

PARADISE GAS CARRIERS CORP.

**Financial Statements for the Quarter and year Ended December 31, 2016 – REVISED as per audit**

*Athens, Greece, April 28<sup>st</sup>, 2017, Paradise Gas Carriers Corp (“PGC” or the “Company”, today reported its revised unaudited consolidated operating and financial results for three-months ended December 31, 2016. All amounts reported are in US Dollars unless otherwise stated).*

**Financial Highlights for 4<sup>th</sup> Quarter 2016:**

- **Net TCE Earnings** stood at **\$31.2 million** during FY 2016 (on average 14,205 \$/day per ship), decreased by 18% compared to FY2015.
- **Total Operating Expenses** (excl. charter-in expenses) stood at **\$16.54 million** (or on average of 7,530 \$/day per ship), decreased by 6% compared to the same period in FY 2015 (excl. bareboat-in hire expenses).
- **EBITDA** reached **\$11.5 million** during FY 2016, compared to \$18 million during last year, a decrease of 36%.
- The vessel **PGC Darko King** was sold in March 2017 for \$4.2 million, i.e. below book value, resulting to an **impairment loss of \$1.27 million** in FY 2016.
- Thus, **PGC’s Net Income** was adjusted to **\$3.6 million** in FY 2016 compared to \$10.7 million in 2015, a decrease of 66%.
- Outstanding **Bank Debt** stood at **\$29.2 million as of 31.12.2016**, with a moderate **leverage<sup>1</sup> of approx. 28%**, compared to an outstanding debt of \$35.4 million as of 31.12.2016.
- The net **cash flow** position has decreased during FY 2016 **by \$9.7 million**, mostly attributed to investing activities (NB program).
- PGC has currently 4 vessels under construction in Japan and although the Company has paid over \$10 million to Kyokuyo shipyard during fiscal 2016, it still maintains a sufficient liquidity, with **cash balance** standing at over **\$5.8million** as at December 31, 2016.
- Nevertheless, despite the Company’s continuing profitability and balance sheet remain strong, **future cash flow has become a concern** mainly due to the 4 LPG ship new-building program in Japan, since a few more equity installments are due before deliveries, \$7.5 million in total.

In any case, Management shall continue not to err on the side of optimism and instead will proceed under the operating assumption of extrapolating current mediocre earnings environment for 1-2 years. Thus, PGC’s board has decided to take pre-emptive measures, summarized as follows:

- Suspension of dividends from q4-2016 up to possibly q4-2018; and
- Temporization of the DP70 custom panamax tanker new building project, in Hudong.
- Capital Increase of \$2.1 million through the issuance of new preferred stock.
- The sale of one or two of the older vessels was also considered and was indeed effected during Q1/2017.

In any event, Management is of the opinion that the difficult times are finite and constrained within 2017-2018 period. Accordingly, **we would wish that whatever measures we take for this difficult period, will not have repercussions on 2019 onwards, when we should be able to generate much higher cash flow even in the same market conditions**, notwithstanding the fact that we also expect the earning environments on both LPG and tankers to improve by that time.

<b><u>Income Statement</u></b> (in USD thous)	<b>Three months ended Dec. 31</b>		<b>Twelve months ended Dec. 31</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>NET REVENUE (1)</b>	<b>5,201</b>	<b>10,177</b>	<b>31,195</b>	<b>38,232</b>
Vessels Operating Expenses (2)	(4,424)	(4,678)	(16,541)	(17,403)
Other operating expenses (3)	(693)	(1,166)	(3,150)	(2,810)
<b>EBITDA</b>	<b>84</b>	<b>4,333</b>	<b>11,504</b>	<b>18,019</b>
Gain on vessels’ disposal, net (4)	165	171	659	392
Interest & Finance costs (5)	(361)	(425)	(1,610)	(2,185)
Capitalized borrowing cost (6)	324	111	1,271	718
Depreciation & Amortization expenses	(1,747)	(1,838)	(6,572)	(6,253)
Impairment loss (7)	(1,272)	-	(1,272)	-
Other income/expense (8)	(424)	353	(395)	38
<b>NET INCOME</b>	<b>(3,231)</b>	<b>2,705</b>	<b>3,585</b>	<b>10,729</b>
<i>Dividends distributed</i>	-	990	3,217	3,960
<b>Average number of vessels</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

(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;

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

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

(6) Out of book adjustment for the capitalization of Interest for vessels under construction (US GAAP 835-20 or IAS 23). The total amount capitalized until 31/12/2016 stands at \$947k.

(7) The impairment loss concerns the vessel PGC Darko King which was sold in March 2017 for \$4.1 million, that is approx. 1.27m below book value.

(8) Other income/expenses include mainly a provision for an underperformance claim of PGC Aratos equal to \$481k allocated in FY 2016.

<b>Balance Sheet</b> (in USD thous)	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Current Assets	12,002	22,100
Non-current assets	100,882	96,064
Current Liabilities	10,319	11,025
Non-current liabilities <sup>2</sup>	23,528	31,220
Paid-in capital	71,500	68,750
<b>Shareholders' Equity</b>	<b>79,037</b>	<b>75,919</b>

<b>Cashflow Statement</b> (in USD thous)	<b>Twelve Months ended Dec 31 2016</b>	<b>Twelve Months ended Dec 31 2015</b>
Net cash generated from operating activities	8,615	11,161
Net cash generated from investing activities	(10,551)	(616)
Net cash used in financing activities	(7,763)	(943)
<b>Net change in Cash &amp; Equivalents During Period</b>	<b>(9,699)</b>	<b>9,602</b>

#### Investment Activities

- They concern the payment of the 2<sup>nd</sup> and 3<sup>rd</sup> installments of the two new Semi-Refrigerated 7000cbm LPG carriers amounting to \$5.8m and the payment of the 4<sup>th</sup> installment of 7500cbm liquefied Gas Carrier no. S-259 amounting to \$2.4 million. Upcoming Yard payments are presented in the New-Building section below.

#### Financing Activities

- In December 2016, PGC has signed a loan agreement with DVB and NIBC Banks basis their committed term-sheet dated 21.4.2016. The total loan facilities stand at \$67 million, 50% of which has been underwritten by DVB and the remaining 50% by NIBC Bank.
- Cashflows from financing activities (\$10 mill in total) included loan repayments (\$6.3m), dividends paid to shareholders (\$4.2m), as well as deferred and capitalized finance costs (\$2.2m), less capital contributions (\$2.7m).

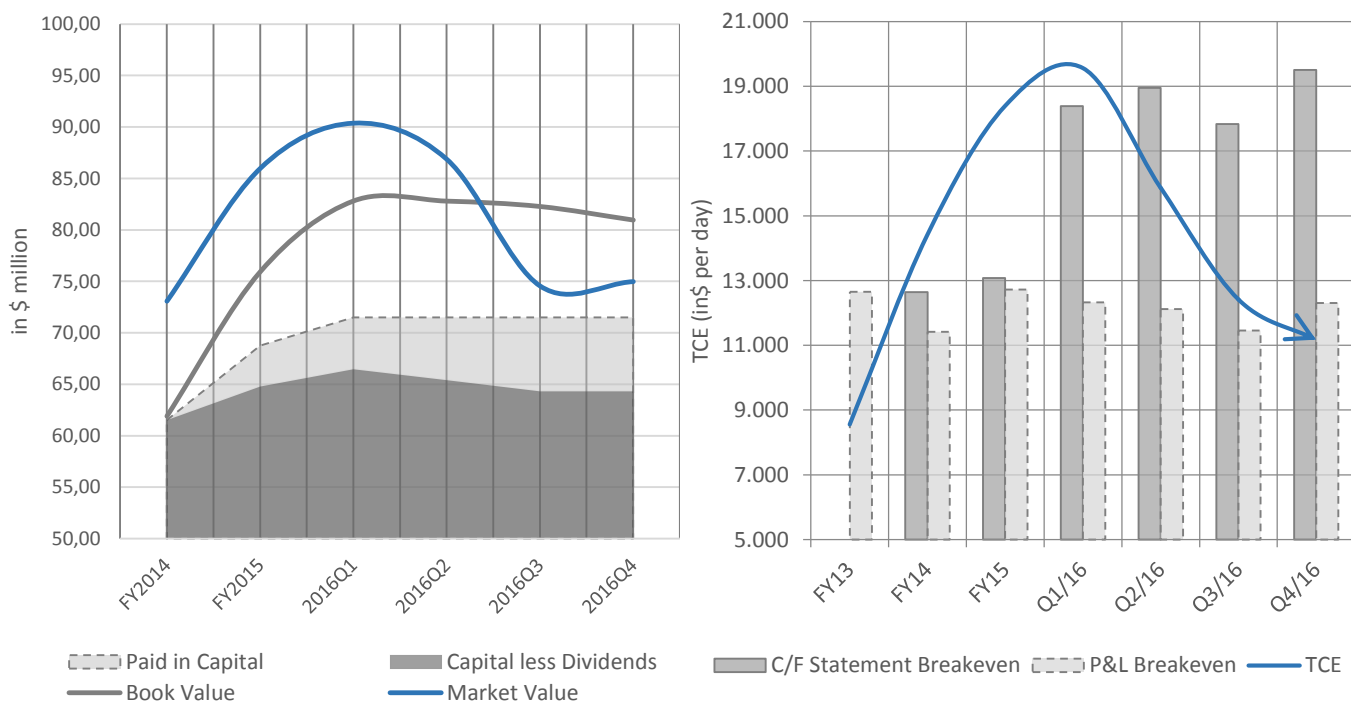
<b>Operating Stats</b>	<b>FY 2015</b>	<b>2016q1</b>	<b>2016q2</b>	<b>2016q3</b>	<b>2016q4</b>	<b>FY 2016</b>
Average # of Ships Owned* during Period	<b>6.0</b>	6.0	6.0	6.0	6.0	<b>6.0</b>
Average Age of Fleet at end of Period	<b>13.4</b>	13.7	13.9	14.2	14.4	<b>14.4</b>
ShipYears Left	<b>57.5</b>	56	54.5	53	51.5	<b>51.5</b>
Ownership Days (average)	<b>365</b>	91	91	91	92	<b>365</b>
<b>Available Days efficiency (1)</b>	<b>94.6%</b>	100%	99%	99%	86%	<b>95.8%</b>
<b>Operating Days efficiency (2)</b>	<b>94.1%</b>	100%	99%	99%	86%	<b>95.8%</b>

(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

<sup>2</sup> ASU (Accounting Standards Update) 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability.

Financial Ratios & Stats	FY 2015	2016q1	2016q2	2016q3	2016q4	FY 2016
Fleet Valuation (\$mill) - end period (1)	104.1	103.0	98.5	88.5	94.1	94.1
Leverage	28.0%	26.3%	26.4%	28.2%	27.5%	27.5%
<b>Paid-in Capital (\$mill)</b>	<b>68.8</b>	<b>71.5</b>	<b>71.5</b>	<b>71.5</b>	<b>71.5</b>	<b>71.5</b>
<b>Book NAV (\$mill)</b>	<b>75.9</b>	<b>82.8</b>	<b>82.8</b>	<b>82.3</b>	<b>79.0</b>	<b>79.0</b>
<b>Market NAV (\$mill) (1)</b>	<b>86.0</b>	<b>90.4</b>	<b>86.9</b>	<b>74.6</b>	<b>74.2</b>	<b>74.2</b>
Enterprise Value (EV) (2)	105.80	107.95	104.60	93.84	97.6	97.62
Book NAV per 100 usd invested (\$)	110.43	115.81	115.79	115.06	110.5	110.54
Market NAV per 100 usd invested (\$)	125.04	126.38	121.48	104.28	103.8	104.84
<b>Dividends received (\$mill)</b>	<b>3.96</b>	<b>1.07</b>	<b>1.07</b>	<b>1.07</b>	-	<b>3.21</b>
RoE (annualised)	15.6%	20.7%	10.4%	2.7%	-16.0%	4.6%
RoA (annualised)	9.6%	13.6%	7.1%	1.9%	-11.2%	3.1%
EV/EBIT (annualised)	8.23	7.67	7.74	9.62	17.5	17.5
P/E (3)	8.06	7.30	6.62	7.81	20.7	20.7
Dividend Yield	4.61%	4.47%	4.75%	5.64%	4.3%	4.3%
<b>Average TCE per Ship (\$/pd), net</b>	<b>18,461</b>	<b>19,559</b>	<b>15,862</b>	<b>12,410</b>	<b>10,949</b>	<b>14,825</b>
Average Opex per Ship (\$/pd), incl. man fees	7,947	7,075	7,720	7,397	8,014	7,532
Average charter hire expense per Ship (\$/pd)	1,146	1,903	1,271	841	810	1,202
Average debt-service per ship (\$/pd)	3,637	3,757	3,680	3,748	3,525	3,667
<b>C/F Statement TCE Breakeven per Ship (\$/pd)</b>	<b>13,073</b>	<b>18,390</b>	<b>18,947</b>	<b>17,837</b>	<b>19,315</b>	<b>18,622</b>
Cashflow Margin	43.5%	52.2%	22.7%	2.5%	-14.4%	17.3%
<b>P&amp;L TCE Breakeven per Ship (\$/pd)</b>	<b>12,737</b>	<b>12,328</b>	<b>12,123</b>	<b>11,579</b>	<b>15,574</b>	<b>12,873</b>

(1) Fleet Valuation and Market NAV are calculated as follows: In the event that the average brokers' valuations (MV) shows higher values than our books (BV) we account 75% of that premium, otherwise we account for the full difference if MV is lower than BV. Fleet valuation includes also advances for NB orders. Hence, Market NAV= Book NAV + FMV - BV; (2) EV = Market NAV plus Debt less Cas; (3) P/E = Market NAV/Net Earnings (Trailing 12 monthss)



## Fleet Profile & Valuation

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

Vessel	Built	Type	Delivered	DWT or cbm (1)	FLAG	Ownership	Book Value	Market Value
PGC Marina	China	Product Tanker	07/2013	72,800	Bahamas	100%	\$15.06m	\$14.25m
PGC Ikaros (2)	China	Product Tanker	12/2014	72,900	Bahamas	BB till May 2019	n/a	n/a
PGC Aspropyrgos	China	Product Tanker	12/2014	72,900	Bahamas	100%	\$17.31m	\$13.25m
PGC Aratos	Italy	Ethylene Carrier	10/2013	9,000	Malta	100%	\$17.99m	\$19.50m
PGC Strident Force	Japan	LPG (S/R) carrier	03/2014	6,500	Bahamas	100%	\$9.87m	\$10.91m
PGC Darko King	Japan	LPG (F/P)) carrier	03/2014	6,500	Bahamas	100%	\$5.48m	\$5.00m
<b>Advances to Shipyards</b>							\$33.1m <sup>(3)</sup>	\$31.19m
<b>Totals</b>							<b>\$100.1m</b>	<b>\$94.10m</b>

(1) Cubic meters for LPGs, all others in dead weight tons; (2) Vessel was sold in May 2015 to Norwegian buyers and leased back (bareboat in) to PGC for a 4-year period at 7500 \$/day base rate + profit share above 18500 \$/day TCE; (3) Including Capitalized Finance Expenses \$ 1.9m as per USGAAP ASC 835

## 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 \$19,000/day 2016 avg YTD
PGC Ikaros	Penfield Marine Pool	n/a	Pool	Floating, abt \$18,300/day 2016 avg YTD
Aspropyrgos	Penfield Marine Pool	n/a	Pool	Floating, abt \$18,000/day 2016 avg YTD
PGC Aratos	Gaschem/Gasmare Pool	n/a	Pool	Floating, abt \$435,000/month 2016 avg YTD
PGC Strident Force	Carib LPG Trading Ltd	Feb-Mar 2017	T/C	\$390,000/month till Feb 2017
PGC Darko King	Carib LPG Trading Ltd	Sep/Nov 2016	T/C	\$300,000/month expired in September 2016, earning less than 200,000 on spot since then.

## New-building Program,

4 Gas Carriers on order in Kyokuyo Shipyard/Japan

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

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

Upcoming Installments:

Schedule	S-529	\$mm	S-530	\$mm	S-532	\$mm	S-533	\$mm
Keel Laying	-	-	Jan-17	2.39	Mar-17	-	Jul-17	-
Launching	Jan-17	2.39	Mar-17	2.39	Apr-17	-	Aug-17	-
Delivery	May-17	13.37	Jul-17	13.37	Oct-17	20.16	Mar-18	20.16
<b>TOTAL Due</b>		<b>15.76</b>		<b>18.15</b>		<b>20.16</b>		<b>20.16</b>

The total investment stands at \$104.2 million, of which \$72m are still due to be paid to cover the contracted prices. There are also about \$3m in capitalized expenses for Owner's items including deferred finance charges (commitment fees, etc), of which about \$1.0m has already been paid. Hence a total of about **\$74m remains to be paid.**

PGC has secured financing from DVB Bank as per loan agreement dated 15/12/2016. The total **loan facilities stand at \$67 million**, 50% of which has been underwritten by DVB and the remaining 50% by NIBC Bank. The first drawdown is expected end of May 2017 for the delivery of PGC Patreas.

Therefore, **about \$7 million net from owner remained to be financed during fiscal 2017.**

### **Management Commentary**

Net Revenues for the year ended December 31, 2016 amounted to \$31.3 million, a decrease of \$6.9 million, or 18%, compared to net revenues of \$38.2 million for the year ended December 31, 2015, primarily due to the decrease of hire rates during the year ended December 31, 2016, as well as the increase of voyage expenses (\$2.4 million) during the same period. The increase in voyage expenses was primarily due to the higher number of vessels under spot charters during fiscal 2016.

Operating expenses for the year ended December 31, 2016 amounted to \$15.04 million, a decrease of \$1.06 million, or 6.6%, compared to operating expenses of \$16.1 million for the year ended December 31, 2015, mainly attributed to a more optimized technical and crewing management, especially after all special surveys and drydockings effected last year.

Charter Hire expenses for the year ended December 31, 2016 amounted to \$2.6 million, of which \$2.7 million attributed to a fixed charter rate of 7,500 \$/pd and 0.106k(profit) to a profit sharing scheme. Cumulative profit sharing expense during fiscal 2015 stood at \$0.9 million, whereas during fiscal 2016 stood at \$0.8 million (on a cumulative basis), hence resulting to a gain of \$0.1m. More specifically, in May 2015, PGC had entered into a bareboat agreement for 4 years for PGC Ikaros. The fixed charter rate agreed to be \$7.500 per day plus 50% Profit Share of the Earnings in excess of \$18.500. The final profit share however will be calculated on the average earnings over a 4-year basis, which means that in case rates fall the profit share shall decrease.

Depreciation for the year ended December 31, 2016 was \$5 million, a \$0.33 million decrease from \$5.3 million for the same period of last year. This was mainly 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 year ended December 31, 2016 and 2015 was \$1.6 million and \$0.9 million, respectively. The cost for the year ended December 31, 2016 corresponds to the dry-docking and special survey of four vessels compared to the special survey amortization cost of three vessels for the period ended December 31, 2015.

Gain on vessel's disposal for the period ended December 31, 2016 was \$0.7 million and concerns the gain from the disposal of vessel PGC Ikaros which took place on May 28, 2015.

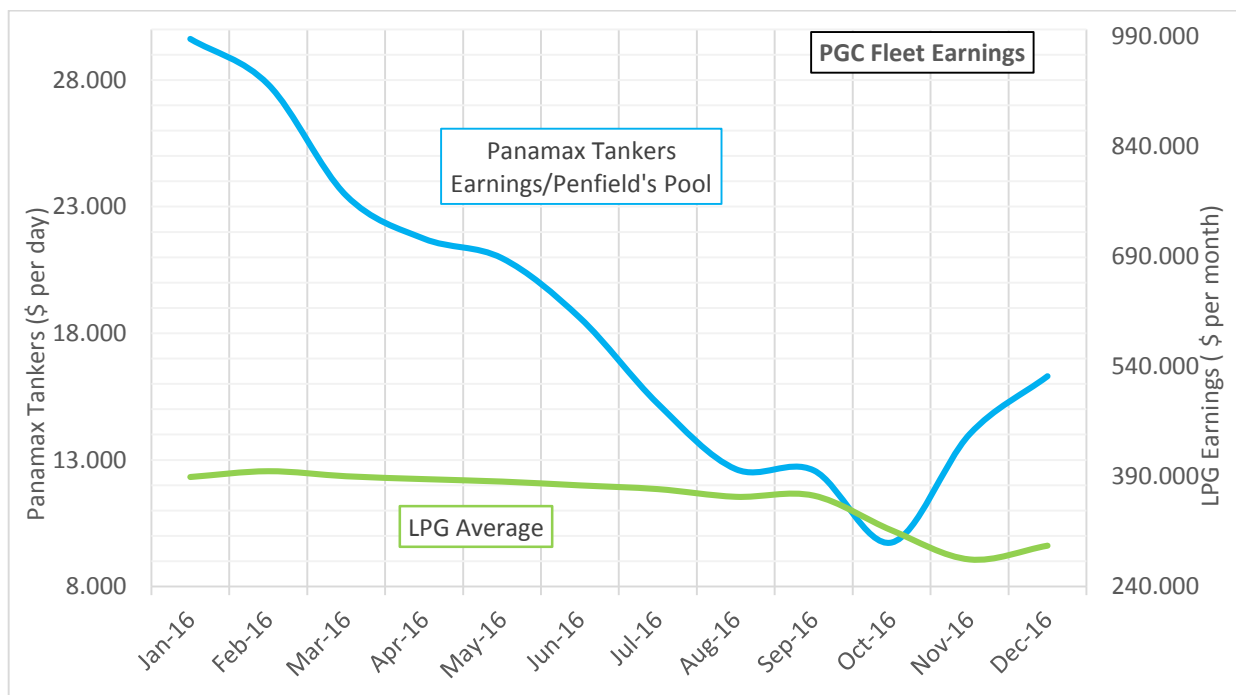
Interest expenses and amortization of finance expenses for the year ended December 31, 2016 was \$0.3 million, a decrease of \$0.7 million, or 70%, compared to the year ended December 31, 2015.

### **Current Market conditions:**

**Tankers:** The dirty panamax tanker market has started the first half of the year where it left off 2015, which was a very solid footing. Indeed our results for H1-2016 reflect this fact. However, the spot market, which directly affects the Penfield Pool where our ships are entered (albeit Penfield having impressively outperformed the spot market as well as other competitive pool schemes), has started a gradual fall from February onwards. During the last quarter of 2016 our tankers earned as low as 14-15,000 \$/day (in average) with spot earnings at even lower levels ranging between 10,000 and 13,000 \$/day during the same period. However, the market has already slightly recovered during the winter months resulting to earnings of approx. 18-20,000 \$/day. Nevertheless, having said that, we do not anticipate full recovery before 2018/2019. During 2017 Penfield projects average FY earnings of around 16,500 \$/day, but Management is anticipating earnings to be closer to 13,500 \$/day.

**Coastal LPG:** Earnings remain steady for our ships, even though the underlying market is very difficult to trade. PGC Aratos, our Ethylene Carrier, is currently trading in the Gaschem Gasmare Pool (and can continue for up to another 7 years), where more than 70% of the earnings are fully hedged and fixed. However, pool earnings have fallen to 420-430,000 \$/month in average during the last quarter, which is still above our breakeven levels but lower than anticipated. PGC Strident Force is still on time charter to Carib/Petredec until end February 2017, whereas the PGC Darko King has come off multi-year charter of 300,000 to 320,000 \$/month and is now facing a lackluster spot market with nominal earnings of around \$250,000 when employed, spending also 1/2 days idle during the last months

so far in the Caribbean and European markets. We have now repositioned here in the stronger Asian area and hope to improve her earnings this year. Failing which, a sale of the vessel is also a consideration.



**Accounting Policies**

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



**FY 2016 CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

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

	<b>As of December 31, 2016</b>	<b>As of December 31, 2015</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	5,844	15,543
Trade receivable	3,610	4,348
Inventories	927	908
Insurance and other claims	7	7
Other receivables	1,446	581
Prepaid expenses	168	713
<b>Total current assets</b>	<b>12,002</b>	<b>22,100</b>
<b>NON-CURRENT ASSETS</b>		
Fixed assets, net	59,776	66,031
Vessels under construction	34,450	23,775
Deferred charges, net	4,656	4,258
Seller credit guarantee	2,000	2,000
<b>Total non-current assets</b>	<b>100,882</b>	<b>96,064</b>
<b>Total assets</b>	<b>112,884</b>	<b>118,164</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	1,968	1,703
Accrued liabilities	311	1,091
Current portion of long-term debt	7,266	5,880
Unearned revenue	227	717
Due to related parties	66	134
Provisions for other liabilities and charges	481	-
Dividends payable	-	990
<b>Total current liabilities</b>	<b>10,319</b>	<b>10,515</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred gain on sale of vessel, net of current portion	1,581	2,240
Long term debt, net of current portion	21,947	29,639
<b>Total non-current liabilities</b>	<b>23,528</b>	<b>31,730</b>
<b>Total liabilities</b>	<b>33,847</b>	<b>42,245</b>
<b>SHAREHOLDERS' EQUITY</b>		
Additional paid-in capital	71,500	68,750
Retained earnings	7,537	7,169
<b>Total stockholders' equity</b>	<b>79,037</b>	<b>75,919</b>
<b>Total liabilities and stockholders' equity</b>	<b>112,884</b>	<b>118,164</b>

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

	<b>Period from January 1 to December 31, 2016</b>	<b>Period from January 1 to December 31, 2015</b>
<b>Operating revenue</b>	<b>33,958</b>	<b>40,002</b>
Voyage expenses	(2,627)	(1,190)
Vessel operating expenses	(15,224)	(16,099)
Charter hire expenses	(2,639)	(2,509)
Depreciation	(4,983)	(5,313)
Amortization of deferred dry-docking and survey costs	(1,589)	(940)
Impairment loss	(1,272)	-
Commissions	(617)	(580)
Management fees	(1,317)	(1,304)
General and administration expenses	(511)	(301)
<b>Net operating expenses</b>	<b>(30,779)</b>	<b>(27,844)</b>
<b>Income From Operations</b>	<b>3,179</b>	<b>12,158</b>
Gain on vessel's disposal	659	392
<b>OTHER INCOME (EXPENSE):</b>		
Interest income	52	2
Interest expense	(253)	(968)
Other finance expenses	(86)	(501)
Other expenses, net	34	38
<b>Total Other Expense, net</b>	<b>(253)</b>	<b>(1,429)</b>
<b>Net Income</b>	<b>3,585</b>	<b>10,729</b>



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

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>As of January 1, 2015</b>	-	<b>61,500</b>	<b>400</b>	<b>61,900</b>
Net Profit for the period	-	-	10,729	<b>10,729</b>
Capital Contribution	-	7,250	-	<b>7,250</b>
Dividends	-	-	(3,960)	<b>(3,960)</b>
<b>As of December 31, 2015</b>	<b>-</b>	<b>68,750</b>	<b>7,169</b>	<b>75,919</b>
<b>As of January 1, 2016</b>	-	<b>68,750</b>	<b>7,169</b>	<b>75,919</b>
Net Profit for the period	-	-	3,585	<b>3,585</b>
Capital Contribution	-	2,750	-	<b>2,750</b>
Dividends	-	-	(3,217)	<b>(3,217)</b>
<b>As of December 31, 2016</b>	<b>-</b>	<b>71,500</b>	<b>7,537</b>	<b>79,037</b>

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

	Year ended December 31, <b>2016</b>	Year ended December 31, <b>2015</b>
<b>Cash Flows from Operating Activities:</b>		
Net income	3,585	10,729
<b>Adjustments to reconcile net profit to net cash generated from operating activities</b>		
Depreciation	4,983	5,313
Amortization of deferred dry-docking and special survey costs	1,589	940
Impairment loss	1,272	-
Amortization of deferred finance costs	25	164
Gain on sale of vessel	(659)	(392)
<b>Increase/(Decrease) in:</b>		
Accounts receivable	738	(782)
Insurance and other claims	-	822
Other receivables	(865)	97
Prepaid expenses	545	(516)
Inventories	(19)	577
Amounts due to related parties	(68)	(1,827)
Accounts payable	265	320
Payments for dry-docking/special survey	(1,987)	(5,525)
Seller's credit	-	(2,000)
Accrued liabilities	(780)	929
Unearned revenue	(490)	120
Provision for other liabilities and charges	481	-
Other current liabilities	-	(47)
Deferred gain from sale of vessel	-	2,240
<b>Net Cash generated from Operating Activities</b>	<b>8,615</b>	<b>11,161</b>
<b>Cash Flows from Investing Activities:</b>		
Net cash proceeds from sale of vessel	-	17,630
Advances for vessels under construction	(10,551)	(18,246)
<b>Net Cash used in Investing Activities</b>	<b>(8,175)</b>	<b>(616)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from long-term debts	-	22,000
Payments on bank borrowings	(6,306)	(11,780)
Capitalized finance costs	-	(592)
Deferred finance costs	-	(198)
Capital contribution	2,750	7,250
Loan due to shareholders	-	(14,653)
Dividends paid	(4,207)	(2,970)
<b>Net Cash generated from Financing Activities</b>	<b>(7,763)</b>	<b>(943)</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	<b>(9,699)</b>	<b>9,602</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>15,543</b>	<b>5,941</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>5,844</b>	<b>15,543</b>
<b>Supplementary Cash Flow information</b>		
Cash paid for interest	1,287	1,302