

PARADISE GAS CARRIERS CORP.

Financial Statements for the Quarter and Nine-Month Period Ended September 30, 2015

Athens, Greece, October 20, 2015 , Paradise Gas Carriers Corp (“PGC” or the “Company”, today reported its unaudited consolidated operating and financial results for the nine month period ended September 30, 2015. All amounts reported are in US Dollars unless otherwise stated.

Key Developments during 2015

- Two new S/R 7000cbm LPG carriers were ordered in Kyokuyo Shipyard/Japan at \$28 mil each
- Aspropyrgos successfully completed her 10year special survey in January 2015
- PGC Aratos carried out a drydock in Antwerp/Belgium in January.
- PGC Aratos extended her time charter with ENI until March 2016, under GasmareGaschem Pool.
- PGC Ikaros was sold and leased back in May 29, 2015
- PGC Marina successfully completed its 10year special survey in June 2015
- PGC Darko King time charter with Petredec was extended until Feb-2016

Financial Highlights

- Net Revenues reached \$28 million during the first nine months of 2015 compared to \$12.3 million in the first nine months of 2014.
- EBITDA reached \$13.7 million, not taking into account any capital gains (\$2.6 million net) from PGC Ikaros’ disposal.
- Net Income increased to \$9.8 million in the nine month ended September 30, 2015 compared to \$1.2 million during the same period in 2014
- Strong liquidity, cash standing at over \$13.8 million as at September 30, 2015, that is over all current liabilities
- Low leverage at 36.5%

Income Statement

(in USD thous)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
NET REVENUE (1)	11,293	5,164	28,055	12,280
Vessels Operating Expenses (2)	(4,386)	(2,955)	(12,725)	(7,203)
Other operating expenses (3)	(1,203)	(47)	(1,644)	(256)
EBITDA	5,704	2,162	13,686	4,821
Gain on vessels’ disposal, net (4)	(128)	-	2,587	-
Interest & Finance costs	(492)	(200)	(1,760)	(535)
Depreciation & Amortization expenses	(1,406)	(1,003)	(4,415)	(2,536)
Other expenses	(126)	(38)	(315)	(47)
NET INCOME	3,552	921	9,783	1,703
<i>Dividends distributed</i>	990	0	2,970	0
<i>Average number of vessels</i>	6.0	4.0	6.0	3.35

(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

(4) PGC Ikaros was sold to Norwegian buyers in May 2015 and leased back by Paradise Gas Carriers for a duration of 4 years. Gain includes gain on the vessel’s disposal minus the provision for ballast tanks upgrade based on Seller credit agreement.

Balance Sheet

(in \$000)	September 30,	December 31,
	2015	2014
Current Assets	21,621	12,695
Non-current assets	96,042	93,652
Current Liabilities	11,258	24,052
Non-current liabilities	33,233	20,436
Shareholders’ Equity	73,172	61,859

Cashflow Statement

(in \$000)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Statement of cash flow data:				
Net cash generated from operating activities	4,324	148	4,766	3,729
Net cash generated from investing activities	(11,091)	(118)	4,137	(18,922)
Net cash used in financing activities	8,408	400	(1,043)	27,717

Operating Highlights

	12m2014	2015/Q1	2015/Q2	2015/Q3
Average # of Ships Owned* during Period	3.7	6.0	6.0	6.0
Average Age of Fleet at end of Period	12.4	12.7	12.9	13.2
ShipYears Left	63.5	62.0	60.6	59.0
Ownership Days (average)	365	90	91	92
Available Days efficiency (1)	89%	89%	93%	100%
Operating Days efficiency (2)	83%	89%	93%	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

(amounts in USD mil)	12m2014	2015/Q1	2015/Q2	2015/Q3
Fleet Valuation (\$mill) - end period	110.4	110.1	92.3	103.9
Leverage	23.3%	32.2%	31.0%	36.5%
Market NAV (\$mill) (3)	75.8	74.9	81.2	84.9
Paid-in capital (\$mill)	61.5	62.9	66.0	66.0
Enterprise Value (EV)	110.21	112.31	97.59	109.13
Book NAV per 100 usd invested (\$)	100.65	101.44	106.99	110.81
Market NAV per 100 usd invested (\$)	123.27	119.22	123.02	128.68
Dividends received per 100usd invested (\$)	0.00	1.58	3.00	4.50
RoE (annualised)	2.4%	9.8%	27.9%	19.6%
RoA (annualised)	1.4%	5.5%	16.8%	12.7%
EV/EBIT (annualised)	44.89	30.97	10.82	9.03
P/E*	50.40	34.62	11.67	8.89
Dividend Yield	0.0%	1.3%	2.44%	3.50%
Average TCE per Ship (\$/pd), net*	13,788	16,613	17,265	20,464
Average Opex per Ship (\$/pd), incl. man fees	7,452	7,909	7,451	7,933
Average charter hire expense per Ship (\$/pd)	0	0	627	2,043
Average debt-service per ship (\$/pd)	1,179	2,984	3,177	3,648
Cashflow TCE Breakeven per Ship (\$/pd)	8,911	11,014	11,316	13,761
Cashflow Margin	54.7%	50.8%	52.6%	48.7%
Income Statement TCE Breakeven per Ship (\$/pd)	11,134	11,915	12,477	13,860

(3) Market values are calculated as follows: In the event that the online VesselsValue platform (VV) shows higher values than our books (BV) we account 75% of that premium, otherwise we account for the full difference if VV is lower than BV. Fleet valuation includes also advances for NB orders

Fleet Profile & Employment

Existing Fleet

As of the date of this press release, PGC's subsidiaries own and operate three LR1/Panamax Tankers and three Gas Carriers.

Vessel	Built	Yard	Type	Delivered	DWT/cbm (a)	FLAG
PGC Marina	2005	Hudong Shanghai	Product Tanker	07/2013	72,800 MT	Bahamas
PGC Ikaros (b)	2004	Hudong Shanghai	Product Tanker	12/2014	72,900 MT	Bahamas
Aspropyrgos	2004	Hudong Shanghai	Product Tanker	12/2014	72,900 MT	Bahamas
PGC Aratos	2003	Cantiele Navale, Pesaro	Ethylene Carrier	10/2013	9,000 cbm	Malta
PGC Strident Force	1999	Higaki Shipbuilding	LPG (S/R) carrier	03/2014	6,500 cbm	Bahamas
PGC Darko King	1997	Higaki Shipbuilding	LPG (F/P) carrier	03/2014	6,500 cbm	Bahamas

Source: Company reports. Notes (a) Cubic meters for LPGs, all others in dead weight tons; (b) 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;

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	n/a	Pool	Floating, \$25,000 \$/pd 2015 avg
PGC Ikaros	Penfield Marine	n/a	Pool	Floating, \$25,000 \$/pd 2015 avg
Aspropyrgos	Penfield Marine	n/a	Pool	Floating, \$25,000 \$/pd 2015 avg
PGC Aratos	Gaschem/Gasmare Pool	n/a	Pool	Floating, \$460,000 \$/pd 2015 avg
PGC Strident Force	Carib LPG Trading Ltd	Feb-2017	T/C	\$390,000/month
PGC Darko King	Carib LPG Trading Ltd	Mar-2016	T/C	\$310,000/month

New-building Program, New Gas Carriers

Hull No.	Type	cbm	Yard	Delivery	NB Price (\$m)
S-529	FP	7500	Kyokuyo, Japan	Q2/2017	24.1
S-530	FP	7500	Kyokuyo, Japan	Q3/2017	24.1
S-532	S/R	7000	Kyokuyo, Japan	Q4/2017	28.0
S-533	S/R	7000	Kyokuyo, Japan	Q1/2018	28.0

Management Commentary

Revenues for the nine months ended September 30, 2015 amounted to \$29.4 million, an increase of \$12 million, or 70.6%, compared to revenues of \$17.2 million for the nine months ended September 30, 2014, primarily due to the net additions of 2.7 vessels which increased the number of operating vessels to six as of the end of September 2015. The increase in revenues due to the additional vessels was \$14.7 million.

Voyage expenses for the nine months ended September 30, 2015 amounted to \$0.9 million, a decrease of \$3.4 million, or 79%, compared to \$4.3 million for the nine months ended September 30, 2014. The decrease in voyage expenses was primarily due to the lower number of vessels under spot charters in the 2015 period. As of the end of September 2014, the Company had 1.4 vessels operating in the spot market compared to 0.2 at the end of the 2015 period.

Operating expenses for the nine months ended September 30, 2015 amounted to \$11.7 million, an increase of \$5.2 million, or 80%, compared to operating expenses of \$6.541 million for the nine months ended September 30, 2014, primarily due to the increase of the number of operating vessels. The increase in operating expenses due to the additional vessels is \$5.5 million.

Charter Hire expenses for the nine months ended September 30, 2015 amounted to \$1.5 million, an increase of \$1.4, or 100%, compared to charter hire expenses of nil million for the nine months ended September 30, 2014. During 2015 and after the sale of vessel PGC Ikaros, the Company entered into a bareboat agreement with Crude Tankers I AS for the

charter in of vessel PGC Ikaros. The charter rate agreed to be \$7.500 per day plus 50% Profit Share of the Earnings in excess of \$18.500.

Depreciation for the nine months ended September 30, 2015 was \$3.8 million, a \$1.3 million increase from \$2.5 million for the same period of last year. This increase was due to the additional depreciation for 2.7 vessels joining the fleet from the nine months of 2014 until the nine months of 2015 which was partly offset by the decrease in depreciation causes by the sale of vessel PGC Ikaros in May 2015.

Amortization of dry-docking and special survey costs for the nine months ended September 30, 2015 and 2014 was \$0.6 million and \$0.06 million, respectively. The cost for the nine months ended September 30, 2015 corresponds to the dry-docking and special survey of four vessels compared to the special survey amortization cost of one vessel for the nine months ended September 30, 2015. Overall, in the fourth quarter 2015, the Company has schedule for a remaining one vessel to be dry-docked.

Gain on vessel's disposal for the nine months ended September 30, 2015 was \$4.4 million and concerns the gain from the disposal of vessel PGC Ikaros which took place on May 28, 2015.

Provision for ballast tanks upgrade for the nine months ended September 30, 2015 was \$1.8 million. This concerns the upgrade cost regarding the obligation of the Group based on the Sellers Credit Agreement (the "SCA").

Interest expenses for the nine months ended September 30, 2015 was \$1.2 million, an increase of \$0.8 million, or 198%, compared to the nine months ended September 30, 2014. During March, 2015 the company entered into a loan agreement with HSBC Bank Plc amounting to \$22 million in order to partly refinance existing indebtedness attached to the vessels PGC Aspropyrgos and PGC Marina.

Fleet Update

On May 28, 2015, the Company disposed vessel PGC Ikaros to Crude Tankers I AS. The sale price of the vessel based on MOA was \$22 million.

Following the disposal of vessel PGC Ikaros, the Company entered into a bareboat agreement with Crude Tankers I AS for the charter in of vessel PGC Ikaros. The charter rate agreed to be at \$7.500 per day.

During 2015 vessels PGC Marina and PGC Ikaros commenced special survey and PGC Aratos commenced dry docking. The total capitalized expenses were \$4.1 million.

On March 27, 2015 the Company entered into a new loan agreement with HSBC Bank Plc amounting to \$22 million in order to partly refinance existing indebtedness attached to the vessels PGC Aspropyrgos and PGC Ikaros. Following the disposal of PGC Ikaros the agreement was amended and restated in order to replace the vessel PGC Ikaros with vessel PGC Marina.

On June 5, 2015, the Company fully repaid its outstanding loan to DVB Bank concerning the vessel PGC Marina. The outstanding amount of loan was \$5.5 million.

On July 30, 2015, the Company signed contracts for construction of 2 units of 7,000 cbm Semi-Refrigerated LPG vessels with Kyokuyo Shipyard, Japan.

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.

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

	<u>As of September 30,</u> <u>2015</u>	<u>As of December 31,</u> <u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	13,801	5,941
Trade receivable	4,313	3,566
Inventories	796	1,317
Insurance and other claims	678	829
Other receivables	884	623
Due from related parties	35	-
Prepaid expenses	1,064	365
Letter of guarantee	49	54
Total current assets	21,621	12,695
NON-CURRENT ASSETS		
Fixed assets, net	67,528	87,015
Vessels under construction	20,631	4,770
Deferred charges, net	4,083	1,867
Seller credit guarantee	3,800	-
Total non-current assets	96,042	93,652
Total assets	117,663	106,347
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	2,598	1,383
Accrued liabilities	770	162
Current portion of long-term debt	6,530	5,249
Unearned revenue	-	597
Due to related parties	1,360	1,961
Loans due to shareholders	-	14,653
Other current liabilities	-	47
Total current liabilities	10,803	24,052
NON-CURRENT LIABILITIES		
Ballast tank upgrade cost	1,800	-
Long term debt, net of current portion	31,433	20,436
Total non-current liabilities	33,233	20,436
Total liabilities	44,491	44,488
SHAREHOLDERS' EQUITY		
Additional paid-in capital	66,000	61,500
Retained earnings	7,172	359
Total stockholders' equity	73,172	61,859
Total liabilities and stockholders' equity	117,663	106,347

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

	Period from January 1 to September 30, 2015	Period from January 1 to September 30, 2014
Operating revenue	29,383	17,222
Voyage expenses	(908)	(4,336)
Vessel operating expenses	(11,750)	(6,541)
Charter hire expenses	(1,470)	-
Depreciation	(3,771)	(2,479)
Amortization of deferred dry-docking and special survey costs	(644)	(57)
Commissions	(420)	(606)
Management fees	(975)	(662)
General and administration expenses	(174)	(246)
Extraordinary Items	(148)	-
Net operating expenses	(20,260)	(14,937)
Income From Operations	9,123	2,285
Gain on vessel's disposal	4,387	-
Provision for ballast tanks upgrade	(1,800)	-
OTHER INCOME (EXPENSE):		
Interest income	1	70
Interest expense	(1,191)	(399)
Other finance expenses	(570)	(206)
Other expenses, net	(167)	(47)
Total Other Expense, net	(1,927)	(582)
Net Income	9,783	1,703

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

	Period from January 1 to September 30, 2015	Period from January 1 to September 30, 2014
Cash Flows from Operating Activities:		
Net income	9,783	1,703
Adjustments to reconcile net profit to net cash generated from operating activities		
Depreciation	3,771	2,479
Amortization of deferred dry-docking and special survey costs	644	57
Amortization of deferred finance costs	249	49
Provision for ballast upgrade cost	1,800	-
Gain on sale of vessel	(4,387)	-
Increase/(Decrease) in:		
Accounts receivable	(747)	(614)
Insurance and other claims	151	-
Other receivables	(261)	-
Prepaid expenses	(699)	(351)
Inventories	521	545
Amounts due from related parties	354	499
Letter of guarantee	5	-
Seller's credit guarantee	(3,800)	-
Increase in:		
Accounts payable	1,091	594
Payments for dry-docking/special survey	(4,483)	-
Accrued liabilities	608	(288)
Unearned revenue	(597)	-
Dividends payable	(990)	-
Ballast tank upgrade costs	1,800	-
Other current liabilities	(47)	188
Net Cash generated from Operating Activities	4,766	3,729
Cash Flows from Investing Activities:		
Acquisition of vessels	-	(18,922)
Proceeds from sale of vessels	19,998	-
Advances for vessels under construction	(15,861)	-
Net Cash used in Investing Activities	4,137	(18,922)
Cash Flows from Financing Activities:		
Proceeds from bank borrowings	22,000	17,750
Payments on bank borrowings	(9,722)	(532)
Deferred finance costs	(198)	(501)
Capital contribution	4,500	11,000
Dividends paid	(2,970)	-
Payments of loan due to shareholders	(14,653)	-
Net Cash generated from Financing Activities	(1,043)	27,717
Net Increase in Cash and Cash Equivalents	7,860	12,524
Cash and Cash Equivalents, Beginning of Period	5,941	6,453
Cash and Cash Equivalents, End of Period	13,801	18,977
Supplementary Cash Flow information		
Cash paid for interest	1,021	339