



Q2/2014 QUARTERLY REPORT

Commentary

General Quarterly News:

- At the end of the previous quarter Q1/2014 two more LPG vessels were added in PGC's fleet, i.e. **PGC Strident Force** (6500cbm Semi-Ref LPG built 1999) and **PGC Darko King** (6500cbm Fully-Press LPG built 1997), delivered in 12 and 17 March respectively.
- The Vessels come with employment back to sellers Carib LPg, a subsidiary of Petredec for 3 years at 370 to 390,000 USD/Month (depending on Oil Major approvals status) and 1 year at 320,000 USD/Month, gross respectively. There is an initial discount period of two months.
- The above vessels were added to the fixed assets of our Q1 consol Balance Sheet but were not included in that period's Income Statement as they operated for only a few days. Their operating performance however was incorporated in Q2 financial results.
- PGC Strident Force was drydocked, without preparation, to address immediate serious technical issues in May-June 2014 staying offhire for approx. 45 days, resulting to a net loss of \$420k, affecting negatively our consol P&L earnings. A lower initial rate of 300,000 \$/month, as well as relatively high operating costs incurred during the DD (see more details below), contributed also to the above negative result.

More specifically:

PGC Marina

- The vessel was admitted in Penfield's pool in March 2014 and her performance has been in line with our projections, with a TCE of approx. 16,500 \$pd net, which is about 2,000 \$pd more than current time charter levels.
- YTD Operating expenses stand at approx. 9,100 \$/pd that is in line with our budget. Nevertheless, standalone Q1 opex stood below budget at 8,673 \$/d, whereas in Q2 opex increased to 9,478 \$/pd resulting to a difference of \$81k between the 2 periods.

PGC Aratos

- The vessel has been trading in Gaschem/Gasmare's pool since January 2014, whose performance is somewhat lower than the anticipated one resulting to a TCE of 480k/month (compared to the budgeted \$500k/month).
- Operating expenses have considerably increased in Q2/2014 by 1,779 \$/day, that is from 5,988 \$/pd average in Q1 (in line with budget) to 7,767 \$/pd in Q2, that is approx. \$170k in absolute numbers. This increase can be mainly attributed to the following reasons:
 - Stores/supplies: Increased by 60k in Q2/2014 because the vessel has received a lot of engine and deck stores' supplies within this period, especially during March-April when vessel was in Piraeus.

- Maintenance & repairs: Increased by 77k in Q2/2014, mainly due to the fact that both engine and navaid repairs & spares have showed a considerable adverse variance, as well as vetting inspections costs.

PGC Strident Force

- Trading and Drydocking: Strident Force (ex. Newmarket 1) was delivered on March 12th 2014 and entered into a TC with Caribs LPG Trading, a subsidiary of Petredec. The vessel however carried out an extensive DD during May/June 2014 being approx.. 45 days offhire, which had a considerable impact on PGC's consol income statement. It should be noted that during its first voyages, the vessel has been employed at a lower rate (ie 300k/month instead of 390k).
- Operating expenses: They were found to be 6,100 \$/pd, that is approx. 560 \$/pd above budgeted levels, mainly because of high technical costs and stores. A number of engine and deck stores have been delivered especially during May-June when vessel was being dry-docked and repaired in Mexico.

PGC Darko King

- Trading: Darko King (ex. Aintree) was delivered on March 17th 2014 and entered into a TC with Caribs LPG Trading, a subsidiary of Petredec. During its first voyages, the vessel has been employed at a lower rate (250k/month instead of 320k).
- Operating expenses: They stood at 5,900 \$/pd, that is approx. 800 \$/pd above budgeted levels, mainly because of high crew, technical and supplies costs, items that are expected to decrease towards the budgeted levels in the following months.

Other (G&A and financial expenses)

- Loan expenses: In February 2014, PGC has signed a loan agreement with DVB Bank for \$35ml to (re)finance PGC Marina (5.5m) and PGC Aratos (12.25ml), but also
- FY 2013 audit: In May 2014, the company has released its FY 2013 consol audit, which was carried out by PWC.
- New vessels: PGC is always looking for new opportunities, inspecting new vessels focusing primarily in the gas market.
- New Investors: Finally, we are also seeking for new investors, conducting roadshows and presentations to investment brokers and potential investors.

In Summary:

- PGC's financial results in Q2/2014 were weaker than our target by approximately 1.3m, mainly attributed to the following factors:
 - S.Force was off-hire for at least 45 days carrying out extensive repairs in Mexico; (loss of approx. 450k based on the discounted TC rate)
 - During Q2/14, S.Force and D.King were employed at discounted rates as per our TCPs with Petredec (loss of approx. 480k);
 - PGC Aratos, S.Force and D.King incurred higher than anticipated opex for reasons explained above (~250k);
 - Q2/2014 financial results incorporated prior quarter's losses, which were not included in the Q1/2014 FS (~50k);

- Moreover, Penfield's and Gasmare's pool performance was somewhat lower than anticipated (~60k).

Guidance going forward

- It is anticipated that in Q3 the profit will rise to at or above Q1 levels.
- We still hope to reach our perpetual quarterly profit target on around 1.25 \$m in Q4.

Quarterly results

	FY 2013 (audited)	2014/Q1 (unaudited)	2014/Q2 (unaudited)		Notes
BALANCE SHEET (at end of period)					
	<i>(USD thous.)</i>	<i>(USD thous.)</i>	<i>(USD thous.)</i>		
Total Current Assets	10,946	21,206	23,424		
Total Fixed Assets	38,031	57,232	56,706		
Total Assets	48,977	78,438	80,130		
Total Current Liabilities	1,080	2,572	5,005		
Total Non-Current Liabilities	0	16,153	15,447		
Total Liabilities	1,080	18,725	20,452		
Shareholders Equity (Book NAV)	47,897	59,713	59,678		
<i>check balance</i>	<i>0</i>	<i>0</i>	<i>0</i>		

	FY 2013 (audited)	2014/Q1 (unaudited)	2014/Q2 (unaudited)		Notes
INCOME STATEMENT (during quarter)					
	<i>(USD thous.)</i>	<i>(USD thous.)</i>	<i>(USD thous.)</i>		
<i>Operating Revenue</i>	5,642	5,487	5,972		
<i>Minus: Voyage Expenses</i>	-3,470	-2,269	-1,655		
<i>Minus: Commissions</i>	-266	-274	-145		
TCE Earnings (net)	1,906	2,944	4,172		
Opex	-2,072	-1,334	-2,914		
G+A Expences	-368	-139	-70		
Other Income/Expense	5	8	-8		
EBITDA	-529	1,479	1,180		
Interest & Finance Expences	-10	-75	-269		
Depreciation & Amortisation	-564	-526	-1,007		
Net Income	-1,103	878	-96		

Important Note: Strident Force and Darko King not included in the 31/3/14 consol. Income statement

	FY 2013 (audited)	2014/Q1 (unaudited)	2014/Q2 (unaudited)		Notes
CASH FLOW STATEMENT (during quarter)					
	<i>(USD thous.)</i>	<i>(USD thous.)</i>	<i>(USD thous.)</i>		
Net Income	-1,103	878	-96		
Depreciation & Amortisation	564	534	1,027		
Changes in current assets (receivables, etc)	-4,493	-887	530		
Changes in current liabilities (payables, etc)	1,080	130	1,465		
Net Cash generated from operating activities	-3,952	655	2,926		
Cashflow from Investing Activities	-38,595	-18,613	-191		
Increase/decrease of Debt (net)	0	17,250	-933		
Increase/decrease of paid-in capital (net)	49,000	11,000	0		
Net Increase in Cash & Cash Equivalents	6,453	10,292	1,802		
Cash at Beginning of Period	0	6,453	16,745		
Cash at End of Period	6,453	16,745	18,547		

STATISTICS (during quarter)	FY 2013 (audited)	2014/Q1 (unaudited)	2014/Q2 (unaudited)		Notes
<i>Average # of Ships Owned during Period</i>	1.4	2.0	4.0		
<i>Average Age of Fleet at end of Period</i>	9.7	12.8	13.0		
<i>ShipYears Left*1</i>	26.6	46.9	45.9		LPGs (26yrs), Tankers (20yrs)
<i>Fleet Valuation (\$mill)</i>	45.5	68.7	65.3		VesselsValue.com
<i>Leverage</i>	0.0%	25.8%	27.2%		outstand. debt / market value
<i>Market NAV (\$mill) *2</i>	51.6	65.4	64.0		company NAV basis market fleet value
<i>Share capital (\$mill)</i>	49.0	60.0	60.0		
<i>Book NAV per 1000 usd invested (\$)</i>	977.5	995.2	994.6		
<i>Market NAV per 1000 usd invested (\$)</i>	1,054	1,091	1,066		
<i>Average TCE per Ship</i>	8,145	16,176	11,462		
<i>Average Opex per Ship (\$/pd)</i>	8,855	7,330	8,005		
<i>Average G&A per Ship (\$/pd)</i>	1,573	764	192		
<i>Cashflow TCE Breakeven per Ship</i>	10,449	8,462	8,959		
<i>Income Statement TCE Breakeven per Ship</i>	12,859	11,352	11,725		
<i>Ownership Days (average)</i>	166	91	91		
<i>Available Days (average)</i>	155	91	77		
<i>Operating Days (average)</i>	146	91	76		

*1 Assumed 26 yrs for LPG's and 20 for Tankers

*2 Market values are calculated as follows: In the event that the online VesselsValue platform (VV) shows higher values than our books (BV) we account half of that premium, otherwise we account for the full difference if VV is lower than BV.