DORIAN LPG LTD.
Form 10-Q
January 29, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2015

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number: 001-36437

Dorian LPG Ltd.

(Exact name of registrant as specified in its charter)

Marshall Islands	66-0818228
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
c/o Dorian LPG (USA) LLC 27 Signal Road, Stamford, CT	06902
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (203) 674-9900

Former name, former address and former fiscal year, if changed since last report: Not Applicable

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 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of January 27, 2016, there were 57,225,162 shares of the registrant’s Common Stock outstanding.

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FORWARD LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including analyses and other information based on forecasts of future results and estimates of amounts not yet determinable and statements relating to our future prospects, developments and business strategies. Forward-looking statements are generally identified by their use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will” and similar terms ar including references to assumptions. Forward-looking statements involve risks and uncertainties that may cause actual future activities and results of operations to be materially different from those suggested or described in this quarterly report.

These risks include the risks that are identified in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended March 31, 2015, and also include, among others, risks associated with the following:

- future operating or financial results;
- our limited operating history;
- pending or recent acquisitions, business strategy and expected capital spending or operating expenses;
- worldwide production of oil and natural gas, including production from U.S. shale fields;
- completion of infrastructure projects to support marine transportation of liquefied petroleum gas, or LPG, including export terminals and pipelines;
- competition in the marine transportation industry;
- oversupply of or limited demand for LPG vessels comparable to ours;
- supply and demand for LPG, which is affected by the production levels and price of oil, refined petroleum products and natural gas;
- global and regional economic and political conditions;

- shipping market trends, including charter rates, factors affecting supply and demand and world fleet composition;
- ability to employ our vessels profitably;
- our limited number of assets and small number of customers;
- performance by the counterparties to our charter agreements;
- termination of our customer contracts;
- delays and cost overruns in vessel construction projects;
- our ability to incur additional indebtedness under and compliance with restrictions and covenants in our debt agreements;
- our need for cash to meet our debt service obligations and to pay installments in connection with our newbuilding vessels;

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- our levels of operating and maintenance costs;
- our dependence on key personnel;
- availability of skilled workers and the related labor costs;
- compliance with governmental, tax, environmental and safety regulation;
- changes in tax laws, treaties or regulations;
- any non-compliance with the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"), the U.K. Bribery Act 2010, or other applicable regulations relating to bribery;
- general economic conditions and conditions in the oil and natural gas industry;
- effects of new products and new technology in our industry;
- operating hazards in the maritime transportation industry;
- adequacy of insurance coverage in the event of a catastrophic event;
- the volatility of the price of our common shares;
- our incorporation under the laws of the Republic of the Marshall Islands and the limited rights to relief that may be available compared to other countries, including the United States;
- our financial condition and liquidity, including our ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities, the terms of such financing and our ability to comply with covenants set forth in such financing arrangements; and
- expectations regarding vessel acquisitions.

Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is not realized. You should thoroughly read this quarterly report with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this quarterly report include additional factors that could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of the forward-looking statements by these cautionary statements.

Any forward-looking statements contained herein are made only as of the date of this quarterly report, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

As used in this quarterly report and unless otherwise indicated, references to “Dorian,” the “Company,” “we,” “our,” “us,” or similar terms refer to Dorian LPG Ltd. and its subsidiaries.

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Dorian LPG Ltd.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Dorian LPG Ltd.

Unaudited Condensed Consolidated Balance Sheets

(Expressed in United States Dollars, except for share data)

	As of December 31, 2015	As of March 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 22,034,919	$ 204,821,183
Trade receivables, net and accrued revenues	12,542,013	22,847,224
Prepaid expenses and other receivables	4,033,795	1,780,548
Due from related parties	57,519,736	386,743
Inventories	2,123,758	3,375,759
Total current assets	98,254,221	233,211,457
Fixed assets		
Vessels, net	1,604,987,643	419,976,053
Vessels under construction	26,523,881	398,175,504
Other fixed assets, net	641,880	464,889
Total fixed assets	1,632,153,404	818,616,446
Other non-current assets		
Other non-current assets	97,454	97,446
Deferred charges, net	24,424,739	13,965,921
Derivative instruments	1,869,068	—
Due from related parties—non-current	16,500,000	—
Restricted cash	49,712,789	33,210,000
Total assets	$ 1,823,011,675	$ 1,099,101,270
Liabilities and shareholders’ equity		
Current liabilities		
Trade accounts payable	$ 9,259,449	$ 5,224,349
Accrued expenses	7,791,482	5,647,702
Due to related parties	557,297	525,170
Deferred income	4,704,350	1,122,239
Current portion of long-term debt	65,708,060	15,677,553
Total current liabilities	88,020,638	28,197,013
Long-term liabilities		
Long-term debt—net of current portion	748,344,288	184,665,874

Derivative instruments	10,934,205	12,730,462
Other long-term liabilities	357,308	293,662
Total long-term liabilities	759,635,801	197,689,998
Total liabilities	847,656,439	225,887,011
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, 58,057,493 and 58,057,493 shares issued, 57,225,162 and 58,057,493 shares outstanding (net of treasury stock), as of December 31, 2015 and March 31, 2015, respectively	580,575	580,575
Additional paid-in-capital	847,223,211	844,539,059
Treasury stock, at cost; 832,331 and zero shares as of December 31, 2015 and March 31, 2015, respectively	(10,070,645)	—
Retained earnings	137,622,095	28,094,625
Total shareholders’ equity	975,355,236	873,214,259
Total liabilities and shareholders’ equity	$ 1,823,011,675	$ 1,099,101,270

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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Revenues				
Net pool revenues—related party	$ 66,044,777	$ —	$ 130,701,023	$ —
Voyage charter revenues	15,567,844	25,516,971	46,013,858	47,444,311
Time charter revenues	11,237,746	6,965,705	26,169,581	20,713,290
Other revenues	433,341	101,314	988,138	638,440
Total revenues	93,283,708	32,583,990	203,872,600	68,796,041
Expenses				
Voyage expenses	4,347,222	7,755,589	11,411,841	14,899,147
Vessel operating expenses	14,265,183	5,741,206	30,479,158	14,412,174
Management fees—related party	—	—	—	1,125,000
Depreciation and amortization	13,536,900	3,966,640	26,697,882	9,467,720
General and administrative expenses	7,506,740	4,294,965	20,002,555	9,389,689
Loss on disposal of assets	—	—	105,549	—
Total expenses	39,656,045	21,758,400	88,696,985	49,293,730
Other income—related parties	383,642	—	1,150,927	—
Operating income	54,011,305	10,825,590	116,326,542	19,502,311
Other income/(expenses)				
Interest and finance costs	(4,633,454)	(34,491)	(5,700,583)	(250,483)
Interest income	22,382	104,169	137,226	345,797
Gain/(loss) on derivatives, net	5,382,442	(1,340,747)	(816,926)	(2,386,582)
Foreign currency loss, net	(121,352)	(557,916)	(418,789)	(778,512)
Total other income/(expenses), net	650,018	(1,828,985)	(6,799,072)	(3,069,780)
Net income	$ 54,661,323	$ 8,996,605	$ 109,527,470	$ 16,432,531
Earnings per common share—basic	$ 0.97	$ 0.16	$ 1.92	$ 0.29
Earnings per common share—diluted	$ 0.97	$ 0.16	$ 1.92	$ 0.29

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, 2014	48,365,011	$ 483,650	$ —	$ 688,881,939	$ 2,833,843	$ 692,199,432
Issuance—April 24, 2014	1,412,698	14,127	—	25,849,437	—	25,863,564
Issuance—May 13, 2014	7,105,263	71,053	—	123,413,912	—	123,484,965
Issuance—May 22, 2014	245,521	2,455	—	4,335,901	—	4,338,356
Restricted share award issuances	655,000	6,550	—	(6,550)	—	—
Net income for the period	—	—	—	—	16,432,531	16,432,531
Stock-based compensation	—	—	—	1,524,802	—	1,524,802
Balance, December 31, 2014	57,783,493	$ 577,835	$ —	$ 843,999,441	$ 19,266,374	$ 863,843,650

	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

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, 2015	Nine months ended December 31, 2014
Cash flows from operating activities:		
Net income	$ 109,527,470	$ 16,432,531
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	26,697,882	9,467,720
Amortization of financing costs	1,553,730	693,733
Unrealized gain on derivatives	(3,665,324)	(1,637,646)
Stock-based compensation expense	3,050,819	1,524,802
Loss on disposal of assets	105,549	—
Unrealized exchange differences	322,455	954,774
Other non-cash items	61,323	731,689
Changes in operating assets and liabilities		
Trade receivables, net and accrued revenue	10,305,211	(8,144,265)
Prepaid expenses and other receivables	(2,253,247)	(1,194,116)
Due from related parties	(73,632,993)	1,322,149
Inventories	1,252,001	(2,404,584)
Other non-current assets	(8)	(97,439)
Trade accounts payable	3,386,722	3,177,894
Accrued expenses and other liabilities	6,241,601	1,102,233
Due to related parties	32,127	403,903
Payments for drydocking costs	—	(538,941)
Net cash provided by operating activities	82,985,318	21,794,437
Cash flows from investing activities:		
Payments for vessels and vessels under construction	(839,065,088)	(294,777,414)
Restricted cash deposits	(16,502,789)	(1,500,000)
Restricted cash released	—	30,938,702
Proceeds from disposal of assets	136,660	—
Payments to acquire other fixed assets	(443,417)	(185,336)
Net cash used in investing activities	(855,874,634)	(265,524,048)
Cash flows from financing activities:		
Proceeds from long-term debt borrowings	634,648,196	—
Repayment of long-term debt borrowings	(20,939,276)	(6,084,500)
Proceeds from common share issuances	—	155,830,178
Purchase of treasury stock	(10,070,645)	—
Financing costs paid	(13,210,445)	—
Payments relating to issuance costs	—	(1,388,918)
Net cash provided by financing activities	590,427,830	148,356,760
Effects of exchange rates on cash and cash equivalents	(324,778)	(954,774)

Net decrease in cash and cash equivalents	(182,786,264)	(96,327,625)
Cash and cash equivalents at the beginning of the period	204,821,183	279,131,795
Cash and cash equivalents at the end of the period	$ 22,034,919	$ 182,804,170

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 primarily focused on owning and operating very large gas carriers ("VLGCs"), each with a cargo carrying capacity of greater than 80,000 cbm. Our fleet consists of twenty-two LPG carriers, including eighteen fuel-efficient 84,000 cbm ECO-design VLGCs, three 82,000 cbm VLGCs and one pressurized 5,000 cbm vessel. In addition, we have a newbuilding contract for the construction of one new fuel-efficient 84,000 cbm ECO-design VLGC at Hyundai Heavy Industries Co., Ltd. ("Hyundai" or "HHI"), which is scheduled to be delivered to us in February 2016. We refer to this contract along with the VLGCs that were delivered between July 2014 and December 2015 from Hyundai and Daewoo Shipping and Marine Engineering Ltd. ("Daewoo" or "DSME"), both of which are based in South Korea, as our VLGC Newbuilding Program.

On April 1, 2015, Dorian and Phoenix Tankers Pte. Ltd. ("Phoenix"), a wholly-owned subsidiary of Mitsui OSK Lines Ltd., began operation of Helios LPG Pool LLC, or the Helios Pool, a 50% joint venture, which is a pool of VLGC vessels. We believe that the operation of certain of our VLGCs in this pool will allow us to achieve better market coverage and utilization. Vessels entered into the Helios Pool are commercially managed jointly by Dorian LPG (UK) Ltd., our wholly-owned subsidiary, and Phoenix. The members of the Helios Pool share in the net pool revenues generated by the entire group of vessels in the pool, weighted according to certain technical vessel characteristics, and net pool revenues (see Note 2) are distributed as time charter hire to each participant. The vessels entered into the Helios Pool may operate either in the spot market, contracts of affreightment, or on time charters of two years' duration or less.

On May 13, 2014, we completed our initial public offering (the "IPO") and our shares trade on the New York Stock Exchange under the ticker symbol "LPG".

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, 2015 included in our Annual Report on Form 10-K for the year ended March 31, 2015 filed with the Securities and Exchange Commission ("SEC") on June

4, 2015.

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, 2015, 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(2)	Vessel’s name	Built	CBM(1)
CNML LPG Transport LLC	VLGC	Captain Nicholas ML	2008	82,000
CJNP LPG Transport LLC	VLGC	Captain John NP	2007	82,000
CMNL LPG Transport LLC	VLGC	Captain Markos NL	2006	82,000
Grendon Tanker LLC	PGC	Grendon	1996	5,000
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

Newbuilding Vessel Owning Subsidiaries(3)

Subsidiary	Type of vessel(2)	Hull number	Vessel's Name	Estimated vessel delivery date(4)	CBM(1)
Dorian Exporter LPG Transport LLC	VLGC	S758	Caravelle	Q1 2016	84,000

(1) CBM: Cubic meters, a standard measure for LPG tanker capacity
(2) Very Large Gas Carrier (“VLGC”), Pressurized Gas Carrier (“PGC”)
(3) Represents the owning subsidiary of a newbuilding vessel that was not yet delivered as of December 31, 2015
(4) Represents calendar year quarters

Management Subsidiaries

Subsidiary	Incorporation Date
Dorian LPG Management Corp	July 2, 2013
Dorian LPG (USA) LLC (incorporated in USA)	July 2, 2013
Dorian LPG (UK) Ltd. (incorporated in UK)	November 18, 2013
Dorian LPG Finance LLC	January 16, 2015
Occident River Trading Limited (incorporated in UK)	January 9, 2015

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Dormant Subsidiaries

Subsidiary	Incorporation Date
SeaCor LPG I LLC	April 26, 2013
SeaCor LPG II LLC	April 26, 2013
Capricorn LPG Transport LLC	November 15, 2013
Constitution LPG Transport LLC	February 17, 2014

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, 2015 (see Note 2 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2015).

Additionally, as of April 1, 2015, we began operations of pooling arrangements. Net pool revenues—related party for each vessel in the pool is determined in accordance with the profit sharing terms specified within the pool agreement. In particular, the pool manager calculates the net pool revenues using gross revenues less voyage expenses of all the pool vessels and less the general and administrative expenses of the pool and distributes the net pool revenues as time charter hire to participants based on:

- pool points (vessel attributes such as cargo carrying capacity, fuel consumption, and construction characteristics are taken into consideration); and
- number of days the vessel participated in the pool in the period.

We recognize net pool revenues—related party 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.

In February 2015, the Financial Accounting Standards Board ("FASB") issued accounting guidance amending consolidation analysis which focuses on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. This new standard simplifies consolidation accounting by reducing the number of consolidation models and providing incremental benefits to stakeholders. In addition, the new standard places more emphasis on risk of loss when determining a controlling financial interest, reduces the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity (a "VIE"), and changes consolidation conclusion for public and private companies in several industries that typically make use of limited partnerships or VIEs. The pronouncement is effective prospectively for annual periods beginning after December 15, 2015, 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. 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. This pronouncement is effective retrospectively for fiscal years beginning after December 15, 2015 and interim periods within that reporting period, with early adoption permitted. We intend to adopt this pronouncement on April 1, 2016, and the amount of debt issuance costs that would be classified on our balance sheet as a reduction of debt was $23.9 million as of December 31, 2015 and $13.3 million as of March 31, 2015.

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

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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.

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.

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. (“Dorian Hellas,” “DHSA” or the “Manager”) 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 $0.2 million and $0.1 million for the three months ended December 31, 2015 and 2014, respectively, and $0.6 million and $0.3 million for the nine months ended December 31, 2015 and 2014, respectively. Such expenses are reimbursed based on their actual cost. Pursuant to an agreement between Dorian LPG (UK) Ltd. and DHSA, chartering and operational services are provided by Dorian LPG (UK) Ltd. to DHSA. Fees for these services are included in “Other income-related parties” in the unaudited condensed consolidated statement of operations included herein and were less than $0.1 million and $0.1 million for the three and nine months ended December 31, 2015, respectively.

We outsourced the technical and commercial management of our vessels to DHSA, a related party, through June 30, 2014, pursuant to management agreements entered into by each vessel owning subsidiary on July 26, 2013, as amended. In addition, under these management agreements, strategic and financial services had also been outsourced to DHSA. DHSA had entered into agreements with each of Eagle Ocean Transport and Highbury Shipping Services Limited ("HSSL"), to provide certain of these services on behalf of the vessel owning companies. Management fees incurred related to these agreements are presented as Management fees related party in the consolidated statement of operations in the relevant period. There were no management fees related to these agreements subsequent to June 30, 2014.

Additionally, a fixed monthly fee of $15,000 per hull was payable to DHSA for pre delivery services provided during the period from July 29, 2013 until June 30, 2014. Management fees related to the pre delivery services during the nine months ended December 31, 2014 amounted to $0.9 million, which have been capitalized and presented in “Vessels under construction" or "Vessels, net" for vessels that have been delivered. There were no Management fees related to the pre-delivery services during the three months ended December 31, 2014 or for the three and nine months ended December 31, 2015.

Helios LPG Pool LLC

On April 1, 2015, Dorian and Phoenix began operations of the Helios Pool and entered into pool participation agreements for the purpose of establishing and operating, as charterer, under a time charter to be entered into with owners or disponent owners of VLGCs, a commercial pool of VLGCs whereby revenues and expenses are shared as described in Note 2 above. 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. We have determined that the Helios Pool is a VIE 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. As of December 31, 2015, we had receivables from the Helios Pool of $73.5 million, including $16.5 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, 2015 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)

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Ltd. are included in "Other income-related parties" in the unaudited condensed consolidated statement of operations and were $0.4 million and $1.1 million for the three and nine months ended December 31, 2015.

Through our vessel owning subsidiaries, we have chartered vessels to the Helios Pool during the three and nine months ended December 31, 2015. 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 incurs voyage costs such as bunkers, port costs and commissions. At the end of each month, the pool aggregates the revenue and expenses for all the vessels in the pool and distributes net pool revenues to the participants based on the results of the pool, operating days and pool points, as variable time charter hire for the relevant vessel. We recognize net pool revenues on a monthly basis, when the vessel has participated in the pool during the period and the amount of pool revenues for the month can be estimated reliably. Revenue earned is presented in Note 9.

Artwork

During the nine months ended December 31, 2015, we purchased $0.1 million of artwork for newbuilding vessels, which have been capitalized and presented in "Vessels under construction" or "Vessels, net" for vessels that have been delivered during the period, 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.

4. Deferred Charges, Net

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

	Financing costs	Drydocking costs	Total deferred charges, net
Balance, April 1, 2015	$ 13,296,216	$ 669,705	$ 13,965,921
Additions	12,200,552	—	12,200,552
Amortization	(1,553,730)	(188,004)	(1,741,734)
Balance, December 31, 2015	$ 23,943,038	$ 481,701	$ 24,424,739

Financing costs incurred during the nine months ended December 31, 2015 relate to a $758 million debt facility that we entered into in March 2015 (the "2015 Debt Facility"). See Note 7 below.

There were no drydockings during the nine months ended December 31, 2015.

5. Vessels, Net

	Cost	Accumulated depreciation	Net book Value
Balance, April 1, 2015	$ 439,180,669	$ (19,204,616)	$ 419,976,053
Additions	1,211,595,756	—	1,211,595,756
Disposals	(268,281)	26,060	(242,221)
Depreciation	—	(26,341,945)	(26,341,945)
Balance, December 31, 2015	$ 1,650,508,144	$ (45,520,501)	$ 1,604,987,643

The additions to Vessels, net represent amounts transferred from Vessels under Construction relating to the cost of our fifteen newbuildings that were delivered to us during the nine months ended December 31, 2015.

Vessels, with a total carrying value of $1,601.3 million and $416.0 million as of December 31, 2015 and March 31, 2015, respectively, are first priority mortgaged as collateral for our long-term debt facilities (refer to Note 7 below). No impairment loss was recorded for the periods presented.

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6. Vessels Under Construction

Balance, April 1, 2015	$ 398,175,504
Installment payments to shipyards	814,098,361
Other capitalized expenditures	21,184,618
Capitalized interest	4,661,154
Vessels delivered (transferred to Vessels)	(1,211,595,756)
Balance, December 31, 2015	$ 26,523,881

Other capitalized expenditures for the nine months ended December 31, 2015 represent LPG coolant of $4.8 million and fees paid to third party vendors of $16.4 million for supervision and other newbuilding pre delivery costs including engineering and technical support, liaising with the shipyard, and ensuring key suppliers are integrated into the production planning process.

7. Long-term Debt

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

2015 Debt Facility – refer to Note 11 of the consolidated financial statements included in our 2015 Annual Report on Form 10-K for the year ended March 31, 2015 for additional information related to the 2015 Debt Facility. During the nine months ended December 31, 2015, we made drawdowns of $634.6 million, including $9.0 million to pay lender fees, under the 2015 Debt Facility, which was secured by fifteen newbuilding vessels delivered during that period and was comprised of four separate tranches. As of December 31, 2015, $42.2 million was available to be drawn under the facility on delivery of our final newbuilding.

Debt Obligations

The table below presents our debt obligations:

RBS secured bank debt	December 31, 2015	March 31, 2015
Tranche A	$ 39,100,000	$ 40,800,000

Tranche B	28,127,000	30,684,000
Tranche C	45,795,000	47,622,500
Total	$ 113,022,000	$ 119,106,500
2015 Debt Facility		
Commercial Financing	$ 231,599,393	$ 26,695,381
KEXIM Direct Financing	188,405,793	21,890,212
KEXIM Guaranteed	186,383,877	21,655,293
K-sure Insured	94,641,285	10,996,041
Total	701,030,348	81,236,927
Total debt obligations	$ 814,052,348	$ 200,343,427
Presented as follows:		
Current portion of long-term debt	$ 65,708,060	$ 15,677,553
Long-term debt—net of current portion	748,344,288	184,665,874
Total	$ 814,052,348	$ 200,343,427

8. Stock-Based Compensation Plans

Our stock-based compensation expense was $1.3 million and $3.1 million for the three and nine months ended December 31, 2015, respectively, and was $0.8 million and $1.5 million for the three and nine months ended December 31, 2014. Stock-based compensation expense is included within general and administrative expenses in the