses for the nine months ending September 30, 2017 were HRK 4.6 million (0.7 mil. USD), and show an 13% decrease in comparison to the same period of the previous year due to more efficient expenses control.



Results for the third quarter of 2017

Company status report

Revenues in the third quarter of 2017 amounted to USD 69 mil. (USD 11.3 mil.), EBITDA was HRK 27.5 mil. (USD 4.5 mil.). The Company's net profit in the third quarter of 2016 amounted to HRK 6.76 mil. (USD 1.1 mil.). Operating profit for the third quarter of 2017 amounts to HRK 15.5 million (USD 2.5 mil.) and is the result of a combination of voyage charter and time charter employment which mitigated the volatility of the hire rates in the market.

In the third quarter of 2017, vessels revenues reached HRK 69 million (USD 11.3 mil.), which is an increase from the level recorded in the third quarter of 2016 (USD 64.5 mil.). This positive trend is the result of a greater presence of the TNG fleet in the spot market, where the ship-owner achieves nominally higher revenue, but at the same time has increased voyage-related costs.

Average daily TCE of the fleet during the third quarter was recorded at USD 15,205, which is an increase from the level recorded in the second quarter due to the higher number of revenue days.

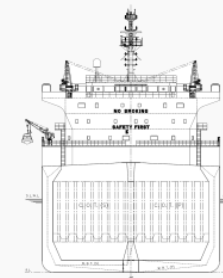
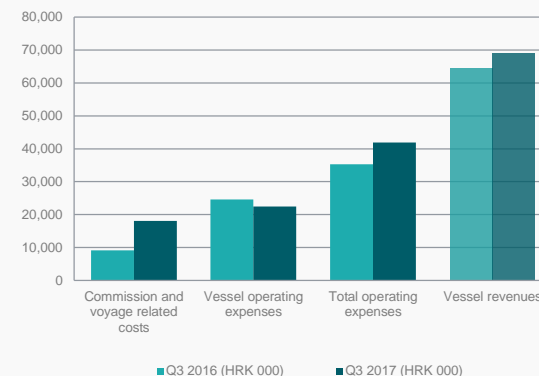
The total operating costs of the fleet amounted to USD 41.9 mil. (USD 6.9 mil.) in the third quarter of 2017 and were increased compared to the third quarter of 2016 when they amounted to HRK 35.5 mil. (5.4 mil. USD).

The third quarter of 2017 was marked by the usual operating expenses, which were increased compared to the third quarter of 2016 due to the fact that in the same period last year only one vessel was operating on the spot market, while this year for the major part of the quarter two vessels were operating on spot market which increased the commissions and voyage related costs.

Commissions and voyage associated costs amounted to USD 18 million (USD 2.9 million) in the third quarter of 2017, while in the third quarter of 2016 they amounted to HRK 9.2 million (USD 1.4 mil.). This significant increase is the result of aforementioned greater presence of the fleet on the spot market.

Depreciation costs in the third quarter of 2017 amounted to HRK 12.1 mil. (USD 1.9 mil.). All the vessels in operation are depreciated over an estimated useful life span of 25 years on a straight line basis to their residual value, which represents their scrap value on the international market.

General and administrative expenses were recorded at HRK 1.36 mil. and significantly reduced compared to the same period last year when they amounted to HRK 1.5 million.



Operational data of the fleet

Company status report

Vessel	Capacity (dwt)	Year built	Flag	Employment	Hire rate (USD)
Velebit	52,554	Q2 2011	Croatia	SPOT market	Voyage charter
Vinjerac	51,935	Q4 2011	Croatia	Clearlake Time charter	12,750 (short-term)
Vukovar	49,990	Q2 2015	Croatia	Scorpio Time charter	17,250 (until Q2 2018)
Zoilo	49,990	Q3 2015	Croatia	Trafigura Time charter	17,750 (until Q3 2018)
Dalmacija	49,990	Q4 2015	Croatia	Trafigura Time charter	17,750 (until Q4 2018)
Pag	49,990	Q4 2015	Croatia	SPOT market	Voyage charter

TNG's CURRENT FLEET

Currently TNG's fleet consists of six MR tankers in operation (Velebit, Vinjerac, Vukovar, Zoilo, Dalmacija and Pag). 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. On September 30th 2017, the average age of the vessel in TNG fleet is 3.46 years.

CURRENT CHARTERING STRATEGY

During 2016 the time charter contracts for m/t Vinjerac, Velebit and Pag expired, and the new employment for the vessels was contracted in accordance with the current market terms and expected hire rates, while taking into account the operational needs of m/t Vinjerac and m/t Velebit 5-year drydocking. The vessels were transferred to spot market with

goal to achieve the beneficial effect to the operational efficiency and optimal geographical positioning of the vessels before the expected 5-year drydock, which resulted in lower expenses of the drydocks themselves.

Velebit, Pag

TNG currently operates Velebit and Pag on the spot market, estimating how this mode of employment represents the current optimal strategy of using the fleet's commercial potential to timely adapt to the market conditions, until the recovery of time charter market.

Vinjerac

Vinjerac operated on the spot market until end July 2017 when it was contracted on a short term time charter contract with Clearlake Shipping Pte Ltd („Clearlake”) with the daily rate of 12,750USD per day. This short term time charter contract continued in the fourth quarter of 2017.

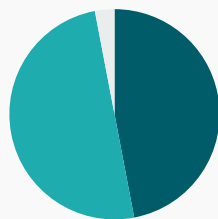
Vukovar

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

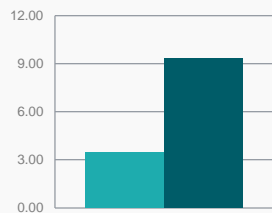
TNG contracted vessels Zoilo and Dalmacija (Zoilo delivered on 27 July 2015 and Dalmacija delivered on 27 November 2015), both on a three year time charter with the daily rate of USD 17,750, starting from delivery dates. The charterer is Trafigura Maritime Logistics PTE. Ltd. („Trafigura”) which has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

Revenue structure in the first 9 months of 2017



■ Time charter contracts
■ Voyage charter
■ Other

Average fleet age in years

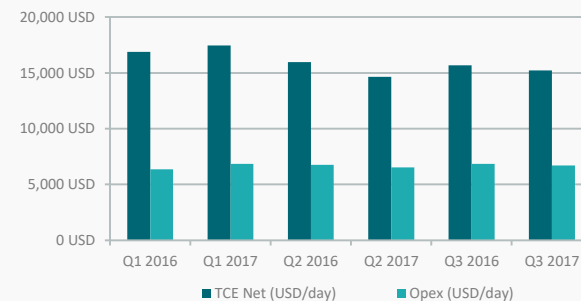


■ TNG MR FLEET ■ GLOBAL MR FLEET

Operational data of the fleet

Company status report

OPERATIONAL DATA OF THE FLEET	I-III 2016	I-III 2017	IV-VI 2016	IV-VI 2017	VII-IX 2016	VII-IX 2017	I-IX 2016	I-IX 2017
Time Charter Equivalent rates (USD/day)	16,874	17,455	15,968	14,643	15,689	15,205	16,180	15,792
Daily vessel operating expenses (USD/day)	6,348	6,844	6,753	6,531	6,839	6,699	6,647	6,691
Operating days (number)	546	540	546	546	552	552	1,644	1,638
Revenue days (number)	546	531	525	488	543	551	1,614	1,570
Fleet utilization (%)	100.0%	98.4%	96.2%	89.4%	98.4%	99.8%	98.2%	95.9%



The vessel employment strategy secured a stable level of income in the midterm where three ships were employed on a three year contract, while others were employed on the spot market after their shorter time charter contracts expired. During the third quarter m/t Vinjerac was contracted on a short term time charter contract which continued in the fourth quarter of 2017.

Following the regulatory demands and the best market practice m/t Vinjerac conducted the 5-year drydock which (started in December 2016) decreased the operating days of the fleet by 9 days, but with an optimal positioning before the drydock which accomplished significant cost savings. With the completion of the drydocking for m/t Vinjerac and Velebit, the first drydocking cycle is

completed, and the first forthcoming drydocking projects are expected in 2020.

The average TCE net rate for the third quarter of 2017 amounted to USD 15,209 and shows an increase from the previous quarter, following the slight positive change in market conditions and higher number of revenue days, while the average daily vessel operating expenses (OPEX) amounted to USD 6,699.

The average TCE net rate of the vessels during the first nine months of the year was recorded at 15,792 USD, and shows a moderate decrease from the 16,180 USD recorded in 2016 following the challenging market environment marked by volatile hire rates throughout the year. Average daily vessel operating expenses (OPEX) in the first nine

months amounted to USD 6,691.

The first nine months of 2017 are characterized by the somewhat lower fleet utilization of 95.9%, which was moderated by the m/t Vinjerac drydocking which finished in January, and the repositioning of two vessels on the spot market in the second quarter in order to achieve beneficial effects to commercial efficiency which are shown in the third quarter result.

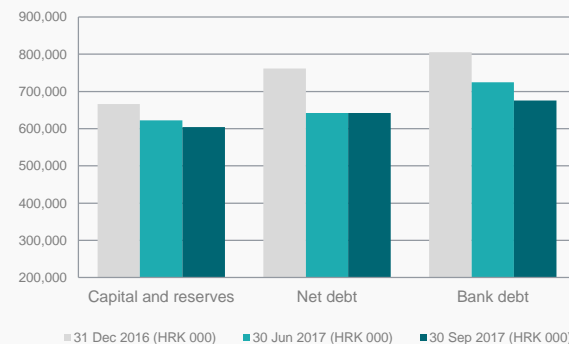
The Ballast Water Convention of the International Maritime Organization entered into force on September 9, 2017, while at the last IMO meeting held in July, an exception was granted for a certain part of the existing fleet. After September 2017, the approved ballast water treatment system will have to be

installed by the time when it is necessary to renew the International Oil Pollution Prevention (IOPP) certificate, which for TNG means that the systems will be installed on vessels following a five-year drydock cycle that should start from the end of 2019, depending on the binding deadlines and future business conditions. The ballast water treatment system actively removes, kills or deactivates reproduction systems of organisms in ballast waters before returning them to the ecosystem. Expected cost of deployment can range from USD 500,000 to USD 1 mil. per ship depending on the preparation and existing ship installations.

Financial position summary

Company status report

FINANCIAL POSITION SUMMARY	31 Dec 2016 (HRK 000)	30 Jun 2017 (HRK 000)	30 Sep 2017 (HRK 000)	31 Dec 2016 (USD 000)	30 Jun 2017 (USD 000)	30 Sep 2017 (USD 000)
Bank debt	805,162	724,492	675,323	112,319	111,628	106,282
Cash and cash equivalents	43,915	81,962	33,625	6,126	12,629	5,292
Net debt	761,247	642,530	641,698	106,193	98,999	100,990
Capital and reserves	666,502	622,503	604,573	92,976	95,914	95,149
Gearing ratio <small>Net debt / (Capital and reserves + Net debt)</small>	53%	51%	51%	53%	51%	51%



The gearing ratio by the end of the first nine months of 2017 decreased by 2 basis points to 51% in comparison to the end of 2016 when it amounted to 53%. This decreasing debt trend is in accordance with the loan repayment plans of TNG and regular decrease in indebtedness, and a further decrease in company's debt is expected in the future. 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. Securing both sufficient levels of debt

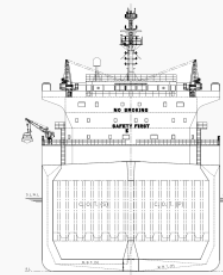
and equity financing, provided stable foundations for delivering company strategy and increasing distributable cash flow, the ability to pay dividends and maximizing shareholder's value, while lowering the risk of the business by focusing on medium to long term time charter periods.

With a goal to maximize the commercial benefits to the fleet, three vessels whose time charter contracts expired during the year have been transferred to the spot market. This model of employment at the

current market conditions offers management enough flexibility to timely react to the positive changes in hire rates, while simultaneously requires a higher liquidity, due to the fact that the ship owner covers the voyage related expenses before payment of the hire rates, while on time charter the owner receives the hire rate upfront.

During the first nine months of 2017 the Company strengthened the liquidity position, and in spite of payment of the dividends to the shareholders in the

quarter ended the reporting period with a stable cash position which will ensure the optimal level of support to the operations on spot market.



About TNG

Interim management report

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.

TNG 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 resale 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 creates favourable conditions, management may decide to charter ships on spot voyages and thus further enhance the company's business and financial operations.

About TNG

Interim management report

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 468 daily for 2017 or pro-rata on daily basis for the part of a month.

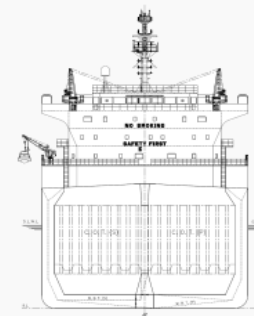
S&P fee. In the event of a definitive agreement for the direct purchase, acquisition, sale or disposition of any vessels entered into by or on behalf of the Group or its affiliates or their owners, the Fleet Manager shall be entitled to a fee in the amount of 1% of the aggregate consideration

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.



INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

Interim management report

KEY COMMENTS:

Daily TCE net rates per operating vessel in the first nine months of 2017 of USD 15.792.

Voyage related costs and commission amounted to 25,7% of total vessel revenues, including bunker and port expenses.

Daily vessel operating expenses (OPEX) in the first nine months of 2017 of USD 6,669 which includes the ship management services fee in the amount of USD 468 per vessel per day .

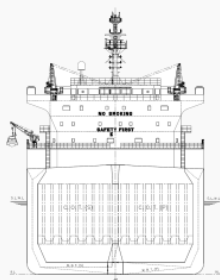
Foreign exchange gains (losses) are a result of exchanging dollar assets on the reporting date into the Croatian Kuna

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 (30 September 2017; 1 USD = 6,354026 HRK)

INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR Q3 AND THE FIRST NINE MONTHS OF 2017 unaudited	July - September 2016 (HRK 000)	January – September 2016 (HRK 000)	July - September 2017 (HRK 000)	January – September 2017 (HRK 000)	July - September 2016 (USD 000)	January – September 2016 (USD 000)	July - September 2017 (USD 000)	January – September 2017 (USD 000)
Revenues	64,542	189,901	69,065	212,214	9,902	28,360	11,342	33,398
Other revenues	300	1,366	407	2,375	47	204	71	374
Sales revenues	64,842	191,267	69,472	214,589	9,949	28,564	11,413	33,772
Commission and voyage related costs	(9,177)	(15,030)	(18,065)	(54,660)	(1,383)	(2,245)	(2,964)	(8,602)
Vessel operating expenses	(24,597)	(73,176)	(22,505)	(69,639)	(3,775)	(10,928)	(3,698)	(10,960)
General and administrative	(1,540)	(5,332)	(1,360)	(4,614)	(238)	(796)	(224)	(726)
Total operating expenses	(35,314)	(93,538)	(41,930)	(128,913)	(5,396)	(13,969)	(6,886)	(20,288)
EBITDA	29,528	97,729	27,542	85,676	4,553	14,595	4,527	13,484
Depreciation and amortization	(12,713)	(38,786)	(12,075)	(37,773)	(1,953)	(5,792)	(1,986)	(5,945)
Operating profit (EBIT)	16,815	58,943	15,467	47,903	2,600	8,803	2,541	7,539
Net interest expenses	(7,061)	(21,790)	(6,464)	(19,871)	(1,085)	(3,254)	(1,061)	(3,127)
Net foreign exchange gains (losses)	(161)	(660)	(2,244)	(2,356)	(26)	(99)	(354)	(371)
Net income	9,593	36,493	6,759	25,676	1,489	5,450	1,126	4,041
Other comprehensive income	(8,283)	(26,527)	(10,737)	(73,653)	(1,276)	(3,962)	(1,898)	(11,592)
Total comprehensive income	1,310	9,966	(3,978)	(47,977)	213	1,488	(772)	(7,551)
Weighted average number of shares outstanding, basic & diluted (thou.)	8,720	8,720	8,720	8,720	8,720	8,720	8,720	8,720
Net income (loss) per share, basic & diluted	1.10	4.18	0.78	2.94	0.17	0.62	0.13	0.46

BALANCE SHEET

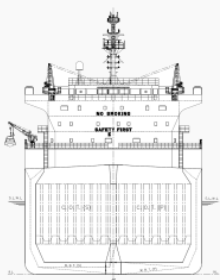
Interim management report



BALANCE SHEET At the date of 30 September 2017 unaudited	31 Dec 2016 (HRK 000)	30 Jun 2017 (HRK 000)	30 Sep 2017 (HRK 000)	31 Dec 2016 (USD 000)	30 Jun 2017 (USD 000)	30 Sep 2017 (USD 000)
Non-Current Assets	1,428,140	1,271,427	1,232,131	199,223	195,899	193,913
Vessels	1,428,111	1,271,403	1,232,109	199,219	195,895	193,910
Other Non-Current Assets	29	24	22	4	4	3
Current Assets	70,160	101,693	61,784	9,788	15,669	9,724
Inventory	10,806	7,787	8,421	1,507	1,200	1,325
Accounts receivable	8,558	8,101	4,096	1,194	1,248	645
Cash and cash equivalents	43,915	81,962	33,624	6,126	12,629	5,292
Other current assets	6,881	3,843	15,643	961	592	2,462
Total Assets	1,498,300	1,373,120	1,293,915	209,011	211,568	203,637
Shareholders Equity	666,502	622,503	604,573	92,976	95,914	95,149
Share capital	436,667	436,667	436,667	60,914	67,281	68,723
Reserves	178,260	115,344	106,637	24,867	17,772	16,783
Retained earnings	51,575	70,492	61,269	7,195	10,861	9,643
Non-Current Liabilities	737,909	694,047	660,420	102,937	106,937	103,937
Bank debt	737,909	694,047	660,420	102,937	106,937	103,937
Current Liabilities	93,889	56,570	28,922	13,098	8,717	4,551
Bank debt	67,253	30,445	14,903	9,382	4,691	2,345
Accounts payable	7,912	2,984	4,244	1,104	460	668
Other current liabilities	18,724	23,141	9,775	2,612	3,566	1,538
Total liabilities and shareholders equity	1,498,300	1,373,120	1,293,915	209,011	211,568	203,637

CASH FLOW STATEMENT

Interim management report



CASH FLOW STATEMENT FOR THE FIRST NINE MONTHS OF 2017 unaudited	January – December 2016 (HRK 000)	January – September 2016 (HRK 000)	January – September 2017 (HRK 000)	January – December 2016 (USD 000)	January – September 2016 (USD 000)	January – September 2017 (USD 000)
Profit before tax	40,608	36,493	25,676	5,665	5,450	4,041
Depreciation and Amortisation	55,532	38,791	37,780	7,747	5,793	5,946
Changes in working capital	(18,098)	3,961	(13,766)	(2,525)	592	(2,167)
Other	1,126	(13,678)	(3,655)	157	(2,044)	(575)
Cash flow from operating activities	79,168	65,567	46,035	11,044	9,791	7,245
Cash inflows from investing activities	-	-	-	-	-	-
Cash outflows from investing activities	(7,924)	(13,739)	(4,037)	(1,105)	(2,052)	(635)
Cash flow from investing activities	(7,924)	(13,739)	(4,037)	(1,105)	(2,052)	(635)
Cash inflows from financing activities	210,903	197,006	25,416	29,420	29,421	4,000
Cash outflows from financing activities	(309,697)	(262,932)	(77,704)	(43,202)	(39,266)	(12,229)
Cash flow from financing activities	(98,794)	(65,926)	(52,288)	(13,782)	(9,845)	(8,229)
Net changes in cash	(27,550)	(14,098)	(10,290)	(3,843)	(2,106)	(1,619)
Cash and cash equivalents (beg. of period)	71,465	71,465	43,915	9,969	10,673	6,911
Cash and cash equivalents (end of period)	43,915	57,367	33,625	6,126	8,567	5,292

STATEMENT OF CHANGES IN EQUITY

Interim management report

STATEMENT OF CHANGES IN EQUITY unaudited	Share capital	Retained Earnings	Other reserves and comprehensive income	Foreign exchange translation reserves	Total
For the period from 1 Jan to 31 Mar 2017	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 January 2017	436,667	51,575	123,426	54,834	666,502
Net profit for the period		17,663			17,663
Change in capital					-
Change in other reserves					-
Changes in other comprehensive income				(22,314)	(22,314)
Balance at 31 March 2017	436,667	69,238	123,426	32,520	661,851
For the period from 1 Apr to 30 Jun 2017	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 April 2017	436,667	69,238	123,426	32,520	661,851
Net profit for the period		1,254			1,254
Change in capital					-
Change in other reserves					-
Changes in other comprehensive income				(40,602)	(40,602)
Balance at 30 June 2017	436,667	70,492	123,426	(8,082)	622,503
For the period from 1 Jul to 30 Sep 2017	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 July 2017	436,667	70,492	123,426	(8,082)	622,503
Net profit for the period		6,759			6,759
Change in capital		(13,952)			(13,952)
Change in other reserves		(2,030)	2,030		-
Changes in other comprehensive income				(10,737)	(10,737)
Balance at 30 September 2017	436,667	61,269	125,456	(18,819)	604,573

STATEMENT OF CHANGES IN EQUITY unaudited	Share capital	Retained Earnings	Other reserves and comprehensive income	Foreign exchange translation reserves	Total
For the period from 1 Jan to 31 Mar 2017	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 January 2017	68,734	7,761	19,147	(2,666)	92,976
Net profit for the period		2,550			2,550
Change in capital					-
Change in other reserves					-
Changes in other comprehensive income				9	9
Balance at 31 March 2017	68,734	10,311	19,147	(2,657)	95,535
For the period from 1 Apr to 30 Jun 2017	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 April 2017	68,734	10,311	19,147	(2,657)	95,535
Net profit for the period		193			193
Change in capital					-
Change in other reserves					-
Changes in other comprehensive income				186	186
Balance at 30 June 2017	68,734	10,504	19,147	(2,471)	95,914
For the period from 1 Jul to 30 Sep 2017	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 July 2017	68,734	10,504	19,147	(2,471)	95,914
Net profit for the period		1,064			1,064
Change in capital		(1,946)			(1,946)
Change in other reserves		(283)	319		36
Changes in other comprehensive income				81	81
Balance at 30 September 2017	68,734	9,339	19,466	(2,390)	95,149

NET ASSET VALUE CALCULATION

Interim management report

KEY COMMENTS:

NET ASSET VALUE CALCULATION estimate	At the date 31 Mar 2017 (000 USD)	At the date 30 Jun 2017 (000 USD)	At the date 30 Sep 2017 (000 USD)
Value of the operating fleet	177,080	176,620	168,690
Deposits / Newbuildings value	-	-	-
Contracted vessels profit (loss)	-	-	-
Total fleet value	177,080	176,620	168,690
Investments	-	-	-
Current assets	2,928	3,040	4,432
Total value of other assets	2,932	3,044	4,435
Cash and cash equivalents	7,918	12,629	5,292
Bank debt	(109,973)	(111,628)	(106,282)
Net debt	(102,055)	(98,999)	(100,990)
Other non-current liabilities	-	-	-
Current liabilities	(3,222)	(4,026)	(2,206)
Non-controlling interest	-	-	-
Total value of other liabilities	(3,222)	(4,026)	(2,206)
Net asset value	74,735	76,639	69,929
Weighted average number of shares outstanding, basic & diluted (thou.)	8,720,145	8,720,145	8,720,145
Net asset value per share (USD)	8.57	8.79	8.02

The calculation of the value of the operational fleet of the Company, which is based on the average values in the industry for a specific type of vessel basically contains assumptions and revenue generating ability of each unit, taking into account the currently obtainable daily hire, which can be achieved by employing a specific type of vessel at the time of evaluation. Time charter contracts are usually fixed to a certain hire rate for the whole duration of the contract, as is the case with TNG's contracts, which prefers multiyear employment and holds three three-year contracts with hire rates above the currently achievable. The hire rates fluctuate depending on the season and the year, and thus reflect changes in freight rates, expectations of future freight rates and other factors. The degree of volatility of time charter hire rates is lower for long-term contracts than the ones fixed in the shorter term.

The revenue potential of TNG is backed by three secured medium-term contracts, currently fixed at a premium compared to the market conditions, which significantly alleviated the usual volatility of hire rates which were seen during this year. Stability of operations in 2017 was significantly contributed by the employment strategy of the fleet which preferred medium-term time charter employment, which mitigated the short-term volatility which is reflected in the changing freight rates, and volatility in the value of Company's assets.

In that sense, the previous year was an often seen shipping cycle during which both the freight rates and vessel values recorded the correction and ended at levels below the ones recorded last year, but the timely contracting of employment gave a balanced and sustainable level of cash flow at a premium considering current market conditions. During the 2017 there was a certain correction on the freight rate market as a result of slightly reduced level of derivatives trading on global markets. This short-term changes in the market are not supported by basic indicators and trends in the segment of product tankers, which show a significant reduction in the growth of the total product tanker fleet in the next two-year period and the stability of the supply and demand for this type of vessels. Corrections and volatility on the freight rate market are also reflected in the current estimates of the S&P value of vessels, which is below the levels recorded in 2016.

Assessment of net asset value is based on current market conditions, and revenue and cost assumptions of typical or average product tanker and does not reflect specifics of TNG fleet, or the expectations of management related to the changes and recovery in the hire rates and the market of petroleum products, as well as the growth and development of the fleet in this segment in the available sectoral analysis.

TANKERSKA NEXT GENERATION

Interim management report

ANNOUNCEMENTS IN 2017

31.08.2017 Notification about disposal of shares
 30.08.2017 Notification about disposal of shares
 29.08.2017 Notification about disposal of shares
 28.08.2017 Notification about disposal of shares
 01.08.2017 Annual general assembly meeting held
 26.07.2017 Management and Supervisory Board meetings held
 21.07.2017 Announcement of the Management and the Supervisory Board
 09.06.2017 Invitation to the General Assembly of the Company
 26.04.2017 Decisions from the Management and the Supervisory Board sessions
 21.4.2017 Announcement of the Management and the Supervisory Board
 10.4.2017 Agreed cooperation in conducting specialist trading activities
 31.3.2017 Agreement for conducting specialist's activities expires
 27.2.2017 Management and Supervisory Board meetings held
 22.2.2017 Announcement of the Management and the Supervisory Board
 25.1.2017 Disposal of shares

SHAREHOLDER STRUCTURE

Shareholder	No. of shares 30 Sep 2017	Share (in %)
Tankerska Plovidba d.d.	4,454,994	51.01%
PBZ Croatia Osiguranje OMF	839,000	9.61%
Erste Plavi OMF	808,000	9.25%
Raiffeisen OMF	752,036	8.61%
Raiffeisen DMF	367,521	4.21%
Other institutional and private investors	1,511,794	17.31%
Total	8,733,345	100.00%

MANAGEMENT AND SUPERVISORY BOARD

During 2017 there was no changes in the Management board or the Supervisory board. The sole member of the Management board is Mr. John Karavanić. Supervisory board consists of Mr. Ivica Pijaca, president, Mr. Mario Pavić, deputy president, and members Mr. Joško Miliša, Mr. Nikola Mišetić and Mr. Nikola Koščica.

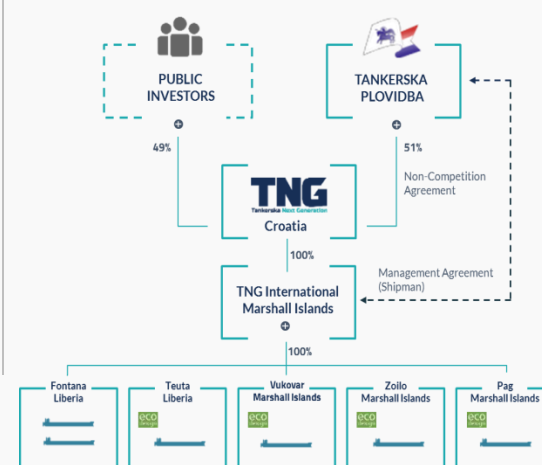
TPNG-R-A STOCK



Company shares with the ticker TPNG-R-A are listed on the Zagreb Stock Exchange. During 2017 there were no corporate activities of acquiring treasury shares of the Company. As at 30 September, 2017 the Company had 13,200 treasury shares.

The share capital of the Company equals to HRK 436,667,250.00, divided into 8,733,345 ordinary dematerialized registered shares, without par value, and each share gives one vote at the General assembly of the Company.

OVERVIEW OF RELATED PARTY TRANSACTIONS:



Risk management

Interim management report

TNG's risk management policy in connection to managing its financial assets can be summarized as follows:

Foreign exchange risk

TNG is exposed to the following currency risks: the transaction risk, which is the risk of a negative impact of fluctuations in foreign exchange rates against the Croatian kuna on TNG's cash flows from commercial activities; and the balance sheet risk, which is the risk that the net value of monetary assets on retranslation of kuna-denominated balances becomes lower as a result of changes in foreign exchange rates.

TNG operates internationally and is exposed to changes of US currency as significant amount of receivables and foreign revenues are stated in this currency. Current TNG policies do not include active hedging.

Interest rate risk

Interest rate risk is the risk of change in value of financial instruments due to changes in market interest rates. The risk of interest rate in cash flow is a risk that the

interest expenditure on financial instruments will be variable during the period. As TNG has no significant interest-bearing assets, its operating income and cash flows from operations are not significantly exposed to fluctuations in market interest rates. TNG's interest rate risk arises from long-term borrowings. TNG is exposed to interest rate risk on its long-term borrowings that bear interest at variable rates.

Arranging interest rate swaps with the key lenders provides for easing the risk of volatility in the variable interest rate, allowing the company, which operates in terms of pre-fixed income contracted to manage the profitability of operations fixing one of the major cost components.

Credit risk

Credit risk is the risk of failure by one party to meet commitments to the financial instruments, what could cause the financial loss to the other party. Maximum exposure to credit risk is expressed in the highest value of each of the financial asset in statement of financial position. Basic financial assets of TNG consist of cash and of account balance with banks, trade

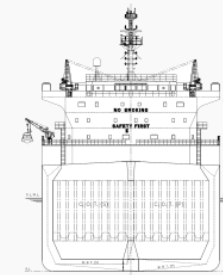
receivables and other receivables, and of investments. Credit risk in liquid funds is limited as the counterparty is often the bank that most international agencies assessed with high credit ratings.

Liquidity risk

The responsibility for managing liquidity risk rests with the Management Board which sets an appropriate liquidity risk management framework for the purpose of managing its short-term, medium-term and long-term funding and liquidity requirements. Liquidity risk, which is considered the risk of financing, is the risk of difficulties which the TNG may encounter in collecting funds to meet commitments associated with financial instruments. TNG has significant interest bearing non-current liabilities for loans with variable interest that expose TNG to the risk of cash flows. Company manages liquidity risk through maintaining adequate reserves and loan facilities, in parallel to continuously comparing planned and realized cash flow and maturity of receivables and liabilities.

Price risk

TNG's activities expose it to price risk associated with changes in the freight rate. The daily freight rate (the spot rate) measured in USD per day, has historically been very volatile. In addition, TNG trades its spot exposed vessels in different pools that reduces the sensitivity to freight rate volatility by economies of scale and optimization of the fleet's geographical position.



Risk management

Interim management report

Operational risk

Due to the risks involved in seaborne transportation of oil products as well as due to very stringent requirements by the “oil majors”, safety and environmental compliance are TNG’s top operational priorities. The Fleet Manager will operate TNG’s vessels in a way so as to ensure maximum protection of the safety and health of staff, the general public and the environment. TNG and the Fleet Manager actively manage the risks inherent in TNG’s business and are committed to eliminating incidents that would threaten safety and the integrity of the vessels. Fleet Manager uses a risk management program that includes, among other, computer-aided risk analysis tools, maintenance and assessment programs, seafarers competence training program, and seafarers workshops.

Daily rates

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 and yield conservative profitability margins. Prevailing time charter rates fluctuate on a seasonal and year-to-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.

Employment strategy based on longer than one year time charter enables the mitigation of this type of risk.

TNG and its fleet manager are comited to the following standards, strategies and insurance:

International Standards Organization’s (“ISO”) 9001 for quality assurance,

ISO 14001 for environmental management systems,

ISO 50001 for energy management systems and Occupational Health and S

“OHSAS”18001 Safety Advisory Services

ISM Code - International safety management code

Company 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.

Business operations are based on the timely acquisition of tankers, ensuring efficient use of raised capital and debt minimization. Basically, fleet management is directed towards increasing cash flow and profitability through outsourcing majority of functions and services, maintaining a flexible and simple organizational structure unencumbered with additional overheads. This enables efficient assets and liabilities management and ensures a stable dividend return to shareholders.

Chartering strategy

Charterer’s financial condition and reliability is an important factor in counterparty risk. TNG generally minimizes such risks by providing services to major energy corporations, large trading houses (including commodities traders), major crude and derivatives producers and other reputable entities with extenuating tradition in in seaborne transportation.

Insurance

The operation of any ocean-going vessel represents a potential risk of major losses and liabilities, death or injury of persons, as well as property damage caused by adverse weather conditions, mechanical failures, human error,

war, terrorism, piracy and other circumstances or events. The transportation of oil is subject to the risk of pollution and to business interruptions due to political unrest, hostilities, labour strikes and boycotts. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade.

As an integral part of operating the vessels, TNG maintains insurance with first class international insurance providers to protect against the majority of accident-related risks in connection with the TNG’s marine operations.

The Company believes that the TNG’s current insurance program, is adequate to protect TNG against the majority of accident-related risks involved in the conduct of its business and that an appropriate level of protection and indemnity against pollution liability and environmental damage is maintained. TNG’s goal is to maintain an adequate insurance coverage required by its marine operations and to actively monitor any new regulations and threats that may require the TNG to revise its coverage.

INTERIM FINANCIAL STATEMENTS
FOR Q3 AND THE FIRST NINE MONTHS OF 2017
(UNAUDITED)



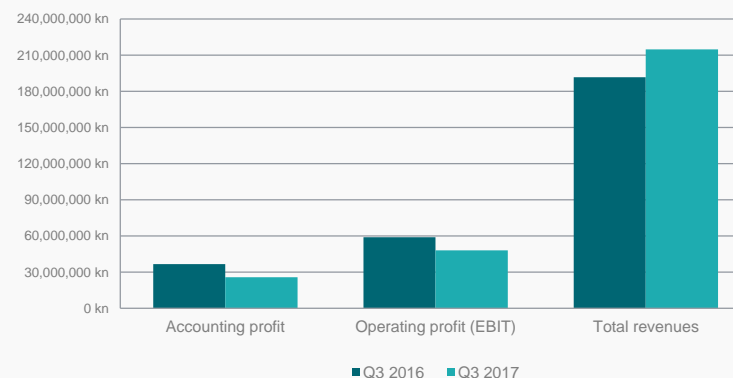
Table of contents

- I. Report of the Management Board on the Company's operations for the period from 1 January until 30 September, 2017
- II. Unaudited condensed quarterly financial statements
 - Balance Sheet per as at 30 September, 2017
 - Profit and Loss Account for the period from 1 January until 30 September, 2017
 - Cash Flow Statement for the period from 1 January until 30 September, 2017
 - Statement of Changes in Equity for the period from 1 January until 30 September, 2017
 - Notes to the Financial Statements
- III. Statement of Responsibility for the Financial Statements

Report of the management board on the company's operations

FOR THE PERIOD FROM
1 APRIL UNTIL 30 SEPTEMBER 2017

DESCRIPTION	Period 1 Jan - 30 Sep 2016	Period 1 Jan – 30 Sep 2017
Total revenues	HRK 191,749,602	HRK 214,674,909
Operating revenues / Total revenues	99%	99%
Other revenues / Total revenues	1%	1%
International market / Total revenues	99%	99%
Domestic market / Total revenues	0%	0%
Material costs / Operating expenses	31%	47%
Employee costs / Operating expenses	30%	23%
Financial expenses / Total Expenses	15%	12%
Gross margin	19.22%	12.10%
Accounting profit	HRK 36,492,780	HRK 25,676,098
Operating profit (EBIT)	HRK 58,942,467	HRK 47,903,550



During the reporting period the Company reported HRK 214,7 million of operating revenues, attributed predominantly to revenue generated from sales.

In the same period, the Company reported HRK 166,7 million of operating costs. The majority of operating expenses are the material costs HRK 78,7 million, depreciation in the amount of HRK 37.8 million (including HRK 1,2 mil. of dry dock expenses), employee costs in the amount 37.7 mil. HRK and also other expenses in the amount of HRK 12.5 million.

In the period ending 30 September 2017 financial income amounted to HRK 77,1 thousand while financial expenses amounted to HRK 22.3 million.

The Company reported HRK 25.7 million of cumulated net profit in the reporting period.

The dividend in the amount of HRK 1.60 per share was paid out to the shareholders of the Company who were registered in the Central Depository & Clearing Company Inc. (CDCC) at 16 August 2017. The dividend payment was performed on 31 August 2017.

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. During 2017 there were no corporate activities of acquiring treasury shares of the Company. As at 30 September, 2017 the Company had 13,200 treasury shares.

As at 30 September, 2017 the Company owned following subsidiaries abroad:

Tankerska Next Generation International Ltd., Majuro, Marshall Islands;
Fontana Shipping Company Ltd., Monrovia, Liberia;
Teuta Shipping Company Ltd., Monrovia, Liberia;
Vukovar Shipping, LLC, Majuro, Marshall islands;
Zoilo Shipping, LLC, Majuro, Marshall islands;
Pag Shipping, LLC, Majuro, Marshall Islands.

Attachment 1.		
Reporting period:	1.1.2017	to 30.9.2017
Quaterly 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
Consolidated report:	NO	NKD code: 5020
Companies of the consolidation subject (according to IFRS):	Seat:	MB:
Bookkeeping service:	TANKERSKA PLOVIDBA d.d.	BOŽIDARA PETRANOVIĆA 4, 23000 ZADAR
Contact person:	DEVOŠIĆ MARIO	
	(input only surname and name of contact person)	
Telephone:	023/202-137	Telefax: 023/250-580
E-mail address:	tnq@tnq.hr	
Family name and name:	KARAVANIĆ JOHN	
	(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 30.9.2017.

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	1,428,139,813	1,232,130,822
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	1,428,139,813	1,232,130,822
1. Land	011	0	0
2. Buildings	012	0	0
3. Plant and equipment	013	1,428,110,838	1,232,108,959
4. Instruments, plant inventories and transportation assets	014	29,175	21,863
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	63,278,551	46,141,424
I. INVENTORIES (036 to 042)	035	10,805,560	8,421,320
1. Raw material	036	10,805,560	8,421,320
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	8,558,419	4,095,597
1. Receivables from related parties	044	0	4,879
2. Accounts receivable	045	6,146,398	3,688,749
3. Receivables from participating entrepreneurs	046	0	0
4. Receivables from employees and shareholders	047	16,753	3,248
5. Receivables from government and other institutions	048	42,356	30,195
6. Other receivables	049	2,352,912	368,526
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	7,168,536	6,354,026
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	7,168,536	6,354,026
7. Other financial assets	057	0	0
IV. CASH AT BANK AND IN CASHIER	058	36,746,036	27,270,481
D) PREPAID EXPENSES AND ACCRUED INCOME	059	6,881,560	15,642,738
E) TOTAL ASSETS (001+002+034+059)	060	1,498,299,924	1,293,915,044
F) OFF-BALANCE SHEET NOTES	061	0	0

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	666,502,232	604,573,142
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	57,030,391
1. Reserves prescribed by law	066	0	2,030,391
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	54,833,836	-18,819,119
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	10,967,347	35,592,546
1. Retained earnings	073	10,967,347	35,592,546
2. Accumulated loss	074	0	0
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	40,607,823	25,676,098
1. Profit for the current year	076	40,607,823	25,676,098
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	737,909,247	660,419,869
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	737,909,247	660,419,869
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	88,461,404	24,473,388
1. Liabilities to related parties	094	55,566	61,909
2. Liabilities for loans, deposits etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	67,252,685	14,902,810
4. Liabilities for received prepayments	097	7,811,867	0
5. Accounts payable	098	7,911,957	4,244,500
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	5,300,988	5,022,025
9. Liabilities for taxes, contributions and similar fees	102	61,921	58,765
10. Liabilities to share - holders	103	30,909	49,674
11. Liabilities for long term assets held for sale	104	0	0
12. Other short - term liabilities	105	35,511	133,705
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	5,427,041	4,448,645
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	1,498,299,924	1,293,915,044
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 01.01.2017. to 30.9.2017.

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	191,275,752	64,845,188	214,597,808	69,474,553
1. Sales revenues	112	189,901,069	64,541,888	212,213,679	69,064,695
2. Other operating revenues	113	1,374,683	303,300	2,384,129	409,858
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	132,333,285	48,030,563	166,694,258	54,007,383
1. Changes in the value of work in progress and finished goods	115	0	0	0	0
2. Material costs (117 to 119)	116	41,099,425	18,689,757	78,696,105	26,079,176
a) Raw material and material costs	117	14,492,992	8,648,198	30,665,393	10,246,342
b) Costs of goods sold	118	0	0	5,133,461	2,266,392
c) Other external costs	119	26,606,433	10,041,559	42,997,251	13,566,442
3. Staff costs (121 to 123)	120	39,180,123	12,806,070	37,698,065	12,010,315
a) Net salaries and wages	121	38,277,529	12,615,876	37,142,309	11,835,049
b) Costs for loans and contributions from salaries	122	694,293	132,366	384,159	120,126
c) Contributions on gross salaries	123	247,568	57,828	171,597	54,340
4. Depreciation	124	38,791,409	12,715,693	37,779,861	12,076,324
5. Other costs	125	11,980,532	3,790,395	11,524,519	3,703,114
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	1,281,796	28,698	995,708	138,354
III. FINANCIAL INCOME (132 to 136)	131	473,850	29,468	77,101	18,817
1. Interest income, foreign exchange gains, dividends and similar income from related	132	427,496	0	15,731	0
2. Interest income, foreign exchange gains, dividends and similar income from non-	133	46,354	29,468	61,370	18,817
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 144)	137	22,923,537	7,291,241	22,304,553	8,728,735
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	22,923,537	7,291,241	22,304,553	8,728,735
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 PROFT 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	191,749,602	64,874,656	214,674,009	69,493,370
X. TOTAL EXPENSES (114+137+143 + 145)	147	155,256,822	55,281,804	198,998,911	62,734,118
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	36,492,780	9,592,852	25,676,098	6,759,252
1. Profit before taxation (146-147)	149	36,492,780	9,592,852	25,676,098	6,759,252
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	36,492,780	9,592,852	25,676,098	6,759,252
1. Profit for the period (148-151)	153	36,492,780	9,592,852	25,676,098	6,759,252
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	36,492,780	9,592,852	25,676,098	6,759,252
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 to 165)	158	-26,526,600	-8,282,871	-73,652,955	-10,737,331
1. Exchange differences on translation of foreign operations	159	-26,526,600	-8,282,871	-73,652,955	-10,737,331
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	-26,526,600	-8,282,871	-73,652,955	-10,737,331
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	9,966,180	1,309,981	-47,976,857	-3,978,079
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 01.01.2017. to 30.9.2017.

Company: 30312968003; TANKERSKA NEXT GENERATION D.D.

Position	AOP code	Previous period	Current period
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	36,492,780	25,676,098
2. Depreciation	002	38,791,409	37,779,861
3. Increase in short-term liabilities	003	4,309,096	0
4. Decrease in short term receivables	004	1,163,877	0
5. Decrease in inventories	005	0	2,384,239
6. Other cash flow increases	006	1,334,467	1,496,457
I. Total increase in cash flow from operating activities (001 to 006)	007	82,091,629	67,336,655
1. Decrease in short - term liabilities	008	0	11,835,882
2. Increase in short - term receivables	009	0	4,314,036
3. Increase in inventories	010	1,512,378	0
4. Other cash flow decreases	011	15,012,402	5,151,960
II. Total decrease in cash flow from operating activities (008 to 011)	012	16,524,780	21,301,878
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	65,566,849	46,034,777
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	7,042,773	4,036,971
2. Cash outflows for purchase of equity and debt financial instruments	022	0	0
3. Other cash outflows from investing activities	023	6,696,176	0
IV. Total cash outflows from investing activities (021 to 023)	024	13,738,949	4,036,971
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	13,738,949	4,036,971
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027	0	0
2. Cash inflows from loans, debentures, credits and other borrowings	028	197,005,623	25,416,104
3. Other cash inflows from financing activities	029	0	0
V. Total cash inflows from financing activities (027 to 029)	030	197,005,623	25,416,104
1. Cash outflows for repayment of loans and bonds	031	228,542,144	63,770,507
2. Dividends paid	032	34,389,466	13,933,468
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	262,931,610	77,703,975
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	65,925,987	52,287,871
Total increases of cash flows (013 - 014 + 025 - 026 + 037 - 038)	039	0	0
Total decreases of cash flows (014 - 013 + 026 - 025 + 038 - 037)	040	14,098,087	10,290,065
Cash and cash equivalents at the beginning of period	041	71,465,019	43,914,572
Increase in cash and cash equivalents	042	0	0
Decrease in cash and cash equivalents	043	14,098,087	10,290,065
Cash and cash equivalents at the end of period	044	57,366,932	33,624,507

STATEMENT OF CHANGES IN EQUITY

period 01.01.2017. to 30.9.2017.

Position	AOP code	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	436,667,250	436,667,250
2. Capital reserves	002	68,425,976	68,425,976
3. Reserves from profit	003	55,000,000	57,030,391
4. Retained earnings or accumulated loss	004	10,967,347	35,592,546
5. Profit or loss for the current year	005	36,492,780	25,676,098
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	607,553,353	623,392,261
11. Currency gains and losses arising from net investments in foreign operations	011	13,762,684	-18,819,119
12. Current and deferred taxes (part)	012	0	0
13. Cash flow hedging	013	0	0
14. Changes in accounting policies	014	0	0
15. Correction of significant errors in prior periods	015	0	0
16. Other changes in capital	016	0	0
17. Total increase or decrease in capital (AOP 011 to 016)	017	13,762,684	-18,819,119
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

Interim management report

1. General information

Tankerska Next Generation Inc. is incorporated in 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 from 1st January 2017 till the date of the issue of these reports:

Ivica Pijaca, chairman
Mario Pavić, vice chairman
Nikola Koščica, member
Joško Miliša, member
Nikola Mišetić, member

As of 30 September, 2017 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 30 September, 2017 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:

Tankerska Next Generation

International Ltd., Majuro, Marshall Islands;

Fontana Shipping Company Ltd., Monrovia, Liberia;

Teuta Shipping Company Ltd., Monrovia, Liberia;

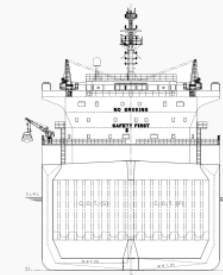
Vukovar Shipping, LLC, Majuro, Marshall Islands;

Zoilo Shipping, LLC, Majuro, Marshall Islands;

Pag Shipping, LLC, Majuro Marshall Islands.

The Financial statements for the period ending 30 September, 2017 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, 2016.

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 2016.



Notes to the financial statements

Company status report

EARNINGS PER SHARE	Period		TRANSACTIONS WITH THE RELATED PARTIES	Period	
	1 Jan - 30 Sep 2016	1 Jan - 30 Sep 2017		1 Jan - 30 Sep 2016	1 Jan - 30 Sep 2017
Net (loss) / profit to shareholders	HRK 36,492,780	HRK 25,676,098	Sales to related parties	HRK 0	HRK 0
Weighted average number of shares	8,720,145	8,720,145	Purchase from related parties	HRK 14,105,107	HRK 13,753,598
Basic (loss) / earnings per share	HRK 4.18	HRK 2.94	Receivables from related parties	HRK 7,893	HRK 4,879
			Liabilities towards related parties	HRK 8,292,131	HRK 61,909
			Given loans to related parties	HRK 0	HRK 0
			Received loans from related parties	HRK 0	HRK 0

3. Vessels and equipment

The depreciation expenses for the reporting period totaling USD 37.8 million include the expenses related to the depreciation of the dry-docking of m/t Velebit and m/t Vinjerac during the five-year period until the next docking in the amount of HRK 1.183.075 (USD 186.193).

4. Shareholder equity and reserves

On 31 August 2017 the dividend in amount of HRK 1,60 per share was paid out the shareholders of Tankerska Next Generation were from the profits realized in 2016.

5. Earnings per Share

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

6. Transactions with the Related Parties

See table above

7. Subsequent events after Balance Sheet date

There were no subsequent events after Balance Sheet date which would significantly affect the financial statements on 30 September 2017.

Notes to the financial statements

Company status report

III. STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements for the period starting 1 January 2017 and ending 30 September 2017 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 period starting on 1 January 2017, and ending on 30 September 2017, 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, 26th October 2017



John Karavanić, CEO

Important industry terms and concepts

Company status report

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.

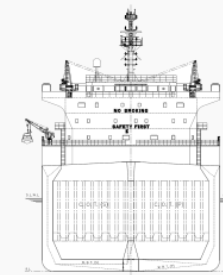
Operating Days. Operating Days represent the number of days the Group's vessels are in operation during the year. Operating Days is a measurement that is only applicable to owned and not bareboated or chartered-in vessels. Where a vessel is under the Group's ownership for a full year, Operating Days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



Important industry terms and concepts

Company status report

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.

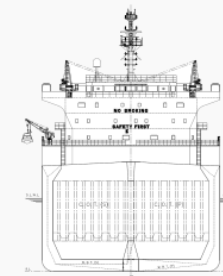
Daily vessel operating expenses. Daily vessel operating expenses is a metric used to evaluate the Group's ability to efficiently operate vessels incurring operating expenses and to limit these expenses.

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

Interim management report

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.

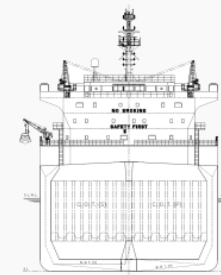
Voyage charter. Voyage charter involves the carriage of a specific amount and type of cargo from a specific loading port(s) to a specific unloading port(s) and most of these charters are of a single voyage nature. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo 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

Interim management report

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

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.

Primary distinction 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)	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		

Important financial and operating terms and concepts

Interim management report

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.

Important financial and operating terms and concepts

Interim management report

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.

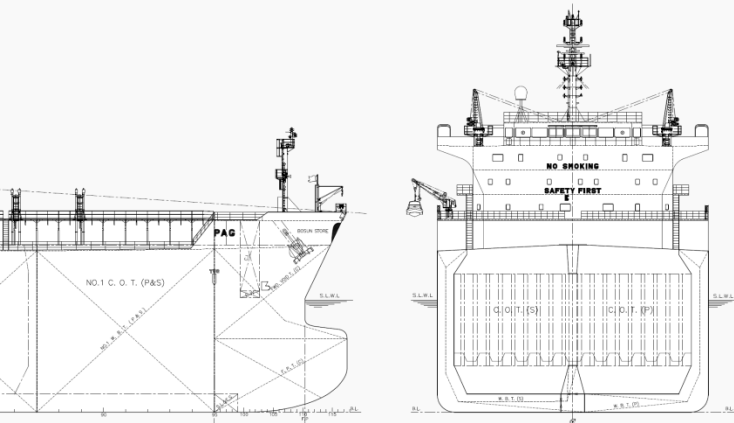
In the tonnage tax system, the shipping operations shifted from taxation of business income to tonnage-based taxation. Under the tonnage tax regime, the tax liability is not calculated on the basis of income and expenses as under the normal corporate taxation, but is based on the controlled fleet's notional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

Important financial and operating terms and concepts

Interim management report

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

Interim management report

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.

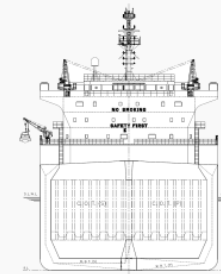
Words such as „believe“, „anticipate“, „estimate“, „expect“, „intend“, „predict“, „project“, „could“, „may“, „will“, „plan“ and similar expressions are intended to identify forward-looking statements, but

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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Interim management report

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