PETROGRESS, INC.

FORM 10-Q
(Quarterly Report)

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: June 30, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 333-184459

PETROGRESS, INC.

(Exact name of registrant as specified in its charter)

Florida	**27-2019626**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1013 Centre Road, Suite 403-A, Wilmington DE 19805
(Address of principal executive office)

(302) 428-1222
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The number of shares outstanding of registrant's $0.001 par value Common Stock, as of August 19, 2016 was 166,795,087 shares.

PETROGRESS, INC.
FORM 10-Q
Quarterly Period Ended June 30, 2016

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FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions or variations of such words are intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this quarterly report on Form 10-Q. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this quarterly report on Form 10-Q reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed in “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the fiscal year ended December 31, 2015, in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this quarterly report on Form 10-Q and in other reports that we file with the Securities and Exchange Commission (the “SEC”). You are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this quarterly report on Form 10-Q.

We file reports with the SEC. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us. You can also read and copy any materials we file with, or furnish to, the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this quarterly report on Form 10-Q, except as required by law. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this quarterly report, which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

PETROGRESS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2016	December 31, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 231,372	$ 1,882,305
Accounts receivable	2,760,722	2,650,171
Prepaid expenses and other current assets	2,320,889	1,209,960
Total current assets	5,312,983	5,742,436
Property and equipment, net	6,086,083	6,144,000
Total Assets	$ 11,399,066	$ 11,886,436
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 712,895	$ 809,473
Due to related party	660,387	—
Derivative liability	152,050	—
Total current liabilities	1,525,332	809,473
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized, none issued		
Common stock, $0.001 par value; 490,000,000 shares authorized; 166,795,807 (2016) and 136,000,000 (2015) issued and outstanding	166,796	136,000
Additional paid-in capital	8,331,721	8,666,838
Retained earnings	1,375,216	2,274,125
Total stockholders' equity	9,873,734	11,076,963
Total liabilities and stockholders' equity	$ 11,399,066	$ 11,886,436

See accompanying notes to condensed consolidated financial statements.

PETROGRESS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME

	Six Months Ended June 30,		Three Months Ended June 30,	
	2016	2015	2016	2015
Revenues	$ 11,146,672	$ 11,253,031	$ 5,327,888	$ 6,628,951
Costs of goods sold	7,937,172	8,038,009	3,730,637	4,865,648
Gross profit	3,209,500	3,215,022	1,597,251	1,763,303
Operating expenses:				
Operating Costs	1,607,853	1,479,130	795,778	884,070
Administration Costs	482,749	360,110	268,549	179,430
Depreciation	334,877	331,750	169,002	165,875
Total operating expenses	2,425,479	2,170,990	1,233,329	1,229,375
Operating income before other expenses and income taxes	784,021	1,044,032	363,922	533,928
Other income (expense):				
Interest expense	(19,860)	—	(9,930)	—
Change in fair market value of derivative liabilities	99,746	—	99,746	—
Total other income, net	79,886	—	89,816	—
Income before income taxes	863,907	1,044,032	453,738	533,928
Income tax expense	34,700	70,500	16,700	22,000
Net Income	829,207	973,532	437,038	511,928
Net income per share	0.005	0.008	0.003	0.004
Weighted average number of common shares outstanding - Basic and fully diluted	166,795,807	136,000,000	166,795,807	136,000,000

See accompanying notes to condensed consolidated financial statements.

PETROGRESS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Cash Flows from operating activities:		
Net income	$ 829,207	$ 973,532
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	334,877	331,750
Amortization of discount on convertible note	19,860	—
Net cash acquired in recapitalization	517	—
Change in fair value of derivative liabilities	(99,746)	—
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(2,708,639)	(70,500)
Decrease (increase) in prepaid assets	252,991	(1,830,161)
(Decrease) increase in accounts payable and accrued expenses	1,796,960	326,354
Net cash provided by (used in) operating activities	426,027	(269,025)
Cash flows from investing activities:		
Purchase of property plant and equipment	(276,960)	
Net cash used in investing activities	(276,960)	—
Cash flows from financing activities:		
Dividends paid	(1,800,000)	—
Net cash used in financing activities	(1,800,000)	—
Net decrease in cash and cash equivalents	(1,650,933)	(269,025)
Cash and cash equivalents, Beginning of Period	1,882,305	526,656
Cash and cash equivalents, End of Period	$ 231,372	$ 328,131
Supplemental disclosure of cash flow information:		
Schedule of non-cash investing and financing activities:		
Reclassification of derivative liability upon repayment of convertible debt	48,523	—
Common stock issued for conversion of notes and interest payable	24,732	—
Change in fair value for available for sale marketable securities	(1,860)	—

See accompanying notes to condensed consolidated financial statements.

PETROGRESS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - <u>Organization</u>

Petrogress, Inc. (the “Company” or “Petrogress”) was originally formed in the State of Florida under the name 800 Commerce, Inc. (“800 Commerce”) on February 10, 2010. The Company was founded for the purpose of marketing credit card processing services on behalf of merchant payment processing service providers.

On February 29, 2016, 800 Commerce entered into a Securities Exchange Agreement (the “SEA”) with an unrelated third party, Petrogres Co. Limited (“Petrogres”), a Marshall Islands corporation, and its sole shareholder. The Company acquired 100% of Petrogres and its affiliated companies. As consideration for the acquisition of Petrogres, the Company issued 136,000,000 shares of its common stock, in restricted form, representing 85% of the issued and outstanding shares of the Company’s common stock at closing of the transaction. The SEA has been accounted for as a reverse acquisition and recapitalization of the Company whereby Petrogres is deemed to be the accounting acquirer (legal acquiree) and the Company to be the accounting acquiree (legal acquirer). The accompanying consolidated financial statements are in substance those of Petrogres and its subsidiaries, with the assets and liabilities, and revenues and expenses, of the Company being included effective from the date of stock exchange transaction. The Company is deemed to be a continuation of the business of Petrogres and its subsidiaries. Accordingly, the financial position, results of operations, and cash flows of the Petrogres (accounting acquirer) for all periods presented as if the recapitalization had occurred at the beginning of the earliest period presented and the operations of the accounting acquiree from the date of stock exchange transaction.

As part of the transaction, the sole shareholder and CEO of Petrogres, Christos Traios, was appointed to the Board of Directors and B. Michael Friedman resigned as an officer and director. In addition, the Company’s Board of Directors (the “Board”) approved an amendment to the Company’s Articles of Incorporation, increasing the authorized capital to 490,000,000 shares of common stock, par value $0.001 and 10,000,000 shares of preferred stock, par value $0.001.

On March 9, 2016, the Company’s Board approved an amendment to the Company’s Articles of Incorporation to change the name of the Corporation to Petrogress, Inc.

Petrogres and its’ subsidiaries business operations includes purchasing, at the scene of mining and extraction, crude oil product to be loaded onto company ships for transport of product either directly to customers or to independent processing refineries, with the company acting internationally as it has been in business for seven (7) years.

Note 2 - <u>Summary of Significant Accounting Policies</u>

Basis of Presentation

These interim condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

Emerging Growth Company

We qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933 as amended (the "Securities Act") for complying with new or revised accounting standards. As an emerging growth company, we can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original term of three months or less to be cash equivalents.

Accounts Receivable

The Company and its affiliates are engaged primarily in the purchase, transport and processing of oil and petroleum products. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and trade accounts receivables. The Company places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the short payment terms dictated by the industry and operating environment. As of June 30, 2016 and December 31, 2015, the Company had no significant concentrations of credit risk.

Inventory

The Company's inventory, which consists primarily of crude oil purchases on the vessel in transport, is valued at the lower of cost or market using the mark-to-market method of valuation.

Marketable Securities

The Company classifies its marketable securities as available-for-sale securities, which are carried at their fair value based on the quoted market prices of the securities with unrealized gains and losses, net of deferred income taxes, reported as accumulated other comprehensive income (loss), a separate component of stockholders' equity. Realized gains and losses on available-for-sale securities are included in net earnings in the period earned or incurred.

Property and Equipment

Fixed assets consisted of the following as of June 30, 2016 and December 31, 2015:

	2016	2015
Vessels	$ 9,550,000	$ 9,550,000
Furniture and equipment	321,960	85,000
	9,871,960	9,635,000
Less: accumulated depreciation	(3,785,877)	(3,491,000)
	$ 6,086,083	$ 6,144,000

Property and equipment are stated at cost, and depreciation is provided by use of straight-line methods over the estimated useful lives of the assets. The estimated useful lives of property and equipment are as follows:

Vessels	15 years
Office equipment and furniture	10 years
Computer hardware	5 years

Depreciation expense of $169,002 and $165,875 was recorded for the three months ended June 30, 2016 and 2015, respectively. Depreciation expense of $334,877 and $331,750 was recorded for the six months ended June 30, 2016 and 2015, respectively.

Revenue Recognition

The Company recognizes revenues after product is delivered to contracted customer. Product in transit at the end of an accounting period is recorded at an estimated value which is adjusted upon load certification. The Company recognizes revenue in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 605, Revenue Recognition. ASC 605 requires that the following four basic criteria are met (1) persuasive evidence of an arrangement exists, (2) delivery of products and services has occurred, (3) the fee is fixed or determinable and (4) collectability is reasonably assured. The Company recognizes revenue during the month in which commissions are earned.

Fair Value of Financial Instruments

Fair value measurements are determined under a three-level hierarchy for fair value measurements that prioritizes the inputs to valuation techniques used to measure fair value, distinguishing between market participant assumptions developed based on market data obtained from sources independent of the reporting entity ("observable inputs") and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs"). Fair value is the price that would be received to sell an asset or would be paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses prices and other relevant information generated by market transactions involving identical or comparable assets ("market approach"). The Company also considers the impact of a significant decrease in volume and level of activity for an asset or liability when compared with normal activity to identify transactions that are not orderly.

The highest priority is given to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Securities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The three hierarchy levels are defined as follows:

Level 1 – Quoted prices in active markets that is unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Credit risk adjustments are applied to reflect the Company's own credit risk when valuing all liabilities measured at fair value. The methodology is consistent with that applied in developing counterparty credit risk adjustments, but incorporates the Company's own credit risk as observed in the credit default swap market.

The Company's financial instruments consist primarily of cash, accounts receivable, inventory, marketable securities, accounts payable and accrued expenses and convertible debt. The carrying amount of the Company's accounts payable approximate fair value to their short term. Marketable securities are adjusted to fair value each balance sheet date, based on quoted prices; which are considered level 1 inputs (see Note 6). The Company's derivative liability is valued using the level 3 inputs (see Note 7). The estimated fair value is not necessarily indicative of the amounts the Company would realize in a current market exchange or from future earnings or cash flows.

The following table represents the Company's financial instruments that are measured at fair value on a recurring basis as of June 30, 2016 for each fair value hierarchy level:

June 30, 2016		Derivative Liability		Marketable Securities		Total
Level I	$	—	$	—	$	—
Level II	$	—	$	—	$	—
Level III	$	152,050	$	—	$	152,050

The carrying amount of the Company's accounts payable approximate fair value to their short term.

Earnings (Loss) Per Share

The Company reports earnings (loss) per share in accordance with ASC 260, "Earnings per Share." Basic earnings (loss) per share is computed by dividing net income (loss), after deducting preferred stock dividends accumulated during the period, by the weighted-average number of shares of common stock outstanding during each period. Diluted earnings per share is computed by dividing income by the weighted-average number of shares of common stock, common stock equivalents and other potentially dilutive securities outstanding during the period. Potentially dilutive securities for the periods ended June 30, 2016 includes the Company's outstanding convertible debt that is convertible into approximately 6,018,760 shares of common stock.

Accounting for Stock-based Compensation

The Company accounts for stock awards issued to non-employees in accordance with ASC 505-50, Equity-Based Payments to Non-Employees. The measurement date is the earlier of (1) the date at which a commitment for performance by the counterparty to earn the equity instruments is reached, or (2) the date at which the counterparty's performance is complete. Stock awards granted to non-employees are valued at their respective measurement dates based on the trading price of the Company's common stock and recognized as expense during the period in which services are provided.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740-10, Income Taxes. The Company recognizes deferred tax assets and liabilities to reflect the estimated future tax effects, calculated at the tax rate expected to be in effect at the time of realization. The Company records a valuation allowance related to a deferred tax asset when it is more likely than not that some portion of the deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates of the date of enactment.

ASC 740-10 prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues. The Company classifies interest and penalties as a component of interest and other expenses. To date, the Company has not been assessed, nor has the Company paid, any interest or penalties.

The Company measures and records uncertain tax positions by establishing a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Only tax positions meeting the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized. The Company's tax years subsequent to 2010 remain subject to examination by federal and state tax jurisdictions.

Comprehensive Income

The Company has adopted ASC Topic 220, "Comprehensive Income." This statement establishes standards for reporting comprehensive income and its components in a financial statement. Comprehensive income as defined includes all changes in equity (net assets) during a period from non-owner sources. Items included in the Company's comprehensive loss consist of unrealized losses on available-for-sale securities.

Note 3 – Recent Accounting Pronouncements

Accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

Note 4 – Sales Concentration and Concentration of Credit Risk

S ales and Accounts Receivable

Following is a summary of customers who accounted for more than ten percent (10%) of the Company's revenues for the six months ended June 30, 2016 and 2015 and the accounts receivable balance as of June 30, 2016:

Customer	Sales % Six Months Ended June 30, 2016	Sales % Six Months Ended June 30, 2015	Accounts Receivable Balance as of June 30, 2016	% of Accounts Receivable as of June 30, 2016
A	33.85%	31.75%	$ 870,456	31.5%
B	28,47%	24.84%	724,690	26.3%
C	11.82%	13.52%	364,967	13.2%
D	10.76%	12.17%	318,587	11.5%
E	10.23%	10.38%	284,630	10.3%
Totals	95.13%	92.66%	$ 2,563,330	92.8%

Note 5 – Convertible Notes Payable

Effective with the SEA, Petrogres assumed and acquired two convertible promissory notes that were issued to Mammoth Corporation ("Mammoth"). Mammoth Note 1 had a balance of $31,339 and Mammoth Note 2 had a balance of $38,280. Mammoth Note 1 and Mammoth Note 2 are referred to as the Mammoth Notes. The Mammoth Notes are due September 9, 2016.

The Company determined that the conversion feature of the Mammoth Notes represent an embedded derivative since the Notes are convertible into a variable number of shares upon conversion. Accordingly, the Mammoth Notes were not considered to be conventional debt under EITF 00-19 and the embedded conversion feature was bifurcated from the debt host and accounted for as a derivative liability. Accordingly, the fair value of these derivative instruments being recorded as a liability on the consolidated balance sheet with the corresponding amount recorded as a discount to each Note. Such discount is being amortized from the date of issuance to the maturity dates of the Notes. The change in the fair value of the liability for derivative contracts are recorded in other income or expenses in the consolidated statements of operations at the end of each quarter, with the offset to the derivative liability on the balance sheet. The embedded feature included in the Mammoth Notes resulted in a debt discount of $48,975 on the date the Mammoth Notes were assumed and a derivative liability of $300,321.

A summary of the derivative liability balance of the Mammoth Notes as of June 30, 2016 is as follows:

		2016
Balance assumed	$	300,321
Reduction for conversion		(48,523)
Fair Value Change		(99,746)
Ending Balance	$	152,052

The fair value at the assumption and re-measurement dates for the Company's derivative liabilities were based upon the following management assumptions as of June 30, 2016:

	Assumption date	Remeasurement date
Expected dividends	-0-	-0-
Expected volatility	363%	363%
Expected term	6.3 months	5.3 months
Risk free interest	.49%	.37%

A summary of the convertible notes payable balance as of June 30, 2016 is as follows:

		2016
Assumed Balance	$	69,619
Conversion of convertible notes		(2,700)
Discount		(39,373)
Ending Balance	$	27,546

Note 6 – Related Party Transactions

Management Fees

For the three months ended June 30, 2016 and 2015, the Company recorded expenses to its' officers the following amounts, included in Salaries and Management Fees in the statements of operations, included herein:

	Three Months Ended June 30,			
	2016		2015	
Chief Executive Officer	$	30,000	$	—
CFO		4,000		—
Total	$	34,000	$	—

Note 7 – Stockholders' Equity

Common Stock

Effective February 29, 2016, the Company issued 1,101,642 shares of the Company's common stock to Agritek Holdings, Inc. pursuant to a Debt Settlement Agreement in full settlement of the amount owed to Agritek of $283,547.

Upon completion of the SEA between the Company and Petrogres, the Company issued to the sole Petrogres shareholder 136,000,000 shares of common stock of the Company in exchange for one hundred percent (100%) of the issued and outstanding share capital of Petrogres from the sole shareholder of Petrogres.

On March 7, 2016, the Company issued 1,000,000 shares of common stock to Mammoth upon the conversion of $2,700 of principal at a conversion price of $0.0027 per share.

On April 11, 2016, the Company issued 6,800,000 shares of common stock to Mammoth upon the conversion of $22,032 of principal at a conversion price of $0.00324 per share.

Note 8 – Income Taxes

Deferred income taxes reflect the net tax effects of operating loss and tax credit carry forwards and temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Due to the uncertainty of the Company's ability to realize the benefit of the deferred tax assets, the deferred tax assets are fully offset by a valuation allowance at June 30, 2016.

Note 9 – Commitments and Contingencies

The Company is not a party to any litigation and, to its knowledge, no action, suit or proceeding has been threatened against the Company.

Other Agreements

1. Platon Oil Refinery – Partnership agreement dd: October 2014
2. Eklipza Energy – renewing from time to time
3. Sanitex Oil & Marine Ltd
4. Kare & Kare Ltd.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the results of operations and financial condition of Petrogres for the three months ended June 30, 2016 and 2015, should be read in conjunction Petrogres's audited financial statements, and the notes to those financial statements that are included in the Company's Current Report on Form 8-K/A filed with the SEC on May 13, 2016. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the Risk Factors, Cautionary Notice Regarding Forward-Looking Statements and Business sections on the Company's Form 10-K filed with the SEC on April 19, 2016. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

Overview

Petrogress through its wholly owned subsidiaries operates as an oil commodity integrate company in West Africa. The Company provides the supply of petroleum products which are then shipped by its affiliated tanker fleet and delivered to the buyers for local refinery in Ghana. Petrogres' main operations are managed by an experienced team which is located at Petrogres's main office in Piraeus, Greece. By combining regional market knowledge and excellent service to its customers, along with more than 25 years' experience in shipping and ship's management, The Company has earned a reputation for reliably marketing and moving petroleum products primarily in West Africa.

Three Months Ended June 30, 2016 Compared to the Three Months Ended June 30, 2015

Net Sales

Net sales for the three months ended June 30, 2016 and 2015 were $5,327,888 and $6,628,951, respectively, a decrease of $1,301,063 or approximately 19.6%.Net sales for the six months ended June 30, 2016 and 2015 were $11,146,672 and $11,253,031, a decrease of $106,359 or approximately 1%, and were comprised of the following:

	2016	2015
Crude oil gross sales	$ 4,807,452	$ 6,396,311
Gas oil gross sales	5,627,000	3,618,000
Other	712,220	1,238,720
Total	$ 11,146,672	$ 11,253,031

Cost of Sales

Cost of goods sold for the three months ended June 30, 2016 and 2015 were $3,730,637 and $4,865,648, respectively, a decrease of $1,135,011, or approximately 23.3%. Cost of goods sold for the six months ended June 30, 2016 were $7,937,172 and $8,038,009, respectively, a decrease of $100,837 or approximately 1%, and were comprised of the following:

	2016	2015
Oil purchase costs	$ 5,824,824	$ 6,066,720
Shipping and handling costs	2,023,177	1,845,068
Other	89,171	126,221
Total	$ 7,937,172	$ 8,038,009

Operating Expenses

Total operating expenses for the three months ended June 30, 2016 and 2015 were $1,233,329 and $1,229,375, respectively, an increase of $3,954, or approximately less than 1%. The increase in operating expenses is primarily due to higher fleet operating expenses due to the increase of shipments of barrels from approximately 85,000 in the 2015 period to 88,000 in the 2016 period in addition to the associated increase in management expenses related thereto. Gas oil sales also increased (more shipments-more expenses), furthermore, as of mid-February a vessel commenced her annual repairs and maintenance, resulting an additional increase of operating expenses.

Total operating expenses for the six months ended June 30, 2016 and 2015 were $2,425,479 and $2,170,990, respectively, an increase of $254,489, or approximately 11.7%. The increase in operating expenses is primarily due to increased administrative, legal and accounting expenses as a result of the merger transaction.

Net Income

Net income for the three month periods ended June 30, 2016 and 2015 was $437,038 and $511,928, respectively, as a result of the items discussed above. Net income for the six month periods ended June 30, 2016 and 2015 was $784,021 and $1,044,032, respectively, as a result of the items discussed above.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. Our net income has been sufficient to meet our working capital requirements for the level of business we are currently experiencing.

Cash provided by operating activities was $648,286 for the six months ended June 30, 2016 compared to cash used in operations of $131,521 for the six months ended June 30, 2015. The 2016 activity was a result of net income of $464,053, depreciation expense of $165,907, net changes in assets and liabilities of $22,624 reduced by a gain in the change in the fair value of derivative liabilities. The 2015 activity was a result of net income of $376,755 and depreciation and amortization of $165,875 reduced by changes in assets and liabilities of $674,151.

Prior to the execution of the SEA (February 29, 2016), the Company paid a dividend to the sole shareholder (at the time of the payment) of $1,800,000.

For the six months ended June 30, 2016, cash and cash equivalents decreased by $1,650,933 compared to a decrease of $198,525 for the six months ended June 30, 2015. Ending cash and cash equivalents at June 30, 2016 was $231,372 compared to $328,131 at June 30, 2015.

We are not aware of any known trends or any known demands, commitments or events that will result in our liquidity increasing or decreasing in any material way. We are not aware of any matters that would have an impact on future operations.

Our liquidity may be negatively impacted by the significant costs associated with our public company reporting requirements, costs associated with newly applicable corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 and other rules implemented by the Securities and Exchange Commission. We expect all of these applicable rules and regulations to significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly.

Off-Balance Sheet Arrangements

None.

Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) requires our management to make assumptions, estimates, and judgments that affect the amounts reported, including the notes thereto, and related disclosures of commitments and contingencies, if any. We have identified certain accounting policies that are significant to the preparation of our financial statements. These accounting policies are important for an understanding of our financial condition and results of operations. Critical accounting policies are those that are most important to the portrayal of our financial condition and results of operations and require management’s difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management’s current judgments. We believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our financial statements.

Basis of Presentation

These interim condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period. The financial statements included herein include the financial position and results of operations of the following affiliated entities (all incorporated in the Republic of the Marshall Islands):

Petrogres Co Ltd.
Petronav LLC
Shiba Ship Management Ltd.
Danae Marine Ltd.
Invictus Marine S. A.
Entus Marine Ltd.

All intercompany balances and transactions have been eliminated in consolidation. The entities are affiliated through common ownership and control.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original term of three months or less to be cash equivalents.

Accounts Receivable

The Company and its affiliates are engaged primarily in the purchase, transport and processing petroleum products. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. Financial instruments that potentially subject the

Company to concentrations of credit risk consist principally of temporary cash investments and trade accounts receivables. The Company places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the short payment terms dictated by the industry and operating environment. As of March 31, 2016 and December 31, 2015, the Company had no significant concentrations of credit risk.

Inventory

The Company's inventory, which consists primarily of crude oil purchases on the vessel in transport, is valued at the lower of cost or market using the mark-to-market method of valuation.

Property and Equipment

Fixed assets consisted of the following as of June 30, 2016 and December 31, 2015:

	2016	2015
Vessels	$ 9,550,000	$ 9,550,000
Furniture and equipment	321,962	85,000
	9,871,962	9,635,000
Less: accumulated depreciation	(3,785,899)	(3,491,000)
	$ 6,086,063	$ 6,144,000

Property and equipment are stated at cost, and depreciation is provided by use of straight-line methods over the estimated useful lives of the assets. The estimated useful lives of property and equipment are as follows:

Vessels	15 years
Office equipment and furniture	10 years
Computer hardware	5 years

Depreciation expense of $334,877 and $331,750 was recorded for the six months ended June 30, 2016 and 2015, respectively.

Revenue Recognition

The Company recognizes revenues when product is delivered to contracted customers. Product in transit at the end of an accounting period is recorded at an estimated value which is adjusted upon load certification. The Company recognizes revenue in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 605, Revenue Recognition. ASC 605 requires that the following four basic criteria are met (1) persuasive evidence of an arrangement exists, (2) delivery of products and services has occurred, (3) the fee is fixed or determinable and (4) collectability is reasonably assured.

Fair Value of Financial Instruments

Fair value measurements are determined under a three-level hierarchy for fair value measurements that prioritizes the inputs to valuation techniques used to measure fair value, distinguishing between market participant assumptions developed based on market data obtained from sources independent of the reporting entity ("observable inputs") and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs"). Fair value is the price that would be received to sell an asset or would be paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses prices and other relevant information generated by market transactions involving identical or comparable assets ("market approach"). The Company also considers the impact of a significant decrease in volume and level of activity for an asset or liability when compared with normal activity to identify transactions that are not orderly.

The highest priority is given to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Securities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The three hierarchy levels are defined as follows:

Level 1 – Quoted prices in active markets that is unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Credit risk adjustments are applied to reflect the Company's own credit risk when valuing all liabilities measured at fair value. The methodology is consistent with that applied in developing counterparty credit risk adjustments, but incorporates the Company's own credit risk as observed in the credit default swap market.

The Company's financial instruments consist primarily of cash, accounts receivable, inventory, marketable securities, accounts payable and accrued expenses and convertible debt. The carrying amount of the Company's accounts payable approximate fair value to their short term. Marketable securities are adjusted to fair value each balance sheet date, based on quoted prices; which are considered level 1 inputs (see Note 6). As of June 30, 2016 the Company's marketable securities were $1,860. The Company's derivative liability is valued using the level 3 inputs (see Note 7). The estimated fair value is not necessarily indicative of the amounts the Company would realize in a current market exchange or from future earnings or cash flows.

The following table represents the Company's financial instruments that are measured at fair value on a recurring basis as of June 30, 2016 for each fair value hierarchy level:

June 30, 2016	Derivative Liability	Marketable Securities	Total
Level I	$ —	$ 1,860	$ 1,860

Level II	$	—	$	—	$	—
Level III	$	152,050	$	—	$	152,050

The carrying amount of the Company's accounts payable approximate fair value to their short term.

Earnings Per Share

The Company reports earnings per share in accordance with ASC 260, "Earnings per Share." Basic earnings per share is computed by dividing net income, after deducting preferred stock dividends accumulated during the period, by the weighted-average number of shares of common stock outstanding during each period. Diluted earnings per share is computed by dividing net income by the weighted-average number of shares of common stock, common stock equivalents and other potentially dilutive securities outstanding during the period. Potentially dilutive securities for the periods ended June 30, 2016 includes the Company's outstanding convertible debt that is convertible into approximately 6,018,760 shares of common stock.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740-10, Income Taxes. The Company recognizes deferred tax assets and liabilities to reflect the estimated future tax effects, calculated at the tax rate expected to be in effect at the time of realization. The Company records a valuation allowance related to a deferred tax asset when it is more likely than not that some portion of the deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates of the date of enactment.

ASC 740-10 prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues. The Company classifies interest and penalties as a component of interest and other expenses. To date, the Company has not been assessed, nor has the Company paid, any interest or penalties.

The Company measures and records uncertain tax positions by establishing a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Only tax positions meeting the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized. The Company's tax years subsequent to 2010 remain subject to examination by federal and state tax jurisdictions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant matters requiring the use of estimates and assumptions include, but may not be limited to, accounts receivable allowances and evaluation of impairment of long lived assets and intangible assets. Management believes that its estimates and assumptions are reasonable, based on information that is available at the time they are made.

Depreciation

The Company's vessels and other assets are depreciated sing primarily the straight-line method over the estimated useful lives.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable to smaller reporting companies.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC. This information is accumulated to allow our management to make timely decisions regarding required disclosure. Our President, who serves as our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report and he determined that our disclosure controls and procedures were not effective as of June 30, 2016 due to a control deficiency. During the period we did not have additional personnel to allow segregation of duties to ensure the completeness or accuracy of our information. Due to the size and operations of the Company, we are unable to remediate this deficiency until we acquire or merge with another company.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 of the Exchange Act that occurred during the quarter ended June 30, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. <u>Other Information</u>

Item 1 . Legal Proceedings

We are not a party to any material litigation, nor, to the knowledge of management, is any litigation threatened against us that may materially affect us.

Item 1A. Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Act of 1934 and are not required to provide the information under this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Effective February 29, 2016, the Company issued 1,101,642 shares of the Company's common stock to Agritek Holdings, Inc. pursuant to a Debt Settlement Agreement in full settlement of the amount owed to Agritek of $283,547.

Upon completion of the SEA between the Company and Petrogres, the Company issued to the sole Petrogres shareholder 136,000,000 shares of common stock of the Company in exchange for one hundred percent (100%) of the issued and outstanding share capital of Petrogres from the sole shareholder of Petrogres.

On March 7, 2016, the Company issued 1,000,000 shares of common stock to Mammoth upon the conversion of $2,700 of principal at a conversion price of $0.0027 per share.

On April 11, 2016, the Company issued 6,800,000 shares of common stock to Mammoth upon the conversion of $22,032 of principal at a conversion price of $0.00324 per share.

Item 3. Defaults upon Senior Securities

None.

I tem 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number	Description of Exhibit
3.1	Articles of Incorporation (Incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
3.2	Articles of Amendment to the Articles of Incorporation filed October 11, 2011 (Incorporated herein by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
3.3	Articles of Amendment to the Articles of Incorporation filed February 25, 2016, (Incorporated herein by reference to exhibit 3.1 to the Company's Current Report on Form 8-K as filed with the Commission on March 3, 2016).
3.4	Articles of Amendment to the Articles of Incorporation filed March 9, 2016, effective March 25, 2016 (Incorporated herein by reference to exhibit 3.3 to the Company's Current Report on Form 8-K as filed with the Commission on April 1, 2016).
4.1	Specimen Stock Certificate (Incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.1	Advisory Board Agreement dated May 22, 2012 by and between 800 Commerce, Inc. and James Canton (Incorporated herein by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.2	Advisory Board Agreement effective August 1, 2012 by and between 800 Commerce, Inc. and Scott Climes (Incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.3	Business Development and Consulting Agreement dated May 15, 2012 between 800 Commerce, Inc. and Daniel Najor (Incorporated herein by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.4	800 Commerce Inc.'s 2012 Equity Incentive Plan (Incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.5	Assignment Agreement dated August 1, 2012 by and between 800 Commerce, Inc. and Payventures, LLC (Incorporated herein by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.6	Consulting Agreement dated August 1, 2012 by and between 800 Commerce, Inc. and Payventures, LLC (Incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.7	Agent Referral Agreement dated August 1, 2012 by and between 800 Commerce, Inc. and Payventures, LLC (Incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.8	Hosted Platform License & Services Agreement dated August 1, 2012 by and between 800 Commerce, Inc. and Payventures Tech, LLC (Incorporated herein by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.9	Client Agreement dated August 7, 2012 by and between 3Cinteractive, LLC and 800 Commerce, Inc. (Incorporated herein by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.10	Proposed Statement of Work dated September 20, 2012 by and between 800 Commerce, Inc. and interactiveMD (Incorporated herein by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
10.11	Convertible Promissory Note Agreement with Scott Climes (Incorporated herein by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 Amendment No. 1 as filed with the Commission on December 7, 2012).
10.12	NonCompetition, Non-Solicitation and Confidentiality Agreement (Incorporated herein by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1 Amendment No. 3 as filed with the Commission on April 25, 2013).
10.13	First Amendment to Assignment Agreement (Incorporated herein by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1 Amendment No. 3 as filed with the Commission on April 25, 2013).
10.14	Referral Marketing Agreement with Direct Technologies, LLC (now known as Frontstream Payments) (Incorporated herein by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-1 Amendment No. 3 as filed with the Commission on April 25, 2013).
10.15	Patent Assignment Agreement (Incorporated herein by reference to Exhibit 10.15 to the Company's Post-Effective Amendment No. 1 to Form S-1 as filed with the Commission on September 20, 2013).
10.16	Exchange Agreement with Petrogres , (Incorporated herein by reference to exhibit 3.1 to the Company's Current Report on Form 8-K as filed with the Commission on March 3, 2016).
14.1	Code of Business Conduct and Ethics (Incorporated herein by reference to Exhibit 14.1 to the Company's Registration Statement on Form S-1 as filed with the Commission on October 17, 2012).
31.1*	Rule 13a-14(a)/15d-14(a) Certification of President
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1*	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer
101.INS*	XBRL Instance
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Labels Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of this quarterly report on Form 10-Q for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: August 22, 2016
PETROGRESS, INC.

By: /s/ Christos Traios
Christos Traios
Chief Executive Officer (principal executive officer)
Chief Financial Officer (principal accounting officer)

EXHIBIT 31.1
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christos Traios, certify that:

1. I have reviewed this Form 10-Q of Petrogress, Inc..;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods present in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the small business issuer's internal control over financing reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 22, 2016

/s/ Christos Traios
Christos Traios, Principal Executive Officer and Principal Financial Officer
Petrogress, Inc.

EXHIBIT 32.1
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Annual Report on Form 10-Q of Petrogress, Inc., for the quarter ended June 30, 2016, I, Christos Traios hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 22, 2016

/s/ Christos Traios
Christos Traios
Principal Executive Officer and Principal Financial Officer
Petrogress, Inc.