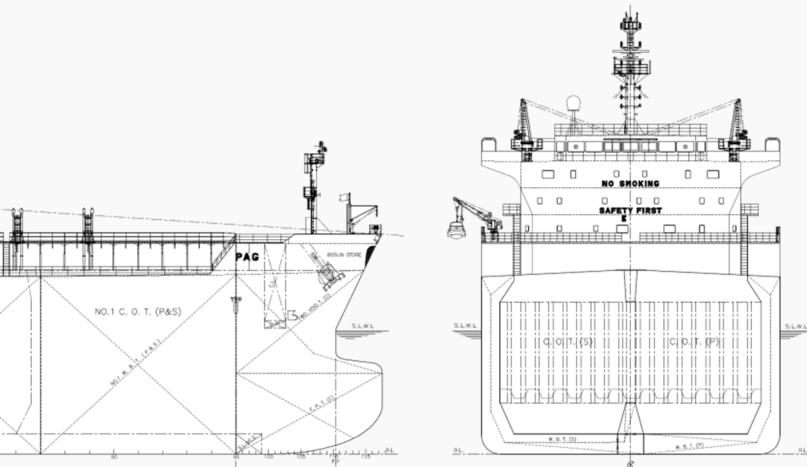


Tankerska
Next Generation
I – VI 2019



Contents

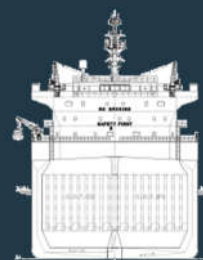


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Total number of vessels: 6

ECO design MR Product tankers: 4

ICE class MR Product tankers: 2



MT Vukovar, built: 2015

ECO design MR product tanker

Lenght/width: 183/32 m

Cargo capacity: 49,990 dwt

MT Zollo, built: 2015

ECO design MR product tanker

Lenght/width: 183/32 m

Cargo capacity: 49,990 dwt

MT Dalmacija, built: 2015

ECO design MR product tanker

Lenght/width: 183/32 m

Cargo capacity: 49,990 dwt

MT Pag, built: 2015

ECO design MR product tanker

Lenght/width: 183/32 m

Cargo capacity: 49,990 dwt

MT Velebit, built: 2011

ICE class MR product tanker

Lenght/width: 195/32 m

Cargo capacity: 52,554 dwt

MT Vinjerac, built: 2011

ICE class MR product tanker

Lenght/width: 195/32 m

Cargo capacity: 51,935 dwt

Comments from the CEO

Interim management report

The uplifting in the product spot market, seen just over 7 months ago, seems to have disappeared into thin air. While no one knows where the short lasting thrill has gone, Owners are now facing a spot market that is not that bright, at least when it comes to tankers. Most however have their views pegged to the current geopolitical issues and the looming maritime regulations. Both have the potential to cast a long shadow on future maritime events. Besides the issues surrounding the viability of older vessels in the long run, as a result of the new set of environmental restrictions, Owners will have to, more frequently than ever, put effort into assessing which part of the world is, if not risk-free, then currently acceptable, for trading.

If there is a risk, there must be a choice; hence Tankerska Next Generation has gone in favour of additional time charter coverage in the past several months. By bolstering its time charter position the company minimizes confronting risk of its business operations thus reducing its spot market exposure.

Tankerska Next Generation has therefore secured a 12-month time charter for the ECO class MT Dalmacija. The contracted employment commenced mid-March. The tanker is chartered out to Trafigura at approximately USD 16,000 per day under usual market terms with an additional charterers' option to extend the contract with an escalation, under similar terms.

In addition to MT Dalmacija, the company secured more one year coverage in March for the conventional ice class product tanker MT Velebit with Clearlake at approximately USD 14,500 per day with usual market terms. The charterer has an option to extend the contract for an additional eight months at approximately USD 15,500 per day.

Additional time charter coverage was secured in May for both ECO tankers MT Pag and MT Vukovar. Tankerska Next Generation secured these additional 6-month time charters for its ECO class product tankers with charterers' option to extend for up to 12 months in direct continuation. The tankers are chartered out to a leading U.S. charterer both in the seventeen thousands per day.

Once again, these accomplished conditions are thoroughly in line with the company's strategic concept that focuses on the efforts to secure a strong asset base and stable cash flow. By doing so, TNG minimizes the risk of its business operations by emphasizing our time charter position while balancing the remainder of the fleet on voyage charter consistently bearing the product tanker fundamentals in mind.

The long-term drivers in the product tanker market remain unabridged:

- Growing global oil consumption and strong underlying long term demand for refined products

(albeit the latest revised EIA forecast for oil demand in 2019).

- Refining capacity expansions moving closer to the crude oil sources and further from dominant consumption regions so as a result the ton mile demand continues to grow,
- a low orderbook on top of anticipated accelerated scrapping to due to special survey, BWT system installations and rising fuel costs in conjunction with other regional environmental requirements

this is just to name a few which will without doubt, leave a trace on the product tanker market in the foreseeable future.

Results for the first six months of 2019:

| | |
|------------------|-----------------|
| Vessel revenues: | 20.744 mil. USD |
| EBITDA: | 7.160 mil. USD |
| EBIT: | 3.236 mil. USD |
| Net profit: | 953,000 USD |
| TCE Net: | 13,807 USD/day |
| OPEX: | 6,649 USD/day |



John Karavanić, CEO

Market environment

Interim management report

The International Monetary Fund revised its forecast for global economic growth. It predicts growth of 3.2% in 2019, down from its April forecast of 3.3%. Growth next year is set to pick up to 3.5% next year, although that is below its last forecast of 3.6%. The principal risk factors to the global economy remain adverse developments - including further US-China tariffs, US auto tariffs, tensions in the Middle East and Venezuela and a no-deal Brexit.

According to the IMF's nation-by-nation breakdown, US growth is to increase this year from 2.3 percent to 2.6 percent. China's growth is expected to slip slightly from 6.3 percent to 6.2 percent.

Emerging and developing economies are also predicted to grow by 4.1 percent this year -- a decrease of 0.3 points from April's forecast -- a slower pace of expansion projected for Brazil, India, Mexico and Russia, according to the IMF.

The International Energy Agency (IEA) is reducing its 2019 oil demand forecast due to a slowing global economy amid a U.S.-China trade spat.

The IEA is revising its 2019 global oil demand growth forecast to 1.1 million barrels per day (bpd) and may cut it again if the global economy and especially China shows further weakness.

Last year, the IEA predicted that 2019 oil demand would grow by 1.5 million bpd but had cut the growth forecast to 1.2 million bpd in June this year.

Global demand for crude remains a major concern. At the time of writing, the tensions with Iran appear to be contained, and are not effecting the market much.

Oil demand has been effected by the trade war between the U.S. and China at a time when markets are flooded with oil, due to increasing U.S. shale production.

Shipping

Geopolitical tension and the tanker market are in a close relationship. There is typically a strong correlation between these events and oil prices.

Historically, many of the world's leading oil producing countries used to be predominantly ones that are politically unstable while some are at odds with the US and subject to sanctions.

Iran is facing severe pressure from the US after President Trump pulled out of the Nuclear Deal in 2018. Between mid-May and mid-June, six tankers were attacked just outside the Arabian Gulf.

The Strait of Hormuz is one of the key sea passages in the world, connecting crude in the Middle East with markets in the rest of the world. It also plays a vital role for the Asian economies, many which are dependent on oil imports from the Middle East.

It is clear that the tension in the region is rising and a sudden escalation of the conflict, leading to the closure of the Strait of Hormuz, is not to be completely ruled out. Since a significant amount of the world's oil exports are transported through this narrow strait, an immediate and significant impact on the oil and tanker markets could be expected.

In addition, Venezuela needs to be on the geopolitical watch lists. Like Iran, this country is also subject to ever-tightening US economic sanctions and there is an ongoing power struggle between President Maduro and the opposition leader Juan Guaido.

Venezuelan oil production is down to 750,000 barrels per day and still falling. This figure is only about 30% of its output five years ago (2.5 mill barrels per day). The remaining production, as well as the country's refining output, is at risk and a further escalation of the domestic conflict could reduce oil production even more.

Turning to Libya and Nigeria, these countries each face significant, albeit different, challenges. Libya is still in the middle of a civil war and its oil production and exports fluctuate significantly month by month. However, the situation in Nigeria seems to have stabilised and its production is gradually recovering.

Despite the OPEC production cuts on top of the production challenges facing Iran, Venezuela and Libya, the oil markets remain well supplied, thanks to US shale.

Oil prices have shown a limited response to the rising geopolitical tension. The tanker market is well supplied and a significant disruption is needed to substantially change the supply/demand balance.

1 IMF, July 2019

2 Poten & partners., July 2019

3 Baltic exchange, BCTI, July 2019

Market environment

Interim management report

Although growth in non-OPEC oil supply is expected to be higher than growth in global demand in 2019, US sanctions on Iran and Venezuela and OPEC's market management have made oil prices very unstable, Drewry Shipping said in a report.

The price of Brent crude, which started 2019 in the early \$50s per barrel, surged past the \$70 per barrel mark in late April after the US decision to end waivers on Iran sanctions. It then again dipped below \$60 per barrel, due to global economic concerns before bouncing back to the mid-\$60s after the decision by OPEC to extend its production cut of 1.2 mill barrels per day until March, 2020.

Nevertheless, the current backwardation in oil prices suggests that despite the supply cut by OPEC, supply glitches in Venezuela and the US sanctions on Iran, the global oil market will be well supplied in 2H19.

We're in the final stretch of the long-awaited International Maritime Organization shipping regulation, which will see the global shipping fleet having to move to a fuel with a maximum sulphur content of 0.5% from 2020 from the current limit of 3.5%

With less than six months to implementation, the shipping industry would have largely decided on the best way to tackle this new sulphur cap. As we have mentioned in previous notes, the options are: burn a compliant fuel, install scrubbers which will allow vessels to continue using high sulphur fuel oil (HSFO), retrofit with LNG engines or not comply with the new regulation.

ING, July 2019
Drewry, July 2019
Allied shipping inc. July 2019.

Product tankers

QUICK OVERVIEW

Key fleet figures

as at 01st July 2019

In Service: **2,480** vessels
total dwt capacity: 108,748,035 dwt
year to date growth: 1.81 %

Over 20yrs: **219** vessels
total dwt capacity: 8,880,591 dwt
as a percentage of fleet: 8.83 %

On Order: **198** vessels
total dwt capacity: 8,929,147 dwt
as a percentage of fleet: 7.98 %

Remaining deliveries for 2019

as at 01st July 2019

Scheduled: **77** vessels
total dwt capacity: 3,549,195 dwt
as a percentage of fleet: 3.10 %

MR (25-59,999DWT)

Changes in 2019

as at 01st July 2019

Deliveries: **60** vessels
total dwt capacity: 2,773,737 dwt
as a % of starting fleet: 2.46 %
of which latest month: 10 vessels
and in dwt terms: 484,062 dwt

New Orders: **28** vessels
total dwt capacity: 1,150,000 dwt
as a % of starting fleet: 1.15 %
of which latest month: 4 vessels
and in dwt terms: 100,000 dwt

Scrapped: **15** vessels
total dwt capacity: 607,300 dwt
as a % of starting fleet: 0.62 %
of which latest month: 3 vessels
and in dwt terms: 127,617 dwt

Market environment

Interim management report

Since users of scrubber technology (EGCS – exhaust gas cleaning system) are likely to remain in the minority, IMO 2020 should considerably affect the product tanker market.

While much of the focus on the IMO 2020 regulation has been related to scrubber economics, we believe the new low sulfur regulations will have significant implications for the product tanker market. First, the shift to low-sulfur fuel oil is expected to result in a significant increase in demand for compliant fuels. Second, given the dislocation of global refining capacity,

we believe increased trade flows and volumes will result in shifting trading patterns and have positive implications for ton-mile demand.

According to Stifel data, shipowners have ordered scrubbers to be fitted on 3,684 vessels, of which 3,011 are due to complete installation by January. However, there is speculation that some owners could face delays in installation due to limited yard capacity.

The scrubber rush has slowed in recent months, with uncertain investment returns, a lack of installation capacity

and a limited number of vessels suitable for the technology, according to manufacturers and analysts.

Wartsila and Alfa Laval – the top two scrubber makers by orderbook size – have reported lower second-quarter sales of the equipment compared with the same period last year. They cited uncertainty over post-2020 fuel prices as a key reason for the drop.

Vessels will need to have the exhaust gas cleaning technology onboard if their owners want to continue consumption of the cheaper high-sulphur fuel oil

(HSFO) from January. However, the premium of IMO-compliant fuel to HSFO for 2020 delivery has often been less than \$200 per tonne in derivative trading this year, suggesting the financial benefits from scrubber installation may fall below expectations.

Stifel, July 2019
Tradewinds, July 2019



Market environment

Interim management report

Sulfur Cap Safety Concerns

With January 1, 2020 less than five and a half months away, INTERCARGO among others has expressed its growing concern in view of the magnitude of the challenge lying ahead for the industry and the need for a smooth transition.

The global availability of safe compliant fuels remains a key

question largely unanswered, says the industry organization.

“The requirement for the sulfur content of fuel oil used by ships operating outside designated emission control areas not to exceed 0.50 percent as of January 1, 2020 marks a sea change in the marine fuels’ supply chain.

It is extremely worrying that compli-

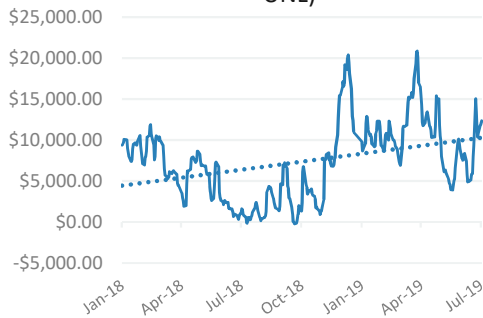
ant fuels have so far been made available only in a limited number of ports and under unfavorable terms for voluntary early testing by ships, as charterers/operators are not currently obliged to purchase future compliant fuel.

“Hence, the practical testing of new fuels and crew training, which is only possible under real conditions aboard ships, is very limited and pushed to

the end of year. This situation creates significant safety implications for the operation of ships, which could eventually threaten the safety of seafarers, ships and cargoes, as well as the marine environment.”

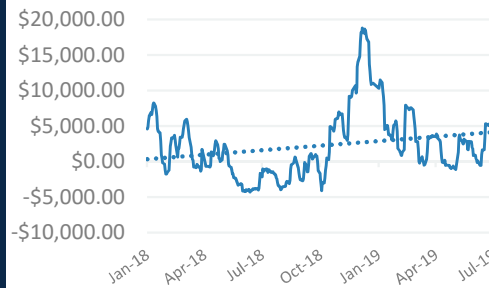
Intercargo, July 2019
Baltic Exchange, July 2019

Continent to US Atlantic coast TCE (CPP, UNL)



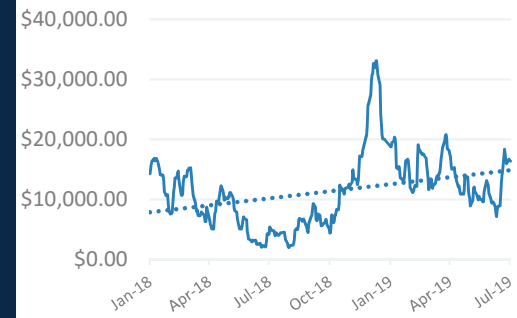
Full Route Description - TC2_37 37,000mt CPP/UNL. Continent to US Atlantic coast (Rotterdam to New York).

US Gulf to Continent TCE (CPP, UNL, diesel)



Full Route Description - TC14 38,000mt CPP/UNL/diesel. US Gulf to Continent (Houston to Amsterdam).

MR Atlantic triangulation (Uses: TC2 TCE & TC14 TCE)

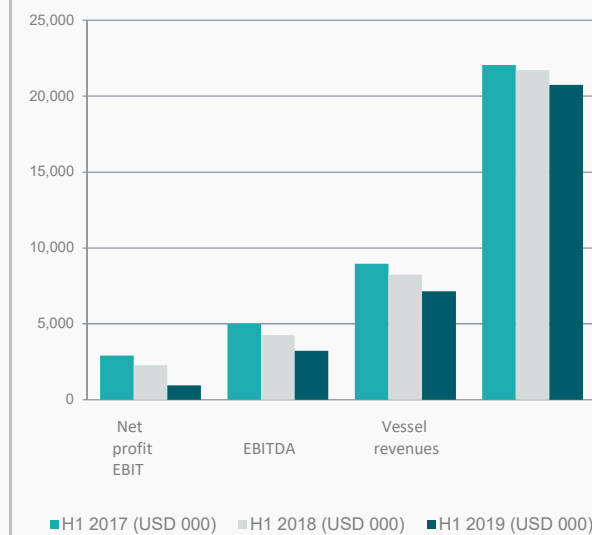
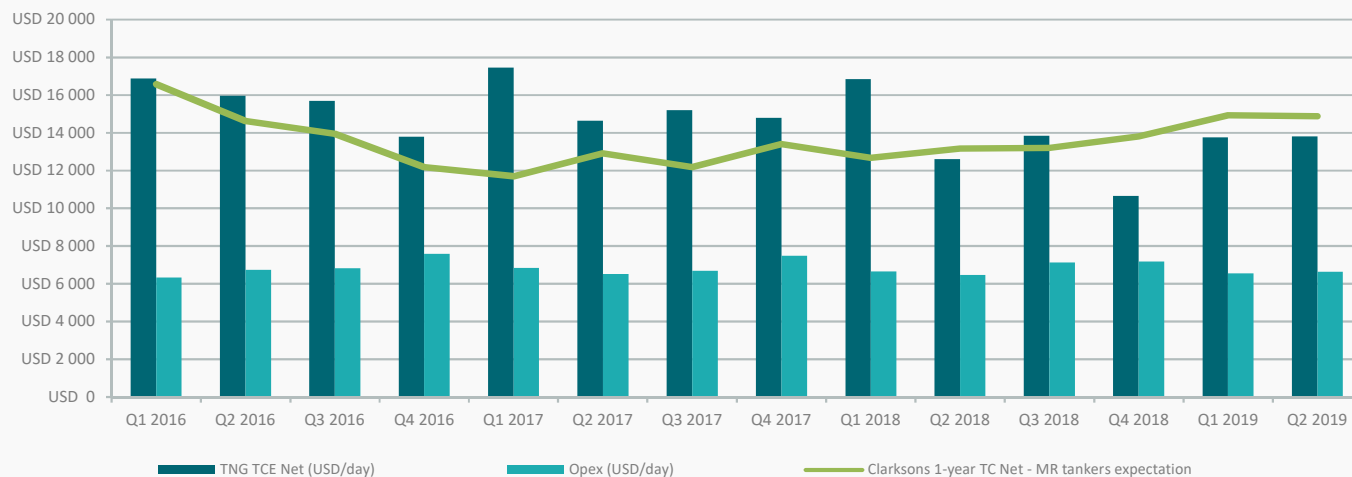


Full Route Description - MR Atlantic Basket Contributing routes: TC2 TCE & TC14 TCE

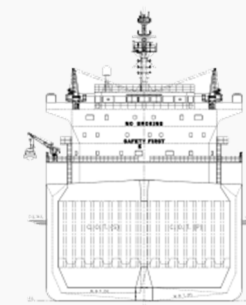
Results

Interim management report

COMMERCIAL RESULTS SUMMARY



| SELECTED FINANCIALS | April - June 2018 (HRK 000) | January - June 2018 (HRK 000) | April - June 2019 (HRK 000) | January - June 2019 (HRK 000) | April - June 2018 (USD 000) | January - June 2018 (USD 000) | April - June 2019 (USD 000) | January - June 2019 (USD 000) |
|---------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| Vessel revenues | 64,715 | 137,622 | 62,984 | 136,126 | 10,213 | 21,719 | 9,526 | 20,744 |
| EBITDA | 20,011 | 52,210 | 24,312 | 46,972 | 3,158 | 8,238 | 3,673 | 7,160 |
| EBIT | 6,824 | 27,053 | 11,545 | 21,577 | 1,077 | 4,268 | 1,700 | 3,236 |
| Net profit | 49 | 14,455 | 3,997 | 6,383 | 7 | 2,280 | 592 | 953 |



Results for the first six months of 2019

Interim management report

Vessel revenues in the first six months of 2019 amounted to HRK 136.1m and were 1,18% lower in comparison to the same period of 2018, EBITDA was recorded at HRK 47.0m, which is 10% lower in comparison to last years HRK 52.2m.

The Company's net profit in the first six months of 2019 amounted to HRK 6.38m and it is a result of the positive contributions from the time charter fixtures concluded this year.

The operating profit for the first six months of this year was HRK 21.6m and is the result of the stable income generated from the time charters.

The average TCE during the first half of the year was recorded at USD 13,807.

The first quarter of 2019 was marked by the usual operating

expenses, as a result of the efforts of management to optimize the operations.

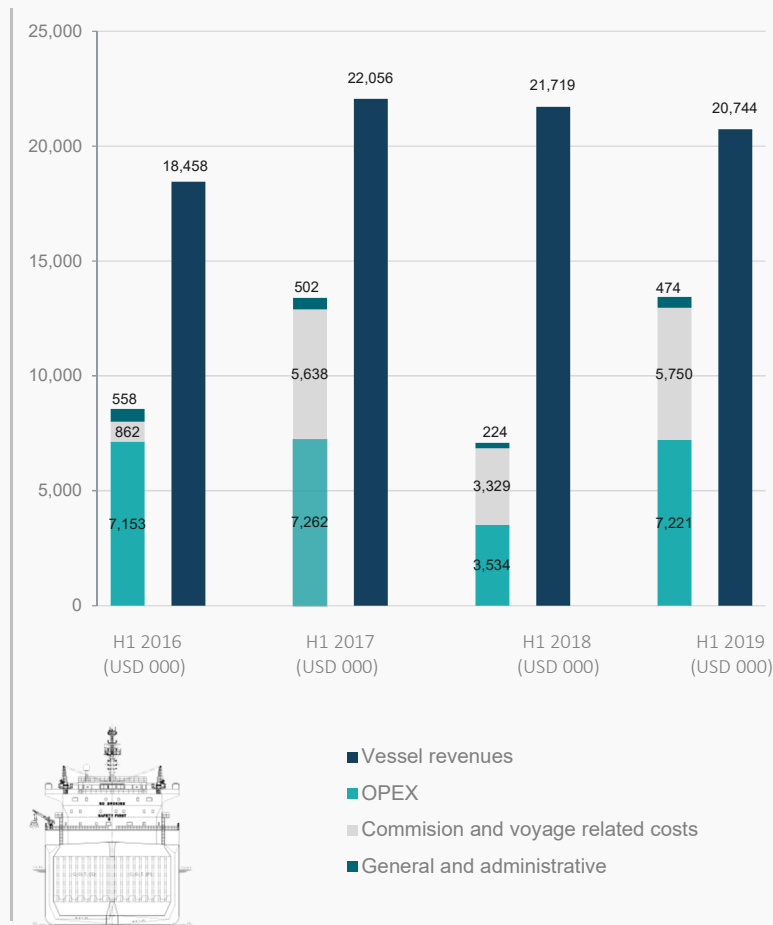
Commissions and voyage associated costs amounted to HRK 37.8m, while in the first six months of 2018 they amounted to HRK 39.1m. This decrease is a result the change of employment strategy of Vukovar, Velebit, Pag and Dalmacija which by operating on time charter contract have lower voyage associated costs e.g. port costs, bunker, which is accountable to the charterer.

Total operating costs of the fleet amounted to HRK 89.7m in the six months of 2019 and were at the same level as in the first six months of 2018 when they amounted to USD 86.2m. In the operating currency, operating costs are showing the same trend in comparison to 2018. This trend is a result of the increased

operational efficiency.

Depreciation costs in the fourth quarter of 2019 amounted to HRK 25.4m 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 at the same level as in the first half of 2018 (HRK 3.1m) as a result of increased cost control efficiency.



Results for the second quarter of 2019

Interim management report

Total revenues for the second quarter of 2019 amounted to HRK 63.3m (USD 9.58m), while EBITDA reached HRK 24.3m (USD 3.67m).

The net profit for the second quarter of 2019 amounts to HRK 4.0 million (USD 0.59m). Second quarter EBIT was HRK 11.6m (USD 1.70m) and is a result of market exposures at which freight rates stabilized at much higher level than 2018.

In the second quarter of 2019, vessels' revenues reached HRK 63.0 million (USD 9.53m), which is a decrease expressed in Kuna from the same period last year.

This level of revenue is the result of less exposure of the TNG fleet on the spot market, where the ship-owner achieves nominally higher revenue, but at the same time has increased voyage-related costs.

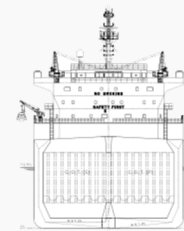
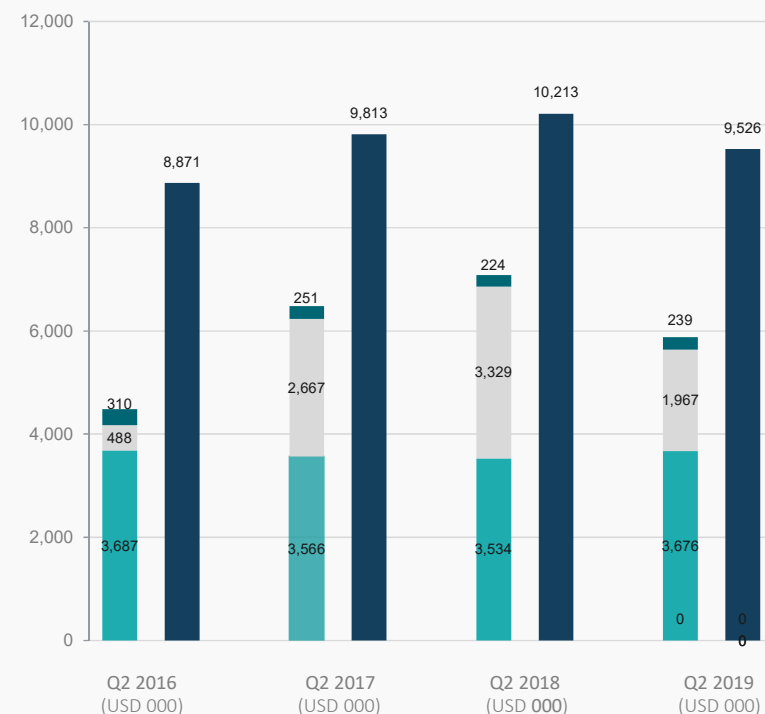
The average daily TCE of the fleet during the first quarter was recorded at USD 13,844.

Operating expenditures of the fleet amounted to HRK 24.3m (USD 3.7m) in the second quarter of 2019 and have somewhat decreased from the last quarter when they were USD 3.53m.

Commissions and voyage associated costs amounted to HRK 13.0 million (USD 1.97 million) in the second quarter of 2019, while in the second quarter of 2018 they added up to HRK 21.1 million (USD 3.33m). The decrease in these expenses is due to less exposure of TNG's fleet in the spot market.

Depreciation costs in the second quarter of 2019 amounted to HRK 12.8m (USD 1.97m). All the vessels in operation are depreciated over an estimated useful life span of 25 years on a linear basis to their residual value, which represents their scrap value on the international market.

General and administrative expenses were recorded at HRK 1.57m (USD 0,239m) are down against the same period last year.



- Vessel revenues
- OPEX
- Commission and voyage related costs
- General and administrative

Operational data of the fleet

Interim management report

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 June 30th, 2019 the average age of the vessels in TNG's fleet is 5.26 years.

CURRENT CHARTERING STRATEGY

Dalmacija

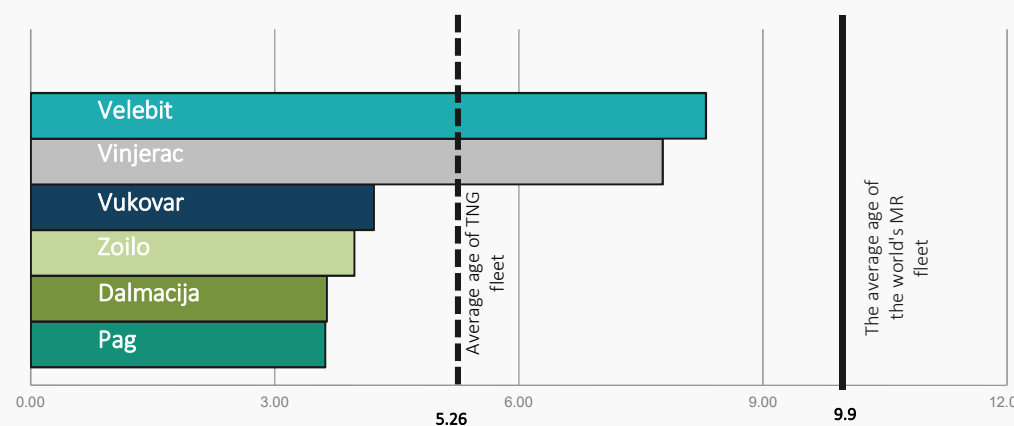
During the first quarter of 2019, a twelve-month contract was secured for the period at USD 16,000 per day with Trafigura Maritime Logistics TCP DTD ("Trafigura"). Upon expiration of the current contract in Q1 2020, the charterer has an option to extend the contract for an additional (maximum) 385 days at a similar rate.

Velebit

Tankerska Next Generation in mid-March secured the one year employment of the conventional ice class product tanker MT Velebit. The tanker will be under a shipping contract with Clearlake Shipping Pte Ltd ("Clearlake") with a contracted rate of USD 14,500 per day and upon

| Vessel | Capacity (dwt) | Employment | Hire rate (USD) |
|-----------|----------------|---------------------------|---|
| Velebit | 52,554 | Clearlake Time charter | 14,500 (until Q2 2020) |
| Vinjerac | 51,935 | SPOT market | Voyage charter 17,000 |
| Vukovar | 49,990 | KOCH Time charter | (with charterers' option to extend for up to 12 months) |
| Zoilo | 49,990 | SPOT market | Voyage charter 16,000 |
| Dalmacija | 49,990 | Trafigura Time charter | (until Q2 2020) 17,150 |
| Pag | 49,990 | KOCH Time charter | (with charterers' option to extend for up to 12 months) |

Average age of MR fleet



expiry of the current contract, the charterer has the option to extend the contract for an additional 8 months with an approximate USD 1,000 premium.

Vukovar and Pag

Tankerska Next Generation in mid-May secured 6-month employment for 2 ECO class product tankers MT Vukovar and MT Pag. The vessels will be under a shipping contract with Koch Shipping Pte Ltd. with charterer's option to extend for up to 12 months.

Vinjerac and Zoilo

The short-term time charter with Clearlake Shipping Pte Ltd ("Clearlake") expired at the beginning of Q2 2019 and TNG continued employment of the ship on the spot market, assessing that this type of employment represents an optimal strategy for using the fleet's commercial potential. Since MT Zoilo's redelivery in July 2018, she has been operating on the "spot" market, estimating that this type of employment is at present an optimum strategy for using the fleet's commercial potential.

Operational data of the fleet

Interim management report

| OPERATIONAL DATA OF THE FLEET | I-VI 2017 | I-VI 2018 | I-VI 2019 |
|---|--------------|--------------|---------------|
| Time Charter Equivalent rates (USD/day) | 16,109 | 14,313 | 13,807 |
| Daily vessel operating expenses (USD/day) | 6,687 | 6,408 | 6,649 |
| Operating days (number) | 1,086 | 1,086 | 1,086 |
| Revenue days (number) | 1,019 | 1,086 | 1,086 |
| Fleet utilization (%) | 98.4% | 100.0% | 100.0% |

Tankerska Next Generation takes on the conservative approach of fixing medium-term employment time charters for its fleet, which became apparent in the escalating market conditions in 2015 when key time charters were concluded. At the time, the concluded time charter contracts enabled TNG to achieve results above the market average. At present, the majority, or four out of six units, are employed on time charter which currently provide adequate levels of cash flow.

By positioning part of the fleet on the spot market, management has secured sufficient flexibility for future employment, relying on publicly available industry forecasts and analysis, which indicate a medium term freight

rate recovery. We believe that the first indications of fundamental market recovery for product tankers have become apparent in the final weeks of the 2018.

The average TCE net rate for H1 2019 added up to USD 13,807.

The average daily vessel operating expenses (OPEX) in the first half of 2019 amounted to USD 6,649 per vessel, which is a moderate increase in comparison to the same period last year.

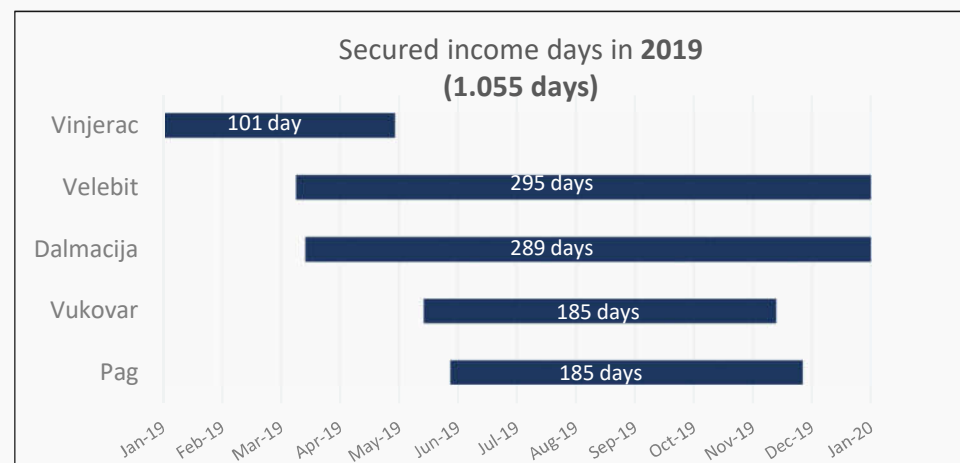
The Ballast Water Convention of the International Maritime Organization entered into force on September 8, 2017.

After September 2017, the approved ballast water treatment system will have to be installed by the time 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.

Ecological control is growing with record-breaking penalties issued for pollution. New ballast water management rules aimed at halting the spread of harmful aquatic

organisms are welcome, but will also add significant costs and potentially bring new risks for shipping.

The ballast water treatment system actively removes, kills or deactivates reproduction systems of organisms in ballast waters before returning them to the ecosystem. The expected cost of system itself will be ranked at around USD 450,000 to 550,000 per vessel which does not include the costs of delivery and installation, bearing in mind that ECO tanker Dalmacija was delivered with an already installed ballast water treatment system.



Financial position summary

Interim management report

| FINANCIAL POSITION SUMMARY | 31 st Dec 2018 (HRK 000) | 31 st Mar 2019 (HRK 000) | 30 th Jun 2019 (USD 000) | 31 st Dec 2018 (USD 000) | 31 st Mar 2019 (USD 000) | 30 th Jun 2019 (USD 000) |
|--|--|--|--|--|--|--|
| Bank debt | 631,106 | 609,513 | 590,196 | 97,556 | 92,210 | 90,865 |
| Cash and cash equivalents | 56,389 | 47,947 | 70,653 | 8,717 | 7,254 | 10,876 |
| Net debt | 574,717 | 561,566 | 519,543 | 88,839 | 84,956 | 79,989 |
| Capital and reserves | 624,228 | 640,212 | 632,964 | 96,493 | 96,853 | 97,445 |
| Gearing ratio <small>Net debt / (Capital and reserves + Net debt)</small> | 48% | 47% | 45% | 48% | 47% | 45% |

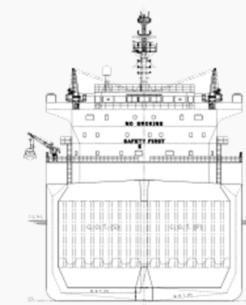
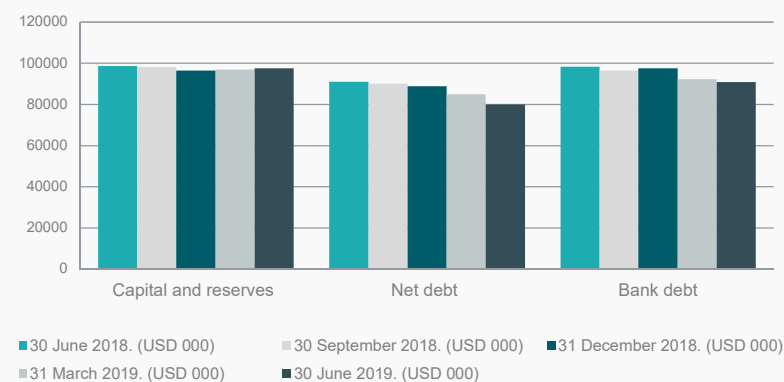
Tankerska Next Generation concluded the first six months of 2019 with 3 percentage points less gearing. Down to 45% in comparison to the end of 2018. This decreasing debt is in accordance with the loan repayment plans of TNG and regular decrease in indebtedness, while a further decrease in the company's debt is expected in the future.

Securing sufficient levels of financing (both debt and equity financing), provides stable foundations for delivering the company's strategy and increasing

distributable cash flow, 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, the vessels, whose time charter contracts expired during the year, MT Vinjerac and MT Zoilo 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 it

simultaneously requires a higher liquidity, due to the fact that the ship owner covers the voyage related expenses in advance of being compensated, while on time charter the Owner receives the hire upfront.



INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

Interim management report

KEY COMMENTS:

Daily TCE net rates per operating vessel in first six months of 2019 were USD 13,807 per day on average.

Voyage related costs and commission equalled to 27.7% of total vessel revenues, including bunkers and port expenses related to spot voyages.

Vessel operating costs in first six months of 2019 amount to USD 7.2m which includes the ship management services fee awarded to Tankerska Plovidba in the amount of USD 468 per vessel per day.

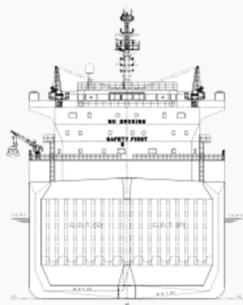
The quoted foreign exchange gains (losses) are a result of exchanging dollar assets on the reporting date into the Croatian Kuna.

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

| INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR H1 2019 unaudited | April – June 2018 (HRK 000) | January – June 2018 (HRK 000) | April – June 2019 (HRK 000) | January – June 2019 (HRK 000) | April – June 2018 (USD 000) | January – June 2018 (USD 000) | April – June 2019 (USD 000) | January – June 2019 (USD 000) |
|---|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| Revenues | 64,715 | 137,622 | 62,984 | 136,126 | 10,213 | 21,719 | 9,526 | 20,744 |
| Other revenues | 204 | 743 | 356 | 562 | 32 | 116 | 54 | 86 |
| Sales revenues | 64,919 | 138,365 | 63,340 | 136,688 | 10,245 | 21,835 | 9,580 | 20,830 |
| Commission and voyage related costs | (21,093) | (39,130) | (13,042) | (37,762) | (3,329) | (6,175) | (1,967) | (5,750) |
| Vessel operating expenses | (22,396) | (44,096) | (24,245) | (47,383) | (3,534) | (6,959) | (3,676) | (7,221) |
| General and administrative | (1,419) | (2,929) | (1,573) | (3,107) | (224) | (463) | (239) | (474) |
| Other expenses | - | - | (168) | (1,464) | - | - | (25) | (225) |
| Total operating expenses | (44,908) | (86,155) | (39,028) | (89,716) | (7,087) | (13,597) | (5,907) | (13,670) |
| EBITDA | 20,011 | 52,210 | 24,312 | 46,972 | 3,158 | 8,238 | 3,673 | 7,160 |
| Depreciation and amortization | (13,187) | (25,157) | (12,767) | (25,395) | (2,081) | (3,970) | (1,973) | (3,924) |
| Impairment | - | - | - | - | - | - | - | - |
| Operating profit (EBIT) | 6,824 | 27,053 | 11,545 | 21,577 | 1,077 | 4,268 | 1,700 | 3,236 |
| Net interest expenses | (6,562) | (12,495) | (7,602) | (15,251) | (1,036) | (1,972) | (1,157) | (2,333) |
| Net foreign exchange gains (losses) | (213) | (103) | 54 | 57 | (34) | (16) | 49 | 50 |
| Net income | 49 | 14,455 | 3,997 | 6,383 | 7 | 2,280 | 592 | 953 |
| Other comprehensive income | 29,531 | 6,488 | (11,244) | 2,354 | 4,660 | 1,025 | (2,058) | (1) |
| Total comprehensive income | 29,580 | 20,943 | (7,247) | 8,737 | 4,667 | 3,305 | (1,466) | 952 |
| 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 | 0.01 | 1.66 | 0.46 | 0.73 | 0.00 | 0.26 | 0.07 | 0.11 |

BALANCE SHEET

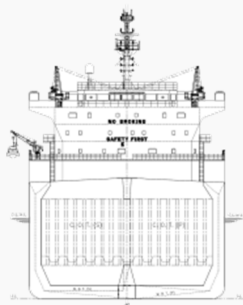
Interim management report



| BALANCE SHEET At the date of 30 th June 2019 unaudited | 31 st Dec 2018 (HRK 000) | 31 st Mar 2019 (HRK 000) | 30 th Jun 2019 (HRK 000) | 31 st Dec 2018 (USD 000) | 31 st Mar 2019 (USD 000) | 30 th Jun 2019 (USD 000) |
|---|--|--|--|--|--|--|
| Non-Current Assets | 1,186,408 | 1,199,337 | 1,165,712 | 183,394 | 181,442 | 179,469 |
| Vessels | 1,186,292 | 1,199,221 | 1,165,599 | 183,376 | 181,424 | 179,452 |
| Other Non-Current Assets | 116 | 116 | 113 | 18 | 18 | 17 |
| Current Assets | 100,517 | 98,392 | 101,963 | 15,538 | 14,885 | 15,697 |
| Inventory | 13,779 | 10,346 | 6,619 | 2,130 | 1,565 | 1,019 |
| Accounts receivable | 25,806 | 35,916 | 22,924 | 3,989 | 5,433 | 3,529 |
| Cash and cash equivalents | 56,389 | 47,947 | 70,653 | 8,717 | 7,254 | 10,876 |
| Other current assets | 4,543 | 4,183 | 1,767 | 702 | 633 | 273 |
| Total Assets | 1,286,925 | 1,297,729 | 1,267,675 | 198,932 | 196,327 | 195,166 |
| Shareholders Equity | 624,228 | 640,212 | 632,964 | 96,493 | 96,853 | 97,445 |
| Share capital | 436,667 | 436,667 | 436,667 | 67,500 | 67,500 | 67,500 |
| Reserves | 120,390 | 133,988 | 122,743 | 18,610 | 18,609 | 18,609 |
| Retained earnings | 67,171 | 69,557 | 73,554 | 10,383 | 10,744 | 11,336 |
| Non-Current Liabilities | 557,476 | 556,393 | 559,728 | 86,174 | 84,174 | 86,174 |
| Bank debt | 557,476 | 556,393 | 559,728 | 86,174 | 84,174 | 86,174 |
| Current Liabilities | 105,221 | 101,124 | 74,983 | 16,265 | 15,300 | 11,547 |
| Bank debt | 73,630 | 53,120 | 30,468 | 11,382 | 8,036 | 4,691 |
| Accounts payable | 10,588 | 11,856 | 5,792 | 1,637 | 1,795 | 895 |
| Other current liabilities | 21,003 | 36,148 | 38,723 | 3,246 | 5,469 | 5,961 |
| Total liabilities and shareholders equity | 1,286,925 | 1,297,729 | 1,267,675 | 198,932 | 196,327 | 195,166 |

CASH FLOW STATEMENT

Interim management report



| CASH FLOW STATEMENT FOR THE H1 2019 unaudited | January – December 2018 (HRK 000) | January – March 2019 (HRK 000) | January – June 2019 (HRK 000) | January – December 2018 (USD 000) | January – March 2019 (USD 000) | January – June 2019 (USD 000) |
|---|--|---|--|--|---|--|
| Profit before tax | 6,284 | 2,386 | 6,383 | 971 | 361 | 953 |
| Depreciation and Amortisation | 51,377 | 12,630 | 25,399 | 7,942 | 1,951 | 3,924 |
| Changes in working capital | (5,624) | 9,038 | 25,030 | (869) | 1,367 | 3,854 |
| Other | 6,826 | 2,430 | 1,427 | 1,055 | 203 | 119 |
| Cash flow from operating activities | 58,863 | 26,484 | 58,239 | 9,099 | 3,882 | 8,850 |
| Cash inflows from investing activities | - | - | - | - | - | - |
| Cash outflows from investing activities | (346) | - | - | (53) | - | - |
| Cash flow from investing activities | (346) | - | - | (53) | - | - |
| Cash inflows from financing activities | - | - | 13,019 | - | - | 2,000 |
| Cash outflows from financing activities | (65,920) | (34,926) | (56,994) | (10,190) | (5,345) | (8,691) |
| Cash flow from financing activities | (65,920) | (34,926) | (43,975) | (10,190) | (5,345) | (6,691) |
| Net changes in cash | (7,403) | (8,442) | 14,264 | (1,144) | (1,463) | 2,159 |
| Cash and cash equivalents (beg. of period) | 63,792 | 56,389 | 59,389 | 9,861 | 8,717 | 8,717 |
| Cash and cash equivalents (end of period) | 56,389 | 47,947 | 73,653 | 8,717 | 7,254 | 10,876 |

STATEMENT OF CHANGES IN EQUITY

Interim management report

| STATEMENT OF CHANGES IN EQUITY unaudited | Share capital | Retained Earnings | Other reserves and comprehensive income | Foreign exchange translation reserves | Total |
|---|------------------|----------------------|--|--|----------|
| For the period from 1 Jan to 31 Mar 2019 | HRK 000 | HRK 000 | HRK 000 | HRK 000 | HRK 000 |
| Balance at 1 January 2019 | 436,667 | 67,171 | 127,063 | (6,673) | 624,228 |
| Net profit for the period | - | 2,386 | - | - | 2,386 |
| Change in capital | - | - | - | - | - |
| Change in other reserves | - | - | - | - | - |
| Changes in other comprehensive income | - | - | - | 13,598 | 13,598 |
| Balance at 31 March 2019 | 436,667 | 69,557 | 127,063 | 6,925 | 640,212 |
| For the period from 1 April to 30 June 2019 | HRK 000 | HRK 000 | HRK 000 | HRK 000 | HRK 000 |
| Balance at 1 April 2019 | 436,667 | 69,557 | 127,063 | 6,925 | 640,212 |
| Net profit for the period | - | 3,997 | - | - | 3,997 |
| Change in capital | - | - | - | - | - |
| Change in other reserves | - | - | - | - | - |
| Changes in other comprehensive income | - | - | - | (11,245) | (11,245) |
| Balance at 30 June 2019 | 436,667 | 73,554 | 127,063 | (4,320) | 632,964 |

| STATEMENT OF CHANGES IN EQUITY unaudited | Share capital | Retained Earnings | Other reserves and comprehensive income | Foreign exchange translation reserves | Total |
|---|---------------|----------------------|---|--|---------|
| For the period from 1 Jan to 31 Mar 2019 | USD 000 | USD 000 | USD 000 | USD 000 | USD 000 |
| Balance at 1 January 2019 | 67,500 | 10,383 | 19,641 | (1,031) | 96,493 |
| Net profit for the period | - | 361 | - | - | 361 |
| Change in capital | - | - | - | - | - |
| Change in other reserves | - | - | - | - | - |
| Changes in other comprehensive income | - | - | - | 2,057 | 2,057 |
| Balance at 31 March 2019 | 67,500 | 10,744 | 19,641 | 1,026 | 98,911 |
| For the period from 1 April to 30 June 2019 | USD 000 | USD 000 | USD 000 | USD 000 | USD 000 |
| Balance at 1 April 2019 | 67,500 | 10,744 | 19,641 | 1,026 | 98,911 |
| Net profit for the period | - | 592 | - | - | 592 |
| Change in capital | - | - | - | - | - |
| Change in other reserves | - | - | - | - | - |
| Changes in other comprehensive income | - | - | - | (2,058) | (2,058) |
| Balance at 30 June 2019 | 67,500 | 11,336 | 19,641 | (1,032) | 97,445 |

NET ASSET VALUE CALCULATION

Interim management report

| NET ASSET VALUE CALCULATION estimate | At the date 30 Jun 2018 (000 USD) | At the date 30 Sep 2018 (000 USD) | At the date 31 Dec 2018 (000 USD) | At the date 31 Mar 2019 (000 USD) | At the date 30 June 2019 (000 USD) |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| Total fleet value | 170,460 | 162,860 | 166,250 | 175,700 | 164,770 |
| Investments | - | - | - | - | - |
| Current assets | 3,801 | 5,774 | 6,821 | 7,631 | 4,821 |
| Other non-current assets | 56 | 55 | 18 | 18 | 17 |
| Total value of other assets | 3,857 | 5,829 | 6,839 | 7,649 | 4,838 |
| Cash and cash equivalents | 7,229 | 6,272 | 8,717 | 7,254 | 10,876 |
| Bank debt | (98,247) | (96,401) | (97,556) | (92,210) | (90,865) |
| Net debt | (91,018) | (90,129) | (88,839) | (84,956) | (79,989) |
| Other non-current liabilities | - | - | - | - | - |
| Current liabilities | (2,261) | (3,521) | (4,884) | (7,264) | (6,856) |
| Total value of other liabilities | (2,261) | (3,521) | (4,884) | (7,264) | (6,856) |
| NET ASSET VALUE | 81,038 | 75,039 | 79,366 | 91,129 | 82,763 |
| Weighted average number of shares outstanding, basic & diluted | 8,720,145 | 8,720,145 | 8,720,145 | 8,720,145 | 8,720,145 |
| Net asset value per share (USD) | 9.29 | 8.61 | 9.10 | 10.45 | 9.49 |

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.

The prevailing 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. TNG currently employs the majority of its fleet on time charter.

The revenue potential of TNG has usually been backed by secured contracts, which significantly alleviated the usual volatility of hire rates which were seen during last years.

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.

Corrections on the freight rate market are also reflected in the current estimates of the S&P value of vessels. Value of the fleet at the end of quarter is USD 164.77m, what with all other unchanged parameters gives a NPV per share of USD 9.49.

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 2019

29.07.2019 Management and Supervisory Board meeting held
 23.07.2019 Management and Supervisory Board meeting announcement
 04.07.2019 General Assembly Decisions
 24.05.2019 Additional time charter coverage secured for ECO tanker
 23.05.2019 Invitation to the General Assembly
 17.05.2019 Time charter employment secured for our ECO tanker
 03.05.2019 Managing Board Member new mandate
 30.04.2019 Management and Supervisory Board meetings held
 25.02.2019 Announcement of Management and Supervisory Board sessions
 14.04.2019 Time charter employment secured for MT Velebit
 06.03.2019 Time charter employment secured for ECO tanker
 26.02.2019 Management and Supervisory Board meetings held
 20.02.2019 Announcement of Management and Supervisory Board sessions

SHAREHOLDER STRUCTURE

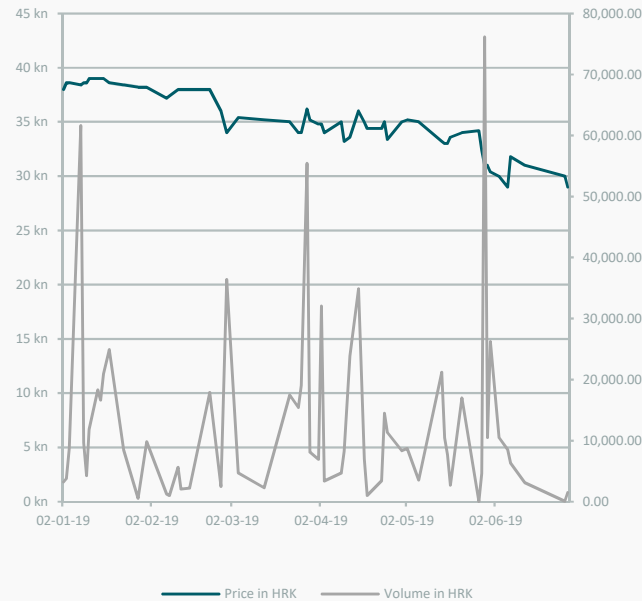
| Shareholder | No. of shares 31 Mar 2019 | Share (in %) |
|---|------------------------------|-----------------|
| Tankerska Plovidba Plc. | 4,454,994 | 51.01% |
| PBZ Croatia Osiguranje OMF | 839,000 | 9.61% |
| Erste Plavi OMF | 808,000 | 9.25% |
| Raiffeisen OMF | 752,036 | 8.61% |
| Raiffeisen DMF | 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 2019 there was no changes in the Management board or the Supervisory board. As of 30 June 2019 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.

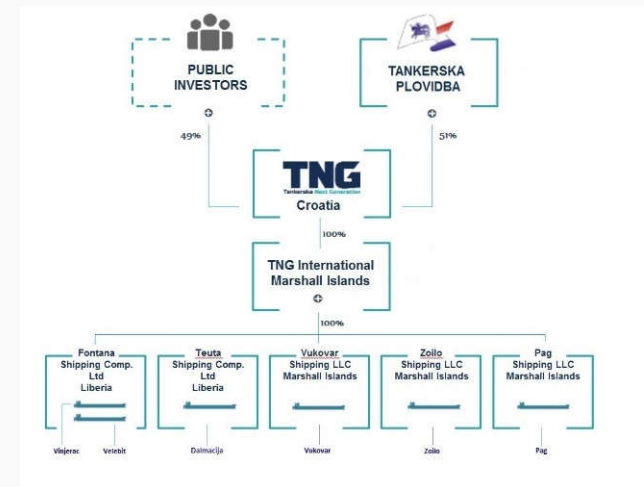
TPNG-R-A STOCK



Company shares with the ticker TPNG-R-A are listed on the Zagreb Stock Exchange. During first quarter of 2019 there were no corporate activities of acquiring treasury shares of the Company. As at 30 June, 2019 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

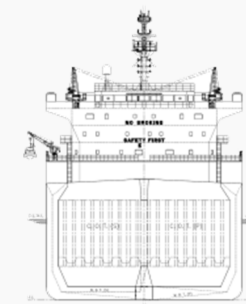
receivables and other receivables, and of investments. Credit risk in liquid funds is limited as the counterparty is often the bank that most international agencies assessed with high credit ratings.

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 relished 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 SIX MONTHS OF 2019
(UNAUDITED)



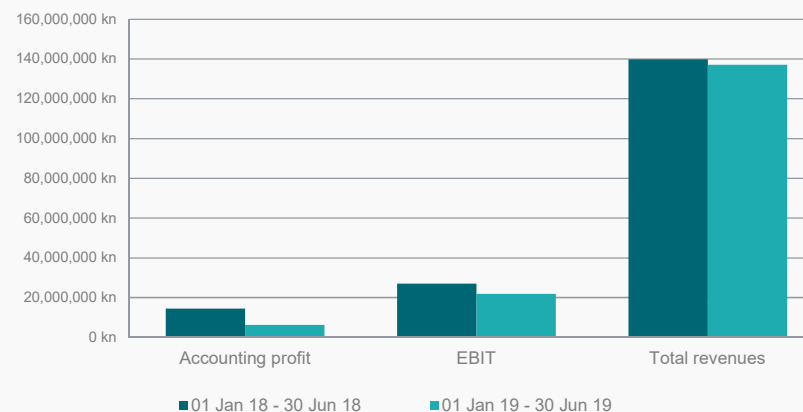
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- I. Report of the Management Board on the Company's operations for the period from 1st January until 30th June, 2019
- II. Unaudited condensed quarterly financial statements
 - Balance Sheet per as at 30th June, 2019
 - Profit and Loss Account for the period from 1st January until 30th June 2019
 - Cash Flow Statement for the period from 1st January until 30th June 2019
 - Statement of Changes in Equity for the period from 1st January until 30th June 2019
 - 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
1st JANUARY UNTIL 30th JUNE 2019

| DESCRIPTION | Period | Period |
|---------------------------------------|---|---|
| | 1 st Jan - 30 th Jun 2018 | 1 st Jan - 30 th Jun 2019 |
| Total revenues | HRK 139,950,809 | HRK 137,113,512 |
| Operating revenues / Total revenues | 98% | 99% |
| Other revenues / Total revenues | 1% | 1% |
| International market / Total revenues | 98% | 100% |
| Domestic market / Total revenues | 0% | 0% |
| Material costs / Operating expenses | 49% | 47% |
| Employee costs / Operating expenses | 21% | 22% |
| Financial expenses / Total Expenses | 11% | 12% |
| Gross margin | 10.50% | 4.69% |
| Accounting profit | HRK 14,455,281 | HRK 6,383,128 |
| Operating profit (EBIT) | HRK 27,053,068 | HRK 21,931,413 |



During the reporting period the Company reported HRK 136.7 million of operating revenues, attributed predominantly to revenue generated from sales.

In the same period, the Company reported HRK 114.8 million of operating costs. The majority of operating expenses are the material costs HRK 54.3 million, depreciation in the amount of HRK 25.4 million, employee costs in the amount HRK 24.7 million and other expenses in the amount of HRK 8.9 million.

In the period ended 30th June 2019, financial income amounted to HRK 382 thousand, while financial expenses amounted to HRK 15.9 million.

In the reporting period, the Company achieved cumulative profit in the amount of HRK 8.73m.

The Company 's equity capital in the amount of HRK 436.7 million was allocated to 8.7 million of approved, issued and fully paid ordinary shares without nominal value. During 2019 there was no activity of redemption of own shares. On June 30, 2019, the Company had 13,200 own shares.

On June 30th, 2019, the Company has the following companies abroad:

Tanker Next Generation International Ltd., Majuro, Marshal Islands;
Fontana Shipping Company Limited, Monrovia, Liberia;
Teuta Shipping Company Ltd., Monrovia, Liberia;
Vukovar Shipping, LLC, Majuro, Marshal Islands;
Zoilo Shipping, LLC, Majuro, Marshal Islands;
Pag Shipping, LLC, Majuro, Marshal Islands.

The table above shows some of the most significant financial report data for the observed period.

Annex 1**ISSUER'S GENERAL DATA**

Reporting period:

01-01-19

to

30-06-19

Year:

2019

Quarter:

2.

Quarterly financial statements

Registration number (MB):

04266838

Issuer's home Member

State code:

HR

Entity's registration
number (MBS):

110046753

Personal identification
number (OIB):

30312968003

LEI:

Institution
code:

Name of the issuer:

Tankerska Next Generation d.d.

Postcode and town:

23000

Zadar

Street and house number:

Božidara Petranovića 4

E-mail address:

tng@tng.hr

Web address:

www.tng.hr

Number of employees
(end of the reporting

139

Consolidated report:

KN

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

| | | |
|--------------------|--|--|
| | | |
| | | |
| | | |
| Bookkeeping firm: | <input type="text" value="Yes"/> | (Yes/No) <input type="text" value="Tankerska plovdba d.d."/> (name of the bookkeeping firm) |
| Contact person: | <input type="text" value="John Karavanić"/> (only name and surname of the contact person) | |
| Telephone: | <input type="text" value="023202132"/> | |
| E-mail address: | <input type="text" value="tng@tng.hr"/> | |
| Audit firm: | <input type="text"/> (name of the audit firm) | |
| Certified auditor: | <input type="text"/> (name and surname) | |

BALANCE SHEET
balance as at 30.06.2019

in HRK

| Submitter: _____ | | | |
|--|------------|---|---|
| Item | ADP code | Last day of the preceding business year | At the reporting date of the current period |
| 1 | 2 | 3 | 4 |
| A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID | 001 | 0 | 0 |
| B) FIXED ASSETS (ADP 003+010+020+031+036) | 002 | 1.186.407.950 | 1.165.711.418 |
| I INTANGIBLE ASSETS (ADP 004 to 009) | 003 | 0 | 0 |
| 1 Research and development | 004 | 0 | 0 |
| 2 Concessions, patents, licences, trademarks, software and other rights | 005 | 0 | 0 |
| 3 Goodwill | 006 | 0 | 0 |
| 4 Advances for the 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 (ADP 011 to 019) | 010 | 1.186.301.689 | 1.165.604.728 |
| 1 Land | 011 | 0 | 0 |
| 2 Buildings | 012 | 0 | 0 |
| 3 Plant and equipment | 013 | 1.186.301.689 | 1.165.604.728 |
| 4 Tools, working inventory and transportation assets | 014 | 0 | 0 |
| 5 Biological assets | 015 | 0 | 0 |
| 6 Advances for the purchase of tangible assets | 016 | 0 | 0 |
| 7 Tangible assets in preparation | 017 | 0 | 0 |
| 8 Other tangible assets | 018 | 0 | 0 |
| 9 Investment property | 019 | 0 | 0 |
| III FIXED FINANCIAL ASSETS (ADP 021 to 030) | 020 | 106.261 | 106.690 |
| 1 Investments in holdings (shares) of undertakings within the group | 021 | 0 | 0 |
| 2 Investments in other securities of undertakings within the group | 022 | 0 | 0 |
| 3 Loans, deposits, etc. to undertakings within the group | 023 | 0 | 0 |
| 4. Investments in holdings (shares) of companies linked by virtue of participating interests | 024 | 0 | 0 |
| 5 Investment in other securities of companies linked by virtue of participating interests | 025 | 0 | 0 |
| 6 Loans, deposits etc. to companies linked by virtue of participating interests | 026 | 0 | 0 |
| 7 Investments in securities | 027 | 0 | 0 |
| 8 Loans, deposits, etc. given | 028 | 106.261 | 106.690 |
| 9 Other investments accounted for using the equity method | 029 | 0 | 0 |
| 10 Other fixed financial assets | 030 | 0 | 0 |
| IV RECEIVABLES (ADP 032 to 035) | 031 | 0 | 0 |
| 1 Receivables from undertakings within the group | 032 | 0 | 0 |
| 2 Receivables from companies linked by virtue of participating interests | 033 | 0 | 0 |
| 3 Customer receivables | 034 | 0 | 0 |
| 4 Other receivables | 035 | 0 | 0 |
| V DEFERRED TAX ASSETS | 036 | 0 | 0 |
| C) CURRENT ASSETS (ADP 038+046+053+063) | 037 | 95.973.771 | 100.343.242 |
| I INVENTORIES (ADP 039 to 045) | 038 | 13.778.961 | 6.618.939 |
| 1 Raw materials and consumables | 039 | 13.778.961 | 6.618.939 |
| 2 Work in progress | 040 | 0 | 0 |

| | | | |
|---|------------|----------------------|----------------------|
| 3 Finished goods | 041 | 0 | 0 |
| 4 Merchandise | 042 | 0 | 0 |
| 5 Advances for inventories | 043 | 0 | 0 |
| 6 Fixed assets held for sale | 044 | 0 | 0 |
| 7 Biological assets | 045 | 0 | 0 |
| II RECEIVABLES (ADP 047 to 052) | 046 | 25.805.521 | 23.071.172 |
| 1 Receivables from undertakings within the group | 047 | 11.555 | 48.227 |
| 2 Receivables from companies linked by virtue of participating interests | 048 | 0 | 0 |
| 3 Customer receivables | 049 | 24.175.791 | 22.923.798 |
| 4 Receivables from employees and members of the undertaking | 050 | 0 | 3.475 |
| 5 Receivables from government and other institutions | 051 | 29.355 | 41.898 |
| 6 Other receivables | 052 | 1.588.820 | 53.774 |
| III CURRENT FINANCIAL ASSETS (ADP 054 to 062) | 053 | 6.469.192 | 6.495.329 |
| 1 Investments in holdings (shares) of undertakings within the group | 054 | 0 | 0 |
| 2 Investments in other securities of undertakings within the group | 055 | 0 | 0 |
| 3 Loans, deposits, etc. to undertakings within the group | 056 | 0 | 0 |
| 4 Investments in holdings (shares) of companies linked by virtue of participating interests | 057 | 0 | 0 |
| 5 Investment in other securities of companies linked by virtue of participating interests | 058 | 0 | 0 |
| 6 Loans, deposits etc. to companies linked by virtue of participating interests | 059 | 0 | 0 |
| 7 Investments in securities | 060 | 0 | 0 |
| 8 Loans, deposits, etc. given | 061 | 6.469.192 | 6.495.329 |
| 9 Other financial assets | 062 | 0 | 0 |
| IV CASH AT BANK AND IN HAND | 063 | 49.920.097 | 64.157.802 |
| D) PREPAID EXPENSES AND ACCRUED INCOME | 064 | 4.542.884 | 1.620.157 |
| E) TOTAL ASSETS (ADP 001+002+037+064) | 065 | 1.286.924.605 | 1.267.674.817 |
| OFF-BALANCE SHEET ITEMS | 066 | 0 | 0 |
| LIABILITIES | | | |
| A) CAPITAL AND RESERVES (ADP 068 to | 067 | 624.227.623 | 632.964.305 |
| I INITIAL (SUBSCRIBED) CAPITAL | 068 | 436.667.250 | 436.667.250 |
| II CAPITAL RESERVES | 069 | 68.425.976 | 68.425.976 |
| III RESERVES FROM PROFIT (ADP 071+072-073+074+075) | 070 | 51.963.626 | 54.317.180 |
| 1 Legal reserves | 071 | 3.637.013 | 3.637.013 |
| 2 Reserves for treasury shares | 072 | 996.600 | 996.600 |
| 3 Treasury shares and holdings (deductible item) | 073 | -996.600 | -996.600 |
| 4 Statutory reserves | 074 | 0 | 0 |
| 5 Other reserves | 075 | 48.326.613 | 50.680.167 |
| IV REVALUATION RESERVES | 076 | 0 | 0 |
| V FAIR VALUE RESERVES (ADP 078 to 080) | 077 | 0 | 0 |
| 1 Fair value of financial assets available for sale | 078 | 0 | 0 |
| 2 Cash flow hedge - effective portion | 079 | 0 | 0 |
| 3 Hedge of a net investment in a foreign operation - effective portion | 080 | 0 | 0 |
| VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083) | 081 | 60.886.273 | 67.170.771 |
| 1 Retained profit | 082 | 60.886.273 | 67.170.771 |
| 2 Loss brought forward | 083 | 0 | 0 |
| VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086) | 084 | 6.284.498 | 6.383.128 |
| 1 Profit for the business year | 085 | 6.284.498 | 6.383.128 |
| 2 Loss for the business year | 086 | 0 | 0 |
| VIII MINORITY (NON-CONTROLLING) INTEREST | 087 | 0 | 0 |

| | | | |
|---|------------|----------------------|----------------------|
| B) PROVISIONS (ADP 089 to 094) | 088 | 0 | 0 |
| 1 Provisions for pensions, termination benefits and similar obligations | 089 | 0 | 0 |
| 2 Provisions for tax liabilities | 090 | 0 | 0 |
| 3 Provisions for ongoing legal cases | 091 | 0 | 0 |
| 4 Provisions for renewal of natural resources | 092 | 0 | 0 |
| 5 Provisions for warranty obligations | 093 | 0 | 0 |
| 6 Other provisions | 094 | 0 | 0 |
| C) LONG-TERM LIABILITIES (ADP 096 to 106) | 095 | 557.475.725 | 559.728.053 |
| 1 Liabilities to undertakings within the group | 096 | 0 | 0 |
| 2 Liabilities for loans, deposits, etc. of undertakings within the group | 097 | 0 | 0 |
| 3 Liabilities to companies linked by virtue of participating interests | 098 | 0 | 0 |
| 4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests | 099 | 0 | 0 |
| 5 Liabilities for loans, deposits etc. | 100 | 0 | 0 |
| 6 Liabilities to banks and other financial institutions | 101 | 557.475.725 | 559.728.053 |
| 7 Liabilities for advance payments | 102 | 0 | 0 |
| 8 Liabilities to suppliers | 103 | 0 | 0 |
| 9 Liabilities for securities | 104 | 0 | 0 |
| 10 Other long-term liabilities | 105 | 0 | 0 |
| 11 Deferred tax liability | 106 | 0 | 0 |
| D) SHORT-TERM LIABILITIES (ADP 108 to 121) | 107 | 99.844.775 | 59.394.658 |
| 1 Liabilities to undertakings within the group | 108 | 5.928.044 | 11.711.099 |
| 2 Liabilities for loans, deposits, etc. of undertakings within the group | 109 | 0 | 0 |
| 3 Liabilities to companies linked by virtue of participating interests | 110 | 0 | 0 |
| 4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests | 111 | 0 | 0 |
| 5 Liabilities for loans, deposits etc. | 112 | 0 | 0 |
| 6 Liabilities to banks and other financial institutions | 113 | 73.630.070 | 30.468.447 |
| 7 Liabilities for advance payments | 114 | 5.328.229 | 0 |
| 8 Liabilities to suppliers | 115 | 10.587.864 | 5.792.433 |
| 9 Liabilities for securities | 116 | 0 | 0 |
| 10 Liabilities to employees | 117 | 4.193.405 | 4.661.493 |
| 11 Taxes, contributions and similar liabilities | 118 | 32.267 | 38.033 |
| 12 Liabilities arising from the share in the result | 119 | 53.773 | 53.774 |
| 13 Liabilities arising from fixed assets held for sale | 120 | 0 | 0 |
| 14 Other short-term liabilities | 121 | 91.123 | 6.669.379 |
| E) ACCRUALS AND DEFERRED INCOME | 122 | 5.376.482 | 15.587.801 |
| F) TOTAL – LIABILITIES (ADP 067+088+095+107+122) | 123 | 1.286.924.605 | 1.267.674.817 |
| G) OFF-BALANCE SHEET ITEMS | 124 | 0 | 0 |

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2019 to 30.06.2019

in HRK

Submitter: _____

| Item | ADP code | Same period of the previous year | | Current period | |
|---|------------|----------------------------------|-------------------|--------------------|-------------------|
| | | Cumulative | Quarter | Cumulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |
| I OPERATING INCOME (ADP 126 to 130) | 125 | 138.374.115 | 64.925.688 | 136.731.509 | 63.380.005 |
| 1 Income from sales with undertakings within the group | 126 | 0 | 0 | 0 | 0 |
| 2 Income from sales (outside group) | 127 | 137.621.637 | 64.714.101 | 136.126.145 | 62.984.018 |
| 3 Income from the use of own products, goods and services | 128 | 0 | 0 | 0 | 0 |
| 4 Other operating income with undertakings within the group | 129 | 0 | 0 | 0 | 0 |
| 5 Other operating income (outside the group) | 130 | 752.478 | 211.587 | 605.364 | 395.987 |
| II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153) | 131 | 111.321.047 | 58.102.008 | 114.800.097 | 51.656.383 |
| 1 Changes in inventories of work in progress and finished goods | 132 | 0 | 0 | 0 | 0 |
| 2 Material costs (ADP 134 to 136) | 133 | 54.170.279 | 28.939.874 | 54.322.492 | 21.788.727 |
| a) Costs of raw materials and consumables | 134 | 27.266.021 | 13.527.624 | 27.395.580 | 10.379.409 |
| b) Costs of goods sold | 135 | 2.132.445 | 2.132.445 | 0 | 0 |
| c) Other external costs | 136 | 24.771.813 | 13.279.805 | 26.926.912 | 11.409.318 |
| 3 Staff costs (ADP 138 to 140) | 137 | 23.882.424 | 12.108.036 | 24.714.564 | 12.350.632 |
| a) Net salaries and wages | 138 | 23.541.140 | 11.933.270 | 24.493.333 | 12.239.508 |
| b) Tax and contributions from salary costs | 139 | 235.394 | 120.665 | 160.114 | 80.439 |
| c) Contributions on salaries | 140 | 105.890 | 54.101 | 61.117 | 30.685 |
| 4 Depreciation | 141 | 25.162.154 | 13.190.547 | 25.399.223 | 12.769.200 |
| 5 Other costs | 142 | 7.073.741 | 3.521.091 | 8.900.031 | 4.580.596 |
| 6 Value adjustments (ADP 144+145) | 143 | 0 | 0 | 0 | 0 |
| a) fixed assets other than financial assets | 144 | 0 | 0 | 0 | 0 |
| b) current assets other than financial assets | 145 | 0 | 0 | 0 | 0 |
| 7 Provisions (ADP 147 to 152) | 146 | 0 | 0 | 0 | 0 |
| a) Provisions for pensions, termination benefits and similar obligations | 147 | 0 | 0 | 0 | 0 |
| b) Provisions for tax liabilities | 148 | 0 | 0 | 0 | 0 |
| c) Provisions for ongoing legal cases | 149 | 0 | 0 | 0 | 0 |
| d) Provisions for renewal of natural resources | 150 | 0 | 0 | 0 | 0 |
| e) Provisions for warranty obligations | 151 | 0 | 0 | 0 | 0 |
| f) Other provisions | 152 | 0 | 0 | 0 | 0 |
| 8 Other operating expenses | 153 | 1.032.449 | 342.460 | 1.463.787 | 167.228 |
| III FINANCIAL INCOME (ADP 155 to 164) | 154 | 1.576.694 | 1.164.744 | 382.003 | 97.122 |
| 1 Income from investments in holdings (shares) of undertakings within the group | 155 | 0 | 0 | 0 | 0 |
| 2 Income from investments in holdings (shares) of companies linked by virtue of participating interests | 156 | 0 | 0 | 0 | 0 |
| 3 Income from other long-term financial investment and loans granted to undertakings within the group | 157 | 0 | 0 | 0 | 0 |
| 4 Other interest income from operations with undertakings within the group | 158 | 0 | 0 | 0 | 0 |
| 5 Exchange rate differences and other financial income from operations with undertakings within the group | 159 | 0 | 0 | 0 | 0 |
| 6 Income from other long-term financial investments and loans | 160 | 0 | 0 | 0 | 0 |
| 7 Other interest income | 161 | 1.576.694 | 1.164.744 | 325.442 | 43.878 |
| 8 Exchange rate differences and other financial income | 162 | 0 | 0 | 56.561 | 53.244 |
| 9 Unrealised gains (income) from financial assets | 163 | 0 | 0 | 0 | 0 |
| 10 Other financial income | 164 | 0 | 0 | 0 | 0 |
| IV FINANCIAL EXPENSES (ADP 166 to 172) | 165 | 14.174.481 | 7.938.801 | 15.930.287 | 7.823.238 |
| 1 Interest expenses and similar expenses with undertakings within the group | 166 | 0 | 0 | 0 | 0 |
| 2 Exchange rate differences and other expenses from operations with undertakings within the group | 167 | 24.697 | 14.299 | 0 | 0 |
| 3 Interest expenses and similar expenses | 168 | 14.071.665 | 7.725.282 | 15.930.287 | 7.823.238 |
| 4 Exchange rate differences and other expenses | 169 | 78.119 | 199.220 | 0 | 0 |
| 5 Unrealised losses (expenses) from financial assets | 170 | 0 | 0 | 0 | 0 |
| 6 Value adjustments of financial assets (net) | 171 | 0 | 0 | 0 | 0 |
| 7 Other financial expenses | 172 | 0 | 0 | 0 | 0 |
| V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS | 173 | 0 | 0 | 0 | 0 |
| VI SHARE IN PROFIT FROM JOINT VENTURES | 174 | 0 | 0 | 0 | 0 |
| VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST | 175 | 0 | 0 | 0 | 0 |
| VIII SHARE IN LOSS OF JOINT VENTURES | 176 | 0 | 0 | 0 | 0 |
| IX TOTAL INCOME (ADP 125+154+173 + 174) | 177 | 139.950.809 | 66.090.432 | 137.113.512 | 63.477.127 |

| | | | | | |
|---|------------|-------------|------------|-------------|-------------|
| X TOTAL EXPENDITURE (ADP 131+165+175 + 176) | 178 | 125.495.528 | 66.040.809 | 130.730.384 | 59.479.621 |
| XI PRE-TAX PROFIT OR LOSS (ADP 177-178) | 179 | 14.455.281 | 49.623 | 6.383.128 | 3.997.506 |
| 1 Pre-tax profit (ADP 177-178) | 180 | 14.455.281 | 49.623 | 6.383.128 | 3.997.506 |
| 2 Pre-tax loss (ADP 178-177) | 181 | 0 | 0 | 0 | 0 |
| XII INCOME TAX | 182 | 0 | 0 | 0 | 0 |
| XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182) | 183 | 14.455.281 | 49.623 | 6.383.128 | 3.997.506 |
| 1 Profit for the period (ADP 179-182) | 184 | 14.455.281 | 49.623 | 6.383.128 | 3.997.506 |
| 2 Loss for the period (ADP 182-179) | 185 | 0 | 0 | 0 | 0 |
| DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations) | | | | | |
| XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188) | 186 | 0 | 0 | 0 | 0 |
| 1 Pre-tax profit from discontinued operations | 187 | 0 | 0 | 0 | 0 |
| 2 Pre-tax loss on discontinued operations | 188 | 0 | 0 | 0 | 0 |
| XV INCOME TAX OF DISCONTINUED OPERATIONS | 189 | 0 | 0 | 0 | 0 |
| 1 Discontinued operations profit for the period (ADP 186-189) | 190 | | | | |
| 2 Discontinued operations loss for the period (ADP 189-186) | 191 | | | | |
| TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations) | | | | | |
| XVI PRE-TAX PROFIT OR LOSS (ADP 179+186) | 192 | 14.455.281 | 49.623 | 6.383.128 | 3.997.506 |
| 1 Pre-tax profit (ADP 192) | 193 | 14.455.281 | 49.623 | 6.383.128 | 3.997.506 |
| 2 Pre-tax loss (ADP 192) | 194 | 0 | 0 | 0 | 0 |
| XVII INCOME TAX (ADP 182+189) | 195 | 0 | 0 | 0 | 0 |
| XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195) | 196 | 14.455.281 | 49.623 | 6.383.128 | 3.997.506 |
| 1 Profit for the period (ADP 192-195) | 197 | 14.455.281 | 49.623 | 6.383.128 | 3.997.506 |
| 2 Loss for the period (ADP 195-192) | 198 | | | | |
| APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements) | | | | | |
| XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201) | 199 | 0 | 0 | 0 | 0 |
| 1 Attributable to owners of the parent | 200 | 0 | 0 | 0 | 0 |
| 2 Attributable to minority (non-controlling) interest | 201 | 0 | 0 | 0 | 0 |
| STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS) | | | | | |
| I PROFIT OR LOSS FOR THE PERIOD | 202 | 14.455.281 | 49.623 | 6.383.128 | 3.997.506 |
| II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211) | 203 | 6.487.251 | 29.530.264 | 2.353.554 | -11.245.089 |
| 1 Exchange rate differences from translation of foreign operations | 204 | 6.487.251 | 29.530.264 | 2.353.554 | -11.245.089 |
| 2 Changes in revaluation reserves of fixed tangible and intangible assets | 205 | 0 | 0 | 0 | 0 |
| 3 Profit or loss arising from subsequent measurement of financial assets available for sale | 206 | 0 | 0 | 0 | 0 |
| 4 Profit or loss arising from effective cash flow hedging | 207 | 0 | 0 | 0 | 0 |
| 5 Profit or loss arising from effective hedge of a net investment in a foreign operation | 208 | 0 | 0 | 0 | 0 |
| 6 Share in other comprehensive income/loss of companies linked by virtue of participating interests | 209 | 0 | 0 | 0 | 0 |
| 7 Actuarial gains/losses on the defined benefit obligation | 210 | 0 | 0 | 0 | 0 |
| 8 Other changes in equity unrelated to owners | 211 | 0 | 0 | 0 | 0 |
| III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD | 212 | 0 | 0 | 0 | 0 |
| IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212) | 213 | 6.487.251 | 29.530.264 | 2.353.554 | -11.245.089 |
| V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213) | 214 | 20.942.532 | 29.579.887 | 8.736.682 | -7.247.583 |
| APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements) | | | | | |
| VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217) | 215 | 0 | 0 | 0 | 0 |
| 1 Attributable to owners of the parent | 216 | 0 | 0 | 0 | 0 |
| 2 Attributable to minority (non-controlling) interest | 217 | 0 | 0 | 0 | 0 |

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2019 to 30.06.2019

in HRK

| Submitter: _____ | | | |
|--|------------|----------------------------------|-------------------|
| Item | ADP code | Same period of the previous year | Current period |
| 1 | 2 | 3 | 4 |
| Cash flow from operating activities | | | |
| 1 Pre-tax profit | 001 | 14.455.281 | 6.383.128 |
| 2 Adjustments (ADP 003 to 010): | 002 | 38.000.417 | 41.392.305 |
| a) Depreciation | 003 | 25.162.154 | 25.399.223 |
| b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets | 004 | 0 | 0 |
| c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets | 005 | 0 | 0 |
| d) Interest and dividend income | 006 | -1.576.694 | -325.442 |
| e) Interest expenses | 007 | 14.096.361 | 15.930.287 |
| f) Provisions | 008 | 0 | 0 |
| g) Exchange rate differences (unrealised) | 009 | 293.899 | 388.237 |
| h) Other adjustments for non-cash transactions and unrealised gains and losses | 010 | 24.697 | 0 |
| I Cash flow increase or decrease before changes in working capital (ADP 001+002) | 011 | 52.455.698 | 47.775.433 |
| 3 Changes in the working capital (ADP 013 to 016) | 012 | -2.983.330 | 25.029.883 |
| a) Increase or decrease in short-term liabilities | 013 | -8.533.736 | 13.066.406 |
| b) Increase or decrease in short-term receivables | 014 | 8.418.963 | 4.803.455 |
| c) Increase or decrease in inventories | 015 | -2.868.557 | 7.160.022 |
| d) Other increase or decrease in working capital | 016 | 0 | 0 |
| II Cash from operations (ADP 011+012) | 017 | 49.472.368 | 72.805.316 |
| 4 Interest paid | 018 | -12.633.714 | -14.725.566 |
| 5 Income tax paid | 019 | 0 | 0 |
| A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019) | 020 | 36.838.654 | 58.079.750 |
| Cash flow from investment activities | | | |
| 1 Cash receipts from sales of fixed tangible and intangible assets | 021 | 0 | 0 |
| 2 Cash receipts from sales of financial instruments | 022 | 0 | 0 |
| 3 Interest received | 023 | 0 | 68.012 |
| 4 Dividends received | 024 | 0 | 0 |
| 5 Cash receipts from repayment of loans and deposits | 025 | 0 | 0 |
| 6 Other cash receipts from investment activities | 026 | 0 | 0 |
| III Total cash receipts from investment activities (ADP 021 to 026) | 027 | 0 | 68.012 |
| 1 Cash payments for the purchase of fixed tangible and intangible assets | 028 | 0 | 0 |
| 2 Cash payments for the acquisition of financial instruments | 029 | 0 | 0 |
| 3 Cash payments for loans and deposits for the period | 030 | 0 | 0 |
| 4 Acquisition of a subsidiary, net of cash acquired | 031 | 0 | 0 |
| 5 Other cash payments from investment activities | 032 | -339.022 | 0 |
| IV Total cash payments from investment activities (ADP 028 to 032) | 033 | -339.022 | 0 |
| B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033) | 034 | -339.022 | 68.012 |
| Cash flow from financing activities | | | |
| 1 Cash receipts from the increase in initial (subscribed) capital | 035 | 0 | 0 |
| 2 Cash receipts from the issue of equity financial instruments and debt financial instruments | 036 | 0 | 0 |
| 3 Cash receipts from credit principals, loans and other borrowings | 037 | 0 | 13.019.034 |

| | | | |
|---|------------|-------------|-------------|
| 4 Other cash receipts from financing activities | 038 | 0 | 0 |
| V Total cash receipts from financing activities (ADP 035 to 038) | 039 | 0 | 13.019.034 |
| 1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments | 040 | -55.070.077 | -56.993.720 |
| 2 Cash payments for dividends | 041 | 0 | 0 |
| 3 Cash payments for finance lease | 042 | 0 | 0 |
| 4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital | 043 | 0 | 0 |
| 5 Other cash payments from financing activities | 044 | 0 | 0 |
| VI Total cash payments from financing activities (ADP 040 to 044) | 045 | -55.070.077 | -56.993.720 |
| C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045) | 046 | -55.070.077 | -43.974.686 |
| 1 Unrealised exchange rate differences in respect of cash and cash equivalents | 047 | 585.085 | 90.766 |
| D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047) | 048 | -17.985.360 | 14.263.842 |
| E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 049 | 63.791.743 | 56.389.289 |
| F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049) | 050 | 45.806.383 | 70.653.131 |

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 2019 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 30th June, 2019 Tankerska Next Generation's Inc. share capital amounted to HRK 436,667,250 divided into 8,733,345 TPNG-R-A ordinary shares with no par value.

The Financial Statements for the period ending 30 June, 2019 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 30th June 2019 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 31st December, 2018.

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 31st December 2018.

Notes to the financial statements

Interim management report

3. Earnings per Share

See table on the right
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 on the right

5. Subsequent events after Balance Sheet date

There were no subsequent events after Balance Sheet date which would significantly affect the financial statements on 30th June 2019.

| EARNINGS PER SHARE | Period 1 st Jan - 30 th Jun 2018 | Period 1 st Jan - 30 th Jun 2019 |
|-------------------------------------|---|---|
| Net (loss) / profit to shareholders | HRK 14,455,281 | HRK 6,383,128 |
| Weighted average number of shares | 8,720,145 | 8,720,145 |
| Basic (loss) / earnings per share | HRK 1.66 | HRK 0.73 |

| RELATED PARTY TRANSACTIONS | Period 1 st Jan - 30 th Jun 2018 | Period 1 st Jan - 30 th Jun 2019 |
|-------------------------------------|---|---|
| Sales to related parties | HRK 0 | HRK 0 |
| Purchase from related parties | HRK 8,868,718 | HRK 9,091,983 |
| Receivables from related parties | HRK 6,254 | HRK 48,227 |
| Liabilities towards related parties | HRK 56,810 | HRK 11,711,099 |
| Given loans to related parties | HRK 0 | HRK 0 |
| Received loans from related parties | HRK 0 | HRK 0 |

Notes to the financial statements

Interim management report

III. STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements for the period starting 1st January 2019 and ending 30th June 2019 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 1st January 2019, and ending on 30th June 2019, contains a fair presentation of the Company's development, operating results and position with the description of significant risks and uncertainty the Company is exposed to.

Zadar, 29th July 2019



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.

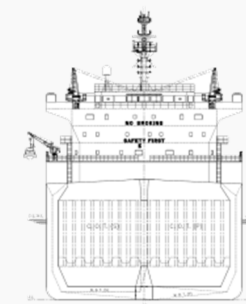
Operating Days. Operating Days represent the number of days the Group's vessels are in operation during the year. Operating Days is a measurement that is only applicable to owned and not bareboated or chartered-in vessels. Where a vessel is under the Group's ownership for a full year, Operating Days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

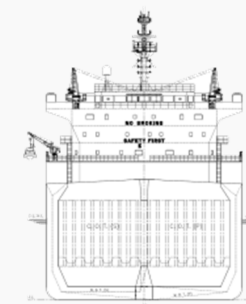
Daily vessel operating expenses. Daily vessel operating expenses is a metric used to evaluate the Group's ability to efficiently operate vessels incurring operating expenses and to limit these expenses.

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.



Chartering contract terms

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.

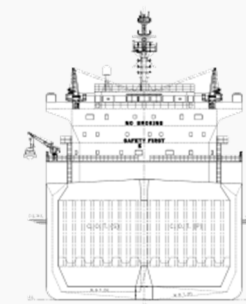
Voyage charter. Voyage charter involves the carriage of a specific amount and type of cargo from a specific loading port(s) to a specific unloading port(s) and most of these charters are of a single voyage nature. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo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

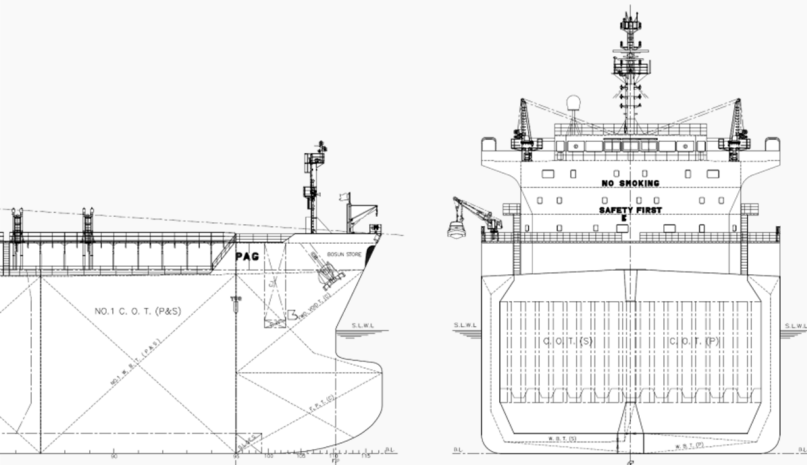
In the tonnage tax system, the shipping operations shifted from taxation of business income to tonnage-based taxation. Under the tonnage tax regime, the tax liability is not calculated on the basis of income and expenses as under the normal corporate taxation, but is based on the controlled fleet's notional 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 Management fee* - technical management - crew management - insurance arrangements - accounting services | | |
| Commissions | Address Brokerage | | |
| Commercial fee* | Chartering and commercial management services | | |
| Voyage (minor) | Draft surveys Tank cleaning Postage Other minor miscellaneous expenses | | |
| Voyage (major) | Bunker fuel expenses Port fees Cargo loading and unloading expenses Canal tolls Agency fees Extra war risks insurance Other expenses related to the cargo | | |

Ship-owner payments
 Charterer payments

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

Cautionary note regarding forward-looking statements

Interim management report

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

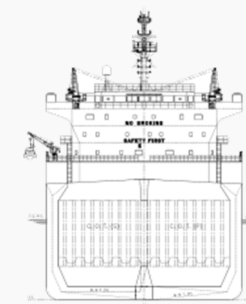
Words such as „believe“, „anticipate“, „estimate“, „expect“, „intend“, „predict“, „project“, „could“, „may“, „will“, „plan“ and similar expressions are intended to identify forward-looking statements, but

are not the exclusive means of identifying such statements.

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

When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as of the date on which they were made.

Accordingly, the Company does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, other than as required by applicable laws and the Zagreb Stock Exchange Rules. The Company makes no representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.



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Interim management report

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