GENCO SHIPPING & TRADING LTD
Form 10-Q
July 26, 2011
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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 June 30, 2011

OR

o 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 000-51442

GENCO SHIPPING & TRADING LIMITED

(Exact name of registrant as specified in its charter)

Republic of the Marshall Islands	**98-043-9758**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

299 Park Avenue, 20th Floor, New York, New York 10171

(Address of principal executive offices) (Zip Code)

(646) 443-8550

(Registrant s telephone number, including area code)

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 o

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 x No o

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

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

The number of shares outstanding of each of the issuer s classes of common stock, as of July 26, 2011: Common stock, $0.01 per share 35,966,198 shares.

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Genco Shipping & Trading Limited

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Genco Shipping & Trading Limited

Condensed Consolidated Balance Sheets as of June 30, 2011 and December 31, 2010

(U.S. Dollars in thousands, except for share and per share data)

(Unaudited)

	June 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 286,230	$ 270,877
Due from charterers, net of a reserve of $996 and $592, respectively	8,860	8,794
Prepaid expenses and other current assets	16,179	14,010
Total current assets	311,269	293,681
Noncurrent assets:		
Vessels, net of accumulated depreciation of $398,190 and $334,502, respectively	2,792,033	2,783,810
Deposits on vessels	6,885	13,718
Deferred drydock, net of accumulated amortization of $9,850 and $9,044, respectively	7,199	8,538
Other assets, net of accumulated amortization of $6,133 and $4,561, respectively	15,490	16,937
Fixed assets, net of accumulated depreciation and amortization of $2,163 and $2,041, respectively	2,330	2,310
Other noncurrent assets	514	
Restricted cash	9,750	9,000
Investments	42,450	54,714
Total noncurrent assets	2,876,651	2,889,027
Total assets	$ 3,187,920	$ 3,182,708
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 26,152	$ 31,790
Current portion of long-term debt	110,610	71,841
Deferred revenue	3,959	9,974
Fair value of derivative instruments	9,770	4,417
Total current liabilities	150,491	118,022
Noncurrent liabilities:		
Deferred revenue		392
Deferred rent credit	1,233	657
Time charters acquired	1,601	2,197
Fair value of derivative instruments	25,592	38,880
Convertible senior note payable	104,262	102,309
Long-term debt	1,538,300	1,572,098

Total noncurrent liabilities		1,670,988		1,716,533
Total liabilities		1,821,479		1,834,555
Commitments and contingencies				
Equity:				
Genco Shipping & Trading Limited shareholders equity:				
Common stock, par value $0.01; 100,000,000 shares authorized; issued and outstanding 35,966,198 and 35,951,198 shares at June 30, 2011 and December 31, 2010, respectively		359		359
Additional paid-in capital		806,787		803,778
Accumulated other comprehensive loss		(9,558)		(5,210)
Retained earnings		357,505		334,022
Total Genco Shipping & Trading Limited shareholders equity		1,155,093		1,132,949
Noncontrolling interest		211,348		215,204
Total equity		1,366,441		1,348,153
Total liabilities and equity	$	3,187,920	$	3,182,708

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2011 and 2010

(U.S. Dollars in Thousands, Except for Earnings Per Share and Share Data)

(Unaudited)

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Revenues:				
Voyage revenues	$ 98,511	$ 105,337	199,130	$ 200,018
Service revenues	819		1,629	
Total revenues	99,330	105,337	$ 200,759	$ 200,018
Operating expenses:				
Voyage expenses	(74)	1,018	894	1,755
Vessel operating expenses	25,465	16,160	50,260	31,047
General, administrative, and management fees	8,298	7,164	17,149	12,960
Depreciation and amortization	34,025	26,259	67,106	51,094
Other operating income		(206)		(206)
Total operating expenses	67,714	50,395	135,409	96,650
Operating income	31,616	54,942	65,350	103,368
Other (expense) income:				
Other (expense) income	(56)	(3)	(111)	25
Interest income	163	248	335	324
Interest expense	(21,540)	(15,810)	(42,861)	(31,241)
Other expense	(21,433)	(15,565)	(42,637)	(30,892)
Income before income taxes	10,183	39,377	22,713	72,476
Income tax expense	(355)	(719)	(714)	(719)
Net income	9,828	38,658	21,999	71,757
Less: Net (loss) income attributable to noncontrolling interest	(262)	1,899	(1,517)	1,550
Net income attributable to Genco Shipping & Trading Limited	$ 10,090	$ 36,759	$ 23,516	$ 70,207
Earnings per share-basic	$ 0.29	$ 1.17	$ 0.67	$ 2.24
Earnings per share-diluted	$ 0.29	$ 1.16	$ 0.67	$ 2.23
Weighted average common shares outstanding-basic	35,150,352	31,413,874	35,146,254	31,409,858
Weighted average common shares outstanding-diluted	35,204,649	31,562,879	35,211,636	31,553,226
Dividends declared per share	$	$	$	$

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Equity

For the Six Months Ended June 30, 2011 and 2010

(U.S. Dollars in Thousands)

(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Genco Shipping & Trading Limited Shareholders Equity	Noncontrolling Interest	Total Equity
Balance January 1, 2011	$ 359	$ 803,778	$ (5,210)	$ 334,022	$ 1,132,949	$ 215,204	$ 1,348,153
Net income (loss)				23,516	23,516	(1,517)	21,999
Change in unrealized gain on investments			(12,264)		(12,264)		(12,264)
Unrealized gain on cash flow hedges, net			7,916		7,916		7,916
Issuance of 15,000 shares of nonvested stock, less forfeitures of 1,100 shares							
Nonvested stock amortization		2,972			2,972	1,551	4,523
Cash dividends paid by Baltic Trading Limited				(33)	(33)	(3,853)	(3,886)
Vesting of restricted shares issued by Baltic Trading Limited		37			37	(37)	
Balance June 30, 2011	$ 359	$ 806,787	$ (9,558)	$ 357,505	$ 1,155,093	$ 211,348	$ 1,366,441

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Genco Shipping & Trading Limited Shareholders Equity	Noncontrolling Interest	Total Equity
Balance January 1, 2010	$ 318	$ 722,198	$ 13,589	$ 192,820	$ 928,925	$	$ 928,925
Net income				70,207	70,207	1,550	71,757
Change in unrealized gain on investments			(18,901)		(18,901)		(18,901)
Unrealized loss on cash flow hedges, net			(8,789)		(8,789)		(8,789)
	1	(1)					

Issuance of 90,000 shares of nonvested stock							
Nonvested stock amortization		2,190			2,190	1,093	3,283
Issuance of common stock of Baltic Trading Limited		(1,054)			(1,054)	211,449	210,395
Balance June 30, 2010	$ 319	$ 723,333	$ (14,101)	$ 263,027	$ 972,578	$ 214,092	$ 1,186,670

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Comprehensive Income (Loss)

For the Three and Six Months Ended June 30, 2011 and 2010

(U.S. Dollars in Thousands)

(Unaudited)

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Net income	$ 9,828	$ 38,658	$ 21,999	$ 71,757
Change in unrealized gain on investments	(12,694)	(23,144)	(12,264)	(18,901)
Unrealized gain (loss) on cash flow hedges, net	712	(5,088)	7,916	(8,789)
Comprehensive (loss) income	(2,154)	10,426	17,651	44,067
Less: Comprehensive (loss) income attributable to noncontrolling interest	(262)	1,899	(1,517)	1,550
Comprehensive (loss) income attributable to Genco Shipping & Trading Limited	$ (1,892)	$ 8,527	$ 19,168	$ 42,517

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2011 and 2010

(U.S. Dollars in Thousands)

(Unaudited)

	For the Six Months Ended June 30, 2011	2010
Cash flows from operating activities:		
Net income	$ 21,999	$ 71,757
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,106	51,094
Amortization of deferred financing costs	1,572	602
Amortization of time charters acquired	(969)	(2,435)
Amortization of discount on Convertible Senior Notes	1,952	
Unrealized gain on derivative instruments	(19)	(35)
Amortization of nonvested stock compensation expense	4,523	3,283
Change in assets and liabilities:		
Increase in due from charterers	(66)	(959)
Increase in prepaid expenses and other current assets	(2,169)	(1,902)
Increase in other noncurrent assets	(514)	
(Decrease) increase in accounts payable and accrued expenses	(2,818)	2,113
Decrease in deferred revenue	(6,407)	(2,903)
Increase (decrease) in deferred rent credit	576	(10)
Deferred drydock costs incurred	(1,801)	(2,590)
Net cash provided by operating activities	82,965	118,015
Cash flows from investing activities:		
Purchase of vessels	(67,174)	(214,389)
Deposits on vessels	(117)	(84,899)
Deposits on vessels to be sold		(10,550)
Purchase of other fixed assets	(277)	(251)
Changes in deposits of restricted cash	(750)	5,500
Net cash used in investing activities	(68,318)	(304,589)
Cash flows from financing activities:		
Repayments on the 2007 Credit Facility	(25,000)	(25,000)
Proceeds from the $100 Million Term Loan Facility	20,000	
Repayments on the $100 Million Term Loan Facility	(1,763)	
Proceeds from the $253 Million Term Loan Facility	21,500	
Repayments on the $253 Million Term Loan Facility	(9,766)	
Proceeds from the Baltic Trading 2010 Credit Facility		9,975
Proceeds from issuance of common stock by subsidiary		214,508
Payments of subsidiary common stock issuance costs		(3,721)
Payment of Convertible Senior Notes issuance costs	(51)	
Payment of dividend by subsidiary	(3,886)	
Payment of deferred financing costs	(328)	(1,316)

Net cash provided by financing activities		706		194,446
Net increase in cash and cash equivalents		15,353		7,872
Cash and cash equivalents at beginning of period		270,877		188,267
Cash and cash equivalents at end of period	$	286,230	$	196,139

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

(U.S. Dollars in Thousands Except Per Share and Share Data)

Notes to Condensed Consolidated Financial Statements (unaudited)

1 - GENERAL INFORMATION

The accompanying condensed consolidated financial statements include the accounts of Genco Shipping & Trading Limited (GS&T), its wholly owned subsidiaries, and its subsidiary, Baltic Trading Limited (collectively, the Company). The Company is engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels. GS&T is incorporated under the laws of the Marshall Islands and as of June 30, 2011 is the sole owner of all of the outstanding shares of the following subsidiaries: Genco Ship Management LLC; Genco Investments LLC; Genco Management (USA) Limited; and the ship-owning subsidiaries as set forth below.

Below is the list of GS&T s wholly owned ship-owning subsidiaries as of June 30, 2011:

Wholly Owned Subsidiaries	Vessels Acquired	Dwt	Delivery Date	Year Built
Genco Reliance Limited	Genco Reliance	29,952	12/6/04	1999
Genco Vigour Limited	Genco Vigour	73,941	12/15/04	1999
Genco Explorer Limited	Genco Explorer	29,952	12/17/04	1999
Genco Carrier Limited	Genco Carrier	47,180	12/28/04	1998
Genco Sugar Limited	Genco Sugar	29,952	12/30/04	1998
Genco Pioneer Limited	Genco Pioneer	29,952	1/4/05	1999
Genco Progress Limited	Genco Progress	29,952	1/12/05	1999
Genco Wisdom Limited	Genco Wisdom	47,180	1/13/05	1997
Genco Success Limited	Genco Success	47,186	1/31/05	1997
Genco Beauty Limited	Genco Beauty	73,941	2/7/05	1999
Genco Knight Limited	Genco Knight	73,941	2/16/05	1999
Genco Leader Limited	Genco Leader	73,941	2/16/05	1999
Genco Marine Limited	Genco Marine	45,222	3/29/05	1996
Genco Prosperity Limited	Genco Prosperity	47,180	4/4/05	1997
Genco Muse Limited	Genco Muse	48,913	10/14/05	2001
Genco Acheron Limited	Genco Acheron	72,495	11/7/06	1999
Genco Surprise Limited	Genco Surprise	72,495	11/17/06	1998
Genco Augustus Limited	Genco Augustus	180,151	8/17/07	2007
Genco Tiberius Limited	Genco Tiberius	175,874	8/28/07	2007
Genco London Limited	Genco London	177,833	9/28/07	2007
Genco Titus Limited	Genco Titus	177,729	11/15/07	2007
Genco Challenger Limited	Genco Challenger	28,428	12/14/07	2003
Genco Charger Limited	Genco Charger	28,398	12/14/07	2005
Genco Warrior Limited	Genco Warrior	55,435	12/17/07	2005
Genco Predator Limited	Genco Predator	55,407	12/20/07	2005
Genco Hunter Limited	Genco Hunter	58,729	12/20/07	2007

Genco Champion Limited	Genco Champion	28,445	1/2/08	2006
Genco Constantine Limited	Genco Constantine	180,183	2/21/08	2008
Genco Raptor LLC	Genco Raptor	76,499	6/23/08	2007
Genco Cavalier LLC	Genco Cavalier	53,617	7/17/08	2007
Genco Thunder LLC	Genco Thunder	76,588	9/25/08	2007
Genco Hadrian Limited	Genco Hadrian	169,694	12/29/08	2008
Genco Commodus Limited	Genco Commodus	169,025	7/22/09	2009
Genco Maximus Limited	Genco Maximus	169,025	9/18/09	2009
Genco Claudius Limited	Genco Claudius	169,025	12/30/09	2010
Genco Bay Limited	Genco Bay	34,296	8/24/10	2010
Genco Ocean Limited	Genco Ocean	34,409	7/26/10	2010
Genco Avra Limited	Genco Avra	34,391	5/12/2011	2011
Genco Mare Limited	Genco Mare	34,428	7/20/2011	2011
Genco Spirit Limited	Genco Spirit	35,000	Q4 2011 (1)	2011 (1)
Genco Aquitaine Limited	Genco Aquitaine	57,981	8/18/10	2009
Genco Ardennes Limited	Genco Ardennes	57,981	8/31/10	2009
Genco Auvergne Limited	Genco Auvergne	57,981	8/16/10	2009
Genco Bourgogne Limited	Genco Bourgogne	57,981	8/24/10	2010
Genco Brittany Limited	Genco Brittany	57,981	9/23/10	2010
Genco Languedoc Limited	Genco Languedoc	57,981	9/29/10	2010
Genco Loire Limited	Genco Loire	53,416	8/4/10	2009
Genco Lorraine Limited	Genco Lorraine	53,416	7/29/10	2009
Genco Normandy Limited	Genco Normandy	53,596	8/10/10	2007
Genco Picardy Limited	Genco Picardy	55,257	8/16/10	2005
Genco Provence Limited	Genco Provence	55,317	8/23/10	2004
Genco Pyrenees Limited	Genco Pyrenees	57,981	8/10/10	2010
Genco Rhone Limited	Genco Rhone	58,018	3/29/2011	2011

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(1) Delivery and built date for vessel being delivered in the future is an estimate based on guidance received from the seller and the shipyard.

Baltic Trading Limited (Baltic Trading) was a wholly-owned indirect subsidiary of GS&T until Baltic Trading completed its initial public offering, or IPO, on March 15, 2010. As of June 30, 2011, GS&T s wholly-owned subsidiary Genco Investments LLC owned 5,699,088 shares of Baltic Trading s Class B Stock, which represented a 25.22% ownership interest in Baltic Trading and 83.50% of the aggregate voting power of Baltic Trading s outstanding shares of voting stock. Additionally, pursuant to the subscription agreement between Genco Investments LLC and Baltic Trading, for so long as GS&T directly or indirectly holds at least 10% of the aggregate number of outstanding shares of Baltic Trading s common stock and Class B stock, Genco Investments LLC will be entitled to receive an additional number of shares of Baltic Trading s Class B stock equal to 2% of the number of common shares issued in the future, other than shares issued under Baltic Trading s 2010 Equity Incentive Plan.

Below is the list of Baltic Trading s wholly owned ship-owning subsidiaries as of June 30, 2011:

Baltic Trading s Wholly Owned Subsidiaries	Vessel	Dwt	Delivery Date	Year Built
Baltic Leopard Limited	Baltic Leopard	53,447	4/8/10	2009
Baltic Panther Limited	Baltic Panther	53,351	4/29/10	2009
Baltic Cougar Limited	Baltic Cougar	53,432	5/28/10	2009
Baltic Jaguar Limited	Baltic Jaguar	53,474	5/14/10	2009
Baltic Bear Limited	Baltic Bear	177,717	5/14/10	2010
Baltic Wolf Limited	Baltic Wolf	177,752	10/14/10	2010
Baltic Wind Limited	Baltic Wind	34,409	8/4/10	2009
Baltic Cove Limited	Baltic Cove	34,403	8/23/10	2010
Baltic Breeze Limited	Baltic Breeze	34,386	10/12/10	2010

The Company provides technical services for drybulk vessels purchased by Maritime Equity Partners (MEP), which is managed by a company owned by Peter C. Georgiopoulos, Chairman of the Board of Directors of GS&T. These services include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. The services are provided for a fee of $750 per ship per day plus reimbursement of out-of-pocket costs and will be provided for an initial term of one year. MEP has the right to cancel provision of services on 60 days notice with payment of a one-year termination fee upon a change in control of the Company. The Company may terminate provision of the services at any time on 60 days notice. Peter C. Georgiopoulos, the Company s Chairman of the Board, is a minority investor in MEP, and affiliates of Oaktree Capital Management, L.P., of which Stephen A. Kaplan, a director of the Company, is a principal, are majority investors in MEP.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which include the accounts of Genco Shipping & Trading Limited, its wholly owned subsidiaries and Baltic Trading, a subsidiary in which the Company owns a majority of the voting interests and exercises control. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and the rules and regulations of the Securities and Exchange Commission (the SEC). In the opinion of management of the Company, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and operating results have been included in the statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company s annual report on Form 10-K for the year ended December 31, 2010 (the 2010 10-K). The results of operations for the periods ended June 30, 2011 are not necessarily indicative of the operating results for the full year.

Vessels, net

Depreciation expense is calculated based on cost less the estimated residual scrap value. The costs of significant replacements, renewals and betterments are capitalized and depreciated over the shorter of the vessel s remaining estimated useful life

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or the estimated life of the renewal or betterment. Undepreciated cost of any asset component being replaced that was acquired after the initial vessel purchase is written off as a component of vessel operating expense. Expenditures for routine maintenance and repairs are expensed as incurred. Scrap value is estimated by the Company by taking the cost of steel times the weight of the ship noted in lightweight tons (lwt). Effective January 1, 2011, the Company increased the estimated scrap value of the vessels from $175/lwt to $245/lwt prospectively based on the 15-year average scrap value of steel. The change in the estimated scrap value will result in a decrease in depreciation expense over the remaining life of the vessel assets. During the three and six months ended June 30, 2011, the increase in the estimated scrap value resulted in a decrease in depreciation expense of $618 and $1,229, respectively.

Noncontrolling interest

Net loss (income) attributable to noncontrolling interest during the three and six months ended June 30, 2011 and 2010 reflects the noncontrolling interest s share of the net loss of Baltic Trading, a subsidiary of the Company, which owns and employs drybulk vessels in the spot market or on spot market-related time charters. The spot market represents immediate chartering of a vessel, usually for single voyages. At June 30, 2011, the noncontrolling interest held a 74.78% economic interest in Baltic Trading while only holding 16.50% of voting power.

Income taxes

Pursuant to certain agreements, GS&T technically and commercially manages vessels for Baltic Trading, as well as provides technical management of vessels for MEP in exchange for specified fees for these services provided. These services are performed by Genco Management (USA) Limited (Genco (USA)), which has elected to be taxed as a corporation for United States federal income tax purposes. As such, Genco (USA) is subject to United States federal income tax on its worldwide net income, including the net income derived from providing these services. Genco (USA) has entered into a cost-sharing agreement with the Company and Genco Ship Management LLC, collectively Manco, pursuant to which Genco (USA) agrees to reimburse Manco for the costs incurred by Genco (USA) for the use of Manco s personnel and services in connection with the provision of the services for both Baltic Trading and MEP s vessels.

Total revenue earned for these services during the three months ended June 30, 2011 and 2010 was $1,562 and $2,429, respectively, of which $743 and $2,429, respectively, eliminated upon consolidation. After allocation of certain expenses, there was taxable income of $749 associated with these activities for the three months ended June 30, 2011. This resulted in estimated tax expense of $327 for the three months ended June 30, 2011. After allocation of certain expenses, there was taxable income of $1,598 associated with these activities for the three months ended June 30, 2010. This resulted in income tax expense of $719 for the three months ended June 30, 2010.

Total revenue earned for these services during the six months ended June 30, 2011 and 2010 was $3,101 and $2,429, respectively, of which $1,472 and $2,429, respectively, eliminated upon consolidation. After allocation of certain expenses, there was taxable income of $1,446 associated with these activities for the six months ended June 30, 2011. This resulted in estimated tax expense of $691 for the six months ended June 30, 2011. After allocation of certain expenses, there was taxable income of $1,598 associated with these activities for the six months ended June 30, 2010. This resulted in income tax expense of $719 for the six months ended June 30, 2010.

Baltic Trading is subject to income tax on its United States source income. During the three months ended June 30, 2011 and 2010, Baltic Trading had United States operations which resulted in United States source income of $1,394 and $0, respectively. Baltic Trading s United

States income tax expense for the three months ended June 30, 2011 and 2010 was $28 and $0, respectively.

During the six months ended June 30, 2011 and 2010, Baltic Trading had United States operations which resulted in United States source income of $2,457 and $0, respectively. Baltic Trading s United States income tax expense for the six months ended June 30, 2011 and 2010 was $23 and $0, respectively.

Voyage expense recognition

In time charters, spot market-related time charters and pool agreements, operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel and specified voyage costs such as fuel and port charges are paid by the charterer. There are certain other non-specified voyage expenses such as commissions which are typically borne by the Company. At the inception of a time charter, the Company records the difference between the cost of bunker fuel delivered by the terminating charterer and the bunker fuel sold to the new charterer as a gain or loss within voyage expenses. These differences in bunkers resulted in net gains of $1,294 and $459 during the three months ended June 30, 2011 and 2010, respectively, and $1,653 and $1,016 during the six months ended June 30, 2011 and 2010, respectively.

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3 - SEGMENT INFORMATION

The Company determines its operating segments based on the information utilized by the chief operating decision maker to assess performance. Based on this information, the Company has two operating segments, GS&T and Baltic Trading. Both GS&T and Baltic Trading are engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels. GS&T seeks to deploy its vessels on time charters, spot market-related time charters or in vessel pools trading in the spot market and Baltic Trading seeks to deploy its vessel charters in the spot market, which represents immediate chartering of a vessel, usually for single voyages, or employing vessels on spot market-related time charters. Segment results are evaluated based on net income. The accounting policies applied to the reportable segments are the same as those used in the preparation of the Company s condensed consolidated financial statements.

The following table presents a reconciliation of total revenue from external (third party) customers for the Company s two operating segments to total consolidated revenue from external customers for the Company for the three and six months ended June 30, 2011 and 2010.

	For the three months ended June 30,		For the six months ended June 30,	
	2011	2010	2011	2010
Revenue from External Customers				
GS&T	$ 88,597	$ 98,346	$ 179,672	$ 193,027
Baltic Trading	9,914	6,991	19,458	6,991
Total operating segments	98,511	105,337	199,130	200,018
Eliminating revenue				
Total consolidated revenue from external customers	$ 98,511	$ 105,337	$ 199,130	$ 200,018

The following table presents a reconciliation of total intersegment revenue, which eliminates upon consolidation, for the Company s two operating segments for the three and six months ended June 30, 2011 and 2010. The intersegment revenue noted in the following table represents revenue earned by GS&T pursuant to the management agreement entered into with Baltic Trading, which includes commercial service fees, technical service fees and sale and purchase fees, if any.

	For the three months ended June 30,		For the six months ended June 30,	
	2011	2010	2011	2010
Intersegment revenue				
GS&T	$ 743	$ 2,429	$ 1,472	$ 2,429
Baltic Trading				
Total operating segments	743	2,429	1,472	2,429
Eliminating revenue	(743)	(2,429)	(1,472)	(2,429)
Total consolidated intersegment revenue	$	$	$	$

The following table presents a reconciliation of total net income for the Company s two operating segments to total consolidated net income for the three and six months ended June 30, 2011 and 2010. The eliminating net income noted in the following table consists of the elimination of intercompany transactions between GS&T and Baltic Trading as well as dividends received by GS&T from Baltic Trading for its Class B shares of Baltic Trading.

	For the three months ended June 30, 2011	2010	For the six months ended June 30, 2011	2010
Net income				
GS&T	$ 10,484	$ 38,172	$ 25,278	$ 71,781
Baltic Trading	(353)	2,602	(2,046)	2,092
Total operating segments	10,131	40,774	23,232	73,873
Eliminating net income	(303)	(2,116)	(1,233)	(2,116)
Total consolidated net income	$ 9,828	$ 38,658	$ 21,999	$ 71,757

The following table presents a reconciliation of total assets for the Company s two operating segments to total consolidated net assets as of June 30, 2011 and December 31, 2010. The eliminating assets noted in the following table consist of the elimination of intercompany transactions resulting from the capitalization of fees paid to GS&T by Baltic Trading as vessel assets, including related accumulated depreciation, as well as the outstanding receivable balance due to GS&T from Baltic Trading as of June 30, 2011 and December 31, 2010.

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	June 30, 2011	December 31, 2010
Total assets		
GS&T	$ 2,803,943	$ 2,792,056
Baltic Trading	387,918	396,154
Total operating segments	3,191,861	3,188,210
Eliminating assets	(3,941)	(5,502)
Total consolidated assets	$ 3,187,920	$ 3,182,708

4 - CASH FLOW INFORMATION

As of June 30, 2011 and December 31, 2010, the Company had nine and ten interest rate swaps, respectively, which are described and discussed in Note 11   Interest Rate Swap Agreements. The fair value of all nine of the swaps is in a liability position of $35,362, $9,770 of which was classified within current liabilities, as of June 30, 2011. At December 31, 2010, the ten swaps were in a liability position of $43,297, $4,417 of which was classified within current liabilities.

For the six months ended June 30, 2011, the Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in accounts payable and accrued expenses consisting of $1,386 for the purchase of vessels, $77 associated with deposits on vessels and $51 for the purchase of other fixed assets. Additionally, for the six months ended June 30, 2011 the Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in prepaid expenses and other current assets as of June 30, 2011 consisting of $22 interest receivable associated with deposits on vessels.

For the six months ended June 30, 2010, the Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in accounts payable and accrued expenses consisting of $692 for the purchase of vessels, $289 associated with deposits on vessels, $48 associated with deposits on vessels to be sold and $69 for the purchase of other fixed assets. Additionally, for the six months ended June 30, 2010, the Company had non-cash financing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in accounts payable and accrued expenses consisting of $434 associated with deferred financing fees and $35 associated with common stock issuance costs related to the initial public offering of Baltic Trading. Also, for the six months ended June 30, 2010, the Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in prepaid expenses and other current assets as of June 30, 2010 consisting of $17 associated with deposits on vessels.

For the six months ended June 30, 2011, the Company made a reclassification of $6,989 from deposits on vessels to vessels, net of accumulated depreciation, due to the completion of the purchase of the Genco Rhone and Genco Avra.

During the six months ended June 30, 2011 and 2010, cash paid for interest, net of amounts capitalized and including bond coupon interest paid, was $40,225 and $30,897, respectively.

During the six months ended June 30, 2011 and 2010, cash paid for estimated income taxes was $695 and $0, respectively.

On March 5, 2010, the Board of Directors approved a grant of 75,000 shares of nonvested common stock to Peter Georgiopoulos, Chairman of the Board. The fair value of such nonvested stock was $1,718. Additionally, on May 13, 2010, the Company made grants of nonvested common stock under the Genco Shipping & Trading Limited 2005 Equity Incentive Plan in the amount of 15,000 shares in the aggregate to directors of the Company. The fair value of such nonvested stock was $331.

On March 10, 2010, 358,000 and 108,000 shares of Baltic Trading s nonvested common stock were granted to Peter Georgiopoulos, Chairman of the Board, and John Wobensmith, Baltic Trading s President and Chief Financial Officer, respectively, which were approved by Baltic Trading s Board of Directors on such date. The fair value of such nonvested stock was $6,524 based on the IPO price of $14.00 per share. Both of these grants of nonvested common stock vest ratably in four annual installments commencing on the first anniversary of the closing of Baltic Trading s IPO, March 15, 2010. Additionally, on March 15, 2010, Baltic Trading made grants of nonvested common stock in the amount of 12,500 shares in the aggregate to directors of Baltic Trading. The fair value of such nonvested stock was $175 based on the IPO price of $14.00 per share. These grants vested on March 15, 2011, the first anniversary of the grant date.

On May 12, 2011, the Company made grants of nonvested common stock under the Genco Shipping & Trading Limited 2005 Equity Incentive Plan in the amount of 15,000 shares in the aggregate to directors of the Company. The fair value of such nonvested stock was $120.

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On May 12, 2011, Baltic Trading made grants of nonvested common stock in the amount of 12,500 shares to directors of Baltic Trading. The fair value of such nonvested stock was $87.

5 - VESSEL ACQUISITIONS AND DISPOSITIONS

On March 29, 2011, GS&T took delivery of the Genco Rhone, a 58,000 dwt Supramax vessel, which was purchased from Bourbon S.A. (Bourbon) pursuant to the Master Agreement dated June 24, 2010 between GS&T and Bourbon. The Genco Rhone is the last of 13 vessels to be acquired and retained by GS&T under such agreements. GS&T paid a total purchase price of approximately $35.7 million for the Genco Rhone which was financed with available cash, including proceeds from its concurrent offerings of common stock and 5.00% Convertible Senior Notes due August 15, 2015, which were completed on July 27, 2010. The Company drew down from the $253 million term loan facility to refund $21.5 million associated with the purchase of the Genco Rhone on March 30, 2011.

On May 12, 2011, GS&T took delivery of the Genco Avra, a 35,000 dwt Handysize newbuilding, which was purchased from companies within the Metrostar group of companies pursuant to the agreement dated June 3, 2010 to acquire five Handysize vessels. Genco Avra is the third of five vessels to be delivered pursuant to the aforementioned agreement. GS&T utilized available cash of $9.9 million, as well as $20.0 million under its $100 million term loan facility, to pay the remaining balance of $29.9 million.

Refer to Note 1 General Information for a listing of the vessels for which GS&T and Baltic Trading have entered into agreements to purchase.

The Genco Avra, the Handysize vessel acquired from Metrostar during the second quarter of 2011, had an existing below market time charter at the time of acquisition. GS&T recorded a liability for time charter acquired of $372 during the second quarter of 2011. Below market time charters, including those acquired during previous periods, were amortized as an increase to voyage revenue in the amount of $496 and $1,103 for the three months ended June 30, 2011 and 2010, respectively, and $969 and $2,435 for the six months ended June 30, 2011 and 2010, respectively.

Capitalized interest expense associated with newbuilding contracts for the three months ended June 30, 2011 and 2010 was $48 and $145, respectively. Capitalized interest expense associated with newbuilding contracts for the six months ended June 30, 2011 and 2010 was $127 and $145, respectively.

6 - INVESTMENTS

The Company holds an investment in the capital stock of Jinhui Shipping and Transportation Limited (Jinhui). Jinhui is a drybulk shipping owner and operator focused on the Supramax segment of drybulk shipping. This investment is designated as Available For Sale (AFS) and is reported at fair value, with unrealized gains and losses recorded in shareholders equity as a component of accumulated other comprehensive loss (AOCI). At June 30, 2011 and December 31, 2010, the Company held 16,335,100 shares of Jinhui capital stock which is recorded at its fair value of $42,450 and $54,714, respectively, based on the closing price on June 30, 2011 and December 30, 2010.

The Company reviews the investment in Jinhui for other than temporary impairment on a quarterly basis. There were no impairment charges recognized for the three and six months ended June 30, 2011 and 2010.

The unrealized gain on the Jinhui capital stock remains a component of AOCI, since this investment is designated as an AFS security.

Refer to Note 12   Accumulated Other Comprehensive (Loss) Income for a breakdown of the components of AOCI.

7 - EARNINGS PER COMMON SHARE

The computation of basic earnings per share is based on the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the vesting of nonvested stock awards (refer to Note 17   Nonvested Stock Awards), for which the assumed proceeds upon vesting are deemed to be the amount of compensation cost attributable to future services and are not yet recognized using the treasury stock method, to the extent dilutive. Of the 807,987 nonvested shares outstanding at June 30, 2011 (refer to Note 17 Nonvested Stock Awards), 664,738 shares are anti-dilutive. The Company s diluted earnings per share will also reflect the assumed conversion under the Company s convertible debt if the impact is dilutive under the if converted method. The impact of the shares convertible under the Company s convertible notes is excluded from the computation of diluted earnings per share when interest expense per common share obtainable upon conversion is greater than basic earnings per share.

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The components of the denominator for the calculation of basic earnings per share and diluted earnings per share are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Common shares outstanding, basic:				
Weighted average common shares outstanding, basic	35,150,352	31,413,874	35,146,254	31,409,858
Common shares outstanding, diluted:				
Weighted average common shares outstanding, basic	35,150,352	31,413,874	35,146,254	31,409,858
Dilutive effect of convertible notes				
Dilutive effect of restricted stock awards	54,297	149,005	65,382	143,368
Weighted average common shares outstanding, diluted	35,204,649	31,562,879	35,211,636	31,553,226

8 - RELATED PARTY TRANSACTIONS

The following represent the only related party transactions disclosed in these condensed consolidated financial statements:

The Company makes available employees performing internal audit services to General Maritime Corporation (GMC), where the Company s Chairman, Peter C. Georgiopoulos, also serves as Chairman of the Board. For the six months ended June 30, 2011 and 2010, the Company invoiced $91 and $66, respectively, to GMC, which includes time associated with such internal audit services. Additionally, during the six months ended June 30, 2011 and 2010, the Company incurred travel and other expenditures totaling $164 and $148, respectively, reimbursable to GMC or its service provider. At June 30, 2011 the amount due to the Company from GMC was $33 and at December 31, 2010 the amount due to GMC from the Company was $74.

During the six months ended June 30, 2011 and 2010, the Company incurred legal services (primarily in connection with vessel acquisitions) aggregating $13 and $206, respectively, from Constantine Georgiopoulos, the father of Peter C. Georgiopoulos, Chairman of the Board. At June 30, 2011 and December 31, 2010, $0 and $234, respectively, were outstanding to Constantine Georgiopoulos.

During the six months ended June 30, 2011 and 2010, the Company utilized the services of North Star Maritime, Inc. (NSM) which is owned and operated by one of GS&T s directors, Rear Admiral Robert C. North, USCG (ret.). NSM, a marine industry consulting firm, specializes in international and domestic maritime safety, security and environmental protection issues. NSM billed $2 and $8 for services rendered during the six months ended June 30, 2011 and 2010. There are no amounts due to NSM at June 30, 2011 and December 31, 2010.

During 2009 and 2010, GS&T and Baltic Trading, respectively, entered into agreements with Aegean Marine Petroleum Network, Inc. (Aegean) to purchase lubricating oils for certain vessels in their fleets. Peter C. Georgiopoulos, Chairman of the Board of the Company, is Chairman of the Board of Aegean. During the six months ended June 30, 2011 and 2010, the Company incurred costs for lubricating oils supplied by Aegean to the Company s vessels aggregating $854 and $621, respectively. At June 30, 2011 and December 31, 2010, $44 and $302 remained outstanding, respectively.

During the six months ended June 30, 2011 and 2010, the Company invoiced MEP for technical services provided and expenses paid on MEP s behalf aggregating $1,665 and $26, respectively. MEP is managed by a company owned by Peter C. Georgiopoulos, Chairman of the Board. At June 30, 2011 and December 31, 2010, $4 and $57, respectively, was due to the Company from MEP. Total service revenue earned by the Company for technical service provided to MEP for the six months ended June 30, 2011 and 2010 was $1,629 and $0, respectively.

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9 - LONG-TERM DEBT

Long-term debt consists of the following:

	June 30, 2011	December 31, 2010
2007 Credit Facility	$ 1,252,000	$ 1,277,000
$100 Million Term Loan Facility	57,117	38,880
$253 Million Term Loan Facility	238,543	226,809
2010 Baltic Trading Credit Facility	101,250	101,250
Less: Current portion	(110,610)	(71,841)
Long-term debt	$ 1,538,300	$ 1,572,098

2007 Credit Facility

On July 20, 2007, the Company entered into a credit facility with DnB Nor Bank ASA (as amended, the 2007 Credit Facility). The maximum amount that may be borrowed under the 2007 Credit Facility at June 30, 2011 is $1,252,000. As of June 30, 2011, the Company has utilized its maximum borrowing capacity under the 2007 Credit Facility.

The collateral maintenance financial covenant is currently waived and the Company s cash dividends and share repurchases have been suspended until this covenant can be satisfied.

The significant covenants in the 2007 Credit Facility have been disclosed in the 2010 10-K. As of June 30, 2011, the Company believes it is in compliance with all of the financial covenants under its 2007 Credit Facility with the exception of the collateral maintenance financial covenant, which has been waived as discussed above.

At June 30, 2011, there were no letters of credit issued under the 2007 Credit Facility.

$100 Million Term Loan Facility

On August 12, 2010, the Company entered into the $100,000 secured term loan facility ($100 Million Term Loan Facility). As of June 30, 2011, three drawdowns of $20,000 each had been made for the deliveries of the Genco Ocean, Genco Bay and Genco Avra. These drawdowns were made on August 17, 2010, August 23, 2010 and May 9, 2011, respectively. During the six months ended June 30, 2011, total required repayments of $1,763 were made. As of June 30, 2011, total availability under the $100 Million Term Loan Facility was $40,000. The Company has used or intends to use the $100 Million Term Loan Facility to fund or refund the Company a portion of the purchase price of the acquisition of five vessels from companies within the Metrostar group of companies (Refer to Note 5 Vessel Acquisitions and Dispositions).

The Company believes it is in compliance with all of the financial covenants under the $100 Million Term Loan Facility as of June 30, 2011.

$253 Million Term Loan Facility

On August 20, 2010, the Company entered into the $253,000 senior secured term loan facility ($253 Million Term Loan Facility). As of June 30, 2011, total drawdowns of $253,000 have been made under the $253 Million Term Loan Facility to fund or refund to the Company a portion of the purchase price of the 13 Bourbon vessels delivered during the third quarter of 2010 and first quarter of 2011. As of June 30, 2011, there was no availability under the $253 Million Term Loan Facility.

The Company believes it is in compliance with all of the financial covenants under the $253 Million Term Loan Facility as of June 30, 2011.

2010 Baltic Trading Credit Facility

On April 16, 2010, Baltic Trading entered into a $100,000 senior secured revolving credit facility with Nordea Bank Finland plc, acting through its New York branch (as amended, the 2010 Baltic Trading Credit Facility). An amendment to the 2010 Baltic Trading Credit Facility was entered into by Baltic Trading effective November 30, 2010. Among other things, this amendment increased the commitment amount of the 2010 Baltic Trading Credit Facility from $100,000 to $150,000. As of June 30, 2011, total available working capital borrowings were $23,500 as $1,500 was drawn down during 2010 for working capital purposes. As of June 30, 2011, $43,750 remained available under the 2010 Credit Facility as the total commitment under this facility decreased by $5,000 from $150,000 to $145,000 on May 31, 2011.

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As of June 30, 2011, the Company believes Baltic Trading is in compliance with all of the financial covenants under the 2010 Baltic Trading Credit Facility.

Interest rates

The following tables sets forth the effective interest rate associated with the interest expense for the Company s debt facilities noted above, including the rate differential between the pay fixed, receive variable rate on the interest rate swap agreements that were in effect (refer to Note 11 Interest Rate Swap Agreements), combined, and the cost associated with unused commitment fees. Additionally, it includes the range of interest rates on the debt, excluding the impact of swaps and unused commitment fees:

	Three months ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Effective Interest Rate	4.40%	4.76%	4.43%	4.70%
Range of Interest Rates (excluding impact of swaps and unused commitment fees)	2.19% to 3.31%	2.25% to 3.60%	2.19% to 3.31%	2.25% to 3.60%

10 CONVERTIBLE SENIOR NOTES

The Company issued $125,000 of 5.0% Convertible Senior Notes on July 27, 2010 (the 2010 Notes). The Indenture includes customary agreements and covenants by the Company, including with respect to events of default.

The following tables provide additional information about the Company s 2010 Notes.

	June 30, 2011	December 31, 2010
Carrying amount of the equity component (additional paid-in capital)	$ 24,375	$ 24,375
Principal amount of the 2010 Notes	125,000	125,000
Unamortized discount of the liability component	20,739	22,691
Net carrying amount of the liability component	104,262	102,309

	For the three months ended June 30, 2011	For the six months ended June 30, 2011
Effective interest rate on liability component	10.01%	10.01%
Cash interest expense recognized	$ 1,563	$ 3,093
Non-cash interest expense recognized	986	1,952
Non-cash deferred financing costs included in interest expense	179	357

The remaining period over which the unamortized discount will be recognized is 4.1 years. As of June 30, 2011, the if-converted value of the 2010 Notes does not exceed their principal amount.

The 2010 Notes have been classified as a noncurrent liability on the consolidated balance sheet as of June 30, 2011 because the Company can settle the principal amount of the notes with shares, cash, or a combination thereof at its discretion.

11 - INTEREST RATE SWAP AGREEMENTS

As of June 30, 2011 and December 31, 2010, the Company had nine and ten interest rate swap agreements outstanding, respectively, with DnB NOR Bank ASA to manage interest costs and the risk associated with changing interest rates related to the Company s 2007 Credit Facility. The total notional principal amount of the swaps at June 30, 2011 and December 31, 2010 was $706,233 and $756,233, respectively, and the swaps have specified rates and durations.

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The following table summarizes the interest rate swaps designated as cash flow hedges that were in place as of June 30, 2011 and December 31, 2010:

Interest Rate Swap Detail				June 30, 2011	December 31, 2010
Trade Date	Fixed Rate	Start Date of Swap	End date of Swap	Notional Amount Outstanding	Notional Amount Outstanding
9/6/05	4.485%	9/14/05	7/29/15	$ 106,233	$ 106,233
3/29/06	5.25%	1/2/07	1/1/14	50,000	50,000
3/24/06	5.075%	1/2/08	1/2/13	50,000	50,000
7/31/07	5.115%	11/30/07	11/30/11	100,000	100,000
8/9/07	5.07%	1/2/08	1/3/12	100,000	100,000
8/16/07	4.985%	3/31/08	3/31/12	50,000	50,000
8/16/07	5.04%	3/31/08	3/31/12	100,000	100,000
1/22/08	2.89%	2/1/08	2/1/11		50,000
1/9/09	2.05%	1/22/09	1/22/14	100,000	100,000
2/11/09	2.45%	2/23/09	2/23/14	50,000	50,000
				$ 706,233	$ 756,233

The following table summarizes the derivative asset and liability balances at June 30, 2011 and December 31, 2010:

	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	Fair Value June 30, 2011	Fair Value December 31, 2010	Balance Sheet Location	Fair Value June 30, 2011	Fair Value December 31, 2010
Derivatives designated as hedging instruments						
Interest rate contracts	Fair value of derivative instruments (Current Assets)	$	$	Fair value of derivative instruments (Current Liabilities)	$ 9,770	$ 4,417
Interest rate contracts	Fair value of derivative instruments (Noncurrent Assets)			Fair value of derivative instruments (Noncurrent Liabilities)	25,592	38,880
Total derivatives designated as hedging instruments					35,362	43,297
Total Derivatives		$	$		$ 35,362	$ 43,297

The following tables present the impact of derivative instruments and their location within the Condensed Consolidated Statement of Operations:

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations

For the Three Month Period Ended June 30, 2011

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2011	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2011	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2011
Interest rate contracts	$ (6,578)	Interest Expense	$ (7,289)	Other Income (Expense)	$ 7

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The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations

For the Three Month Period Ended June 30, 2010

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2010	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2010	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2010
Interest rate contracts	$ (12,682)	Interest Expense	$ (7,594)	Other Income (Expense)	$ 12

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations

For the Six Month Period Ended June 30, 2011

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2011	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2011	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2011
Interest rate contracts	$ (6,685)	Interest Expense	$ (14,600)	Other Income (Expense)	$ 19

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations

For the Six Month Period Ended June 30, 2010

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2010	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2010	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2010
Interest rate contracts	$ (23,993)	Interest Expense	$ (15,204)	Other Income (Expense)	$ 35

At June 30, 2011, ($21,528) of AOCI is expected to be reclassified into interest expense over the next 12 months associated with interest rate derivatives.

The Company is required to provide collateral in the form of vessel assets to support the interest rate swap agreements, excluding vessel assets of Baltic Trading. At June 30, 2011, the Company s 35 vessels mortgaged under the 2007 Credit Facility served as collateral in the aggregate amount of $100,000.

12 - ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of AOCI included in the accompanying condensed consolidated balance sheets consist of net unrealized gain (loss) on cash flow hedges and net unrealized gain (loss) from investments in Jinhui stock as of June 30, 2011 and December 31, 2010.

	AOCI	Net Unrealized Gain (Loss) on Cash Flow Hedges	Unrealized Gain (Loss) on Investments
AOCI December 31, 2010	$ (5,210)	$ (43,152)	$ 37,942
Change in unrealized gain on investments	(12,264)		(12,264)
Unrealized gain on cash flow hedges	7,916	7,916	
AOCI June 30, 2011	$ (9,558)	$ (35,236)	$ 25,678

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13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Company s financial instruments at June 30, 2011 and December 31, 2010 are noted below. All carrying values approximate the instrument s fair values with the exception of the 2010 Notes.

	June 30, 2011	December 31, 2010
Cash and cash equivalents	$ 286,230	$ 270,877
Restricted cash	9,750	9,000
Investments	42,450	54,714
Floating rate debt	1,648,910	1,643,939
2010 Notes	106,789	129,531
Derivative instruments liability position	35,362	43,297

The fair value of the investments is based on quoted market rates. The fair value of the floating rate debt under the 2007 Credit Facility, $100 Million Term Loan Facility, $253 Million Term Loan Facility and the 2010 Baltic Trading Credit Facility are estimated based on current rates offered to the Company for similar debt of the same remaining maturities. Additionally, the Company considers its creditworthiness in determining the fair value of floating rate debt under the credit facilities. The carrying value approximates the fair market value for these floating rate loans. The fair value of the convertible senior notes payable represents the market value of the 2010 Notes at June 30, 2011 without bifurcating the value of the conversion option. The fair value of the interest rate swaps is the estimated amount the Company would receive to terminate the swap agreements at the reporting date, taking into account current interest rates and the creditworthiness of both the swap counterparty and the Company.

The Accounting Standards Codification subtopic 820-10, Fair Value Measurements & Disclosures (ASC 820-10), applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The guidance requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The following table summarizes the valuation of the Company s investments and financial instruments by the above pricing levels as of the valuation dates listed:

	June 30, 2011
Total	

		Quoted market prices in active markets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments	$ 42,450	$ 42,450	$
Derivative instruments liability position	35,362		35,362

	December 31, 2010		
	Total	Quoted market prices in active markets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments	$ 54,714	$ 54,714	$
Derivative instruments liability position	43,297		43,297

The Company holds an investment in the capital stock of Jinhui, which is classified as a long-term investment. The stock of Jinhui is publicly traded on the Oslo Stock Exchange and is considered a Level 1 item.

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The Company s interest rate derivative instruments are pay-fixed, receive-variable interest rate swaps based on LIBOR. The Company has elected to use the income approach to value the derivatives, using observable Level 2 market inputs at measurement date and standard valuation techniques to convert future amounts to a single present amount assuming that participants are motivated, but not compelled to transact. Level 2 inputs for the valuations are limited to quoted prices for similar assets or liabilities in active markets (specifically futures contracts on LIBOR for the first two years) and inputs other than quoted prices that are observable for the asset or liability (specifically LIBOR cash and swap rates and credit risk at commonly quoted intervals). Mid-market pricing is used as a practical expedient for fair value measurements. Refer to Note 11 Interest Rate Swap Agreements for further information regarding the Company s interest rate swap agreements. ASC 820-10 states that the fair value measurement of an asset or liability must reflect the nonperformance risk of the entity and the counterparty. Therefore, the impact of the counterparty s creditworthiness when in an asset position and the Company s creditworthiness when in a liability position has also been factored into the fair value measurement of the derivative instruments in an asset or liability position and did not have a material impact on the fair value of these derivative instruments. As of June 30, 2011, both the counterparty and the Company are expected to continue to perform under the contractual terms of the instruments.

14 - OTHER ASSETS, NET

Other assets consist of deferred financing costs, which include fees, commissions and legal expenses associated with securing loan facilities and other debt offerings. Total net deferred financing costs consist of the following as of June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
2007 Credit Facility	$ 10,074	$ 10,074
$100 Million Term Loan Facility	1,318	1,318
$253 Million Term Loan Facility	3,567	3,529
2010 Notes	3,637	3,637
2010 Baltic Trading Credit Facility	3,027	2,940
Total deferred financing costs	21,623	21,498
Less: accumulated amortization	6,133	4,561
Total	$ 15,490	$ 16,937

Amortization expense for deferred financing costs for the three months ended June 30, 2011 and 2010 was $793 and $338, respectively. Amortization expense for deferred financing costs for the six months ended June 30, 2011 and 2010 was $1,572 and $602, respectively. This amortization expense is recorded as a component of interest expense in the Condensed Consolidated Statements of Operations.

15 - REVENUE FROM TIME CHARTERS

Total voyage revenue earned on time charters, including revenue earned in vessel pools and spot market-related time charters, for the three months ended June 30, 2011 and 2010 was $98,511 and $105,337, respectively, and for the six months ended June 30, 2011 and 2010 was $199,130 and $200,018, respectively. Included in revenues for the three months ended June 30, 2011 and 2010 was profit sharing revenue of $29 and $65, respectively. Additionally, included in revenues for the six months ended June 30, 2011 and 2010 was profit sharing revenue of $122 and $65, respectively. Future minimum time charter revenue, based on vessels committed to noncancelable time charter contracts as of July 20, 2011 is expected to be $63,036 for the remainder of 2011, $53,005 during 2012, $4,790 during 2013 and $748 during 2014, assuming off-hire due to any scheduled drydocking and that no additional off-hire time is incurred. For most drydockings, the Company assumes twenty days of offhire. Future minimum revenue excludes revenue earned for the five vessels currently in pool arrangements and vessels that are currently on or will be on spot market-related time charters as spot rates cannot be estimated.

16 - COMMITMENTS AND CONTINGENCIES

In September 2005, the Company entered into a 15-year lease for office space in New York, New York for which there was a free rental period from September 1, 2005 to July 31, 2006. The monthly straight-line rental expense from September 1, 2005 to August 31, 2020 is $39. As a result of the straight-line rent calculation generated by the free rent period and the tenant work credit, the Company had a deferred rent credit at June 30, 2011 and December 31, 2010 of $632 and $657, respectively. Rent expense under this lease for the three months ended June 30, 2011 and 2010 was $117 for each respective period. Rent expense under this lease for the six months ended June 30, 2011 and 2010 was $233 for each respective period.

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Future minimum rental payments on the above lease for the next five years and thereafter are as follows: $259 for the remainder of 2011, $518 annually for 2012 through 2014, $529 for 2015 and a total of $2,568 for the remaining term of the lease.

Effective April 4, 2011, the Company entered into a seven-year sub-sublease agreement for additional office space in New York, New York. The term of the sub-sublease commenced June 1, 2011, with a free base rental period until October 31, 2011. Following the expiration of the free base rental period, the monthly base rental payments will be $82 per month until May 31, 2015 and thereafter will be $90 per month until the end of the seven-year term. Pursuant to the sub-sublease agreement, the sublessor is obligated to contribute $472 toward the cost of the Company s alterations to the sub-subleased office space. The Company has also entered into a direct lease with the over-landlord of such office space that will commence immediately upon the expiration of such sub-sublease agreement, for a term covering the period from May 1, 2018 to September 30, 2025; the direct lease provides for a free base rental period from May 1, 2018 to September 30, 2018. Following the expiration of the free base rental period, the monthly base rental payments will be $186 per month from October 1, 2018 to April 30, 2023 and $204 per month from May 1, 2023 to September 30, 2025. For accounting purposes, the sub-sublease agreement and direct lease agreement with the landlord will constitute one lease agreement. As a result of the straight-line rent calculation generated by the free rent period and the tenant work credit, the monthly straight-line rental expense for the term of the entire lease from June 1, 2011 to September 30, 2025 will be $130. The Company had a deferred rent credit at June 30, 2011 of $602. Rent expense pertaining to this new lease for the three and six months ended June 30, 2011 was $130.

Future minimum rental payments on the above lease for the next five years and thereafter are as follows: $164 for the remainder of 2011, $982 annually for 2012 through 2014, $1,037 for 2015 and a total of $18,658 for the remaining term of the lease.

The remaining vessel that the Company has agreed to purchase from Metrostar, the Genco Spirit, is expected to be delivered during the fourth quarter of 2011 for a remaining purchase price of $29,925. The Genco Mare was delivered to the Company on July 20, 2011 refer to Note 20 Subsequent Events for further information.

17 - NONVESTED STOCK AWARDS

The table below summarizes the Company s nonvested stock awards for the six months ended June 30, 2011 under the Genco Shipping & Trading Limited 2005 Equity Incentive Plan (the GS&T Plan):

	Number of Shares		Weighted Average Grant Date Price
Outstanding at January 1, 2011	809,087	$	19.40
Granted	15,000		8.00
Vested	(15,000)		22.05
Forfeited	(1,100)		14.65
Outstanding at June 30, 2011	807,987	$	19.15

The total fair value of shares that vested under the GS&T Plan during the six months ended June 30, 2011 and 2010 was $120 and $331, respectively.

For the three and six months ended June 30, 2011 and 2010, the Company recognized nonvested stock amortization expense for the GS&T Plan, which is included in general, administrative and management fees, as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
General, administrative and management fees	$ 1,478	$ 1,145	$ 2,972	$ 2,190

The fair value of nonvested stock at the grant date is equal to the closing stock price on that date. The Company is amortizing these grants over the applicable vesting periods, net of anticipated forfeitures. As of June 30, 2011, unrecognized compensation cost of $8,384 related to nonvested stock will be recognized over a weighted average period of 3.96 years.

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The following table presents a summary of Baltic Trading s nonvested stock awards for the six months ended June 30, 2011 under the Baltic Trading Plan:

	Number of Common Shares		Weighted Average Grant Date Price
Outstanding at January 1, 2011	583,500	$	13.40
Granted	12,500		6.92
Vested	(129,000)		14.00
Forfeited			
Outstanding at June 30, 2011	467,000	$	13.06

The total fair value of shares that vested under the Baltic Trading Plan during the six months ended June 30, 2011 and 2010 was $1,131 and $0, respectively.

For the three and six months ended June 30, 2011 and 2010, the Company recognized nonvested stock amortization expense for the Baltic Trading Plan, which is included in general, administrative and management fees, as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
		2011		2010		2011		2010
General, administrative and management fees	$	606	$	882	$	1,551	$	1,093

The Company is amortizing Baltic Trading s grants over the applicable vesting periods, net of anticipated forfeitures. As of June 30, 2011, unrecognized compensation cost of $3,461 related to nonvested stock will be recognized over a weighted average period of 2.81 years.

18 - SHARE REPURCHASE PROGRAM

Since the inception of its share repurchase program through June 30, 2011, the Company has repurchased and retired 278,300 shares of its common stock for $11,500. Currently, the terms of the 2007 Credit Facility require the Company to suspend all share repurchases until the Company can represent that it is in a position to again satisfy the collateral maintenance covenant. No share repurchases were made during the three and six months ended June 30, 2011 and 2010.

19 - LEGAL PROCEEDINGS

From time to time, the Company may be subject to legal proceedings and claims in the ordinary course of its business, principally personal injury and property casualty claims. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. The Company is not aware of any legal proceedings or claims that it believes will have, individually or in the aggregate, a material effect on the Company, its financial condition, results of operations or cash flows.

20 - SUBSEQUENT EVENTS

On July 20, 2011, the Company took delivery of the Genco Mare, a 34,428 dwt Handysize newbuilding, from a company within the Metrostar group of companies. The Company utilized cash on hand and drew down $20,000 on its $100 Million Term Loan Facility on July 15, 2011 to fund the remaining purchase price of the vessel in the amount of $29,925.

On July 25, 2011, Baltic Trading declared a dividend of $0.10 per share to be paid on or about August 12, 2011 to shareholders of record as of August 5, 2011. The aggregate amount of the dividend is expected to be approximately $2.3 million, of which approximately $1.7 million will be paid to minority shareholders, which Baltic Trading anticipates will be funded from cash on hand at the time payment is to be made.

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

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements use words such as anticipate, estimate, expect, project, intend, plan, believe, and other words a of similar meaning in connection with a discussion of potential future events, circumstances or future operating or financial performance. These forward-looking statements are based on management s current expectations and observations. Included among the factors that, in our view, could cause actual results to differ materially from the forward looking statements contained in this report are the following: (i) changes in demand or rates in the drybulk shipping industry; (ii) changes in the supply of or demand for drybulk products, generally or in particular regions; (iii) changes in the supply of drybulk carriers including newbuilding of vessels or lower than anticipated scrapping of older vessels; (iv) changes in rules and regulations applicable to the cargo industry, including, without limitation, legislation adopted by international organizations or by individual countries and actions taken by regulatory authorities; (v) increases in costs and expenses including but not limited to: crew wages, insurance, provisions, repairs, maintenance and general and administrative expenses; (vi) the adequacy of our insurance arrangements; (vii) changes in general domestic and international political conditions; (viii) acts of war, terrorism, or piracy; (ix) changes in the condition of the our vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking or maintenance and repair costs) and unanticipated drydock expenditures; (x) the number of offhire days needed to complete repairs on vessels and the timing and amount of any reimbursement by our insurance carriers for insurance claims including offhire days; (xi) our acquisition or disposition of vessels; (xii) the completion of definitive documentation with respect to time charters; (xiii) charterers compliance with the terms of their charters in the current market environment; (xiv) the fulfillment of the closing conditions under, or the execution of customary additional documentation for, our agreements to acquire vessels; and other factors listed from time to time in our filings with the Securities and Exchange Commission, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2010 and subsequent reports on Form 8-K and Form 10-Q.

The following management s discussion and analysis should be read in conjunction with our historical consolidated financial statements and the related notes included in this Form 10-Q.

General

We are a Marshall Islands company that transports iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes through the ownership and operation of drybulk carrier vessels. Excluding vessels of Baltic Trading Limited (Baltic Trading), as of July 26, 2011, our fleet consisted of nine Capesize, eight Panamax, 17 Supramax, six Handymax and 12 Handysize drybulk carriers, with an aggregate carrying capacity of approximately 3,776,000 dwt, and the average age of our fleet was approximately 6.4 years, as compared to the average age for the world fleet of approximately 13 years for the drybulk shipping segments in which we compete. After the expected delivery of one Handysize vessels that we have agreed to acquire and retain, we will own a fleet of 53 drybulk vessels, consisting of nine Capesize, eight Panamax, 17 Supramax, six Handymax and 13 Handysize vessels, excluding the vessels of Baltic Trading. We seek to deploy our vessels on time charters, spot market-related time charters or in vessel pools trading in the spot market, to reputable charterers, including Lauritzen Bulkers A/S or LB/IVS Pool, in which Lauritzen Bulkers A/S acts as the pool manager (collectively, Lauritzen Bulkers), Cargill International S.A., Pacific Basin Chartering Ltd., COSCO Bulk Carriers Co., Ltd., and Oldendorff GMBH and Co. KG. Lubeck. The majority of the vessels in our current fleet are presently engaged under time charter contracts that expire (assuming the option periods in the time charters are not exercised) between August 2011 and June 2013.

In addition, as of July 26, 2011, Baltic Trading s fleet consisted of two Capesize, four Supramax and three Handysize drybulk carriers with an aggregate carrying capacity of approximately 672,000 dwt.

See pages 31 - 35 for a table of all vessels that have been delivered or are expected to be delivered to us, including Baltic Trading s vessels.

We intend to acquire additional modern, high-quality drybulk carriers through timely and selective acquisitions of vessels in a manner that is accretive to our cash flow. We expect to fund acquisitions of additional vessels using cash reserves set aside for this purpose, additional borrowings and may consider additional debt and equity financing alternatives from time to time.

On June 3, 2010, we entered into an agreement to purchase a total of eight Handysize drybulk vessels, including five newbuildings, from companies within the Metrostar group of companies for an aggregate purchase price of $266.0 million. Five of these vessels will be owned by us and three are owned by Baltic Trading. Additionally, on June 24, 2010, we entered into a Master Agreement with Bourbon SA (Bourbon) to purchase 16 drybulk vessels, including two newbuildings, for an aggregate purchase price of $545.0 million. We have retained 13 of the 16 vessels, including one newbuilding, and the remaining three vessels were immediately resold to Maritime Equity Partners LLC (MEP), a company managed by a company owned by our Chairman, Peter C.

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Georgiopoulos. A total of seven vessels have been delivered from companies within the Metrostar group of companies and all 16 vessels have been delivered from Bourbon, three of which were sold to MEP. The remaining Metrostar vessel is planned to be delivered during November 2011.

In order to fund the acquisition of these vessels, we entered into two senior secured term loan facilities. On August 20, 2010, we entered into a $253 million senior secured term loan facility to be utilized to fund a portion of the purchase price of the acquisition of 13 vessels from affiliate of Bourbon SA. On August 12, 2010, we entered into a $100 million senior secured term loan facility to be utilized to fund or refund to us a portion of the purchase price of the acquisition of five vessels from companies within the Metrostar group of companies. The Baltic Trading vessels have been funded utilizing its $150 million senior secured revolving credit facility for bridge financing.

Our management team and our other employees are responsible for the commercial and strategic management of our fleet. Commercial management includes the negotiation of charters for vessels, managing the mix of various types of charters, such as time charters and voyage charters, and monitoring the performance of our vessels under their charters. Strategic management includes locating, purchasing, financing and selling vessels. We currently contract with three independent technical managers to provide technical management of our fleet at a lower cost than we believe would be possible in-house. Technical management involves the day-to-day management of vessels, including performing routine maintenance, attending to vessel operations and arranging for crews and supplies. Members of our New York City-based management team oversee the activities of our independent technical managers.

From time to time in the current global economic environment, our charterers with long-term time charters may request to renegotiate the terms of our charters with them. As a general matter, we do not agree to make changes to the terms of our charters in response to such requests. The failure of any charterer to meet its obligations under our long-term time charters could have an adverse effect on our results of operations.

Baltic Trading, formerly a wholly-owned subsidiary of the Company, completed its IPO on March 15, 2010. As of June 30, 2011, the Company s wholly-owned subsidiary Genco Investments LLC owned 5,699,088 shares of Baltic Trading s Class B Stock, which represents a 25.22% ownership interest in Baltic Trading at June 30, 2011 and 83.50% of the aggregate voting power of Baltic Trading s outstanding shares of voting stock. Baltic Trading is consolidated with the Company, as we control a majority of the voting interest in Baltic Trading. Management s discussion and analysis of the Company s results of operations and financial condition in this section includes the results of Baltic Trading.

We entered into a long-term management agreement (the Management Agreement) with Baltic Trading pursuant to which we apply our expertise and experience in the drybulk industry to provide Baltic Trading with commercial, technical, administrative and strategic services. The Management Agreement is for an initial term of approximately fifteen years and will automatically renew for additional five-year periods unless terminated in accordance with its terms. Baltic Trading will pay us for the services we provide it as well as reimburse us for our costs and expenses incurred in providing certain of these services. Management fee income we earn from the Management Agreement net of any allocated shared expenses, such as salary, office expenses and other general and administrative fees, will be taxable to us. Upon consolidation with Baltic Trading, any management fee income earned will be eliminated for financial reporting purposes.

We provide technical services for drybulk vessels purchased by MEP under an agency agreement between us and MEP. These services include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. The services will be provided for a fee of $750 per ship per day plus reimbursement of out-of-pocket costs and will be provided for an initial term of one year. MEP will have the right to cancel provision of services on 60 days notice with payment of a one-year termination fee or without fee upon a Company change of control. The Company may terminate provision of the services at any time on 60 days notice. Mr.

Georgiopoulos is a minority investor, and affiliates of Oaktree Capital Management, L.P., of which Stephen A. Kaplan is a principal, are majority investors in MEP. This arrangement was approved by an independent committee of our Board of Directors.

During January 2011, the Genco Success, a 1997-built Handymax vessel, was on charter to Korea Line Corporation (KLC) when KLC filed for a rehabilitation application. We estimate that we have a claim of approximately $1.1 million against KLC related primarily to unpaid revenue earned prior to re-delivery of the vessel. If a rehabilitation plan is approved by the South Korean courts and it is determined that we will receive a cash settlement for our outstanding claim, any amounts due from KLC will be recorded once the collectibility of the receivable has been assessed and the amount has been deemed collectible.

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Factors Affecting Our Results of Operations

We believe that the following table reflects important measures for analyzing trends in our results of operations. The table reflects our ownership days, available days, operating days, fleet utilization, TCE rates and daily vessel operating expenses for the three and six months ended June 30, 2011 and 2010 on a consolidated basis, which includes the operations of Baltic Trading.

	For the three months ended June 30, 2011	2010	Increase (Decrease)	% Change
Fleet Data:				
Ownership days (1)				
Capesize	1,001.0	866.6	134.4	15.5%
Panamax	728.0	728.0		
Supramax	1,911.0	591.2	1,319.8	223.2%
Handymax	546.0	546.0		
Handysize	1,232.6	728.0	504.6	69.3%
Total	5,418.6	3,459.8	1,958.8	56.6%
Available days (2)				
Capesize	1,001.0	855.5	145.5	17.0%
Panamax	728.0	728.0		
Supramax	1,911.0	583.9	1,327.1	227.3%
Handymax	516.3	546.0	(29.7)	(5.4)%
Handysize	1,231.1	717.6	513.5	71.6%
Total	5,387.4	3,431.0	1,956.4	57.0%
Operating days (3)				
Capesize	1,001.0	853.6	147.4	17.3%
Panamax	724.1	717.9	6.2	0.9%
Supramax	1,901.0	582.4	1,318.6	226.4%
Handymax	510.6	540.3	(29.7)	(5.5)%
Handysize	1,220.6	716.0	504.6	70.5%
Total	5,357.3	3,410.2	1,947.1	57.1%
Fleet utilization (4)				
Capesize	100.0%	99.8%	0.2%	0.2%
Panamax	99.5%	98.6%	0.9%	0.9%
Supramax	99.5%	99.7%	(0.2)%	(0.2)%
Handymax	98.9%	98.9%		
Handysize	99.1%	99.8%	(0.7)%	(0.7)%
Fleet average	99.4%	99.4%		
Average Daily Results:				
Time Charter Equivalent (5)				
Capesize	$ 27,164	$ 44,233	$ (17,069)	(38.6)%
Panamax	23,333	30,849	(7,516)	(24.4)%
Supramax	16,360	24,468	(8,108)	(33.1)%

Handymax		15,557		27,875	(12,318)	(44.2)%
Handysize		12,275		20,087	(7,812)	(38.9)%
Fleet average		18,299		30,405	(12,106)	(39.8)%
Daily vessel operating expenses (6)						
Capesize	$	5,124	$	5,330	$ (206)	(3.9)%
Panamax		4,735		4,728	7	0.1%
Supramax		4,518		4,586	(68)	(1.5)%
Handymax		5,195		4,234	961	22.7%
Handysize		4,396		4,225	171	4.0%
Fleet average		4,700		4,671	29	0.6%

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	For the six months ended June 30, 2011	2010	Increase (Decrease)	% Change
Fleet Data:				
Ownership days (1)				
Capesize	1,991.0	1,676.6	314.4	18.8%
Panamax	1,448.0	1,448.0		
Supramax	3,713.6	951.2	2,762.4	290.4%
Handymax	1,086.0	1,086.0		
Handysize	2,402.6	1,448.0	954.6	65.9%
Total	10,641.2	6,609.8	4,031.4	61.0%
Available days (2)				
Capesize	1,991.0	1,649.9	341.1	20.7%
Panamax	1,429.7	1,448.0	(18.3)	(1.3)%
Supramax	3,711.7	932.5	2,779.2	298.0%
Handymax	1,056.3	1,073.4	(17.1)	(1.6)%
Handysize	2,401.1	1,433.8	967.3	67.5%
Total	10,589.8	6,537.6	4,052.2	62.0%
Operating days (3)				
Capesize	1,990.5	1,648.0	342.5	20.8%
Panamax	1,418.3	1,435.5	(17.2)	(1.2)%
Supramax	3,689.7	930.1	2,759.6	296.7%
Handymax	1,048.9	1,058.4	(9.5)	(0.9)%
Handysize	2,383.3	1,432.2	951.1	66.4%
Total	10,530.7	6,504.2	4,026.5	61.9%
Fleet utilization (4)				
Capesize	100.0%	99.9%	0.1%	0.1%
Panamax	99.2%	99.1%	0.1%	0.1%
Supramax	99.4%	99.7%	(0.3)%	(0.3)%
Handymax	99.3%	98.6%	0.7%	0.7%
Handysize	99.3%	99.9%	(0.6)%	(0.6)%
Fleet average	99.4%	99.5%	(0.1)%	(0.1)%

	For the six months ended June 30, 2011 (U.S. dollars)	2010	Increase (Decrease)	% Change
Average Daily Results:				
Time Charter Equivalent (5)				
Capesize	$ 27,295	$ 44,775	$ (17,480)	(39.0)%
Panamax	24,564	30,470	(5,906)	(19.4)%
Supramax	16,234	24,514	(8,280)	(33.8)%
Handymax	18,976	27,313	(8,337)	(30.5)%
Handysize	11,857	19,524	(7,667)	(39.3)%
Fleet average	18,720	30,326	(11,606)	(38.3)%
Daily vessel operating expenses (6)				
Capesize	$ 5,193	$ 5,411	$ (218)	(4.0)%
Panamax	4,744	4,614	130	2.8%
Supramax	4,562	4,598	(36)	(0.8)%
Handymax	4,997	4,474	523	11.7%

Handysize	4,447	4,186	261	6.2%
Fleet average	4,723	4,697	26	0.6%

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Definitions

In order to understand our discussion of our results of operations, it is important to understand the meaning of the following terms used in our analysis and the factors that influence our results of operations.

(1) Ownership days. We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

(2) Available days. We define available days as the number of our ownership days in a period less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys and the aggregate amount of time that we spend positioning our vessels. Companies in the shipping industry generally use available days to measure the number of days in a period during which vessels should be capable of generating revenues.

(3) Operating days. We define operating days as the number of our available days in a period less the aggregate number of days that our vessels are off-hire due to unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

(4) Fleet utilization. We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company s efficiency in finding suitable employment for its vessels and minimizing the number of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.

(5) TCE rates. We define TCE rates as net voyage revenue (voyage revenues less voyage expenses) divided by the number of our available days during the period, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charterhire rates for vessels on voyage charters are generally not expressed in per-day amounts while charterhire rates for vessels on time charters generally are expressed in such amounts.

	For the three months ended June 30, 2011	For the three months ended June 30, 2010	For the six months ended June 30, 2011	For the six months ended June 30, 2010
Voyage revenues (in thousands)	$ 98,511	$ 105,337	$ 199,130	$ 200,018
Voyage expenses (in thousands)	(74)	1,018	894	1,755
	$ 98,585	$ 104,319	198,236	$ 198,263
Total available days	5,387.4	3,431.0	10,589.8	6,537.6
Total TCE rate	$ 18,299	$ 30,405	$ 18,720	$ 30,326

(6) Daily vessel operating expenses. We define daily vessel operating expenses as vessel operating expenses divided by ownership days for the period. Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance (excluding drydocking), the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses.

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Operating Data

	For the three months ended June 30, 2011	2010	Change	% Change
	(U.S. dollars in thousands, except for per share amounts)			
Revenue:				
Voyage revenue	$ 98,511	$ 105,337	$ (6,826)	(6.5)%
Service revenue	819		819	100.0%
Total revenue	99,330	105,337	(6,007)	(5.7)%
Operating Expenses:				
Voyage expenses	(74)	1,018	(1,092)	(107.3)%
Vessel operating expenses	25,465	16,160	9,305	57.6%
General, administrative and management fees	8,298	7,164	1,134	15.8%
Depreciation and amortization	34,025	26,259	7,766	29.6%
Other operating income		(206)	206	(100.0)%
Total operating expenses	67,714	50,395	17,319	34.4%
Operating income	31,616	54,942	(23,326)	(42.5)%
Other expense	(21,433)	(15,565)	(5,868)	37.7%
Income before income taxes	10,183	39,377	(29,194)	(74.1)%
Income tax expense	(355)	(719)	364	(50.6)%
Net income	9,828	38,658	(28,830)	(74.6)%
Less: Net (loss) income attributable to noncontrolling interest	(262)	1,899	(2,161)	(113.8)%
Net income attributable to Genco Shipping & Trading Limited	$ 10,090	$ 36,759	$ (26,669)	(72.6)%
Earnings per share - Basic	$ 0.29	$ 1.17	$ (0.88)	(75.2)%
Earnings per share - Diluted	$ 0.29	$ 1.16	$ (0.87)	(75.0)%
Dividends declared and paid per share	$	$	$	
Weighted average common shares outstanding - Basic	35,150,352	31,413,874	3,736,478	11.9%
Weighted average common shares outstanding - Diluted	35,204,649	31,562,879	3,641,770	11.5%
EBITDA (1)	$ 65,847	$ 79,299	$ (13,452)	(17.0)%

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	For the six months ended June 30, 2011	2010	Change	% Change
	(U.S. dollars in thousands, except for per share amounts)			
Revenue:				
Voyage revenue	$ 199,130	$ 200,018	$ (888)	(0.4)%
Service revenue	1,629		1,629	100.0%
Total revenue	200,759	200,018	741	0.4%
Operating Expenses:				
Voyage expenses	894	1,755	(861)	(49.1)%
Vessel operating expenses	50,260	31,047	19,213	61.9%
General, administrative and management fees	17,149	12,960	4,189	32.3%
Depreciation and amortization	67,106	51,094	16,012	31.3%
Other operating income		(206)	206	(100.0)%
Total operating expenses	135,409	96,650	38,759	40.1%
Operating income	65,350	103,368	(38,018)	(36.8)%
Other expense	(42,637)	(30,892)	(11,745)	38.0%
Income before income taxes	22,713	72,476	(49,763)	(68.7)%
Income tax expense	(714)	(719)	5	(0.7)%
Net income	21,999	71,757	(49,758)	(69.3)%
Less: Net (loss) income attributable to noncontrolling interest	(1,517)	1,550	(3,067)	(197.9)%
Net income attributable to Genco Shipping & Trading Limited	$ 23,516	$ 70,207	$ (46,691)	(66.5)%
Earnings per share - Basic	$ 0.67	$ 2.24	$ (1.57)	(70.1)%
Earnings per share - Diluted	$ 0.67	$ 2.23	$ (1.56)	(70.0)%
Dividends declared and paid per share	$	$	$	
Weighted average common shares outstanding - Basic	35,146,254	31,409,858	3,736,396	11.9%
Weighted average common shares outstanding - Diluted	35,211,636	31,553,226	3,658,410	11.6%
EBITDA (1)	$ 133,862	$ 152,937	$ (19,075)	(12.5)%

(1) EBITDA represents net income attributable to Genco Shipping & Trading Limited plus net interest expense, taxes and depreciation and amortization. EBITDA is included because it is used by management and certain investors as a measure of operating performance. EBITDA is used by analysts in the shipping industry as a common performance measure to compare results across peers. Our management uses EBITDA as a performance measure in our consolidated internal financial statements, and it is presented for review at our board meetings. We believe that EBITDA is useful to investors as the shipping industry is capital intensive which often results in significant depreciation and cost of financing. EBITDA presents investors with a measure in addition to net income to evaluate our performance prior to these costs. EBITDA is not an item recognized by U.S. GAAP and should not be considered as an alternative to net income, operating income or any other indicator of a company s operating performance required by U.S. GAAP. EBITDA is not a measure of liquidity or cash flows as shown in our consolidated statements of cash flows. The definition of EBITDA used here may not be comparable to that used by other companies. The foregoing definition of EBITDA differs from the definition of Consolidated EBITDA used in the financial covenants of our 2007 Credit Facility, our $253 Million Term Loan Credit Facility, and our $100 Million Term Loan Credit Facility. Specifically, Consolidated EBITDA substitutes gross interest expense (which includes amortization of deferred financing costs) for net interest expense used in our definition of EBITDA, includes adjustments for restricted stock amortization and non-

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cash charges for deferred financing costs related to the refinancing of other credit facilities or any non-cash losses from our investment in Jinhui, and excludes extraordinary gains or losses and gains or losses from derivative instruments used for hedging purposes or sales of assets other than inventory sold in the ordinary course of business. The following table demonstrates our calculation of EBITDA and provides a reconciliation of EBITDA to net income attributable to Genco Shipping & Trading Limited for each of the periods presented above:

	For the three months ended June 30, 2011	For the three months ended June 30, 2010	For the six months ended June 30, 2011	For the six months ended June 30, 2010
Net income attributable to Genco Shipping & Trading Limited	$ 10,090	$ 36,759	$ 23,516	$ 70,207
Net interest expense	21,377	15,562	42,526	30,917
Income tax expense	355	719	714	719
Depreciation and amortization	34,025	26,259	67,106	51,094
EBITDA (1)	$ 65,847	$ 79,299	$ 133,862	$ 152,937

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Results of Operations

The following tables set forth information about the vessels in our fleet, including Baltic Trading s vessels, as of July 26, 2011:

Genco Shipping & Trading Limited

Vessel	Year Built	Charterer	Charter Expiration (1)	Cash Daily Rate (2)	Net Revenue Daily Rate (3)
Capesize Vessels					
Genco Augustus	2007	Cargill International S.A.	December 2011	100% of BCI	
Genco Tiberius	2007	Cargill International S.A.	September 2011	31,000	
Genco London	2007	Cargill International S.A.	September 2011	31,000	
Genco Titus	2007	Cargill International S.A.	September 2011	45,000(4)	46,250
Genco Constantine	2008	Cargill International S.A.	August 2012	52,750(4)	
Genco Hadrian	2008	Cargill International S.A.	October 2012	65,000(4)	
Genco Commodus	2009	Swissmarine Services S.A.	May 2012	99% of BCI(5)	
Genco Maximus	2009	Swissmarine Services S.A.	November 2011	98.5% of BCI	
Genco Claudius	2010	Swissmarine Services S.A.	January 2012	98.5% of BCI	
Panamax Vessels					
Genco Beauty	1999	U-Sea Bulk A/S, Copenhagen	March 2012	100% of BPI(6)	
Genco Knight	1999	Swissmarine Services S.A.	February 2012	100% of BPI(6)	
Genco Leader	1999	J. Aron & Company	December 2011	100% of BPI	
Genco Vigour	1999	Global Maritime Investments Ltd.	December 2011	100% of BPI	
Genco Acheron	1999	Cargill International S.A.	September 2011	24,000(7)	
Genco Surprise	1998	Global Maritime Investments Ltd.	November 2011	97% of BPI	
Genco Raptor	2007	COSCO Bulk Carriers Co., Ltd.	April 2012	52,800	
Genco Thunder	2007	Swissmarine Services S.A.	November 2011	100% of BPI	
Supramax Vessels					