

PARADISE GAS CARRIERS CORP.

Financial Statements for the Quarter and Three-Month Ended March 31, 2016

Athens, Greece, May 4th, 2016, Paradise Gas Carriers Corp ("PGC" or the "Company", today reported its unaudited consolidated operating and financial results for three-months ended March 31, 2016. All amounts reported are in US Dollars unless otherwise stated).

Financial Highlights

- **EBITDA** reached **\$5.8 million** in 2016q1, compared to \$3.8 million in 2015q1; i.e. an increase of almost 50%.
- **Net Income** stood at **\$4.1 million** in 2016q1 compared to \$1.6 million during same period in 2015; i.e. an increase of about 250%.
- PGC enjoys a strong liquidity, with **cash** standing at over **\$16 million** as at 31/3/2016, net of all current liabilities.
- **Paid-in Capital** has increased by **\$2.75 million**, covering the remaining 50% of the \$5.5 million capital increase approved in 2015q4.
- Outstanding **Bank Debt** at **\$33.7 million**, with a very moderate **leverage of 26%**.

Income Statement

	Three months ended March 31,	
(in USD thous)	2016	2015
NET REVENUE (1)	10,662	8,222
Vessels Operating Expenses (2)	(3,780)	(4,286)
Other operating expenses (3)	(1,101)	(213)
EBITDA	5,781	3,723
Gain on vessels' disposal, net (4)	165	-
Interest & Finance costs (5)	(291)	(524)
Depreciation & Amortization expenses	(1,606)	(1,520)
Other expenses	58	(42)
NET INCOME	4,107	1,637
Dividends distributed	1,073	990
Average number of vessels	6.0	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 (1,039), 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)

Balance Sheet

	March 31,	December 31,
(in USD thous)	2016	2015
Current Assets	25,446	22,100
Non-current assets	97,492	96,064
Current Liabilities	9,904	11,025
Non-current liabilities	30,237	31,220
Paid-in capital	71,500	68,750
Shareholders' Equity	82,797	75,919

Cashflow Statement

Three months ended
March31,

(in USD thous)	2016	2015
Statement of cash flow data:		
Net cash generated from operating activities	4,598	1,592
Net cash generated from investing activities	(2,909)	(4,803)
Net cash used in financing activities	(1,051)	10,046

Investment Activities

- Concerns the payment of the 2nd installments of the two new Semi-Refrigerated 7000cbm LPG carriers amounting to \$2.9m.

Financing Activities

- 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**. \$2.75m was contributed in Q4-15 and the increase was completed during February 2016 with the remaining \$2.75m.

<u>Operating Stats</u>	2015q1	2015q2	2015q3	2015q4	2016q1
Average # of Ships Owned* during Period	6.0	6.0	6.0	6.0	6.0
Average Age of Fleet at end of Period	12.7	12.9	13.2	13.4	13.7
ShipYears Left	62.0	60.6	59.0	57.5	56
Ownership Days (average)	90	91	92	92	91
Available Days efficiency (1)	89%	93%	100%	96%	100%
Operating Days efficiency (2)	89%	93%	100%	94%	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)	2015q1	2015q2	2015q3	2015q4	2016q1
Fleet Valuation (\$mill) - end period (1)	107.3	89.7	100.8	104.2	104.9
Leverage	27.9%	26.3%	31.0%	28.0%	25.9%
Market NAV (\$mill) (1)	72.4	78.5	82.3	86.0	92.2
Paid-in capital (\$mill)	62.85	66.0	66.0	68.8	71.5
Enterprise Value (EV) (2)	109.80	94.98	106.50	105.8	109.80
Book NAV per 100 usd invested (\$)	101.56	106.99	110.87	110.4	115.80
Market NAV per 100 usd invested (\$)	115.22	119.06	124.75	125.04	128.96
Dividends received per 100usd invested (\$)	1.6	3.07	4.57	6.0	6.0
RoE (annualised)	10.4%	13.4%	23%	15.6%	20.7%
RoA (annualised)	5.8%	8.1%	15.1%	9.6%	13.6%
EV/EBIT (annualised)	28.44	14.93	10.96	8.23	7.76
P/E (3)	32.99	18.46	11.47	8.06	7.45
Dividend Yield	1.4%	2.52%	3.61%	4.61%	4.38%
Average TCE per Ship (\$/pd), net	17,134	16,774	20,458	19,205	19,527
Average Opex per Ship (\$/pd), incl. man fees	7,937	7,423	7,946	8,475	6,923
Average charter hire expense per Ship (\$/pd)	0	627	2,043	1,882	1,903
Average debt-service per ship (\$/pd) (4)	2,984	2,860	3,649	5,053	3,757
Cashflow TCE Breakeven per Ship (\$/pd)	11,042	10,972	13,774	15,617	12,697
Cashflow Margin	55.2%	52.9%	48.5%	23.0%	53.8%
P&L TCE Breakeven per Ship (\$/pd)	12,194	11,612	13,273	13,797	12,308

- (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
- (2) EV = Market NAV plus Debt less Cash
- (3) P/E = Market NAV/Net Earnings (Trailing 12 months, or TTM)
- (4) During 4th quarter of 2015, debt-service increased (from 3.7k to 5k/\$/day/vessel) because the company has prepaid \$650k to AB Bank in relation to the vessels PGC Strident Force and PGC Darko King.

Fleet Profile

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.

<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	CN, Pesaro	Ethylene Carrier	10/2013	9,000 cbm	Malta	100%
PGC Strident Force	1999	Higaki Shipbdg	LPG (S/R) carrier	03/2014	6,500 cbm	Bahamas	100%
PGC Darko King	1997	Higaki Shipbdg	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:

<u>Vessel</u>	<u>Charterer</u>	<u>Expiration Date</u>	<u>Type</u>	<u>Gross Daily rate</u>
PGC Marina	Penfield Marine Pool	n/a	Pool	Floating, abt \$25,000 \$/pd 2016 avg YTD
PGC Ikaros	Penfield Marine Pool	n/a	Pool	Floating, abt \$25,000 \$/pd 2016 avg YTD
Aspropyrgos	Penfield Marine Pool	n/a	Pool	Floating, abt \$25,000 \$/pd 2016 avg YTD
PGC Aratos	Gaschem/Gasmare Pool	n/a	Pool	Floating, abt \$475,000 \$/pd 2016 avg YTD
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.

<u>Hull No.</u>	<u>Type</u>	<u>cbm</u>	<u>Yard</u>	<u>Delivery</u>	<u>NB Price (\$m)</u>
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

The total investment stands at \$104 million.

During Q2/2016 PGC has secured financing from DVB Bank as per committed term-sheet dated 21/4/16. The total loan facilities stand at \$67 million, 50% of which has been underwritten by DVB and the remaining

will be syndicated to another banking institution(s). Syndication process is currently on process, the loan facility is expected to be signed until July 31st 2016.

Management Commentary

Revenues for the period ended March 31, 2016 amounted to \$11.3 million, an increase of \$2.2 million, or 24.2%, compared to revenues of \$9.1 million for the period ended March 31, 2015, primarily due to the offhire of vessel PGC Ikaros and PGC Aratos during January 2015 (vessels commenced SS and DD). The increase in revenues due to the additional operating days of the two vessels was \$2.2 million.

Voyage expenses for the period ended March 31, 2016 amounted to \$0.4 million, a decrease of \$0.3 million, or 42.9%, compared to \$0.7 million for the period ended March 31, 2015. The decrease in voyage expenses was primarily due to the lower number of vessels under spot charters during the three-months ended 2016.

Operating expenses for the period ended March 31, 2016 amounted to \$3.45 million, a decrease of \$0.49 million, or 12.4%, compared to operating expenses of \$3.94 million for the period ended March 31, 2015, mainly attributed to an optimized technical and crewing management, especially after all special surveys and drydockings effected last year.

Charter Hire expenses for the period ended March 31, 2016 amounted to \$1.03 million, of which 0.68k attributed to a fixed charter rate of 7500 \$/pd and 0.35k to a profit sharing scheme. 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 profit share however will be calculated on a 4-year basis, which means that in case rates fall the profit share shall decrease.

Depreciation for the period ended March 31, 2016 was \$1.24 million, a \$0.1 million decrease from \$1.34 million for the same period of last year. This was due to the decrease caused by the sale of vessel PGC Ikaros in May 2015.

Amortization of dry-docking and special survey costs for the period ended March 31, 2016 and 2015 was \$0.4 million and \$0.2 million, respectively. The cost for the period ended March 31, 2016 corresponds to the dry-docking and special survey of two vessels compared to the special survey amortization cost of three vessels for the period ended March 31, 2015.

Gain on vessel's disposal for the period ended March 31, 2016 was \$0.2 million and concerns the gain from the disposal of vessel PGC Ikaros which took place on May 28, 2015.

Interest expenses for the period ended March 31, 2016 was \$0.3 million, a decrease of \$0.2 million, or 39%, compared to the three months ended March 31, 2015.

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 assumed price for scrap of \$275/Ldt. Up to December 31, 2014, management assumed the salvage value of its vessel at \$390/Ldt. This change increased depreciation expense by \$382k.
- 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.

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

	As of March 31, 2016	As of December 31, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	16,181	15,543
Trade receivable	3,490	4,348
Inventories	753	740
Insurance and other claims	7	7
Due to related parties	1,034	-
Due from shareholders	1,073	-
Other receivables	1,241	581
Prepaid expenses	1,667	881
Total current assets	25,446	22,100
NON-CURRENT ASSETS		
Fixed assets, net	64,785	66,031
Vessels under construction	26,801	23,775
Deferred charges, net	3,906	4,258
Seller credit guarantee	2,000	2,000
Total non-current assets	97,492	96,064
Total assets	122,938	118,164
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	2,324	1,693
Accrued liabilities	1,968	1,091
Current portion of long-term debt	5,118	5,741
Unearned revenue	-	717
Due to related parties	-	134
Current portion of deferred gain on sale of vessel	494	659
Dividends payable	-	990
Total current liabilities	9,904	11,025
NON-CURRENT LIABILITIES		
Deferred gain on sale of vessel, net of current portion	1,581	1,581
Long term debt, net of current portion	28,656	29,639
Total non-current liabilities	30,237	31,220
Total liabilities	40,141	42,245
SHAREHOLDERS' EQUITY		
Additional paid-in capital	71,500	68,750
Retained earnings	11,297	7,169
Total stockholders' equity	82,797	75,919
Total liabilities and stockholders' equity	122,938	118,164

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

	Period from January 1 to March 31, 2016	Period from January 1 to March 31, 2015
Operating revenue	11,203	9,067
Voyage expenses	(351)	(691)
Vessel operating expenses	(3,452)	(3,964)
Charter hire expenses	(1,039)	-
Depreciation	(1,246)	(1,341)
Amortization of deferred dry-docking and survey costs	(360)	(179)
Commissions	(190)	(154)
Management fees	(328)	(322)
General and administration expenses	(62)	(65)
Extraordinary Items	-	(148)
Net operating expenses	(7,028)	(26,864)
Income From Operations	4,340	2,203
Gain on vessel's disposal	165	-
OTHER INCOME (EXPENSE):		
Interest income		1
Interest expense	(281)	(434)
Other finance expenses	(10)	(91)
Other expenses, net	58	(42)
Total Other Expense, net	(233)	(566)
Net Income	4,107	1,637

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

	Year ended March 31, 2016	Year ended March 31, 2015
Cash Flows from Operating Activities:		
Net income	4,107	1,637
Adjustments to reconcile net profit to net cash generated from operating activities		
Depreciation	1,246	1,341
Amortization of deferred dry-docking and special survey costs	360	179
Amortization of deferred finance costs	26	21
Gain on sale of vessel	(165)	-
Increase/(Decrease) in:		
Accounts receivable	858	(831)
Insurance and other claims	-	150
Other receivables	(660)	245
Prepaid expenses	(786)	(291)
Inventories	(13)	474
Amounts due from related parties	(85)	-
Due from shareholders	(1,073)	
Accounts payable	631	1,116
Payments for dry-docking/special survey	(8)	(2,373)
Accrued liabilities	877	278
Net receipts from related parties		282
Unearned revenue	(717)	(597)
Other current liabilities	-	(47)
Net Cash generated from Operating Activities	4,598	1,584
Cash Flows from Investing Activities:		
Acquisition of vessels	-	(33)
Advances for vessels under construction	(2,909)	(4,770)
Net Cash used in Investing Activities	(2,909)	(4,803)
Cash Flows from Financing Activities:		
Proceeds from bank borrowings	-	11,000
Payments on bank borrowings	(1,633)	(1,182)
Capitalized of finance costs	(105)	(16)
Deferred finance costs	-	(108)
Capital contribution	2,750	1,350
Dividends paid	(2,063)	(990)
Net Cash generated from Financing Activities	(1,051)	10,054
Net Increase in Cash and Cash Equivalents	638	6,835
Cash and Cash Equivalents, Beginning of Period	15,543	5,941
Cash and Cash Equivalents, End of Period	16,181	12,775
Supplementary Cash Flow information		
Cash paid for interest	368	170