

TANKERSKA **NEXT GENERATION**

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND
QUARTER AND THE FIRST SIX MONTHS OF 2020

2020			
H1		H2	
Q1	Q2	Q3	Q4



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Results H1 2020

Vessel revenue
USD 19.9m

EBITDA
USD 10.2m

EBIT
USD 6.3m

Net profit
USD 4.5m

TCE NET
16,427 USD/day

OPEX
6,580 USD/day

While some economies appear to be emerging from the "first wave" of the pandemic, or maybe just wishfully thinking so, it is beyond doubt that COVID-19 will have a long-standing impact on all shipping sectors.

Although just over half a year into 2020, most tanker market players will agree this will be a year of utter contrasts. Tankerska Next Generation has not only been a witness to this, but has played an active role.

The first six months have been the company's best in terms of financial results, thus far. Opposite to this jubilant outcome, the industry has been observing a surge in piracy attacks both in Asian waters and potentially life-threatening, new hotspots, in the Gulf of Guinea. But overall, the international shipping world feels the pain of the global repatriation crew crisis, in desperate need of a sustainable solution. This obstacle needs to be overcome "de jure", in terms of maximum length of service, shore leave and a right to repatriation on the expiration of a seafarer's contract. Moreover, it also needs to be overcome "de facto", pragmatically, by opening lanes to seafarers as essential workers. This, however, is easier said than done. Crew exchange needs to return to normal, which in turn would support the already fragile economies. To do so, crewing companies must be able to perform these operations efficiently and more importantly, safely. So far these attempts have been discarded by a lack of logistics as well as poor understanding.

Governments, in the outset of the virus spread, were given "borrowed time" from the shipping community to address issues related to the outbreak with greater priority. Several months down the line, with the "first wave" possibly becoming a "permanent wave", shipping communities request immediate action now. The frustration has mounted to the point where governments are being openly blamed for misconduct,

mismanagement and ignorance. Traditional shipowners, Tankerska Next Generation, just as much as the Group, remain highly concerned as, organisations like ours, have their people on board particularly close to heart, which in translation means more than just interwoven within our business model.

The net profit of TNG was HRK 32.5m (USD 4.5m), is, among other things, the direct result of:

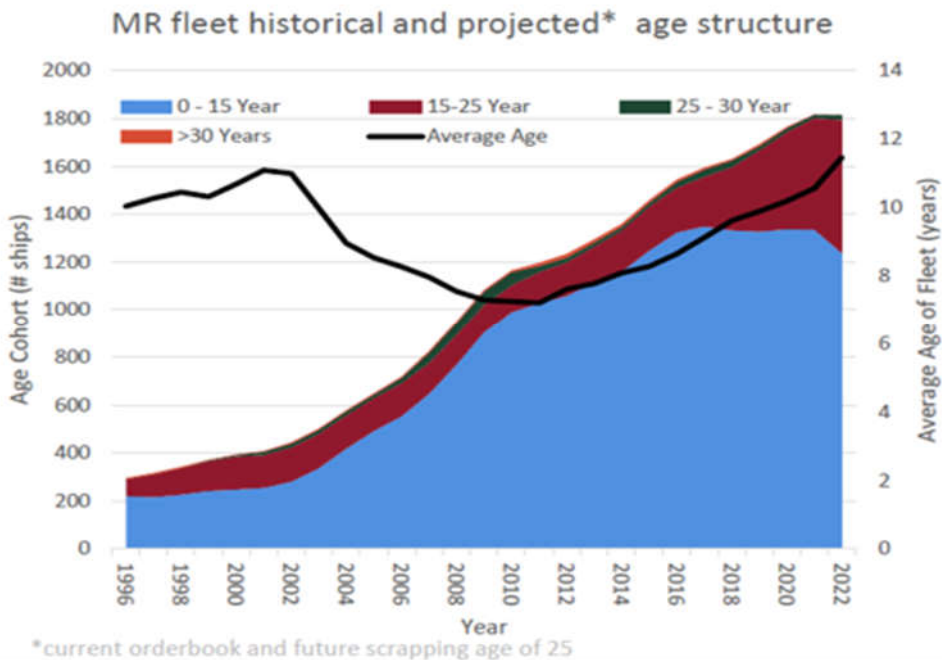
- *well-timed time charter executions,*
- *a sharp decline in oil prices*
- *a crude oil contango which leads to a storage rush on both land and sea.*
- *an incredibly strong spot market recovery which started in Q4 2019 (when some Chinese Owned vessels were taken out of the market due to US sanctions), but mainly attributed to the first quarter, which, at first, was more remarkable within the crude sector with a lagging but equally strong effect on the product side.*

COVID-19 led to both a decrease in demand for hydrocarbons, which is bad for tanker Owners and operators and created a contango market bringing an increase in demand for vessels for oil storage, which was good news for tanker markets. The virus spread overlapped with the Chinese Lunar New Year, which is the low season for shipping markets in the Far East. The Chinese New Year regularly triggers domestic travel among the Chinese through which the actual virus spread effects among the population compounded the already bad situation. An extended shutdown of China affected the shipping markets and negatively impacted the freight rates at first, leaving a scrambled picture for the mid-term outlook even while still in the early stages of H1 2020.

Tankerska Next Generation was able to secure 1,116 days of the maximum 2,196 of TC days. Our time charter coverage, during the last six months was associated with worldwide prominent names (Clearlake, Trafigura, Mjolner, Koch, Exxon Mobil).

On a more positive note looking forward, the lack of tanker ordering should offer some support from 2021-22 as fleet growth slows, with new regulatory targets to cut carbon emissions partly responsible - as Owners are uncertain what vessel designs to choose to meet these targets:

- new propulsion technologies,
- structural vessel design changes
- or a shift to alternative or dual-fuel vessels.



In the long term the product supply side will go negative according to industry analyst research due to the combination of an ageing fleet and a lack of newbuildings.

Under these circumstances, deleveraging has evermore been a part of our strategy to create long term value for shareholders in spite of the fact we have always been a

moderately leveraged company. We focus all our efforts in the safe financial running of the company.

Our buyback programme as a use of cash has proven to be well timed in relation to the long term outlook of the industry but at the same time, cash remains quite important.

So far, management has used the SBB programme moderately (reference page 24), as a backstop, while opening doors to long term shareholders which share our market views.

In conclusion

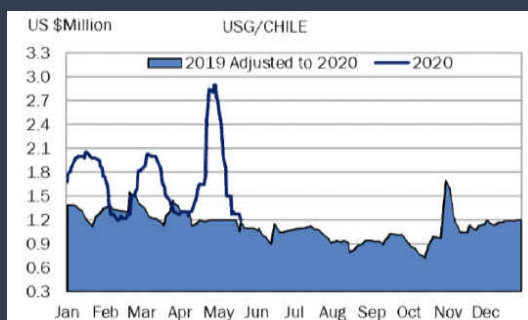
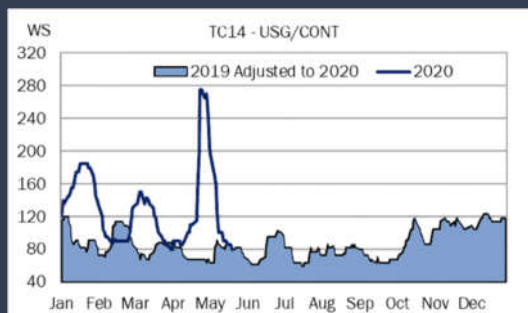
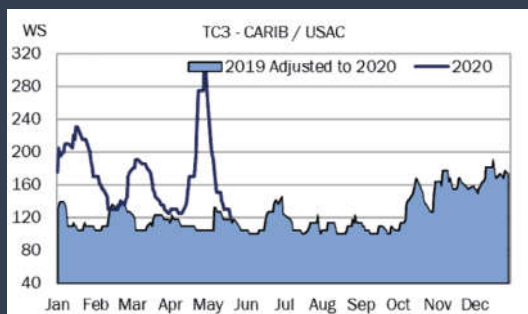
Discussions about replacing crews are ongoing yet authorities worldwide, with the exception of few, have not been accomplishing nearly as much as Owners would expect or hoped for. Returning crews back home that have been on board longer than they otherwise would be, has been a mission that has overshadowed the company's economic drivers for sake of human need which will surely be recognized in the long run by its staff, officers and crew. Clearly, an open dialogue with our Croatian crew has been proactive all along and the fact that the company recruits seafarers from a large local community has brought added value to the table more than ever before. It is difficult to apply metrics to it in a global pandemic, but bluntly put, to spend weeks and months on board with familiar faces, co-patriots, is something that should not be underestimated as and when most have been "stranded" on board for much longer than anticipated in an unprecedented situation.

Contrary to what might have been anticipated, since our results are best yet, this column remains predominately supportive of the crewing crisis as we feel this issue must be underlined as much as possible since we believe in our crew; their voices need to be amplified at every opportunity however marginal an amplifier this report might be.

John Karavanić, Board member



Market environment



Looking at drivers in the early months of 2020, they remained favourable to tanker owners, with a positive reaction to the US-China "Phase One" trade deal. As part of the trade agreement signed in mid-January 2020, China agreed to import an additional USD 52bn of US energy goods by 2021. Moreover, in February 2020, China not only reduced its tariff on imports of US crude from 5% to 2.5%, but also announced that companies could apply for exemptions from tariffs on a wide range of US goods, including crude oil.

With regard to the supply of tonnage at year-end, crude oil fleet growth projected to stand at moderate levels of about 3% in 2020, when compared to over 4% in 2019. Moreover, scrubber retrofit time had been expected to continue to impact tanker supply, with more than 1.5% of the crude tanker fleet and 0.7% of the products tanker fleet expected to undertake retrofitting in 2020. Furthermore, availability of large crude carriers was expected to also be hit due to a number of VLCCs used for floating storage as a hedge against future prices. More specifically, the National Iranian Tanker Co.'s fleet including sanctioned units ranging from Aframaxes to VLCCs, was primarily engaged in floating storage off Iran.

The lifting of US sanctions on Cosco Shipping Tanker (Dalian) Co. in early 2020, and the return of its vessels to the market increased tonnage availability, contributing to a significant easing in tanker market conditions in January and early February 2020.

Early to mid-COVID19 period

By February 2020, the impact of COVID-19 on the crude oil market, and thus, the tanker rate environment, had become increasingly evident. Brent crude prices came under significant pressure, falling from an average of circa USD 64bbl to around USD 55bbl in February, as Chinese oil demand dropped severely. Oil demand was predominantly hampered by travel restrictions, business closures and disruptions, as well as reduced refinery run rates by Chinese refiners. Travel restrictions due to containment efforts limited the use of jet fuel, and supply chains slowed, with industrial activity declining as companies sent employees home and many in to self isolation.

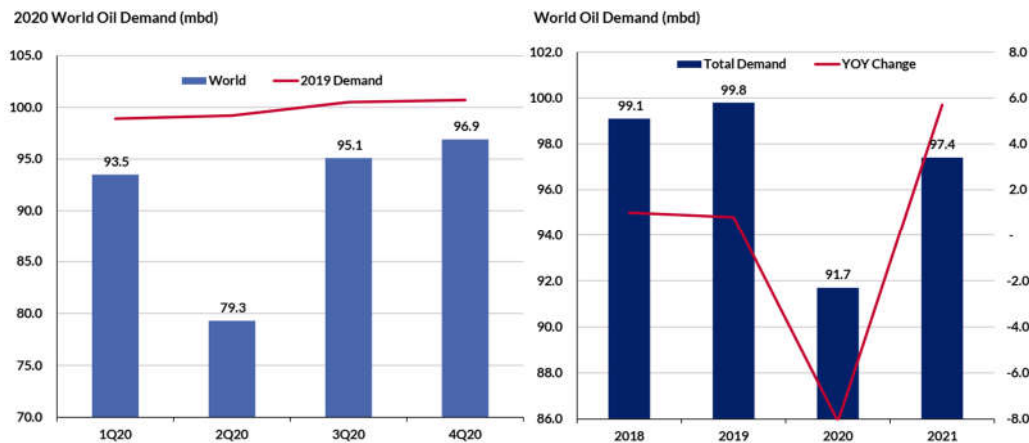
The COVID-19 shock on Chinese oil demand, as well as significant increases in Middle Eastern production, led to oil prices falling to just over USD 25bbl by mid-March 2020, reflecting a deterioration of around 40% from their mid-February level, with markets bracing for oil prices somewhere in the low USD 20s.

At this point in time, these developments shifted control of the market to the hands of tanker owners, which were opting whether to take advantage of skyrocketing spot rates or devote their units in floating storage contracts which was the centre staged theme in H1.

The surge in rates for crude oil carriers commencing in mid-March 2020 turned out to be a short-term effect, especially with many provisional fixtures not materialising into actual contracts.

Short term outlook

1. Lockdowns become more relaxed generating more demand



- demand is forecasted to decline 8.1 mbd yoy.
- demand is expected to fully recover by 2022
- significant yoy growth in 2021 might create wider arbitrages and revived trading opportunities
- aviation fuel might take more time to regain pre COVID-19 levels

2. Key factors to keep an eye on in H2 & 2021

Upside	Downside
Higher US production	Covid-19 second wave
Return of Libya	Weaker demand recovery
Fallout of OPEC+	Changing consumer trends
Sanctions impact on vessel supply	Stock draws
Return of contango	Deeper/extended production cuts
Strong rebound in oil demand, economic stimulus	Reduced delays/storage
Increased scrapping	

3. Tanker supply side

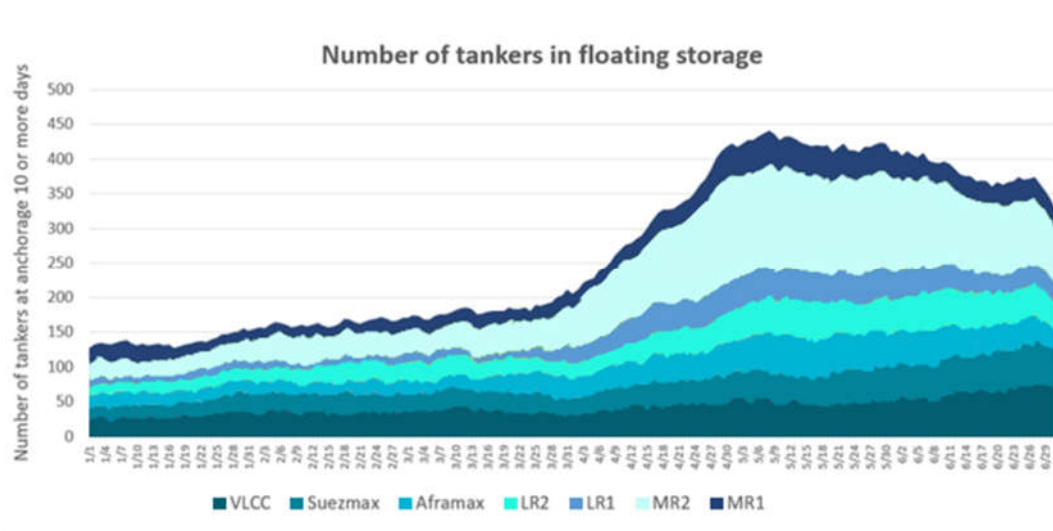
- Newbuilding deliveries to decelerate in next 12 to 18 months while 2022 remains unclear
- Attractiveness of lower prices could be put off by strict international climate considerations
- Regulatory developments and the age profile should support scrapping

4. Ship management has become logistically more challenging

- Crimes at sea - surges in piracy and robberies
- US - China trade wars
- The U.S. blacklisting ships for allegedly moving crude and products from sanctioned countries (Iran and Venezuela)
- stringent vessel (remote) inspections

Tankers in floating Storage

The number of laden tankers in an anchorage zone for 10 or more days

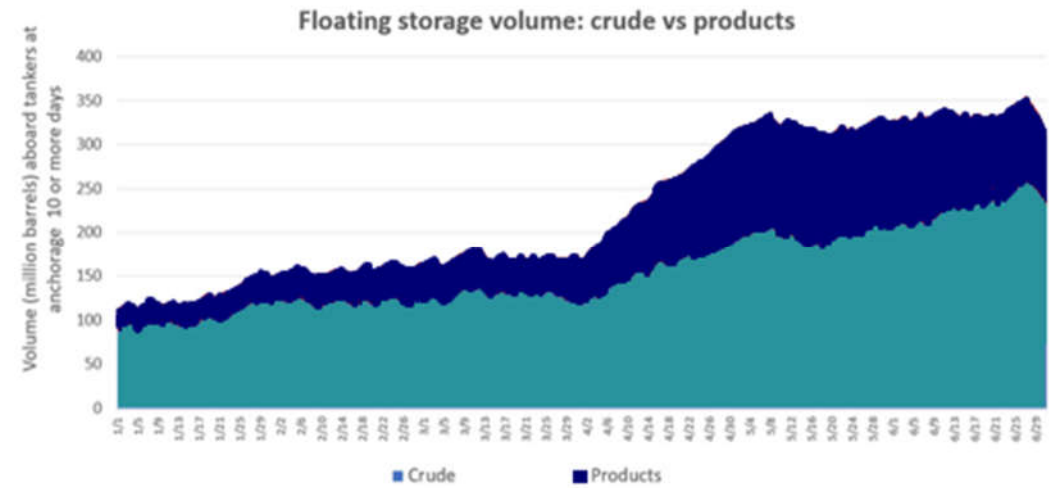


The numbers show a peak reached in early May, followed by a steady decline, and a sharp drop-off in late June.

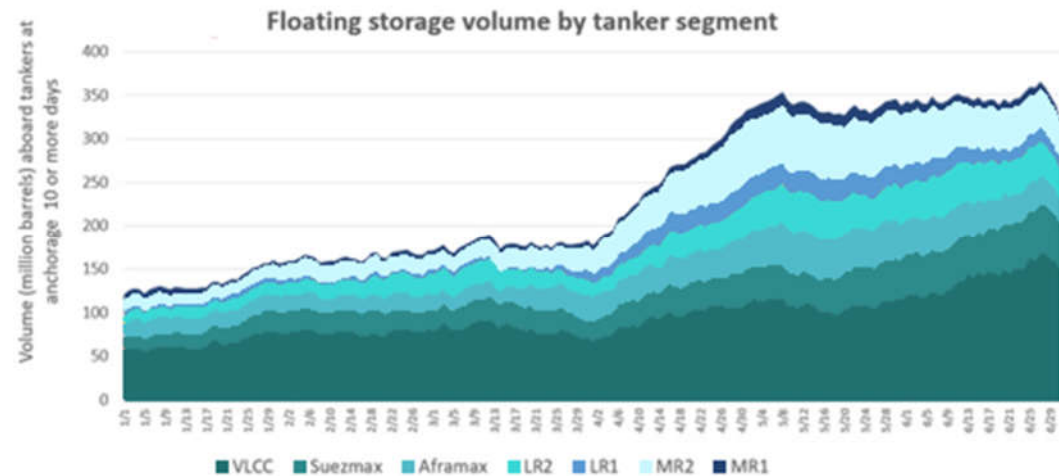
But the actual market effect is skewed by ship size. A very large crude carrier (VLCC) can carry over 2 million barrels of crude oil. An MR1 product tanker carries around a sixth of that volume.

Weighting the numbers by the ships' carrying capacity tells a different story. The estimated volume aboard tankers idle 10 or more days didn't peak until June 27.

Vesselsvalue, July 2020



The pattern is very different for product tankers than crude tankers. Idled product volumes started to decline in mid-May. But crude tied up on tankers kept rising and offset the product declines until idled crude volumes also turned negative on June 27.



Ship finance - key developments and growth

- Top 40 banks' lending to shipping fell from \$300.7 in 2018 to \$294.4bn in 2019;
- Chinese banks continue to gradually decline in terms of direct, bilateral bank ship finance;
- Chinese Leasing is increasing its exposure (from \$52.5 in 2018 to \$59.2bn in 2019).

Chinese ship finance has taken a pause and showed some contractions. These declines, however, are more than counterbalanced by the rise of Chinese leasing. Overall, global ship finance showed only a minor decline and the prospects were positive at the end of 2019, set for a more vibrant performance in 2020. Unfortunately, the COVID-19 pandemic and its follow-up effects created major negative impact upon global economic activity, international trade, and the price of oil, which completely changed the scene in 2020. The effect of lockdowns and travel restrictions have imposed an enormous strain on shipping.

Some sectors, such as, offshore, cruising and containers took the burden, whilst others, such as dry bulk and the tanker sector displayed increased

volatility. Banks' reaction was one of caution. Although there were some loan restructure requests received by most banks, it was hardly significant.

In fact, the shipping industry, as a whole, has so far weathered the storm well with the exception of offshore and cruising industries, which are still facing serious financial threats. As a result, bank approvals became more cautious and demanding, which resulted in more stringent terms and higher pricing. At the same time, Chinese leasing companies were adversely impacted by their exposure to aviation, which combined with the higher cost of US dollar funding resulted in a slowdown in their ship finance activities.

The international banking environment, however, remains challenging, as the Basle raise capital ratios criteria and other central bank regulations and monitoring, limiting the ability of banks to lend. Central banks, however, have provided attractive liquidity terms to banks in order to enhance the economic recovery and this may support increased ship finance by banks.

Analysts are talking either of a V-shape recovery, or of a U-shape one, or of W-shape one and yet others of no foreseeable recovery until 2021. The tanker market hysteria, due to oil capacity shortages, was short lived as oil demand fell.

Trade protectionism is an increasing concern, coupled with an emphasis on national rather than international policy by the main economic players. Shipping remains at the mercy of the international trade environment.

Looking to the year ahead, markets will depend on the economic recovery and a medical solution for COVID-19, as well as how the trade wars and sanctions will develop during a US presidential election year.

As newbuilding orders have slowed down, it is the demand side that will shape market conditions. Forecasting shipping demand over the next year appears especially difficult as there are so many factors at play. The ship finance industry may be content by the performance of shipping during a very difficult period, but the geopolitical, pandemic, economic, environmental and trade factors remain.

While the oil market remains fragile, the recent recovery in oil prices implies that the first half of 2020 will end in a more positive outlook than expected. On the demand side, China's exit from lockdown restrictions has resulted in a demand recovery in April touching 2019 levels. In addition, we have witnessed a strong boost in India's demand in May, however it is still well below last year's levels. In the second half of the year, easing of global lockdown measures should give a boost to the oil market. Even so, demand in 2020 is expected to be 8.1 mb/d lower compared to 2019, with the biggest declines being reported in the first half of the year.

Overall, while this shock was totally unwelcome, the market will resolve the imbalances over time. When it does, the structural fundamentals continue to point toward strong market fundamentals.

Product tankers

QUICK OVERVIEW

Key fleet figures

as at 01st July 2020

In Service:

2,579 vessels

113,238,832 dwt

total dwt capacity:

2.10 %

year to date growth:

Over 20yrs:

245 vessels

9,904,931 dwt

total dwt capacity:

9.50 %

as a percentage of fleet:

On Order:

166 vessels

7,671,848 dwt

total dwt capacity:

6.44 %

as a percentage of fleet:

Remaining deliveries for 2020

as at 01st July 2020

Scheduled:

55 vessels

total dwt capacity:

2,518,243 dwt

as a percentage of fleet:

2.13 %

MR (25-59,999DWT)

Changes in 2020

as at 01st July 2020

Deliveries:

62 vessels

total dwt capacity:

2,771,439 dwt

as a % of starting fleet:

2.45 %

of which latest month:

14 vessels

and in dwt terms:

554,208 dwt

New Orders:

26 vessels

total dwt capacity:

1,240,694 dwt

as a % of starting fleet:

1.03 %

of which latest month:

2 vessels

and in dwt terms:

100,000 dwt

Scrapped:

8 vessels

total dwt capacity:

322,791 dwt

as a % of starting fleet:

0.32 %

of which latest month:

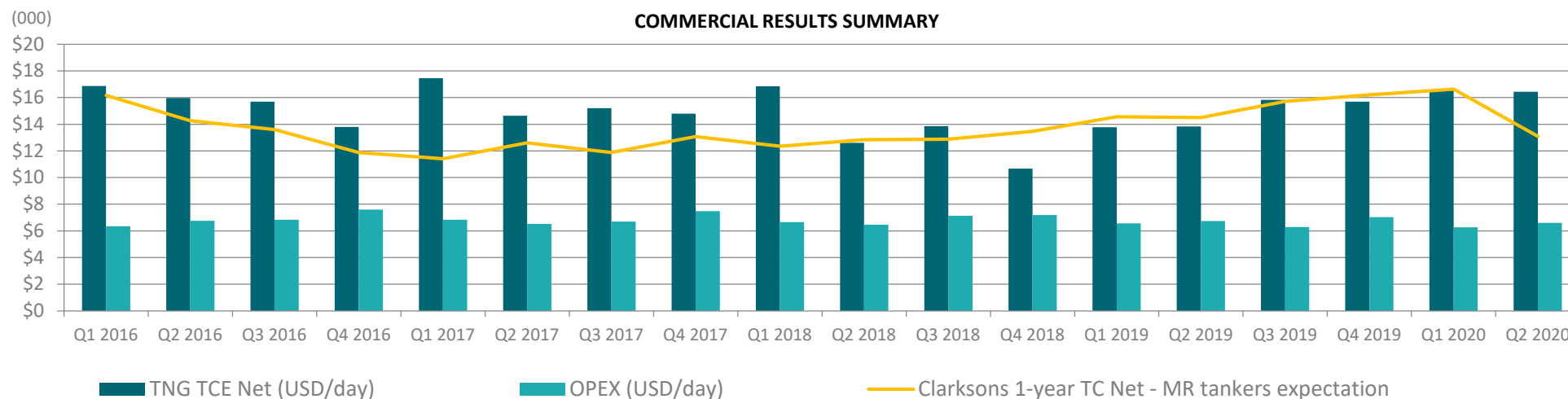
2 vessels

and in dwt terms:

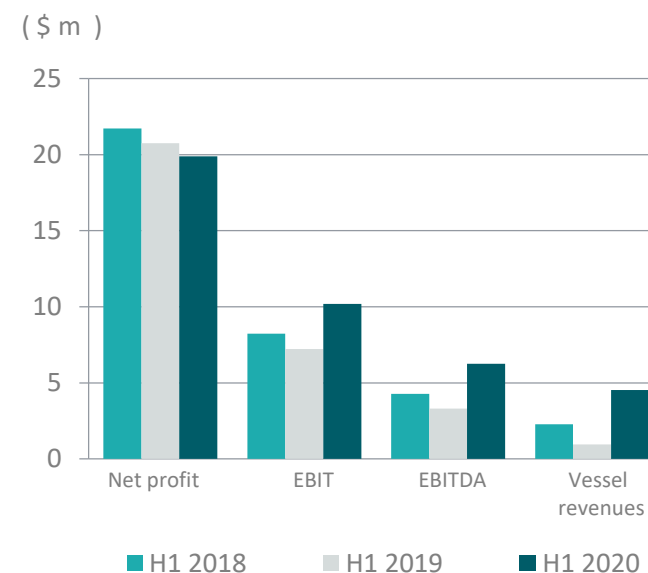
82,070 dwt



Results



SELECTED FINANCIALS	HRK 000				USD 000			
	Q2 2019	Q2 2020	H1 2019	H1 2020	Q2 2019	Q2 2020	H1 2019	H1 2020
Vessel revenues	62,984	67,869	136,126	137,129	9,526	9,711	20,744	19,882
EBITDA	24,545	34,408	47,435	70,989	3,709	4,848	7,231	10,191
EBIT	11,778	20,963	22,040	44,157	1,736	2,879	3,307	6,252
Net profit	3,997	15,589	6,383	32,454	592	2,100	953	4,529



Total revenues for the first half of 2020 amounted to HRK 137.1m (USD 19.9m), while EBITDA reached HRK 71.0m (USD 10.2m).

The net profit for the first six months of 2020 amounts to HRK 32.5 million (USD 4.5m), while EBIT was HRK 44.2m (USD 6.3m).

In the first half of 2020, vessels' revenues reached HRK 137.1 million (USD 19.9m), which is a slight change from the same period last year.

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

The average daily TCE of the fleet during the first half of 2020 was recorded at USD 16,427.

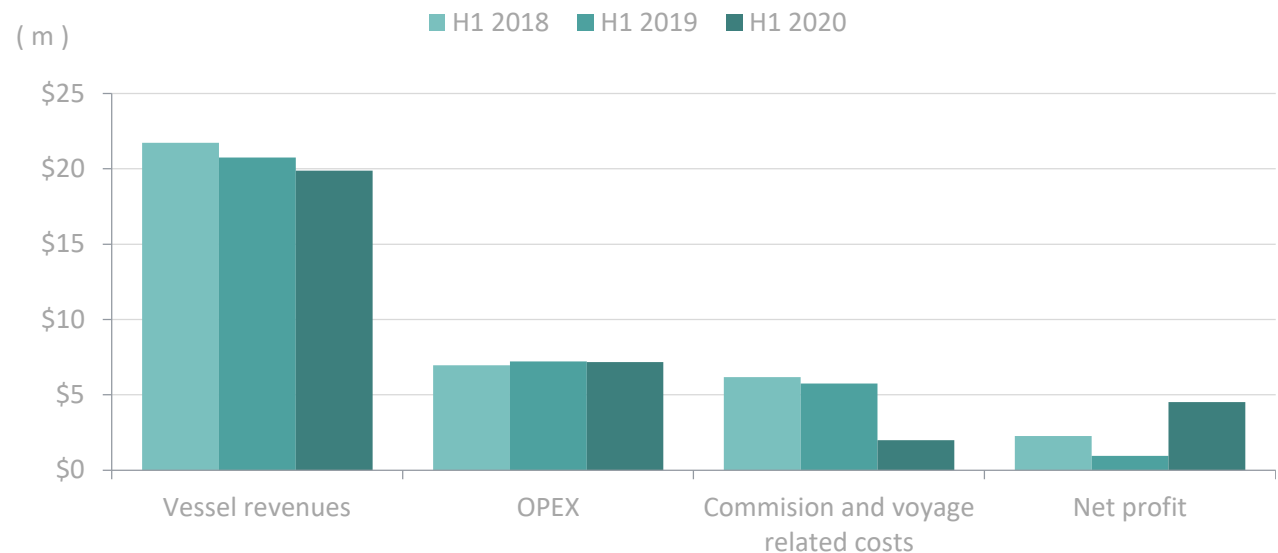
Operating expenditures of the fleet amounted to HRK 48.9m (USD 7.2m) in the first six months of 2020 and have slightly increased from the same period of 2019 when they were HRK 47.4m (USD 7.2m).

Commissions and voyage associated costs amounted to HRK 13.4 million (USD 2.0 million) in the first six months of 2020, while in the same period of 2019 they added up to HRK 37.8 million (USD 5.8m). The decrease in these expenses is due to less exposure of TNG's fleet in the spot market.

Depreciation costs in the first half of 2020 amounted to HRK 26.8m (USD 4.0m).

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 recorded at HRK 3.2m (USD 0,5m) are slightly up against the same period last year.



Total revenues for the second quarter of 2020 amounted to HRK 67.9m (USD 9.7m), while EBITDA reached HRK 34.4m (USD 4.8m).

The net profit for the Q2 2020 amounts to HRK 15.6 million (USD 2.1m), while EBIT was HRK 21.0m (USD 2.9m).

In the second quarter of 2020, vessels' revenues reached HRK 67.9 million (USD 9.7m), which is a slight increase from the same period last year.

Somewhat paradoxically, the lower exposure of the TNG fleet in the spot market (where the owner generates higher revenue, but at the same time burdened with higher costs) did not significantly affect the revenues level of Tankerska Next Generation, primarily due to the good performance on the tanker market at the beginning of the second quarter.

The average daily TCE of the fleet during the first half of 2020 was recorded at USD 16,274.

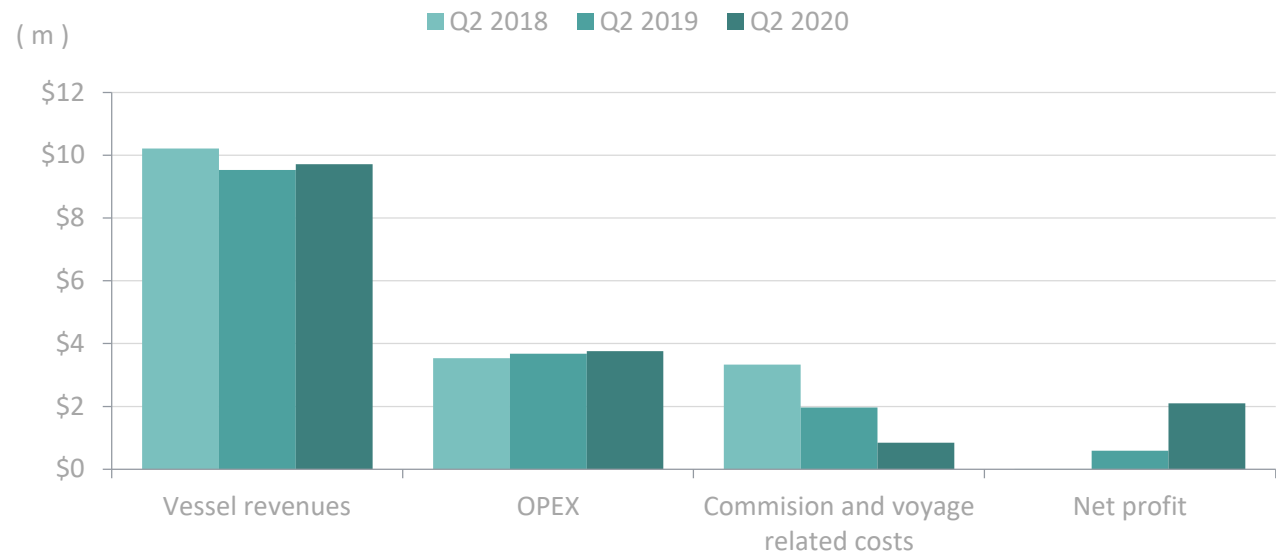
Operating expenditures of the fleet amounted to HRK 25.8m (USD 3.8m) in the Q2 2020 and are increased from the same period of 2019 when they were HRK 23.1m (USD 3.4m).

Commissions and voyage associated costs amounted to HRK 5.9 million (USD 0.8 million) in the second quarter of 2020, while in the same period of 2019 they added up to HRK 13.0 million (USD 2.0m). The decrease in these expenses is due to less exposure of TNG's fleet in the spot market.

Depreciation costs in the second quarter of 2020 amounted to HRK 13.4m (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 recorded at HRK 1.5m (USD 0,2m) are slightly up against the same period last year.





Operational data of the fleet

TNG's CURRENT FLEET

Currently TNG's fleet consists of six MR tankers (Velebit, Vinjerac, Vukovar, Zoilo, Dalmacija and Pag). The Group owns an operating fleet which consists of two conventional ice class tankers and four eco-design modern product tankers with a total capacity of 300,000 dwt. On June 30, 2020, the average age of the vessels in TNG's fleet is 6.21 years.

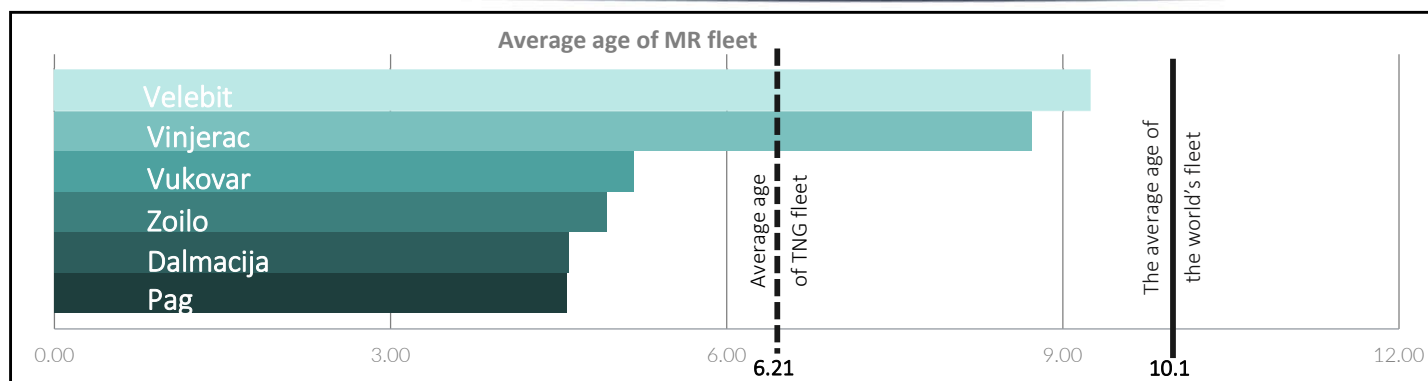
CURRENT CHARTERING STRATEGY

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 activated the option to extend the contract for an additional (maximum) 385 days at a similar rate at USD 16.800 per day.

Velebit

Tankerska Next Generation has secured the one-year employment of the conventional ice class product tanker MT Velebit in mid-March 2019. The tanker has been 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

Tankerska Next Generation in mid-May has secured 6-month employment for ECO class product tanker MT Vukovar with charterer's option to extend for up to 12 months. Upon completion of the contract at the end of May 2020, the tanker was employed in the „spot“ market. During July, the tanker will perform a regular five-year drydock, after which is planned delivery to the charterer in accordance with the concluded shipping contract.

Pag

The MT Pag time charter with the charterer Koch Shipping Pte Ltd for a period of 6 to 12 months in the charterer's option expired in early February, and shortly afterwards a new short-term time charter was secured with a contracted price of 16,850 USD per day for three to six months.

Zoilo

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.

Vinjerac

Tankerska Next Generation secured two-year employment for MT Vinjerac, and the contracted employment is due to commence in May 2020. The tanker will be chartered out to a prominent charterer at approximately USD 15,250 per day under standard market terms and conditions. The charterer has an option to extend the deal, in direct continuation, for the third year at approximately USD 15,750.

Vessel	Capacity (dwt)	Employment	Hire rate (USD)
Velebit	52,554	Clearlake	15,500 (until Q4 2020)
Vinjerac	51,935	Clearlake	15,250 (from May 2020)
Vukovar	49,990	KOCH	17,000 (until end of May)
Zoilo	49,990	SPOT tržište	13,500* (until end of June)
Dalmacija	49,990	Trafigura	16.800 (until beginning of July)
Pag	49,990	KOCH / MJØLNER	16,850 (until beginning of July)

* Minimum daily hire with profit share above the minimum in a 50:50 split with the charterer

Operational data of the fleet

OPERATIONAL DATA OF THE FLEET	H1 2018	H1 2019	H1 2020
Time Charter Equivalent rates (USD/day)	14,313	13,807	16,427
Daily vessel operating expenses (USD/day)	6,408	6,649	6,580
Operating days (number)	1,086	1,086	1,092
Revenue days (number)	1,086	1,086	1,089
Fleet utilization (%)	100%	100%	99,7%

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 when key time charters are concluded. At the time, the concluded time charter contracts enabled TNG to achieve results above the market average. In Q2, the majority, or five 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.

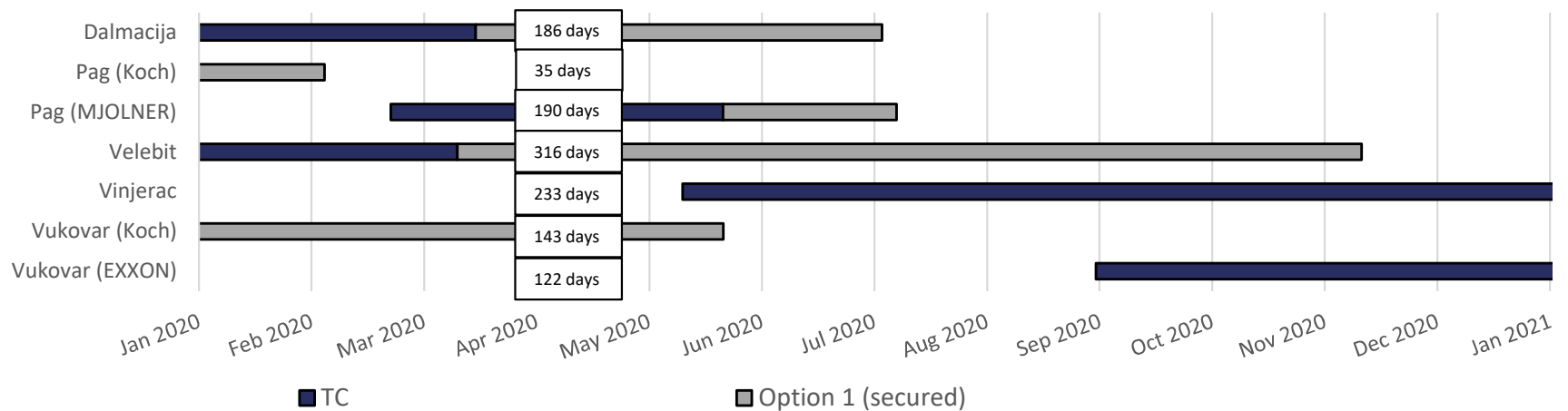
The average TCE net rate for Q2 2020 added up to USD 16,274.

The average daily vessel operating expenses (OPEX) in the first quarter of 2020 amounted to USD 6,275 per vessel, which is a 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.

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 up to approximately 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.

Secured days of income in 2020



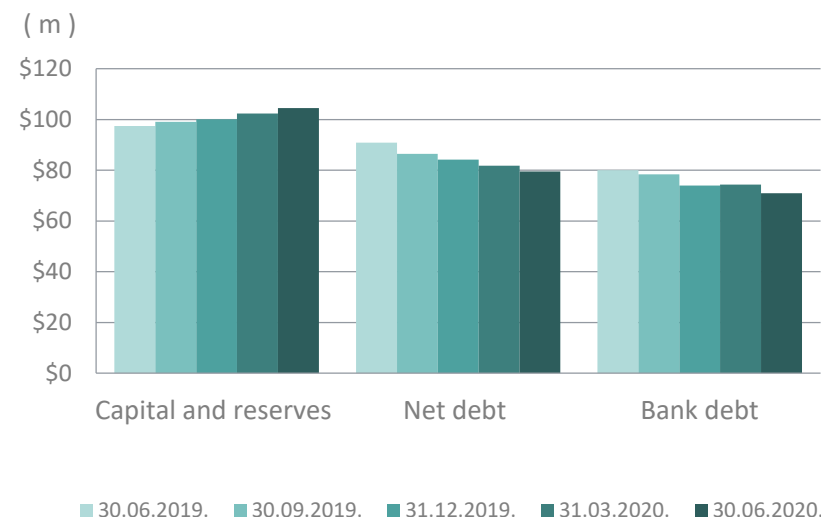


Financial position summary

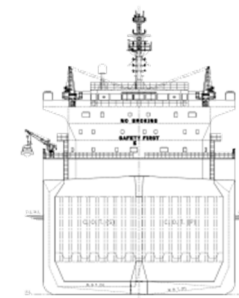
Tankerska Next Generation concluded H1 2020 with 3 percentage points less gearing or 40% in comparison to the end of 2019. This decreasing debt trend is in accordance with the loan repayment plans of TNG and regular decrease in indebtedness, while a further decrease in the company's debt is expected 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.



FINANCIAL POSITION SUMMARY	HRK 000					USD 000				
	30 Jun 2019	30 Sept 2019	31 Dec 2019	31 Mar 2020	30 Jun 2020	30 Jun 2019	30 Sept 2019	31 Dec 2019	31 Mar 2020	30 Jun 2020
Bank debt	590,196	586,161	559,749	562,672	533,142	90,865	86,519	84,174	81,828	79,483
Cash and cash equivalents	70,653	55,364	67,712	51,179	57,073	10,876	8,171	10,182	7,443	8,509
Net debt	519,543	530,797	492,037	511,493	476,069	79,989	78,348	73,992	74,385	70,974
Capital and reserves	632,964	671,398	665,234	704,015	700,852	97,445	99,121	100,037	102,284	104,487
Gearing ratio Net debt / (Capital and reserves + Net debt)	45%	44%	43%	42%	40%	45%	44%	43%	42%	40%



Income statement and statement of other comprehensive income

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2020



INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR PERIOD FROM January 1 st , 2020 to June 30 th , 2020 unaudited	HRK 000				USD 000			
	Q2 2019	Q2 2020	H1 2019	H1 2020	Q2 2019	Q2 2020	H1 2019	H1 2020
Revenues	62,984	67,869	136,126	137,129	9,526	9,711	20,744	19,882
Other revenues	356	-	562	-	54	-	86	-
Sales revenues	63,340	67,869	136,688	137,129	9,580	9,711	20,830	19,882
Commission and voyage related costs	(13,042)	(5,912)	(37,762)	(13,749)	(1,967)	(848)	(5,750)	(1,991)
Vessel operating expenses	(24,245)	(25,840)	(47,383)	(48,889)	(3,676)	(3,765)	(7,221)	(7,185)
General and administrative	(1,340)	(1,458)	(2,644)	(3,157)	(203)	(212)	(403)	(463)
Other expenses	(168)	(251)	(1,464)	(345)	(25)	(38)	(225)	(52)
Total operating expenses	(38,795)	(33,461)	(89,253)	(66,140)	(5,871)	(4,863)	(13,599)	(9,691)
EBITDA	24,545	34,408	47,435	70,989	3,709	4,848	7,231	10,191
Depreciation and amortization	(12,767)	(13,445)	(25,395)	(26,832)	(1,973)	(1,969)	(3,924)	(3,939)
Impairment	-	-	-	-	-	-	-	-
Operating profit (EBIT)	11,778	20,963	22,040	44,157	1,736	2,879	3,307	6,252
Net interest expenses	(7,835)	(5,451)	(15,714)	(11,712)	(1,193)	(792)	(2,404)	(1,724)
Net foreign exchange gains (losses)	54	77	57	9	49	13	50	1
Net income	3,997	15,589	6,383	32,454	592	2,100	953	4,529
Other comprehensive income	(11,244)	(18,752)	2,354	3,719	(2,058)	3	(1)	3
Total comprehensive income	(7,247)	(3,163)	8,737	36,173	(1,466)	2,103	952	4,532
Weighted average number of shares outstanding, basic & diluted (thou,)	8,720	8,707	8,720	8,712	8,720	8,707	8,720	8,712
Net income (loss) per share, basic & diluted	0.46	1.79	0.73	3.73	0.07	0.24	0.11	0.52

Balance sheet

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2020



BALANCE SHEET At the date of June 30 th , 2020 unaudited	HRK 000				USD 000			
	31 Mar 2019	31 Dec 2019	31 Mar 2020	30 Jun 2020	31 Mar 2019	31 Dec 2019	31 Mar 2020	30 Jun 2020
Non-current Assets	1,199,337	1,165,712	1,197,570	1,159,208	181,442	179,469	174,160	172,820
Vessels	1,199,221	1,165,599	1,188,132	1,145,787	181,424	179,452	172,788	170,819
Tangible assets in preparation	0	0	9,319	13,295	-	-	1,355	1,982
Other Non-current Assets	116	113	119	126	18	17	17	19
Current Assets	98,392	101,963	102,217	102,502	14,885	15,697	14,866	15,281
Inventory	10,346	6,619	5,173	7,748	1,565	1,019	752	1,155
Accounts receivable	35,916	22,924	24,189	32,319	5,433	3,529	3,518	4,818
Cash and cash equivalents	47,947	70,653	51,179	57,073	7,254	10,876	7,443	8,509
Other current assets	4,183	1,767	21,676	5,362	633	273	3,153	799
Total Assets	1,297,729	1,267,675	1,299,787	1,261,710	196,327	195,166	189,026	188,101
Shareholders Equity	640,212	632,964	704,015	700,852	96,853	97,445	102,384	104,487
Share capital	436,667	436,667	436,667	436,667	67,500	67,500	67,500	67,500
Reserves	133,988	122,743	160,841	142,089	18,609	18,609	18,658	18,661
Retained earnings	69,557	73,554	106,507	122,096	10,744	11,336	16,226	18,326
Non-Current Liabilities	556,393	559,728	514,289	501,678	84,174	86,174	74,792	74,792
Bank debt	556,393	559,728	514,289	501,678	84,174	86,174	74,792	74,792
Current Liabilities	101,124	74,983	81,483	59,180	15,300	11,547	11,850	8,822
Bank debt	53,120	30,468	48,383	31,464	8,036	4,691	7,036	4,691
Accounts payable	11,856	5,792	3,855	5,094	1,795	895	561	759
Other current liabilities	36,148	38,723	29,245	22,622	5,469	5,961	4,253	3,372
Total liabilities and shareholders equity	1,297,729	1,267,675	1,299,787	1,261,710	196,327	195,166	189,026	188,101

Cash flow statement

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2020



CASH FLOW STATEMENT FOR THE H1 2020 unaudited	HRK 000				USD 000			
	Q1 – Q3 2019	FY 2019	Q1 2020	H1 2020	Q1 – Q3 2019	FY 2019	Q1 2020	H1 2020
Profit before tax	17,562	23,340	16,865	32,454	2,642	3,545	2,429	4,529
Depreciation and Amortisation	39,239	52,499	13,387	26,832	5,934	7,913	1,970	3,939
Changes in working capital	14,286	20,297	(25,560)	(24,902)	2,207	3,124	(3,735)	(3,718)
Other	441	5,627	1,443	(1,915)	35	682	(42)	(117)
Cash flow from operating activities	71,528	101,763	6,135	32,469	10,818	15,264	622	4,633
Cash inflows from investing activities	-	-	-	-	-	-	-	-
Cash outflows from investing activities	(2,177)	(2,780)	(6,307)	(10,304)	(327)	(417)	(934)	(1,533)
Cash flow from investing activities	(2,177)	(2,176)	(6,307)	(10,304)	(327)	(417)	(934)	(1,533)
Cash inflows from financing activities	-	-	-	-	-	-	-	-
Cash outflows from financing activities	(72,553)	(88,264)	(16,361)	(32,804)	(11,036)	(13,382)	(2,427)	(4,773)
Cash flow from financing activities	(72,553)	(88,264)	(16,361)	(32,804)	(11,036)	(13,382)	(2,427)	(4,773)
Net changes in cash	(3,202)	11,323	(16,533)	(10,639)	(545)	1,465	(2,739)	(1,673)
Cash and cash equivalents (beg, of period)	56,389	56,389	67,712	67,712	8,717	8,717	10,182	10,182
Cash and cash equivalents (end of period)	53,187	67,712	51,179	57,073	8,171	10,182	7,443	8,509

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2020



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 Oct to 31 Dec 2019	HRK 000	HRK 000	HRK 000	HRK 000	HRK 000
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
For the period from 1 Jan to 31 Mar 2020	HRK 000	HRK 000	HRK 000	HRK 000	HRK 000
Balance at 1 January 2020	436,667	90,197	127,377	10,993	665,234
Net profit for the period	-	16,865	-	-	16,865
Change in capital	-	-	-	-	-
Change in other reserves	-	(555)	-	-	(555)
Changes in other comprehensive income	-	-	-	22,471	22,471
Balance at 31 March 2020	436,667	106,507	127,377	33,464	704,015
For the period from 1 Apr to 30 Jun 2020	HRK 000	HRK 000	HRK 000	HRK 000	HRK 000
Balance at 1 April 2020	436,667	106,507	127,377	33,464	704,015
Net profit for the period	-	15,589	-	-	15,589
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(18,752)	(18,752)
Balance at 30 June 2020	436,667	122,096	127,377	14,712	700,852

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 Oct to 31 Dec 2019	USD 000	USD 000	USD 000	USD 000	USD 000
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
For the period from 1 Jan to 31 Mar 2020	USD 000	USD 000	USD 000	USD 000	USD 000
Balance at 1 January 2020	67,500	13,880	19,689	(1,032)	100,038
Net profit for the period	-	2,429	-	-	2,429
Change in capital	-	-	-	-	-
Change in other reserves	-	(82)	-	-	(82)
Changes in other comprehensive income	-	-	-	-	-
Balance at 31 March 2020	67,500	16,227	19,689	(1,032)	102,384
For the period from 1 Oct to 31 Dec 2019	USD 000	USD 000	USD 000	USD 000	USD 000
Balance at 1 April 2020	67,500	16,227	19,689	(1,032)	102,384
Net profit for the period	-	2,100	-	-	2,100
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	3	3
Balance at 30 June 2020	67,500	18,327	19,689	(1,029)	104,487

NET ASSET VALUE CALCULATION

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2020



NET ASSET VALUE CALCULATION estimate (000 USD)	At the date 30 Jun 2019	At the date 30 Sep 2019	At the date 31 Dec 2019	At the date 31 Mar 2020	At the date 30 Jun 2020
Total fleet value	164,770	165,360	167,950	163,630	147,420
Investments	-	-	-	-	-
Current assets	4,821	5,779	3,709	7,423	6,772
Other non-current assets	17	17	416	17	19
Total value of other assets	4,838	5,796	4,125	7,440	6,791
Cash and cash equivalents	10,876	8,171	10,182	7,443	8,509
Bank debt	(90,865)	(86,519)	(84,174)	(81,828)	(79,483)
Net debt	(79,989)	(78,348)	(73,992)	(74,385)	(70,974)
Other non-current liabilities	-	-	-	-	6,791
Current liabilities	(6,856)	(6,088)	(4,872)	(4,814)	(4,131)
Total value of other liabilities	(6,856)	(6,088)	(4,872)	(4,814)	(4,131)
NET ASSET VALUE	82,763	86,720	93,211	91,871	79,106
Weighted average number of shares outstanding, basic & diluted	8,720,145	8,720,145	8,720,145	8,716,890	8,707,022
Net asset value per share (USD)	9.49	9.94	10.69	10.54	9.09

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.

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 147.4m, what with all other unchanged parameters gives a NPV per share of USD 9.09.

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 Q2 2020

- 02.04.2020 Acquisition of own shares
- 21.04.2020 Response to the ZSE due to price changes
- 23.04.2020 Announcement of the Management and the Supervisory board session
- 29.04.2020 Management and the Supervisory board meeting held
- 29.04.2020 Code of Corporate Governance Questionnaire for 2019
- 30.04.2020 Information about own shares – Capital Market Act – Article 474
- 12.05.2020 Time charter employment secured for our ECO tanker
- 20.05.2020 Notification on transaction by person discharging managerial responsibilities
- 18.06.2020 Invitation to the General Assembly

SHAREHOLDER STRUCTURE

Shareholder on 30 Jun 2020	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

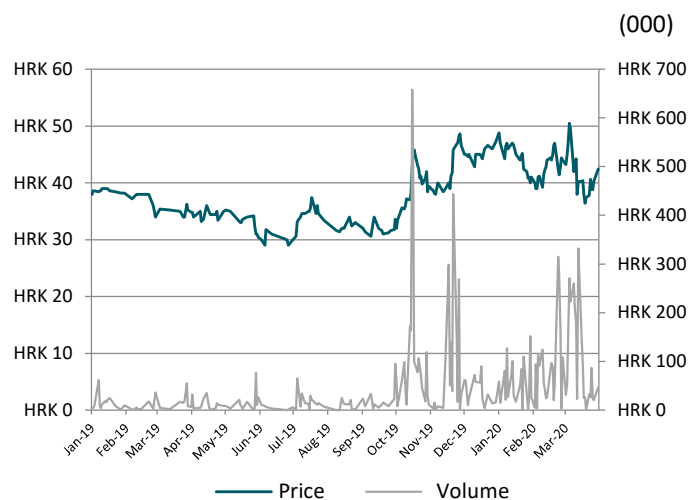
In 2020 there were no changes in Supervisory Board. On June 30th, 2020, the sole member of the Management Board is Mr. John Karavanić. The Supervisory Board consists of Mr. Ivica Pijaca, president, Mr. Mario Pavić, deputy president, and members Mr. Joško Miliša, Mr. Nikola Koščica and Mr. Dalibor Fell.

TPNG-R-A STOCK

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.

Company shares with the ticker TPNG-R-A are listed on the Zagreb Stock Exchange. In February 2020, the Management Board adopted a decision to launch Treasury Share Buy-Back Programme (hereinafter: the Programme) in accordance with the resolution adopted by the General Assembly from 2016. The Programme commenced on February 24, 2020 and will last until February 24, 2021. The maximum number of shares intended to be acquired during the Programme is 110,000, and the largest amount of money allocated to the Program is HRK 5,000,000.00.



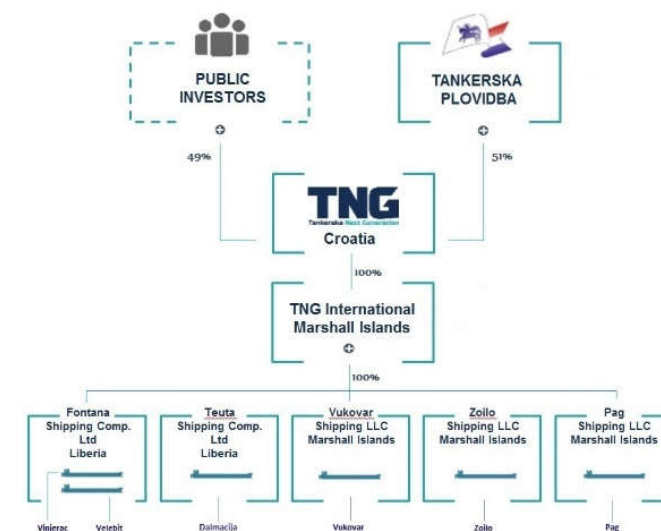
Since beginning of the year until June 30, the Company had repurchased a total of 13,123 treasury shares on the Zagreb Stock Exchange, representing 0.15% of the Company's share capital.

The Company paid the equivalent of HRK 554,667.51 for the acquisition of above-mentioned treasury shares.

As of June 30th, 2020 the Company had 26,323 treasury shares.

Although the Program started in unusual circumstances, due to the COVID-19 pandemic, which had a negative impact on the domestic capital market, we would like to point out the fact that the Company met the set short-term goals which included increasing demand and liquidity of the Company's shares and creating added value for its shareholders. Also, based on the audit performed on March 10th, 2020, the Zagreb Stock Exchange Index Board determined that the shares of Tankerska Next Generation d.d (TPNG) are eligible for inclusion in the CROBEX[®] and CROBEXtr[®] indices. Above mentioned change has begun on March 23rd, 2020.

OVERVIEW OF RELATED PARTY TRANSACTIONS:



SBB achievements 24 February – 30 June 2020

Number of repurchased shares
13,123 (0.15% capital)

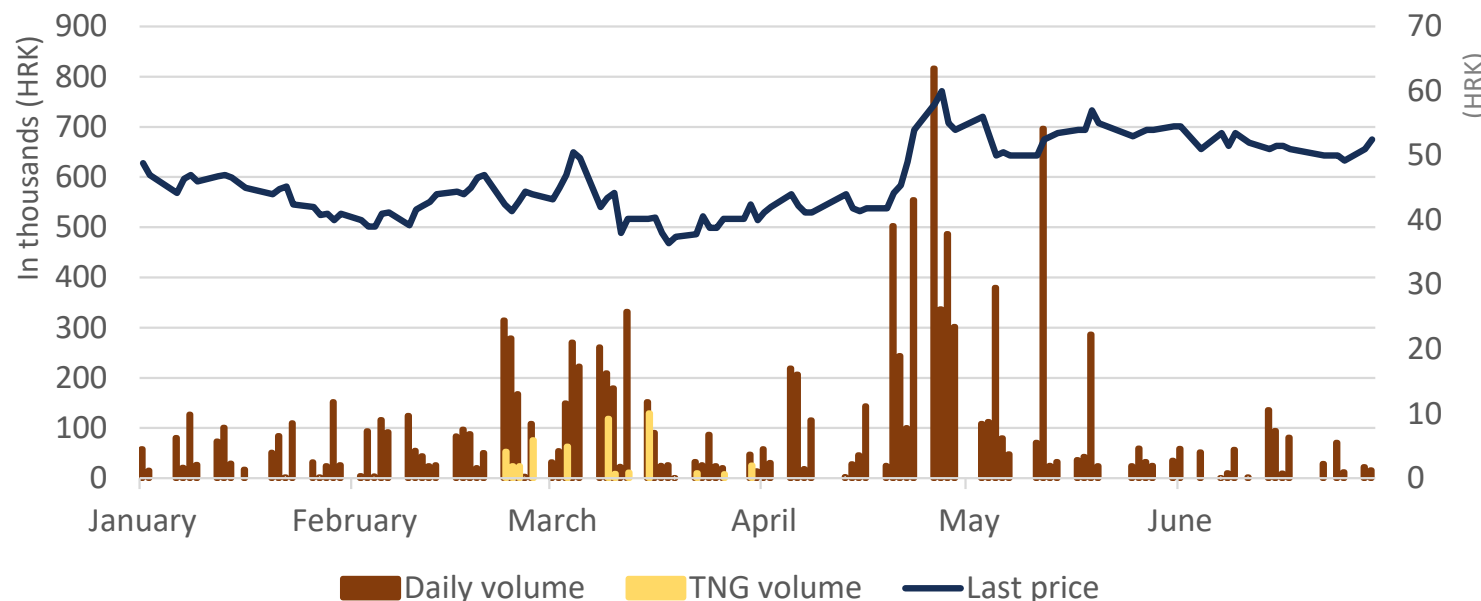
Repurchased amount
554.5k HRK

Achieved turnover TPNG at ZSE in that
period
6.5m HRK

Percentage of repurchased treasury
shares in total turnover
8,6%

Elapsed time
34,7%

Achieved out of projected
11,9%



Market capitalization
458,5 mil. HRK

YTD +11,2%

TPNG at ZSE	HRK				
	2016	2017	2018	2019	January 1st, - June 30, 2020.
Volume (m)	14,7	4,1	1,5	5,9	12,1
Last price	75,00	54,00	38,80	47,20	52,50
Highest price	79,99	84,89	57,00	49,60	60,00
Lowest price	66,00	54,00	33,40	28,80	36,00
Average price	72,78	70,88	43,61	39,98	47,41



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 relished cash flow and maturity of receivables and liabilities.

Price risk

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

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 PERIOD FROM 1ST JANUARY UNTIL 30TH JUNE, 2020

(UNAUDITED)

- I. Report of the Management Board on the Company's operations for the period from 1st January until 30th June, 2020
- II. Unaudited condensed quarterly financial statements:
 - Balance Sheet per as at 30th June, 2020
 - Profit and Loss Account for the period from 1st January until 30th June, 2020
 - Cash Flow Statement for the period from 1st January until 30th June, 2020
 - Statement of Changes in Equity for the period from 1st January until 30th June, 2020
 - Notes to the Financial Statements
- III. Statement of Responsibility for the Financial Statements

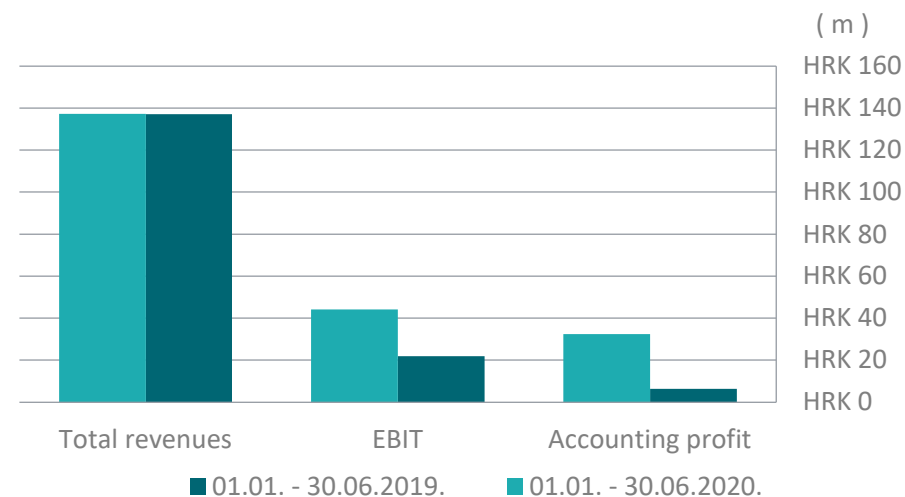
Report of the management board on the company's operations

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2020



FOR THE PERIOD FROM 1st JANUARY UNTIL 30th JUNE, 2020

DESCRIPTION	Period 1 st Jan – 30 th Jun 2019	Period 1 st Jan – 30 th Jun 2020
Total revenues	HRK 137,113,512	HRK 137,190,713
Operating revenues / Total revenues	99%	100%
Other revenues / Total revenues	1%	0%
International market / Total revenues	100%	100%
Domestic market / Total revenues	0%	0%
Material costs / Operating expenses	47%	33%
Employee costs / Operating expenses	22%	28%
Financial expenses / Total Expenses	12%	11%
Net margin	4.69%	23.67%
Accounting profit	HRK 6,383,128	HRK 32,454,243
Operating profit (EBIT)	HRK 21,931,413	HRK 44,061,073



During the reporting period the Company reported HRK 137.1 million of operating revenues, attributed predominantly to revenue generated from sales.

In the same period, the Company reported HRK 93.1 million of operating costs. The majority of operating expenses are the material costs HRK 30.7 million, depreciation in the amount of HRK 26.8 million (including HRK 894 thousand of dry dock expenses), employee costs in the amount HRK 25.9 million and other expenses in the amount of HRK 9.7 million.

In the period ended 30th June 2020, financial income amounted to HRK 55 thousand while financial expenses amounted to HRK 11.6 million.

In the reporting period, the Company achieved cumulative profit in the amount of HRK 32.5m.

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.

In February 2020, the Company's Management Board decided to launch the Share Purchase Program (hereinafter: the Program) on the basis of the General Assembly authorization from 2016, beginning on February 24, 2020 and ending on February 24 2021. The maximum number of shares to be acquired during the Program is 110,000, and the largest amount allocated to the Program is HRK 5,000,000.

During the first half of 2020, the Company acquired 13,123 treasury shares. Details of each individual acquisition of treasury shares have been made public in accordance with the provisions of the Companies Act, the provisions of the Capital Market Act and the Rules of the Zagreb Stock Exchange.

As of June 30, 2020, the Company held 26,323 treasury shares, representing 0.3014% of the total number of shares. Reserves for treasury shares are formed from retained Company's earnings.

On June 30th, 2020, 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:	01.01.2020	to 30.06.2020
Year:	2020	
Quarter:	2.	
Quarterly financial statements		
Registration number (MB):	04266838	Issuer's home Member State code: HR
Entity's registration number (MBS):	110046753	
Personal identification number (OIB):	30312968003	LEI:
Institution code:		
Name of the issuer:	Tankerska Next Generation d.d.	
Postcode and town:	23000	Zadar
Street and house number:	Božidara Petranovića 4	
E-mail address:	tng@tng.hr	
Web address:	www.tng.hr	
Number of employees (end of the reporting period):	139	
Consolidated report:	KN	(KN-not consolidated/KD-consolidated)
Audited:	RN	(RN-not audited/RD-audited)
Names of subsidiaries (according to IFRS):	Registered office:	MB:
Bookkeeping firm:	Yes (Yes/No)	Tankerska plovidba d.d. (name of the bookkeeping firm)
Contact person:	John Karavanić (only name and surname of the contact person)	
Telephone:	023202132	
E-mail address:	tng@tng.hr	
Audit firm:	(name of the audit firm)	
Certified auditor:	(name and surname)	

BALANCE SHEET			
balance as at 30.06.2020			
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	1.165.009.408	1.159.207.920
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	1.164.900.179	1.159.097.743
1 Land	011	0	0
2 Buildings	012	0	0
3 Plant and equipment	013	1.162.133.624	1.145.798.759
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	2.560.722	4.128.918
7 Tangible assets in preparation	017	205.833	9.170.066
8 Other tangible assets	018	0	0
9 Investment property	019	0	0
FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	109.229	110.177
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	109.229	110.177
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
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
DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	89.135.543	97.611.111
INVENTORIES (ADP 039 to 045)	038	5.360.667	7.747.686
1 Raw materials and consumables	039	5.360.667	7.747.686
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
RECEIVABLES (ADP 047 to 052)	046	16.063.267	32.790.495
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	15.977.046	32.319.418
4 Receivables from employees and members of the undertaking	050	6.532	29.376
5 Receivables from government and other institutions	051	25.915	42.595
6 Other receivables	052	53.774	399.106
CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	6.649.911	16.769.052
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	6.649.911	16.769.052
9 Other financial assets	062	0	0
CASH AT BANK AND IN HAND	063	61.061.698	40.303.878
D) PREPAID EXPENSES AND ACCRUED INCOME	064	3.241.424	4.890.656
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1.257.386.375	1.261.709.687
OFF-BALANCE SHEET ITEMS	066	0	0

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	665.234.069	700.852.156
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	69.944.055	73.662.567
1 Legal reserves	071	3.951.238	3.951.238
2 Reserves for treasury shares	072	996.600	1.551.268
3 Treasury shares and holdings (deductible item)	073	-996.600	-1.551.268
4 Statutory reserves	074	0	0
5 Other reserves	075	65.992.817	69.711.329
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	66.856.546	89.642.120
1 Retained profit	082	66.856.546	89.642.120
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	23.340.242	32.454.243
1 Profit for the business year	085	23.340.242	32.454.243
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	497.362.042	501.678.305
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	497.362.042	501.678.305
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	74.283.247	48.875.583
1 Liabilities to undertakings within the group	108	1.788.218	6.629.824
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	62.387.128	31.464.271
7 Liabilities for advance payments	114	0	0
8 Liabilities to suppliers	115	5.128.524	5.093.726
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	4.769.215	5.542.685
11 Taxes, contributions and similar liabilities	118	111.495	46.411
12 Liabilities arising from the share in the result	119	53.774	53.774
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	44.893	44.892
E) ACCRUALS AND DEFERRED INCOME	122	20.507.017	10.303.643
F) TOTAL - LIABILITIES (ADP 067+088+095+107+122)	123	1.257.386.375	1.261.709.687
G) OFF-BALANCE SHEET ITEMS	124	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2020 to 30.06.2020

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	136.731.509	63.380.005	137.135.180	67.872.164
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	136.126.145	62.984.018	137.128.791	67.868.945
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	605.364	395.987	6.389	3.219
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	114.800.097	51.656.383	93.074.107	46.993.426
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	54.322.492	21.788.727	30.699.147	14.328.089
a) Costs of raw materials and consumables	134	27.395.580	10.379.409	12.912.442	4.655.687
b) Costs of goods sold	135	0	0	0	0
c) Other external costs	136	26.926.912	11.409.318	17.786.705	9.672.402
3 Staff costs (ADP 138 to 140)	137	24.714.564	12.350.632	25.904.405	13.282.835
a) Net salaries and wages	138	24.493.333	12.239.508	25.621.897	13.141.200
b) Tax and contributions from salary costs	139	160.114	80.439	198.993	99.781
c) Contributions on salaries	140	61.117	30.685	83.515	41.854
4 Depreciation	141	25.399.223	12.769.200	26.834.868	13.446.750
5 Other costs	142	8.900.031	4.580.596	9.260.761	5.684.737
6 Value adjustments (ADP 144+145)	143	0	0	0	0
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	0	0	0	0
7 Provisions (ADP 147 to 152)	146	0	0	0	0
a) Provisions for pensions, termination benefits and similar	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	1.463.787	167.228	374.926	251.015
III FINANCIAL INCOME (ADP 155 to 164)	154	382.003	97.122	55.533	105.646
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	325.442	43.878	46.184	27.864
8 Exchange rate differences and other financial income	162	56.561	53.244	9.349	77.782
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	15.930.287	7.823.238	11.662.363	5.395.338
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	0	0	0	0
3 Interest expenses and similar expenses	168	15.930.287	7.823.238	11.662.363	5.395.338
4 Exchange rate differences and other expenses	169	0	0	0	0
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	0	0	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	137.113.512	63.477.127	137.190.713	67.977.810
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	130.730.384	59.479.621	104.736.470	52.388.764
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	6.383.128	3.997.506	32.454.243	15.589.046
1 Pre-tax profit (ADP 177-178)	180	6.383.128	3.997.506	32.454.243	15.589.046
2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	6.383.128	3.997.506	32.454.243	15.589.046
1 Profit for the period (ADP 179-182)	184	6.383.128	3.997.506	32.454.243	15.589.046
2 Loss for the period (ADP 182-179)	185	0	0	0	0

Statement of profit or loss

UNAUDITED FINANCIAL STATEMENTS FOR THE
FIRST SIX MONTHS OF 2020



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	6.383.128	3.997.506	32.454.243	15.589.046
1 Pre-tax profit (ADP 192)	193	6.383.128	3.997.506	32.454.243	15.589.046
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	6.383.128	3.997.506	32.454.243	15.589.046
1 Profit for the period (ADP 192-195)	197	6.383.128	3.997.506	32.454.243	15.589.046
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	6.383.128	3.997.506	32.454.243	15.589.046
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	2.353.554	-11.245.089	3.718.512	-18.752.200
1 Exchange rate differences from translation of foreign operations	204	2.353.554	-11.245.089	3.718.512	-18.752.200
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	2.353.554	-11.245.089	3.718.512	-18.752.200
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	8.736.682	-7.247.583	36.172.755	-3.163.154
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 01.01.2020 to 30.06.2020			
			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	6.383.128	32.454.243
2 Adjustments (ADP 003 to 010):	002	41.392.305	37.018.597
a) Depreciation	003	25.399.223	26.834.868
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	0
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-325.442	-46.184
e) Interest expenses	007	15.930.287	11.662.363
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	388.237	-1.432.450
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	47.775.433	69.472.840
3 Changes in the working capital (ADP 013 to 016)	012	25.029.883	-24.902.386
a) Increase or decrease in short-term liabilities	013	13.066.406	-3.758.301
b) Increase or decrease in short-term receivables	014	4.803.455	-18.757.066
c) Increase or decrease in inventories	015	7.160.022	-2.387.019
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	72.805.316	44.570.454
4 Interest paid	018	-14.725.566	-12.669.260
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	58.079.750	31.901.194
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	68.012	60.501
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	68.012	60.501
1 Cash payments for the purchase of fixed tangible and intangible assets	028	0	-10.304.164
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	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	0	-10.304.164
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	68.012	-10.243.663
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	13.019.034	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	13.019.034	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-56.993.720	-32.248.948
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	-554.668
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-56.993.720	-32.803.616
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-43.974.686	-32.803.616
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	90.766	507.407
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	14.263.842	-10.638.678
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	56.389.289	67.711.609
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	70.653.131	57.072.931

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2020

STATEMENT OF CHANGES IN EQUITY																	
for the period from 01.01.2020 to 30.06.2020																	
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	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	02	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
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	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
5 Profit/loss of the period	05	0	0	0	0	0		0	0	0	0	0	0	6.383.128	6.383.128	0	6.383.128
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0		2.353.554	0	0	0	0	0	0	2.353.554	0	2.353.554
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
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
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
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
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
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
13 Other changes in equity unrelated to owners	13	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
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
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
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
18 Redemption of treasury shares/holdings	18	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	0	0	0	0
20 Other distribution to owners	20	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	0	0	0		0	0	0	0	0	0	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
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		50.680.167	0	0	0	0	67.170.771	6.383.128	632.964.305	0	632.964.305
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		2.353.554	0	0	0	0	0	0	2.353.554	0	2.353.554
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0		2.353.554	0	0	0	0	6.383.128	8.736.682	0	0	8.736.682
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2020

Current period															
1 Balance on the first day of the current business year	27	436.667.250	68.425.976	3.951.238	996.600	996.600	0	65.992.817	0	0	0	0	90.196.788	665.234.069	665.234.069
2 Changes in accounting policies	28														
3 Correction of errors	29														
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	436.667.250	68.425.976	3.951.238	996.600	996.600	0	65.992.817	0	0	0	0	90.196.788	665.234.069	665.234.069
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	32.454.243	32.454.243	32.454.243
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	3.718.512	0	0	0	0	0	3.718.512	3.718.512
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
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
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
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
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
12 Actuarial gains/losses on the defined benefit obligation	38	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
14 Tax on transactions recognised directly in equity	40	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
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
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
18 Redemption of treasury shares/holdings	44	0	0	0	554.668	554.668	0	0	0	0	0	0	-554.668	-554.668	-554.668
19 Payment of share in profit/dividend	45	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
21 Transfer to reserves according to the annual schedule	47	0	0	0	0	0	0	0	0	0	0	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
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	1.551.268	1.551.268	0	69.711.329	0	0	0	0	89.642.120	32.454.243	700.852.156
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	3.718.512	0	0	0	0	0	3.718.512	3.718.512
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	0	0	0	0	3.718.512	0	0	0	0	32.454.243	36.172.755	36.172.755
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	0	0	554.668	554.668	0	0	0	0	0	0	-554.668	-554.668	-554.668

1. General information

Tankerska Next Generation was 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 January 1st, 2020 up to the reporting date:

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

As of June 30th, 2020 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 June 30th, 2020 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 June 30th, 2020 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, 2019.

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 2019.

3. Vessels and equipment

During the observed period, the Company invested HRK 10.1m in the procurement of ballast water treatment systems.

4. Equity and reserves

In 2020, the Company began to purchase treasury shares due to the introduction of a treasury share repurchase program, which runs through February 24, 2021. As part of this program, the Company purchased 13,123 treasury shares in the observed period for a total value of HRK 555 thousand. Reserves for treasury shares are formed from retained earnings of the Company.

As of June 30, 2020, the Company held 26,323 treasury shares, representing 0.3014% of the total number of shares (June 30, 2019: 13,200 treasury shares, representing 0.3014% of the total number of shares)

5. Earnings per Share

EARNINGS PER SHARE	Period 1 st Jan - 30 th Jun 2019	Period 1 st Jan - 30 th Jun 2020
Net (loss) / profit to shareholders	6,383,128	32,454,243
Weighted average number of shares	8,720,145	8,711,956
Basic (loss) / earnings per share	HRK 0.73	HRK 3.73

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

6. Transactions with the Related Parties

RELATED PARTY TRANSACTIONS	Period 1 st Jan - 30 th Jun 2019	Period 1 st Jan - 30 th Jun 2020
Sales to related parties	HRK 0	HRK 0
Purchase from related parties	HRK 9,091,983	HRK 8,899,343
Receivables from related parties	HRK 48,227	HRK 0
Liabilities towards related parties	HRK 11,711,099	HRK 6,629,824
Given loans to related parties	HRK 0	HRK 0
Received loans from related parties	HRK 0	HRK 0

7. Subsequent events after Balance Sheet date

Impact of COVID-19 on the Company's operations

Since the beginning of January 2020, the shipping environment has been very volatile. The overall impact on the Company's operations has been limited to the MR tanker market.

Despite mentioned above, there were no other events after the balance sheet date that would have a material effect on the Company's financial statements on 30 June 2020.

III. STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements for the period starting January 1st, 2020 and ending June 30th, 2020 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 January 1st, 2020, and ending on June 30th, 2020, 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, July 29th, 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.

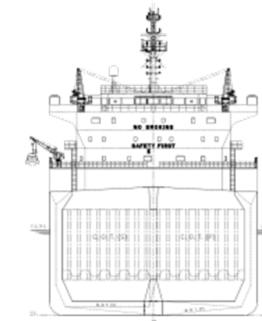
Daily vessel operating expenses. Daily vessel operating expenses is a metric used to evaluate the Group's ability

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.

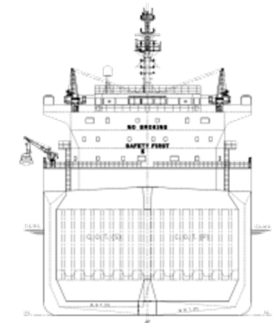
Voyage charter. Voyage charter involves the carriage of a specific amount and type of cargo from a specific loading port(s) to a specific unloading port(s) and most of these charters are of a single voyage nature. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo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

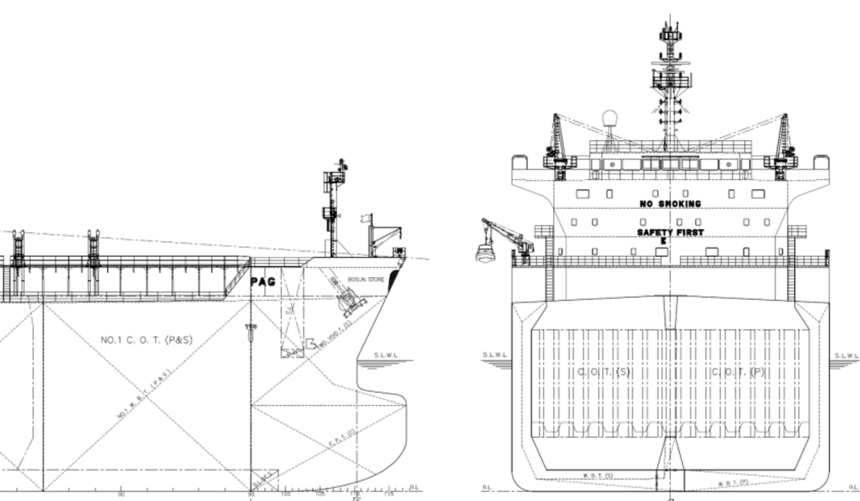
shipping activities taxed on the basis of the net tonnage of their fleet instead of on the basis of their actual profits. Companies, having opted for the tonnage tax, must remain subject to this regime for the following 10 years. The qualifying company has to be a shipping company liable under the Croatian 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

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND THE FIRST SIX MONTHS OF 2020



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

 Ship-owner payments

 Charterer payments

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

Cautionary note regarding forward-looking statements

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

Words such as „believe“, „anticipate“, „estimate“, „expect“, „intend“, „predict“, „project“, „could“, „may“, „will“, „plan“ and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

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

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

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

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