SJW CORP
Form 10-Q
August 06, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2010

Commission file number 1-8966

SJW Corp.

(Exact name of registrant as specified in its charter)

California	**77-0066628**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
110 West Taylor Street, San Jose, CA	**95110**
(Address of principal executive offices)	**(Zip Code)**

408-279-7800

(Registrant s telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, non-accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (check one)

Large accelerated filer ¨	Accelerated filer x	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No x

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of July 22, 2010, there were 18,528,554 shares of the registrant s Common Stock outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SJW Corp. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

AND COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

(in thousands, except share and per share data)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2010	**2009**	**2010**	**2009**
OPERATING REVENUE	$ 54,128	58,194	$ 94,539	98,215
OPERATING EXPENSE:				
Operation:				
Purchased water	11,335	12,601	17,154	20,390
Power	1,584	1,817	2,728	2,577
Groundwater extraction charges	6,238	9,480	11,233	14,532
Total production costs	19,157	23,898	31,115	37,499
Administrative and general	6,683	6,897	13,741	14,027
Other	4,524	4,547	8,992	8,524
Maintenance	3,289	3,216	6,065	6,132
Property taxes and other non-income taxes	2,060	2,392	3,763	4,682
Depreciation and amortization	7,070	6,238	14,181	12,789
Income taxes	3,101	2,975	3,783	3,076
Total operating expense	45,884	50,163	81,640	86,729
OPERATING INCOME	8,244	8,031	12,899	11,486
OTHER (EXPENSE) INCOME:				
Interest on senior notes	(3,636)	(3,488)	(7,258)	(6,747)
Mortgage and other interest expense	(569)	(500)	(1,069)	(1,029)
Dividends	327	325	654	649
Other, net	150	50	275	175
NET INCOME	4,516	4,418	5,501	4,534
Other comprehensive loss:				
Unrealized loss on investment	(2,101)	(5,522)	(1,232)	(10,549)
Less: income taxes related to other comprehensive loss	861	2,264	505	4,325
Other comprehensive loss, net	(1,240)	(3,258)	(727)	(6,224)
COMPREHENSIVE INCOME (LOSS)	$ 3,276	1,160	$ 4,774	(1,690)
EARNINGS PER SHARE				

Basic	$	0.24	0.24	$	0.29	0.25
Diluted	$	0.24	0.23	$	0.29	0.24
DIVIDENDS PER SHARE	$	0.17	0.17	$	0.34	0.33
WEIGHTED AVERAGE SHARES OUTSTANDING						
Basic		18,528,497	18,482,670		18,523,794	18,476,307
Diluted		18,740,662	18,670,057		18,731,104	18,664,299

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

SJW Corp. and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(in thousands, except share and per share data)

	JUNE 30, 2010	DECEMBER 31, 2009
ASSETS		
Utility plant:		
Land	$ 8,563	8,558
Depreciable plant and equipment	946,512	913,071
Construction in progress	24,807	11,119
Intangible assets	13,092	11,278
	992,974	944,026
Less accumulated depreciation and amortization	309,914	298,921
	683,060	645,105
Real estate investment	88,000	88,000
Less accumulated depreciation and amortization	8,027	7,188
	79,973	80,812
CURRENT ASSETS:		
Cash and cash equivalents	3,495	1,416
Restricted cash	27,733	
Accounts receivable:		
Customers, net of allowances for uncollectible accounts	13,758	10,892
Other	577	677
Accrued unbilled utility revenue	16,577	12,435
Materials and supplies	988	994
Prepaid expenses	1,320	1,596
	64,448	28,010
OTHER ASSETS:		
Investment in California Water Service Group	39,268	40,500
Debt issuance costs and broker fees, net of accumulated amortization	3,783	3,098
Regulatory assets	78,274	78,525
Other	4,174	2,424
	125,499	124,547
	$ 952,980	878,474

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

SJW Corp. and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(in thousands, except share and per share data)

	JUNE 30, 2010	DECEMBER 31, 2009
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Shareholders equity:		
Common stock, $0.521 par value; authorized 36,000,000 shares; issued and outstanding 18,528,554 shares on June 30, 2010 and 18,499,602 on December 31, 2009	$ 9,650	9,635
Additional paid-in capital	22,646	22,046
Retained earnings	207,028	207,888
Accumulated other comprehensive income	12,460	13,187
Total shareholders equity	251,784	252,756
Long-term debt, less current portion	296,295	246,879
	548,079	499,635
CURRENT LIABILITIES:		
Line of credit	11,850	5,800
Current portion of long-term debt	1,108	1,081
Accrued groundwater extraction charges and purchased water	7,634	4,496
Purchased power	913	486
Accounts payable	17,965	6,562
Accrued interest	5,129	4,979
Accrued property taxes and other non-income taxes	725	1,481
Accrued payroll	3,479	2,412
Income tax payable	1,911	728
Other current liabilities	4,300	3,933
	55,014	31,958
DEFERRED INCOME TAXES	101,119	100,766
UNAMORTIZED INVESTMENT TAX CREDITS	1,585	1,615
ADVANCES FOR CONSTRUCTION	68,396	69,086
CONTRIBUTIONS IN AID OF CONSTRUCTION	122,026	121,420
DEFERRED REVENUE	1,117	1,179
POSTRETIREMENT BENEFIT PLANS	49,892	47,484
OTHER NONCURRENT LIABILITIES	5,752	5,331
COMMITMENTS AND CONTINGENCIES		
	$ 952,980	878,474

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

SJW Corp. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in thousands)

	SIX MONTHS ENDED JUNE 30, 2010	2009
OPERATING ACTIVITIES:		
Net income	$ 5,501	4,534
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,181	12,789
Deferred income taxes	614	4,514
Share-based compensation	423	446
Changes in operating assets and liabilities:		
Accounts receivable and accrued unbilled utility revenue	(6,908)	(6,106)
Accounts payable, purchased power and other current liabilities	691	1,756
Accrued groundwater extraction charges and purchased water	3,138	2,856
Accrued taxes	449	(1,391)
Accrued interest	150	417
Accrued payroll	1,067	(14)
Postretirement benefits	2,689	2,218
Other changes, net	162	303
NET CASH PROVIDED BY OPERATING ACTIVITIES	22,157	22,322
INVESTING ACTIVITIES:		
Additions to utility plant:		
Company-funded	(38,507)	(22,163)
Contributions in aid of construction	(1,695)	(3,985)
Payments for business acquisition	(2,577)	(3,720)
Cost to retire utility plant, net of salvage	(196)	(125)
NET CASH USED IN INVESTING ACTIVITIES	(42,975)	(29,993)
FINANCING ACTIVITIES:		
Borrowings from line of credit	30,850	8,300
Repayments of line of credit	(24,800)	(23,700)
Long-term borrowings	22,267	

Vessels, net	1,619,392,122	1,667,224,476
Other fixed assets, net	386,288	591,288
Total fixed assets	1,619,778,410	1,667,815,764
Other non-current assets		
Deferred charges, net	1,886,686	294,935
Derivative instruments	4,961,435	—
Due from related parties—non-current	19,800,000	17,600,000
Restricted cash	50,812,789	50,812,789
Other non-current assets	93,417	95,271
Total assets	$ 1,760,213,403	$ 1,842,178,176
Liabilities and shareholders' equity		
Current liabilities		

Trade accounts payable	$ 5,699,438	$ 6,826,503
Accrued expenses	5,756,643	9,721,477
Due to related parties	556,364	708,210
Deferred income	8,110,293	4,606,540
Current portion of long-term debt	65,978,786	66,265,643
Total current liabilities	86,101,524	88,128,373
Long-term liabilities		
Long-term debt—net of current portion and deferred financing fees	700,715,644	746,354,613
Derivative instruments	69,750	21,647,965
Other long-term liabilities	427,008	447,988
Total long-term liabilities	701,212,402	768,450,566
Total liabilities	787,313,926	856,578,939
Commitments and contingencies		
Shareholders' equity		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, none issued nor outstanding	—	—
Common stock, $0.01 par value, 450,000,000 shares authorized, 58,335,007 and 58,057,493 shares issued, 54,967,332 and 56,125,028 shares outstanding (net of treasury stock), as of December 31, 2016 and March 31, 2016, respectively	583,350	580,575
Additional paid-in-capital	851,827,474	848,179,471
Treasury stock, at cost; 3,367,675 and 1,932,465 shares as of December 31, 2016 and March 31, 2016, respectively	(33,897,269)	(20,943,816)
Retained earnings	154,385,922	157,783,007
Total shareholders' equity	972,899,477	985,599,237
Total liabilities and shareholders' equity	$ 1,760,213,403	$ 1,842,178,176

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Dorian LPG Ltd.

Unaudited Condensed Consolidated Statements of Operations

(Expressed in United States Dollars)

	Three months ended		Nine months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Revenues				
Net pool revenues—related party	$ 22,301,512	$ 66,044,777	$ 80,798,208	$ 130,701,023
Time charter revenues	11,921,875	11,237,746	36,919,910	26,169,581
Voyage charter revenues	1,296,952	15,567,844	1,296,952	46,013,858
Other revenues	214,649	433,341	846,927	988,138
Total revenues	35,734,988	93,283,708	119,861,997	203,872,600
Expenses				
Voyage expenses	1,193,265	4,347,222	2,415,287	11,411,841
Vessel operating expenses	17,114,358	14,265,183	49,549,255	30,479,158
Depreciation and amortization	16,385,921	13,536,900	48,944,183	26,697,882
General and administrative expenses	5,166,239	7,506,740	15,981,464	20,002,555
Loss on disposal of assets	—	—	—	105,549
Total expenses	39,859,783	39,656,045	116,890,189	88,696,985
Other income—related parties	670,836	383,642	1,776,659	1,150,927
Operating income/(loss)	(3,453,959)	54,011,305	4,748,467	116,326,542
Other income/(expenses)				
Interest and finance costs	(7,332,260)	(4,633,454)	(21,530,588)	(5,700,583)
Interest income	27,711	22,382	81,206	137,226
Unrealized gain on derivatives	24,381,306	7,389,868	26,539,650	3,665,324
Realized loss on derivatives	(8,390,014)	(2,007,426)	(12,980,717)	(4,482,250)
Foreign currency loss, net	(193,160)	(121,352)	(255,103)	(418,789)
Total other income/(expenses), net	8,493,583	650,018	(8,145,552)	(6,799,072)
Net income/(loss)	$ 5,039,624	$ 54,661,323	$ (3,397,085)	$ 109,527,470
Earnings/(loss) per common share—basic	$ 0.09	$ 0.97	$ (0.06)	$ 1.92
Earnings/(loss) per common share—diluted	$ 0.09	$ 0.97	$ (0.06)	$ 1.92

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Dorian LPG Ltd.

Unaudited Condensed Consolidated Statements of Shareholders' Equity

(Expressed in United States Dollars, except for number of shares)

	Number of common shares	Common stock	Treasury stock	Additional paid-in capital	Retained Earnings	Total
Balance, April 1, 2015	58,057,493	580,575	—	844,539,059	28,094,625	873,214,259
Net income for the period	—	—	—	—	109,527,470	109,527,470
Stock-based compensation	—	—	—	2,684,152	—	2,684,152
Purchase of treasury stock	—	—	(10,070,645)	—	—	(10,070,645)
Balance, December 31, 2015	58,057,493	$ 580,575	$ (10,070,645)	$ 847,223,211	$ 137,622,095	$ 975,355,236

	Number of common shares	Common stock	Treasury stock	Additional paid-in capital	Retained Earnings	Total
Balance, April 1, 2016	58,057,493	$ 580,575	$ (20,943,816)	$ 848,179,471	$ 157,783,007	$ 985,599,237
Net loss for the period	—	—	—	—	(3,397,085)	(3,397,085)
Restricted share award issuances	277,514	2,775	—	(2,775)	—	—
Stock-based compensation	—	—	—	3,650,778	—	3,650,778
Purchase of treasury stock	—	—	(12,953,453)	—	—	(12,953,453)
Balance, December 31, 2016	58,335,007	$ 583,350	$ (33,897,269)	$ 851,827,474	$ 154,385,922	$ 972,899,477

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Dorian LPG Ltd.

Unaudited Condensed Consolidated Statements of Cash Flows

(Expressed in United States Dollars)

	Nine months ended December 31, 2016	December 31, 2015
Cash flows from operating activities:		
Net income/(loss)	$ (3,397,085)	$ 109,527,470
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization	48,944,183	26,697,882
Amortization of financing costs	2,820,407	1,553,730
Unrealized gain on derivatives	(26,539,650)	(3,665,324)
Stock-based compensation expense	3,238,940	3,050,819
Loss on disposal of assets	—	105,549
Unrealized exchange differences	346,165	322,455
Other non-cash items	256,630	61,323
Changes in operating assets and liabilities		
Trade receivables, net and accrued revenue	(1,274,994)	10,305,211
Prepaid expenses and other receivables	168,632	(2,253,247)
Due from related parties	27,610,954	(73,632,993)
Inventories	(598,164)	1,252,001
Other non-current assets	1,854	(8)
Trade accounts payable	(1,460,727)	3,386,722
Accrued expenses and other liabilities	(227,353)	6,241,601
Due to related parties	(151,846)	32,127
Payments for drydocking costs	(533,096)	—
Net cash provided by operating activities	49,204,850	82,985,318
Cash flows from investing activities:		
Payments for vessels and vessels under construction	(1,755,832)	(839,065,088)
Restricted cash deposits	—	(16,502,789)
Proceeds from disposal of assets	—	136,660
Payments to acquire other fixed assets	(7,029)	(443,417)
Net cash used in investing activities	(1,762,861)	(855,874,634)
Cash flows from financing activities:		
Proceeds from long-term debt borrowings	—	634,648,196
Repayment of long-term debt borrowings	(48,646,448)	(20,939,276)
Purchase of treasury stock	(12,953,453)	(10,070,645)
Financing costs paid	(99,785)	(13,210,445)
Net cash (used in)/provided by financing activities	(61,699,686)	590,427,830
Effects of exchange rates on cash and cash equivalents	(314,626)	(324,778)
Net decrease in cash and cash equivalents	(14,572,323)	(182,786,264)
Cash and cash equivalents at the beginning of the period	46,411,962	204,821,183

Cash and cash equivalents at the end of the period	$ 31,839,639	$ 22,034,919

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Dorian LPG Ltd.

Notes to Unaudited Condensed Consolidated Financial Statements

(Expressed in United States Dollars)

1. Basis of Presentation and General Information

Dorian LPG Ltd. (“Dorian”) was incorporated on July 1, 2013 under the laws of the Republic of the Marshall Islands, is headquartered in the United States and is engaged in the transportation of liquefied petroleum gas ("LPG") worldwide through the ownership and operation of LPG tankers. Dorian and its subsidiaries (together "we", “us”, "our", "DLPG" or the "Company") is focused on owning and operating very large gas carriers ("VLGCs"), each with a cargo carrying capacity of greater than 80,000 cbm. Our fleet currently consists of twenty-two VLGCs, including nineteen fuel-efficient 84,000 cbm ECO-design VLGCs (“ECO VLGCs”) and three 82,000 cbm VLGCs.

On April 1, 2015, Dorian and Phoenix Tankers Pte. Ltd. (“Phoenix”) began operations of Helios LPG Pool LLC (the “Helios Pool”), which entered into pool participation agreements for the purpose of establishing and operating, as charterer, under variable rate time charters to be entered into with owners or disponent owners of VLGCs, a commercial pool of VLGCs whereby revenues and expenses are shared. See Note 3 below for further description of the Helios Pool relationship.

The accompanying unaudited condensed consolidated financial statements and related notes (the "Financial Statements") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, all adjustments, consisting of normal recurring items, necessary for a fair presentation of financial position, operating results and cash flows have been included in the Financial Statements. The Financial Statements should be read in conjunction with the audited consolidated financial statements and related notes for the year ended March 31, 2016 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on May 31, 2016, as subsequently amended.

Our interim results are subject to seasonal and other fluctuations, and the operating results for any quarter are therefore not necessarily indicative of results that may be otherwise expected for the entire year.

Our subsidiaries as of December 31, 2016, which are all wholly-owned and are incorporated in Republic of the Marshall Islands (unless otherwise noted), are listed below.

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Vessel Owning Subsidiaries

Subsidiary	Type of vessel	Vessel's name	Built	CBM(1)
CMNL LPG Transport LLC	VLGC	Captain Markos NL	2006	82,000
CJNP LPG Transport LLC	VLGC	Captain John NP	2007	82,000
CNML LPG Transport LLC	VLGC	Captain Nicholas ML	2008	82,000
Comet LPG Transport LLC	VLGC	Comet	2014	84,000
Corsair LPG Transport LLC	VLGC	Corsair	2014	84,000
Corvette LPG Transport LLC	VLGC	Corvette	2015	84,000
Dorian Shanghai LPG Transport LLC	VLGC	Cougar	2015	84,000
Concorde LPG Transport LLC	VLGC	Concorde	2015	84,000
Dorian Houston LPG Transport LLC	VLGC	Cobra	2015	84,000
Dorian Sao Paulo LPG Transport LLC	VLGC	Continental	2015	84,000
Dorian Ulsan LPG Transport LLC	VLGC	Constitution	2015	84,000
Dorian Amsterdam LPG Transport LLC	VLGC	Commodore	2015	84,000
Dorian Dubai LPG Transport LLC	VLGC	Cresques	2015	84,000
Constellation LPG Transport LLC	VLGC	Constellation	2015	84,000
Dorian Monaco LPG Transport LLC	VLGC	Cheyenne	2015	84,000
Dorian Barcelona LPG Transport LLC	VLGC	Clermont	2015	84,000
Dorian Geneva LPG Transport LLC	VLGC	Cratis	2015	84,000
Dorian Cape Town LPG Transport LLC	VLGC	Chaparral	2015	84,000
Dorian Tokyo LPG Transport LLC	VLGC	Copernicus	2015	84,000
Commander LPG Transport LLC	VLGC	Commander	2015	84,000
Dorian Explorer LPG Transport LLC	VLGC	Challenger	2015	84,000
Dorian Exporter LPG Transport LLC	VLGC	Caravelle	2016	84,000

Management Subsidiaries

Subsidiary
Dorian LPG Management Corp
Dorian LPG (USA) LLC (incorporated in USA)
Dorian LPG (UK) Ltd. (incorporated in UK)
Dorian LPG Finance LLC
Occident River Trading Limited (incorporated in UK)

Dormant Subsidiaries

Subsidiary
SeaCor LPG I LLC
SeaCor LPG II LLC
Capricorn LPG Transport LLC
Constitution LPG Transport LLC
Grendon Tanker LLC(2)

(1) CBM: Cubic meters, a standard measure for LPG tanker capacity
(2) Owner of the Pressurized Gas Carrier ("PGC") Grendon until it was sold in February 2016

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2. Significant Accounting Policies

The same accounting policies have been followed in these unaudited interim condensed consolidated financial statements as were applied in the preparation of our audited financial statements for the year ended March 31, 2016 (see Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2016).

In November 2016, the Financial Accounting Standards Board (the “FASB”) issued accounting guidance to require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The pronouncement is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are currently assessing the impact the amended guidance will have on our financial statements.

In August 2016, the FASB issued accounting guidance addressing specific cash flow issues with the objective of reducing the existing diversity in practice. The pronouncement is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We do not believe that the impact of the adoption of this amended guidance will have a material effect on our financial statements.

In March 2016, the FASB issued accounting guidance to simplify the requirements of accounting for share-based payment transactions. The guidance simplifies the accounting for taxes related to stock-based compensation, including adjustments to how excess tax benefits and an entity’s payments for tax withholdings should be classified. Additionally, an entity may make an entity-wide policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. The pronouncement is effective for annual periods beginning after December 15, 2016, and interim periods within that reporting period with early adoption permitted in any interim or annual period. We have early adopted this pronouncement and have made the entity-wide policy election to account for forfeitures when they occur. The amended guidance had no significant impact on our financial statements for the three and nine months ended December 31, 2016.

In February 2016, the FASB issued accounting guidance to update the requirements of financial accounting and reporting for lessees and lessors. The updated guidance, for lease terms of more than 12 months, will require a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize a straight-line total lease expense. Lessor accounting remains largely unchanged. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The pronouncement is effective prospectively for public business entities for annual periods beginning after December 15, 2018, and interim periods within that reporting period. Early adoption is permitted for all entities. We are currently assessing the impact the amended guidance will have on our financial statements.

In July 2015, the FASB issued accounting guidance requiring entities to measure most inventory at the lower of cost and net realizable value. The pronouncement is effective prospectively for annual periods beginning after December 15, 2016, and interim periods within that reporting period. We are currently assessing the impact the amended guidance will have on our financial statements.

In April 2015, an accounting pronouncement was issued by the FASB to update the guidance related to the presentation of debt issuance costs, which we adopted in April 2016. This guidance requires debt issuance costs, related to a recognized debt liability, be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability rather than being presented as an asset. The reclassification does not impact net income/(loss) as previously reported or any prior amounts reported on the consolidated statements of comprehensive income, or the consolidated statements of cash flows. The effect of the retrospective application of this change in accounting principle on our consolidated balance sheets as of December 31, 2016 and March 31, 2016 resulted in a reduction of “Deferred charges, net” and “Total assets” in the amount of $21.0 million and $23.7 million, respectively, with a corresponding reduction of “Long-term debt—net of current portion” and “Total long-term liabilities.”

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In May 2014, the FASB amended its accounting guidance for revenue recognition. The fundamental principles of the new guidance are that companies should recognize revenue in a manner that reflects the timing of the transfer of services to customers and consideration that a company expects to receive for the services provided. It also requires additional disclosures necessary for the financial statement users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB voted to defer the effective date by one year for fiscal years beginning on or after December 15, 2017 and interim periods within that reporting period and permit early adoption of the standard, but not before the beginning of 2017. We are currently assessing the impact the amended guidance will have on our financial statements.

3. Transactions with Related Parties

Dorian (Hellas), S.A.

As of July 1, 2014, vessel management services and the associated agreements for our fleet were transferred from Dorian (Hellas), S.A. ("DHSA") and are now provided through our wholly-owned subsidiaries Dorian LPG (USA) LLC, Dorian LPG (UK) Ltd. and Dorian LPG Management Corp. Subsequent to the transition agreements, Eagle Ocean Transport, Inc. ("Eagle Ocean Transport") continues to incur related travel costs for certain transitioned employees as well as office-related costs, for which we reimbursed Eagle Ocean Transport $0.1 million and $0.2 million for the three months ended December 31, 2016 and 2015, respectively, and $0.3 million and $0.6 million for the nine months ended December 31, 2016 and 2015, respectively. Such expenses are reimbursed based on their actual cost.

Dorian LPG (USA) LLC and its subsidiaries entered into an agreement with DHSA, retroactive to July 2014 and superseding an agreement between Dorian LPG (UK) Ltd. and DHSA, for the provision by Dorian LPG (USA) LLC and its subsidiaries of certain chartering and marine operation services to DHSA, for which income was earned and included in "Other income-related parties" totaling $0.1 million and less than $0.1 million for the three months ended December 31, 2016 and 2015, respectively, and $0.3 million and $0.1 million for the nine months ended December 31, 2016 and 2015, respectively.

As of December 31, 2016, $1.2 million was due from DHSA and included in "Due from related parties" in the unaudited condensed consolidated balance sheets and $0.5 million was due to DHSA and included in "Due to related parties" in the unaudited condensed consolidated balance sheets. As of March 31, 2016, $0.9 million was due from DHSA and included in "Due from related parties" in the unaudited condensed consolidated balance sheets and $0.5 million was due to DHSA and included in "Due to related parties" in the unaudited condensed consolidated balance sheets.

Helios LPG Pool LLC

On April 1, 2015, Dorian and Phoenix began operations of the Helios Pool, which entered into pool participation agreements for the purpose of establishing and operating, as charterer, under variable rate time charters to be entered into with owners or disponent owners of VLGCs, a commercial pool of VLGCs whereby revenues and expenses are shared. We hold a 50% interest in the Helios Pool as a joint venture with Phoenix and all significant rights and obligations are equally shared by both parties. All profits of the Helios Pool are distributed to the pool participants based on pool points assigned to each vessel as variable charter hire and, as a result, there are no profits available to the equity investors as a share of equity. We have determined that the Helios Pool is a variable interest entity as it does not have sufficient equity at risk. We do not consolidate the Helios Pool because we are not the primary beneficiary and do not have a controlling financial interest. In consideration of Accounting Standards Codification (“ASC”) 810-10-50-4e, the significant factors considered and judgments made in determining that the power to direct the activities of the Helios Pool that most significantly impact the entity’s economic performance are shared, in that all significant performance activities which relate to approval of pool policies and strategies related to pool customers and the marketing of the pool for the procurement of customers for the pool vessels, addition of new pool vessels and the pool cost management, require unanimous board consent from a board consisting of two members from each joint venture investor. Further, in accordance with the guidance in ASC 810-10-25-38D, the Company and Phoenix are not related parties as defined in ASC 850 nor are they de facto agents pursuant to ASC 810-10, the power over the significant activities of the Helios Pool is shared, and no party is the primary beneficiary in the Helios Pool, or has a controlling financial interest. In March 2016, the Helios Pool reached an

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agreement with Oriental Energy Company Ltd. ("Oriental Energy") whereby Oriental Energy would contribute certain vessels to the Helios Pool, have certain of its vessels time chartered by the Helios Pool and simultaneously enter into a multi-year contract of affreightment covering Oriental Energy’s shipments from the United States Gulf. The agreement with Oriental Energy had no impact on the ownership structure or the power to direct significant activities of the Helios Pool. As of December 31, 2016, the Helios Pool operated twenty-four VLGCs, including seventeen of our vessels, three Oriental Energy vessels and four Phoenix vessels.

As of December 31, 2016, we had receivables from the Helios Pool of $43.2 million, including $19.8 million of working capital contributed for the operation of our vessels in the pool. As of March 31, 2016, we had receivables from the Helios Pool of $71.0 million, including $17.6 million of working capital contributed for the operation of our vessels in the pool. Our maximum exposure to losses from the pool as of December 31, 2016 is limited to the receivables from the pool. The Helios Pool does not have any third-party debt obligations. The Helios Pool has entered into commercial management agreements with each of Dorian LPG (UK) Ltd. and Phoenix as commercial managers and has appointed both commercial managers as the exclusive commercial managers of pool vessels. Fees for commercial management services provided by Dorian LPG (UK) Ltd. are included in “Other income-related parties” in the unaudited condensed consolidated statement of operations and were $0.6 million and $0.4 million for the three months ended December 31, 2016 and 2015, respectively, and were $1.5 million and $1.1 million for the nine months ended December 31, 2016 and 2015, respectively. Additionally, we receive a fixed reimbursement of expenses such as costs for security guards and war risk insurance for vessels operating in high risk areas from the Helios Pool, for which we earned $0.2 million and $0.3 million for the three months ended December 31, 2016 and 2015, respectively, and $0.7 million and $0.6 million for the nine months ended December 31, 2016 and 2015, respectively, and are included in “Other revenues” in the unaudited condensed consolidated statement of operations.

Through our vessel owning subsidiaries, we have chartered vessels to the Helios Pool during the three and nine months ended December 31, 2016. The time charter revenue from the Helios Pool is variable depending upon the net results of the pool, operating days and pool points for each vessel. The Helios Pool enters into voyage and time charters with external parties and receives freight and related revenue and, where applicable, incurs voyage costs such as bunkers, port costs and commissions. At the end of each month, the Helios Pool calculates net pool revenues using gross revenues, less voyage expenses of all the pool vessels, less fixed time charter hire for any chartered-in vessels, less the general and administrative expenses of the pool. Net pool revenues, less any amounts required for working capital of the Helios Pool, are distributed as variable rate time charter hire for the relevant vessel to participants based on pool points (vessel attributes such as cargo carrying capacity, fuel consumption, and speed are taken into consideration) and number of days the vessel participated in the pool in the period. We recognize net pool revenues on a monthly basis, when the vessel has participated in the pool during the period and the amount of net pool revenues for the month can be estimated reliably. Revenue earned is presented in Note 8.

Artwork

During the three and nine months ended December 31, 2015, we purchased less than $0.1 and $0.1 million, respectively, of artwork for newbuilding vessels, which have been capitalized and presented in “Vessels, net” in the unaudited condensed consolidated balance sheets, for our Athens, Greece office and for a shipyard, which are included in “General and administrative expenses” in the unaudited condensed consolidated statement of operations. The artist is a relative of one of our executive officers. No artwork was purchased during the three and nine months ended December 31, 2016.

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4. Deferred Charges, Net

The analysis and movement of deferred charges is presented in the table below:

	Drydocking costs
Balance, April 1, 2016	$ 294,935
Additions	1,699,708
Amortization	(107,957)
Balance, December 31, 2016	$ 1,886,686

The drydocking costs incurred during the nine months ended December 31, 2016 relate to the drydocking of two of our VLGCs.

5. Vessels, Net

	Cost	Accumulated depreciation	Net book Value
Balance, April 1, 2016	$ 1,727,979,929	$ (60,755,453)	$ 1,667,224,476
Additions	984,639	—	984,639
Transfers out	(195,273)	—	(195,273)
Depreciation	—	(48,621,720)	(48,621,720)
Balance, December 31, 2016	$ 1,728,769,295	$ (109,377,173)	$ 1,619,392,122

Additions to vessels, net were largely due to capital improvements made to two of our VLGCs during the nine months ended December 31, 2016. Vessels, with a total carrying value of $1,619.4 million and $1,667.2 million as of December 31, 2016 and March 31, 2016, respectively, are first priority mortgaged as collateral for our long-term debt facilities (refer to Note 6 below). No impairment loss was recorded for the periods presented.

6. Long-term Debt

RBS Loan Facility - refer to Note 11 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2016 for information on the RBS Loan Facility.

2015 Debt Facility – refer to Note 11 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2016 for information on the 2015 Debt Facility.

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Debt Obligations

The table below presents our debt obligations:

RBS secured bank debt	December 31, 2016	March 31, 2016
Tranche A	$ 35,700,000	$ 37,400,000
Tranche B	25,570,000	28,127,000
Tranche C	42,140,000	43,967,500
Total RBS secured bank debt	$ 103,410,000	$ 109,494,500
2015 Debt Facility		
Commercial Financing	$ 230,977,160	$ 241,442,384
KEXIM Direct Financing	181,945,598	194,827,596
KEXIM Guaranteed	179,993,011	192,736,763
K-sure Insured	91,396,155	97,867,129
Total 2015 Debt Facility	$ 684,311,924	$ 726,873,872
Total debt obligations	$ 787,721,924	$ 836,368,372
Less: deferred financing fees	21,027,494	23,748,116
Debt obligations—net of deferred financing fees	$ 766,694,430	$ 812,620,256
Presented as follows:		
Current portion of long-term debt	$ 65,978,786	$ 66,265,643
Long-term debt—net of current portion and deferred financing fees	700,715,644	746,354,613
Total	$ 766,694,430	$ 812,620,256

Deferred Financing Fees

The analysis and movement of deferred financing fees is presented in the table below:

	Financing costs
Balance, April 1, 2016	$ 23,748,116
Additions	99,785
Amortization	(2,820,407)
Balance, December 31, 2016	$ 21,027,494

7. Stock-Based Compensation Plans

Our stock-based compensation expense is included within general and administrative expenses in the unaudited condensed consolidated statements of operations and was $1.2 million and $1.3 million for the three months ended December 31, 2016 and 2015, respectively, and $3.2 million and $3.1 million for the nine months ended December 31, 2016 and 2015, respectively. Unrecognized compensation cost was $10.6 million as of December 31, 2016 and will be recognized over the remaining weighted average life of 1.65 years. For more information on our equity incentive plan, see Note 13 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2016.

In June 2016, we granted 250,000 shares of restricted stock to certain of our officers and employees. One-fourth of these restricted shares vested immediately on the grant date, one-fourth will vest one year after grant date, one-fourth will vest two years after grant date, and one-fourth will vest three years after grant date. The restricted shares were valued at their grant date fair market value and expensed on a straight-line basis over the vesting periods.

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In June 2016, September 2016 and December 2016, we granted 6,950, 10,130 and 8,695 shares of stock, respectively, to our non-executive directors, which were valued and expensed at their grant date fair market value.

In December 2016, we granted 1,739 shares of stock to a non-employee consultant, which were valued and expensed at their grant date fair market value.

A summary of the activity of restricted shares awarded under our equity incentive plan as of December 31, 2016 and changes during the nine months ended December 31, 2016, is as follows:

Incentive Share Awards	Numbers of Shares	Weighted-Average Grant-Date Fair Value
Unvested as of April 1, 2016	929,000	$ 19.70
Granted	277,514	7.75
Vested	(90,014)	7.60
Forfeited	(1,875)	7.82
Unvested as of December 31, 2016	1,114,625	$ 17.72

8. Revenues

Revenues comprise the following:

	Three months ended		Nine months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Net pool revenues—related party	$ 22,301,512	$ 66,044,777	$ 80,798,208	$ 130,701,023
Time charter revenues	11,921,875	11,237,746	36,919,910	26,169,581

Voyage charter revenues	1,296,952	15,567,844	1,296,952	46,013,858
Other revenues	214,649	433,341	846,927	988,138
Total revenues	$ 35,734,988	$ 93,283,708	$ 119,861,997	$ 203,872,600

Net pool revenues—related party depend upon the net results of the Helios Pool, operating days and pool points for each vessel. Refer to Note 2 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2016.

Other revenues represent income from charterers relating to reimbursement of voyage expenses such as costs for security guards and war risk insurance.

9. Financial Instruments and Fair Value Disclosures

Our principal financial assets consist of cash and cash equivalents, amounts due from related parties, trade accounts receivable and derivative instruments. Our principal financial liabilities consist of long term debt, derivative instruments, accounts payable, amounts due to related parties and accrued liabilities.

(a) Concentration of credit risk: Financial instruments, which may subject us to significant concentrations of credit risk, consist principally of amounts due from our charterers, including the receivables from Helios Pool, and cash and cash equivalents. We limit our credit risk with amounts due from our charterers, including those through the Helios Pool, by performing ongoing credit evaluations of our charterers' financial condition and generally do not require collateral from our charterers. We limit our credit risk with our cash and cash equivalents by placing it with highly-rated financial institutions.

(b) Interest rate risk: Our long term bank loans are based on LIBOR and hence we are exposed to movements thereto. We entered into interest rate swap agreements in order to hedge a majority of our variable interest rate exposure related to the RBS Loan Facility and our 2015 Debt Facility. The interest rate swaps related to the RBS Loan

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Facility were terminated during the three months ended December 31, 2016 for $8.1 million. In September 2015, we entered into interest rate swaps with Citibank N.A. ("Citibank") and ING Bank N.V. ("ING") to effectively convert a notional amount of $200 million and $50 million, respectively, of debt related to our 2015 Debt Facility from a floating rate to a fixed rate of 1.93% and 2.00%, respectively, each with a termination date of March 23, 2022. In October 2015, we entered into interest rate swaps with the Commonwealth Bank of Australia ("CBA") and Citibank to effectively convert amortizing notional amounts of $85.7 million and $128.6 million, respectively, of debt related to our 2015 Debt Facility from a floating rate to a fixed rate of 1.43% and 1.38%, respectively, each with a termination date of March 23, 2022. In June 2016, we entered into two interest rate swaps with Citibank to effectively convert amortizing notional amounts of $73.0 million and $30.0 million, respectively, of debt related to our 2015 Debt Facility from a floating rate to a fixed rate of 1.21% and 1.16%, respectively, each with a termination date of March 23, 2022.

(c) Fair value measurements: Interest rate swaps are stated at fair value, which is determined using a discounted cash flow approach based on market based LIBOR swap yield rates. LIBOR swap rates are observable at commonly quoted intervals for the full terms of the swaps and, therefore, are considered Level 2 items in accordance with the fair value hierarchy. The fair value of the interest rate swap agreements approximates the amount that we would have to pay for the early termination of the agreements. The following table summarizes the location on the balance sheet of the financial assets and liabilities that are carried at fair value on a recurring basis, which comprise our financial derivatives all of which are considered Level 2 items in accordance with the fair value hierarchy:

	December 31, 2016		March 31, 2016	
Derivatives not designated as hedging instruments	Other non-current assets Derivative instruments	Long-term liabilities Derivative instruments	Other non-current assets Derivative instruments	Long-term liabilities Derivative instruments
Interest rate swap agreements	$ 4,961,435	$ 69,750	$ —	$ 21,647,965

The effect of derivative instruments within the unaudited condensed consolidated statements of operations for the periods presented is as follows:

		Three months ended	
Derivatives not designated as hedging instruments	Location of gain/(loss) recognized	December 31, 2016	December 31, 2015
Interest Rate Swap—Change in fair value	Unrealized gain on derivatives	$ 24,381,306	$ 7,389,868
Interest Rate Swap—Realized loss	Realized loss on derivatives	(8,390,014)	(2,007,426)
Gain/(loss) on derivatives, net		$ 15,991,292	$ 5,382,442

Nine months ended

Derivatives not designated as hedging instruments	Location of gain/(loss) recognized	December 31, 2016	December 31, 2015
Interest Rate Swap—Change in fair value	Unrealized gain on derivatives	$ 26,539,650	$ 3,665,324
Interest Rate Swap—Realized loss	Realized loss on derivatives	(12,980,717)	(4,482,250)
Gain/(loss) on derivatives, net		$ 13,558,933	$ (816,926)

As of December 31, 2016 and March 31, 2016, no fair value measurements for assets or liabilities under Level 1 or Level 3 were recognized in the accompanying consolidated balance sheets. We did not have any other assets or liabilities measured at fair value on a non-recurring basis during the three and nine months ended December 31, 2016 and 2015.

(d) Book values and fair values of financial instruments: In addition to the derivatives that we are required to record at fair value on our balance sheet (see (c) above), we have other financial instruments that are carried at historical cost. These financial instruments include trade accounts receivable, amounts due from related parties, cash and cash equivalents, accounts payable, amounts due to related parties and accrued liabilities for which the historical carrying value approximates the fair value due to the short term nature of these financial instruments. We also have long term bank debt for which we believe the historical carrying value approximates their fair value as the loans bear interest at variable interest rates, being LIBOR, which is observable at commonly quoted intervals for the full terms of the loans, and hence are considered as Level 2 items in accordance with the fair value hierarchy. Cash and cash equivalents and restricted cash are considered Level 1 items.

10. Earnings/(Loss) Per Share ("EPS")

Basic EPS represents net income/(loss) attributable to common shareholders divided by the weighted average number of common shares outstanding during the measurement period. Our restricted stock shares include rights to receive

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dividends that are subject to the risk of forfeiture if service requirements are not satisfied, and as a result, these shares are not considered participating securities and are excluded from the basic weighted-average shares outstanding calculation. Diluted EPS represent net income/(loss) attributable to common shareholders divided by the weighted average number of common shares outstanding during the measurement period while also giving effect to all potentially dilutive common shares that were outstanding during the period.

The calculations of basic and diluted EPS for the periods presented are as follows:

	Three months ended		Nine months ended	
(In U.S. dollars except share data)	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Numerator:				
Net income/(loss)	$ 5,039,624	$ 54,661,323	$ (3,397,085)	$ 109,527,470
Denominator:				
Basic weighted average number of common shares outstanding	53,845,777	56,554,253	54,153,218	56,904,489
Effect of dilutive restricted stock	33,568	40,239	—	47,939
Diluted weighted average number of common shares outstanding	53,879,345	56,594,492	54,153,218	56,952,428
EPS:				
Basic	$ 0.09	$ 0.97	$ (0.06)	$ 1.92
Diluted	$ 0.09	$ 0.97	$ (0.06)	$ 1.92

For the three months ended December 31, 2016 and 2015, there were 865,500 and 655,000 shares of unvested restricted stock, respectively, and for the nine months ended December 31, 2016 and 2015, there were 1,114,625 and 655,000 shares of unvested restricted stock, respectively, which were excluded from the calculation of diluted EPS because the effect of their inclusion would be anti-dilutive.

11. Commitments and Contingencies

Commitments under Operating Leases

As of December 31, 2016, we had the following commitments as a lessee under operating leases relating to our United States, Greece and United Kingdom offices:

	December 31, 2016
Less than one year	$ 293,179
One to three years	176,513
Total	$ 469,692

Fixed Time Charter Contracts

As of December 31, 2016, we had the following future minimum fixed time charter hire receipts based on non-cancelable long-term fixed time charter contracts:

	December 31, 2016
Less than one year	$ 49,723,113
One to three years	65,686,227
Three to five years	8,213,252
Total	$ 123,622,592

Other

From time to time we expect to be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. Such claims, even if lacking in merit, could result in the expenditure of significant financial and managerial resources. We are not aware of any claim that is reasonably possible

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and should be disclosed or probable and for which a provision should be established in the accompanying unaudited interim condensed consolidated financial statements.

12. Shareholder Rights Plan

On December 16, 2016, our Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each share of our common stock outstanding on December 27, 2016. Each Right is attached to and trades with the associated share of common stock. The Rights will become exercisable only if a person or group has acquired 15% or more of our outstanding common stock or announces a tender offer or exchange offer which, if consummated, would result in ownership by a person or group of 15% or more of our outstanding common stock (an "Acquiring Person"). If a person becomes an Acquiring Person, each Right will entitle its holder (other than an Acquiring Person and certain related parties) to purchase for $60 a number of shares of our common stock having a market value of twice such price. In addition, at any time after a person or group acquires 15% or more of our outstanding common stock (unless such person or group acquires 50% or more), our Board of Directors may exchange one share of our common stock for each outstanding Right (other than Rights owned by the Acquiring Person and certain related parties, which would have become void). Any person who, prior to the time of public announcement of the existence of the Rights, publicly disclosed in a Schedule 13D or Schedule 13G (or an amendment thereto) on file with the Securities and Exchange Commission that they beneficially owned 15% or more of our outstanding common stock is not considered to be an Acquiring Person so long as such person does not acquire additional shares in excess of certain limitations.

The Rights will expire on August 31, 2018.

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ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under "Item 1A—Risk Factors" herein and in our Annual Report on Form 10-K for the year ended March 31, 2016, our actual results may differ materially from those anticipated in these forward looking statements. Please also see the section "Forward-Looking Statements" included in this quarterly report.

Overview

We are a Marshall Islands corporation headquartered in the United States and primarily focused on owning and operating VLGCs, each with a cargo carrying capacity of greater than 80,000 cbm. Our fleet currently consists of twenty-two VLGC carriers, including nineteen fuel-efficient 84,000 cbm ECO VLGCs and three 82,000 cbm VLGCs.

Sixteen of our ECO VLGCs were constructed by Hyundai Heavy Industries Co., Ltd., or Hyundai, and three of our ECO VLGCs were constructed by Daewoo Shipping and Marine Engineering Ltd, or Daewoo. Our nineteen ECO VLGCs, which incorporate fuel efficiency, emission-reducing technologies, and certain custom features, were acquired by us for an aggregate purchase price of $1.4 billion, which was financed with proceeds from the 2015 Debt Facility, proceeds from equity offerings, and cash generated from operations. These nineteen ECO VLGCs were delivered to us between July 2014 and February 2016, seventeen of which were delivered during calendar year 2015 or later.

On April 1, 2015, Dorian and Phoenix began operations of the Helios Pool, which entered into pool participation agreements for the purpose of establishing and operating, as charterer, under a variable rate time charter to be entered into with owners or disponent owners of VLGCs, a commercial pool of VLGCs whereby revenues and expenses are shared. The vessels entered into the Helios Pool may operate either in the spot market, pursuant to COAs or on time charters of two years' duration or less. As of December 31, 2016, seventeen of our twenty-two VLGCs were employed in the Helios Pool.

Our customers, either directly or through the Helios Pool, include or have included global energy companies such as Exxon Mobil Corp., China International United Petroleum & Chemicals Co., Ltd., Royal Dutch Shell plc, Statoil ASA, and Oriental Energy Company Ltd., commodity traders such as Itochu Corporation and the Vitol Group and importers such as E1 Corp., SK Gas Co. Ltd. and Indian Oil Corporation.

We intend to pursue a balanced chartering strategy by employing our vessels on a mix of multi-year time charters, some of which may include a profit-sharing component, shorter-term time charters, spot market voyages and COAs. Four of our vessels are currently on fixed time charters. See “Our Fleet” below for more information.

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Selected Financial Data

The following table presents our selected financial data and other information for the three and nine months ended December 31, 2016 and 2015, and as of December 31, 2016 and March 31, 2016, and should be read in conjunction with our unaudited interim condensed consolidated financial statements and other financial information included in this quarterly report.

	Three months ended		Nine months ended	
(in U.S. dollars, except fleet data)	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Statement of Operations Data				
Revenues	$ 35,734,988	$ 93,283,708	$ 119,861,997	$ 203,872,600
Expenses				
Voyage expenses	1,193,265	4,347,222	2,415,287	11,411,841
Vessel operating expenses	17,114,358	14,265,183	49,549,255	30,479,158
Depreciation and amortization	16,385,921	13,536,900	48,944,183	26,697,882
General and administrative expenses	5,166,239	7,506,740	15,981,464	20,002,555
Loss on disposal of assets	—	—	—	105,549
Total expenses	39,859,783	39,656,045	116,890,189	88,696,985
Other income—related parties	670,836	383,642	1,776,659	1,150,927
Operating income/(loss)	(3,453,959)	54,011,305	4,748,467	116,326,542
Other income/(expenses)				
Interest and finance costs	(7,332,260)	(4,633,454)	(21,530,588)	(5,700,583)
Interest income	27,711	22,382	81,206	137,226
Unrealized gain on derivatives	24,381,306	7,389,868	26,539,650	3,665,324
Realized loss on derivatives	(8,390,014)	(2,007,426)	(12,980,717)	(4,482,250)
Foreign currency loss, net	(193,160)	(121,352)	(255,103)	(418,789)
Total other income/(expenses), net	8,493,583	650,018	(8,145,552)	(6,799,072)
Net income/(loss)	$ 5,039,624	$ 54,661,323	$ (3,397,085)	$ 109,527,470
Earnings/(loss) per common share—basic	$ 0.09	$ 0.97	$ (0.06)	$ 1.92
Earnings/(loss) per common share—diluted	$ 0.09	$ 0.97	$ (0.06)	$ 1.92
Other Financial Data				
Adjusted EBITDA(1)	$ 13,927,649	$ 68,738,066	$ 56,757,693	$ 145,793,680
Fleet Data				
Calendar days(2)	2,024	1,744	6,050	3,498
Available days(3)	1,972	1,703	5,996	3,417
Operating days(4)(7)	1,941	1,581	5,558	3,205
Fleet utilization(5)(7)	98.4 %	92.8 %	92.7 %	93.8 %
Average Daily Results				
Time charter equivalent rate(6)(7)	$ 17,796	$ 56,253	$ 21,131	$ 60,050

Daily vessel operating expenses(8)	$ 8,456	$ 8,180	$ 8,190	$ 8,713

	Dorian LPG Ltd.	
	As of	As of
(in U.S. dollars)	December 31, 2016	March 31, 2016
Balance Sheet Data		
Cash and cash equivalents	$ 31,839,639	$ 46,411,962
Restricted cash, non – current	50,812,789	50,812,789
Total assets	1,760,213,403	1,842,178,176
Current portion of long-term debt	65,978,786	66,265,643
Long-term debt—net of current portion and deferred financing fees	700,715,644	746,354,613
Total liabilities	787,313,926	856,578,939
Total shareholders' equity	$ 972,899,477	$ 985,599,237

(1) Adjusted EBITDA is a non-GAAP financial measure and represents net income/(loss) before interest and finance costs, unrealized (gain)/loss on derivatives, realized loss on derivatives, stock-based compensation expense, impairment, and depreciation and amortization and is used as a supplemental financial measure by management to assess our financial and operating performance. We believe that adjusted EBITDA assists our management and investors by increasing the comparability of our performance from period to period. This increased comparability is achieved by excluding the potentially disparate effects between periods of derivatives, interest and finance costs, stock-based compensation expense, impairment, loss on disposal of assets and depreciation and amortization expense, which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net

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income/(loss) between periods. We believe that including adjusted EBITDA as a financial and operating measure benefits investors in selecting between investing in us and other investment alternatives.

Adjusted EBITDA has certain limitations in use and should not be considered an alternative to net income/(loss), operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP. Adjusted EBITDA excludes some, but not all, items that affect net income/(loss). Adjusted EBITDA as presented below may not be computed consistently with similarly titled measures of other companies and, therefore, might not be comparable with other companies.

The following table sets forth a reconciliation of net income/(loss) to Adjusted EBITDA (unaudited) for the periods presented:

	Three months ended		Nine months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
(in U.S. dollars)				
Net income/(loss)	$ 5,039,624	$ 54,661,323	$ (3,397,085)	$ 109,527,470
Interest and finance costs	7,332,260	4,633,454	21,530,588	5,700,583
Unrealized gain on derivatives	(24,381,306)	(7,389,868)	(26,539,650)	(3,665,324)
Realized loss on derivatives	8,390,014	2,007,426	12,980,717	4,482,250
Stock-based compensation expense	1,161,136	1,288,831	3,238,940	3,050,819
Depreciation and amortization	16,385,921	13,536,900	48,944,183	26,697,882
Adjusted EBITDA	$ 13,927,649	$ 68,738,066	$ 56,757,693	$ 145,793,680

(2) We define calendar days as the total number of days in a period during which each vessel in our fleet was owned. Calendar days are an indicator of the size of the fleet over a period and affect both the amount of revenues and the amount of expenses that are recorded during that period.

(3) We define available days as calendar days less aggregate off hire days associated with scheduled maintenance, which include major repairs, drydockings, vessel upgrades or special or intermediate surveys. We use available days to measure the aggregate number of days in a period that our vessels should be capable of generating revenues.

(4) We define operating days as available days less the aggregate number of days that our vessels are off hire for any reason other than scheduled maintenance. We use operating days to measure the number of days in a period that our operating vessels are on hire (refer to 7 below).

(5) We calculate fleet utilization by dividing the number of operating days during a period by the number of available days during that period. An increase in non scheduled off hire days would reduce our operating days, and,

therefore, our fleet utilization. We use fleet utilization to measure our ability to efficiently find suitable employment for our vessels.

(6) Time charter equivalent rate, or TCE rate, is a non-GAAP measure of the average daily revenue performance of a vessel. TCE rate is a shipping industry performance measure used primarily to compare period to period changes in a shipping company's performance despite changes in the mix of charter types (such as time charters, voyage charters) under which the vessels may be employed between the periods. Our method of calculating TCE rate is to divide revenue net of voyage expenses by operating days for the relevant time period, which may not be calculated the same by other companies.

The following table sets forth a reconciliation of revenues to TCE rate (unaudited) for the periods presented:

(in U.S. dollars, except operating days)	Three months ended December 31, 2016	Three months ended December 31, 2015	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Numerator:				
Revenues	$ 35,734,988	$ 93,283,708	$ 119,861,997	$ 203,872,600
Voyage expenses	(1,193,265)	(4,347,222)	(2,415,287)	(11,411,841)
Time charter equivalent	$ 34,541,723	$ 88,936,486	$ 117,446,710	$ 192,460,759
Denominator:				
Operating days	1,941	1,581	5,558	3,205
TCE rate:				
Time charter equivalent rate	$ 17,796	$ 56,253	$ 21,131	$ 60,050

(7) We determine operating days for each vessel based on the underlying vessel employment, including our vessels in the Helios Pool, which resulted in 1,941 and 1,581 operating days, fleet utilization of 98.4% and 92.8%, and a TCE rate of $17,796 and $56,253 for the three months ended December 31, 2016 and 2015, respectively, and 5,558 and 3,205 operating days, fleet utilization of 92.7% and 93.8%, and a TCE rate of $21,131 and $60,050, for the nine months ended December 31, 2016 and 2015, respectively. If we were to calculate operating days for each vessel within the Helios Pool as a variable rate time charter

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for the three months ended December 31, 2016 and 2015, our operating days would be increased to 1,971 and 1,652, respectively, fleet utilization would be increased to 99.9% and 97.0%, respectively, and TCE rate would be reduced to $17,525 and $53,836, respectively. If we were to calculate operating days for each vessel within the Helios Pool as a variable rate time charter for the nine months ended December 31, 2016 and 2015, our operating days would be increased to 5,995 and 3,336, respectively, fleet utilization would be increased to 100.0% and 97.6%, respectively, and TCE rate would be reduced to $19,591 and $57,692, respectively. We believe that our methodology using the underlying vessel employment provides more meaningful insight into market conditions and the performance of our vessels.

(8) Daily vessel operating expenses are calculated by dividing vessel operating expenses by calendar days for the relevant time period.

Our Fleet

The following table sets forth certain information regarding our fleet as of January 26, 2017. We classify vessel employment as either Time Charter, Pool or Pool-TCO.

	Capacity (Cbm)	Shipyard	Sister Ships	Year Built	ECO Vessel(1)	Employment	Charter Expiration(2)
VLGCs							
Captain Markos NL	82,000	Hyundai	A	2006	—	Time Charter(3)	Q4 2019
Captain John NP	82,000	Hyundai	A	2007	—	Pool(4)	—
Captain Nicholas ML	82,000	Hyundai	A	2008	—	Pool(4)	—
Comet	84,000	Hyundai	B	2014	X	Time Charter(5)	Q3 2019
Corsair	84,000	Hyundai	B	2014	X	Time Charter(6)	Q3 2018
Corvette	84,000	Hyundai	B	2015	X	Pool(4)	—
Cougar	84,000	Hyundai	B	2015	X	Pool(4)	—
Concorde	84,000	Hyundai	B	2015	X	Pool(4)	—
Cobra	84,000	Hyundai	B	2015	X	Pool(4)	—
Continental	84,000	Hyundai	B	2015	X	Pool(4)	—
Constitution	84,000	Hyundai	B	2015	X	Pool(4)	—
Commodore	84,000	Hyundai	B	2015	X	Pool(4)	—
Cresques	84,000	Daewoo	C	2015	X	Pool(4)	—
Constellation	84,000	Hyundai	B	2015	X	Pool(4)	—
Cheyenne	84,000	Hyundai	B	2015	X	Pool(4)	—
Clermont	84,000	Hyundai	B	2015	X	Pool(4)	—

Cratis	84,000	Daewoo	C	2015	X	Pool(4)	—
Chaparral	84,000	Hyundai	B	2015	X	Pool(4)	—
Copernicus	84,000	Daewoo	C	2015	X	Pool(4)	—
Commander	84,000	Hyundai	B	2015	X	Time Charter(8)	Q4 2020
Challenger	84,000	Hyundai	B	2015	X	Pool-TCO(7)	Q2 2017
Caravelle	84,000	Hyundai	B	2016	X	Pool(4)	—
Total	1,842,000						

(1) Represents vessels with very low revolutions per minute, long stroke, electronically controlled engines, larger propellers, advanced hull design, and low friction paint.

(2) Represents calendar year quarters.

(3) Currently on time charter with an oil major that began in December 2014.

(4) "Pool" indicates that the vessel is operated in the Helios Pool on voyage charters with third parties and receives as charter hire a portion of the net revenues of the pool calculated according to a formula based on the vessel's pro rata performance in the pool.

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(5) Currently on a time charter with an oil major that began in July 2014.

(6) Currently on a time charter with an oil major that began in July 2015.

(7) "Pool-TCO" indicates that the vessel is operated in the Helios Pool on a time charter out to a third party and receives as charter hire a portion of the net revenues of the pool calculated according to a formula based on the vessel's pro rata performance in the pool.

(8) Currently on a time charter with a major oil company that began in November 2015.

Results of Operations – For the three months ended December 31, 2016 as compared to the three months ended December 31, 2015

Revenues

The following table compares our Revenues for the three months ended December 31:

	2016	2015	Increase / (Decrease)	Percent Change
Net pool revenues—related party	$ 22,301,512	$ 66,044,777	$ (43,743,265)	(66.2) %
Time charter revenues	11,921,875	11,237,746	684,129	6.1 %
Voyage charter revenues	1,296,952	15,567,844	(14,270,892)	(91.7) %
Other revenues	214,649	433,341	(218,692)	(50.5) %
Total	$ 35,734,988	$ 93,283,708	$ (57,548,720)	(61.7) %

Revenues, which represent net pool revenues—related party, voyage charters, time charters and other revenues earned by our vessels, were $35.7 million for the three months ended December 31, 2016, a decrease of $57.6 million, or 61.7%, from $93.3 million for the three months ended December 31, 2015. The decrease is primarily attributable to lower VLGC rates resulting in a decrease in revenues of $58.2 million for VLGCs that were operating in our fleet during both three-month periods, along with a decrease of $0.7 million in revenues contributed by a pressurized gas carrier operating in our fleet during the three months ended December 31, 2015 that was sold prior to the three months ended December 31, 2016. This decrease was partially offset by $1.3 million of revenues contributed by one of our newbuilding VLGCs that began operations subsequent to December 31, 2015.

Voyage Expenses

Voyage expenses were $1.2 million during the three months ended December 31, 2016, a decrease of $3.1 million, or 72.6%, from $4.3 million for the three months ended December 31, 2015. Voyage expenses are all expenses unique to a particular voyage, including bunker fuel consumption, port expenses, canal fees, charter hire commissions, war risk insurance and security costs. Voyage expenses are typically paid by us under voyage charters and by the charterer under time charters, including our vessels chartered to the Helios Pool. Accordingly, we mainly incur voyage expenses for voyage charters or during repositioning voyages between time charters for which no cargo is available or travelling to or from drydocking. The decrease for the three months ended December 31, 2016, when compared to the three months ended December 31, 2015, was mainly attributable to the fact that only one of our VLGCs operated on voyage charters outside of the Helios Pool during the three months ended December 31, 2016, resulting in decreases in VLGC bunker costs of $2.3 million and other voyage expenses of $0.4 million. In addition, a pressurized gas carrier operating in our fleet during the three months ended December 31, 2015 incurred voyage expenses of $0.4 million for the three months ended December 31, 2015 that did not recur during the three months ended December 31, 2016 as the vessel was sold prior to the period.

Vessel Operating Expenses

Vessel operating expenses were $17.1 million during the three months ended December 31, 2016, or $8,456 per vessel per calendar day, which is calculated by dividing vessel operating expenses by calendar days for the relevant time period for the vessels that were in our fleet. This was an increase of $2.8 million, or 20.0%, from $14.3 million for the

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three months ended December 31, 2015. The increase in vessel operating expenses was primarily the result of an increase in the number of vessels operating in our fleet during the three months ended December 31, 2016 compared to the three months ended December 31, 2015 along with additional repairs and maintenance incurred and spares and stores purchased primarily for two VLGCs that underwent drydocking during the three months ended December 31, 2016. Vessel operating expenses per vessel per calendar day increased $276 from $8,180 for the three months ended December 31, 2015 to $8,456 for the three months ended December 31, 2016. The increase in vessel operating expenses per vessel per calendar day of $276 was substantially due to increases of $311 per vessel per calendar day relating to additional repairs and maintenance incurred and spares and stores purchased primarily for two VLGCs that underwent drydocking during the three months ended December 31, 2016 and $122 per vessel per calendar day for other vessel operating expenses. These increases were partially offset by a decrease in lubricants of $157 per vessel per calendar day relating primarily to a reduction in lubricant consumption.

Depreciation and Amortization

Depreciation and amortization was $16.4 million for the three months ended December 31, 2016, an increase of $2.9 million, or 21.0%, from $13.5 million for the three months ended December 31, 2015 that mainly relates to depreciation expense for our additional operating vessels.

General and Administrative Expenses

General and administrative expenses were $5.2 million for the three months ended December 31, 2016, a decrease of $2.3 million, or 31.2%, from $7.5 million for the three months ended December 31, 2015. The decrease was mainly due to decreases of $1.4 million for certain non-capitalizable costs incurred prior to vessel delivery, $0.1 million for stock-based compensation and $0.8 million for other general and administrative expenses.

Other Income—Related Parties

Other income—related parties amounted to $0.7 million for the three months ended December 31, 2016, an increase of $0.3 million, or 74.9%, from $0.4 million for the three months ended December 31, 2015. The increase was primarily attributable to an increase of $0.2 million of fees for commercial management services provided by Dorian LPG (UK) Ltd. to the Helios Pool as well an increase of $0.1 million for certain chartering and marine operation services provided by Dorian LPG (USA) LLC and its subsidiaries to DHSA.

Interest and Finance Costs

Interest and finance costs amounted to $7.3 million for the three months ended December 31, 2016, an increase of $2.7 million, or 58.2%, from $4.6 million for the three months ended December 31, 2015. The increase of $2.7 million during this period was mainly due to a $1.6 million increase in interest incurred on our long-term debt, amortization and other financing expenses, including capitalized interest, from $5.7 million for the three months ended December 31, 2015 to $7.3 million for the three-month period ended December 31, 2016. This increase was largely due to an increase in average indebtedness, excluding deferred financing fees, from $711.8 million for the three months ended December 31, 2015 to $802.0 million for the three months ended December 31, 2016. Additionally, we had no capitalized interest during the three months ended December 31, 2016 compared to $1.1 million during the three months ended December 31, 2015. The outstanding balance of our long term debt, net of deferred financing fees of $21.0 million, as of December 31, 2016, was $766.7 million.

Unrealized Gain on Derivatives

Unrealized gain on derivatives amounted to a gain of approximately $24.4 million for the three months ended December 31, 2016, compared to a gain of $7.4 million for the three months ended December 31, 2015. The $17.0 million change is primarily attributable to changes in the fair value of our interest rate swaps due to changes in forward LIBOR yield curves along with an $8.1 million unrealized gain related to the termination of our RBS interest rate swaps.

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Realized Loss on Derivatives

Realized loss on derivatives amounted to a loss of approximately $8.4 million for the three months ended December 31, 2016, an increase of $6.4 million, or 317.9%, from a loss of $2.0 million for the three months ended December 31, 2015. The increase is primarily attributable to the termination of the interest rate swaps related to the RBS Loan Facility during the three months ended December 31, 2016.

Results of Operations – For the nine months ended December 31, 2016 as compared to the nine months ended December 31, 2015

Revenues

The following table compares our Revenues for the nine months ended December 31:

	2016	2015	Increase / (Decrease)	Percent Change
Net pool revenues—related party	$ 80,798,208	$ 130,701,023	$ (49,902,815)	(38.2) %
Time charter revenues	36,919,910	26,169,581	10,750,329	41.1 %
Voyage charter revenues	1,296,952	46,013,858	(44,716,906)	(97.2) %
Other revenues	846,927	988,138	(141,211)	(14.3) %
Total	$ 119,861,997	$ 203,872,600	$ (84,010,603)	(41.2) %

Revenues, which represent net pool revenues—related party, voyage charters, time charters and other revenues earned by our vessels, were $119.9 million for the nine months ended December 31, 2016, a decrease of $84.0 million, or 41.2%, from $203.9 million for the nine months ended December 31, 2015. The decrease is primarily attributable to lower VLGC rates resulting in a decrease in revenues of $85.9 million for VLGCs that were operating in our fleet during both nine-month periods, along with a decrease of $2.7 million in revenues contributed by a pressurized gas carrier operating in our fleet during the nine months ended December 31, 2015 that was sold prior to the nine months ended December 31, 2016. This decrease was partially offset by $4.6 million of revenues contributed by one of our newbuilding VLGCs that began operations subsequent to December 31, 2015.

Voyage Expenses

Voyage expenses were $2.4 million during the nine months ended December 31, 2016, a decrease of $9.0 million, or 78.8%, from $11.4 million for the nine months ended December 31, 2015. Voyage expenses are all expenses unique to a particular voyage, including bunker fuel consumption, port expenses, canal fees, charter hire commissions, war risk insurance and security costs. Voyage expenses are typically paid by us under voyage charters and by the charterer under time charters, including our vessels chartered to the Helios Pool. Accordingly, we mainly incur voyage expenses for voyage charters or during repositioning voyages between time charters for which no cargo is available or travelling to or from drydocking. The decrease for the nine months ended December 31, 2016, when compared to the nine months ended December 31, 2015, was mainly attributable to the fact that only one of our VLGCs operated on voyage charters outside of the Helios Pool during the nine months ended December 31, 2016, resulting in decreases in VLGC bunker costs of $5.9 million, port expenses of $0.8 million, and other voyage expenses of $0.8 million. In addition, a pressurized gas carrier operating in our fleet during the nine months ended December 31, 2015 incurred voyage expenses of $1.5 million for the nine months ended December 31, 2015 that did not recur during the nine months ended December 31, 2016 as the vessel was sold prior to the period.

Vessel Operating Expenses

Vessel operating expenses were $49.5 million during the nine months ended December 31, 2016, or $8,190 per vessel per calendar day, which is calculated by dividing vessel operating expenses by calendar days for the relevant time period for the vessels that were in our fleet. This was an increase of $19.0 million, or 62.6%, from $30.5 million for the nine months ended December 31, 2015. The increase in vessel operating expenses was primarily the result of an increase in the number of vessels operating in our fleet during the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. Vessel operating expenses per vessel per calendar day decreased $523 from $8,713 for

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the nine months ended December 31, 2015 to $8,190 for the nine months ended December 31, 2016. The decrease in vessel operating expenses per vessel per calendar day of $523 was largely due to a $2.3 million, or $666 per vessel per calendar day, reduction in costs relating to the training of additional crew partially offset by an increase of $176 per vessel per calendar day relating to additional repairs and maintenance incurred and spares and stores purchased primarily for two VLGCs that underwent drydocking during the nine months ended December 31, 2016.

Depreciation and Amortization

Depreciation and amortization was $48.9 million for the nine months ended December 31, 2016, an increase of $22.2 million, or 83.3%, from $26.7 million for the nine months ended December 31, 2015 that mainly relates to depreciation expense for our additional operating vessels.

General and Administrative Expenses

General and administrative expenses were $16.0 million for the nine months ended December 31, 2016, a decrease of $4.0 million, or 20.1%, from $20.0 million for the nine months ended December 31, 2015. The decrease was mainly due to decreases of $3.0 million for certain non-capitalizable costs incurred prior to vessel delivery, $2.1 million in cash bonuses to various employees, and $1.0 million for other general and administrative expenses. Partially offsetting these decreases were increases of $1.0 million in salaries, wages and benefits resulting from an increase in the number of employees, $0.9 million for professional, legal, audit and accounting fees and $0.2 million for stock-based compensation.

Other Income—Related Parties

Other income—related parties amounted to $1.8 million for the nine months ended December 31, 2016, an increase of $0.6 million, or 54.4%, from $1.2 million for the nine months ended December 31, 2015. The increase was primarily attributable to an increase of $0.4 million of fees for commercial management services provided by Dorian LPG (UK) Ltd. to the Helios Pool as well an increase of $0.2 million for certain chartering and marine operation services provided by Dorian LPG (USA) LLC and its subsidiaries to DHSA.

Interest and Finance Costs

Interest and finance costs amounted to $21.5 million for the nine months ended December 31, 2016, an increase of $15.8 million, or 277.7%, from $5.7 million for the nine months ended December 31, 2015. The increase of $15.8 million during this period was mainly due to an $11.1 million increase in interest incurred on our long-term debt, amortization and other financing expenses, including capitalized interest, from $10.4 million for the nine months ended December 31, 2015 to $21.5 million for the nine months ended December 31, 2016. This increase was largely due to an increase in average indebtedness, excluding deferred financing fees, from $448.4 million for the nine months ended December 31, 2015 to $818.6 million for the nine months ended December 31, 2016. Additionally, we had no capitalized interest during the nine months ended December 31, 2016 compared to $4.7 million during the nine months ended December 31, 2015. The outstanding balance of our long term debt, net of deferred financing fees of $21.0 million, as of December 31, 2016, was $766.7 million.

Unrealized Gain on Derivatives

Unrealized gain on derivatives amounted to a gain of approximately $26.5 million for the nine months ended December 31, 2016, compared to a gain of $3.7 million for the nine months ended December 31, 2015. The $22.9 million change is primarily attributable to changes in the fair value of our interest rate swaps due to changes in forward LIBOR yield curves along with an $8.1 million unrealized gain related to the termination of our RBS interest rate swaps.

Realized Loss on Derivatives

Realized loss on derivatives amounted to a loss of approximately $13.0 million for the nine months ended December 31, 2016, an increase of $8.5 million, or 189.6%, from a loss of $4.5 million for the nine months ended December 31, 2015. The increase is primarily attributable to the termination of the interest rate swaps related to the RBS Loan Facility during the three months ended December 31, 2016.

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Liquidity and Capital Resources

Our business is capital intensive, and our future success depends on our ability to maintain a high quality fleet. As of December 31, 2016, we had cash and cash equivalents of $31.8 million and restricted cash of $50.8 million.

Our primary source of capital during the nine months ended December 31, 2016 was $49.2 million in cash generated from operations. As of December 31, 2016, the outstanding balance of our long term debt, net of deferred financing fees of $21.0 million, was $766.7 million. Within the next twelve months, $66.0 million of our long-term debt is scheduled to be repaid.

Operating expenses, including expenses to maintain the quality of our vessels in order to comply with international shipping standards and environmental laws and regulations, the funding of working capital requirements, long-term debt repayments, financing costs, including the repayment of principal and interest under our debt facilities, and repurchases of our own securities represent our short term, medium term and long term liquidity needs as of December 31, 2016. We anticipate satisfying these needs with cash on hand and cash from operations, and if these sources are insufficient, we may need to seek alternative sources of finance and/or modifications of our existing credit facilities to satisfy short-term liquidity needs. However, there is no assurance that we will be able to obtain any such financing or modifications to our existing credit facilities on terms acceptable to us, or at all.

Our dividend policy will also impact our future liquidity position. Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. In addition, under the terms of our credit facilities, we may only declare or pay any dividends from our free cash flow and may not do so if i) an event of default is occurring or ii) the payment of such dividend would result in an event of default. Our vessel owning subsidiaries that are party to the RBS Loan Facility, as described in our Annual Report on Form 10-K for the year ended March 31, 2016, are prohibited from paying dividends without the consent of the lender. However, the loan facility permits the borrowers to make expenditures to fund the administration and operation of Dorian.

As part of our growth strategy, we will continue to consider strategic opportunities, including the acquisition of additional vessels and repurchases of our own securities. We may choose to pursue such opportunities through internal growth or joint ventures or business acquisitions. We expect to finance the purchase price of any future acquisitions either through internally generated funds, public or private debt financings, public or private issuances of additional equity securities or a combination of these forms of financing.

Cash Flows

The following table summarizes our cash and cash equivalents provided by/(used in) operating, financing and investing activities for the nine months ended December 31:

	2016	2015
Net cash provided by operating activities	$ 49,204,850	$ 82,985,318
Net cash used in investing activities	(1,762,861)	(855,874,634)
Net cash (used in)/provided by financing activities	(61,699,686)	590,427,830
Net decrease in cash and cash equivalents	$ (14,572,323)	$ (182,786,264)

Operating Cash Flows. Net cash provided by operating activities for the nine months ended December 31, 2016 was $49.2 million, compared to $83.0 million for the nine months ended December 31, 2015. The decrease of $33.8 million is primarily related to a decrease in cash flows from operating profits, partially offset by the timing of changes in working capital primarily from a reduction in amounts due from the Helios Pool.

Net cash flow from operating activities depends upon our overall profitability, market rates for vessels employed on voyage charters, charter rates agreed to for time charters, the timing and amount of payments for drydocking

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expenditures and unscheduled repairs and maintenance, fluctuations in working capital balances; timing of distributions from the Helios Pool; and bunker costs to the extent we have vessels employed on voyage charters.

Investing Cash Flows. Net cash used in investing activities was $1.8 million for the nine months ended December 31, 2016, comprised primarily of $1.8 million of payments for capitalized costs related to our fleet. Net cash used in investing activities was $855.9 million for the nine months ended December 31, 2015, comprised mainly of $839.1 million of scheduled payments to the shipyards, supervision costs, management fees, and other capitalized costs related to our newbuildings and $16.5 million of restricted cash deposits.

Financing Cash Flows. Net cash used in financing activities was $61.7 million for the nine months ended December 31, 2016 and consisted of repayments of long term debt of $48.6 million and repurchase of treasury stock of $13.0 million. Net cash provided by financing activities was $590.4 million for the nine months ended December 31, 2015 and consisted of cash proceeds from drawdowns of the 2015 Debt Facility totaling $634.6 million, offset partially by repayments of long term debt of $20.9 million, payment of financing costs of $13.2 million and repurchase of treasury stock of $10.1 million.

Capital Expenditures. LPG transportation is a capital intensive business, requiring significant investment to maintain an efficient fleet and to stay in regulatory compliance.

We are required to complete a special survey for a vessel once every five years and an intermediate survey every 2.5 years after the first special survey. Drydocking each vessel takes approximately 10 20 days. We spend significant amounts for scheduled drydocking (including the cost of classification society surveys) for each of our vessels.

As our vessels age and our fleet expands, our drydocking expenses will increase. We estimate the current cost of a VLGC special survey to be approximately $1,000,000 per vessel (excluding any capital improvements to the vessel that may be made during such drydockings) and the cost of an intermediate survey to be approximately $100,000 per vessel. Ongoing costs for compliance with environmental regulations are primarily included as part of our drydocking and classification society survey costs. We are not aware of any future regulatory changes or environmental laws that we expect to have a material impact on our current or future results of operations that we have not already considered. Please see “Item 1A. Risk Factors—Risks Relating to Our Company—We may incur substantial costs for the drydocking or replacement of our vessels as they age" in our Annual Report on Form 10-K for the year ended March 31, 2016.

Debt Agreements

For information relating to our secured term loan facilities, please see Note 11 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2016 and Note 6 to our unaudited interim condensed consolidated financial statements for the three and nine months ended December 31, 2016 included herein.

Off-Balance Sheet Arrangements

We currently do not have any off balance sheet arrangements.

Critical Accounting Policies and Estimates

The following is an update to the Critical Accounting Estimates set forth in “Item 7. — Management's Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended March 31, 2016.

Impairment of long-lived assets. We review our vessels and other fixed assets for impairment when events or circumstances indicate the carrying amount of the asset may not be recoverable. In addition, we compare independent appraisals to our carrying value for indicators of impairment to our vessels. When such indicators are present, an asset is tested for recoverability by comparing the estimate of future undiscounted net operating cash flows expected to be generated by the use of the asset over its remaining useful life and its eventual disposition to its carrying amount. An impairment charge is recognized if the carrying value is in excess of the estimated future undiscounted net operating cash flows. The impairment loss is measured based on the excess of the carrying amount over the fair market value of the asset. The new lower cost basis would result in a lower annual depreciation than before the impairment.

Our estimates of fair market value assume that our vessels are all in good and seaworthy condition without need for repair and if inspected would be certified in class without notations of any kind. Our estimates are based on information available from various industry sources, including:

- reports by industry analysts and data providers that focus on our industry and related dynamics affecting vessel values;
- news and industry reports of similar vessel sales;
- approximate market values for our vessels or similar vessels that we have received from shipbrokers, whether solicited or unsolicited, or that shipbrokers have generally disseminated;
- offers that we may have received from potential purchasers of our vessels; and
- vessel sale prices and values of which we are aware through both formal and informal communications with shipowners, shipbrokers, industry analysts and various other shipping industry participants and observers.

As we obtain information from various industry and other sources, our estimates of fair market value are inherently uncertain. In addition, vessel values are highly volatile; as such, our estimates may not be indicative of the current or future fair market value of our vessels or prices that we could achieve if we were to sell them.

As of December 31, 2016, independent appraisals of our VLGC fleet had indicators of impairment in accordance with ASC 360 Property, Plant, and Equipment. We determined estimated net operating cash flows for these VLGCs by applying various assumptions regarding future time charter equivalent revenues net of commissions, operating expenses, scheduled drydockings, expected offhire and scrap values. These assumptions were based on historical data as well as future expectations. We estimated spot market rates by obtaining the trailing 10-year historical average spot market rates, as published by maritime industry researchers. Estimated outflows for operating expenses and drydocking expenses were based on historical and budgeted costs and were adjusted for assumed inflation. Utilization was based on our historical levels achieved in the spot market and estimates of a residual value consistent with scrap rates used in management's evaluation of scrap value. Such estimates and assumptions regarding expected net operating cash flows require considerable judgment and were based upon historical experience, financial forecasts and industry trends and conditions. Therefore, based on this analysis, we concluded that no impairment charge was necessary because we believe the vessel carrying values are recoverable. No impairment charges were recognized for the three and nine months ended December 31, 2016.

In addition, we performed a sensitivity analysis as of December 31, 2016, to determine the effect on recoverability of changes in TCE rates. The sensitivity analysis suggests that we would not incur an impairment charge on any of our twenty-two VLGCs if daily TCE rates fell by 30% compared to the 10-year historical average spot market rates. An impairment charge of approximately $221.4 million on nineteen of our twenty-two VLGCs would be triggered by a reduction of 40% in the 10-year historical average spot market rates. The amount, if any, and timing of any impairment charges we may recognize in the future will depend upon the then current and expected future charter rates and vessel values, which may differ materially from those used in our estimates as of December 31, 2016.

Recent Accounting Pronouncements

See Note 2 to our unaudited interim condensed consolidated financial statements included herein for a discussion of recent accounting pronouncements.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For additional discussion of our exposure to market risk, refer to “Part II—Item 7A—Quantitative and Qualitative Disclosures About Market Risk” included in our Annual Report on Form 10-K for the year ended March 31, 2016.

Interest Rate Risk

The LPG shipping industry is capital intensive, requiring significant amounts of investment. Much of this investment is provided in the form of long-term debt. Our debt agreements contain interest rates that fluctuate with LIBOR. We have entered into interest rate swap agreements to hedge a majority of our exposure to fluctuations of interest rate risk associated with our 2015 Debt Facility. We have hedged $250 million of non-amortizing principal and $282.6 million of amortizing principal of the 2015 Debt Facility as of December 31, 2016 and thus increasing interest rates could adversely impact our future earnings due to additional interest expense on our unhedged debt. For the 12 months following December 31, 2016, a hypothetical increase or decrease of 20 basis points in the underlying LIBOR rates would result in an increase or decrease of our interest expense on all of our non-hedged interest bearing debt by approximately $0.5 million assuming all other variables are held constant.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of December 31, 2016. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and is accumulated and communicated to our management, including our CEO and CFO, to allow timely decisions regarding required disclosure. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those internal control systems determined to be effective can provide only a level of reasonable assurance with respect to financial statement preparation and presentation.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the three and nine months ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we expect to be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. Such claims, even if lacking in merit, could result in the expenditure of significant financial and managerial resources. We are not aware of any claim that is reasonably possible and should be disclosed or probable and for which a provision should be established in the accompanying unaudited interim condensed consolidated financial statements.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock. The following is an update to the risk factors that may cause actual results to differ materially from those anticipated set forth in "Item 1A. — Risk Factors" of our Annual Report on Form 10-K for the year ended March 31, 2016.

The expansion of the Panama Canal may have an adverse effect on our results of operations.

In June 2016, the expansion of the Panama Canal, or the Canal, was completed. The new locks allow the Canal to accommodate significantly larger vessels, including VLGCs, which we operate. Transit from the U.S. Gulf to Asia, an important trade route for our customers, can now be shortened by approximately 15 days compared to transiting via the Cape of Good Hope. The decrease in voyage time may increase the number of VLGCs available for cargo lifting and thereby increase industry capacity, which may have an adverse effect on TCE rates.

The recent downturn in spot market charter rates has had and may continue to have a negative effect on our results of operations and cash flows.

As of the date of this quarterly report, seventeen of our twenty-two vessels operate in the spot market through the Helios Pool. This exposes us to fluctuations in spot market charter rates. We also employ five of our VLGCs (including through the Helios Pool) on time charters. As these time charters expire, we may employ these vessels in the spot market or on new time charters, the charter rates of which are highly dependent on the then prevailing spot market rates. The spot charter market can fluctuate significantly based upon the supply of and demand for LPG carriers.

The Baltic Exchange Liquid Petroleum Gas Index, an index published daily by the Baltic Exchange for the spot market rate for the benchmark Ras Tanura Chiba route (expressed as U.S. dollars per metric ton), has fallen 77% from a peak of $143.250 in July 2014 to $32.857 as of January 26, 2017. If future spot charter rates decline further, or remain depressed, then we may not be able to profitably operate our vessels, meet our financial obligations, including the repayment of our indebtedness, or pay dividends.

We are subject to regulation and liability, including environmental laws, which could require significant expenditures and adversely affect our financial conditions and results of operations.

The International Maritime Organization, or the IMO, adopted the BWM Convention in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. All ships will also have to carry a ballast water record book and an International Ballast Water Management Certificate. The BWM Convention enters into force 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping. On September 8, 2016, this threshold was met (with 52 contracting parties making up 35.14%). Thus, the BWM Convention will enter into force on September 8, 2017. Many of the implementation dates in the BWM Convention have already passed, so that once the BWM Convention enters into force, the period of installation of mandatory ballast water exchange requirements would be extremely short, with several thousand ships a year needing to install ballast water management systems, or BWMS. For this reason, on December 4, 2013, the IMO

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Assembly passed a resolution revising the application dates of the BWM Convention so that they are triggered by the entry into force date and not the dates originally in the BWM Convention. This, in effect, makes all vessels constructed before the entry into force date “existing vessels” and allows for the installation of a BWMS on such vessels at the first renewal survey following entry into force of the convention. On October 27, 2016, the IMO’s Marine Environmental Protection Committee, or MPEC, adopted updated “guidelines for approval of ballast water managements systems (G8).” G8 updates previous guidelines concerning procedures to approve BWMS, including mid-ocean ballast exchange or ballast water treatment requirements. However, many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive and harmful species via such discharges. The United States for example, requires vessels entering its waters from another country to conduct mid-ocean ballast exchange, or undertake some alternate measure, and to comply with certain reporting requirements. We do not believe that the costs of compliance with the BWM Convention will be material and there will be no significant impact of such a requirement on our operations.

We have a shareholders rights agreement that could delay or prevent a change in control.

On December 16, 2016, our Board of Directors adopted a shareholder rights agreement (the “Rights Agreement”). The Rights Agreement may cause substantial dilution to a person or group that attempts to acquire control of our Company on terms that our Board of Directors does not believe are in our shareholders’ best interest. The Rights Agreement is intended to protect our shareholders in the event of an unfair or coercive offer to acquire control of the Company and to provide our Board of Directors with adequate time to evaluate unsolicited offers. The Rights Agreement may prevent or make takeovers or unsolicited corporate transactions with respect to our Company more difficult, even if shareholders consider such transactions favorable, possibly including transactions in which shareholders might otherwise receive a premium for their shares. For more information, please see the Rights Agreement dated December 16, 2016 filed as an exhibit to our current report on Form 8-K filed with the SEC on December 16, 2016.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

On August 5, 2015, we publicly announced that our Board of Directors had authorized the repurchase of up to $100 million of our common stock on or before December 31, 2016. The table below sets forth information regarding our purchases of our common stock during the quarterly period ended December 31, 2016:

	Total Number of Shares

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plan or Programs
October 1 to 31, 2016	15,870	6.30	15,870	66,288,564
November 1 to 30, 2016	—	—	—	66,288,564
December 1 to 31, 2016	—	—	—	66,288,564
Total	15,870	$ 6.30	15,870	$ 66,288,564

ITEM 6. EXHIBITS

See accompanying Exhibit Index included after the signature page of this report for a list of exhibits filed or furnished with this report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Dorian LPG Ltd. (Registrant)
Date: January 27, 2017	/s/ John Hadjipateras John Hadjipateras President and Chief Executive Officer (Principal Executive Officer)
Date: January 27, 2017	/s/ Theodore B. Young Theodore B. Young Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

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EXHIBIT INDEX

Exhibit Number	Description
4.1	Rights Agreement, dated as of December 16, 2016, between Dorian LPG Ltd. and Computershare Inc., which includes the form of Right Certificate as Exhibit A and the Summary of Rights to Purchase Preferred Shares as Exhibit B (incorporated by reference to Exhibit 4.1 of Dorian LPG Ltd.'s Form 8-K filed on December 16, 2016)
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1†	Certifications of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certifications of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Schema Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Schema Definition Linkbase
101.LAB	XBRL Taxonomy Extension Schema Label Linkbase
101.PRE	XBRL Taxonomy Extension Schema Presentation Linkbase

†This certification is deemed not filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.