

PARADISE GAS CARRIERS CORP.

Financial Statements for the Quarter and Year Ended December 31, 2015

Athens, Greece, January 26, 2016, Paradise Gas Carriers Corp (“PGC” or the “Company”, today reported its unaudited consolidated operating and financial results for year ended December 31, 2015. All amounts reported are in US Dollars unless otherwise stated).

Financial Highlights

- **Net Revenues** reached **\$38.2 million** during fiscal 2015 compared to \$16.4 million in 2014, increased by 133%.
- **EBITDA** reached **\$18 million**, compared to \$6 million in fiscal 2014, that is an increase of over 300%.
- **Net Income** stood at **\$10.7 million** in FY 2015 compared to \$1.5 million in FY 2014.
- PGC enjoys a strong liquidity, with **cash** standing at over **\$15.5 million** as at 31/12/15, that is over all current liabilities.
- Outstanding Bank Debt at **\$35.9 million**, with a very moderate **leverage of 28%**.

<u>Income Statement</u>	Three months ended December 31,		Year ended December 31,	
(in USD thous)	2015	2014	2015	2014
NET REVENUE (1)	10,177	4,294	38,232	16,431
Vessels Operating Expenses (2)	(4,530)	(2,876)	(17,403)	(9,990)
Other operating expenses (3)	(1,166)	(122)	(2,810)	(378)
EBITDA	4,481	1,296	18,019	6,063
Gain on vessels’ disposal, net (4)	166	-	392	-
Interest & Finance costs (5)	(314)	(137)	(1,467)	(672)
Depreciation & Amortization expenses	(1,838)	(1,074)	(6,253)	(3,610)
Other expenses	205	(282)	38	(278)
NET INCOME	2,700	(197)	10,729	1,503
Dividends distributed	990	0	3,960	0
Average number of vessels	6.0	4.3	6.0	3.7

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

<u>Balance Sheet</u>	December 31,	December 31,
(in USD thous)	2015	2014
Current Assets	22,100	12,695
Non-current assets	96,599	93,693
Current Liabilities	11,174	24,052
Non-current liabilities	31,606	20,436
Shareholders’ Equity	75,919	61,900

<u>Cashflow Statement</u>	Three months ended December 31,		Year ended December 31,	
(in USD thous)	2015	2014	2015	2014
Statement of cash flow data:				
Net cash generated from operating activities	4,551	148	11,151	4,626
Net cash generated from investing activities	(2,415)	(118)	(616)	(57,276)
Net cash used in financing activities	(394)	400	(933)	52,138

Investment Activities

- **Two new Semi-Refrigerated 7000cbm LPG carriers** were ordered in Kyokuyo Shipyard/Japan at \$28 mil each, to be delivered in Q4 2017 and Q1 2018 respectively. The ships are customized to unusually high specifications.
- In May 2015, **PGC Ikaros was sold** to Norwegian investors managed by Pareto, for \$22 million and leased back for 4 years at a fixed rate of 7500 \$/pd, in addition to a 50-50% profit sharing arrangement for TCE earnings above \$18,500 pd. The **net price is \$20.2 million**, after deducting \$1.8m in mandatory ballast tank upgrades we have to undertake as BB Charterers. This is a **net \$2.6m above book value** at the time of sale.
- Moreover, as of 31 December 31st, PGC was on subs for the sale of PGC Marina to the same buyers for \$22.7 million (against a book value of \$16.3m), accompanied to a bareboat agreement for 4 years. Until today however, this transaction has not been finalized.

Financing Activities

- In March 2015, the company concluded a loan agreement with **HSBC Bank** to finance PGC Marina and MT Aspropyrgos for a total amount of **\$22 million**.
- By May 2015 the group had fully repaid all its outstanding shareholder's loans amounting to **\$14.7 million**.
- Pursuant to Board of Directors and shareholders' resolution dated November 30, 2015, the members of the board approved the increase of paid-in capital by **\$5.5 million**. As at December 31, 2015 shareholders capital had increased by \$2.75 million representing 50% of the agreed increased amount. PGC shareholders covered the remaining amount \$2.75 million in January 2016, hence total paid-in capital now stands at **\$71.5 million**.

Operating and Commercial Highlights

- Jan-15: M/T Aspropyrgos successfully completed a drydock in Antwerp/Belgium as part of her 10-year special survey.
- Jan-15: PGC Aratos carried out a drydock in Antwerp, as part of her intermediate survey between years 10 and 15.
- Jun-15: PGC Marina successfully completed drydock, as part of her 10-year special survey.
- Dec-15: PGC Darko King successfully completed a drydock in Trinidad, as part of her 15-year special survey.
- PGC Darko King time charter with Carib (a subsidiary of Petredec), that expired in March 2015 was extended twice and is now running until September-November 2016. Despite the general aggressive fall in earnings of Fully Pressurised LPG ships, this renewal was achieved at only 4% lower rate than the original.

<u>Operating Stats</u>	12m2014	2015/Q1	2015/Q2	2015/Q3	2015/Q4
Average # of Ships Owned* during Period	3.7	6.0	6.0	6.0	6.0
Average Age of Fleet at end of Period	12.4	12.7	12.9	13.2	13.4
ShipYears Left	63.5	62.0	60.6	59.0	57.5
Ownership Days (average)	365	90	91	92	92
Available Days efficiency (1)	89%	89%	93%	100%	96%
Operating Days efficiency (2)	83%	89%	93%	100%	94%

(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	2015/Q4
Fleet Valuation (\$mill) - end period (1)	104.2	107.3	89.7	100.8	104.1
Leverage	22.0%	27.9%	26.3%	31.0%	28.0%
Market NAV (\$mill) (1)	73.1	72.4	78.5	82.3	86
Paid-in capital (\$mill)	61.5	62.85	66.0	66.0	68.8
Enterprise Value (EV) (2)	107.48	109.80	94.98	106.50	105.8
Book NAV per 100 usd invested (\$)	100.65	101.56	106.99	110.87	110.43
Market NAV per 100 usd invested (\$)	118.83	115.22	119.06	124.75	125.04
Dividends received per 100usd invested (\$)	0.00	1.58	3.07	4.57	6.01
RoE (annualised)	2.4%	10.4%	13.4%	23.0%	14.7%
RoA (annualised)	1.4%	5.8%	8.1%	15.1%	9.3%
EV/EBIT (annualised)	43.78	28.44	14.93	10.96	8.23
P/E (3)	49.95	32.99	18.46	11.47	8.06
Dividend Yield	0.0%	1.4%	2.52%	3.61%	4.61%
Average TCE per Ship (\$/pd), net	13,788	17,134	16,774	20,458	19,205
Average Opex per Ship (\$/pd), incl. man fees	7,452	7,937	7,423	7,946	8,475
Average charter hire expense per Ship (\$/pd)	0	0	627	2,043	1,882
Average debt-service per ship (\$/pd)	1,207	2,984	2,860	3,649	5,030
Cashflow TCE Breakeven per Ship (\$/pd)	8,940	11,042	10,972	13,774	15,617
Cashflow Margin	54.2%	55.2%	52.9%	48.5%	23.0%
P&L TCE Breakeven per Ship (\$/pd)	11,134	12,194	11,612	13,273	13,797

(1) Fleet Valuation and Market NAV 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

(2) EV = Market NAV plus Debt less Cash

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

Fleet Profile

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

<u>Vessel</u>	<u>Built</u>	<u>Yard</u>	<u>Type</u>	<u>Delivered</u>	<u>DWT/cbm (1)</u>	<u>FLAG</u>	<u>Ownership</u>
PGC Marina	2005	Hudong Shanghai	Product Tanker	07/2013	72,800 MT	Bahamas	100%
PGC Ikaros (2)	2004	Hudong Shanghai	Product Tanker	12/2014	72,900 MT	Bahamas	BB until May 2019
Aspropyrgos	2004	Hudong Shanghai	Product Tanker	12/2014	72,900 MT	Bahamas	100%
PGC Aratos	2003	Cantiele Navale, Pesaro	Ethylene Carrier	10/2013	9,000 cbm	Malta	100%
PGC Strident Force	1999	Higaki Shipbuilding	LPG (S/R) carrier	03/2014	6,500 cbm	Bahamas	100%
PGC Darko King	1997	Higaki Shipbuilding	LPG (F/P)) carrier	03/2014	6,500 cbm	Bahamas	100%

(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;

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 \$26,000 \$/pd 2015 avg
PGC Ikaros	Penfield Marine Pool	n/a	Pool	Floating, abt \$26,000 \$/pd 2015 avg
Aspropyrgos	Penfield Marine Pool	n/a	Pool	Floating, abt \$26,000 \$/pd 2015 avg
PGC Aratos	Gaschem/Gasmare Pool	n/a	Pool	Floating, abt \$460,000 \$/pd 2015 avg
PGC Strident Force	Carib LPG Trading Ltd	Feb-Mar 2017	T/C	\$390,000/month
PGC Darko King	Carib LPG Trading Ltd	Sep/Nov 2016	T/C	\$310,000/month

New-building Program, New Gas Carriers

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

Hull No.	Type	cbm	Yard	Delivery	NB Price (\$m)
S-529	FP	7,500	Kyokuyo, Japan	Q2/2017	24.1
S-530	FP	7,500	Kyokuyo, Japan	Q3/2017	24.1
S-532	S/R	7,000	Kyokuyo, Japan	Q4/2017	28.0
S-533	S/R	7,000	Kyokuyo, Japan	Q1/2018	28.0

Total investment stands at **\$104 million**. PGC has already initiated discussions with a number of Banks who showed interest in order to finance this investment plan, assuming a leverage of 60%. We feel the need to find a balance between mitigating early commitment fees and securing loans, against the current uncertain global financial background and also the shipping banks stressed loan portfolios that invariably include distressed assets from challenging segments such as Bulkers and Off Shore.

Management Commentary

Revenues for the year ended December 31, 2015 amounted to \$40 million, an increase of \$17.3 million, or 76,2%, compared to revenues of \$22.7 million for the year ended December 31, 2014, primarily due to the net additions of 2.33 vessels which increased the number of operating vessels to six as of the end of December 2015. The increase in revenues due to the additional vessels was \$18.3 million.

Voyage expenses for the year ended December 31, 2015 amounted to \$1.2 million, a decrease of \$4.3 million, or 78,4%, compared to \$5.5 million for the year ended December 31, 2014. The decrease in voyage expenses was primarily due to the lower number of vessels under spot charters in the 2015 period.

Operating expenses for the year ended December 31, 2015 amounted to \$16 million, an increase of \$6.9 million, or 74%, compared to operating expenses of \$9.2 million for the year ended December 31, 2014, primarily due to the increase of the number of operating vessels. The increase in operating expenses due to the additional vessels is \$6.4 million.

Charter Hire expenses for the year ended December 31, 2015 amounted to \$2.5 million, an increase of \$2.5, or 100%, compared to charter hire expenses of nil million for the year ended December 31, 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 year ended December 31, 2015 was \$5.3 million, a \$1.8 million increase from \$3.5 million for the same period of last year. This increase was due to the decrease of **scrap value** from \$390 to **\$275**, the additional depreciation for 2.33 vessels joining the fleet from the twelve months of 2014 until the twelve 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 year ended December 31, 2015 and 2014 was \$0.9 million and \$0.1 million, respectively. The cost for the year ended December 31, 2015 corresponds to the dry-docking and special survey of five vessels compared to the special survey amortization cost of one vessel for the year ended December 31, 2015.

Gain on vessel's disposal for the year ended December 31, 2015 was \$2,6 million and concerns the gain from the disposal of vessel PGC Ikaros which took place on May 28, 2015.

Interest expenses for the year ended December 31, 2015 was \$1 million, an increase of \$0.3 million, or 42%, 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 sold and leased back the 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 and Darko King commenced dry docking. The total capitalized expenses were \$5.5 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. The scrap value of Group's vessels was determined by multiplying their light displacement weight (ldt) by an estimated price for scrap of \$275 per ldt.



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

	<u>As of December 31,</u> 2015	<u>As of December 31,</u> 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	15,543	5,941
Trade receivable	4,348	3,566
Inventories	740	1,317
Insurance and other claims	7	829
Other receivables	581	677
Prepaid expenses	881	365
Total current assets	22,100	12,695
NON-CURRENT ASSETS		
Fixed assets, net	66,031	87,015
Vessels under construction	23,775	4,770
Deferred charges, net	4,793	1,867
Seller credit guarantee	2,000	-
Total non-current assets	96,599	93,652
Total assets	118,699	106,347
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	1,693	1,383
Accrued liabilities	1,091	162
Current portion of long-term debt	5,890	5,249
Unearned revenue	717	597
Due to related parties	134	1,961
Loans due to shareholders	-	14,653
Dividends payable	990	-
Provisions for other liabilities and charges	-	-
Current portion of deferred gain on sale of vessel	659	-
Other current liabilities	-	47
Total current liabilities	11,174	24,052
NON-CURRENT LIABILITIES		
Deferred gain on sale of vessel, net of current portion	1,581	-
Long term debt, net of current portion	30,025	20,436
Total non-current liabilities	31,606	20,436
Total liabilities	42,780	44,488
SHAREHOLDERS' EQUITY		
Additional paid-in capital	68,750	61,500
Retained earnings	7,169	359
Total stockholders' equity	75,919	61,859
Total liabilities and stockholders' equity	118,699	106,347

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

	Period from January 1 to December 31, 2015	Period from January 1 to December 31, 2014
Operating revenue	40,002	22,745
Voyage expenses	(1,190)	(5,469)
Vessel operating expenses	(16,099)	(9,247)
Charter hire expenses	(2,509)	-
Depreciation	(5,313)	(3,492)
Amortization of deferred dry-docking and survey costs	(940)	(118)
Commissions	(580)	(845)
Management fees	(1,304)	(743)
General and administration expenses	(301)	(378)
Gain on sale of vessel	392	-
Net operating expenses	(27,844)	(20,292)
Income From Operations	12,158	2,453
Gain on vessel's disposal	2,183	-
Provision for ballast tanks upgrade	(1,800)	-
OTHER INCOME (EXPENSE):		
Interest income	2	80
Interest expense	(968)	(594)
Other finance expenses	(501)	(158)
Other expenses, net	38	(278)
Total Other Expense, net	(1,429)	(950)
Net Income	10,729	1,503



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

	Year ended December 31, 2015	Year ended December 31, 2014
Cash Flows from Operating Activities:		
Net income	10,729	1,503
Adjustments to reconcile net profit to net cash generated from operating activities		
Depreciation	5,313	3,492
Amortization of deferred dry-docking and special survey costs	937	118
Amortization of deferred finance costs	164	61
Gain on sale of vessel	(392)	-
Increase/(Decrease) in:		
Accounts receivable	(783)	(1,227)
Insurance and other claims	822	(829)
Other receivables	97	(658)
Prepaid expenses	(516)	(327)
Inventories	577	(13)
Net (payments to)/ receipts from related parties	(1,827)	2,755
Seller's credit guarantee	(2,000)	-
Accounts payable	310	645
Payments for dry-docking/special survey	(5,525)	(1,248)
Accrued liabilities	929	(226)
Unearned revenue	120	597
Deferred gain from sale of vessel	2,240	-
Other current liabilities	(47)	(17)
Net Cash generated from Operating Activities	11,151	4,626
Cash Flows from Investing Activities:		
Acquisition of vessels	-	(52,476)
Proceeds from sale of vessels	17,630	-
Advances for vessels under construction	(18,246)	(4,800)
Net Cash used in Investing Activities	(616)	(57,276)
Cash Flows from Financing Activities:		
Proceeds from bank borrowings	22,000	26,750
Payments on bank borrowings	(11,780)	(1,0650)
Capitalized finance costs	(592)	-
Deferred finance costs	(198)	(700)
Capital contribution	7,250	12,500
Dividends paid	(2,970)	-
(Payments to)/receipts from shareholders loan	(14,653)	14,653
Net Cash generated from Financing Activities	(933)	52,138
Net Increase in Cash and Cash Equivalents	9,602	(512)
Cash and Cash Equivalents, Beginning of Period	5,941	6,453
Cash and Cash Equivalents, End of Period	15,543	5,941
Supplementary Cash Flow information		
Cash paid for interest	1,252	539