

TANKERSKA **NEXT GENERATION**

UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH
QUARTER AND THE FULL YEAR 2019

2019

Q1

Q2

Q3

Q4



Contents

	Comments from the CEO	1
	Market environment	3
	Results for the period	9
	Operational data of the fleet	13
	Financial summary	16
	Risk management	24
	Unaudited financial statements	28
	Notes to the financial statements	38
	Important terms and concepts	39
	Cautionary note	46
	Contact	47

Results 2019

Vessel revenue
USD **40.5m**

EBITDA
USD **16.7m**

EBIT
USD **8.1m**

Net profit
USD **3.6m**

TCE NET: 14,794 USD/day
OPEX: 6,657 USD/day

UNCTAD expects international maritime trade to expand at an average annual growth rate of 3.5 per cent over the 2019–2024 period, driven in particular by growth in containerized, dry bulk and gas cargoes. However, uncertainty remains an overriding theme in the current maritime transport environment, with risks tilted to the downside.

Trade conflicts and geopolitical instability were key drivers of the world economy and its markets in 2019 but have subsequently taken a back seat due to the recent outbreak. While the sudden increase of a rare infectious disease has left only traces in 2019's reports due to its early stage, it is quite certain it will leave a remarkable footprint in 2020 worldwide.

In spite of tariff escalation between China and the United States which dominated the headlines in 2018 and early 2019 (nearly 2% of world maritime trade volume was estimated to be affected by tariff hikes applied in September 2018 and May and June 2019), the tanker markets managed to make an outstanding comeback in Q4/19.

So just about when the Owners got comfortable in their driving position towards the final days of 2019; 2020 has brought us new concerns. The equation however is not one dimensional. Entities within the shipping supply chain in regions in the Far East which have been deeply exposed to the outbreak have been declaring force

majeure which in turn has significantly boosted the demand for sea storage and blocked Chinese yards lined up for scrubber and ballast water treatment installations.

Market conditions in 2019 offered Tankerska Next Generation an opportunity to retreat back to its fundamentals. The company's strategic concept continued to focus on the efforts to secure a strong employment balance between voyage charter and period business. Prioritizing the latter. In this respect, Tankerska Next Generation secured a 12-month time charter employment for one of the ECO class product tankers in March to a prominent charterer at USD 16,000 after which a one year employment for the conventional ice class product tanker MT Velebit, at USD 14,500 per day was concluded, leading to yet an additional eight months at approximately USD 15,500 per day in due course. In May, TNG secured an additional minimum 6 month time charter employment for one of the ECO class product tankers at USD 17,000 per day while yet another deal was concluded that same month for minimum 6-months for another one of its ECO class product tankers with charterers' option to extend for up to 12 months chartered out to a leading U.S. charterer at approximately USD 17,100 per day.

The net profit of TNG was HRK 23.3m (USD 3.6m), is, among other things, the direct result of:

- well-timed time charter executions,
- but also the consequence of the impairment decision and
- a strong spot market recovery mainly attributed to the fourth quarter, more so towards the final stages of the year.

The vessel Dalmacija's carrying amount was reduced by 2% of the estimated market value since her book value by the Management's estimates exceeded the estimated DCF value. A loss of 4.688 million HRK (USD 0.705m) is shown as an expense in the profit and loss sheet and will be exhibited under the financial notes report.

As we have passed beyond the end of the year, we are facing a new reality, somewhat different to what the market has long expected; stringently scheduled ship repairs and modifications in 2019 are not flourishing as expected and while shipyards try to do their best, delays at present are heavily impacting market fundamentals, BWTS instalments and scrubber economics. Currently, the sole task of all ship repair yards is to adapt to as many projects as possible with limited means of doing so and alternatively pushing them forward as much as possible, confronting the prevailing limitations on berth capacities, free dry-dock capacities and above all, tackling issues with limited human resources.

Last, but by no means least important, we are proud to highlight some of our statistics regarding the Company's KPIs, vetting results, and technical performance and report we have accomplished a year of outstanding results. The Company and its fleet manager Tankerska Plovidba believe in continuous improvement and regular crew and officer training which is reflected in the safety metrics.

The fleet manager "Tankerska Plovidba" has once again displayed it has capacity and capability to outperform the industry's best.

The "Lost Time Injury Frequency" (LTIF) which is key to assessing safety performance along with "Total Recordable Case Frequency" (TRCF) was zero.

There was 1 recorded breakdown related to critical equipment but no spills or pollution to the environment nor did any blackouts occur on board. The number of days lost to unplanned maintenance was zero which attributed to the fleet's overall utilization.

Furthermore, no vetting failures and the average number of vetting deficiencies was 2, which remains to be an extremely satisfying level.

Reviewing the KPIs in 2019, Tankerska Plovidba was contended with 3 extensive TMSA audits during the course of the year, which were all prosperous for us, resulting in oil major companies' clearances for

chartering long term business.

The Company's technical KPIs will be elaborated in more detail in our April annual report however we can say we are more than pleased with last year's success in this respect.

In the long run, the announced future GHG (Greenhouse gas) emission regulations; in addition to the above macro factors, should become key determinants that will in many ways affect the new market balance in the tanker market or transportation by sea in general. This has, beyond any doubt, brought more uncertainty to the table and puts the order book in the limelight; which is at its lowest level since 1997.



John Karavanić, CEO



Market environment

Uncertainty, is the only certainty we can rely on

Global

Action in the energy sector will make or break the world's chances of success at reining in climate change, since the sector accounts for about three quarters of global greenhouse gas (GHG) emissions. This points to an urgent need to phase in low-carbon energy technologies, and also to use energy more efficiently. Yet, current projections are at odds with the changes that are necessary. While most new power generation capacity added globally is coming from renewables—mostly wind and solar energy—most energy consumed globally is still provided by fossil fuels. At the same time, global energy demand continues to rise, and is projected to grow by nearly 50 per cent by 2050. More than half of the projected increase will occur in China, India and other countries in East and South Asia.

The China–United States trade war is an ongoing economic conflict between the world's two largest national economies, China and the United States that has taken a positive turn. The trade war has been criticized internationally, including by U.S. businesses and agricultural organizations, though most farmers continued to support Trump. Among U.S. politicians the response has been mixed, and most agree that pressure needs to be put on China. Analysis conducted by Moody's Analytics estimated that through August 2019 300,000 American jobs had either been lost or not created due to the trade war, especially affecting manufacturing, warehousing, distribution and retail. A

November 2019 United Nations analysis reported that "the U.S. tariffs on China are economically hurting both countries".

The ongoing dispute has seen the US and China impose tariffs on hundreds of billions of dollars worth of one another's goods. US President Donald Trump has long accused China of unfair trading practices and intellectual property theft. This has and will inevitably take its toll on international (seaborne) trade.

Mr Trump's tariffs policy aims to encourage consumers to buy American products by making imported goods more expensive. On the other hand, in China, there is a perception that America is trying to curb their rise as a global economic power

China's slowdown has deepened due to US-China trade conflict

2019 was a challenging year for China. After a period of relative stability in 2016-17, official real GDP growth has slowed materially since mid-2018, falling to 6.0% yoy in Q3-19 (the lowest pace since 1990). Not surprisingly, this slowdown occurred during a period of escalating US-China tensions. In 2018 the US imposed tariffs on USD 250 bn of imports from China. The situation temporarily improved after Trump and Xi reached a truce in December 2018. However in May 2019, the conflict re-escalated with the US raising existing tariffs on USD 200bn of imports from China and announcing new tariffs on USD 300bn (to be implemented in phases, per 1 September and 15

December). Notwithstanding the de-escalation that took place in the fourth quarter of 2019, the trade-tech war (with its many twists and turns) on balance had a negative impact on Chinese business confidence and domestic spending (both on investment and consumption) in the course of last year.

The trade conflict is not the only factor that has driven down Chinese growth. Lagging effects from Beijing's previous financial deleveraging campaign also played a role, as particularly the private sector but also local governments had to deal with more difficult funding conditions. That was for instance illustrated by a rise in corporate defaults. The number of real estate companies filing for bankruptcy, for instance, has risen last year, partly due to a tightening of credit regulations. All of this is also reflected in a slowdown of private investment in the course of last year.

UN, January 2020
BBC, January 2020
ABN AMRO, January 2020

Shake-up in Hong Kong

Protests in Hong Kong have escalated throughout last year, demonstrating an underlying discontent, condemning the lack of political freedom and uncertainty about the future of Hong Kong. The developments have shown that the 'one country, two systems' framework is being challenged. Given that Hong Kong is a sort of gateway for China as an international trading and financial hub, it is likely that Beijing will continue to act cautiously, also taking into account political pressure from the international community.

IMO 2020

Some say this is the biggest change in global fuel regulations since leaded gas was abandoned. Can the industry cope?

The shipping industry has now crossed the line of speculation and confronted the new IMO rules but it seems too soon to draw firm conclusions about the implications of IMO 2020 on the shipping and the oil industry. Shipping and its stakeholders awaited for this day with desperation, reluctance and resistance. In spite of everything we have without doubt entered yet one more threshold of trepidation. As if IMO 2020 regulation and its associated compliancy cash out did not add enough spice to the overall shipping equation, we have added an outbreak.

In the coming weeks we will certainly be monitoring what happens to bunker prices, the availability and quality of the various fuel types and the impact on tanker rates.

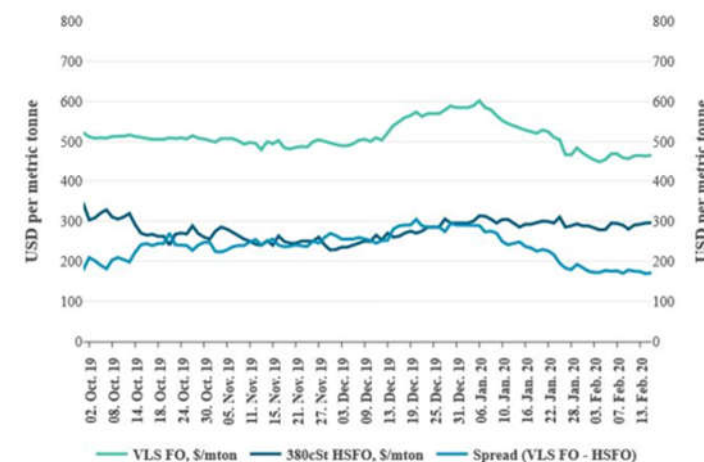
Contrary to many expectations, the availability of the various compliant fuels does not seem to be making headlines. After all, oil and shipping markets have had time to prepare for the implementation of IMO 2020. Oil companies, bunker providers and other market participants have built inventories to be able to handle a surge in demand for compliant fuels. Despite this there have been some reports of tight availability while major bunkering hubs (Gibraltar and Singapore in particular) have been mentioned with vessels reportedly in backlogs, having to wait for bunker compliant refills.

On the other hand, prospects of tight availability of High Sulphur Fuel Oil (HSFO) is a topic that could potentially become more of an issue later in the year since only vessels with scrubbers, currently representing an estimated 12% of the fleet can still use this fuel. For bunker suppliers, it may not make sense to dedicate storage tanks and bunker barges to HSFO in smaller bunker ports if there is no consistent demand. As a result, shipping companies that have installed scrubbers on their fleet will need to be more vigilant while planning bunker replenishments and, in some cases, maybe become inclined to purchase low sulphur bunkers.

The company has taken the view of how availability of compliant fuels will be satisfactory and will increase over time. The price differential between VLSFO and HSFO worldwide has shrunk, and is hovering below USD 200.00 pmt in major European hubs.

In due course the bunker markets will become more balanced and shipping more composed so IMO 2020 issues will eventually become outdated.

Rotterdam, Fuel Prices



BIMCO, February 2020

Shipyards – newbuildings and retrofits

China also holds a significant share of the global shipyard industry. Newbuilding deliveries for January 2020, don't seem to be impacted, but for the coming months, BIMCO expects to see an effect. This goes for retrofits of scrubbers, ballast water treatments systems etc. as well.

According to reports there is currently a four- to-five-month backlog of vessels that should have been retrofitted by the end of last year. The number of vessels that need to be retrofitted has accumulated so it will probably take until April or May to complete all scrubber installations which will be compounded by the Corona virus outbreak.

The reasons are manifold. Labour, material shortages and limited yard capacity are the biggest issues. Designers and yards have a high workload of retrofit installations, and lack of staff has doubled the installation time at yards from 40 to 80 days.

Tanker markets see dramatic turn in 19Q4

After an uninspiring decade full of dull performance and much the same in the first nine months of 2019, Q4 tanker markets soared to their highest levels since 2008. VLCC rates were at the forefront of this bonanza starting off in the middle of September, reaching nearly \$300,000 per day. Although rates fell back from their peak, they still averaged over \$100,000 per day for the fourth quarter. Suezmax rates followed, often

reaching \$150,000 per day and averaging more than \$50-60,000 per day during 19Q4. Aframax gained almost as respectively for the entire quarter.

With the imminent IMO 2020 regulations and a ban on the COSCO fleet becoming key drivers, October saw the tanker market rebound, assisted by a rising

number of vessels out of service due to scrubber installations, floating storage and sanctions. While the surge in product tanker rates was not as spectacular, spot earnings gradually reached a multi-year high in 19Q4.

Product tankers	
QUICK OVERVIEW	MR (25-59,999DWT)
Key fleet figures as at 01st January 2020 In Service: 2,524 vessels total dwt capacity: 110,794,168 dwt year to date growth: 0.00 % Over 20yrs: 208 vessels total dwt capacity: 8,402,738 dwt as a percentage of fleet: 8.24 % On Order: 186 vessels total dwt capacity: 8,456,001 dwt as a percentage of fleet: 7.37 %	Changes in 2020 as at 01st January 2020 Deliveries: 115 vessels total dwt capacity: 5,299,331 dwt as a % of starting fleet: 4.56 % of which latest month: 2 vessels and in dwt terms: 89,676 dwt New Orders: 67 vessels total dwt capacity: 3,051,283 dwt as a % of starting fleet: 2.65 % of which latest month: 0 vessels and in dwt terms: 0 dwt Scrapped: 27 vessels total dwt capacity: 1,120,586 dwt as a % of starting fleet: 1.07 % of which latest month: 2 vessels and in dwt terms: 82,929 dwt
Remaining deliveries for 2019 as at 01st January 2020 Scheduled: 0 vessels total dwt capacity: 0 dwt as a percentage of fleet: 0.00 %	

MR TCE rates shifted from low teens per day to figures in the twenties more so than in the LR markets where significant switching from clean to dirty balanced Aframaxes and LR2s providing a bit less excitement.

MR Tanker market

Overall clean markets in 2019 were up from 2018. According to Clarksons Platou the average spot earning for an MR in 2019 was USD/day 16,500. It is worth noticing the 5 and 10 year spot averages were USD/day 15,800 and 14,800 respectively while the 20 year spot average is USD/day 17,300.

The impressive Q4 rally in spot charter rates for product tankers has turned this year from a reasonably OK one into one of the best years in a decade. In the first 9 months of 2019 the benchmark Baltic Exchange TC1, TC5, TC2_37 and TC11 TCE indices averaged respectively 13,940 USD/day ; 11,128 USD/day ; 8,783 USD/day ; and 8,660 USD/day as opposed to Q4 which showed 33,796 USD/day ; 23,375 USD/day ; 15,340 USD/day ; and 14,040 USD/day.

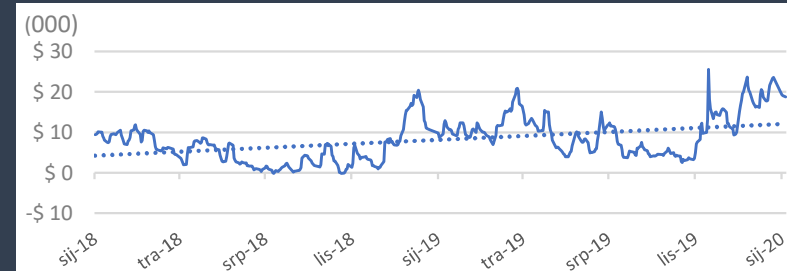
The order book is at a 20 year low / product tanker building yards are closed / for the first time in history we have a product market with an ageing fleet.

Coronavirus hits the global shipping industry

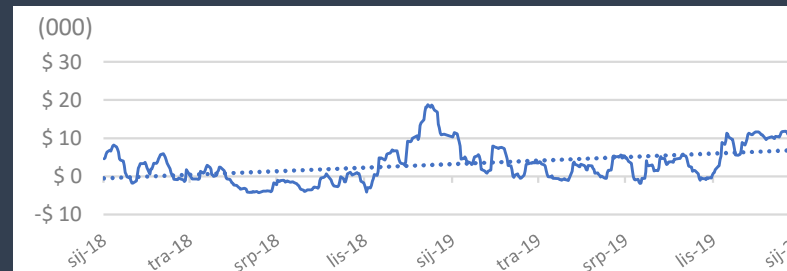
The outbreak of the Coronavirus has the markets around the globe taking a step back. “When China sneezes, we all catch the flu”, has become more than a proverbial saying. This especially holds true for the commercial shipping markets, heavily reliant upon China.

The virus spread overlaps with Chinese Lunar New Year, which is the traditional low season for shipping markets in the Far East. Therefore the actual effects have been hard to identify so far. In any case, an extended shutdown of China will affect the shipping markets and negatively impact the freight rates at first, leaving a scrambled picture for the mid-term outlook.

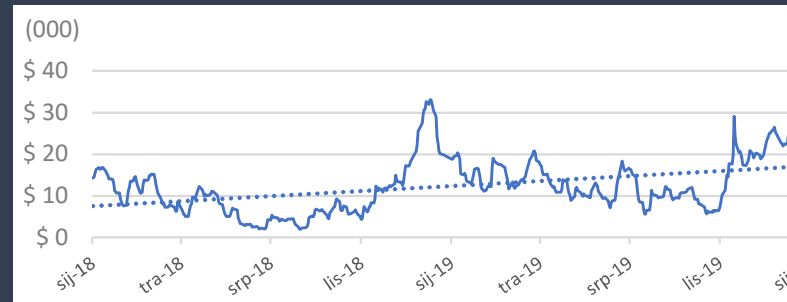
Clarksons Platou, January 2020
Baltic Exchange, January 2020



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



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



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

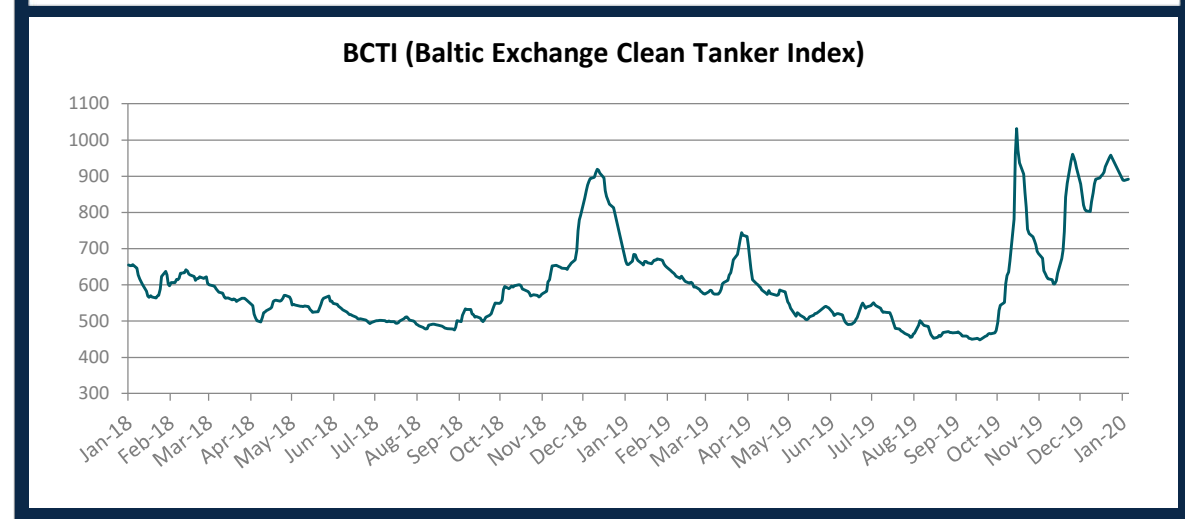
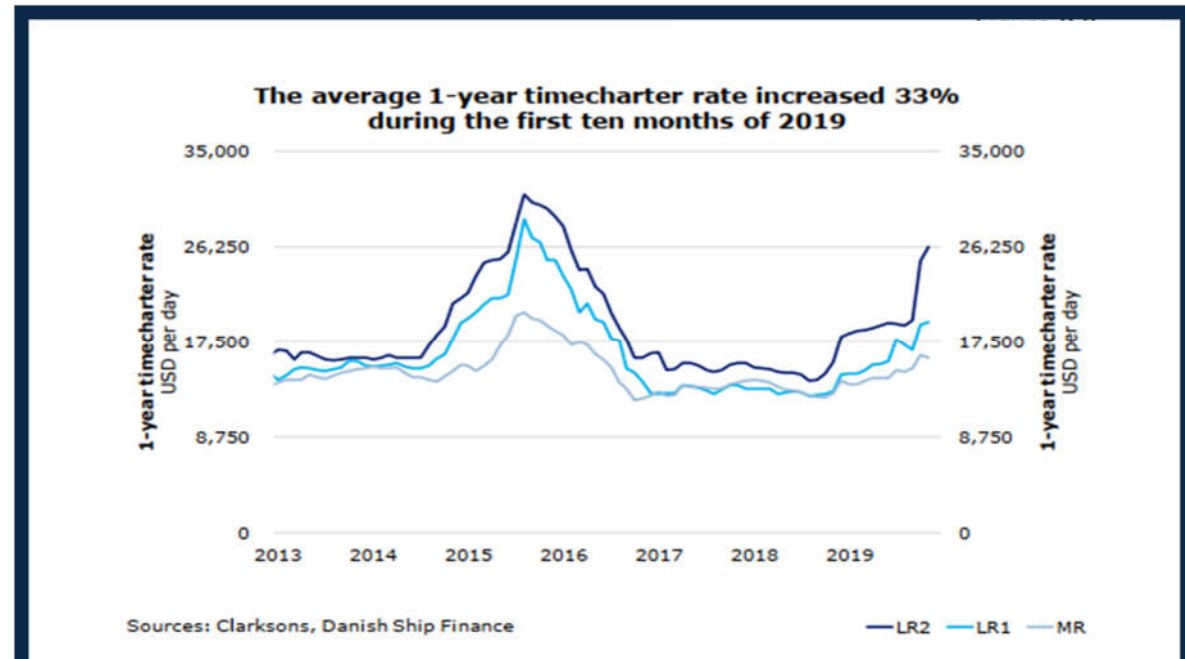
Every week that China remains “out of business” will slowdown economic growth. Seaborne trade is closely linked to economic developments in Asia and the effects are already felt in different ways.

While still in the early stages of the outbreak, it is evident that this crisis will hamper Chinese growth in the first quarter of 2020, potentially taking a toll on annual GDP growth too. On the other hand, demand for tanker floating storage, due to inaccessible ports, might increase with a rising contango market (when the prices in the future maturities become higher than the spot market price).

The evident slowdown in consumption will not necessarily be offset once the virus has been put under control but the Chinese economic titan is bound to be resuscitated soon after, which might be complimentary to shipping.

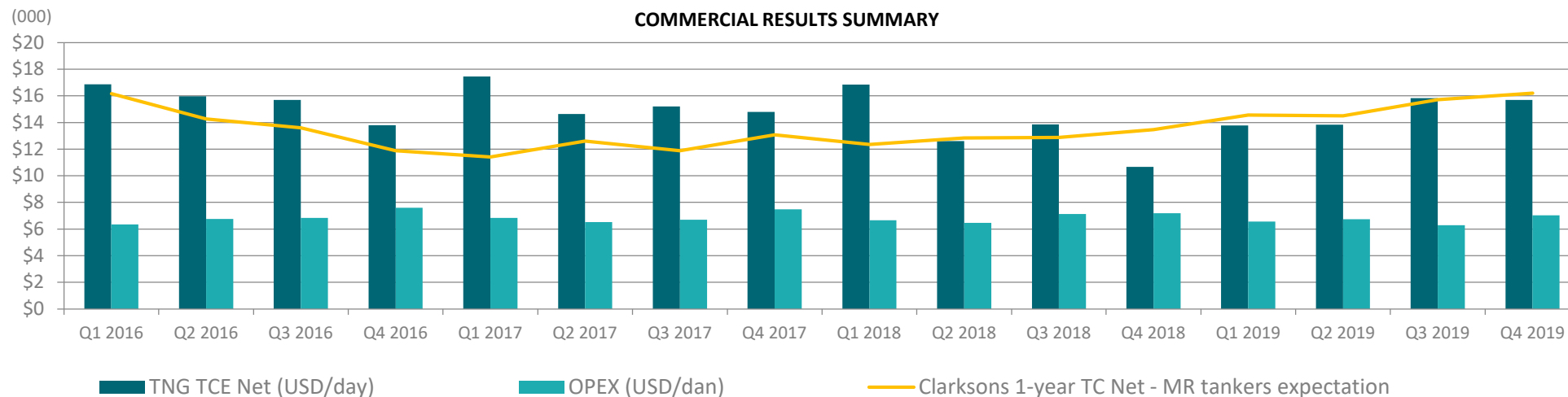
The virus illustrates just how dependent the world has become upon China with many supply chains deeply embedded into the country. Anecdotal evidence suggests that South Korean car manufacturers have started to reduce output due to supply shortage of Chinese goods.

Baltic Exchange, January 2020

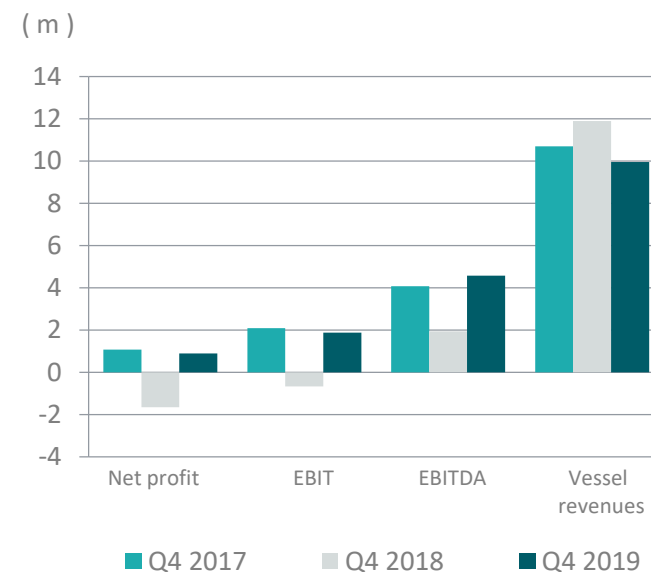




Results



SELECTED FINANCIALS	HRK 000				USD 000			
	Q4 2018	Q4 2019	FY 2018	FY 2019	Q4 2018	Q4 2019	FY 2018	FY 2019
Vessel revenues	79,179	66,789	297,586	267,944	11,889	9,955	46,000	40,508
EBITDA	13,294	30,648	87,909	110,392	1,935	4,571	13,588	16,704
EBIT	(3,882)	12,700	32,603	53,205	(659)	1,887	5,039	8,086
Net profit	(10,466)	5,778	6,284	23,340	(1,646)	903	970	3,545



Vessel revenues in the 2019 amounted to HRK 267.9m and was 10.0% lower in comparison to the same period of 2018, while EBITDA was recorded at HRK 110.4m, which is 25.6% higher in comparison to last year's HRK 87.9m.

The Company's net profit in 2019 amounted to HRK 23.3m and it is a result of the positive contributions from four time charter fixtures concluded this year, a strong spot market recovery in Q4 and the result of the impairment decision.

The operating profit for this year was HRK 50.2m and is the result of the stable income generated from the time charters. The average TCE during the first nine months of the year was recorded at USD 14,794.

The 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 53.6m, while in the same period of 2018 they amounted to HRK 110.6m given that in 2019 more vessels were under TC compared to the previous year.

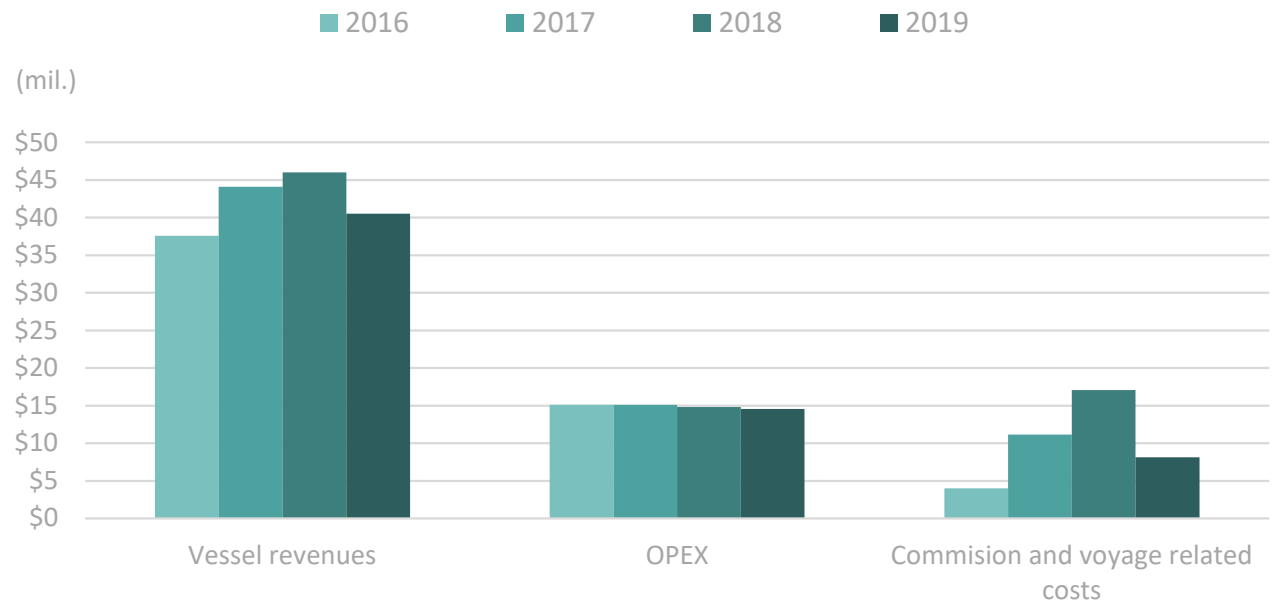
Total operating costs of the fleet amounted to HRK 158.2m in the 2019 and were lower 25.4% than in the

same period in 2018 when they amounted to USD 212.1m. 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.

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 2019 amounted to HRK 52.5m. 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 similar level as in the first three quarters of 2018 (HRK 5.6m) as a result of continued cost control efficiency.



Total revenues for the fourth quarter of 2019 amounted to HRK 66.8m (USD 10.0m), while EBITDA reached HRK 30.7m (USD 4.6m).

The net profit for the last quarter of 2019 amounts to HRK 5.8 million (USD 0.9m). Fourth quarter EBIT was HRK 12.7m (USD 1.9m) and is a result of impairment (USD4.7m) and market exposures at which freight rates stabilized at much higher level than 2018.

In the fourth quarter of 2019, vessels' revenues reached HRK 66.8 million (USD 10.0m), which is a decrease expressed in HRK 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 fourth quarter was recorded at USD 15,696.

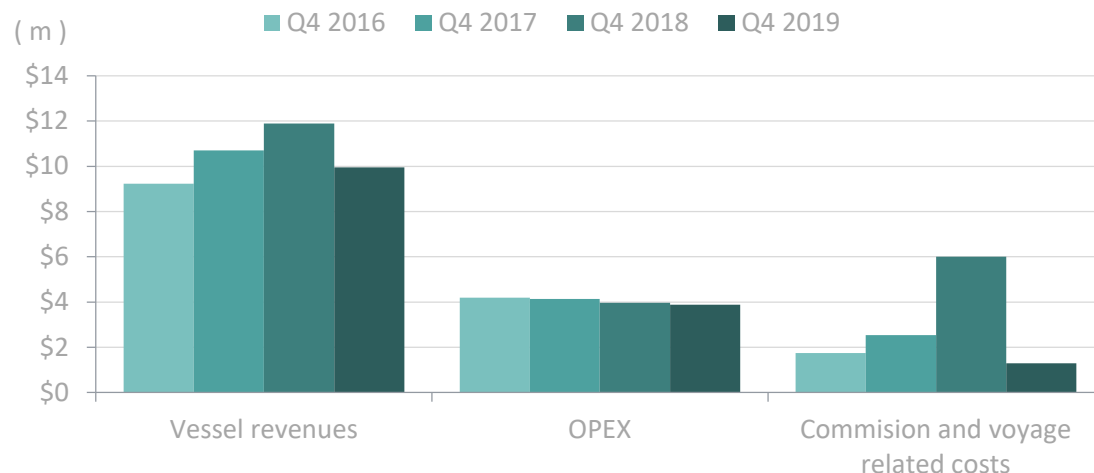
Operating expenditures of the fleet amounted to HRK 26.1m (USD 3.9m) in the fourth quarter of 2019 and have increased from the last quarter

when they were HRK 23.2m (USD 3.5m).

Commissions and voyage associated costs amounted to HRK 8.7 million (USD 1.3 million) in the last quarter of 2019, while in the same quarter of 2018 they added up to HRK 39.6 million (USD 6.0m). The decrease in these expenses is due to less exposure of TNG's fleet in the spot market.

Depreciation costs in the fourth quarter of 2019 amounted to HRK 13.3m (USD 2.0m). 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 1.4m (USD 0,2m) are slightly down against the same period last year.





Operational data of the fleet

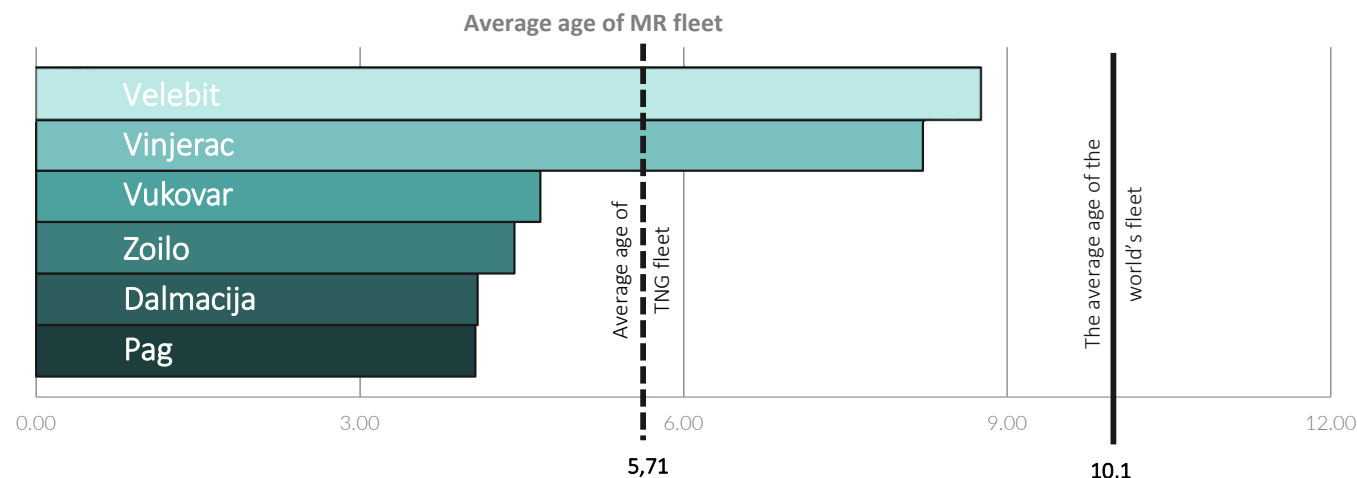
TNG's CURRENT FLEET

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 December 31st, 2019 the average age of the vessels in TNG's fleet is 5.71 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 expiry of the current contract, the charterer has activated the option of the contract for an additional 8 months with commencement in March for 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.

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
Vukovar	49,990	KOCH Time charter	17,000 (with charterers' option to extend for up to 12 months)
Zoilo	49,990	SPOT market	Voyage charter
Dalmacija	49,990	Trafigura Time charter	16,000 (until Q2 2020)
Pag	49,990	KOCH Time charter	17,150 (with charterers' option to extend for up to 12 months)

OPERATIONAL DATA OF THE FLEET	I-XII 2017	I-XII 2018	I-XII 2019
Time Charter Equivalent rates (USD/day)	15.525	13.201	14.794
Daily vessel operating expenses (USD/day)	6.891	6.755	6.657
Operating days (number)	2.190	2.190	2.190
Revenue days (number)	1.123	2.190	2.190
Fleet utilization (%)	96,9%	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 charter contracts 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 2019 added up to USD 14,794.

The average daily vessel operating expenses (OPEX) in the 2019 amounted to USD 6,657 per vessel, which is a moderate decrease in comparison to the same period last year.

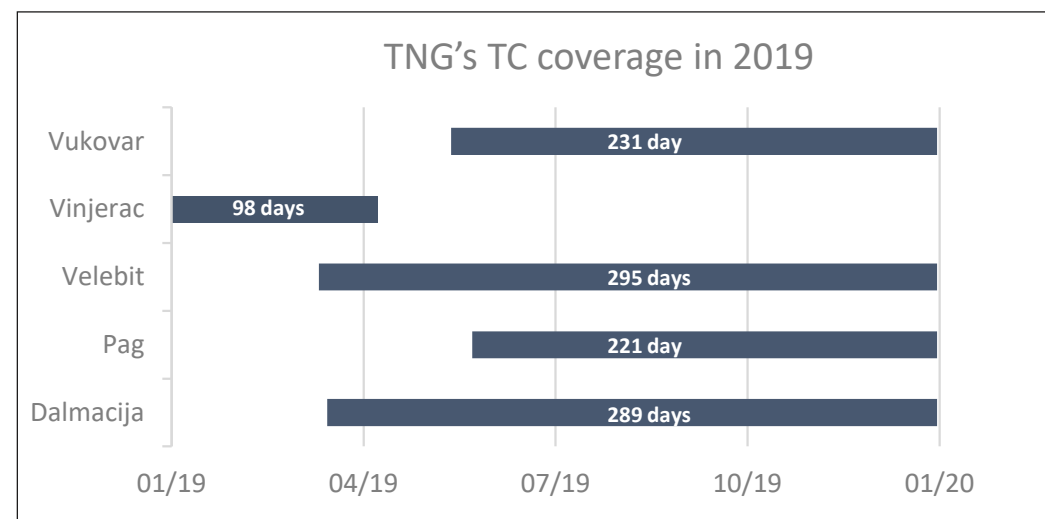
The Ballast Water Convention of the International Maritime Organization entered into force on September 8, 2017.

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 middle of 2020, 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 from 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.

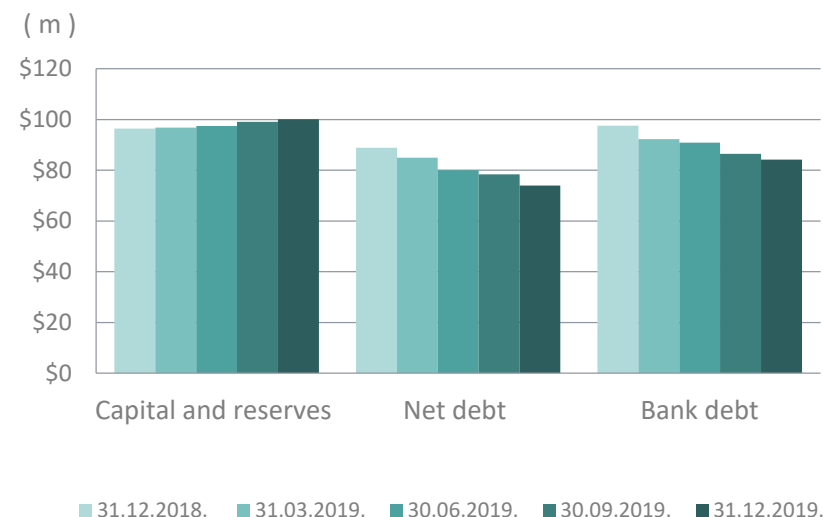




Financial position summary

FINANCIAL POSITION SUMMARY	HRK 000			
	31 Mar 2019	30 Jun 2019	30 Sept 2019	31 Dec 2019
Bank debt	609,513	590,196	586,161	559,749
Cash and cash equivalents	47,947	70,653	55,364	67,712
Net debt	561,566	519,543	530,797	492,037
Capital and reserves	640,212	632,964	671,398	665,234
Gearing ratio Net debt / (Capital and reserves + Net debt)	47%	45%	44%	43%

FINANCIAL POSITION SUMMARY	USD 000			
	31 Mar 2019	30 Jun 2019	30 Sept 2019	31 Dec 2019
Bank debt	92,210	90,865	86,519	84,174
Cash and cash equivalents	7,254	10,876	8,171	10,182
Net debt	84,956	79,989	78,348	73,992
Capital and reserves	96,853	97,445	99,121	100,037
Gearing ratio Net debt / (Capital and reserves + Net debt)	47%	45%	44%	43%



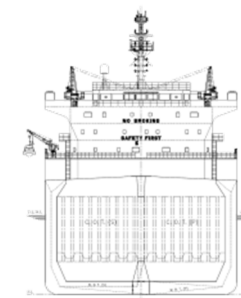
Tankerska Next Generation concluded 2019 with 5 percentage points less gearing or 43% in comparison to the end of 2018. This decreasing debt trend is in accordance with the loan repayment plans of TNG and regular decrease in indebtedness, while a further decrease in the company's debt is expected in the future.

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

UNAUDITED FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER AND THE FULL YEAR 2019



INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR PERIOD FROM January 1 st , 2019 to December 31 st , 2019 unaudited	HRK 000				USD 000			
	Q4 2018	Q4 2019	FY 2018	FY 2019	Q4 2018	Q4 2019	FY 2018	FY 2019
Revenues	79,179	66,789	297,586	267,944	11,889	9,955	46,000	40,508
Other revenues	1,576	2	2,421	688	242	-	374	105
Sales revenues	80,755	66,791	300,007	268,632	12,131	9,955	46,374	40,613
Commission and voyage related costs	(39,584)	(8,671)	(110,557)	(53,589)	(6,005)	(1,291)	(17,090)	(8,109)
Vessel operating expenses	(26,410)	(26,061)	(95,698)	(96,592)	(3,971)	(3,884)	(14,793)	(14,578)
General and administrative	(1,467)	(1,387)	(5,843)	(5,572)	(220)	(206)	(903)	(843)
Other expenses	-	(24)	-	(2,487)	-	(3)	-	(379)
Total operating expenses	(67,461)	(36,143)	(212,098)	(158,240)	(10,196)	(5,384)	(32,786)	(23,909)
EBITDA	13,294	30,648	87,909	110,392	1,935	4,571	13,588	16,704
Depreciation and amortization	(13,237)	(13,260)	(51,367)	(52,499)	(1,985)	(1,979)	(7,940)	(7,913)
Impairment	(3,939)	(4,688)	(3,939)	(4,688)	(609)	(705)	(609)	(705)
Operating profit (EBIT)	(3,882)	12,700	32,603	53,205	(659)	1,887	5,039	8,086
Net interest expenses	(6,650)	(6,819)	(25,577)	(29,814)	(998)	(1,021)	(3,954)	(4,531)
Net foreign exchange gains (losses)	66	(103)	(742)	(51)	11	37	(115)	(10)
Net income	(10,466)	5,778	6,284	23,340	(1,646)	903	970	3,545
Other comprehensive income	6,263	(11,942)	19,757	17,666	946	14	3,054	-
Total comprehensive income	(4,203)	(6,164)	26,041	41,006	(700)	917	4,024	3,545
Weighted average number of shares outstanding, basic & diluted (thou,)	8,720	8,720	8,720	8,720	8,720	8,720	8,720	8,720
Net income (loss) per share, basic & diluted	1.20	0.66	0.72	2.68	- 0.19	0.10	0.11	0.41

Balance sheet

UNAUDITED FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER AND THE FULL YEAR 2019



BALANCE SHEET At the date of 31 December 2019 unaudited	HRK 000			
	30 Sep 2018	30 Sep 2019	31 Dec 2018	31 Dec 2019
Non-current Assets	1,191,076	1,204,435	1,186,408	1,165,009
Vessels	1,190,721	1,202,148	1,186,292	1,162,125
Newbuildings	0	2,171	0	117
Other Non-current Assets	355	116	116	2,767
Current Assets	77,131	94,362	100,517	92,377
Inventory	13,307	6,096	13,779	5,360
Accounts receivable	20,278	31,289	25,806	15,977
Cash and cash equivalents	40,157	55,364	56,389	67,712
Other current assets	3,389	1,613	4,543	3,328
Total Assets	1,268,207	1,298,797	1,286,925	1,257,386
Shareholders Equity	628,431	671,398	624,228	665,234
Share capital	436,667	436,667	436,667	436,667
Reserves	114,128	150,312	120,390	138,370
Retained earnings	77,636	84,419	67,171	90,197
Non-Current Liabilities	602,217	570,271	557,476	497,362
Bank debt	602,217	570,271	557,476	497,362
Current Liabilities	37,559	57,128	105,221	94,790
Bank debt	15,017	15,890	73,630	62,387
Accounts payable	5,037	4,466	10,588	5,128
Other current liabilities	17,505	36,772	21,003	27,275
Total liabilities and shareholders equity	1,268,207	1,298,797	1,286,925	1,257,386

USD 000			
30 Sep 2018	30 Sep 2019	31 Dec 2018	31 Dec 2019
186,026	177,778	183,394	175,192
185,971	177,441	183,376	174,758
-	320	-	18
55	17	18	416
12,046	13,950	15,538	13,891
2,078	923	2,130	806
3,167	4,618	3,989	2,403
6,272	8,171	8,717	10,182
529	238	702	500
198,072	191,728	198,932	189,083
98,150	99,121	96,493	100,037
68,200	67,500	67,500	67,500
17,825	18,644	18,610	18,657
12,125	12,977	10,383	13,880
94,056	84,174	86,174	74,792
94,056	84,174	86,174	74,792
5,866	8,433	16,265	14,254
2,345	2,345	11,382	9,382
787	658	1,637	770
2,734	5,430	3,246	4,102
198,072	191,728	198,932	189,083

Cash flow statement

UNAUDITED FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER AND THE FULL YEAR 2019



CASH FLOW STATEMENT FOR THE 2019 unaudited	HRK 000				USD 000			
	Q1 2019	H1 2019	Q1 – Q3 2019	FY 2019	Q1 2019	H1 2019	Q1 – Q3 2019	FY 2019
Profit before tax	2,386	6,383	17,562	23,340	361	953	2,642	3,545
Depreciation and Amortisation	12,630	25,399	39,239	52,499	1,951	3,924	5,934	7,913
Changes in working capital	9,038	25,030	14,286	20,297	1,367	3,854	2,207	3,124
Other	2,430	1,427	441	5,627	203	119	35	682
Cash flow from operating activities	26,484	58,239	71,528	101,763	3,882	8,850	10,818	15,264
Cash inflows from investing activities	-	-	-	-	-	-	-	-
Cash outflows from investing activities	-	-	(2,177)	(2,780)	-	-	(327)	(417)
Cash flow from investing activities	-	-	(2,177)	(2,176)	-	-	(327)	(417)
Cash inflows from financing activities	-	13,019	-	-	-	2,000	-	-
Cash outflows from financing activities	(34,926)	(56,994)	(72,553)	(88,264)	(5,345)	(8,691)	(11,036)	(13,382)
Cash flow from financing activities	(34,926)	(43,975)	(72,553)	(88,264)	(5,345)	(6,691)	(11,036)	(13,382)
Net changes in cash	(8,442)	14,264	(3,202)	11,323	(1,463)	2,159	(545)	1,465
Cash and cash equivalents (beg, of period)	56,389	59,389	56,389	56,389	8,717	8,717	8,717	8,717
Cash and cash equivalents (end of period)	47,947	73653	53,187	67,712	7,254	10,876	8,171	10,182

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER AND THE FULL YEAR 2019



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	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
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 Apr to 30 Jun 2019	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
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
For the period from 1 Jul to 30 Sep 2019	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 July 2019	436,667	73,554	127,063	(4,320)	632,964
Net profit for the period	-	11,179	-	-	11,179
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	27,255	27,255
Balance at 30 September 2019	436,667	84,419	127,063	23,249	671,398
For the period from 1 Oct to 31 Dec 2019	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 October 2019	436,667	84,419	127,063	23,249	671,398
Net profit for the period	-	5,778	-	-	5,778
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(11,942)	(11,942)
Balance at 31 December 2019	436,667	90,197	127,377	10,993	665,234

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	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
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 Apr to 30 Jun 2019	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
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
For the period from 1 Jul to 30 Sep 2019	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 July 2019	67,500	11,336	19,641	(1,032)	97,445
Net profit for the period	-	1,689	-	-	1,689
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(13)	(13)
Balance at 30 September 2019	67,500	12,977	19,641	(997)	99,121
For the period from 1 Oct to 31 Dec 2019	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 October 2019	67,500	12,977	19,641	(997)	99,121
Net profit for the period	-	903	-	-	903
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	14	14
Balance at 31 December 2019	67,500	13,880	19,689	(1,032)	100,038

NET ASSET VALUE CALCULATION

UNAUDITED FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER AND THE FULL YEAR 2019



NET ASSET VALUE CALCULATION estimate (000 USD)	At the date 31 Dec 2018	At the date 31 Mar 2019	At the date 30 Jun 2019	At the date 30 Sep 2019	At the date 31 Dec 2019
Total fleet value	166,250	175,700	164,770	165,360	167,950
Investments	-	-	-	-	-
Current assets	6,821	7,631	4,821	5,779	3,709
Other non-current assets	18	18	17	17	416
Total value of other assets	6,839	7,649	4,838	5,796	4,125
Cash and cash equivalents	8,717	7,254	10,876	8,171	10,182
Bank debt	(97,556)	(92,210)	(90,865)	(86,519)	(84,174)
Net debt	(88,839)	(84,956)	(79,989)	(78,348)	(73,992)
Other non-current liabilities	-	-	-	-	-
Current liabilities	(4,884)	(7,264)	(6,856)	(6,088)	(4,872)
Total value of other liabilities	(4,884)	(7,264)	(6,856)	(6,088)	(4,872)
NET ASSET VALUE	79,366	91,129	82,763	86,720	93,211
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)	9.10	10.45	9.49	9.94	10.69

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. As TNG currently employs the majority of its fleet on the spot basis, the future expected commercial fleet potential is based on industry specialists and brokers that give out medium-term market sentiment and freight rate expectations.

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 this year.

Stability of operations was significantly contributed by the employment strategy of the fleet which preferred medium-term time charter employment, which mitigated the short-term volatility which is reflected in the changing freight rates, and volatility in the value of Company's assets.

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 day of publication of this report amounts to USD 168.0m, what with all other unchanged parameters gives a NPV per share of USD 10.69.

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.

ANNOUNCEMENTS IN 2019

29.10.2018 Management and Supervisory Board meetings held
23.10.2018 Announcement of Management and Supervisory Board sessions
28.09.2018 Mt Dalmacija – TC contract expiry
01.08.2018 AGM decisions
27.07.2018 Management and Supervisory Board meetings held
20.07.2018 Announcement of Management and Supervisory Board sessions
18.07.2018 Counterproposal to the decision proposal for the AGM
02.07.2018 MT Zoilo - Time charter expires
20.06.2018 Invitation to the General Assembly of TNG Inc.
27.04.2018 Decisions from the Supervisory and Management board
23.04.2018 Time charter employment secured for MT Vinjerac
23.04.2018 Management and Supervisory Board meetings held
13.03.2018 Time charter employment secured for MT Vinjerac
26.02.2018 Management and Supervisory Board meetings held
21.02.2018 Announcement of Management and the Supervisory Board sessions

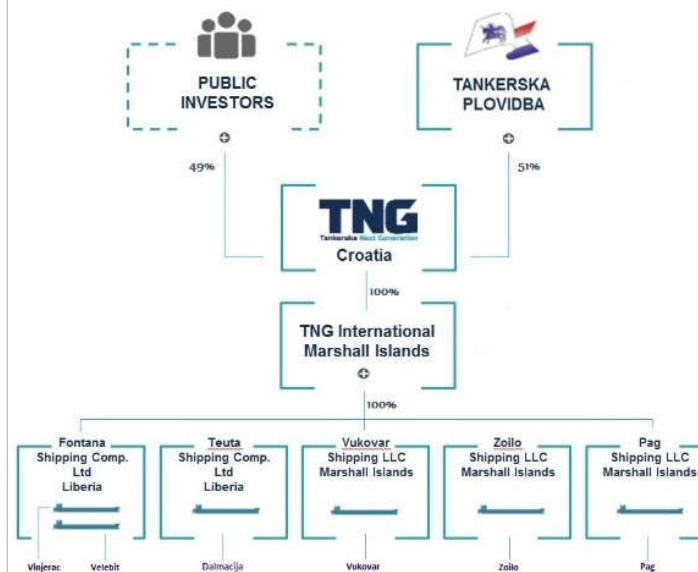
SHAREHOLDER STRUCTURE

Shareholder on 31 Dec 2019	No. of shares	Share (u %)
Tankerska Plovidba	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	372.103	4,26%
Other institutional and private investors	1.507.212	17,26%
Total	8.733.345	100,00%

MANAGEMENT AND SUPERVISORY BOARD

In 2019 there were changes in Supervisory Board. On December 31st, 2019 the sole member of the Management Board is Mr. John Karavanić. The Supervisory Board consists of Mr. Ivica Pijaca, president, Mr. Mario Pavić, deputy president, and members Mr. Joško Miliša, Mr. Nikola Koščica and Mr. Nikola Mišetić and, as of August 21st, 2019 Mr. Dalibor Fell instead of Mr. Nikola Mišetić.

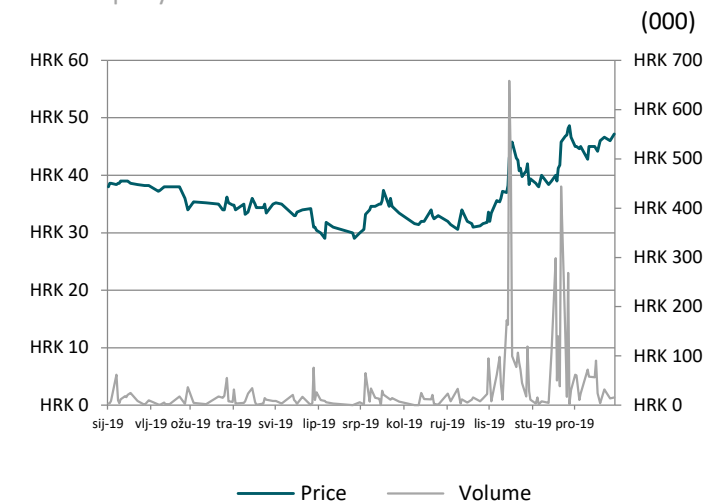
OVERVIEW OF RELATED PARTY TRANSACTIONS:



TPNG-R-A STOCK

Company shares with the ticker TPNG-R-A are listed on the Zagreb Stock Exchange. During 2019 there were no corporate activities of acquiring treasury shares of the Company. As at 31 December, 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.



During 2019, 146,855 ordinary Company's shares were traded on Zagreb Stock Exchange, representing a turnover of HRK 5.9m, which is an increase of 2.9x compared to the previous year. The share price increased by 21.6%, while the closing price for 2019 was HRK 47.20. At the end of the year, the Company's market capitalization increased by HRK 73.3 million vs 2018 figure to HRK 411.6m.



Risk management

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

Foreign exchange risk

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

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

Interest rate risk

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

rates.

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

Credit risk

Credit risk is the risk of failure by one party to meet commitments to the financial instruments, what could cause the financial loss to the other party. Maximum exposure to credit risk is expressed in the highest value of each of the financial asset in statement of financial position. Basic financial assets of TNG consist of cash and of account balance with banks, trade receivables and other receivables, and of investments. Credit risk in liquid funds is limited as the counterparty is often the bank that most international agencies assessed with high credit ratings.

Liquidity risk

The responsibility for managing liquidity risk rests with the Management Board which sets an appropriate liquidity risk management framework for the purpose of managing its short-term, medium-term and long-term funding and liquidity requirements. Liquidity risk, which is considered the risk of financing, is the risk of difficulties which the TNG may encounter in collecting funds to meet commitments associated with financial instruments. TNG has significant interest bearing non-

current liabilities for loans with variable interest that expose TNG to the risk of cash flows. Company manages liquidity risk through maintaining adequate reserves and loan facilities, in parallel to continuously comparing planned and realized cash flow and maturity of receivables and liabilities.

Price risk

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

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 Safety
- "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 Q4 AND THE FULL YEAR 2018 (UNAUDITED)

- I. Report of the Management Board on the Company's operations for the period from 1st January until 31st December, 2019
- II. Unaudited condensed quarterly financial statements:
 - Balance Sheet per as at 31st December, 2019P
 - Profit and Loss Account for the period from 1st January until 31st December 2019
 - Cash Flow Statement for the period from 1st January until 31st December 2019
 - Statement of Changes in Equity for the period from 1st January until 31st December 2019
 - Notes to the Financial Statements
- III. Statement of Responsibility for the Financial Statements

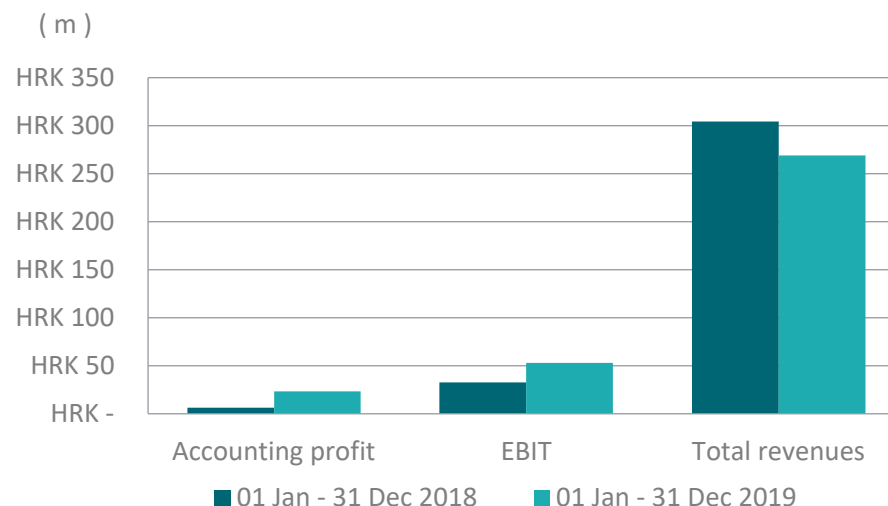
Report of the management board on the company's operations

UNAUDITED FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER AND THE FULL YEAR 2019



FOR THE PERIOD FROM 1st JANUARY UNTIL 31st DECEMBER 2019

DESCRIPTION	Period	
	1 st Jan – 31 st Dec 2018	1 st Jan – 31 st Dec 2019
Total revenues	HRK 304,356,578	HRK 269,128,633
Operating revenues / Total revenues	98%	100%
Other revenues / Total revenues	1%	0%
International market / Total revenues	98%	100%
Domestic market / Total revenues	0%	0%
Material costs / Operating expenses	54%	41%
Employee costs / Operating expenses	19%	24%
Financial expenses / Total Expenses	10%	12%
Gross margin	2.11%	8.69%
Accounting profit	HRK 6,284,498	HRK 23,340,242
Operating profit (EBIT)	HRK 32,603,760	HRK 53,076,218



During the reporting period the Company reported HRK 268.7 million of operating revenues, attributed predominantly to revenue generated from sales.

In the same period, the Company reported HRK 215.6 million of operating costs. The majority of operating expenses are the material costs HRK 87.4 million, depreciation in the amount of HRK 52.5 million (including HRK 1.7 million of dry dock expenses), employee costs in the amount HRK 51.4 million and other expenses in the amount of HRK 24.3 million (including vessel impairment in the amount of HRK 4.7 million).

In the period ended 31st December 2019, financial income amounted to HRK 0.4 million while financial expenses amounted to HRK 30.2 million.

In the reporting period, the Company achieved cumulative profit in the amount of HRK 23.3m.

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 December 31st, 2019, the Company had 13,200 own shares.

On December 31st, 2019, the Company has the following companies abroad:

1. Tanker Next Generation International Ltd., Majuro, Marshal Islands;
2. Fontana Shipping Company Limited, Monrovia, Liberia;
3. Teuta Shipping Company Ltd., Monrovia, Liberia;
4. Vukovar Shipping, LLC, Majuro, Marshal Islands;
5. Zoilo Shipping, LLC, Majuro, Marshal Islands;
6. 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: to
 Year:
 Quarter:

Quarterly financial statements

Registration number (MB): Issuer's home Member State code:
 Entity's registration number (MBS):
 Personal identification number (OIB): LEI:
 Institution code:

Name of the issuer:

Postcode and town:

Street and house number:

E-mail address:

Web address:

Number of employees (end of the reporting period):

Consolidated report: (KN-not consolidated/KD-consolidated)

Audited: (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): _____ Registered office: _____ MB: _____

Bookkeeping firm: (Yes/No)
(name of the bookkeeping firm)

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

Telephone:

E-mail address:

Audit firm: _____
(name of the audit firm)

Certified auditor: _____
(name and surname)

BALANCE SHEET			
balance as at 31.12.2019			
			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	1.165.009.408
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
TANGIBLE ASSETS (ADP 011 to 019)	010	1.186.301.689	1.164.900.179
1 Land	011	0	0
2 Buildings	012	0	0
3 Plant and equipment	013	1.186.301.689	1.162.133.624
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	2.560.722
7 Tangible assets in preparation	017	0	205.833
8 Other tangible assets	018	0	0
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	106.261	109.229
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	109.229
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	89.135.543
INVENTORIES (ADP 039 to 045)	038	13.778.961	5.360.667
1 Raw materials and consumables	039	13.778.961	5.360.667
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	16.063.267
1 Receivables from undertakings within the group	047	11.555	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	24.175.791	15.977.046
4 Receivables from employees and members of the undertaking	050	0	6.532
5 Receivables from government and other institutions	051	29.355	25.915
6 Other receivables	052	1.588.820	53.774
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	6.469.192	6.649.911
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	6.649.911
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	49.920.097	61.061.698
D) PREPAID EXPENSES AND ACCRUED INCOME	064	4.542.884	3.241.424
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1.286.924.605	1.257.386.375
OFF-BALANCE SHEET ITEMS	066	0	0

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	624.227.623	665.234.069
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	69.944.055
1 Legal reserves	071	3.637.013	3.951.238
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	65.992.817
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	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	60.886.273	66.856.546
1 Retained profit	082	60.886.273	66.856.546
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	6.284.498	23.340.242
1 Profit for the business year	085	6.284.498	23.340.242
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	497.362.042
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	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	497.362.042
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	78.671.476
1 Liabilities to undertakings within the group	108	5.928.044	1.788.218
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0
3 Liabilities to companies linked by virtue of participating	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	62.387.128
7 Liabilities for advance payments	114	5.328.229	0
8 Liabilities to suppliers	115	10.587.864	5.128.524
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	4.193.405	4.769.215
11 Taxes, contributions and similar liabilities	118	32.267	111.495
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	4.433.122
E) ACCRUALS AND DEFERRED INCOME	122	5.376.482	16.118.788
F) TOTAL - LIABILITIES (ADP 067+088+095+107+122)	123	1.286.924.605	1.257.386.375
G) OFF-BALANCE SHEET ITEMS	124	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2019 to 31.12.2019

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	300.029.773	80.766.234	268.709.320	66.821.716
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	297.585.818	79.179.031	267.944.046	66.788.778
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	2.443.955	1.587.203	765.274	32.938
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	267.426.014	84.646.887	215.633.102	54.122.396
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	144.324.018	49.701.012	87.380.116	19.311.467
a) Costs of raw materials and consumables	134	73.683.208	25.415.174	40.366.711	8.082.898
b) Costs of goods sold	135	6.275.832	4.121.110	0	0
c) Other external costs	136	64.364.978	20.164.728	47.013.405	11.228.569
3 Staff costs (ADP 138 to 140)	137	50.994.269	13.473.607	51.383.148	13.621.827
a) Net salaries and wages	138	50.277.461	13.350.733	50.919.146	13.491.894
b) Tax and contributions from salary costs	139	501.655	85.317	333.975	92.141
c) Contributions on salaries	140	215.153	37.557	130.027	37.792
4 Depreciation	141	51.377.315	13.239.870	52.505.691	13.261.865
5 Other costs	142	15.458.113	4.160.378	16.963.333	3.215.358
6 Value adjustments (ADP 144+145)	143	3.939.323	3.939.323	4.687.632	4.687.632
a) fixed assets other than financial assets	144	3.939.323	3.939.323	4.687.632	4.687.632
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	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	1.332.976	132.697	2.713.182	24.247
III FINANCIAL INCOME (ADP 155 to 164)	154	4.326.804	1.417.151	419.313	13.950
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	37.631	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	4.291.177	1.351.636	381.682	13.950
8 Exchange rate differences and other financial income	162	35.627	65.515	0	0
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	30.646.065	8.002.292	30.155.289	6.934.702
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	777.876	0	0	6.677
3 Interest expenses and similar expenses	168	29.868.189	8.002.292	30.067.123	6.832.399
4 Exchange rate differences and other expenses	169	0	0	88.166	95.626
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	304.356.577	82.183.385	269.128.633	66.835.666
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	298.072.079	92.649.179	245.788.391	61.057.098
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	6.284.498	-10.465.794	23.340.242	5.778.568
1 Pre-tax profit (ADP 177-178)	180	6.284.498	0	23.340.242	5.778.568
2 Pre-tax loss (ADP 178-177)	181	0	-10.465.794	0	0
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	6.284.498	-10.465.794	23.340.242	5.778.568
1 Profit for the period (ADP 179-182)	184	6.284.498	0	23.340.242	5.778.568
2 Loss for the period (ADP 182-179)	185	0	-10.465.794	0	0

Statement of profit or loss

UNAUDITED FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER AND THE FULL YEAR 2019



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	6.284.498	-10.465.794	23.340.242	5.778.568
1 Pre-tax profit (ADP 192)	193	6.284.498	-10.465.794	23.340.242	5.778.568
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	6.284.498	-10.465.794	23.340.242	5.778.568
1 Profit for the period (ADP 192-195)	197	6.284.498	-10.465.794	23.340.242	5.778.568
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	6.284.498	-10.465.794	23.340.242	5.778.568
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	19.756.391	6.262.626	17.666.204	-11.941.988
1 Exchange rate differences from translation of foreign operations	204	19.756.391	6.262.626	17.666.204	-11.941.988
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	19.756.391	6.262.626	17.666.204	-11.941.988
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	26.040.889	-4.203.168	41.006.446	-6.163.420
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 31.12.2019			
			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	6.284.498	23.340.242
2 Adjustments (ADP 003 to 010):	002	81.993.269	87.025.622
a) Depreciation	003	51.377.315	52.505.691
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	3.939.323	4.687.632
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	-4.291.178	-381.682
e) Interest expenses	007	29.868.190	29.272.431
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	321.743	979.181
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	777.876	-37.631
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	88.277.767	110.365.864
3 Changes in the working capital (ADP 013 to 016)	012	-5.623.812	20.296.906
a) Increase or decrease in short-term liabilities	013	8.900.260	7.152.225
b) Increase or decrease in short-term receivables	014	-9.115.287	4.726.387
c) Increase or decrease in inventories	015	-5.408.785	8.418.294
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	82.653.955	130.662.770
4 Interest paid	018	-25.745.240	-30.398.729
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	56.908.715	100.264.041
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	75.003	1.228.591
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	75.003	1.228.591
1 Cash payments for the purchase of fixed tangible and intangible assets	028	0	-2.780.161
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	-346.116	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-346.116	-2.780.161
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-271.113	-1.551.570
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	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-60.691.686	-88.264.023
2 Cash payments for dividends	041	-5.227.987	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	-65.919.673	-88.264.023
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-65.919.673	-88.264.023
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	1.879.617	873.872
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-7.402.454	11.322.320
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	56.389.289	67.711.609

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER AND THE FULL YEAR 2019



STATEMENT OF CHANGES IN EQUITY																		
for the period from 01/01/2019 to 31/12/2019																		
Item	ADP code	Attributable to owners of the parent															in HRK	
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)	
Previous period																		
1 Balance on the first day of the previous business year	01	436.667.250	68.425.976	2.030.391	996.600	996.600	0	28.570.224	0	0	0	0	67.724.981	0	603.418.822	0	603.418.822	
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	436.667.250	68.425.976	2.030.391	996.600	996.600	0	28.570.224	0	0	0	0	67.724.981	0	603.418.822	0	603.418.822	
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	6.284.498	6.284.498	0	6.284.498	
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	19.756.389	0	0	0	0	0	0	19.756.389	0	19.756.389	
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	-5.232.086	0	-5.232.086	0	-5.232.086	
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21 Transfer to reserves according to the annual schedule	21	0	0	1.606.622	0	0	0	0	0	0	0	0	-1.606.622	0	0	0	0	
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
23 Balance on the last day of the previous business year reporting period (04 to 22)	23	436.667.250	68.425.976	3.637.013	996.600	996.600	0	48.326.613	0	0	0	0	60.886.273	6.284.498	624.227.623	0	624.227.623	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																		
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	19.756.389	0	0	0	0	0	0	19.756.389	0	19.756.389	
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	19.756.389	0	0	0	0	0	6.284.498	26.040.887	0	26.040.887	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	1.606.622	0	0	0	0	0	0	0	0	-6.838.708	0	-5.232.086	0	-5.232.086	

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER AND THE FULL YEAR 2019



Current period																	
1 Balance on the first day of the current business year	27	436.667.250	68.425.976	3.637.013	996.600	996.600		48.326.613	0	0	0	0	67.170.771	0	624.227.623	0	624.227.623
2 Changes in accounting policies	28								0	0	0	0	0	0	0	0	0
3 Correction of errors	29								0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	436.667.250	68.425.976	3.637.013	996.600	996.600	0	48.326.613	0	0	0	0	67.170.771	0	624.227.623	0	624.227.623
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	23.340.242	23.340.242	0	0	23.340.242
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	17.666.204	0	0	0	0	0	0	17.666.204	0	17.666.204
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	47	0	0	314.225	0	0	0	0	0	0	0	0	-314.225	0	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)	49	436.667.250	68.425.976	3.951.238	996.600	996.600	0	65.992.817	0	0	0	0	66.856.546	23.340.242	665.234.069	0	665.234.069
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	17.666.204	0	0	0	0	0	0	17.666.204	0	17.666.204
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	0	0	0	0	17.666.204	0	0	0	0	23.340.242	41.006.446	0	0	41.006.446
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	0	314.225	0	0	0	0	0	0	0	0	-314.225	0	0	0	0

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 20th August 2019 were:

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

Supervisory board members from 21st August 2019 till the date of the issue of these reports:

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

As of 31st December, 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 31st December, 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., 26/15. and 17/19.) Tankerska Next Generation Inc. is obliged to conduct accounting and prepare

financial statements for all domestic and international business operations, including all shipping companies in which it holds the majority ownership and which are engaged in vessel operations with their net tonnage being included in the tonnage tax calculation.

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

2. Principal accounting policies

Tankerska Next Generation Inc. financial statements include assets and liabilities, revenues and expenses of the following fully owned subsidiaries:

1. Tankerska Next Generation International Ltd., Majuro, Marshall Islands;
2. Fontana Shipping Company Ltd., Monrovia, Liberia;
3. Teuta Shipping Company Ltd., Monrovia, Liberia;
4. Vukovar Shipping, LLC, Majuro, Marshall Islands;
5. Zoilo Shipping, LLC, Majuro, Marshall Islands;
6. Pag Shipping, LLC, Majuro Marshall Islands.

The Financial statements for the period ending 31st December 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.

3. Vessels and equipment

During the observed period, the Company invested USD 2.6m in the procurement of ballast water treatment systems. The Company made a vessel impairment in the amount of HRK 4.7 million

4. Earnings per Share

EARNINGS PER SHARE	Period	
	1 st Jan - 31 st Dec 2018	1 st Jan - 31 st Dec 2019
Net (loss) / profit to shareholders	HRK 6,284,498	HRK 23,340,242
Weighted average number of shares	8,720,145	8,720,145
Basic (loss) / earnings per share	HRK 0.72	HRK 2.68

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

5. Transactions with the Related Parties

RELATED PARTY TRANSACTIONS	Period	
	1 st Jan - 31 st Dec 2018	1 st Jan - 31 st Dec 2019
Sales to related parties	HRK 0	HRK 0
Purchase from related parties	HRK 18,913,909	HRK 18,618,701
Receivables from related parties	HRK 11,555	HRK 0
Liabilities towards related parties	HRK 5,928,044	HRK 1,788,218
Given loans to related parties	HRK 0	HRK 0
Received loans from related parties	HRK 0	HRK 0

6. Subsequent events after Balance Sheet date

There were no subsequent events after Balance Sheet date which would significantly affect the financial statements on 31st December, 2019.

III. STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements for the period starting 1st January 2019 and ending 31st December 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 31st December 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, 21st February, 2020



John Karavanić, CEO

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.

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.

(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.

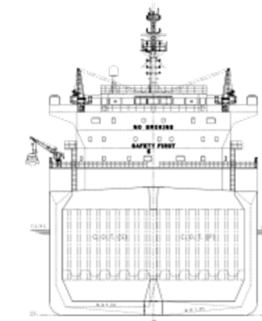
Daily vessel operating expenses. Daily vessel operating expenses is a metric used to evaluate the Group's ability

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.



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

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

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

charter rates is lower for longer-term time charters compared to shorter-term time charters.

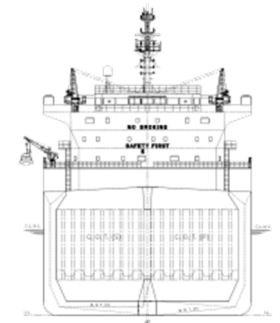
Voyage charter. Voyage charter involves the carriage of a specific amount and type of cargo from a specific loading port(s) to a specific unloading port(s) and most of these charters are of a single voyage nature. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo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

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

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

the commissions and voyage related costs, and generally assumes all risk of operation. The charterer undertakes to maintain the vessel in a good state of repair and efficient operating condition and drydock the vessel during the term of the charter consistent with applicable classification society requirements.

- **Time charter trip.** Time charter trip is a short term time charter where the vessel performs a single voyage between loading port(s) and unloading port(s). Time charter trip has all the elements of a time charter including the upfront fixed daily hire rate.



Important financial and operating terms and concepts

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

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

Time charters, under which the vessels are chartered to customers for a fixed period of time at rates that are generally fixed; and

Voyage charters, under which the vessels are chartered to customers for shorter intervals that are priced on a current or "spot" market rate

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

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

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

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

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

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

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

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

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

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

The largest components of vessel operating costs are generally crews and repairs and maintenance. Expenses for repairs and maintenance tend to fluctuate from period to period because most repairs

and maintenance typically occur during periodic drydocking. These expenses may tend to increase as these vessels mature and thus the extent of maintenance requirements expands.

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

Depreciation expense typically consists of charges related to the depreciation of the historical cost of the vessels (less an estimated residual value) over the estimated useful lives of the vessels and charges relating to the depreciation of upgrades to vessels, which are depreciated over the shorter of the vessel's remaining useful life or the life of the renewal or upgrade. The Group reviews the estimated useful life of vessels at the end of each annual reporting period.

Drydocking and surveys (special and intermediate).

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

Vessel impairment. The carrying amounts of the vessels are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exists, the vessel's recoverable amount is estimated. Vessels that are subject to 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.

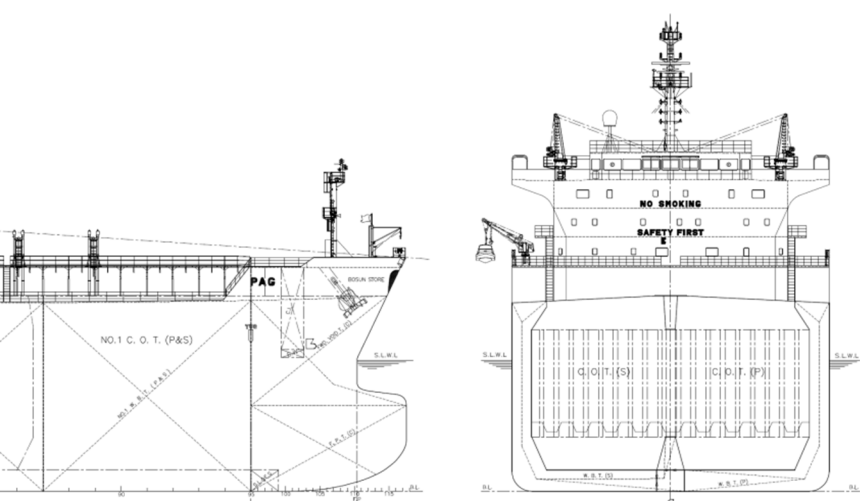
Tonnage tax. The tonnage tax regime is introduced into the Croatian maritime legislation by new amendments to the Maritime Act and is applicable from January 1, 2014. According to the relevant provisions of the Maritime Act ("Maritime Act"), qualifying companies may choose to have their

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



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

 Ship-owner payments

 Charterer payments

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

Cautionary note regarding forward-looking statements

UNAUDITED FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER AND THE FULL YEAR 2019



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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