PARADISE GAS CARRIERS CORP.

Consolidated Financial Statements prepared for the year ended December 31, 2015

These financial statements set out on pages 4 to 29 have been approved by the Board of Directors of Paradise Gas Carriers Corp. on June 6, 2016

Signed on behalf of the Board of Directors

Paradise Gas Carriers Corp
Liberia

Constantinos Tsakiris
President/Director

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Independent Auditor's Report

To the Board of Directors and Shareholders of Paradise Gas Carriers Corp.

We have audited the accompanying consolidated financial statements of Paradise Gas Carriers Corp. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and December 31, 2014 and the related consolidated statements of comprehensive income, changes in members' equity and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Paradise Gas Carriers Corp. and its subsidiaries at December 31, 2015 and December 31, 2014 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers S.A.

June 6, 2016
Athens, Greece

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PARADISE GAS CARRIERS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AS AT DECEMBER 31, 2015 and 2014
(Expressed in thousands of United States dollars or unless otherwise stated)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Operating revenue	17	40,002	22,745
Total operating revenue-net		**40,002**	**22,745**
Operating expenses			
Voyage expenses	19	(1,190)	(5,469)
Vessels' operating expenses	18	(16,099)	(9,247)
Depreciation	5	(5,313)	(3,492)
Amortization of deferred dry-docking and special survey costs	8	(940)	(118)
Commissions		(580)	(845)
Management fees	14	(1,304)	(743)
General and administrative expenses		(301)	(378)
Charter hire expenses	6	(2,509)	-
Gain on sale of vessel	6	392	-
Net operating expenses		**(27,844)**	**(20,292)**
Operating profit		**12,158**	**2,453**
Other income/ (expenses)			
Interest income		2	80
Interest expense		(968)	(594)
Other finance expenses		(501)	(158)
Other expenses/ income, net		38	(278)
Total other expenses, net		**(1,429)**	**(950)**
Profit for the year		**10,729**	**1,503**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**10,729**	**1,503**

The accompanying notes on pages 8 to 29 are an integral part of these consolidated financial statements.

PARADISE GAS CARRIERS CORP.
CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2015 and 2014
(Expressed in thousands of United States dollars or unless otherwise stated)

	Notes	As of December 31, 2015	As of December 31, 2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	15,543	5,941
Trade receivables		4,348	3,566
Inventories	4	740	1,317
Insurance and other claims	9	7	829
Other receivables		581	677
Prepaid expenses		881	365
Total current assets		**22,100**	**12,695**
NON-CURRENT ASSETS			
Vessels, net	5	66,031	87,015
Advances for vessels under construction	7	23,775	4,811
Seller's credit	6	2,000	-
Deferred charges, net	8	4,793	1,867
Total non-current assets		**96,599**	**93,693**
Total assets		**118,699**	**106,388**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	10	1,703	1,383
Accrued liabilities	12	1,091	162
Current portion of long-term debt	11	5,880	5,249
Unearned revenue		717	597
Due to related parties	14	134	1,961
Dividends payable	13	990	-
Loans due to shareholders	11,14	-	14,653
Other current liabilities		-	47
Current portion of deferred gain on sale of vessel	6	659	-
Total current liabilities		**11,174**	**24,052**
LONG-TERM LIABILITIES			
Long-term debt, net of current portion	11	30,025	20,436
Deferred gain on sale of vessel, net of current portion	6	1,581	-
Total long-term liabilities		**31,606**	**20,436**
Total liabilities		**42,780**	**44,488**
Commitments and Contingencies		-	-
SHAREHOLDERS' EQUITY			
Common stock (1,000 common shares, no par value, authorized and issued)		-	-
Additional paid-in capital		68,750	61,500
Retained earnings		7,169	400
Total shareholders' equity		**75,919**	**61,900**
Total liabilities and shareholders' equity		**118,699**	**106,388**

The accompanying notes on pages 8 to 29 are an integral part of these consolidated financial statements.

PARADISE GAS CARRIERS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY
AS OF DECEMBER 31, 2015 and 2014
(Expressed in thousands of United States Dollars unless otherwise stated)

	Common Stock	Additional Paid-in Capital	Retained earnings	Total
As of January 1, 2014	-	**49,000**	**(1,103)**	**47,897**
Net profit for the year	-	-	1,503	**1,503**
Capital contributions	-	12,500	-	**12,500**
As of December 31, 2014	-	**61,500**	**400**	**61,900**
As of January 1, 2015	-	**61,500**	**400**	**61,900**
Net profit for the year	-	-	10,729	**10,729**
Capital contributions	-	7,250	-	**7,250**
Dividends	-	-	(3,960)	**(3,960)**
As of December 31, 2015	-	**68,750**	**7,169**	**75,919**

The accompanying notes on pages 8 to 29 are an integral part of these consolidated financial statements.

PARADISE GAS CARRIERS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014
(Expressed in thousands of United States Dollars unless otherwise stated)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Cash Flows from operating activities			
Net profit for the year		10,729	1,503
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation	5	5,313	3,492
Amortization of deferred dry-docking and special survey costs	8	940	118
Amortization of deferred finance costs	8	164	61
(Gain) on sale of vessels	6	(392)	-
Accounts receivable		(782)	(1,227)
Insurance and other claims		822	(829)
Prepaid expenses		(516)	(327)
Other receivables		97	(658)
Inventories		577	(13)
Seller's credit	6	(2,000)	-
Net (payments to) / receipts from related parties		(1,827)	2,755
Accounts payable		320	645
Accrued liabilities		929	(226)
Payments for dry dock and special survey costs		(5,525)	(1,248)
Unearned revenue		120	597
Deferred gain from sale of vessel		2,240	-
Other current liabilities		(47)	(17)
Net Cash provided by Operating Activities		**11,161**	**4,626**
Cash Flows from investing activities			
Acquisition of vessels	5	-	(52,476)
Net cash proceeds from sale of vessel		17,630	-
Advances for vessels under construction	7	(18,246)	(4,770)
Net Cash used in Investing Activities		**(616)**	**(57,246)**
Cash Flows from Financing Activities:			
Proceeds from bank borrowings		22,000	26,750
Repayment of bank borrowings		(11,780)	(1,065)
Capitalized finance costs		(592)	(36)
Deferred financing fees		(198)	(700)
Capital contributions		7,250	12,500
Dividends paid		(2,970)	-
Repayment of loan due to shareholders		(14,653)	14,653
Net Cash (used in)/provided by Financing Activities		**(943)**	**52,108**
Net Increase/(Decrease) in Cash and Cash Equivalents		**9,602**	**(512)**
Cash and cash equivalents, beginning of year		5,941	6,453
Cash and Cash Equivalents, end of year		**15,543**	**5,941**
Supplemental disclosures of cash flow information			
Cash paid for interest		1,302	539
Non-cash financing activities			
Capitalized finance costs		126	5
Dividends payable		990	-

The accompanying notes on pages 8 to 29 are an integral part of these consolidated financial statements.

(Expressed in thousands of United States Dollars unless otherwise stated)

1. Description of organization and business operations

Paradise Gas Carriers Corp. ("Paradise" or the "Company" and together with its subsidiaries the "Group"), was formed on May 9, 2013, in Monrovia, Liberia and is presently the sole owner of all outstanding shares of the companies (the "Paradise Subsidiaries") listed below.

The Group's vessels operate worldwide, carrying oil and LPG for many of the world's leading charterers. The Company manages its operations from its offices in Athens, Greece.

The Group's principal business is the acquisition and operation of vessels. Paradise conducts its operations through the vessel owning subsidiaries that have as principal activity the ownership and operation of oil tanker and gas carrier vessels that are under the exclusive management of a related party of the Group (refer to Note 14 - Related Party Transactions).

The consolidated financial statements of Paradise Gas Carries Corp include the results of the following companies:

Company	Country of Incorporation	Date of Incorporation	Activity
Paradise Gas Carriers Corp.	Monrovia, Liberia	May 9, 2014	Holding Co
PARGC Investments Ltd [i]	Cyprus	October 13, 2015	Investment Ltd

The consolidated financial statements also include the following vessel-owning subsidiaries, all wholly owned by Paradise Gas Carriers Corp. as of December 31, 2015 and 2014.

Company	Date of Incorporation	% Shareholding	Vessel Name	Vessel Type	Year Built	DWT
Marina Maritime and Trading Ltd	May 8, 2013	100	PGC MARINA	Oil Tanker	2005	72,854
Aratos Maritime Ltd	July 24, 2013	100	PGC ARATOS	Gas Carrier	2003	9,328
Strident Force Maritime Ltd	January 13, 2014	100	PGC STRIDENT FORCE	Gas Carrier	1999	8,485
Darko King Maritime Ltd	January 13, 2014	100	PGC DARKO KING	Gas Carrier	1997	6,666
PST S.A.	July 2, 2014	100	PGC IKAROS[ii]	Oil Tanker	2004	72,000
Aspropyrgos II Maritime Ltd	December 8, 2014	100	ASPROPYRGOS	Oil Tanker	2004	72,000

i) PARGC Investments Ltd was sold on December 30, 2015 (refer to note 14)
ii) PGC Ikaros was sold on May 22, 2015 (refer to note 5).

2. Significant Accounting Policies

Basis of presentation: the accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The reporting and functional currency of the Company is the United States Dollar.

Principles of Consolidation: The accompanying consolidated financial statements represent the consolidation of the accounts of the Company and subsidiaries it controls. The subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. All intercompany balances and transactions are eliminated on consolidation.

Subsidiaries are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition. Costs directly attributable to the acquisition are expensed as incurred. The excess of the cost of acquisition over the fair value of the net tangible and intangible assets acquired and liabilities assumed is recorded as goodwill.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates the estimates and judgments, including those related to uncompleted voyages, future dry-dock dates, the selection of useful lives for tangible assets and scrap value, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for accounts receivables, provisions for legal disputes and contingencies and the valuations estimates inherent in the deconsolidation gain. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions and/or conditions.

Foreign Currency Translation: The functional currency of the Group is the U.S. dollar. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Difference in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are recognized in the accompanying consolidated statement of comprehensive income.

On the balance sheet dates, monetary assets and liabilities denominated in other currencies are translated to reflect the current exchange rates. Resulting gains or losses are reflected in the accompanying consolidated statement of comprehensive income.

Cash and Cash Equivalents: Cash and cash equivalents consist of current, call, and time deposits with original maturity of three months or less which are not restricted for use or withdrawal.

Trade Receivables, net: The amount shown as Trade Receivables at each balance sheet date includes receivables from charterers for hire, freight and demurrage billings, net of a provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the

2. Significant Accounting Policies (continued)

appropriate provision for doubtful accounts. No allowance for doubtful accounts has been taken in any period included in these consolidated financial statements.

Prepaid Expenses and Inventories: Prepaid expenses consist mainly of prepayment of insurance expenses. Inventories, consisting mainly of bunkers, lubricants and provisions remaining on board the vessels at each period end, are valued at the lower of market value or cost as determined using the weighted average cost basis method.

Insurance Claims: Insurance claims consist of claims submitted and/or claims in the process of compilation or submission (claims pending against vessels' insurance underwriters). They are recorded on an accrual basis and represent the claimable expenses, net of applicable deductibles, incurred through December 31 of each reported period, which are expected to be recovered from insurance companies. Any remaining costs to complete the claims are included in accrued liabilities. Insurance claims are included in the balance sheet line item "Insurance and other claims". The classification of insurance claims into current and non-current assets is based on management's expectations as to their collection dates.

Financing Costs: Deferred finance costs includes fees associated with obtaining loan facilities. These costs are amortized over the life of the related debt using the effective interest rate method, and are included in the consolidated balance sheet line item "Deferred Charges, net". The amortization expense associated with deferred financing fees is included in "Other finance expense" on the consolidated Statement of Comprehensive Income.

Vessels' Cost: Vessels are stated at historical cost, which consists of the contract price, delivery and acquisition expenses and capitalized interest costs while under construction. Vessels acquired in an asset acquisition or in a business combination are recorded at fair value. Subsequent expenditures for major improvements and upgrading are capitalized, provided they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Expenditures for routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight line method over the useful life of the vessels, after considering the estimated residual value. Management estimates the residual values of their vessels based on scrap value cost of steel times the weight of the ship noted in light displacement weight (ldt). Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revisions of residual values affect the depreciable amount of the vessels and affects depreciation expense in the period of the revision and future periods.

Up to December 31, 2014, management estimated the salvage value of its vessels at $390 per ldt. Effective January 1, 2015, following management's reassessment of the residual values of the Company's vessels, the estimated salvage value per ldt was decreased to $275. This change increased depreciation expense by $382 and increased gain on sale of vessel PGC Ikaros by $43 for the year ended December 31, 2015.

Management estimates the useful life of the Group's vessels to be 25 years from the vessels' original construction. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective.

Advances for Vessels under Construction: This represents amounts paid by the Group in accordance with the terms of the purchase agreements for the construction of long-lived fixed assets. Interest and finance charges incurred during the construction (until the asset is substantially complete and ready for its intended use) are capitalized.

2. Significant Accounting Policies (continued)

Capitalized Interest Expense: Interest costs are expensed as incurred except for interest costs that are capitalized. Interest costs are capitalized on all qualifying assets that require a period of time to complete for their intended use. Qualifying assets consist of vessels constructed for the Group's own use.

Impairment of Long-lived Assets: Long-lived assets are reviewed periodically for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. Management evaluates the carrying amounts and periods over which long-lived assets are depreciated to determine if events or changes in circumstances have occurred that would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, certain indicators of potential impairment are reviewed such as, undiscounted projected cash flows, vessel sales and purchases, business plans and overall market conditions.

Undiscounted projected net operating cash flows are determined for each asset group (consisting of the individual vessel and the intangible, if any, with respect to the time charter agreement attached to that vessel) and compared to the vessel carrying value and related carrying value of the intangible with respect to the time charter agreement attached to that vessel or the carrying value of deposits for new-buildings, if any. Within the shipping industry, vessels are often bought and sold with a charter attached. The value of the charter may be favorable or unfavorable when comparing the charter rate to then current market rates. The loss recognized either on impairment (or on disposition) will reflect the excess of carrying value over fair value (selling price) for the vessel individual asset group.

As of December 31, 2015 and December 31, 2014, the Group concluded that no events and circumstances triggered the existence of potential impairment of its long-lived assets.

Accounting for Special Survey and Dry-docking Costs: The Group's vessels are subject to regularly scheduled dry-docking and special surveys which are carried out every 30 or 60 months to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained in rare cases and under certain conditions. The costs of dry-docking and special survey are deferred and amortized over the above periods or to the next dry-docking or special survey date if such has been determined. Drydocking and special survey costs are reported in the balance sheet within "Deferred charges, net if special survey or dry-docking is performed prior to the scheduled date, the remaining unamortized balances are immediately written off.

The unamortized portion of special survey and dry-docking costs for vessels sold is included as part of the carrying amount of the vessel in determining the gain / (loss) on sale of the vessel.

Pension and Retirement Benefit Obligations-Crew: The crew on board the companies' vessels serves in such capacity under short-term contracts (usually up to nine months) and accordingly, the vessel-owning companies are not liable for any pension or post-retirement benefits.

Trade payables: Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of the Group's business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Current and Deferred Income Tax: The Group is not liable for corporate income tax, either in the country of incorporation or, in the case of the vessel - owning companies, in the country of the vessel's registration. The Group therefore does not provide for either corporate income tax or for deferred taxation.

2. Significant Accounting Policies (continued)

The Group's vessel owning companies are liable to pay an annual tonnage tax to the tax authorities of the country where the vessels are registered. This tax has been included in vessels' operating expenses.

Effective from 1 January 2013, an annual tonnage tax is also payable to the tax authorities of Greece, which is the country of operation of the Managing Agent of the Group. This tax has been included in vessel's operating expenses.

Provisions and contingencies: The Group, in the ordinary course of its business, is subject to various claims, suits and complaints. The Group will provide for a contingent loss in the financial statements if the contingency has been incurred and the likelihood of loss is deemed to be probable at the date of the financial statements and the amount of the loss can be reasonably estimated. In accordance with the accounting for contingencies, if the Group has determined that the reasonable estimate of the loss is a range and there is no best estimate within the range, the Group will accrue the lower amount of the range. The Group participates in Protection and Indemnity (P&I) insurance coverage plans provided by mutual insurance societies known as P&I clubs. Under the terms of these plans, participants may be required to pay additional premiums to fund operating deficits incurred by the clubs ("deferred calls"). Obligations for deferred calls are accrued annually based on information provided by the clubs regarding supplementary calls.

Provisions for estimated losses on uncompleted voyages and vessels time chartered to others are provided for in the period in which such losses are determined. At December 31, 2015 and 2014, the balance for provision for loss making voyages in progress was nil.

Revenue Recognition: Revenue is recorded when services are rendered, under a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. Revenue is generated from time charters, spot voyage charters and pool arrangements.

Voyage revenues for the transportation of cargo are recognized ratably over the estimated relative transit time of each voyage. Voyage expenses are recognized as incurred. A voyage is deemed to commence when a vessel is available for loading and is deemed to end upon the completion of the discharge of the current cargo. Estimated losses on voyages are provided for in full at the time such losses become evident. Under a voyage charter, a vessel is provided for the transportation of specific goods between specific ports in return for payment of an agreed upon freight per ton of cargo.

Revenues from time chartering of vessels are accounted for as operating leases and are thus recognized on a straight-line basis as the average revenue over the rental periods of such charter agreements, as service is performed. A time charter involves placing a vessel at the charterers' disposal for a period of time during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Under time charters, operating costs such as for crews, maintenance and insurance are typically paid by the owner of the vessel.

Revenues are recorded net of address commissions. Address commissions represent a discount provided directly to the charterers based on a fixed percentage of the agreed upon charter or freight rate. Since address commissions represent a discount (sales incentive) on services rendered by the Company and no identifiable benefit is received in exchange for the consideration provided to the charterer, these commissions are presented as a reduction of revenue.

Pool Revenue:

Revenues and voyage expenses of the vessels operating in pool arrangements are pooled and the resulting net pool revenues, calculated on a time charter equivalent basis, are allocated to the pool participants according to an agreed formula. Formula used to allocate net pool revenues vary among different pools but generally allocate revenues to

2. Significant Accounting Policies (continued)

pool participants on the basis of the number of days a vessel operates in the pool with weighting adjustments made to reflect vessels' differing capacities and performance capabilities. The same revenue and expense principles stated above are applied in determining the pool's net pool revenues. Certain pools are responsible for paying voyage expenses and distribute net pool revenues to the participants.

Certain pools require the participants to pay and account for voyage expenses, and distribute gross pool revenues to the participants such that the participants' resulting net pool revenues are equal to net pool revenues calculated according to the agreed formula. The Group accounts for net pool revenues allocated by these pools as "pool revenues" which are included in revenue in the consolidated statement of comprehensive income.

Under a spot voyage charter the revenues and associated voyage costs are recognized rateably over the estimated relative transit time of each voyage based on the days of voyage completed compared to the estimated voyage time. Revenue is a factor of the weight of the cargo which is known at the time of loading and before the voyage begins. Voyage revenues begin to be recognized at the time the vessel begins loading its cargo and end upon completion of the discharge of the same cargo. Probable losses on voyages are provided for in full at the time such losses can be estimated.

Deferred Revenue: Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as revenue over the voyage or charter period, when the service is provided.

Commissions: Commissions calculated on hires and freights generated from the vessels represent discounts and fees respectively, provided directly to the charterers and brokers based on a fixed percentage of the agreed upon charter or freight rate of the vessels.

General and Administrative Expenses: General and administrative expenses include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and other services.

Vessels Operating Expenses: Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses for repairs and maintenance, the cost of spares and consumable stores, lubricants, exchange differences, crew travelling, provision, communication, tonnage taxes and other miscellaneous expenses related to the operation of the vessel. Aggregate expenses increase as the size of the Group's fleet increases.

Dividends: Dividends are recorded in the Company's financial statements in the period in which they are declared.

Financial Instruments: Financial instruments carried on the balance sheet include trade receivables and payables, other receivables and other liabilities and long term debt. The particular recognition methods applicable to each class of financial instrument are disclosed in the applicable significant policy description of each item, or included below as applicable.

a) Financial risk management: Group's activities expose it to a variety of financial risks including fluctuations in future freight rates, time charter hire rates, and fuel prices, credit and interest rate risk. Risk management is carried out under policies approved by executive management. Guidelines are established for overall risk management, as well as specific areas of operations.

b) Credit risk: The Group closely monitors its exposure to customers and counterparties for credit risk. The Group has entered into the Management Agreement with the Manager, pursuant to which the Manager agreed to provide commercial and technical management services to the Group. When negotiating on behalf of the Group various

2. Significant Accounting Policies (continued)

employment contracts, the Manager has policies in place to ensure that it trades with customers and counterparties with an appropriate credit history. For the year ended December 31, 2015, the Group's customers representing 10% or more of total revenue were Penfield Marine LLC, Gasmare Synergy and Carib LPG Trading Ltd, which accounted for 65%, 14% and 20%, respectively. For the year ended December 31, 2014, the Group 's customers representing 10% or more of total revenue were Penfield Marine LLC, Gasmare Synergy and Carib LPG Trading Ltd, which accounted for 40%, 36% and 23%, respectively.

No other customers accounted for 10% or more of total revenue for any of the years presented.

c) Foreign exchange risk: Foreign currency transactions are translated into the measurement currency rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of operations.

Recent Accounting Pronouncements:

In May 2014, the FASB issued Accounting Standards Update No. 2014-9 "Revenue from Contracts with Customers" ("ASU 2014-09"), which will supersede the current revenue recognition guidance and outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The ASU 2014-09 was amended by ASU 2015-14 "Revenue from Contracts with Customers: Deferral of the Effective Date" ("ASU 2015-014"), which was issued in August 2015. Public entities can now elect to defer implementation of ASU 2014-09 to interim and annual periods beginning after December 15, 2017. Additionally, ASU 2015-14 permits early adoption of the standard but not before the original effective date, i.e. annual periods beginning after December 15, 2016. The standard permits the use of either the retrospective or cumulative effect transition method. The Group is currently evaluating the impact that ASU 2014-09 will have on its consolidated financial statements and associated disclosures, and have not yet selected a transition method.

In February 2015, the FASB issued Accounting Standards Update No. 2015-02, "Consolidation (Topic 810)—Amendments to the Consolidation Analysis", ("ASU 2015-02"). ASU 2015-02 amends the criteria for determining which entities are considered variable interest entities ("VIEs"), amends the criteria for determining if a service provider possesses a variable interest in a VIE and ends the deferral granted to investment companies for application of the VIE consolidation model. The ASU is effective for interim and annual periods beginning after December 15, 2015. Early application is permitted. The Group does not expect the adoption of this ASU to have a material impact on the Company's results of operations, financial position or cash flows.

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. The amendments are effective for annual periods ending after December 15, 2015, and interim periods within annual periods beginning after December 15, 2015. Early application is permitted. The Group is not early adopting this standard. After its adoption in 2016, this change will result in a reclassification of $0.535 million from Deferred Charges, net to Long-term debt in the consolidated balance sheet as of December 31, 2015.

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2. Significant Accounting Policies (continued)

Additionally, amortization of deferred finance costs amounting to $0,290 million will be reclassified from Other Finance Expenses to Interest expense in the consolidated Statements of Comprehensive Income for the year ended December 31, 2015.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). ASU 2016-01 requires all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under equity method of accounting or those that result in consolidation of the investee).The amendments in this Update also require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. In addition the amendments in this Update eliminate the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities and the requirement to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet for public business entities. The amendments are effective for annual periods ending after December 15, 2017, including interim periods within those fiscal years. Early application is not permitted. The Group is currently evaluating the new guidance to determine the impact it will have on its consolidated financial statements and notes disclosures.

3. Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash at bank	15,543	5,941
	15,543	**5,941**

4. Inventories

	December 31, 2015	December 31, 2014
Bunkers	-	480
Lubricants	484	502
Stores	257	335
	740	**1,317**

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5. Vessels

	Vessels' Cost	Accumulated Depreciation	Net Book Value
January 1, 2014	**38,595**	**(564)**	**38,031**
Additions	52,476	-	52,476
Depreciation	-	(3,492)	(3,492)
December 31, 2014	**91,071**	**(4,056)**	**87,015**
January 1, 2015	**91,071**	**(4,056)**	**87,015**
Additions	-	-	-
Disposals (cost)	(16,039)	-	(16,039)
Disposals (Accumulated dep'n)	-	368	368
Depreciation	-	(5,313)	(5,313)
December 31, 2015	**75,032**	**(9,001)**	**66,031**

The scrap value of the Group's vessels was determined by multiplying their light displacement weight (ldt) by an estimated price for scrap of $275 per ldt.

(i) Sale of vessel

On May 22, 2015, the Group sold the PGC Ikaros to Crude Tankers I AS, a third party, for an aggregate sale price of $20,200. Refer to Note 6, "Sale and lease back".

(ii) Acquisition of vessels

On March 12, 2014, the Group acquired the vessel Strident Force, following a Memorandum of Agreement ("MoA") signed between the Group and Newmarket Shipping Ltd. dated January 13, 2014, for a gross consideration of $12,000. An address commission of 0.5% was recorded as a discount on the cost of vessel.

On March 17, 2014, the Group acquired the vessel Darko King, following a Memorandum of Agreement ("MoA") signed between the Group and Aintree Shipping Limited dated January 13, 2014, for a gross consideration of $6,500. An address commission of 0.5% was recorded as a discount on the cost of vessel.

On December 18, 2014, the Group acquired the vessel Aspropyrgos, following a Memorandum of Agreement ("MoA") signed between the Group and Apropyrgos Maritime Ltd., a related party entity with common shareholders, dated December 10, 2014, for a consideration of $17,470.

On December 18, 2014, the Group acquired the vessel Stena Chronos, following a Memorandum of Agreement ("MoA") signed between the Group and Ikaros Maritime Ltd., a related party entity under common shareholders, dated on December 10, 2014, for a consideration of $16,070. Upon its delivery, the vessel was renamed to Ikaros.

(Expressed in thousands of United States Dollars unless otherwise stated)

6. Sale and lease back

On May 22, 2015, the Group (seller/lessee) entered into a sale transaction for the M/V Ikaros with Crude Tankers I AS (buyer/lessor) an unrelated third party. More specifically, the Group sold the vessel, for an aggregate sale price of $20,200, resulting in a gain of $2,632.

On the same date, the Group leased back the vessel under a bareboat charter agreement (lease) for a period of 4 years, with no option to renew the lease after that date. The transaction does not meet the criteria of ASC 840 for the recognition of a finance lease and therefore the lease has been classified as an operating lease.

Based on the memorandum of agreement an amount equal to $2,000 (from the total sale price of $20,200) will remain unpaid to the Group until the end of the bareboat agreement in May 2019. This seller's credit represents a guarantee, effectively providing security to the buyer/lessor for the Group's obligations under the bareboat charter agreement. The amount has been classified as a long term receivable in the Balance Sheet as at December 31, 2015.

On the vessel's delivery date, the Group received the purchase price less the amount of the seller's credit and the first instalment of charter hire.

The gain resulting from the transaction comprises of:

	2015
Proceeds from sale of vessel	**20,200**
Less: Commissions paid and other sale expenses	(330)
Net proceeds from sale of vessel	**19,870**
Cost of vessel sold	16,039
Accumulated depreciation of vessel sold	(368)
Net book amount at the date of sale	**15,671**
Special survey written-off	**1,567**
Total gain on sale of vessel	**2,632**
Deferred gain	2,240
Gain on sale of vessel	392
Total gain on sale of vessel	**2,632**

Based on the provisions of ASC 840, the gain of $2,632 resulting from the sale has been deferred and will be recognized over the bareboat charter period based on the lease payments. For the year ended December 31, 2015, an amount of $392 has been recognized in the consolidated statement of comprehensive income and the remaining amount of $2,240 has been classified as Deferred gain in the balance sheet and will be recognized over the remaining bareboat charter period.

The bareboat charter hire per day is $7,5 and is payable in advance. Under certain conditions, the vessel owner has the right to participate in a profit sharing arrangement, should the vessel be chartered out at rates above a certain floor rate. The profit sharing amount (if any) will be payable in the 2nd and 4th anniversary of the lease agreement.

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6. Sale and lease back (cont'd)

During the year ended December 31, 2015, an amount of $2,509 was recognized as an expense in the consolidated statement of comprehensive income representing the charter hire paid by the Group amounting to $1,631 plus a profit sharing cost amounting to $878.

7. Vessels under construction

	December 31, 2015	December 31, 2014
Opening balance	**4,811**	-
Payments under contracts	18,246	4,770
Capitalized finance costs	718	41
Closing balance	**23,775**	**4,811**

The Group contracted in 2015 with Kyokuyo Shipyard Corporation for the construction of two gas carrier type vessels (Hull No's S532 and S533) which are expected to be delivered to the Group during 2017. The total contract price is $28,568 for each vessel.

The Group contracted in 2014 with Kyokuyo Shipyard Corporation for the construction of two gas carrier type vessels (Hulls No's S529 and S530) which are expected to be delivered to the Group during 2017. The total contract price is $24,100 for each vessel.

During the year, the Group has capitalized borrowing costs amounting to $718 on vessels under construction.

8. Deferred charges, net

	Dry-dockings and Special Surveys	Financing and other costs	Total deferred charges
As of January 1, 2014	-	-	-
Additions	1,358	700	**2,058**
Amortization	(118)	(73)	**(191)**
As of December 31, 2014	**1,240**	**627**	**1,867**
Additions	5,525	198	**5,723**
Written-off amounts	(1,567)	-	**(1,567)**
Amortization	(940)	(290)	**(1,230)**
As of December 31, 2015	**4,258**	**535**	**4,793**

9. Insurance and other claims

As of December 31, 2014 the claim receivable related mainly to main engine damage to the vessel Strident Force. The balance has been settled during 2015.

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10. Accounts Payable

Accounts payable comprise of the following:

	December 31, 2015	December 31, 2014
Suppliers	1,418	1,306
Brokers	11	-
Agents	213	77
Other	61	-
	1,703	**1,383**

11. Borrowings

Loan	As of December 31, 2015	Current Portion	Long-term Portion	As of December 31, 2014	Current Portion	Long-term Portion
A	**9,055**	2,130	6,925	**16,685**	2,649	14,036
B	**5,750**	1,950	3,800	**9,000**	2,600	6,400
C	**21,100**	1,800	19,300	-	-	-
	35,905	**5,880**	**30,025**	**25,685**	**5,249**	**20,436**

Loans

A) On February 14, 2014, two vessel owning companies of the Group (Marina Maritime and Trading Ltd and Aratos Maritime Ltd) entered jointly and severally into a loan agreement with DVB Bank SE, for a loan facility amounting up to $35,250, in order to partly finance the acquisition cost of the already acquired vessels (PGC Marina and PGC Aratos) and the vessel SYN Antares, which was to be acquired in 2014. On May 14, 2014 under a cancellation note, the Group cancelled tranche C of the loan facility amounting to $17,500 in relation to the acquisition of the vessel SYN Antares, as the Group did not manage to reach an agreement with the seller. During the year ended December 31, 2014, the Group drew down an amount of $17,750. During June, 2015 the Group fully repaid PGC Marina's outstanding loan. As at December 31, 2015, the outstanding balance of the loan amounted to $9,055 (2014: $16,685).

The loan bears interest at 3.55% over Libor.

B) On December 4, 2014, two vessel owning companies of the Group (Darko King Maritime Ltd. and Strident Force Maritime Ltd.) entered jointly and severally into a loan agreement with Aegean Baltic Bank S.A., for a loan facility amounting up to $9,000, in order to refinance shareholders' loans incurred in connection with the acquisition of the companies' vessels (Darko King and Strident Force) up to an amount equal to 55% of the aggregate market values of the vessels. During the year ended December 31, 2014, the Group fully drew down the loan facility. As at December 31, 2015, the outstanding balance of the loan amounted to $5,750 (2014: $9,000).

The loan bears interest at 4,75% over Libor.

11. Borrowings (cont'd)

C) On March 27, 2015, two vessel owning companies of the Group (Aspropyrgos II Maritime Ltd. and PST S.A) entered jointly and severally into a loan agreement with HSBC Bank plc, for a loan facility amounting to $22,000, in order to refinance part of the acquisition cost of the already acquired vessels (Aspropyrgos and PGC Ikaros). On June 23, 2015 and following the amending and restating of the loan agreement, PST S.A was substituted by Marina Maritime and Trading Ltd. During the year ended December 31, 2015, the Group fully drew down the loan facility. As at 31 December, 2015, the outstanding balance of the loan amounted to $21,100.

The loan bears interest at 3,1% over Libor.

Loan A

Loan A is collateralized by a Corporate Guarantee of Paradise Gas Carriers Corp..

The debt agreement includes positive and negative covenants, the most significant of which are:

- Minimum Liquidity Amount in an Earnings Account of a credit balance no less than $750,000 for each borrower.
- Dry-dock Amount of $700,000 and $250,000 for the vessels Marina and Aratos respectively in a Dry-dock Account. This covenant will be applied during June 2018 in respect of the vessel Marina and during August 2018 in respect of the vessel Aratos.
- Restriction of the borrowers from disposing of the vessels, incurring further indebtedness, pledging the Lenders' credit, being members of VAT group, changing the legal ownership of their shares, issuing, allotting or granting any person a right to any shares in their capital or repurchasing or reducing their issued share capital.
- Minimum required security cover applies if :
  (a) the aggregate Market Value of the Mortgaged Ships; plus
  (b) the net realizable value of any additional security previously provided
  is below the Relevant Percentage of the Loan (equal to 135% for the period commencing on the first Drawdown Date and ending on the date falling on the second anniversary thereof and 145% at all times thereafter) , less any cash pledged to the bank which has been provided by way of additional security at the relevant time.

Loan B

Loan B is collateralized by a Corporate Guarantee of Paradise Gas Carriers Corp..

The debt agreement includes positive and negative covenants, the most significant of which are:

- The borrowers are restricted from incurring further indebtedness, making any loans or advances, declaring or paying any dividends or other distribution upon any of the issued shares and disposing of the vessels, without the prior written consent of the Lenders.
- The borrowers shall maintain business and legal structure, shall not change ownership, not merge or consolidate with any other company or person, not form or acquire any subsidiaries, not purchase or otherwise acquire for value any shares of its capital or distribute any of its present or future assets, undertakings, rights or revenues to any of its shareholders, not transfer, sell or otherwise dispose of assets or rights without the prior written consent of the Lenders, not allow any part of property, assets or rights to be mortgaged, charged, pledged without the prior written consent of the Lenders.
- The Borrowers shall ensure and procure that the Security Value (the aggregate of the Market Values of the Mortgaged Vessels and the market value of any additional security) is at least equal to the Security Requirement (the amount in Dollars which, at any relevant time during the Security Period, is equal to the 150% of

(Expressed in thousands of United States Dollars unless otherwise stated)

11. Borrowings (cont'd)

the Loan) and if at any such time the Security Value is less than the Security Requirement, the Lenders may give notice to the Borrowers requiring that such deficiency be remedied.

- Each Borrower shall procure that the Earnings of the Vessels shall be paid to the relevant Earnings Account free from Encumbrances. Unless and until an Event of Default shall occur, no monies shall be withdrawn from the Earnings Account save as hereinafter provided: (i) first: in payment of any and all sums whatsoever due and payable to the creditors, (ii) second: during each month of the Security Period, the Borrowers shall cause to be transferred from the Earnings Accounts to the Retention Account of the aggregate amount of the Earnings of the Vessels received in the Earnings Account during the preceding month: a) one third (1/3rd) of the amount of the Repayment Instalment falling due for payment on the next following Repayment Date; and b) the relevant fraction of the amount of interest on the Loan falling due on the next due date for payment of interest under this Agreement.
- The financial condition of the Corporate Guarantor, on a consolidated basis, shall be that:
  (a) the ratio of Total Liabilities to Market Value Adjusted Total Assets shall not exceed 0.65:1;
  (b) the aggregate of all Cash and Cash Equivalents shall not be less than fifty percent (50%) of the Debt Service due in the succeeding annual period.

Loan C

Loan C is collateralized by a Corporate Guarantee of Paradise Gas Carriers Corp..

The debt agreement includes positive and negative covenants, the most significant of which are:

- The borrowers shall procure that the Guarantor shall at all times during a Security Period maintain:
  a) leverage which does not exceed 70%
  b) minimum cash at the consolidated balance sheet of the Guarantor exceeding the amount of $750 per fleet vessel.
  c) at all times, a minimum liquidity in the Borrowers and/or Guarantor's accounts with the lender free of Security equal to the aggregate amount of $1,800.
- The Borrowers shall ensure and procure that the Security Value (the aggregate of the Market Values of the Mortgaged Vessels and the market value of any additional security) is at least equal to the Security Requirement (the amount in Dollars which, at any relevant time during the Security Period, is below 130% of the Loan) and if at any such time the Security Value is less than the Security Requirement, the Lenders may give notice to the Borrowers requiring that such deficiency be remedied.

Repayment Terms

The annual repayments of the above loan facilities as of 31 December 2015 are as follows:

Year	31/12/2015
2016	5,880
2017	7,730
2018	3,930
2019	3,930
2020	14,435
	35,905

(Expressed in thousands of United States Dollars unless otherwise stated)

11. Borrowings (cont'd)

D) Loans due to shareholders

In December 2014, four loan facilities amounting to $7,500, $3,000, $4,000 and $153 were advanced to the Group by Mr. Vasilopoulos (one of the Group's shareholders), AF Finance Corp., KFK Holding Inc. and NRS Shipping respectively, in order to facilitate the Group's liquidity and cash flow. AF Finance Corp., KFK Holding Inc. and NRS Shipping are related party entities with common shareholders. The loans bear interest at 4.5% per annum and are repayable latest by March 31, 2015.

During 2015, the Group fully repaid its outstanding shareholder's loans.

12. Accrued Liabilities

Accrued liabilities consist of the following:

	December 31, 2015	December 31, 2014
Accrued commissions	6	14
Accrued interest and finance cost	191	85
Accrued operating expenses	16	28
Accrued interest on shareholders' loan	-	35
Accrued profit share expense	878	-
	1091	**162**

13. Dividends Payable

During 2015, the Board of Directors declared dividends amounting to $3,960. As at December 31, 2015, an amount of $990 was declared but not paid. This amount was settled during 2016.

14. Related Party Transactions

a) *Technical Management Services*

Pursuant to a ship management agreement between each of the vessel owning companies and Paradise Navigation S.A. (the "Technical Manager") acts as the fleet's technical manager responsible for (i) recruiting qualified officers and crews, (ii) managing day to day vessel operations and relationships with charterers, (iii) purchasing of stores, supplies and new equipment for the vessels, (iv) performing general vessel maintenance, reconditioning and repair, including commissioning and supervision of shipyards and subcontractors of dry-dock facilities required for such work, (v) ensuring regulatory and classification society compliance, (vi) performing operational budgeting and evaluation, (vii) arranging financing for vessels and (viii) providing accounting, treasury and finance services, (ix) supervising the sale and physical delivery of the Vessel under the sale agreement, (x) arranging for the sampling and testing of bunkers, (xi) arranging crew insurances and (xii) providing information technology software and hardware in support of the Group's processes.

For the services rendered during 2015, the Technical Manager charged the Group's vessels management fees of $1,304 (2014: $743).

b) *Commercial Management Services*

The Company has employed Paradise Navigation S.A. to act as the "Commercial Manager" for its vessels. The Commercial Manager charges a commission of 1.25% on all time-charter hire, voyage freight, dead freight, demurrage, pool revenue and any other income earned by the vessels. For the services rendered during 2015, the Commercial Manager charged the Group's vessels fees of $497 (2014: $206).

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14. Related Party Transactions (cont'd)

c) Due to related parties

Due to related parties includes balances outstanding with the Technical and Commercial manager and other related parties that consist of ship-owning companies and other companies under common shareholders.

	December 31, 2015	December 31, 2014
Due to related parties		
Paradise Navigation SA	134	714
Ikaros Maritime Ltd	-	629
Aspropyrgos Maritime Limited	-	619
	134	**1,962**

The balance outstanding as at December 31, 2015, as due to Paradise Navigation S.A. represents mainly outstanding amounts relating to the December management fees. The balance outstanding as at December 31, 2014, represents payments made by Paradise Navigation S.A on behalf of the Group during the normal course of the vessels' operations. The balance bears no interest and is deemed payable on demand.

The balance outstanding as at December 31, 2014, as due to Ikaros Maritime Ltd (ex. vessel owning company of M/T Ikaros) and Aspropyrgos Maritime Ltd (ex. vessel owning company of M/T Aspropyrgos) derives from unpaid bunkers and lubricants on board upon the delivery of the vessels to the Group. These amounts were fully repaid during 2015.

d) Loans due to shareholders

	December 31, 2015	December 31, 2014
Loans due to shareholders		
Vasilopoulos	-	7,500
AF Finance Corp.	-	3,000
KFK Holding Inc.	-	4,000
NRS Shipping	-	153
	-	**14,653**

During 2014, loans were advanced to the Group by Mr Vasilopoulos, AF Finance Corp., KFK Holding Inc. and NRS Shipping amounting to $14,653 in total. Refer to note 12 for further details. During 2015, the Group fully repaid the outstanding shareholders' loan.

e) PARGC Investments Ltd.

PARGC Investments Ltd was formed during October 2015. The Company remained dormant during the year. On December 30, 2015 the Company's shares were transferred to a related party entity at nil par value.

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15. Taxes

The Company is not liable for corporate income tax, either in the country of incorporation or in the country of the vessel's registration. The Company therefore does not provide either for corporate income tax or for deferred taxation.

An annual tonnage tax is payable to the tax authorities of the country where the vessel is registered. Effective from January 1, 2013 and pursuant to Law 4110/2013, an annual tonnage tax is also payable to the tax authorities of Greece where the management company has its offices established under article 25 of law 27/1975. This tax is calculated based on the same criteria, rates and scales applicable to vessels registered under the Greek flag pursuant to article 13 of LD 2687/1953. Any equivalent taxes or duties paid to the state of the vessels' registration are set off against the Greek tonnage tax. These taxes have been included in vessel operating expenses in the accompanying consolidated statement of comprehensive income.

16. Financial Instruments

Fair Value of Financial Instruments:

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents: The carrying amounts reported in the consolidated balance sheets for interest bearing deposits approximate their fair value because of the short maturity of these investments.

Seller's credit: The carrying amount reported in the consolidated balance sheets for seller's credit guarantee approximate its fair value.

Due from / to related parties and Loans due to shareholders: The carrying amounts of due from / to related parties and loans due to shareholders reported in the consolidated balance sheets approximate their fair value due to the short-term nature of these amounts.

Long-term debt: The carrying amounts of the floating rate loans approximates their fair value due to their variable interest rates.

The following table presents the carrying amounts and estimated fair values of the Group's financial instruments at December 31, 2015 and 2014.

	December 31, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and cash equivalents	15,543	15,543	5,941	5,941
Seller's credit	2,000	2,000	-	-
Liabilities				
Amounts due to related parties	134	134	1,961	1,961
Loans due to shareholders	-	-	14,653	14,653
Long-term debt	35,915	35,915	25,685	25,685

(Expressed in thousands of United States Dollars unless otherwise stated)

16. Financial Instruments (cont'd)

Fair value Hierarchy

The estimated fair value of the financial instruments that are not measured at fair value on a recurring basis, categorized based upon the fair value hierarchy, are as follows:

Level I: Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets that have the ability to be accessed. Valuation of these items does not entail a significant amount of judgment.

Level II: Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.

Level III: Inputs that are unobservable. The Group did not use any Level III inputs as of December 31, 2015.

Fair value December 31, 2015

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	15,543	15,543	-	-
Seller's credit	2,000	-	2,000	-
Long-term debt	35,915	-	35,925	-

Fair value December 31, 2014

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	5,941	5,941	-	-
Long-term debt	25,685	-	25,685	-

The fair value of the Group's long-term debt is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities as well as taking into account the Group's creditworthiness.

17. Operating Revenue

The future minimum revenue, expected to be earned on non-cancellable time charters consisted of the following as at December 31, 2015

	2015
2016	7,215
Later than 1 year and no later than 5 years	-
	7,215

Revenues from time charters are not generally received when a vessel is off-hire, including time required for normal periodical maintenance of the vessel. In arriving at the minimum future charter revenues, an estimated time of off-hire to perform periodic maintenance on each vessel has been deducted, although there is no assurance that such estimate will be reflective of the actual off-hire in the future. The off-hire assumptions used relate mainly to drydocking and special survey maintenance carried out approximately every 2.5 years and 5 years respectively.

(Expressed in thousands of United States Dollars unless otherwise stated)

17. Operating Revenue (cont'd)

Revenue from significant customers/revenue streams (constituting more than 10% of total revenue), are as follows:

	January 1, 2015 to December 31, 2015	January 1, 2014 to December 31, 2014
Time charter hires	39,294	5,461
Voyages	744	15,458
Pool revenue	(36)	1,826
	40,002	**22,745**

Operating revenue from significant customers (constituting more that 10% of total revenue) for the year ended December 31, was as follows:

Charterer	January 1, 2015 to December 31, 2015	January 1, 2014 to December 31, 2014
Penfield Marine LLC	65%	40%
Gasmare Synergy	14%	36%
Carib LPG Trading Ltd	20%	23%

18. Vessels' Operating Expenses

	January 1, 2015 to December 31, 2015	January 1, 2014 to December 31, 2014
Wages	7,229	4,353
Victualling	665	328
Insurances	1,314	647
Lubricants	985	487
Repairs & Maintenance	3,188	1,996
Components & Spares	1,434	728
Tonnage tax	73	28
Crew travelling & other expenses	852	453
Water & Laundry	10	19
Other expenses	349	208
	16,099	**9,247**

(Expressed in thousands of United States Dollars unless otherwise stated)

19. Voyage Expenses

	January 1, 2015 to December 31, 2015	January 1, 2014 to December 31, 2014
Bunkers	401	3,676
Port expenses	633	1,679
Agency fees	131	67
Other voyage expenses	25	46
	1,190	**5,468**

20. Commitments and Contingencies

Commitments

a) Outstanding capital commitments under shipbuilding contracts are as follows:

Yard	Hull No	Contract price	Amounts paid	Outstanding commitments 31.12.2015
Kyokuyo Shipyard Corporation	S530	24,100	5,963	18,137
Kyokuyo Shipyard Corporation	S529	24,100	5,963	18,137
Kyokuyo Shipyard Corporation	S532	28,568	5,545	23,023
Kyokuyo Shipyard Corporation	S533	28,568	5,545	23,023
		105,336	**23,016**	**82,320**

The amount of $82,320 representing the total outstanding capital commitments of the Group as at 31 December 2015 are payable as follows:

2016	10,495
2017	71,825
Total	**82,320**

As at December 31, 2015 the Group had no other outstanding capital commitments.

Yard	Hull No	Contract price	Amounts paid	Outstanding commitments 31.12.2014
Kyokuyo Shipyard Corporation	S530	24,100	2,385	21,715
Kyokuyo Shipyard Corporation	S529	24,100	2,385	21,715
		48,200	**4,770**	**43,430**

(Expressed in thousands of United States Dollars unless otherwise stated)

20. Commitments and Contingencies (cont'd)

The amount of $43,430 representing the total outstanding capital commitments of the Group as at 31 December 2014 were payable as follows:

2015	7,155
2016	4,770
2017	31,505
Total	**43,430**

b) Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases (charter in) are as follows:

	2015
No later than 1 year	2,745
Later than 1 year and no later than 5 years	6,589
	9,334

As at December 31, 2014 the Group had no other outstanding or other capital commitments.

Contingencies

Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Group's vessels.

As at December 31, 2015, a writ has been filed with Piraeus City Court by ETEKA S.A (the "Claimant") against Aratos Maritime Ltd (the "Owners") being the owner of vessel PGC Aratos. The Claimant is a bunkering company alleging to have as having a claim arising from the provision of bunkers to the vessel PGC Aratos. The Owners had never contracted with the claimant but with the Trading Company called OW Bunker Ltd of Malta and the value of such bunkers have been properly settled and therefore the claim as filed is unfounded.
The hearing of the case has been determined for September 27, 2016, and the Owners intend to defend same rejecting any liability whatsoever as a successful out-of-court settlement has been reached with the aforesaid Trading Company in full and final settlement, and therefore the Group anticipate a favorable outcome.

As at December 31, 2015 a dispute between Aratos Maritime Ltd and Cafiero Mattioli Finanziaria di ml Cafiero arising under a memorandum of agreement (the "MOA") between the same dated August 5, 2013 for the sale and purchase of a Liquid Ethylene Gas Carrier. Aratos Maritime Ltd are Claimants/Buyers (the "Buyers") and Cafiero Mattioli Finanziaria di ml Cafiero are Respondents/Sellers (the "Sellers").
The dispute relates to the Buyers' claim for damages in the sum of $313, the $208 plus interest and costs, arising out of Sellers' alleged breach of the MOA and/or misrepresentation. Buyers are alleging, amongst other things, that Sellers' in breach of contract failed to deliver to Buyers a vessel that was capable of carrying ethylene. This dispute has been referred to arbitration in London and is at the pleadings stage, with Buyers currently preparing their Reply to Seller's Defence Submissions.

21. Subsequent Events

The following events and transactions occurred after the balance sheet date and were evaluated up to June 6, 2016, being the date these consolidated financial statements were available to be issued:

1. In 2016 the shareholders completed the increase of share capital amounting to $5,500.

2. On April 21, 2016, Paradise Gas Carriers Corp. entered into a new loan facility with DVB Bank amounting to $67,000 in order to partly finance the four new buildings LPG Carriers currently under construction at Kyokuyo Shipyard Corporation.