

PARADISE GAS CARRIERS CORP.

Financial Statements for the period Ended March 31, 2017

Athens, Greece, May 4th, 2017, Paradise Gas Carriers Corp (“PGC” or the “Company”, today reported its unaudited consolidated operating and financial results for three-months ended March 31, 2017. All amounts reported are in US Dollars unless otherwise stated).

Financial Highlights during 2017q1:

- **Net TCE Earnings** stood at **\$6.8 million** during the 1st quarter 2017 (on average 12,806 \$/day per ship), decreased by 36% compared to 1st quarter 2016;
- **Total Operating Expenses** (excl. charter-in expenses) stood at **\$4.2 million** (or on average of 7,817 \$/day per ship), increased by 9,8% compared to the same period in 2016;
- **EBITDA** reached **\$2.1 million** during the 1st quarter 2017, compared to \$5.8 million during last year;
- **Net Income** stood at **\$0.4 million** in the 1st quarter 2017 compared to \$4.1 million to the same period in 2016;
- Outstanding **Bank Debt** stood at **\$26.9 million as of 31.03.2017**, i.e. still a moderate **leverage¹ of approx. 28%**. In addition, however, PGC has secured a \$67million loan facility to finance its NB program in Japan, a total investment of \$105 mill.
- New **Preferred Stock** has been issued during the first quarter of 2017, \$2.1 million in total.
- Net **cash flow** position has decreased by \$2.5 million, mostly attributed to the installments paid to Kyokuyo shipyard during the first quarter of 2017 for PGC’s new-buildings (\$8 million in total).

Key Developments

- PGC has currently **4 LPG vessels under construction** in Japan, 3 of those to be delivered in 2017.
- **PGC Patreas** and **PGC Periklis** (two New F/P LPG carriers) **have already been launched** during the first quarter. They are scheduled to be delivered in May and July respectively this year.
- In March 2017, **PGC Darko King**, the oldest vessel of PGCs fleet, has been sold in Singapore for \$4.1 million. The sale proceeds were used to repay AB’s bank loan and also finance the construction of the above new-buildings.
- All 3 **PGC’s tankers** are still employed in Penfield’s Panamax pool, which is hopefully outperforming market with average Q1 earnings at approx. 15,000 \$/pd compared to very poor market TCE rates of approx. \$10k/pd during the first quarter of 2017.
- **PGC Aratos** is still employed in Gasmare’s pool earning approx. \$420k/month, whereas **PGC Strident Force**’s T/C with Petredec has expired and following a few voyages in the spot market the vessel was scheduled for an intermediate drydock during April in Europe.

In general, PGC’s plans are still based on the operating assumption of extrapolating current mediocre earnings environment for 1-2 years. But in any event, the Management is of the opinion that the difficult times are finite and constrained within 2017-2018 period.

<u>Income Statement</u> (in USD thous)	Three months ended Mar. 31, 2017	
	2017	2016
NET REVENUE (1)	6,812	10,662
Vessels Operating Expenses (2)	(4,151)	(3,780)
Other operating expenses (3)	(578)	(1,101)
EBITDA	2,083	5,781
Gain on vessels’ disposal, net (4)	164	165
Interest & Finance costs (5)	(362)	(397)
Capitalized borrowing cost (6)	358	116
Depreciation & Amortization expenses	(1,726)	(1,606)
Impairment loss (7)	-	-
Other income/expense (8)	(117)	(42)
NET INCOME	400	4,107
<i>Dividends distributed</i>	-	1,073
Average number of vessels	5,9	6.0

(1) TCE earnings, i.e. revenues less voyage expenses and address/brokerage commissions.

(2) Incl. technical management fees;

(3) Incl. charter hire expenses, bareboat costs, G&A expenses;

¹ Leverage = Total outstanding Debt / (FMV of fleet incl. NB advances + Current Assets)

(4) PGC Ikaros was sold in May 2015 and leased back by PGC for a duration of 4 years. Under U.S. GAAP, ASC 840-40-25-3, any profit or loss resulting from a sale-and-leaseback transaction in which the resulting lease is an operating lease is deferred and amortized in proportion to the related gross rental charged to expense over the lease term;

(5) Excl. out of book adjustment for the capitalization of Interest for vessels under construction, see note (6).

(6) Out of book adjustment for the capitalization of Interest for vessels under construction (US GAAP 835-20 or IAS 23).

(7) An impairment loss was posted in FY 2016 concerning the vessel PGC Darko King which was sold in March 2017, but no additional impairment was accumulated during 2017q1.

(8) Other income/expenses include mainly a provision for an underperformance claim of PGC Aratos equal to \$116k allocated in FY 2017.

Balance Sheet (in USD thous)	March 31, 2017	December 31, 2016
Current Assets	10,837	12,002
Non-current assets	103,025	100,882
Current Liabilities	8,935	10,319
Non-current liabilities (1)	23,390	23,528
Paid-in capital (2)	73,600	71,500
Shareholders' Equity	81,537	79,037

(1) ASU (Accounting Standards Update) 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability.

(2) Paid-in Capital includes also preferred stock of \$2.1 million issued during 2017q1.

Cashflow Statement (in USD thous)	Three Months ended March 31 2017	Three Months ended March 31 2016
Net cash generated from operating activities	1,548	4,598
Net cash generated from investing activities	(3,890)	(2,909)
Net cash used in financing activities	(143)	(1,051)
Net change in Cash & Equivalents During Period	(2,485)	638

Investment Activities

- They concern the payment of the 5th installment of 7500cbm liquefied Gas Carrier no. S-529 amounting to \$2.4 million and the 4th and 5th installments of 7500cbm liquefied Gas Carrier no. S-530 amounting to \$4.7millions. Upcoming Yard payments are presented in the New-Building section below.

Financing Activities

- Cashflows from financing activities (\$0.1 mill in total) included loan repayments (\$.2.3m), as well as deferred and capitalized finance costs (\$0.05m), less capital contributions (\$2.1m).

Operating Stats	FY 2015	FY 2016	2017q1
Average # of Ships Owned* during Period	6.0	6.0	5.9
Average Age of Fleet at end of Period	13.4	14.4	13.7
ShipYears Left	57.5	51.5	43.4
Ownership Days (average)	365	365	90
Available Days efficiency (1)	94.6%	95.8%	100%
Operating Days efficiency (2)	94.1%	95.8%	100%

(1) Available Days Efficiency is the ratio of the days that the fleet was available for revenue generating;

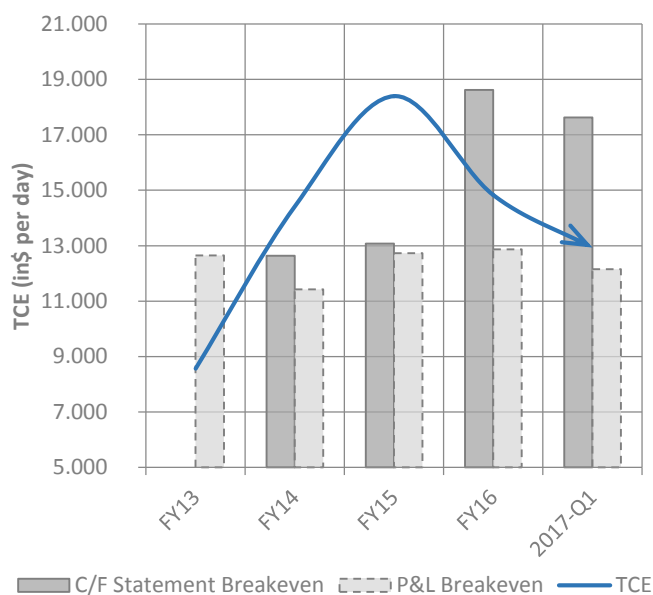
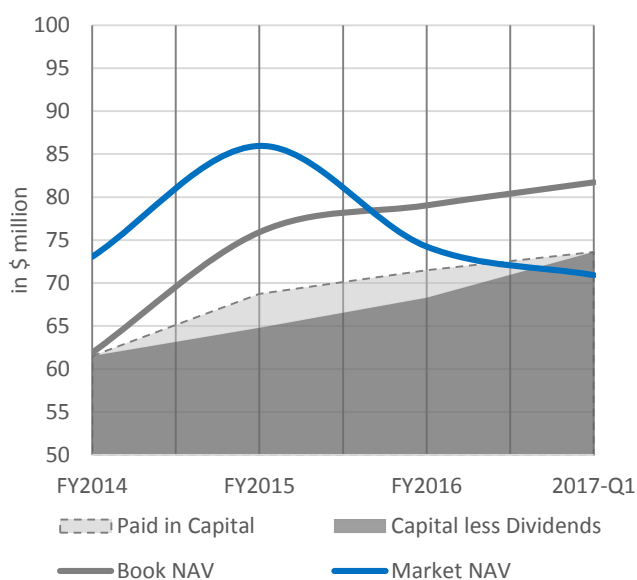
(2) Operating Days Efficiency is the ratio of the days the ships were actually employed (TC or Spot) and generating revenues (after deducting the off-hire days); divided to the Ownership days

Financial Ratios & Stats	FY 2015	FY 2016	2017q1
Fleet Valuation (\$mill) - end period (1)	104.1	94.1	90.2
Leverage	28.0%	27.5%	26.7%
Paid-in Capital (\$mill)	68.8	71.5	73.6
Book NAV (\$mill)	75.9	79.0	81.5
Market NAV (\$mill) (1)	86.0	74.2	70.8
Enterprise Value (EV) (2)	105.80	97.62	94.84
Book NAV per 100 usd invested (\$)	110.43	110.54	110.78
Market NAV per 100 usd invested (\$)	125.04	103.84	96.13
Dividends received (\$mill)	3.96	4.5	0.0
RoE (annualised)	15.6%	4.6%	2.0%
RoA (annualised)	9.6%	3.1%	1.4%
EV/EBIT (annualised)	8.23	17.46	51.60
P/E (3)	8.06	20.71	61.85
Dividend Yield	4.61%	4.33%	3.02%
Average TCE per Ship (\$/pd), net	18,461	14,825	12,877
Average Opex per Ship (\$/pd), incl. man fees	7,947	7,532	7,847
Average charter hire expense per Ship (\$/pd)	1,146	1,202	1,053
Average debt-service per ship (\$/pd)	3,637	3,667	5,013
C/F Statement TCE Breakeven per Ship (\$/pd)	13,073	18,622	17,575
Cashflow Margin	43.5%	17.3%	-7.7%
P&L TCE Breakeven per Ship (\$/pd)	12,737	12,873	12,431

(1) Fleet Valuation and Market NAV are calculated as follows: In the event that the average brokers' valuations (MV) shows higher values than our books (BV) we account 75% of that premium, otherwise we account for the full difference if MV is lower than BV. Fleet valuation includes also advances for NB orders. Hence, Market NAV= Book NAV + FMV - BV;

(2) EV = Market NAV plus Debt less Cash;

(3) P/E = Market NAV/Net Earnings (Trailing 12 months)



Fleet Profile & Valuation

PGC, through its subsidiaries, owns two LR1/Panamax Tankers and three Gas Carriers. In addition, PGC operates also a 3rd LR1 Tanker (“PGC Ikaros”) which was sold in May 2015 and leased back for 4 years.

Vessel	Built	Type	Delivered	DWT or cbm (1)	FLAG	Ownership	Book Value	Market Value
PGC Marina	China	Product Tanker	07/2013	72,800	Bahamas	100%	\$14.8m	\$13.5m
PGC Ikaros (2)	China	Product Tanker	12/2014	72,900	Bahamas	BB till May 2019	n/a	n/a
PGC Aspropyrgos	China	Product Tanker	12/2014	72,900	Bahamas	100%	\$16.87m	\$12.5m
PGC Aratos	Italy	Ethylene Carrier	10/2013	9,000	Malta	100%	\$17.56m	\$18.0m
PGC Strident Force	Japan	LPG (S/R) carrier	03/2014	6,500	Bahamas	100%	\$9.54m	\$8.0m
PGC Darko King (4)	Japan	LPG (F/P) carrier	SOLD 03/17	6,500	-	-	-	-
Advances to Shipyards							\$42.3m ⁽³⁾	\$38.35m
Totals							\$101.1m	\$90.35m

(1) Cubic meters for LPGs, all others in dead weight tons;

(2) Vessel was sold in May 2015 to Norwegian buyers and leased back (bareboat in) to PGC for a 4-year period at 7500 \$/day base rate + profit share above 18500 \$/day TCE;

(3) Including Capitalized Finance Expenses \$ 2.3m as per USGAAP ASC 835

(4) PGC DARKO KING was sold on March 20th.

Fleet Employment

PGC vessels are trading either on well-established pools or on a time charter, as per table below:

Vessel	Charterer	Expiration Date	Type	Gross Daily rate
PGC Marina	Penfield Marine Pool	n/a	Pool	Floating, abt \$16,000/day 2017 avg YTD
PGC Ikaros	Penfield Marine Pool	n/a	Pool	Floating, abt \$15,500/day 2016 avg YTD
Aspropyrgos	Penfield Marine Pool	n/a	Pool	Floating, abt \$14,000/day 2016 avg YTD
PGC Aratos	Gaschem/Gasmare Pool	n/a	Pool	Floating, abt \$430,000/month 2016 avg YTD
PGC Strident Force	Carib LPG Trading Ltd	n/a	Spot	\$390k/month till Feb 2017, then spot market
PGC Darko King	Carib LPG Trading Ltd	-	-	SOLD on March-17

New-building Program,

4 Gas Carriers on order in Kyokuyo Shipyard/Japan

PGC has 4 LPG vessels on order in Kyokuyo shipyard, Japan, as per table below.

Vessel	Hull No.	Type	cbm	Yard	Delivery	NB Price (\$m)
PGC Patreas	S-529	FP	7,500	Kyokuyo, Japan	31 May 2017	24.1
PGC Periklis	S-530	FP	7,500	Kyokuyo, Japan	15 Jul 2017	24.1
PGC Taormina	S-532	S/R	7,000	Kyokuyo, Japan	15 Oct 2017	28.0
PGC Eirini	S-533	S/R	7,000	Kyokuyo, Japan	5 Mar 2018	28.0

Upcoming Installments:

Schedule	S-529	\$mm	S-530	\$mm	S-532	\$mm	S-533	\$mm
Launching	-	-	-	-	Apr-17	-	Aug-17	-
Delivery	May-17	13.37	Jul-17	13.37	Oct-17	20.16	Mar-18	20.16
TOTAL Due		13.37		13.37		20.16		20.16

The total investment stands at **\$104.2 million**, of which \$67m are still due to be paid on delivery dates. PGC has secured financing from DVB Bank as per loan agreement dated 15/12/2016. The total **loan facilities stand at \$67 million**, 50% of which has been underwritten by DVB and the remaining 50% by NIBC Bank. The first drawdown is expected on May 22nd 2017 on the delivery of PGC Patreas.

Management Commentary

Net Revenues for the period ended March 31, 2017 amounted to \$6.8 million, a decrease of \$3.9 million, or 36%, compared to net revenues of \$10.7 million for the period ended March 31, 2016, primarily due to the decrease of hire rates during the period ended March 31, 2017, as well as the increase of voyage expenses (\$0.2 million) during the same period. The increase in voyage expenses was primarily due to the higher number of vessels under spot charters during q1/2017.

Operating expenses for the period ended March 31, 2017 amounted to \$4.2 million, an increase of \$0.4 million, or 9.8%, compared to operating expenses of \$3.8 million for the period ended March 31, 2016, mainly attributed to extraordinary technical expenses of PGC Aratos for the overhauling of one diesel generator.

Charter Hire expenses for the period ended March 31, 2017 amounted to \$0.6 million, of which \$0.7 million attributed to a fixed charter rate of 7,500 \$/pd and 0.106k(profit) to a profit sharing scheme. Cumulative profit sharing expense during q1/2016 stood at \$1.2 million, whereas during q1/2017 stood at \$0.6 million (on a cumulative basis), hence resulting to a gain of \$0.6m. More specifically, in May 2015, PGC had entered into a bareboat agreement for 4 years for PGC Ikaros. The fixed charter rate agreed to be \$7.500 per day plus 50% Profit Share of the Earnings in excess of \$18.500. The final profit share however will be calculated on the average earnings over a 4-year basis, which means that in case rates fall the profit share shall decrease.

Depreciation for the period ended March 31, 2017 was \$1.2 million, remained at the same level as for the previous year.

Amortization of dry-docking and special survey costs for the period ended March 31, 2017 and 2016 was \$0.5 million and \$0.4 million, respectively. The cost for the period ended March 31, 2017 corresponds to the dry-docking and special survey of four vessels compared to the special survey amortization cost of three vessels for the period ended March 31, 2016.

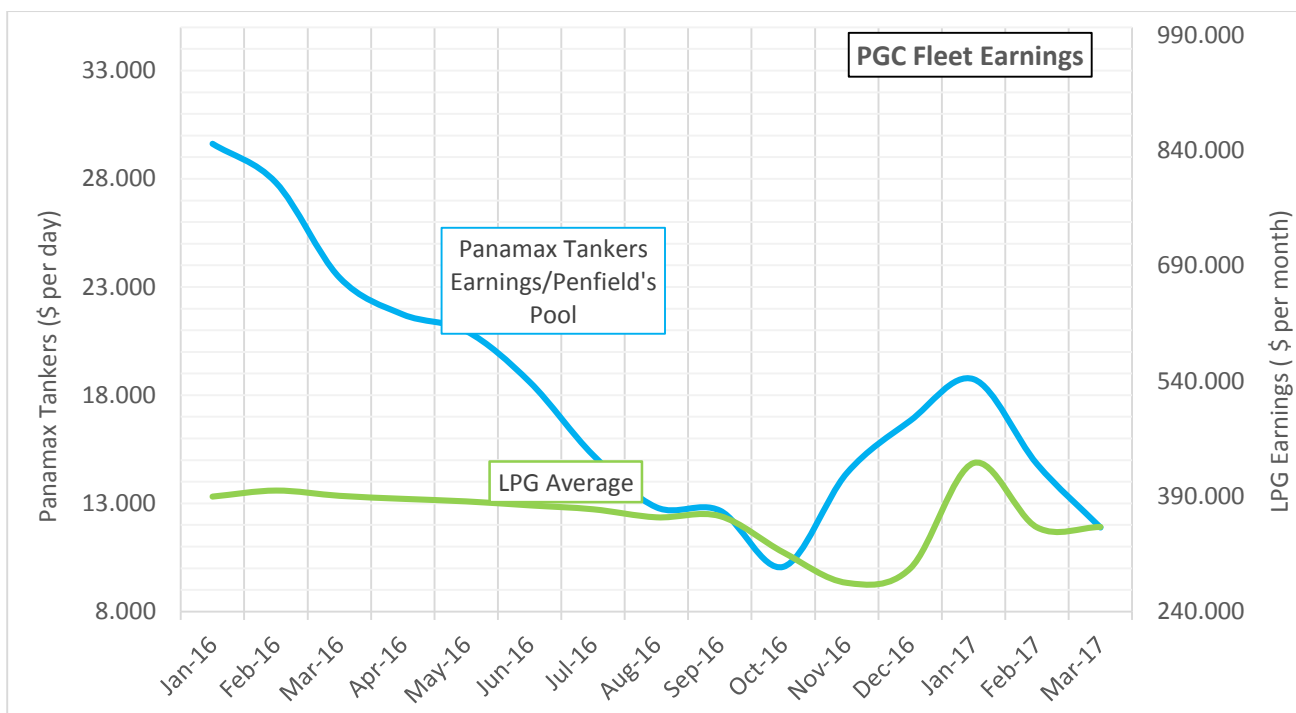
Gain on vessel's disposal for the period ended March 31, 2017 was \$0.2 million and concerns the gain from the disposal of vessel PGC Ikaros which took place on May 28, 2015.

Interest expenses and amortization of finance expenses for the period ended March 31, 2017 was \$0.3 million, a decrease of \$0.7 million, or 70%, compared to the year ended December 31, 2015.

Current Market conditions:

Tankers: The dirty panamax tanker market has been poor during the last months with TCE earnings at \$10,000 pd, or even below 10k. Fortunately, our Pool has been consistently outperforming the market with average earnings of approx. \$15,000 (pool average during 2017q1). We believe that the market will remain mediocre during 2017 but we expect a gradual recovery from 2018 onwards.

Coastal LPG: Earnings remain more or less steady for our ships, even though the underlying market is not easy to trade. PGC Aratos, our Ethylene Carrier, is currently trading in the Gaschem Gasmare Pool, where more than 70% of the earnings are fully hedged and fixed. Pool earnings stood at approx. 430,000 \$/month in average during the first quarter, which is still above our breakeven levels but lower than anticipated. On the other hand, PGC Strident Force's T/C to Carib/Petredec has expired in February 2017 and the vessel has been trading in the spot market.



Accounting Policies

- The cost of the Group’s vessels is depreciated on a straight-line basis over the vessels’ remaining economic useful lives after considering the estimated residual value. Management has estimated the useful life of the Group’s vessels for the Tankers and the Gas Carriers to be 25 years. The scrap value of Group’s vessels was determined by multiplying their light displacement weight (Ldt) by a scrap value of of \$275/tn which was applicable since fiscal year 2015. Until then, however, the company applied a higher scrap value of \$390/tn. This change in PGC’s policy resulted to a higher depreciation expense by almost \$400k.
- In April 2015, the FASB issued Accounting Standards Update No. 2015-03 "Simplifying the Presentation of Debt Issuance Costs", ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Deferred financing fees standing at \$535k as of 31/12/2015 and \$498k as of 31/3/2016 were reclassified from an amortizing asset to a direct deduction in bank debt.
- Non-Current Liabilities: ASU (Accounting Standards Update) 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability.



**Q1/2017 CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

PARADISE GAS CARRIERS CORP.
CONSOLIDATED BALANCE SHEET (unaudited)
(Expressed in thousands of United States Dollars)

	As of March 31, 2017	As of December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,359	5,844
Trade receivable	2,719	3,610
Inventories	979	927
Insurance and other claims	7	7
Other receivables	2,715	1,446
Prepaid expenses	1,058	168
Total current assets	10,837	12,002
NON-CURRENT ASSETS		
Fixed assets, net	55,113	59,776
Vessels under construction	42,286	34,450
Deferred charges, net	3,626	4,656
Seller credit guarantee	2,000	2,000
Total non-current assets	103,025	100,882
Total assets	113,862	112,884
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	2,107	1,968
Accrued liabilities	527	311
Current portion of long-term debt	4,976	7,266
Unearned revenue	-	227
Loan from shareholders	500	
Due to related parties	23	66
Other current liabilities	205	-
Provisions for other liabilities and charges	597	481
Total current liabilities	8,935	10,319
NON-CURRENT LIABILITIES		
Deferred gain on sale of vessel, net of current portion	1,416	1,581
Long term debt, net of current portion	21,974	21,947
Total non-current liabilities	23,390	23,528
Total liabilities	32,325	33,847
SHAREHOLDERS' EQUITY		
Additional paid-in capital	71,500	71,500
Preferred stock	2,100	-
Retained earnings	7,937	7,537
Total stockholders' equity	81,537	79,037
Total liabilities and stockholders' equity	113,862	112,884



PARADISE GAS CARRIERS CORP.
CONSOLIDATED INCOME STATEMENT (unaudited)
(Expressed in thousands of United States Dollars)

	Period from January 1 to March 31, 2017	Period from January 1 to March 31, 2016
Operating revenue	7,418	11,203
Voyage expenses	(560)	(351)
Vessel operating expenses	(3,785)	(3,452)
Charter hire expenses	(557)	(1,039)
Depreciation	(1,223)	(1,246)
Amortization of deferred dry-docking and survey costs	(503)	(360)
Commissions	(162)	(190)
Management fees	(366)	(328)
General and administration expenses	(21)	(62)
Net operating expenses	(7,177)	(7,028)
Income From Operations	241	4,340
Gain on vessel's disposal	164	165
OTHER INCOME (EXPENSE):		
Interest income	-	-
Interest expense	(4)	(281)
Other finance expenses	(9)	(10)
Other income, net	8	58
Total Other Expense, net	(5)	(233)
Net Income	400	4,107



PARADISE GAS CARRIERS CORP.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (unaudited)
(Expressed in thousands of United States Dollars)

	Common Stock	Preferred Stock	Additional Paid-in Capital	Retained Earnings	Total
As of January 1, 2016	<u>-</u>	<u>-</u>	<u>68,750</u>	<u>7,169</u>	<u>75,919</u>
Net Profit for the period	-	-	-	3,585	3,585
Capital Contribution	-	-	2,750	-	2,750
Dividends	-	-	-	(3,217)	(3,217)
As of December 31, 2016	<u>-</u>	<u>-</u>	<u>71,500</u>	<u>7,537</u>	<u>79,037</u>
As of January 1, 2017	<u>-</u>	<u>-</u>	<u>71,500</u>	<u>7,537</u>	<u>79,037</u>
Capital Contribution	-	2,100	-	-	2,100
Net Profit for the period	-	-	-	400	400
As of March 31, 2017	<u>-</u>	<u>2,100</u>	<u>71,500</u>	<u>7,937</u>	<u>81,537</u>

PARADISE GAS CARRIERS CORP.
CONSOLIDATED CASHFLOW STATEMENT (unaudited)
(Expressed in thousands of United States Dollars)

	Year ended March 31, 2017	Period ended March 31, 2016
Cash Flows from Operating Activities:		
Net income	400	4,107
Adjustments to reconcile net profit to net cash generated from operating activities		
Depreciation	1,223	1,246
Amortization of deferred dry-docking and special survey costs	503	360
Amortization of deferred finance costs	-	26
Gain on sale of vessel	(164)	(165)
Increase/(Decrease) in:		
Accounts receivable	892	858
Other receivables	(1,269)	(660)
Prepaid expenses	(890)	(786)
Inventories	(52)	(13)
Amounts due to related parties	(43)	(85)
Due to shareholders		(1,073)
Accounts payable	138	631
Payments for dry-docking/special survey	-	(8)
Provisions for other liabilities and charges	116	-
Unearned revenue	(227)	-
Loan from related parties	500	-
Accrued liabilities	216	877
Other current liabilities	205	(717)
Net Cash generated from Operating Activities	1,548	4,598
Cash Flows from Investing Activities:		
Proceeds from sale of vessel	3,946	-
Advances for vessels under construction	(7,836)	(2,909)
Net Cash used in Investing Activities	(3,890)	(2,909)
Cash Flows from Financing Activities:		
Payments on bank borrowings	(2,290)	(1,633)
Capitalized finance costs	47	(105)
Capital contribution	2,100	2,750
Dividends paid	-	(2,063)
Net Cash generated from Financing Activities	(143)	(1,051)
Net (Decrease) / Increase in Cash and Cash Equivalents	(2,485)	638
Cash and Cash Equivalents, Beginning of Period	5,844	15,543
Cash and Cash Equivalents, End of Period	3,359	16,181
Supplementary Cash Flow information		
Cash paid for interest	1,294	368