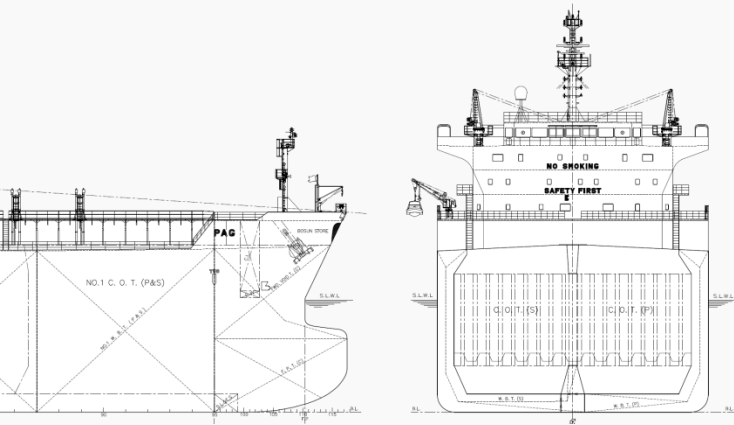


Tankerska Next Generation I-III 2018

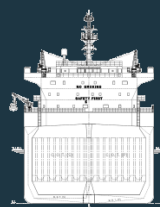


Contents



- 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 tanker	ECO design MR product tanker
ECO design MR Product tankers: 4	Lenght/width: 183/32 m	Lenght/width: 183/32 m
ICE class MR Product tankers: 2	Cargo capacity: 49,990 dwt	Cargo capacity: 49,990 dwt
TNG's MR average age – owned vessels 3,96 years	MT Zollo , built: 2015	MT Velebit , built: 2011
	ECO design MR product tanker	ICE class MR product tanker
	Lenght/width: 183/32 m	Lenght/width: 195/32 m
	Cargo capacity: 49,990 dwt	Cargo capacity: 52,554 dwt
	MT Dalmacija , built: 2015	MT Vinjerac , built: 2011
	ECO design MR product tanker	ICE class MR product tanker
	Lenght/width: 183/32 m	Lenght/width: 195/32 m
	Cargo capacity: 49,990 dwt	Cargo capacity: 51,935 dwt



Comments from the CEO

Interim management report

The first quarter of the year was marked by challenging market conditions with slightly increasing hire rates, which required additional from the ship-owners in order to maximize the commercial potential of the fleet. With high employment rate and the beneficial effect of the vessels operating on the spot market Tankerska Next Generation reached an EBITDA of HRK 32.2 million and thus repeating the profitability of the first three months of last year.

The increase in revenues reflects the response to changing market conditions and the volatilities encountered during the last trimesters, with which management seeks to provide enough flexibility to timely react to the positive changes in hire rates. This kind of employment strategy where a part of the fleet operates on the spot market, while a part simultaneously operates on time charter, 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 quarter of the year a certain positive shift on the spot market was recorded as a result of the seasonally increased levels of derivatives trading on the global market in the winter months.

The effects of the stronger fleet engagement in the spot market are visible in a stable financial position and slightly increased net profit which reached HRK 14.4 mil. in a changing business environment that continued in the first quarter.

Adjusting the fleet employment strategy to the current market conditions resulted in contracting the time charter for MT Vinjerac. The vessel is chartered out for 12 months continuously starting from April 2018. In this way, management provides the stable foundations and flexibility needed to implement the company's strategy.

Intensive focus on the cost effectiveness of the fleet operations allowed TNG to maintain the expenses on the last year's

level which helped to build solid foundations for the business operations in 2018 and expected recovery in freight rates.

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.

Results for first 3 months of 2018:

Vessel revenues:	12,092 mil. USD
EBITDA:	5,340 mil. USD
EBIT:	3,355 mil. USD
Net profit	2,389 mil. USD
TCE net:	16,854 USD/day
OPEX:	6,665 USD/day



John Karavanić, CEO

Market environment

Interim management report

The growth of the world economy in 2017 strengthened to 3.8¹ percent, which represents an acceleration in the projected growth of 1/2 percentage point in comparison to 2016, and is the highest rate of growth since 2011.

IMF growth estimates and projections for the next two years published in April show an expected global growth of 3.9%¹ in both 2018 and 2019. supported by strong momentum, favourable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States

An increase in positive market sentiment has been recorded around the world on the basis of positive trends in economic activity, the growth was recorded in two thirds of world economies which are accounting for three quarters of world GDP. Growth rates shown to be higher than for developed economies such as Germany, Japan, Korea, and the United

States, while emerging economies like Brazil, China and South Africa also surpassed earlier IMF projections.

Price of the Brent crude oil rose above 69 USD per barrel during March, which is the highest level since 2015. The price growth was backed by unplanned outages on the US Gulf Coast and in Libya, the North Sea, and Venezuela; an extension to the end of 2018 of the Organization of the Petroleum Exporting Countries agreement on production targets.

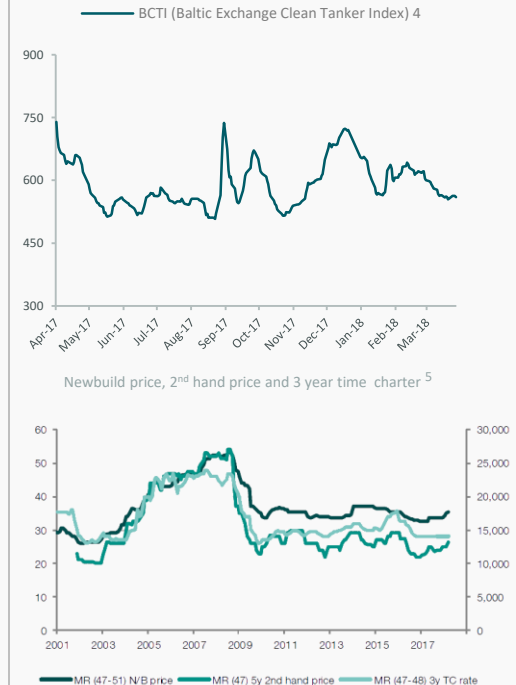
In the segment of product tankers during the first quarter the market showed some positive trends in the East attributable to higher demand for derivatives which benefited to transpacific trade and the exports from North Asia due to higher demand on the West Coast US, Latin America and Australia. The Atlantic trade firmed up slightly during the fourth quarter as the refineries in the Gulf of Mexico reached the level of production prior to Hurricane

Harvey, while recording the benefits of the seasonally increased trade in the winter months.

Meanwhile, MR product tanker supply is still significantly decelerating, with 16² new build units delivered in the first three months, and with 8² vessels scrapped during the course of the quarter. By the end of the year 46² new units are expected to be delivered, with 15² ships scheduled for scrapping.

Comparing these numbers to the 2016 when a total of 94², and 2017 when 64² vessels new units were delivered this is a significant slowing down in supply. 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 2018.

Current eco MR2 ship-owner expectations for one year hire with immediate delivery are at a level of USD 15,250³ per day, while a conventional MR2 is expected to charter out at USD 14,000³.



1 IMF World economic outlook, April 2018

2 Maersk broker, April 2018

3 Clarksons, Tanker Matrix Report, April 2018

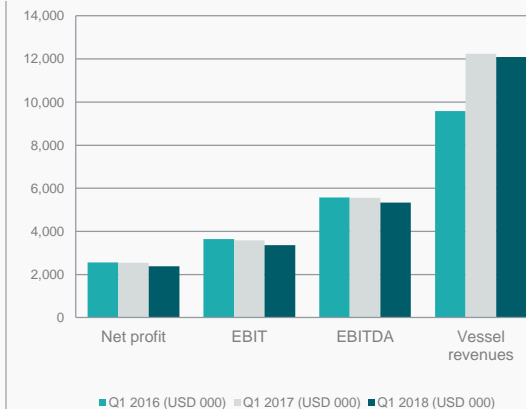
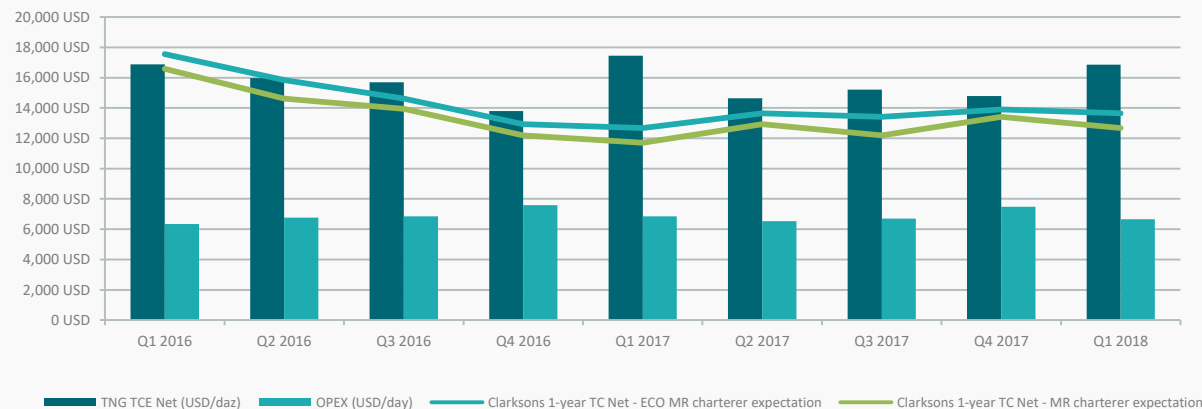
4 Baltic exchange, BCTI, April 2018

5 ABN AMRO shipping daily chartbook, April 2018

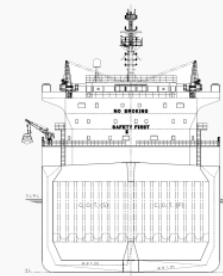
Results

Interim management report

COMMERCIAL RESULTS SUMMARY



SELECTED FINANCIALS	October - December 2016 (HRK 000)	January - March 2017 (HRK 000)	October - December 2017 (HRK 000)	January - March 2018 (HRK 000)	October - December 2016 (USD 000)	January - March 2017 (USD 000)	October - December 2017 (USD 000)	January - March 2018 (USD 000)
Vessel revenues	79,570	84,821	64,277	72,907	9,231	12,243	10,701	12,092
EBITDA	30,158	38,543	24,480	32,199	3,245	5,564	4,085	5,340
EBIT	13,419	24,864	12,536	20,229	1,291	3,590	2,100	3,355
Net profit	4,115	17,663	6,456	14,406	574	2,550	1,083	2,389



Results for the first quarter of 2018

Interim management report

Revenues in the first quarter of 2017 amounted to HRK 73.45 mil. (USD 12.18 mil.), EBITDA was recorded at HRK 32.20 mil. (USD 5.34 mil.). The Company's net profit in the first quarter of 2018 amounted to HRK 14.41 mil. (USD 2.39 mil.).

Operating profit for the first quarter of 2018 amounts to HRK 20.23 million (USD 2.1 mil.) and it is a result of (i) stronger contributions from the spot market, (ii) lowered operating costs, (iii) income stability brought in by the time charter contracts, and it is moderated by (iv) lower TCE equivalent in comparison to first quarter of 2017, and (v) appreciation of Croatian kuna against US dollar.

In the first quarter of 2018, vessels revenues reached HRK 72.91 million (USD 10.7 mil.), which is a decrease in kunas from the same period last year, while in the operative currency (USD) the revenues show an increase of 1.2% from the level recorded in the same period of 2017. In comparison to previous periods of 2017, vessel revenues show an increase which is in line with rising demand for ton mile during the first quarter, and

shows a mild trend of recovering market conditions.

This 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.

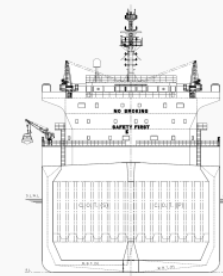
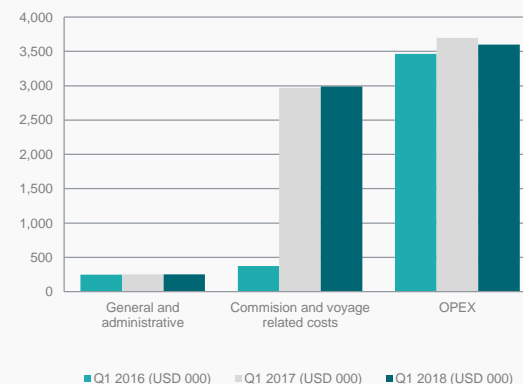
Average daily TCE of the fleet during the first quarter was recorded at USD 16,854, which is a 3,4% decrease due to the different structure of voyage charter contracts. The trend during the last couple of trimesters and the fleet averages are as showing positive correction as a result of beneficial contribution from the vessels operating on the spot market.

Vessel operating costs of the fleet amounted to HRK 21.7 mil. (USD 3.59 mil.) in the first quarter of 2018 and were slightly lower than in the first quarter of 2017 when they amounted to 3.7 mil. USD. The first quarter of 2018 was marked by the usual operating expenses, which were slightly lowered as a result of the efforts of management to optimize the operations.

Commissions and voyage associated costs amounted to HRK 18 million (USD 2.99 million) in the fourth quarter of 2018, while in the first quarter of 2017 they amounted to HRK 20.57 million (USD 2.97 mil.). Reduction of these costs was recorded in the reporting currency, while the operating currency showed stable values under the same conditions of the TNG fleet presence in the spot market.

Depreciation costs in the fourth quarter of 2018 amounted to HRK 11.97 mil. (USD 1.99 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 1.51 mil. (0,25 mil. USD) and are held at the same level recorded in 2017.



Operational data of the fleet

Interim management 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	14,500 (until Q2 2019)
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 March 31st 2018, the average age of the vessel in TNG fleet is 3.96 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

before the drydock, which resulted in lower expenses of the drydocks themselves.

Velebit and 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.

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.

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“). This short term time charter contract ended in the fourth quarter of 2017. and the vessel continued its operations on spot. During the first quarter TNG has secured a time charter contract with the daily rate of USD 14,500 with the above mentioned charterer.

Vukovar

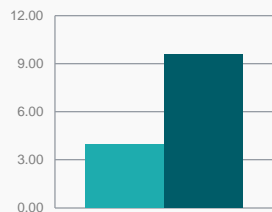
TNG took delivery of Vukovar on 29 April 2015 after which it begun its commercial exploitation on a three year time charter. The current charter rate for Vukovar is USD 17,250 per day with the earliest contract termination in April 2018. The charterer is STI Chartering and Trading Ltd (“Scorpio”).

Revenue structure in 2017



■ Time charter contracts
 ■ Voyage charter
 ■ Other

Average MR fleet age in years

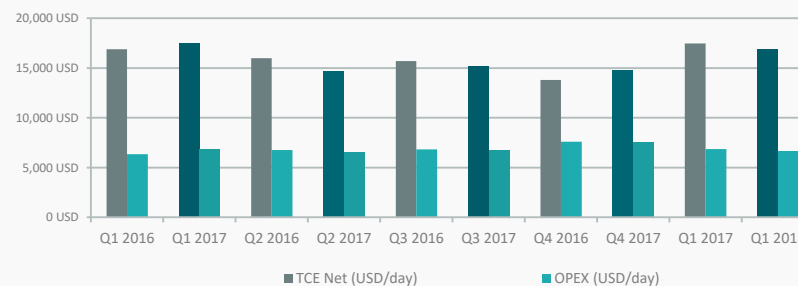


■ TNG MR FLEET ■ GLOBAL MR FLEET

Operational data of the fleet

Interim management report

OPERATIONAL DATA OF THE FLEET	I-III 2016	I-III 2017	I-III 2018
Time Charter Equivalent rates (USD/day)	16,874	17,455	16,854
Daily vessel operating expenses (USD/day)	6,348	6,844	6,665
Operating days (number)	546	540	540
Revenue days (number)	546	531	540
Fleet utilization (%)	100.0%	98.4%	100.0%



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 first quarter m/t Vinjerac was contracted on a 12-month time charter contract with a daily rate of 14.500 USD, while during April m/t Vukovar time charter is expected to expire, and will be transferred to spot afterwards.

The average TCE net rate for the first quarter of 2018 amounted to USD 16.854 and shows a slight decrease (3.4%) from the first quarter last year.

The average TCE net rate of the vessels during 2017 was recorded at 15,525 USD, and the current results show a slight increase from the levels recorded in 2017 which is based on the combination of TC contracts and a stronger contribution from the spot market.

Average daily vessel operating expenses (OPEX) in Q1 2018 amounted to USD 6,665 per vessel, which is a moderate decrease in comparison to the same period last year.

First quarter was characterized by the full fleet utilization, as no vessels recorded off hire days during the period.

The Ballast Water Convention of the International Maritime Organization entered into force on September 8, 2017, while at the last IMO meeting, a postponement of implementation 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

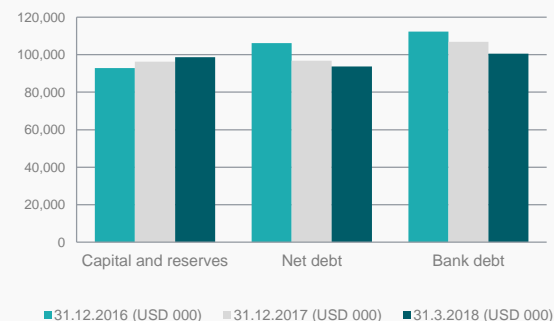
binding deadlines and future business conditions.

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

Interim management report

FINANCIAL POSITION SUMMARY	31 Dec 2016 (HRK 000)	31 Dec 2017 (HRK 000)	31 Mar 2018 (HRK 000)	31 Dec 2016 (USD 000)	31 Dec 2017 (USD 000)	31 Mar 2018 (USD 000)
Bank debt	805,162	670,467	606,523	112,319	106,938	100,592
Cash and cash equivalents	43,915	63,792	40,990	6,126	10,174	6,798
Net debt	761,247	606,675	565,533	106,193	96,764	93,794
Capital and reserves	666,502	603,418	594,781	92,976	96,243	98,644
Gearing ratio <small>Net debt / (Capital and reserves + Net debt)</small>	53%	50%	49%	53%	50%	49%

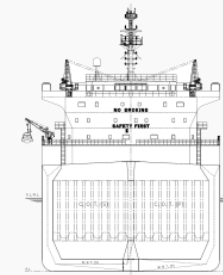


The gearing ratio by the end of Q1 2018 decreased by 1 basis points to 49% in comparison to the end of 2017 when it amounted to 50%. This decreasing debt trend is in accordance with the loan repayment plans of TNG and regular decrease in indebtedness, and a further decrease in company's debt is expected 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 2016 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.



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 re-sale tankers and/or reasonably arrange the newbuildings and timely sell vessels in line with market conditions.

Increase cash flow and profitability by outsourcing most of the management functions to a fleet manager. Management believes that the agreement with an external management will improve the measurability and cost competitiveness of business because it

will allow the TNG to expand its fleet without realizing significant additional overheads

Maintain a strong balance sheet through moderate debt in a way to try to finance future purchases of with approximately 35-45% of equity capital. This would facilitate the possibility of using a substantial part of the cash flow to pay dividends, but also improve conditions in the market as banks, shipyards and outsourcers prefer better capitalized Contracting Parties

Employment of the fleet in the long-term shipping contracts on time in order to maintain the predictability of revenue. However, if the market 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.

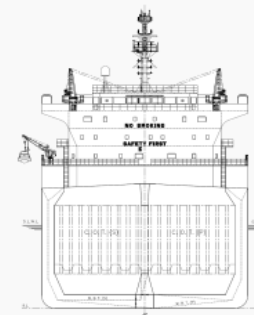
S&P fee. In the event of a definitive agreement for the direct purchase, acquisition, sale or disposition of any vessels entered into by or on behalf of the Group or its affiliates or their owners, the Fleet Manager shall be entitled to a fee in the amount of 1% of the aggregate consideration

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 will be in power until the date when 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 Q1 2018 of USD 16.854.

Voyage related costs and commission amounted to 24.7% of total vessel revenues, including bunker and port expenses.

Daily vessel operating costs in Q1 2018 of 6.665 USD 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

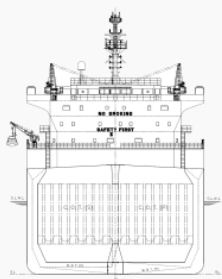
The financial statements expressed in HRK have been converted from USD amounts by applying the mid foreign exchange rate published by the Croatian National Bank and valid on the date of reporting:

(31 Dec 2017, 1 USD = 6.269733 HRK).
(31 Mar 2018, 1 USD = 6.029552 HRK).

INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR Q1 2018 unaudited	October - December 2016 (HRK 000)	January - December 2016 (HRK 000)	October - December 2017 (HRK 000)	January - March 2018 (HRK 000)	October - December 2016 (USD 000)	January - December 2016 (USD 000)	October - December 2017 (USD 000)	January - March 2018 (USD 000)
Revenues	79,570	84,821	64,277	72,907	9,231	12,243	10,701	12,092
Other revenues	1,249	1,654	1,729	539	161	239	281	89
Sales revenues	80,819	86,475	66,006	73,446	9,392	12,482	10,982	12,181
Commission and voyage related costs	(13,605)	(20,586)	(15,161)	(18,037)	(1,750)	(2,971)	(2,534)	(2,991)
Vessel operating expenses	(35,212)	(25,604)	(24,975)	(21,700)	(4,192)	(3,696)	(4,131)	(3,599)
General and administrative	(1,844)	(1,742)	(1,390)	(1,510)	(205)	(251)	(232)	(251)
Total operating expenses	(50,661)	(47,932)	(41,526)	(41,247)	(6,147)	(6,918)	(6,897)	(6,841)
EBITDA	30,158	38,543	24,480	32,199	3,245	5,564	4,085	5,340
Depreciation and amortization	(16,739)	(13,679)	(11,944)	(11,970)	(1,954)	(1,974)	(1,985)	(1,985)
Operating profit (EBIT)	13,419	24,864	12,536	20,229	1,291	3,590	2,100	3,355
Net interest expenses	(9,224)	(7,168)	(6,073)	(5,933)	(1,072)	(1,035)	(1,011)	(984)
Net foreign exchange gains (losses)	(80)	(33)	(7)	110	355	(5)	(6)	18
Net income	4,115	17,663	6,456	14,406	574	2,550	1,083	2,389
Other comprehensive income	41,072	(22,314)	(7,611)	(23,043)	5,991	(3,221)	(1,369)	(3,821)
Total comprehensive income	45,187	(4,651)	(1,155)	(8,637)	6,206	(671)	(286)	(1,432)
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	0.47	2.03	0.74	1.65	0.07	0.29	0.12	0.27

BALANCE SHEET

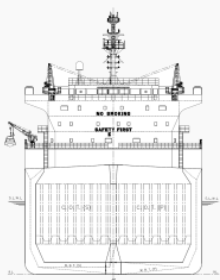
Interim management report



BALANCE SHEET At the date of 31 March 2018 unaudited	31 Dec 2016 (HRK 000)	31 Dec 2017 (HRK 000)	31 Dec 2018 (HRK 000)	31 Dec 2016 (USD 000)	31 Dec 2017 (USD 000)	31 Dec 2018 (USD 000)
Non-Current Assets	1,428,140	1,203,337	1,145,591	199,223	191,928	189,996
Vessels	1,428,111	1,203,318	1,145,251	199,219	191,925	189,940
Other Non-Current Assets	29	19	340	4	3	56
Current Assets	70,160	92,597	72,621	9,788	14,769	12,044
Inventory	10,806	8,370	10,060	1,507	1,335	1,668
Accounts receivable	8,558	17,574	18,437	1,194	2,803	3,058
Cash and cash equivalents	43,915	63,792	40,990	6,126	10,175	6,798
Other current assets	6,881	2,861	3,134	961	456	520
Total Assets	1,498,300	1,295,934	1,218,212	209,011	206,697	202,040
Shareholders Equity	666,502	603,418	594,781	92,976	96,243	98,644
Share capital	436,667	436,667	436,667	60,914	69,647	72,421
Reserves	178,260	99,026	75,983	24,867	15,794	12,602
Retained earnings	51,575	67,725	82,131	7,195	10,802	13,621
Non-Current Liabilities	737,909	611,647	564,098	102,937	97,556	93,556
Bank debt	737,909	611,647	564,098	102,937	97,556	93,556
Current Liabilities	93,889	80,869	59,333	13,098	12,898	9,840
Bank debt	67,253	58,820	42,425	9,382	9,382	7,036
Accounts payable	7,912	9,338	7,560	1,104	1,489	1,254
Other current liabilities	18,724	12,711	9,348	2,612	2,027	1,550
Total liabilities and shareholders equity	1,498,300	1,295,934	1,218,212	209,011	206,697	202,040

CASH FLOW STATEMENT

Interim management report



CASH FLOW STATEMENT FOR THE YEAR 2017 unaudited	January - December 2016 (HRK 000)	January – June 2017 (HRK 000)	January - March 2018 (HRK 000)	January - December 2016 (USD 000)	January – June 2017 (USD 000)	January - March 2018 (USD 000)
Profit before tax	40,608	32,132	14,406	5,665	5,125	2,389
Depreciation and Amortisation	55,532	49,727	11,972	7,747	7,931	1,986
Changes in working capital	(18,098)	(6,217)	(7,639)	(2,525)	(992)	(1,267)
Other	1,126	(4,107)	(2,958)	157	(655)	(491)
Cash flow from operating activities	79,168	71,535	15,781	11,044	11,409	2,617
Cash inflows from investing activities	-	-	-	-	-	-
Cash outflows from investing activities	(7,924)	(3,983)	(323)	(1,105)	(635)	(54)
Cash flow from investing activities	(7,924)	(3,983)	(323)	(1,105)	(635)	(54)
Cash inflows from financing activities	210,903	25,079	-	29,420	4,000	-
Cash outflows from financing activities	(309,697)	(72,754)	(38,260)	(43,202)	(11,604)	(6,345)
Cash flow from financing activities	(98,794)	(47,675)	(38,260)	(13,782)	(7,604)	(6,345)
Net changes in cash	(27,550)	19,877	(22,802)	(3,843)	3,170	(3,782)
Cash and cash equivalents (beg. of period)	71,465	43,915	63,792	9,969	7,004	10,580
Cash and cash equivalents (end of period)	43,915	63,792	40,990	6,126	10,174	6,798

STATEMENT OF CHANGES IN EQUITY

Interim management report

STATEMENT OF CHANGES IN EQUITY unaudited	Share capital	Retained Earnings	Other reserves and comprehen- sive income	Foreign exchange translation reserves	Total
For the period from 1 Oct to 31 Dec 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	61,269	125,456	(18,819)	604,573
Net profit for the period	-	6,456	-	-	6,456
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(7,611)	(7,611)
Balance at 31 December 2017	436,667	67,725	125,456	(26,430)	603,418
For the period from 1 Jan to 31 Mar 2018	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 Jan 2018	436,667	67,725	125,456	(26,430)	603,418
Net profit for the period	-	14,406	-	-	14,406
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(23,043)	(23,043)
Balance at 31 Mar 2018	436,667	82,131	125,456	(49,473)	594,781

STATEMENT OF CHANGES IN EQUITY unaudited	Share capital	Retained Earnings	Other reserves and comprehen- sive income	Foreign exchange translation reserves	Total
For the period from 1 Oct to 31 Dec 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	9,339	19,466	(2,390)	95,149
Net profit for the period	-	1,083	-	-	1,083
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	11	11
Balance at 31 December 2017	68,734	10,422	19,466	(2,379)	96,243
For the period from 1 Jan to 31 Mar 2018	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 Jan 2018	68,734	10,422	19,466	(2,379)	96,243
Net profit for the period	-	2,389	-	-	2,389
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	12	12
Balance at 31 Mar 2018	68,734	12,811	19,466	(2,367)	98,644

NET ASSET VALUE CALCULATION

Interim management report

NET ASSET VALUE CALCULATION estimate	At the date 31 Mar 2017 (000 USD)	At the date 30 Jun 2017 (000 USD)	At the date 31 Dec 2017 (000 USD)	Na datum 31 Mar 2018 (000 USD)
Total fleet value	177,080	176,620	168,960	177,200
Investments	-	-	-	-
Current assets	2,928	3,040	4,594	5,246
Other non-current assets	4	4	3	56
Total value of other assets	2,932	3,044	4,597	5,302
Cash and cash equivalents	7,918	12,629	10,175	6,798
Bank debt	(109,973)	(111,628)	(97,556)	(93,556)
Net debt	(102,055)	(98,999)	(87,381)	(86,758)
Other non-current liabilities	-	-	-	-
Current liabilities	(3,222)	(4,026)	(3,516)	(2,804)
Total value of other liabilities	(3,222)	(4,026)	(3,516)	(2,804)
NET ASSET VALUE	74,735	76,639	82,660	92,940
Weighted average number of shares outstanding, basic & diluted	8,720,145	8,720,145	8,720,145	8,720,145
Net asset value per share (USD)	8.57	8.79	9.48	10.66

KEY COMMENTS:

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 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.

Corrections on the freight rate market are also reflected in the current estimates of the S&P value of vessels, which is currently above the levels recorded in 2017.

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 2018

23.04.2018 Time charter employment secured for MT Vinjerac
 23.04.2018 Management and Supervisory Board meetings held
 13.03.2018 Time charter employment secured for MT Vinjerac
 26.02.2018 Management and Supervisory Board meetings held
 21.02.2018 Announcement of the Management and the Supervisory Board sessions

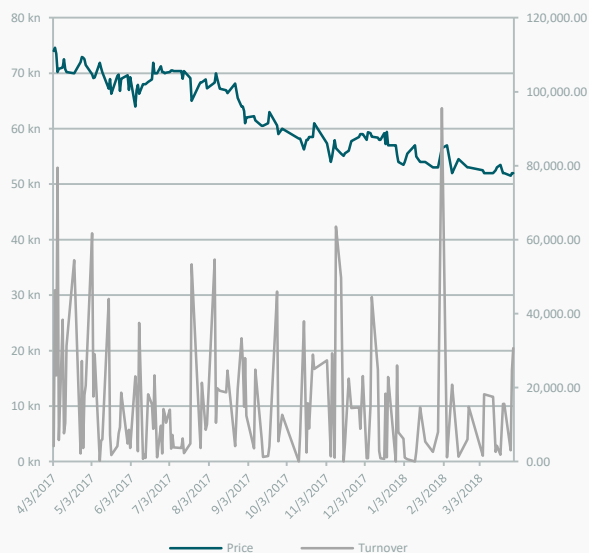
SHAREHOLDER STRUCTURE

Shareholder	No. of shares 31 Mar 2018	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.

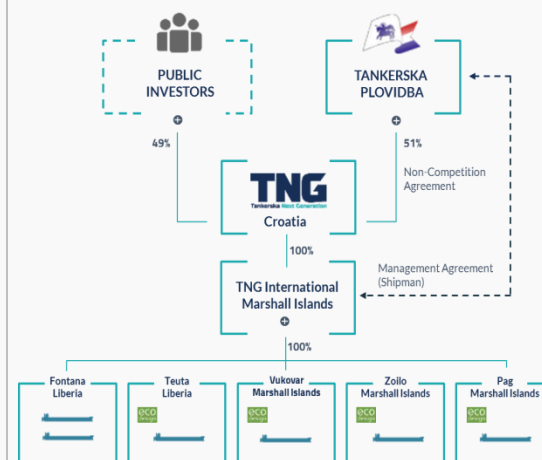
TPNG-R-A STOCK



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 31 March, 2018 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

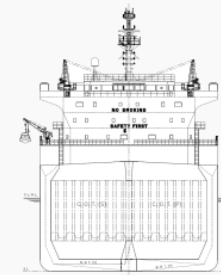
receivables and other receivables, and of investments. Credit risk in liquid funds is limited as the counterparty is often the bank that most international agencies assessed with high credit ratings.

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 committed 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 THE FIRST THREE MONTHS OF 2018
(UNAUDITED)



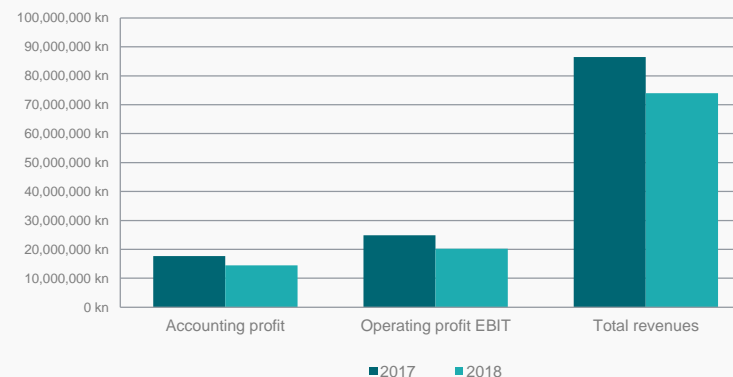
Table of contents

- I. Report of the Management Board on the Company's operations for the period from 1 January until 31 March, 2018
- II. Unaudited condensed quarterly financial statements
 - Balance Sheet per as at 31 March, 2018
 - Profit and Loss Account for the period from 1 January until 31 March, 2018
 - Cash Flow Statement for the period from 1 January until 31 March, 2018
 - Statement of Changes in Equity for the period from 1 January until 31 March, 2018
 - 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 JANUARY UNTIL 31 MARCH 2018

DESCRIPTION	Period	Period
	1 Jan - 31 Mar 2017	1 Jan – 31 Mar 2018
Total revenues	HRK 86,535,952	HRK 73,981,478
Operating revenues / Total revenues	98%	99%
Other revenues / Total revenues	2%	1%
International market / Total revenues	98%	99%
Domestic market / Total revenues	0%	0%
Material costs / Operating expenses	48%	47%
Employee costs / Operating expenses	22%	22%
Financial expenses / Total Expenses	11%	11%
Gross margin	20.82%	19.76%
Accounting profit	HRK 17,662,887	HRK 14,405,659
Operating profit (EBIT)	HRK 24,863,666	HRK 20,229,389



During the reporting period the Company reported HRK 73.4 million of operating revenues, attributed predominantly to revenue generated from sales.

In the same period, the Company reported HRK 53.2 million of operating costs. The majority of operating expenses are the material costs HRK 25.2 million, depreciation in the amount of HRK 12.0 million (including HRK 395.5 thousand of dry dock expenses), employee costs in the amount HRK 11.8 million and other expenses in the amount of HRK 4.2 million.

In the period ending 31 March 2018 financial income amounted to HRK 533.1 thousand while financial expenses amounted to HRK 6. million.

The Company reported HRK 14.4 million of cumulated net profit in the reporting period.

Company's share capital, amounting to HRK 436.7 million has been divided into 8.7 million approved, issued and fully paid ordinary shares with no par value. During 2017 there were no corporate activities of acquiring treasury shares of the Company. As at 31 March, 2018 the Company had 13,200 treasury shares.

As at 31 March, 2018 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:	01/01/2018 to 31/03/2018
Quarterly financial statement of the entrepreneur TFI-POD	
Tax Number (MB):	04266838
Company registration number (MBS):	110046753
Personal identification number (OIB):	30312968003
Issuing company:	TANKERSKA NEXT GENERATION D.D.
Postal code and place:	23000 ZADAR
Street and house number:	BOŽIDARA PETRANOVIĆA 4
E-mail address:	tng@tng.hr
Internet address:	www.tng.hr
Municipality/city code and name:	520 ZADAR
County code and name:	13 ZADARSKA COUNTY
Number of employees (year end):	141
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:	tng@tng.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 31.03.2018.

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	1,203,337,183	1,145,591,461
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	1,203,337,183	1,145,268,867
1. Land	011	0	0
2. Buildings	012	0	0
3. Plant and equipment	013	1,203,317,758	1,145,251,879
4. Instruments, plant inventories and transportation assets	014	18,425	16,988
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	322,594
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	322,594
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	89,735,865	69,487,457
I. INVENTORIES (036 to 042)	035	8,370,175	10,060,290
1. Raw material	036	8,370,175	10,060,290
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	17,573,947	18,437,257
1. Receivables from related parties	044	0	109
2. Accounts receivable	045	16,700,445	17,739,319
3. Receivables from participating entrepreneurs	046	0	0
4. Receivables from employees and shareholders	047	6,212	785
5. Receivables from government and other institutions	048	31,888	38,559
6. Other receivables	049	835,402	658,485
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	6,269,733	6,029,552
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	6,269,733	6,029,552
7. Other financial assets	057	0	0
IV. CASH AT BANK AND IN CASHIER	058	57,522,010	34,960,358
D) PREPAID EXPENSES AND ACCRUED INCOME	059	2,860,484	3,132,961
E) TOTAL ASSETS (001+002+034+059)	060	1,295,933,532	1,218,211,879
F) OFF-BALANCE SHEET NOTES	061	0	0

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	603,418,822	594,781,468
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	57,030,391	57,030,391
1. Reserves prescribed by law	066	2,030,391	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	-26,429,776	-49,472,789
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	35,592,546	67,724,981
1. Retained earnings	073	35,592,546	67,724,981
2. Accumulated loss	074	0	0
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	32,132,435	14,405,659
1. Profit for the current year	076	32,132,435	14,405,659
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	611,647,455	564,098,250
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	611,647,455	564,098,250
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	76,112,878	55,010,806
1. Liabilities to related parties	094	259,441	792,615
2. Liabilities for loans, deposits etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	58,820,431	42,425,353
4. Liabilities for received prepayments	097	3,416,201	0
5. Accounts payable	098	9,337,468	7,559,287
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	0	0
8. Liabilities to employees	101	4,114,044	4,079,017
9. Liabilities for taxes, contributions and similar fees	102	58,966	55,661
10. Liabilities to share - holders	103	49,674	49,674
11. Liabilities for long term assets held for sale	104	0	0
12. Other short - term liabilities	105	56,653	49,199
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	4,754,377	4,321,355
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	1,295,933,532	1,218,211,879
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 01.01.2018. to 31.03.2018.

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	86,478,210	86,478,210	73,448,428	73,448,428
1. Sales revenues	112	84,821,777	84,821,777	72,907,536	72,907,536
2. Other operating revenues	113	1,656,433	1,656,433	540,892	540,892
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	61,614,544	61,614,544	53,219,039	53,219,039
1. Changes in the value of work in progress and finished goods	115	0	0	0	0
2. Material costs (117 to 119)	116	29,634,325	29,634,325	25,230,405	25,230,405
a) Raw material and material costs	117	10,516,964	10,516,964	13,738,397	13,738,397
b) Costs of goods sold	118	1,813,759	1,813,759	0	0
c) Other external costs	119	17,303,602	17,303,602	11,492,008	11,492,008
3. Staff costs (121 to 123)	120	13,566,012	13,566,012	11,774,388	11,774,388
a) Net salaries and wages	121	13,370,593	13,370,593	11,607,870	11,607,870
b) Costs for taxes and contributions from salaries	122	135,379	135,379	114,729	114,729
c) Contributions on gross salaries	123	60,040	60,040	51,789	51,789
4. Depreciation	124	13,681,366	13,681,366	11,971,607	11,971,607
5. Other costs	125	4,203,240	4,203,240	3,552,650	3,552,650
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	529,601	529,601	689,989	689,989
III. FINANCIAL INCOME (132 to 136)	131	21,984	21,984	533,050	533,050
1. Interest income, foreign exchange gains, dividends and similar income from related	132	0	0	0	0
2. Interest income, foreign exchange gains, dividends and similar income from non-	133	21,984	21,984	533,050	533,050
3. Share in income from affiliated entrepreneurs and participating interests	134	0	0	0	0
4. Unrealized gains (income) from financial assets	135	0	0	0	0
5. Other financial income	136	0	0	0	0
IV. FINANCIAL EXPENSES (138 to 141)	137	7,222,763	7,222,763	6,356,780	6,356,780
1. Interest expenses, foreign exchange losses and similar expenses from related	138	0	0	10,398	10,398
2. Interest expenses, foreign exchange losses and similar expenses from non - related	139	7,222,763	7,222,763	6,346,382	6,346,382
3. Unrealized losses (expenses) on financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	0	0
V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142	0	0	0	0
VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+142 + 144)	146	86,500,194	86,500,194	73,981,478	73,981,478
X. TOTAL EXPENSES (114+137+143 + 145)	147	68,837,307	68,837,307	59,575,819	59,575,819
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	17,662,887	17,662,887	14,405,659	14,405,659
1. Profit before taxation (146-147)	149	17,662,887	17,662,887	14,405,659	14,405,659
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	17,662,887	17,662,887	14,405,659	14,405,659
1. Profit for the period(149-151)	153	17,662,887	17,662,887	14,405,659	14,405,659
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	17,662,887	17,662,887	14,405,659	14,405,659	
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 to 165)					
158	-22,313,971	-22,313,971	-23,043,013	-23,043,013	
1. Exchange differences on translation of foreign operations					
159	-22,313,971	-22,313,971	-23,043,013	-23,043,013	
2. Movements in revaluation reserves of long-term tangible and intangible assets					
160	0	0	0	0	0
3. Profit or loss from revaluation of financial assets available for sale					
161	0	0	0	0	0
4. Gains or losses on efficient cash flow hedging					
162	0	0	0	0	0
5. Gains or losses on efficient hedge of a net investment in foreign countries					
163	0	0	0	0	0
6. Share in other comprehensive income / loss of associated companies					
164	0	0	0	0	0
7. Actuarial gains / losses on defined benefit plans					
165	0	0	0	0	0
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD					
166	0	0	0	0	0
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)					
167	-22,313,971	-22,313,971	-23,043,013	-23,043,013	
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)					
168	-4,651,084	-4,651,084	-8,637,354	-8,637,354	
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 01.01.2018. to 31.03.2018.

Company: 30312968003; TANKERSKA NEXT GENERATION D.D.			
Position	AOP code	Previous period	Current Period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	17,662,887	14,405,659
2. Depreciation	002	13,681,366	11,971,607
3. Increase in short-term liabilities	003	0	0
4. Decrease in short term receivables	004	8,994,196	0
5. Decrease in inventories	005	0	0
6. Other cash flow increases	006	0	239,803
I. Total increase in cash flow from operating activities (001 to 006)	007	40,338,449	26,617,069
1. Decrease in short - term liabilities	008	3,995,089	5,124,099
2. Increase in short - term receivables	009	0	825,032
3. Increase in inventories	010	3,047,301	1,690,115
4. Other cash flow decreases	011	1,323,045	3,197,069
II. Total decrease in cash flow from operating activities (008 to 011)	012	8,365,435	10,836,315
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	31,973,014	15,780,754
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	4,317,116	0
2. Cash outflows for purchase of equity and debt financial instruments	022	0	0
3. Other cash outflows from investing activities	023	0	322,595
IV. Total cash outflows from investing activities (021 to 023)	024	4,317,116	322,595
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	4,317,116	322,595
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	0	0
3. Other cash inflows from financing activities	029	0	0
V. Total cash inflows from financing activities (027 to 029)	030	0	0
1. Cash outflows for repayment of loans and bonds	031	16,248,570	38,259,992
2. Dividends paid	032	0	0
3. Cash outflows for finance lease	033	0	0
4. Cash outflows for purchase of own stocks	034	0	0
5. Other cash outflows from financing activities	035	0	0
VI. Total cash outflows from financing activities (031 do 035)	036	16,248,570	38,259,992
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	16,248,570	38,259,992
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	11,407,328	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	22,801,833
Cash and cash equivalents at the beginning of period	041	43,914,572	63,791,743
Increase in cash and cash equivalents	042	10,942,622	0
Decrease in cash and cash equivalents	043	0	22,801,833
Cash and cash equivalents at the end of period	044	54,857,194	40,989,910

STATEMENT OF CHANGES IN EQUITY
period 01.01.2018. to 31.03.2018.

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	51,575,169	67,724,981
5. Profit or loss for the current year	005	17,662,887	14,405,659
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	629,331,282	644,254,257
11. Currency gains and losses arising from net investments in foreign operations	011	32,519,865	-49,472,789
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	32,519,865	-49,472,789
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 31 March, 2018 Tankerska Next Generation's Inc. share capital amounted to HRK 436,667,250 divided into 8,733,345 TPNG-R-A ordinary shares with no par value.

The Financial Statements for the period ending 31 March, 2018 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;

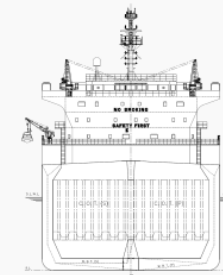
Vukovar Shipping, LLC, Majuro, Marshall Islands;

Zoilo Shipping, LLC, Majuro, Marshall Islands;

Pag Shipping, LLC, Majuro Marshall Islands.

The Financial statements for the period ending 31 March, 2018 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

Interim management report

EARNINGS PER SHARE	Period		RELATED PARTY TRANSACTIONS	Period	
	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2018		1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2018
Net (loss) / profit to shareholders	HRK 17,662,887	HRK 14,405,659	Sales to related parties	HRK 0	HRK 0
Weighted average number of shares	8,720,145	8,720,145	Purchase from related parties	HRK 4,819,108	HRK 4,064,702
Basic (loss) / earnings per share	HRK 2.03	HRK 1.65	Receivables from related parties	HRK 0	HRK 109
			Liabilities towards related parties	HRK 4,739,073	HRK 792,615
			Given loans to related parties	HRK 0	HRK 0
			Received loans from related parties	HRK 0	HRK 0

3. Earnings per Share

See table above

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

4. Transactions with the Related Parties

See table above

5. Subsequent events after Balance Sheet date

There were no subsequent events after Balance Sheet date which would significantly affect the financial statements on 31 March 2017.

Notes to the financial statements

Interim management report

III. STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements for the period starting 1 January 2018 and ending 31 March 2018 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 2018, and ending on 31 March 2018, 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, 27th April 2018



John Karavanić, CEO

Important industry terms and concepts

Interim management 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.

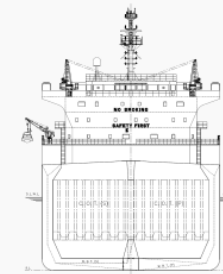
Operating Days. Operating Days represent the number of days the Group's vessels are in operation during the year. Operating Days is a measurement that is only applicable to owned and not bareboated or chartered-in vessels. Where a vessel is under the Group's ownership for a full year, Operating Days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

Interim management 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.

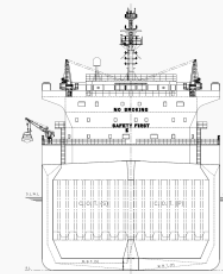
Daily vessel operating expenses. Daily vessel operating expenses is a metric used to evaluate the Group's ability to efficiently operate vessels incurring operating expenses and to limit these expenses.

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.

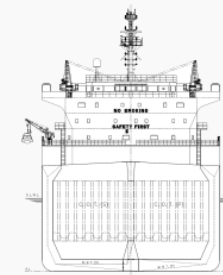
Voyage charter. Voyage charter involves the carriage of a specific amount and type of cargo from a specific loading port(s) to a specific unloading port(s) and most of these charters are of a single voyage nature. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo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

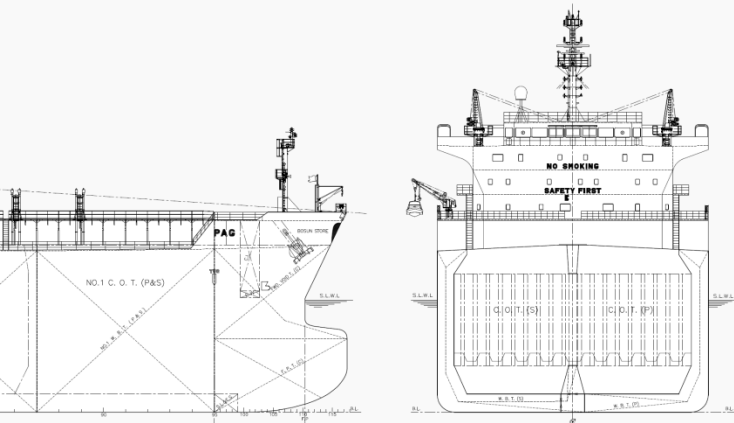
In the tonnage tax system, the shipping operations shifted from taxation of business income to tonnage-based taxation. Under the tonnage tax regime, the tax liability is not calculated on the basis of income and expenses as under the normal corporate taxation, but is based on the controlled fleet's notional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

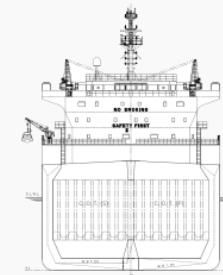
Words such as „believe“, „anticipate“, „estimate“, „expect“, „intend“, „predict“, „project“, „could“, „may“, „will“, „plan“ and similar expressions are intended to identify forward-looking statements, but

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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