

PARADISE GAS CARRIERS CORP.

**Consolidated Unaudited Financial Statements prepared
for the period ended September 30, 2018**

PARADISE GAS CARRIERS CORP.
CONSOLIDATED BALANCE SHEETS AS AT SEPTEMBER 30, 2018 AND DECEMBER
31, 2017

(Expressed in thousands of United States dollars or unless otherwise stated)

	<u>As of</u> <u>September 30,</u> <u>2018</u>	<u>As of</u> <u>December 31,</u> <u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	6,623	7,851
Restricted cash	-	901
Trade and other receivables	5,250	5,077
Inventories	1,549	1,394
Accrued Revenue	-	356
Insurance and other claims	-	99
Prepaid expenses	1,176	155
Total current assets	<u>14,598</u>	<u>15,833</u>
NON-CURRENT ASSETS		
Vessels, net	159,041	133,418
Vessels under construction	-	9,864
Loan receivable	6,670	-
Seller's credit	2,000	2,000
Deferred charges, net	2,954	2,861
Total non-current assets	<u>170,665</u>	<u>148,143</u>
Total assets	<u>185,263</u>	<u>163,976</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	3,865	5,224
Accrued liabilities	2,579	1,018
Current portion of long-term debt	2,063	7,443
Other borrowings	-	500
Unearned revenue	-	552
Due to related parties	307	362
Dividends payable	29	50
Related parties' loan	115	425
Shareholders' loan	1,092	1,435
Other current liabilities	-	145
Total current liabilities	<u>10,050</u>	<u>17,154</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion and deferred financing costs	97,256	68,003
Deferred gain on sale of vessel, net of current portion	485	923
Total long-term liabilities	<u>97,741</u>	<u>68,926</u>
Total liabilities	<u>107,791</u>	<u>86,080</u>
Commitments and Contingencies	-	-
SHAREHOLDERS' EQUITY		
Common stock (1,000 common shares with no par value, authorized and issued)	-	-
Additional paid-in capital	71,500	71,500
Preferred Stock	7,399	4,121
Retained earnings	(1,427)	2,275
Total shareholders' equity	<u>77,472</u>	<u>77,896</u>
Total liabilities and shareholders' equity	<u>185,263</u>	<u>163,976</u>

PARADISE GAS CARRIERS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AS AT SEPTEMBER 30,
2018 AND 2017

(Expressed in thousands of United States dollars or unless otherwise stated)

	<u>As of</u> <u>September 30,</u> <u>2018</u>	<u>As of</u> <u>September 30,</u> <u>2017</u>
Operating revenue	29,107	20,175
Total operating revenue-net	<u>29,107</u>	<u>20,175</u>
Operating expenses		
Voyage expenses	(3,541)	(2,488)
Vessels' operating expenses	(13,698)	(11,222)
Depreciation	(5,433)	(3,614)
Amortization of deferred dry-docking and special survey costs	(1,386)	(1,397)
Commissions	(940)	(517)
Management fees	(1,561)	(1,138)
General and administrative expenses	(70)	(47)
Charter hire expenses	(2,143)	(1,276)
Extraordinary expenses	(666)	-
Gain on sale of vessel	814	493
Net operating expenses	<u>(28,624)</u>	<u>(21,206)</u>
Operating (loss)/profit	<u>483</u>	<u>(1,031)</u>
Other income/ (expenses)		
Interest income	58	-
Interest expense	(3,683)	(648)
Other finance expenses	(176)	(49)
Other income, net	(140)	(65)
Total other expenses, net	<u>(3,941)</u>	<u>(762)</u>
(Loss)/Profit for the year	<u>(3,458)</u>	<u>(1,793)</u>
Other comprehensive income for the year	-	-
Total comprehensive (loss)/income for the year	<u>(3,458)</u>	<u>(899)</u>

PARADISE GAS CARRIERS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY AS AT
SEPTEMBER 30, 2018 AND 2017

(Expressed in thousands of United States dollars or unless otherwise stated)

	Common Stock	Preferred Stock	Additional Paid-in Capital	Retained earnings	Total
As of January 1, 2017	-	-	71,500	7,537	79,037
Net loss for the year	-	-	-	(5,178)	(5,178)
Capital contributions	-	4,121	-	-	4,121
Dividends	-	-	-	(84)	(84)
As of December 31, 2017	-	-	71,500	2,275	77,896
As of January 1, 2018	-	4,121	71,500	2,275	77,896
Net loss for the year	-	-	-	(3,458)	(3,458)
Capital contributions	-	3,278	-	-	3,278
Dividends	-	-	-	(244)	(244)
As of September 30, 2018	-	7,399	71,500	(1,427)	77,472

PARADISE GAS CARRIERS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS AS AT SEPTEMBER 31, 2018 and 2017
(Expressed in thousands of United States dollars or unless otherwise stated)

	Period ended September 30, 2018	Period ended September 30, 2017
Cash Flows from operating activities:		
Net (loss)/ profit for the year	(3,458)	(1,793)
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	5,433	3,614
Amortization of deferred dry-docking and special survey costs	1,386	1,397
Amortization of deferred financing costs	189	5
(Gain) on sale of vessels	(814)	(493)
Accounts and other receivables	(173)	(2,465)
Prepaid expenses	(1,021)	(529)
Inventories	(155)	(650)
Accrued Revenue	356	-
Insurance and other claims	99	(7)
Net receipts/ (payments) to related parties	(55)	422
Accounts payable	(1,359)	737
Accrued liabilities	1,561	1,308
Payments for dry dock and special survey costs	(1,629)	(357)
Loan to non-related party	(6,670)	-
Loan from related parties	-	2,073
Unearned revenue	(552)	(227)
Other current liabilities	(145)	485
Net cash provided by operating activities	(7,007)	3,520
Cash Flows from investing activities:		
Net cash proceeds from sale of vessel	-	3,953
Payments for vessels under construction	(20,926)	(35,196)
Net cash used in investing activities	(20,926)	(31,243)
Cash flows from financing activities:		
Proceeds from bank borrowings	36,532	30,291
Payments to other borrowings	(500)	(-)
Deferred financing fees paid	(89)	(1,332)
Repayment of bank borrowings	(12,499)	(4,040)
Capital contributions	-	2,838
Proceeds from issuance of preferred shares	3,278	-
Dividends paid	(265)	(67)
Repayment of related parties' loan	(653)	-
Net Cash provided by (used in) financing activities	25,804	27,690
Net (decrease)/increase in cash and cash equivalents	(2,129)	(33)
Cash and cash equivalents, beginning of year	8,752	5,844
Cash and cash equivalents, end of year	6,623	5,811