PARADISE GAS CARRIERS CORP.

Consolidated Financial Statements for the year ended December 31, 2014

INDEX

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Independent Auditor's Report

To the Board of Directors and Shareholders
of Paradise Gas Carriers Corp.

We have audited the accompanying consolidated financial statements of Paradise Gas Carriers Corp. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and December 31, 2013, and the related consolidated statements of comprehensive income, shareholders' equity and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Paradise Gas Carriers Corp. and its subsidiaries at December 31, 2014 and December 31, 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers S.A.

Athens, Greece
June 29, 2015

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PARADISE GAS CARRIERS CORP.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2014 AND 2013
(Expressed in thousands of United States Dollars)

	Notes	As of December 31, 2014	As of December 31, 2013
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	5,941	6,453
Trade receivables		3,566	2,338
Inventories	4	1,317	1,304
Insurance and other claims	8	829	-
Other receivables	9	623	19
Prepaid expenses		365	38
Letter of guarantee		54	-
Due from related parties	14	-	794
Total current assets		**12,695**	**10,946**
NON-CURRENT ASSETS			
Fixed assets, net	5	87,015	38,031
Advances for vessels under construction	6	4,811	-
Deferred charges, net	7	1,867	-
Total non-current assets		**93,693**	**38,031**
Total assets		**106,388**	**48,977**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	10	1,383	629
Accrued liabilities	12	162	388
Current portion of long-term debt	11	5,249	-
Unearned revenue		597	-
Due to related parties	14	1,961	-
Loans due to shareholders	11,14	14,653	-
Other current liabilities	13	47	63
Total current liabilities		**24,052**	**1,080**
LONG-TERM LIABILITIES			
Long-term debt, net of current portion	11	20,436	-
Total long-term liabilities		**20,436**	**-**
Total liabilities		**44,488**	**1,080**
Commitments and Contingencies	20	-	-
SHAREHOLDERS' EQUITY			
Common stock (1,000 common shares, no par value, authorized and issued)		-	-
Additional paid-in capital		61,500	49,000
Retained earnings / Accumulated deficit		400	(1,103)
Total shareholders' equity		**61,900**	**47,897**
Total liabilities and shareholders' equity		**106,388**	**48,977**

The accompanying notes on pages 8 to 26 are an integral part of these consolidated financial statements.

PARADISE GAS CARRIERS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013
(Expressed in thousands of United States dollars)

	Notes	Year ended December 31, 2014	Period from May 9 to December 31, 2013
Operating revenue	17	22,745	5,642
Total operating revenue-net		**22,745**	**5,642**
Operating expenses			
Voyage expenses	19	(5,469)	(3,470)
Vessels' operating expenses	18	(9,247)	(1,908)
Depreciation	5	(3,492)	(564)
Amortization of deferred dry-docking and special survey costs	7	(118)	-
Commissions		(845)	(266)
Management fees	14	(743)	(164)
General and administrative expenses		(378)	(368)
Net operating expenses		**(20,292)**	**(6,740)**
Operating profit/ (loss)		**2,453**	**(1,098)**
Other income/ (expenses)			
Interest income		80	-
Interest expense		(594)	-
Other finance expenses		(158)	(10)
Other expenses/ income, net		(278)	5
Total other expenses, net		**(950)**	**(5)**
Profit/ (Loss) for the year/ period		**1,503**	**(1,103)**
Other comprehensive income for the year/ period		-	-
Total comprehensive income/ (loss) for the year/ period		**1,503**	**(1,103)**

The accompanying notes on pages 8 to 26 are an integral part of these consolidated financial statements.

PARADISE GAS CARRIERS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY
AS OF DECEMBER 31, 2014 AND 2013
(Expressed in thousands of United States Dollars)

	Common Stock	Additional Paid-in Capital	Accumulated deficit/ Retained earnings	Total
As of May 9, 2013	-	-	-	-
Net loss for the period	-	-	(1,103)	**(1,103)**
Capital contributions	-	49,000	-	**49,000**
As of December 31, 2013	-	**49,000**	**(1,103)**	**47,897**
As of January 1, 2014	-	**49,000**	**(1,103)**	**47,897**
Net profit for the year	-	-	1,503	**1,503**
Capital contributions	-	12,500	-	**12,500**
As of December 31, 2014	-	**61,500**	**400**	**61,900**

The accompanying notes on pages 8 to 26 are an integral part of these consolidated financial statements.

PARADISE GAS CARRIERS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2014 AND 2013
(Expressed in thousands of United States Dollars)

	Notes	Year ended December 31, 2014	Period from May 9 to December 31, 2013
Cash Flows from operating activities			
Net profit/ (loss) for the year/ period		1,503	(1,103)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation	5	3,492	564
Amortization of deferred dry-docking and special survey costs	7	118	-
Amortization of deferred finance costs	7	61	-
Payments for dry-dockings and special surveys		(1,248)	-
(Increase)/Decrease in:			
Accounts receivable		(1,227)	(2,338)
Insurance and other claims		(829)	-
Prepaid expenses		(327)	(38)
Other receivables		(604)	(19)
Inventories		13	(1,304)
Net receipts from /(payments to) related parties		2,755	(794)
Letter of guarantee		(54)	-
Increase/(Decrease) in:			
Accounts payable		645	629
Accrued liabilities		(226)	388
Unearned revenue		597	-
Other current liabilities		(17)	63
Net Cash provided by/(used in) operating activities		**4,626**	**(3,952)**
Cash Flows from investing activities			
Acquisition of vessels	5	(52,476)	(38,595)
Advances for acquisition of vessels under construction	6	(4,800)	-
Net Cash used in Investing Activities		**(57,276)**	**(38,595)**
Cash Flows from Financing Activities:			
Proceeds from bank borrowings		26,750	-
Repayment on bank borrowings		(1,065)	-
Deferred financing charges		(700)	-
Capital Contributions		12,500	49,000
Loan due to shareholders		14.653	-
Net Cash provided by Financing Activities		**52,138**	**49,000**
Net (Decrease) / Increase in Cash and Cash Equivalents		**(512)**	6,453
Cash and Cash Equivalents, Beginning of Year/ Period		**6,453**	-
Cash and Cash Equivalents, End of Year/ Period		**5,941**	**6,453**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest		539	-

The accompanying notes on pages 8 to 26 are an integral part of these consolidated financial statements.

(Expressed in thousands of United States Dollars)

1. Basis of Presentation and General Information

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The reporting and functional currency of the Company is the United States Dollar.

Paradise Gas Carriers Corp. ("Paradise" or the "Company" and together with its subsidiaries the "Group"), was formed on May 9, 2013, in Monrovia, Liberia and is presently the sole owner of all outstanding shares of the companies (the "Paradise Subsidiaries") listed below.

The Group's vessels operate worldwide, carrying oil and LPG for many of the world's leading charterers. The Company manages its operations from its offices in Athens, Greece.

The Group's principal business is the acquisition and operation of vessels. Paradise conducts its operations through the vessel owning subsidiaries that have as principal activity the ownership and operation of oil tanker and gas carrier vessels that are under the exclusive management of a related party of the Group (refer to Note 14 - Related Party Transactions).

The consolidated financial statements have been prepared to reflect the consolidation of the companies listed below. The historical balance sheet and results of operations of the companies listed below have been reflected in the consolidated balance sheet and consolidated statement of income, cash flows and shareholders' equity at and for the period since their respective incorporation.

As of December 31, 2014, Paradise consolidated the companies listed below:

Company	Date of Incorporation	% Shareholding	Vessel Name	Vessel Type	Year Built	DWT
Marina Maritime and Trading Ltd	May 8, 2013	100	PGC MARINA	Oil Tanker	2005	72,854
Aratos Maritime Ltd	July 24, 2013	100	PGC ARATOS	Gas Carrier	2003	9,328
Strident Force Maritime Ltd	January 13, 2014	100	STRIDENT FORCE	Gas Carrier	1999	8,485
Darko King Maritime Ltd	January 13, 2014	100	DARKO KING	Gas Carrier	1997	6,666
PST S.A.	July 2, 2014	100	IKAROS	Oil Tanker	2004	72,000
Aspropyrgos II Maritime Ltd	December 8, 2014	100	ASPROPYRGOS	Oil Tanker	2004	72,000

2. Significant Accounting Policies

Principles of Consolidation: The accompanying consolidated financial statements represent the consolidation of the accounts of the Company and subsidiaries it controls. The subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. All intercompany balances and transactions are eliminated on consolidation.

Subsidiaries are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition. Costs directly attributable to the acquisition are expensed as incurred. The excess of the cost of acquisition over the fair value of the net tangible and intangible assets acquired and liabilities assumed is recorded as goodwill.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation: The functional currency of the Group is the U.S. dollar. Transactions involving other currencies during the year are converted into U.S. dollars using the exchange rates in effect at the time of the transaction. On the balance sheet dates, monetary assets and liabilities denominated in other currencies are translated to reflect the current exchange rates. Resulting gains or losses are reflected in the accompanying consolidated statement of comprehensive income.

Cash and Cash Equivalents: Cash and cash equivalents consist of current, call, and time deposits with original maturity of three months or less which are not restricted for use or withdrawal.

Trade Receivables: The amount shown as Trade Receivables at each balance sheet date includes estimated recoveries from charterers for freight and demurrage billings, net of allowance for doubtful accounts. An estimate is made of the allowance for doubtful accounts based on a review of all outstanding amounts at each period, and an allowance is made for any accounts which management believes are not recoverable. Bad debts are written off in the year in which they are identified. No allowance for doubtful accounts has been taken in any period included in these consolidated financial statements.

2. Significant Accounting Policies (continued)

Insurance: The Group accounts for the cost of possible additional call amounts under its insurance arrangements in accordance with accounting for contingencies based on the Group's historical experience and the historical experience of the shipping industry. There were no calls and no call expenses for the year ended December 31, 2014, and no amounts have been accrued in the consolidated financial statements on December 31, 2014.

Prepaid Expenses and Inventories: Prepaid expenses consist mainly of prepayment of insurance expenses. Inventories, consisting mainly of bunkers, lubricants and provisions remaining on board the vessels at each period end, are valued at the lower of market value or cost as determined using the weighted average cost basis method.

Financing Costs: Fees incurred for obtaining new loans and loans that have been accounted for as modified are deferred and amortized over the loans' respective repayment periods using the effective interest rate method. These charges are included in the consolidated balance sheet line item "Deferred Charges, net". The amortization expense associated with deferred financing fees is included in "Other finance expense" on the consolidated Statement of Comprehensive Income.

Insurance Claims: Insurance claims consist of claims submitted and/or claims in the process of compilation or submission (claims pending against vessels' insurance underwriters). They are recorded on an accrual basis and represent the claimable expenses, net of applicable deductibles, incurred through December 31 of each reported period, which are expected to be recovered from insurance companies. Any remaining costs to complete the claims are included in accrued liabilities. Insurance claims are included in the balance sheet line item "Insurance and other claims". The classification of insurance claims into current and non-current assets is based on management's expectations as to their collection dates.

Vessels' Cost: Vessels are stated at cost, less accumulated depreciation, which consists of the contract purchase price and any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Otherwise these expenditures are charged to expenses as incurred. Vessels acquired in the secondhand market are treated as a business combination to the extent that such acquisitions include continuing operations and business characteristics such as management agreements, employees and customer base. Otherwise these are treated as purchase of assets. Where the Group identifies any intangible assets or liabilities associated with the acquisition of a vessel purchased in the secondhand market, the Group records all identified tangible and intangible assets or liabilities at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows.

Advances for Vessels under Construction: The amounts shown for vessels under construction represent the amounts paid by the Group in accordance with the terms of shipbuilding contracts and, therefore, do not necessarily represent the exact progress of construction as at the balance sheet date. Interest and finance charges are capitalized during the construction period and until the asset is substantially complete and ready for its intended use. The total amount accumulated under vessels under construction is transferred to vessels at cost upon delivery of a vessel from the yard.

2. Significant Accounting Policies (continued)

Capitalized Interest Expense: Interest costs are expensed as incurred except for interest costs that are capitalized. Interest costs are capitalized on all qualifying assets that require a period of time to complete for their intended use. Qualifying assets consist of vessels constructed for the Group's own use.

Vessels' Depreciation: 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 Gas Carriers to be 25 years.

Accounting for Special Survey and Dry-docking Costs: The Group follows the accounting guidance for planned major maintenance activities. Dry-docking and special survey costs, which are reported in the balance sheet within "Deferred charges, net", include planned major maintenance and overhaul activities for ongoing certification. The Group follows the deferral method of accounting for special survey and dry-docking costs, whereby actual costs incurred are deferred and are amortized on a straight-line basis over the period until the next scheduled survey, which is between two and a half and three years. If special survey or dry-docking is performed prior to the scheduled date, the remaining unamortized balances are immediately written off.

The amortization periods reflect the estimated useful economic life of the deferred charge, which is the period between each special survey and dry-docking. Costs incurred during the dry-docking period relating to routine repairs and maintenance are expensed.

The unamortized portion of special survey and drydocking costs for vessels sold is included as part of the carrying amount of the vessel in determining the gain / (loss) on sale of the vessel.

Impairment of Long-lived Assets: The accounting standard for impairment of long-lived assets requires that long-lived assets and certain identifiable intangibles held and used or disposed of by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In the case of long-lived assets held and used, if the future net undiscounted cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value. For the purposes of assessing impairment, long lived assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Pension and Retirement Benefit Obligations-Crew: The crew on board the companies' vessels serves in such capacity under short-term contracts (usually up to nine months) and accordingly, the vessel-owning companies are not liable for any pension or post-retirement benefits.

Trade payables: Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of the Group's business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Current and Deferred Income Tax: The Group is not liable for corporate income tax, either in the country of incorporation or, in the case of the vessel - owning companies, in the country of the vessel's registration. The Group therefore does not provide for either corporate income tax or for deferred taxation.

2. Significant Accounting Policies (continued)

The Group's vessel owning companies are liable to pay an annual tonnage tax to the tax authorities of the country where the vessels are registered. This tax has been included in vessels' operating expenses.

Effective from 1 January 2013, an annual tonnage tax is also payable to the tax authorities of Greece, which is the country of operation of the Managing Agent of the Group. This tax has been included in vessel's operating expenses.

Provisions and contingencies: The Group, in the ordinary course of its business, is subject to various claims, suits and complaints. The Group will provide for a contingent loss in the financial statements if the contingency has been incurred and the likelihood of loss is deemed to be probable at the date of the financial statements and the amount of the loss can be reasonably estimated. In accordance with the accounting for contingencies, if the Group has determined that the reasonable estimate of the loss is a range and there is no best estimate within the range, the Group will accrue the lower amount of the range. The Group participates in Protection and Indemnity (P&I) insurance coverage plans provided by mutual insurance societies known as P&I clubs. Under the terms of these plans, participants may be required to pay additional premiums to fund operating deficits incurred by the clubs ("deferred calls"). Obligations for deferred calls are accrued annually based on information provided by the clubs regarding supplementary calls

Provisions for estimated losses on uncompleted voyages and vessels time chartered to others are provided for in the period in which such losses are determined. At December 31, 2014, the balance for provision for loss making voyages in progress was nil.

Accounting for Revenue and Expenses: Revenue is recorded when services are rendered, under a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. Revenues are generated from time charters, spot voyage charters and pool arrangements.

Revenues from time chartering of vessels (net of any incentives given to the charterers) are accounted for as operating leases and are thus recognized on a straight line basis as the average revenue over the rental periods of such charter agreements, as service is performed, except for loss generating time charters, in which case the loss is recognized in the period when such loss is determined. A time charter involves placing a vessel at the charterers' disposal for a period of time during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Under time charters, operating costs such as for crews, maintenance and insurance are typically paid by the owner of the vessel.

Pool Revenue

Revenues and voyage expenses of the vessels operating in pool arrangements are pooled and the resulting net pool revenues, calculated on a time charter equivalent basis, are allocated to the pool participants according to an agreed formula. Formula used to allocate net pool revenues vary among different pools but generally allocate revenues to pool participants on the basis of the number of days a vessel operates in the pool with weighting adjustments made to reflect vessels' differing capacities and performance capabilities. The same revenue and expense principles stated above are applied in determining the pool's net pool revenues. Certain pools are responsible for paying voyage expenses and distribute net pool revenues to the participants.

2. Significant Accounting Policies (continued)

Certain pools require the participants to pay and account for voyage expenses, and distribute gross pool revenues to the participants such that the participants' resulting net pool revenues are equal to net pool revenues calculated according to the agreed formula. The Group accounts for net pool revenues allocated by these pools as "pool revenues" which are included in revenue in the consolidated statement of comprehensive income.

Under a spot voyage charter the revenues and associated voyage costs are recognized rateably over the estimated relative transit time of each voyage based on the days of voyage completed compared to the estimated voyage time. Revenue is a factor of the weight of the cargo which is known at the time of loading and before the voyage begins. Voyage revenues begin to be recognized at the time the vessel begins loading its cargo and end upon completion of the discharge of the same cargo. Probable losses on voyages are provided for in full at the time such losses can be estimated.

Deferred Revenue: Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as revenue over the voyage or charter period, when the service is provided.

Commissions: Address and brokerage commissions calculated on hires and freights generated from the vessels represent discounts and fees respectively, provided directly to the charterers and brokers based on a fixed percentage of the agreed upon charter or freight rate of the vessels.

General and Administrative Expenses: General and administrative expenses include audit and accounting services, legal and insurance services, administrative and clerical services, and banking and financial services.

Repairs and Maintenance: All repair and maintenance expenses including major overhauling and underwater inspection expenses are charged against income incurred and are included in vessel operating expenses in the accompanying consolidated statements of comprehensive income.

Vessels Operating Expenses: Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses for repairs and maintenance, the cost of spares and consumable stores, lubricants, exchange differences, crew travelling, provision, communication, tonnage taxes and other miscellaneous expenses related to the operation of the vessel. Aggregate expenses increase as the size of the Group's fleet increases.

Recent Accounting Pronouncements:

In May 2014, the FASB issued No. ASU 2014-09 "Revenue from Contracts with Customers" clarifying the method used to determine the timing and requirements for revenue recognition on the statements of comprehensive income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is not permitted. The Group is currently reviewing the effect of ASU No. 2014-09 on its revenue recognition.

2. Significant Accounting Policies (continued)

In August 2014, the FASB issued No ASU 2014-15 "Presentation of Financial Statements – Going Concern (subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" that provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. The amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). The new accounting guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is permitted.

In January 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-01, Income Statement–Extraordinary and Unusual Items. This standard eliminates the concept of extraordinary and unusual items from U.S. GAAP. The new standard is effective for annual and interim periods after December 15, 2015. Early adoption is permitted. The Group plans to adopt this standard effective January 1, 2016. The Group is currently reviewing the effect of this ASU on its consolidated statements of comprehensive income, consolidated balance sheets and consolidated statements of cash flows.

In February 2015, the FASB issued the ASU 2015-02, "Consolidation (Topic 810)—Amendments to the Consolidation Analysis", which amends the criteria for determining which entities are considered VIEs, amends the criteria for determining if a service provider possesses a variable interest in a VIE and ends the deferral granted to investment companies for application of the VIE consolidation model. The ASU is effective for interim and annual periods beginning after December 15, 2015. Early application is permitted. The Group does not expect the adoption of this ASU to have a material impact on it's consolidated statements of comprehensive income, consolidated balance sheets or consolidated statements of cash flows, except if the Group was to enter into new arrangements in 2015 that fall into the scope prior to adoption of this standard.

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. The amendments are effective for annual periods ending after December 15, 2015, and interim periods within annual periods beginning after December 15, 2015. Early application is permitted. The Group is not early adopting this standard and is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnotes disclosures.

(Expressed in thousands of United States Dollars)

3. Cash and cash equivalents

	31/12/2014	31/12/2013
Cash at bank	5,941	6,453
	5,941	**6,453**

4. Inventories

	December 31, 2014	December 31, 2013
Bunkers	480	998
Lubricants	502	223
Stores	335	83
	1,317	**1,304**

5. Vessels

	Vessels' Cost	Accumulated Depreciation	Net Book Value
May 9, 2013	-	-	-
Additions	38,595	-	**38,595**
Depreciation	-	(564)	**(564)**
December 31, 2013	**38,595**	**(564)**	**38,031**
January 1, 2014	**38,595**	**(564)**	**38,031**
Additions	52,476	-	52,476
Depreciation	-	(3,492)	(3,492)
December 31, 2014	**91,071**	**(4,056)**	**$87,015**

The scrap value of the Group's vessels was determined by multiplying their light displacement weight (ldt) by an estimated price for scrap of $390 per ldt.

On March 12, 2014, the Group acquired the vessel Strident Force, subject to a Memorandum of Agreement ("MoA") signed between the Group and Newmarket Shipping Ltd. dated January 13, 2014, for a gross consideration of $12,000. An address commission of 0,5% has been recorded as a discount on the cost of vessel.

On March 17, 2014, the Group acquired the vessel Darko King, subject to a Memorandum of Agreement ("MoA") signed between the Group and Aintree Shipping Limited dated January 13, 2014, for a gross consideration of $6,500. An address commission of 0,5% has been recorded as a discount on the cost of vessel.

On December 18, 2014, the Group acquired the vessel Aspropyrgos, subject to a Memorandum of Agreement ("MoA") signed between the Group and Apropyrgos Maritime Ltd., a related party entity with common shareholders, dated December 10, 2014, for a consideration of $17,470.

On December 18, 2014, the Group acquired the vessel Stena Chronos, subject to a Memorandum of Agreement ("MoA") signed between the Group and Ikaros Maritime Ltd., a related party entity with common shareholders, dated December 10, 2014, for a consideration of $16,070. Upon its delivery, the vessel was renamed to Ikaros.

(Expressed in thousands of United States Dollars)

5. Vessels (cont'd)

On July 18, 2013, the Group acquired the vessel PGC Marina, pursuant to a Commission of the High Court dated June 7, 2013 for a consideration of $19,800.

On October 24, 2013, the Group acquired the vessel PGC Aratos, subject to a Memorandum of Agreement ("MoA") dated August 5, 2013, for a consideration of $22,500.

6. Vessels under construction

	2014
Opening balance	-
Payments under contracts	4,770
Capitalized finance costs	41
Closing balance	**4,811**

The Group contracted in 2014 with Kyokuyo Shipyard Corporation for the construction of two gas carriers' type vessels which are expected to be delivered to Group during 2017. The total contract price is $24,100 for each vessel. During the year, the Group has capitalized borrowing costs amounting to $41 on vessels under construction.

7. Deferred charges, net

	Dry-dockings and Special Surveys	Financing and other costs	Total deferred charges
As of December 31, 2013	-	-	-
Additions	1,358	700	**2,058**
Amortization	(118)	(73)	**(191)**
As of December 31, 2014	**1,240**	**627**	**1,867**

8. Insurance and other claims

Insurance and other claims concern main engine damages to the vessel Strident Force, during 2014.

9. Other receivables

As at December 31, 2014, included in other receivables is an amount of $191 outstanding as due from Stena Maritime AG, a third party entity. This amount relates to a pool arrangement signed on December 15, 2014 between PST S.A, Aspropyrgos II Maritime Ltd and Stena Maritime A.G.

The remaining balance of other receivables related mainly to master advances.

(Expressed in thousands of United States Dollars)

10. Accounts Payable

Accounts payable comprise of the following:

	December 31, 2014	December 31, 2013
Suppliers	1,306	602
Agents	77	27
	1,383	**629**

11. Borrowings

As of December 31, 2014 the total outstanding loan facility of the Company is analyzed as follows:

	As of December 31, 2014		
Loan	**Current Portion**	**Long-term Portion**	**Total**
A	2,649	14,036	16,685
B	2,600	6,400	9,000
Total long-term debt	**5,249**	**20,436**	**25,685**

Loans

A) On February 14, 2014, two vessel owning companies of the Group (Marina Maritime and Trading Ltd and Aratos Maritime Ltd) entered jointly and severally into a loan agreement with DVB Bank SE, for a loan facility amounting up to $35,250, in order to partly finance the acquisition cost of the already acquired vessels (PGC Marina and PGC Aratos) and the vessel SYN Antares, which was to be acquired in 2014. On May 14, 2014 under a cancellation note, the Group cancelled tranche C of the loan facility amounting to $17,500 in relation to the acquisition of the vessel SYN Antares, as the Group did not manage to reach an agreement with the seller. During the year ended December 31, 2014, the Group drew down an amount of $17,750. As at December 31, 2014, the outstanding balance of the loan amounted to $16,685.

The loan bears interest at 3.55% over Libor.

B) On December 4, 2014, two vessel owning companies of the Group (Darko King Maritime Ltd. and Strident Force Maritime Ltd.) entered jointly and severally into a loan agreement with Aegean Baltic Bank S.A., for a loan facility amounting up to $9,000, in order to refinance shareholders' loans incurred in connection with the acquisition of the companies' vessels (Darko King and Strident Force) up to an amount equal to 55% of the aggregate market values of the vessels. During the year ended December 31, 2014, the Group fully drew down the loan facility. As at 31 December 2014, the outstanding balance of the loan amounted to $9,000.

The loan bears interest at 4.75% over Libor.

11. Borrowings (cont'd)

Loan A

Loan A is collateralized by a Corporate Guarantee of Paradise Gas Carriers Corp..

The debt agreement includes positive and negative covenants, the most significant of which are:

- Minimum Liquidity Amount in an Earnings Account of a credit balance no less than $750,000 for each borrower.
- Drydock Amount of $700,000 and $250,000 for the vessels Marina and Aratos respectively in a Drydock Account. This covenant will be applied during May 2015 in respect of vessel the Marina and during August 2018 in respect of vessel the Aratos.
- Restriction of the borrowers from disposing of the vessels, incurring further indebtedness, pledging the Lenders' credit, being members of VAT group, changing the legal ownership of their shares, issuing, allotting or granting any person a right to any shares in their capital or repurchasing or reducing their issued share capital.
- Minimum required security cover applies if :
  (a) the aggregate Market Value of the Mortgaged Ships; plus
  (b) the net realizable value of any additional security previously provided
  is below the Relevant Percentage of the Loan (equal to 135% for the period commencing on the first Drawdown Date and ending on the date falling on the second anniversary thereof and 145% at all times thereafter) , less any cash pledged to the bank which has been provided by way of additional security at the relevant time.

Loan B

Loan B is collateralized by a Corporate Guarantee of Paradise Gas Carriers Corp..

The debt agreement includes positive and negative covenants, the most significant of which are:

- The borrowers are restricted from incurring further indebtedness, making any loans or advances, declaring or paying any dividends or other distribution upon any of the issued shares and disposing of the vessels, without the prior written consent of the Lenders.
- The borrowers shall maintain business and legal structure, shall not change ownership, not merge or consolidate with any other company or person, not form or acquire any subsidiaries, not purchase or otherwise acquire for value any shares of its capital or distribute any of its present or future assets, undertakings, rights or revenues to any of its shareholders, not transfer, sell or otherwise dispose of assets or rights without the prior written consent of the Lenders, not allow any part of property, assets or rights to be mortgaged, charged, pledged without the prior written consent of the Lenders.
- The Borrowers shall ensure and procure that the Security Value (the aggregate of the aggregate Market Values of the Mortgaged Vessels and the market value of any additional security) is at least equal to the Security Requirement (the amount in Dollars which, at any relevant time during the Security Period, is equal to 150% of the Loan) and if at any such time the Security Value is less than the Security Requirement, the Lenders may give notice to the Borrowers requiring that such deficiency be remedied.

(Expressed in thousands of United States Dollars)

11. Borrowings (cont'd)

- Each Borrower shall procure that the Earnings of the Vessels shall be paid to the relevant Earnings Account free from Encumbrances. Unless and until an Event of Default shall occur, no monies shall be withdrawn from the Earnings Account save as hereinafter provided: (i) first: in payment of any and all sums whatsoever due and payable to the creditors, (ii) second: during each month of the Security Period, the Borrowers shall cause to be transferred from the Earnings Accounts to the Retention Account of the aggregate amount of the Earnings of the Vessels received in the Earnings Account during the preceding month: aa) one third (1/3rd) of the amount of the Repayment Instalment falling due for payment on the next following Repayment Date; and bb) the relevant fraction of the amount of interest on the Loan falling due on the next due date for payment of interest under this Agreement.
- The financial condition of the Corporate Guarantor, on a consolidated basis, shall be that:
  (a) the ratio of Total Liabilities to Market Value Adjusted Total Assets shall not exceed 0.65:1;
  (b) the aggregate of all Cash and Cash Equivalents shall not be less than fifty percent (50%) of the Debt Service due in the succeeding annual period.

Repayment Terms

The annual repayments of the above loan facilities as of 31 December 2014 are as follows:

Year	31/12/2014
2015	5,249
2016	5,422
2017	6,622
2018	2,822
2019	2,822
Therafter	2,748
	25,685

The weighted average interest rate on long-term borrowings for the year ended December 31, 2014 was 4,59%.

C) Loans due to shareholders

In December 2014, four loan facilities amounting to $7,500, $3,000, $4,000 and $153 were advanced to the Group by Mr. Vasilopoulos (one of the Group's shareholders), AF Finance Corp., KFK Holding Inc. and NRS Shipping respectively, in order to facilitate the Group's liquidity and cash flow. AF Finance Corp., KFK Holding Inc. and NRS Shipping are related party entities with common shareholders. The loans bear interest at 4.5% per annum and are repayable by March 31, 2015 (refer to note 21).

(Expressed in thousands of United States Dollars)

12. Accrued Liabilities

Accrued liabilities consist of the following:

	December 31, 2014	December 31, 2013
Accrued commissions	14	-
Accrued interest	85	-
Accrued operating expenses	28	388
Accrued interest on shareholders' loan	35	-
	162	**388**

13. Other Current Liabilities

Other current liabilities consist of the following:

	December 31, 2014	December 31, 2013
Masters	47	63
	47	**63**

14. Related Party Transactions

a) *Technical Management Services*

Pursuant to a ship management agreement between each of the vessel owning companies and Paradise Navigation S.A. (the "Technical Manager") acts as the fleet's technical manager responsible for (i) recruiting qualified officers and crews, (ii) managing day to day vessel operations and relationships with charterers, (iii) purchasing of stores, supplies and new equipment for the vessels, (iv) performing general vessel maintenance, reconditioning and repair, including commissioning and supervision of shipyards and subcontractors of dry-dock facilities required for such work, (v) ensuring regulatory and classification society compliance, (vi) performing operational budgeting and evaluation, (vii) arranging financing for vessels and (viii) providing accounting, treasury and finance services, (ix) supervising the sale and physical delivery of the Vessel under the sale agreement, (x) arranging for the sampling and testing of bunkers, (xi) arranging crew insurances and (xi) providing information technology software and hardware in support of the Group's processes.

For the services rendered during 2014, the Technical Manager charged the Group's vessels management fees of $743 (2013: $140).

b) *Commercial Management Services*

The Company has employed Paradise Navigation S.A. to act as the "Commercial Manager" for its vessels. The Commercial Manager charges a commission of 1.25% on all time-charter hire, voyage freight, dead freight, demurrage, pool revenue and any other income earned by the vessels. For the services rendered during 2014, the Commercial Manager charged the Group's vessels fees of $207 (2013: $24).

c) *Due to related parties*

Due to related parties includes balances outstanding with the technical manager and other related parties that consist of ship-owning companies and other companies controlled by common shareholders.

(Expressed in thousands of United States Dollars)

14. Related Party Transactions (cont'd)

c) *Due to related parties (cont'd)*

	December 31, 2014	December 31, 2013
Due from related parties		
Paradise Navigation SA	-	794
	-	**794**

	December 31, 2014	December 31, 2013
Due to related parties		
Paradise Navigation SA	714	-
Ikaros Maritime Ltd	628	-
Aspropyrgos Maritime Limited	619	-
	1,961	**-**

The balance outstanding as at December 31, 2014, as due to Paradise Navigation S.A. represents payments made by Paradise Navigation S.A on behalf of the Group during the normal course of the vessels' operations. The balance bears no interest and is deemed payable on demand.

The balance outstanding as at December 31, 2014, as due to Ikaros Maritime Ltd (ex. vessel owning company of M/T Ikaros) and Aspropyrgos Maritime Ltd (ex. vessel owning company of M/T Aspropyrgos) derives from unpaid bunkers and lubricants on board upon the delivery of the vessels to the Group. These amounts are fully repaid in 2015.

As at 31 December 2013, the amount outstanding as due from Paradise Navigation S.A. mainly derives from the Group's monthly advances to the Technical Manager on account of management fees (refer also to 14 (a)).

d) *Loans due to shareholders*

	31/12/2014	31/12/2013
Loans due to shareholders		
Vasilopoulos	7,500	-
AF Finance Corp.	3,000	-
KFK Holding Inc.	4,000	-
NRS Shipping	153	-
	14,653	**-**

During 2014, loans were advanced to the Group by Mr Vasilopoulos, AF Finance Corp., KFK Holding Inc. and NRS Shipping amounting to $14,653 in total. Refer to note 11 and note 21 for further details.

15. Taxes

Under the laws of the countries of the Company's ship owning subsidiaries' incorporation and/or vessels' registration, the Company's ship operating subsidiaries are not subject to tax on international shipping income, however, they are subject to registration and tonnage taxes, which have been included in vessel operating expenses in the accompanying consolidated statement of comprehensive income.

16. Financial Instruments

The principal financial assets of the Group consist of cash and cash equivalents, trade receivables and other assets. The principal financial liabilities of the Group consist of long-term bank loans, accounts payable, amounts due to related parties, loans due to shareholders and sundry liabilities and accruals.

Concentration of Credit Risk: Financial instruments that potentially subject the Group to significant concentrations of credit risk consist principally of cash and cash equivalents and trade receivables.

The Group places its temporary cash investments, consisting mostly of deposits, with high credit qualified financial institutions. The Group performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Group's investment strategy.

Credit risk with respect to trade receivables is generally diversified as a result of the management's close monitoring of the charterers' performance and periodic evaluation of the charterers' creditworthiness.

The Group does not require collateral on these financial instruments.

Foreign Exchange risk: Foreign currency transactions are translated into the measurement currency rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Fair Value of Financial Instruments:
The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents: The carrying amounts reported in the consolidated balance sheets for interest bearing deposits approximate their fair value because of the short maturity of these investments.

Trade receivables: Carrying amounts are considered to approximate fair value due to the short-term nature of these accounts receivable and no significant changes in interest rates. All amounts that are assumed to be uncollectible are written off and/or reserved.

Accounts payable: The carrying amount of accounts payable reported in the balance sheet approximate their fair value due to the short-term nature of these accounts payable and no significant changes in interest rates.

Due from / to related parties and Loans due to shareholders: The carrying amounts of due from / to related parties and loans due to shareholders reported in the consolidated balance sheet approximate their fair value due to the short-term nature of these amounts.

Long-term debt: The carrying amount of the floating rate loans approximate fair value due to their variable interest rates.

(Expressed in thousands of United States Dollars)

16. Financial Instruments (cont'd)

The following table presents the carrying amounts and estimated fair values of the Group's financial instruments at December 31, 2014 and 2013.

	December 31, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and cash equivalents	5,941	5,941	6,453	6,453
Trade receivables	3,566	3,566	2,338	2,338
Amounts due from related parties	-	-	794	794
Liabilities				
Accounts payable	1,383	1,383	629	629
Amounts due to related parties	1,961	1,961	-	-
Loans due to shareholders	14,653	14,653	-	-
Long-term debt	25,685	25,685	-	-

Fair value Hierarchy

The guidance on fair value measurements prescribes methods for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and expands disclosures about the use of fair value measurements.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurement involving significant unobservable inputs (Level 3 measurement) The three levels of the fair value hierarchy are as follows:
Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets
Level 2: Significant Observable Inputs other than quoted prices included in Level 1
Level 3: Significant unobservable inputs.

The estimated fair value of our financial instruments that are not measured at fair value on a non-recurring basis, categorized based upon the fair value hierarchy, are as follows:

Fair value December 31, 2014 using

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	5,941	5,941	-	-
Long-term debt	25,685	-	25,685	-

(Expressed in thousands of United States Dollars)

16. Financial Instruments (cont'd)

The fair value of the Company's debt is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities, as well as taking into account its creditworthiness.

Fair value December 31, 2013 using

	Total	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	6,453	6,453	-	-

17. Operating Revenue

Revenue from significant customers/charterers (constituting more than 10% of total revenue), are as follows:

	January 1, 2014 to December 31, 2014	May 9, 2013 to December 31, 2013
Time charter hires	5,461	-
Voyages	15,458	5,642
Pool revenue	1,826	-
	22,745	**5,642**

Charterer	January 1, 2014 to December 31, 2014	May 9, 2013 to December 31, 2013
Penfield Marine LLC	40%	82%
Prime Maritime	-	17%
Gasmare Synergy	36%	-
Carib LPG Trading Ltd	23%	-

18. Vessels' Operating Expenses

	January 1, 2014 to December 31, 2014	May 9, 2013 to December 31, 2013
Wages	4,353	903
Victualling	328	57
Insurances	647	146
Lubricants	487	166
Repairs & Maintenance	1,996	350
Components & Spares	728	147
Tonnage tax	28	9
Crew travelling & other expenses	453	91
Water & Laundry	19	3
Other expenses	208	36
	9,247	**1,908**

(Expressed in thousands of United States Dollars)

19. Voyage Expenses

	January 1, 2014 to December 31, 2014	May 9, 2013 to December 31, 2013
Bunkers	3,676	2,528
Port expenses	1,679	843
Agency fees	67	12
Other voyage expenses	46	87
	5,468	**3,470**

20. Commitments and Contingencies

Commitments

Outstanding capital commitments under shipbuilding contracts are as follows:

Yard	Hull No	Contract price	Amounts paid	Outstanding commitments 31.12.2014
Kyokuyo Shipyard Corporation	S530	24,100	2,385	21,715
Kyokuyo Shipyard Corporation	S529	24,100	2,385	21,715
		48,200	**4,770**	**43,430**

The amount of $43,430 representing the total outstanding capital commitments of the Group as at 31 December 2014 are payable as follows:

2015	7,155
2016	4,770
2017	31,505
Total	**43,430**

As at December 31, 2014 the Group had no other outstanding capital commitments.

Contingencies

Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Group's vessels. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements.

21. Subsequent Events

- On March 27, 2015, two of the vessel owning companies comprising the Group, Aspropyrgos II Maritime Ltd and PST S.A., entered jointly and severally into a new loan facility with HSBC Bank Plc. amounting up to $22,000 in order to partly refinance existing indebtedness attached to the vessels Aspropyrgos and Ikaros.

- On May 22, 2015, the Group disposed of the vessel Ikaros to Crude Tankers AS, a third party entity, for gross sale consideration of $22,000. On the same date, the Group entered into a bareboat charter party agreement with Crude Tankers AS in order to leaseback the vessel for a four-year period.

- On June 5, 2015, one of the vessel owning companies comprising the Group, Marina Maritime and Trading Ltd, fully repaid its outstanding loan amounting to $5.500 as at December 2014.

- During 2015, the Group fully repaid its outstanding shareholders' loans amounting to $14,653.