SPANA CARL
Form 4
July 23, 2010

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
SPANA CARL

(Last) (First) (Middle)

PALATIN TECHNOLOGIES, INC., 4C CEDAR BROOK DRIVE

(Street)

CRANBURY, NJ 08512

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
PALATIN TECHNOLOGIES INC [PTN]

3. Date of Earliest Transaction (Month/Day/Year)
07/21/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President & CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Amoun Underlying Securiti

Security (Instr. 3)	or Exercise Price of Derivative Security		any (Month/Day/Year)	Code (Instr. 8)		Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		(Month/Day/Year)		(Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amou Numb Shares
restricted stock unit	$ 0	07/21/2010		A		250,000		09/15/2010 (1)	03/15/2011	common stock	250,

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SPANA CARL PALATIN TECHNOLOGIES, INC. 4C CEDAR BROOK DRIVE CRANBURY, NJ 08512	X		President & CEO	

Signatures

Carl Spana	07/23/2010
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The Restricted Stock Units vest as to 50% on September 15, 2010 and as to the remaining 50% on March 15, 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ize:10.0pt;">

Election and Removal of Directors.

Our amended and restated articles of incorporation prohibit cumulative voting in the election of directors. Our amended and restated by-laws require parties other than the Board of Directors to give advance written notice of nominations for the election of directors. Our amended and restated articles of incorporation also provide that our directors may be removed only for cause and only upon the affirmative vote of 662/3% of the outstanding shares of our capital stock entitled to vote for those directors or by a majority of the members of the board of directors then in office. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Limited Actions by Shareholders.

Our amended and restated articles of incorporation and our amended and restated by-laws provide that any action required or permitted to be taken by our shareholders must be effected at an annual or special meeting of shareholders or by the unanimous written consent of our shareholders. Our amended and restated articles of incorporation and our amended and restated by-laws provide that, subject to certain exceptions, our Chairman, President, or Secretary at the direction of the Board of Directors may call special meetings of our shareholders and the business transacted at the special meeting is limited to the purposes stated in the notice.

Advance Notice Requirements for Shareholder Proposals and Director Nominations.

Our amended and restated by-laws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary. Generally, to be timely, a shareholder s notice must be received at our principal executive offices not less than 150 days nor more than 180 days before the date on which we first mailed our proxy materials for the preceding year s annual meeting. Our amended and restated by-laws also specify requirements as to the form and content of a shareholder s notice. These provisions may impede a shareholder s ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

In addition, we entered into a shareholder rights plan that makes it more difficult for a third party to acquire us without the support of our Board of Directors.

It may not be possible for our investors to enforce U.S. judgments against us.

Both our company and our wholly-owned subsidiaries through which we own and operate our vessels are incorporated in the Republic of the Marshall Islands, and we expect most of our future subsidiaries will also be organized in the Marshall Islands. Substantially all of our assets and those of our subsidiaries are located outside the United States. As a result, it may be difficult or impossible for United States shareholders to serve process within the United States upon us or to enforce judgment upon us for civil liabilities in United States courts. In addition, you should not assume that courts in the countries in which we are incorporated or where our assets are located (1) would enforce judgments of United States courts obtained in actions against us based upon the civil liability provisions of applicable United States federal and state securities laws or (2) would enforce, in original actions, liabilities against us based upon these laws.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

For a description of our vessels, see Our Fleet in Item 1, Business in this report.

We consider each of our significant properties to be suitable for its intended use.

ITEM 3. LEGAL PROCEEDINGS

We have not been involved in any legal proceedings which we believe are likely to have, or have had a significant effect on our business, financial position, results of operations or cash flows, nor are we aware of any proceedings that are pending or threatened which we believe are likely to have a significant effect on our business, financial position, results of operations or liquidity. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION, HOLDERS AND DIVIDENDS

Our common stock is traded on the New York Stock Exchange (NYSE) under the symbol BALT. The following table sets forth for the periods indicated the high and low prices for the common stock as reported by the NYSE:

		HIGH		LOW
FISCAL YEAR ENDED DECEMBER 31, 2014				
1st Quarter	$	7.94	$	5.10
2nd Quarter	$	7.09	$	5.56
3rd Quarter	$	6.30	$	4.12
4th Quarter	$	4.30	$	2.30

		HIGH		LOW
FISCAL YEAR ENDED DECEMBER 31, 2013				
1st Quarter	$	4.38	$	2.97
2nd Quarter	$	4.10	$	3.10
3rd Quarter	$	5.71	$	3.49
4th Quarter	$	6.86	$	4.36

As of March 2, 2015, there were approximately 11 holders of record of our common stock.

We have adopted a dividend policy to pay a variable quarterly dividend equal to our Cash Available for Distribution during the previous quarter, subject to any reserves our Board of Directors may from time to time determine are required. These reserves may cover, among other things, drydocking, repairs, claims, liabilities and other obligations, debt amortization, acquisitions of additional assets and working capital. Dividends will be paid equally on a per-share basis between our common stock and our Class B stock. Cash Available for Distribution represents our net income less cash expenditures for capital items related to our fleet, such as drydocking or special surveys, other than vessel acquisitions and related expenses, plus non-cash compensation. For purposes of calculating Cash Available for Distribution, we may disregard non-cash adjustments to our net income (loss), such as those that would result from acquiring a vessel subject to a charter that was above or below market rates.

The following table illustrates the calculation of Cash Available for Distribution (non-cash adjustments we may disregard are not included):

Net Income (loss)

Less Fleet Related Capital Maintenance Expenditures

Plus Non-Cash Compensation

Cash Available for Distribution

The application of our dividend policy would have resulted in a lesser dividend or no dividend for each quarter during 2014, 2013 and 2012; however, based on our cash flow, liquidity and capital resources, our Board of Directors determined to declare a dividend during each of these quarters. Given the current market conditions, we did not declare a dividend for the fourth quarter of 2014. While our Board of Directors may consider declaring future dividends that exceed the amount determined by our policy, we cannot assure you that they will do so, and the recent dividend declarations do not represent a change in our policy.

The following table summarizes the dividends declared based on the results of each fiscal quarter:

		Dividend per share	Declaration date
FISCAL YEAR ENDING DECEMBER 31, 2014			
4th Quarter	$		
3rd Quarter	$	0.01	11/4/2014
2nd Quarter	$	0.01	7/29/2014
1st Quarter	$	0.01	5/5/2014

		Dividend per share	Declaration date
FISCAL YEAR ENDING DECEMBER 31, 2013			
4th Quarter	$	0.03	2/25/2014
3rd Quarter	$	0.02	10/31/2013
2nd Quarter	$	0.01	7/30/2013
1st Quarter	$	0.01	4/30/2013

ITEM 6. SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

	For the Years Ended December 31,				
	2014	**2013**	**2012**	**2011**	**2010**
Income Statement Data:					
(U.S. dollars in thousands except for share and per share amounts)					
Revenues	$ 45,520	$ 35,973	$ 27,304	$ 43,492	$ 32,559
Operating Expenses:					
Voyage expenses	1,396	1,151	1,142	61	167
Voyage expenses to Parent	578	461	346	560	422

Vessel operating expenses		24,872		17,590		16,730		16,004		8,198
General, administrative and technical management fees		8,389		5,445		4,768		5,585		5,044
Management fees to Parent		3,607		2,671		2,471		2,464		1,229
Depreciation and amortization		21,015		15,564		14,814		14,769		7,359
Other operating income										(206)
Total operating expenses		59,857		42,882		40,271		39,443		22,213
Operating (loss) income		(14,337)		(6,909)		(12,967)		4,049		10,346
Other expense		(5,873)		(4,449)		(4,275)		(4,445)		(1,946)
(Loss) income before income taxes		(20,210)		(11,358)		(17,242)		(396)		8,400
Income tax expense		(57)		(34)		(28)		(34)		(78)
Net (loss) income	$	(20,267)	$	(11,392)	$	(17,270)	$	(430)		8,322
Net (loss) income per share of common and Class B Stock:										
Net (loss) income per share - basic	$	(0.36)	$	(0.36)	$	(0.78)	$	(0.02)	$	0.46
Net (loss) income per share - diluted	$	(0.36)	$	(0.36)	$	(0.78)	$	(0.02)	$	0.46
Dividends declared and paid per share of common and Class B stock	$	0.06	$	0.05	$	0.24	$	0.45	$	0.32
Balance Sheet Data:										
(U.S. dollars in thousands, at end of period)										
Cash and cash equivalents	$	9,929	$	58,193	$	3,280	$	8,300	$	5,797
Total assets		568,218		557,367		364,370		384,955		396,154
Total debt		196,775		167,875		101,250		101,250		101,250
Total shareholders equity		364,882		385,103		260,662		281,603		289,436
Other Data:										
(U.S. dollars in thousands)										
Net cash provided by operating activities	$	1,096	$	2,603	$	433	$	15,379	$	18,999
Net cash used in investing activities		(72,736)		(147,212)		(5)		(2,570)		(389,801)
Net cash provided by (used in) financing activities		23,376		199,522		(5,448)		(10,306)		376,599
EBITDA (2)	$	6,669	$	8,638	$	1,819	$	18,786	$	17,678

(2) EBITDA represents net (loss) income 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 (loss) 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 (loss) 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 statement of cash flows. The definition of EBITDA used here may not be comparable to that used by other companies. The following table demonstrates our calculation of EBITDA and provides a reconciliation of EBITDA to net (loss) income for each of the periods presented above:

	For the Years Ended December 31,				
	2014	**2013**	**2012**	**2011**	**2010**
Net (loss) income	$ (20,267)	$ (11,392)	$ (17,270)	$ (430)	$ 8,322
Net interest expense	5,864	4,432	4,247	4,413	1,919
Income tax expense	57	34	28	34	78
Depreciation	21,015	15,564	14,814	14,769	7,359
EBITDA (2)	$ 6,669	$ 8,638	$ 1,819	$ 18,786	$ 17,678

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

We are a New York City-based company incorporated in October 2009 in the Marshall Islands to conduct a shipping business focused on the drybulk industry spot market. We were formed by Genco, an international drybulk shipping company that also serves as our Manager. Our fleet currently consists of four Capesize vessels, two Ultramax vessels, four Supramax vessels and five Handysize vessels with an aggregate carrying capacity of approximately 1,221,000 dwt and the average age of our fleet is currently 4.3 years, as compared to the average age for the world fleet of approximately 9 years for the drybulk shipping segments in which we compete. After the expected delivery of two Ultramax vessels that we have agreed to acquire, we will own 17 drybulk vessels, consisting of four Capesize vessels, four Ultramax vessels, four Supramax vessels and five Handysize vessels with a total carrying capacity of approximately 1,349,000 dwt. Our fleet contains six groups of sister ships, which are vessels of virtually identical sizes and specifications. We believe that maintaining a fleet that includes sister ships reduces costs by creating economies of scale in the maintenance, supply and crewing of our vessels.

On July 2, 2013, we entered into agreements to purchase two Handysize drybulk vessels from subsidiaries of Clipper Group for an aggregate purchase price of $41 million. The Baltic Hare, a 2009-built Handysize vessel, was delivered on September 5, 2013 and the Baltic Fox, a 2010-built Handysize vessel, was delivered on September 6, 2013. We funded a portion of the purchase price of the vessels using proceeds from our registered follow-on common stock offering completed on May 28, 2013. For the remainder of the purchase price, we drew down $22 million on our $22 Million Term Loan Facility. Refer to Note 7 Debt in our consolidated financial statements for further information regarding this credit facility.

On October 31, 2013, we entered into agreements to purchase two Capesize drybulk vessels from affiliates of SK Shipping Co. Ltd. for an aggregate purchase price of $103 million. The Baltic Lion, a 2012-built Capesize drybulk vessel, was delivered on December 27, 2013, and the Baltic Tiger, a 2011-built Capesize vessel, was delivered on November 26, 2013. We funded a portion of the purchase price of the vessels using proceeds from our registered follow-on common stock offering completed on September 25, 2013. For the remainder of the purchase price, we drew down $44 million on our $44 Million Term Loan Facility. Refer to Note 7 Debt in our consolidated financial statements for further information regarding this credit facility.

On November 13, 2013, we entered into agreements to purchase up to four 64,000 dwt Ultramax newbuilding drybulk vessels from Yangfan Group Co., Ltd. for a purchase price of $28 million per vessel, or up to $112 million in the aggregate. We agreed to purchase two such vessels, to be renamed the Baltic Hornet and Baltic Wasp, and obtained an option to purchase up to two additional vessels for the same purchase price, which we exercised on January 8, 2014. These vessels are to be renamed the Baltic Mantis and the Baltic Scorpion. The purchases are subject to completion of customary additional documentation and closing conditions. The first of these vessels, the Baltic Hornet, was delivered on October 29, 2014. The Baltic Wasp was delivered on January 2, 2015. The Baltic Scorpion and the Baltic Mantis are expected to be delivered to us during the second and third quarters of 2015, respectively. We intend to use a combination of cash on hand, future cash flow from operations as well as debt or equity financing, including the 2014 Term Loan Facilities and the $148 Million Credit Facility, to finance the acquisition of these four Ultramax newbuilding drybulk vessels. If we are unable to obtain such debt or equity financing to fund the vessels, we may pursue alternatives, including dispositions of assets.

We seek to leverage the expertise and reputation of Genco to pursue growth opportunities in the drybulk shipping spot market. To pursue these opportunities, we operate a fleet of drybulk ships that transport iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes. We currently operate all of our vessels are on spot market-related time charters, short-term time charters or in vessel pools. We may also consider operating vessels in the spot market directly based on our view of market conditions. We have financed our fleet primarily with equity capital and have financed the remainder with our 2010 Credit Facility, $22 Million Term Loan Facility, $44 Million Term Loan Facility and the 2014 Term Loan Facilities. The $148 Million Credit Facility refinanced the outstanding indebtedness under the 2010 Credit Facility. Depending on market condition, we aim to grow our fleet through timely and selective acquisitions of vessels. We expect to fund acquisitions of additional vessels using equity and debt financing. We intend to distribute to our shareholders on a quarterly basis all of our net income less cash expenditures for capital items related to our fleet, other than vessel acquisitions and related expenses, plus non-cash compensation, during the previous quarter, subject to any additional reserves our Board of Directors may from time to time determine are required for the prudent conduct of our business, as further described below under Dividend Policy.

Refer to pages 6-8 for a table of all vessels that have been or are expected to be delivered to us.

Our operations are managed, under the supervision of our Board of Directors, by Genco as our Manager. We entered into a long-term management agreement (the Management Agreement) pursuant to which our Manager and its affiliates apply their expertise and experience in the drybulk industry to provide us with commercial, technical, administrative and strategic services. The Management Agreement is for an initial term of approximately 15 years and will automatically renew for additional five-year periods unless terminated in accordance with its terms. We pay our Manager fees for the services it provides us as well as reimburse our Manager for its costs and expenses incurred in providing certain of these services.

On May 28, 2013, we closed an equity offering of 6,419,217 shares of common stock at an offering price of $3.60 per share. We received net proceeds of $21.6 million after deducting underwriters fees and expenses. Additionally, on September 25, 2013, we closed an equity offering of 13,800,000 shares of common stock at an offering price of $4.60 per share. We received net proceeds of $59.5 million after deducting underwriters fees and expenses. On November 18, 2013, we closed an equity offering of 12,650,000 shares of common stock at an offering price of $4.60 per share. We received net proceeds of $55.1 million after deducting underwriters fees and expenses. Pursuant to the Management Agreement, for so long as Genco directly or indirectly holds at least 10% of the aggregate number of outstanding shares of our common stock and Class B stock, Genco will be entitled to receive at no cost an additional number of shares of Class B stock equal to 2% of the number of common shares issued, other than shares issued under the our 2010 Equity Incentive Plan. As a result of the equity offerings on May 28, 2013, September 25, 2013 and November 18, 2013, Genco was issued 128,383, 276,000 and 253,000 shares, respectively, of Class B stock, which represents 2% of the number of common shares issued.

41

Year ended December 31, 2014 compared to the year ended December 31, 2013

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, Time Charter Equivalent (TCE) rates and daily vessel operating expenses for the years ended December 31, 2014 and 2013.

	For the Years Ended December 31, 2014	2013	Increase (Decrease)	% Change
Fleet Data:				
Ownership days (1)				
Capesize	1,460.0	770.6	689.4	89.5%
Ultramax	63.7		63.7	100.0%
Supramax	1,460.0	1,460.0		
Handysize	1,825.0	1,329.1	495.9	37.3%
Total	4,808.7	3,559.7	1,249.0	35.1%
Available days (2)				
Capesize	1,460.0	765.0	695.0	90.8%
Ultramax	60.7		60.7	100.0%
Supramax	1,376.4	1,442.1	(65.7)	(4.6)%
Handysize	1,789.6	1,327.0	462.6	34.9%
Total	4,686.7	3,534.1	1,152.6	32.6%
Operating days (3)				
Capesize	1,456.2	765.0	691.2	90.4%
Ultramax	60.7		60.7	100.0%
Supramax	1,368.0	1,423.3	(55.3)	(3.9)%
Handysize	1,769.1	1,317.6	451.5	34.3%
Total	4,654.0	3,505.9	1,148.1	32.7%
Fleet utilization (4)				
Capesize	99.7%	100.0%	(0.3)%	(0.3)%
Ultramax	100.0%		100.0%	100.0%
Supramax	99.4%	98.7%	0.7%	0.7%
Handysize	98.9%	99.3%	(0.4)%	(0.4)%
Fleet average	99.3%	99.2%	0.1%	0.1%

(U.S. dollars)	For the Years Ended December 31, 2014	2013	Increase (Decrease)	% Change
Average Daily Results:				
Time Charter Equivalent (5)				
Capesize	$ 13,083	$ 15,123	$ (2,040)	(13.5)%

Ultramax		10,356			10,356	100.0%
Supramax		7,268		8,031	(763)	(9.5)%
Handysize		7,718		8,448	(730)	(8.6)%
Fleet average		9,291		9,723	(432)	(4.4)%
Daily vessel operating expenses (6)						
Capesize	$	5,335	$	5,591	$ (256)	(4.6)%
Ultramax		5,543			5,543	100.0%
Supramax		5,662		5,053	609	12.1%
Handysize		4,638		4,442	196	4.4%
Fleet average		5,172		4,941	231	4.7%

42

(1) 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) We define available days as the number of our ownership days 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) 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) 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) We define TCE rates as net voyage revenue (voyage revenues less voyage expenses (including voyage expenses to Parent)) 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 Years Ended December 31,			
	2014		2013	
Voyage revenues (in thousands)	$	45,520	$	35,973
Voyage expenses (in thousands)		1,396		1,151
Voyage expenses to Parent (in thousands)		578		461
		43,546		34,361
Total available days		4,686.7		3,534.1
Total TCE rate	$	9,291	$	9,723

(6) We define daily vessel operating expenses to 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. Daily vessel operating expenses are calculated by dividing vessel operating expenses by ownership days for the relevant period.

Operating Data

The following compares our operating (loss) income and net loss for the years ended December 31, 2014 and 2013.

	For the Years Ended December 31, 2014	2013	Increase (Decrease)	% Change
Income Statement Data:				
(U.S. dollars in thousands except for per share amounts)				
Revenues	$ 45,520	$ 35,973	$ 9,547	26.5%
Operating Expenses:				
Voyage expenses	1,396	1,151	245	21.3%
Voyage expenses to Parent	578	461	117	25.4%
Vessel operating expenses	24,872	17,590	7,282	41.4%
General, administrative and technical management fees	8,389	5,445	2,944	54.1%
Management fees to Parent	3,607	2,671	936	35.0%
Depreciation and amortization	21,015	15,564	5,451	35.0%
Total operating expenses	59,857	42,882	16,975	39.6%
Operating loss	(14,337)	(6,909)	(7,428)	107.5%
Other expense	(5,873)	(4,449)	(1,424)	32.0%
Loss before income taxes	(20,210)	(11,358)	(8,852)	77.9%
Income tax expense	(57)	(34)	(23)	67.6%
Net loss	$ (20,267)	$ (11,392)	(8,875)	77.9%
Net loss per share of common and Class B Stock:				
Net loss per share - basic	$ (0.36)	$ (0.36)	$	
Net loss per share - diluted	$ (0.36)	$ (0.36)	$	
Dividends declared and paid per share	$ 0.06	$ 0.05	$ 0.01	20.0%
Balance Sheet Data:				
(U.S. dollars in thousands, at end of period)				
Cash and cash equivalents	$ 9,929	$ 58,193	(48,264)	(82.9)%
Total assets	568,128	557,367	10,851	1.9%
Total debt	196,775	167,875	28,900	17.2%
Total shareholders equity	364,882	385,103	(20,221)	(5.3)%
Other Data:				
(U.S. dollars in thousands)				
Net cash provided by operating activities	$ 1,096	$ 2,603	$ (1,507)	(57.9)%
Net cash used in investing activities	(72,736)	(147,212)	74,476	(50.6)%
Net cash provided by (used in) financing activities	23,376	199,522	(176,146)	(88.3)%
EBITDA (1)	$ 6,669	$ 8,638	$ (1,969)	(22.8)%

(1) EBITDA represents net (loss) income plus net interest expense, taxes and depreciation and amortization. Refer to page 40 included in Item 6 where the use of EBITDA is discussed and for a table demonstrating our calculation of EBITDA that provides a reconciliation of EBITDA to net (loss) income for each of the periods presented above.

Results of Operations

We began earning revenues during the three months ended June 30, 2010, since our first vessel was delivered in the second quarter of 2010. Beginning with the second quarter of 2010, our revenues following the delivery of our first vessel have consisted primarily of charterhire. Our ongoing cash expenses consist of fees and reimbursements under our Management Agreement and other expenses directly related to the operation of our vessels and certain administrative expenses. We do not expect to have any income tax liabilities in the Marshall Islands but may be subject to tax in the United States on revenues derived from voyages that either begin or end in the United States. We have accrued for estimated taxes from these voyages at December 31, 2014 and 2013.

We expect that our financial results will be largely driven by the following factors:

- the number of vessels in our fleet and their charter rates;

- the number of days that our vessels are utilized and not subject to drydocking, special surveys or otherwise off-hire; and

- our ability to control our fixed and variable expenses, including our ship management fees, our operating costs and our general, administrative and other expenses, including insurance. Operating costs may vary from month to month depending on a number of factors, including the timing of purchases of lube oil, crew changes and delivery of spare parts.

Years ended December 31, 2014 and 2013

VOYAGE REVENUES-

Voyage revenues are driven primarily by the number of vessels that we have in our fleet, the number of calendar days during which our vessels will generate revenues and the amount of daily charter hire that our vessels earn under charters. These, in turn, are affected by a number of factors, including our decisions relating to vessel acquisitions and disposals, the amount of time that we spend positioning our vessels, the amount of time that our vessels spend in drydock undergoing repairs, maintenance and upgrade work, the age, condition and specifications of our vessels, levels of supply and demand in the drybulk carrier market and other factors affecting spot market charter rates for our vessels. Voyage revenues also include the sale of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

Vessels operating in the spot charter market generate revenues that are less predictable than those operating on time charters but may enable us to capture increased profit margins during periods of improvements in charter rates. Conversely, by operating in the spot charter market, we are exposed to the risk of declining charter rates, which may have a materially adverse impact on our financial performance.

For the years ended December 31, 2014 and 2013, voyage revenues were $45,520 and $35,973, respectively. The increase in voyage revenues was primarily due to the increase in the size of our fleet partially offset by lower spot market rates achieved by the other vessels in our fleet during 2014 as compared to 2013.

The average TCE rate of our fleet was $9,291 a day for the year ended December 31, 2014 as compared to $9,723 for the year ended December 31, 2013. The decrease was primarily due to lower spot market rates achieved by the vessels in our fleet during 2014 as compared to 2013.

During 2014, the Baltic Dry Index, or BDI (a drybulk index) recorded a high of 2,113 on January 1, 2014, retreated to a low of 723 on July 22, 2014 and after climbing to a peak of 1,484 in November 2014, has since retreated to reach a level of 782 on December 24, 2014. In 2015, the index started off at 771 on January 2, 2015 and has since fallen to 509 as of February 18, 2015.

The BDI displayed weakness through the entire year in 2014 following a volatile environment in 2013. The BDI saw relative strength at the end of 2013, which carried into the very beginning of 2014 resulting in a peak of 2,113 on January 2, 2014. Deliveries of newbuilding vessels increased in January 2014, contributing to an already oversupplied market. Additionally, a ban of coal shipments out of Drummond s Columbian coal mines and short-term weather-related issues in Brazil and Australia temporarily reduced iron ore output. As a result, a decline of rates was experienced through the first half of the year resulting in the BDI closing at 850 as of June 30, 2014. As fleet growth moderated and iron ore exports increased, the BDI traded up beginning in August of 2014 and recorded a high of 1,484 on November 4, 2014. During the fourth quarter of 2014, excess vessel supply continued to weigh on the drybulk market. Additionally, a period of destocking at Chinese iron ore ports and coal power plants and a sustained Indonesian mineral ore export ban all contributed to a declining freight rate environment. Fluctuations in Brazilian iron ore fixture volume led to additional volatility within the Capesize sector, particularly in the latter two months of the fourth quarter. In the year to date in 2015, we have seen continued pressure on the drybulk market as a result of a seasonal increase in newbuilding vessel deliveries and weak iron ore and coal trades ahead of the Chinese New Year. Given the fact that a majority of our vessels are chartered at spot market-related rates, we expect that the weak rate environment will adversely impact our first quarter 2015 revenues and results of operations.

During 2014 and 2013, we had 4,808.7 and 3,559.7 ownership days, respectively. The increase in ownership days is due to the delivery of the Baltic Fox, Baltic Hare, Baltic Lion and Baltic Tiger during the third and fourth quarters of 2013 and the delivery of the Baltic Hornet during the fourth quarter of 2014. Fleet utilization remained stable at 99.3% and 99.2% during 2014 and 2013, respectively.

VOYAGE EXPENSES-

To the extent we operate our vessels on voyage charters in the spot market, we are responsible for all voyage expenses. Voyage expenses are all expenses unique to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions. We expect that our voyage expenses will vary depending on the number of vessels in our fleet and the extent to which we enter into voyage charters in the spot market as opposed to spot market-related time charters, trip charters or vessel pools, in which we would not be responsible for voyage expenses. At the inception of a spot market-related time charter, we record 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. Additionally, voyage expenses include the cost of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

For the years ended December 31, 2014 and 2013, voyage expenses were $1,396 and $1,151, respectively. The $245 increase in voyage expense is primarily due to an increase in bunker consumption as a result of drydockings during 2014 as well as additional bunker consumption during repositioning during 2014 as compared to 2013.

VOYAGE EXPENSES TO PARENT-

Voyage expenses to Parent increased by $117 to $578 during 2014 as compared to $461 during 2013. This amount represents the commercial service fee equal to 1.25% of gross charter revenues generated by each vessel due to Genco pursuant to the Management Agreement. The increase is primarily a result of the increase in voyage revenue due to the increase in the size of our fleet during 2014 as compared to 2013 partially offset by lower spot market rates achieved by our other vessels in our fleet.

VESSEL OPERATING EXPENSES-

Vessel operating expenses increased by $7,282 to $24,872 during 2014 as compared to $17,590 in 2013 primarily due to a larger fleet as a result of the delivery of four vessels during 2013 and one vessel during the fourth quarter of 2014, as well as higher maintenance related expenses incurred during drydocking.

Daily vessel operating expenses increased to $5,172 per vessel per day during the year ended December 31, 2014 from $4,941 per vessel per day during the year ended December 31, 2013. The increase in daily vessel operating expenses is primarily due to higher maintenance related expenses incurred during drydocking. We believe daily vessel operating expenses are best measured for comparative purposes over a 12-month period in order to take into account all of the expenses that each vessel in our fleet will incur over a full year of operation. Our actual daily vessel operating expenses per vessel for the year ended December 31, 2014 were $228 below the budgeted rate for the year ended December 31, 2014 of $5,400 per vessel per day.

Our vessel operating expenses, which generally represent fixed costs, will increase as a result of the expansion of our fleet. Other factors beyond our control, some of which may affect the shipping industry in general, including, for instance, developments relating to market prices for crewing, lubes, and insurance, may also cause these expenses to increase.

Based on our management s estimates and budgets provided by our technical manager, we expect our vessels to have average daily vessel operating expenses during 2015 of:

Vessel Type		**Average Daily Budgeted Amount**
Capesize	$	6,100
Ultramax		5,300
Supramax		5,600
Handysize		5,100

Based on these average daily budgeted amounts by vessel type, we expect our fleet to have average daily vessel operating expenses of $5,500 during 2015. The average daily vessel operating expense budget for 2015 of $5,500 is slightly higher than the prior year 2014 budget of $5,400, primarily due to crew related expenses.

GENERAL, ADMINISTRATIVE AND TECHNICAL MANAGEMENT FEES-

We incur general and administrative expenses, which relate to our onshore non-vessel-related activities. Our general and administrative expenses include non-cash compensation expense, legal, auditing and other professional expenses. With respect to the restricted shares issued as incentive compensation to our Chairman, our President and Chief Financial Officer and our directors under our 2010 Equity Incentive Plan, refer to Note 14 Nonvested Stock Awards in our consolidated financial statements. Additionally, we incur management fees to third-party technical management companies (excluding Genco) for the day-to-day management of our vessels, including performing routine maintenance, attending to vessel operations and arranging for crews and supplies.

For 2014 and 2013, general, administrative and technical management fees were $8,389 and $5,445, respectively. The increase in general, administrative and technical management fees was primarily a result of an increase in non-cash compensation expense. Technical management fees increased due to the delivery of four vessels during the third and fourth quarters of 2013 and one vessel during the fourth quarter of 2014.

MANAGEMENT FEES TO PARENT-

Management fees to Parent increased to $3,607 from $2,671 during 2014 as compared to 2013, respectively. This amount represents the technical service fees of $750 per vessel per day payable to Genco pursuant to the Management Agreement. The increase was due to the delivery of four vessels during the third and fourth quarters of 2013 and one vessel during the fourth quarter of 2014.

DEPRECIATION-

We depreciate the cost of our vessels on a straight-line basis over the expected useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated residual value. We estimate the useful life of our vessels to be 25 years. Effective July 9, 2014, upon Genco s emergence from bankruptcy, we increase the estimated scrap value of our vessels from $245/lwt to $310/lwt prospectively which will result in an overall decrease in vessels depreciation expense over the remaining life of the vessels.

Depreciation expense increased to $21,015 during 2014 from $15,564 during 2013 due to the delivery of four vessels during the third and fourth quarter of 2013 and one vessel during the fourth quarter of 2014, as well as an increase in drydock amortization expense as six vessels completed drydockings during the first half of 2014. There were no vessels that completed drydocking during 2013.

OTHER (EXPENSE) INCOME-

NET INTEREST EXPENSE-

For 2014 and 2013, net interest expense was $5,864 and $4,432, respectively. The increase in net interest expense is primarily due to the interest expense, commitment fees, and the amortization of deferred financing fees associated with the $22 Million Term Loan Facility, the $44 Million Term Loan Facility and the 2014 Term Loan Facilities, which were entered into effective August 30, 2013, December 3, 2013 and October 8, 2014, respectively. These increases were partially offset by a decrease in interest expense related to the 2010 Credit Facility due to capitalized interest expense that was reclassed from Interest expense to Deposits on vessels for the four Ultramax vessels that we have agreed to acquire, one of which was delivered on October 29, 2014. Refer to Note 7 Debt and Note 4 Vessel Acquisitions in our consolidated financial statements for further information.

INCOME TAX EXPENSE-

For 2014 and 2013, income tax expense was $57 and $34, respectively. During the year ended December 31, 2014, we had United States operations which resulted in United States source income of $2,830, which resulted in income tax expense of $57. During the year ended December 31, 2013, we had United States operations which resulted in United States source income of $1,664, which resulted in income tax expense of $34.

Year ended December 31, 2013 compared to the year ended December 31, 2012

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, Time Charter Equivalent (TCE) rates and daily vessel operating expenses for the years ended December 31, 2013 and 2012.

	For the Years Ended December 31, 2013	2012	Increase (Decrease)	% Change
Fleet Data:				
Ownership days (1)				
Capesize	770.6	732.0	38.6	5.3%
Supramax	1,460.0	1,464.0	(4.0)	(0.3)%
Handysize	1,329.1	1,098.0	231.1	21.0%
Total	3,559.7	3,294.0	265.7	8.1%
Available days (2)				
Capesize	765.0	732.0	33.0	4.5%
Supramax	1,442.1	1,453.3	(11.2)	(0.8)%
Handysize	1,327.0	1,098.0	229.0	20.9%
Total	3,534.1	3,283.3	250.8	7.6%
Operating days (3)				
Capesize	765.0	729.9	35.1	4.8%
Supramax	1,423.3	1,434.0	(10.7)	(0.7)%
Handysize	1,317.6	1,096.4	221.2	20.2%
Total	3,505.9	3,260.3	245.6	7.5%
Fleet utilization (4)				
Capesize	100.0%	99.7%	0.3%	0.3%
Supramax	98.7%	98.7%		
Handysize	99.3%	99.9%	(0.6)%	(0.6)%
Fleet average	99.2%	99.3%	(0.1)%	(0.1)%

(U.S. dollars)	For the Years Ended December 31, 2013	2012	Increase (Decrease)	% Change
Average Daily Results:				
Time Charter Equivalent (5)				
Capesize	$ 15,123	$ 7,276	$ 7,847	107.8%
Supramax	8,031	7,836	195	2.5%
Handysize	8,448	8,290	158	1.9%
Fleet average	9,723	7,863	1,860	23.7%
Daily vessel operating expenses (6)				
Capesize	$ 5,591	$ 5,302	$ 289	5.5%
Supramax	5,053	5,280	(227)	(4.3)%
Handysize	4,442	4,663	(221)	(4.7)%
Fleet average	4,941	5,079	(138)	(2.7)%

---

(1) 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) We define available days as the number of our ownership days 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) 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) 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) We define TCE rates as net voyage revenue (voyage revenues less voyage expenses (including voyage expenses to Parent)) 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 Years Ended December 31, 2013	2012
Voyage revenues (in thousands)	$ 35,973	$ 27,304
Voyage expenses (in thousands)	1,151	1,142
Voyage expenses to Parent (in thousands)	461	346
	34,361	25,816
Total available days	3,534.1	3,283.3
Total TCE rate	$ 9,723	$ 7,863

(6) We define daily vessel operating expenses to 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. Daily vessel operating expenses are calculated by dividing vessel operating expenses by ownership days for the relevant period.

Operating Data

The following compares our operating (loss) income and net loss for the years ended December 31, 2013 and 2012.

	For the Years Ended December 31, 2013	2012	Increase (Decrease)	% Change
Income Statement Data:				
(U.S. dollars in thousands except for per share amounts)				
Revenues	$ 35,973	$ 27,304	$ 8,669	31.7%
Operating Expenses:				
Voyage expenses	1,151	1,142	9	0.8%
Voyage expenses to Parent	461	346	115	33.2%
Vessel operating expenses	17,590	16,730	860	5.1%
General, administrative and technical management fees	5,445	4,768	677	14.2%
Management fees to Parent	2,671	2,471	200	8.1%
Depreciation and amortization	15,564	14,814	750	5.1%
Total operating expenses	42,882	40,271	2,611	6.5%
Operating loss	(6,909)	(12,967)	6,058	(46.7)%
Other expense	(4,449)	(4,275)	(174)	4.1%
Loss before income taxes	(11,358)	(17,242)	5,884	(34.1)%
Income tax expense	(34)	(28)	(6)	21.4%
Net loss	$ (11,392)	$ (17,270)	5,878	(34.0)%
Net loss per share of common and Class B Stock:				
Net loss per share - basic	$ (0.36)	$ (0.78)	$ 0.42	(53.8)%
Net loss per share - diluted	$ (0.36)	$ (0.78)	$ 0.42	(53.8)%
Dividends declared and paid per share	$ 0.05	$ 0.24	$ (0.19)	(79.2)%
Balance Sheet Data:				
(U.S. dollars in thousands, at end of period)				
Cash and cash equivalents	$ 58,193	$ 3,280	54,913	1,674.2%

Total assets		557,367		364,370		192,997	53.0%
Total debt		167,875		101,250		66,625	65.8%
Total shareholders equity		385,103		260,662		124,441	47.7%
Other Data:							
(U.S. dollars in thousands)							
Net cash provided by operating activities	$	2,603	$	433	$	2,170	501.2%
Net cash used in investing activities		(147,212)		(5)		(147,207)	2,944,140.0%
Net cash provided by (used in) financing activities		199,522		(5,448)		204,970	(3,762.3)%
EBITDA (1)	$	8,638	$	1,819	$	6,819	374.9%

49

---

(1) EBITDA represents net (loss) income plus net interest expense, taxes and depreciation and amortization. Refer to page 40 included in Item 6 where the use of EBITDA is discussed and for a table demonstrating our calculation of EBITDA that provides a reconciliation of EBITDA to net (loss) income for each of the periods presented above.

Years ended December 31, 2013 and 2012

VOYAGE REVENUES-

For the years ended December 31, 2013 and 2012, voyage revenues were $35,973 and $27,304, respectively. The increase in voyage revenues was primarily due to higher spot market rates achieved by the majority of our vessels as well as the increase in the size of our fleet during the year ended December 31, 2013.

The average TCE rate of our fleet was $9,723 a day for the year ended December 31, 2013 as compared to $7,863 for the year ended December 31, 2012. The increase was due to higher spot market rates achieved by the Capesize vessels in our fleet during 2013 as compared to 2012.

During 2013, the Baltic Dry Index, or BDI (a drybulk index) recorded a low of 698 on January 1, 2013 and rebounded to yearly high of 2,337 on December 12, 2013. At December 24, 2013, the index was 2,277.

The BDI displayed considerable weakness in the beginning of 2012 due to reduced iron ore cargoes recorded through the celebration of the Chinese New Year, as well as a high level of newbuilding vessel deliveries for the first two months of the year. A combination of factors, including excess vessel supply, weather disruptions in Brazil and Australia and strikes in Columbian coal mines resulted in the BDI remaining at relatively low levels through the first half of the year. As fleet growth moderated and Chinese steel production increased, the BDI traded up through the second half of 2013 and recorded its peak value of 2,337 on December 12, 2013.

During 2013 and 2012, we had 3,559.7 and 3,294.0 ownership days, respectively. The increase in ownership days is due to the delivery of the Baltic Fox, Baltic Hare, Baltic Lion and Baltic Tiger during the third and fourth quarters of 2013 partially offset by a decrease in ownership days to an additional day during 2012 due to the leap year. Fleet utilization remained stable at 99.2% and 99.3% during 2013 and 2012, respectively.

VOYAGE EXPENSES-

For 2013 and 2012, voyage expenses remained stable at $1,151 and $1,142, respectively.

VOYAGE EXPENSES TO PARENT-

Voyage expenses to Parent increased by $115 during 2013 as compared to 2012. This amount represents the commercial service fee equal to 1.25% of gross charter revenues generated by each vessel due to Genco pursuant to the Management Agreement. The increase is primarily a result of the increase in voyage revenue due to higher spot market rates achieved by our Capesize vessels during 2013 as compared to 2012.

VESSEL OPERATING EXPENSES-

Vessel operating expenses increased by $860 to $17,590 during 2013 as compared to $16,730 in 2012 primarily due to a larger fleet as a result of the delivery of four vessels during 2013 partially offset by a decrease in the purchase of stores and lower insurance and repair and maintenance related expenses.

Daily vessel operating expenses decreased to $4,941 per vessel per day during the year ended December 31, 2013 from $5,079 per vessel per day during the year ended December 31, 2012. The decrease in daily vessel operating expenses is primarily due to lower insurance and repair and maintenance related expenses, as well as the timing of purchase of stores and spare parts. We believe daily vessel operating expenses are best measured for comparative purposes over a 12-month period in order to take into account all of the expenses that each vessel in our fleet will incur over a full year of operation. Our actual daily vessel operating expenses per vessel for the year ended December 31, 2013 were $459 below the budgeted rate for the year ended December 31, 2013 of $5,400 per vessel per day.

GENERAL, ADMINISTRATIVE AND TECHNICAL MANAGEMENT FEES-

For 2013 and 2012, general, administrative and technical management fees were $5,445 and $4,768, respectively. The increase in general, administrative and technical management fees was primarily a result of higher legal expenses and compensation. Technical management fees marginally increased due to the delivery of four vessels during the third and fourth quarters of 2013.

MANAGEMENT FEES TO PARENT-

Management fees to Parent increased to $2,671 from $2,471 during 2013 as compared to 2012, respectively. This amount represents the technical service fees of $750 per vessel per day payable to Genco pursuant to the Management Agreement. The increase was due to the delivery of four vessels during the third and fourth quarters of 2013.

DEPRECIATION-

Depreciation expense increased to $15,564 during 2013 from $14,814 during 2012 due to the delivery of four vessels during the third and fourth quarter of 2013.

OTHER (EXPENSE) INCOME-

NET INTEREST EXPENSE-

For 2013 and 2012, net interest expense was $4,432 and $4,247, respectively. The increase in net interest expense is primarily due to the interest expense, commitment fees, and the amortization of deferred financing fees associated with the $22 Million Term Loan Facility and the $44 Million Term Loan Facility, which were entered into effective August 30, 2013 and December 3, 2013, respectively. These increases were partially offset by a decrease in the unused commitment fees for the 2010 Credit Facility as the total facility amount was reduced to $110,000 from $150,000 beginning August 29, 2013 pursuant to an amendment. Refer to Note 7 Debt in our consolidated financial statements for further information.

INCOME TAX EXPENSE-

For 2013 and 2012, income tax expense was $34 and $28, respectively. During the year ended December 31, 2013, we had United States operations which resulted in United States source income of $1,664, which resulted in income tax expense of $34. During the year ended December 31, 2012, we had United States operations which resulted in United States source income of $1,379, which resulted in income tax expense of $28.

LIQUIDITY AND CAPITAL RESOURCES

Our primary initial sources of capital were the capital contribution made by Genco, through Genco Investments LLC, of $75 million for 5,699,088 shares of our Class B stock and the net proceeds from the IPO, which was approximately $210.4 million as described hereunder. We have also made borrowings to date under our 2010 Credit Facility (which was refinanced with the $148 Million Credit Facility, see below), $22 Million Term Loan Facility, $44 Million Term Loan Facility and the 2014 Term Loan Facilities. We may consider debt and equity financing alternatives from time to time. However, if market conditions are negative, we may be unable to raise additional equity capital or debt financing on acceptable terms or at all. As a result, we may be unable to pursue acquisition opportunities to expand our business.

Given the negative impact of the current weak drybulk rate environment on our earnings, we face potential liquidity and covenant compliance issues. Our credit facilities require us to maintain a minimum cash balance of $11.3 million as measured at each quarter-end. In light of our requirements to fund our ongoing operations and acquisitions and make payments under our credit facilities, our current cash reserves, and current drybulk shipping rates, we believe that without taking remedial measures that are available to us, it is probable that we will not remain in compliance with our minimum cash covenants under our credit facilities within the next six months. To address our compliance, we may seek waivers or modifications to our credit agreements from our lenders, which may be unavailable or subject to conditions, or we may pursue one or more financing options described below.

Given the foregoing, we may require capital to fund ongoing operations, acquisitions (including the two Ultramax newbuildings we have agreed to acquire), and debt service. We may also seek to refinance our indebtedness or raise additional capital through equity or debt offerings or selling assets (including vessels), reduce or delay capital expenditures, or pursue other options available to us. We cannot be certain that we will accomplish any such actions.

Absent any of the foregoing obligations, if we do not comply with our credit facility covenants and fail to cure our non-compliance following applicable notice and expiration of applicable cure periods, we will be in default of one or more of our credit facilities. As a result, some or all of our indebtedness could be declared immediately due and payable, and we may not have sufficient assets available to satisfy our obligations. Substantially all of our assets are pledged as collateral to our lenders, and our lenders may seek to foreclose on their collateral if a default occurs. We may have to seek alternative sources of financing on terms that may not be favorable to us or that may not be available at all. We therefore could experience a material adverse effect on our business, financial condition, results of operations and cash flows.

On April 16, 2010, we entered into a $100,000 senior secured revolving credit facility with Nordea Bank Finland plc, acting through its New York branch (the 2010 Credit Facility), which was subsequently amended effective November 30, 2010 which increased the borrowing capacity from $100,000 to $150,000. An additional amendment entered into effective August 29, 2013 which reduced the borrowing capacity to $110,000 and allowed us to incur additional indebtedness under new credit facilities. On January 7, 2015, we refinanced the 2010 Credit Facility using the $148 Million Credit Facility described below.

As of December 31, 2014, we believe we are in compliance with all of the financial covenants under the 2010 Credit Facility.

On December 31, 2014, we entered into the $148 Million Credit Facility. The $148 Million Credit Facility is comprised of $115,000 revolving credit facility and $33,000 term loan facility. Borrowings under the revolving credit facility will be used to refinance our outstanding indebtedness under the 2010 Baltic Trading Credit Facility. On January 7, 2015, we drew down $104,500 on the revolving credit facility of the $148 Million Credit Facility, $102,250 which was used to pay down the indebtedness outstanding under the 2010 Credit Facility. Amounts borrowed under the revolving credit facility of the $148 Million Credit Facility may be re-borrowed. Borrowings under the term loan facility of the $148 Million Credit Facility may be incurred pursuant to two single term loans in an amount of $16,500 each that will be used to finance, in part, the purchase of two newbuilding Ultramax vessels that we have agreed to acquire, namely the Baltic Scorpion and Baltic Mantis. Amounts borrowed under the term loan facility of the $148 Million Credit Facility may not be re-borrowed.

The $148 Million Credit Facility has a maturity date of December 31, 2019. Borrowings under this facility bear interest at LIBOR plus an applicable margin of 3.00% per annum. A commitment fee of 1.2% per annum is payable on the unused daily portion of the $148 Million Credit Facility, which began accruing on December 31, 2014. The commitment under the revolving credit facility of the $148 Million Credit Facility is subject to equal consecutive quarterly reductions of $2,447 each beginning June 30, 2015 through September 30, 2019. Borrowings under the term loan facility of the $148 Million Credit Facility are subject to equal consecutive quarterly installment repayments commencing three months after delivery of the relevant newbuilding Ultramax vessel, each in the amount of 1/60th of the aggregate outstanding term loan. All remaining amounts outstanding under the $148 Million Term Loan Facility must be repaid in full on the maturity date, December 31, 2019. Refer to Note 7 Debt in our consolidated financial statements for additional information regarding the $148 Million Credit Facility.

On July 2, 2013, we entered into agreements to purchase two Handysize drybulk vessels from subsidiaries of Clipper Group for an aggregate purchase price of $41,000. The Baltic Hare, a 2009-built Handysize vessel, was delivered on September 5, 2013 and the Baltic Fox, a 2010-built Handysize vessel, was delivered on September 6, 2013. We funded a portion of the purchase price of the vessels using proceeds from our registered follow-on common stock offering completed on May 28, 2013. For the remainder of the purchase price, we drew down $22,000 on our $22,000 secured loan agreement with DVB Bank SE on September 4, 2013 as described below.

On August 30, 2013, Baltic Hare Limited and Baltic Fox Limited, our wholly-owned subsidiaries, entered into a secured loan agreement with DVB Bank SE for a term loan facility of up to $22,000 (the $22 Million Term Loan Facility). Amounts borrowed and repaid under the $22 Million Term Loan Facility may not be reborrowed. This facility has a maturity date of the sixth anniversary of the drawdown date for borrowings for the second vessel to be purchased, or September 4, 2019. Borrowings under the $22 Million Term Loan Facility bear interest at the three-month LIBOR rate plus an applicable margin of 3.35% per annum. A commitment fee of 1.00% is payable on the unused daily portion of the credit facility, which began accruing on August 30, 2013 and ended on September 4, 2013, the date which the entire $22,000 was borrowed. Borrowings are to be repaid in 23 quarterly installments of $375 each commencing three months after the last drawdown date, or December 4, 2013, and a final payment of $13,375 due on the maturity date.

Borrowings under the $22 Million Term Loan Facility are to be secured by liens on our vessels to be purchased with borrowings under the facility, namely the Baltic Fox and the Baltic Hare, and other related assets. Under a Guarantee and Indemnity entered into concurrently with the $22 Million Term Loan Facility, we have agreed to guarantee the obligations of our subsidiaries under the $22 Million Term Loan Facility.

The $22 Million Term Loan Facility also requires us and Baltic Hare Limited and Baltic Fox Limited to comply with a number of covenants, including financial covenants related to liquidity, leverage, consolidated net worth, and collateral maintenance;

delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); maintenance of flag and class of the initial vessels; restrictions on consolidations, mergers or sales of assets; limitations on changes in the manager of our vessels; limitations on changes to the Management Agreement; limitations on liens and additional indebtedness; prohibitions on paying dividends if an event of default has occurred or would occur as a result of payment of a dividend; restrictions on transactions with affiliates; and other customary covenants. The liquidity covenants under the facility require Baltic Hare Limited and Baltic Fox Limited to maintain $500 each in their cash accounts and us to maintain $750 for each vessel in our fleet in cash or cash equivalents plus undrawn working capital lines of credit. The facility s leverage covenant requires that the ratio of our total financial indebtedness to the value of our total assets as adjusted based on vessel appraisals not exceed 70%. The facility also requires that we maintain a minimum consolidated net worth of $232,796 plus fifty percent of the value of our equity offering completed on or after May 28, 2013. The facility s collateral maintenance covenant requires that the minimum fair market value of vessels mortgaged under the facility be 130% of the amount outstanding under the facility through August 30, 2016 and 135% of such amount thereafter.

On September 4, 2013, Baltic Hare Limited and Baltic Fox Limited made drawdowns of $10,730 and $11,270 for the Baltic Hare and Baltic Fox, respectively. As of December 31, 2014, we have utilized our maximum borrowing capacity of $22,000, and there is no availability under this facility.

As of December 31, 2014, we believe we are in compliance with all of the financial covenants under the $22 Million Term Loan Facility.

On October 31, 2013, we entered into agreements to purchase two Capesize drybulk vessels from affiliates of SK Shipping Co. Ltd. for an aggregate purchase price of $103,000. The Baltic Lion, a 2012-built Capesize drybulk vessel, was delivered on December 27, 2013, and the Baltic Tiger, a 2011-built Capesize vessel, was delivered on November 26, 2013. We funded a portion of the purchase price of the vessels using proceeds from our registered follow-on common stock offering completed on September 25, 2013. For the remainder of the purchase price, we drew down $44,000 on our $44,000 secured loan agreement with DVB Bank SE on December 23, 2013 as described below.

On December 3, 2013, Baltic Lion Limited and Baltic Tiger Limited, our wholly-owned subsidiaries, entered into a secured loan agreement with DVB Bank SE for a term loan facility of up to $44,000 (the $44 Million Term Loan Facility). Amounts borrowed and repaid under the $44 Million Term Loan Facility may not be reborrowed. This facility has a maturity date of the sixth anniversary of the drawdown date for borrowings for the second vessel to be purchased, or December 23, 2019. Borrowings under the $44 Million Term Loan Facility bear interest at the three-month LIBOR rate plus an applicable margin of 3.35% per annum. A commitment fee of 1.00% is payable on the unused daily portion of the credit facility, which began accruing on December 3, 2013 and ended on December 23, 2013, the date which the entire $44,000 was borrowed. Borrowings are to be repaid in 23 quarterly installments of $688 each commencing three months after the last drawdown date, or March 24, 2014, and a final payment of $28,188 due on the maturity date.

Borrowings under the $44 Million Term Loan Facility are to be secured by liens on the our vessels to be financed or refinanced with borrowings under the facility, namely the Baltic Tiger and the Baltic Lion, and other related assets. Upon the prepayment of $18,000 plus any additional amounts necessary to maintain compliance with the collateral maintenance covenant, we may have the lien on the Baltic Tiger released. Under a Guarantee and Indemnity entered into concurrently with the $44 Million Term Loan Facility, we agreed to guarantee the obligations of our subsidiaries under the $44 Million Term Loan Facility.

The $44 Million Term Loan Facility also requires the Company, Baltic Tiger Limited and Baltic Lion Limited to comply with a number of covenants, including financial covenants related to liquidity, leverage, consolidated net worth, and collateral maintenance; delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); maintenance of flag and class of the initial vessels; restrictions on consolidations, mergers or sales of assets; limitations on changes in the manager of the Company s vessels; limitations on changes to the Management Agreement; limitations on liens and additional indebtedness;

prohibitions on paying dividends if an event of default has occurred or would occur as a result of payment of a dividend; restrictions on transactions with affiliates; and other customary covenants. The liquidity covenants under the facility require Baltic Tiger Limited and Baltic Lion Limited to maintain $1,000 each in their cash accounts and us to maintain $750 for each vessel in our fleet in cash or cash equivalents plus undrawn working capital lines of credit. The facility s leverage covenant requires that the ratio of our total financial indebtedness to the value of our total assets as adjusted based on vessel appraisals not exceed 70%. The facility also requires that we maintain a minimum consolidated net worth of $232,796 plus fifty percent of the value of any primary equity offerings completed after April 30, 2013. The facility s collateral maintenance covenant requires that the minimum fair market value of vessels mortgaged under the facility be 125% of the amount outstanding under the facility.

On December 23, 2013, Baltic Tiger Limited and Baltic Lion Limited made drawdowns of $21,400 and $22,600 for the Baltic Tiger and Baltic Lion, respectively. As of December 31, 2014, we have utilized our maximum borrowing capacity of $44,000 and there was no further availability.

As of December 31, 2014, we believe we are in compliance with all of the financial covenants under the $44 Million Term Loan Facility.

On October 8, 2014, we and our wholly-owned subsidiaries, Baltic Hornet Limited and Baltic Wasp Limited, each entered into the 2014 Term Loan Facilities to partially finance the newbuilding Ultramax vessel that each subsidiary is to acquire, namely the Baltic Hornet and Baltic Wasp, respectively. Amounts borrowed under the 2014 Term Loan Facilities may not be reborrowed. The 2014 Term Loan Facilities have a ten-year term and the facility amount is to be the lowest of 60% of the delivered cost per vessel, $16,800 per vessel, and 60% of the fair market value of each vessel at delivery. The 2014 Term Loan Facilities are to be insured by the China Export & Credit Insurance Corporation (Sinosure) in order to cover political and commercial risks for 95% of the outstanding principal plus interest, which will be recorded in deferred financing fees. Borrowings under the 2014 Term Loan Facilities bear interest at the three or six-month LIBOR rate plus an applicable margin of 2.50% per annum. Borrowings are to be repaid in 20 equal consecutive semi-annual installments of 1/24 of the facility amount plus a balloon payment of 1/6 of the facility amount at final maturity. Principal repayments will commence six months after the actual delivery date for a vessel.

Borrowings under the 2014 Term Loan Facilities are to be secured by liens on the Company s vessels acquired with borrowings under these facilities, namely the Baltic Hornet and Baltic Wasp, and other related assets. The Company is to guarantee the obligations of the Baltic Hornet and Baltic Wasp under the 2014 Term Loan Facilities.

The 2014 Term Loan Facilities require the Company, Baltic Hornet Limited and Baltic Wasp Limited to comply with covenants comparable to those of the Company s $44 Million Term Loan Facility, except for a collateral maintenance covenant requiring that the minimum fair market value of the vessel acquired be 135% of the amount outstanding under the 2014 Term Loan Facilities.

On October 24, 2014, we drew down $16,800 for the purchase of the Baltic Hornet, which was delivered on October 29, 2014. On December 30, 2014, we drew down $16,350 for the purchase of the Baltic Wasp, which was delivered on January 2, 2015.

On May 28, 2013, we closed on an equity offering of 6,419,217 shares of common stock at an offering price of $3.60 per share. We received net proceeds of $21,564 after deducting underwriters fees and expenses. On September 25, 2013, we closed on an equity offering of 13,800,000 shares of common stock at an offering price of $4.60 per share. We received net proceeds of $59,474 after deducting underwriters fees and expenses. On November 18, 2013, we closed an equity offering of 12,650,000 shares of common stock at an offering price of $4.60 per share. We received net proceeds of $55,125 after deducting underwriters fees and expenses. Additionally, pursuant to the Management Agreement, for so long as Genco directly or indirectly holds at least 10% of the aggregate number of outstanding shares of our common stock and Class B stock, Genco will be entitled to receive at no cost an additional number of shares of Class B stock equal to 2% of the number of common shares issued, other than shares issued under the our 2010 Equity Incentive Plan. As a result of these equity offerings, Genco was issued 128,383, 276,000 and 253,000 shares of Class B stock, respectively, which represents 2% of the number of common shares issued.

Our business is capital intensive, and our future success will depend on our ability to maintain a high-quality fleet through the acquisition of newer drybulk vessels and the selective sale of older drybulk vessels. These acquisitions will be principally subject to management s expectation of future market conditions as well as our ability to acquire drybulk vessels on favorable terms.

On November 13, 2013, we entered into agreements to purchase up to four 64,000 dwt Ultramax newbuilding drybulk vessels from Yangfan Group Co., Ltd. for a purchase price of $28,000 per vessel, or up to $112,000 in the aggregate. We agreed to purchase two such vessels, to be renamed the Baltic Hornet and Baltic Wasp, and obtained an option to purchase up to two additional such vessels for the same price, which we exercised on January 8, 2014. These vessels are to be renamed the Baltic Mantis and the Baltic Scorpion. The purchases are subject to completion of customary additional documentation and closing conditions. The first of these vessels, the Baltic Hornet, was delivered on October 29, 2014. The Baltic Wasp delivered on January 2, 2015. The Baltic Scorpion and the Baltic Mantis are expected to be delivered to us during the second and third quarters of 2015, respectively. We intend to use a combination of cash on hand, future cash flow from operations as well as debt or equity financing, including the 2014 Term Loan Facilities and the $148 Million Credit Facility, to finance the acquisition of these four Ultramax newbuilding drybulk vessels. If we are unable to obtain such debt or equity financing to fund the vessels, we may pursue alternatives, including dispositions of assets.

Our dividend policy will also impact our future liquidity position. We currently intend to pay a variable quarterly dividend equal to our Cash Available for Distribution from the previous quarter (refer to Dividend Policy below), subject to any reserves the Board of Directors may from time to time determine are required. These reserves may cover, among other things, drydocking, repairs, claims, liabilities and other obligations, debt amortization, acquisitions of additional assets and working capital. Although the Board of Directors decided not to declare a dividend for the last quarter of 2014 due to the weakened current rate environment, during the past three years we have paid dividends even though the application of the formula in our policy would have resulted in a lesser dividend or no dividend, although we may not continue to do so.

Dividend Policy

We have adopted a dividend policy to pay a variable quarterly dividend equal to our Cash Available for Distribution during the previous quarter, subject to any reserves our Board of Directors may from time to time determine are required. Dividends are paid equally on a per-share basis between our common stock and our Class B stock. Cash Available for Distribution represents our net income (loss) less cash expenditures for capital items related to our fleet, such as drydocking or special surveys, other than vessel acquisitions and related expenses, plus non-cash compensation. For purposes of calculating Cash Available for Distribution, we may disregard non-cash adjustments to our net income (loss), such as those that would result from acquiring a vessel subject to a charter that was above or below market rates.

The following table illustrates the calculation of Cash Available for Distribution (non-cash adjustments we may disregard are not included):

Net Income (Loss)

Less Fleet Related Capital Maintenance Expenditures

Plus Non-Cash Compensation

Cash Available for Distribution

As a result of the current market conditions, the Board of Directors did not declare a dividend for the fourth quarter of 2014. The application of our dividend policy would have resulted in a lesser dividend or no dividend for the first three quarters of 2014 and for each quarter during 2013, 2012 and 2011; however, based on our cash flow, liquidity and capital resources, our Board of Directors determined to declare a dividend for those quarters. While our Board of Directors may consider declaring future dividends that exceed the amount determined by our policy, we cannot assure you that they will do so, and the recent dividend declarations do not represent a change in our policy.

The following table summarizes the dividends declared based on the results of each fiscal quarter:

		Dividend per share	Declaration date
FISCAL YEAR ENDING DECEMBER 31, 2014			
4th Quarter	$		
3rd Quarter	$	0.01	11/4/2014
2nd Quarter	$	0.01	7/29/2014
1st Quarter	$	0.01	5/5/2014

		Dividend per share	Declaration date
FISCAL YEAR ENDING DECEMBER 31, 2013			
4th Quarter	$	0.03	2/25/2014
3rd Quarter	$	0.02	10/31/2013
2nd Quarter	$	0.01	7/30/2013
1st Quarter	$	0.01	4/30/2013

		Dividend per share	Declaration date
FISCAL YEAR ENDING DECEMBER 31, 2012			
4th Quarter	$	0.01	2/14/2013
3rd Quarter	$	0.01	10/31/2012
2nd Quarter	$	0.05	7/26/2012
1st Quarter	$	0.05	4/26/2012

The aggregate amount of the dividend paid in 2014, 2013 and 2012 was $3,454, $1,888 and $5,448, respectively, which we funded from cash on hand.

As a result of current market conditions, the Board of Directors did not declare a dividend for the fourth quarter of 2014. Our dividend policy is to pay a variable quarterly dividend equal to our Cash Available for Distribution, during the previous quarter, subject to any reserves our board of directors may from time to time determine are required. Dividends will be paid equally on a per-share basis between our common stock and our Class B stock. Cash Available for Distribution represents our net income less cash expenditures for capital items related to our fleet, such as drydocking or special surveys, other than vessel acquisitions and related expenses, plus non-cash compensation. For purposes of calculating Cash Available for Distribution, we may disregard non-cash adjustments to our net income, such as those that would result from acquiring a vessel subject to a charter that was above or below market rates. We intend to pay dividends on a quarterly basis.

We believe that our dividend payments generally will constitute dividends for current U.S. federal income tax purposes to the extent of our earnings and profits and, in the case of non-corporate shareholders, generally will constitute qualified dividend income, provided that (1) our common stock continues to be readily tradable on an established securities market in the U.S. (such as the Nasdaq, on which our common stock is traded), (2) we are not a PFIC for the taxable year in which the dividend is paid or the immediately preceding year (which we do not believe we have been, are, or will be), (3) certain holding requirements are satisfied, and (4) the recipient is not under an obligation to make related payments with respect to positions in substantially similar or related property. Currently, the maximum U.S. federal income tax rate on qualified dividend income paid to non-corporate shareholders is 20%. All or a portion of dividend income received by our U.S. shareholders whose modified adjusted gross income exceeds certain thresholds ($250,000 for married taxpayers filing jointly and $200,000 for single taxpayers) may also be subject to a 3.8% surtax. Distributions in excess of our earnings and profits will be treated first as a non-taxable return of capital to the extent of a U.S. shareholder s tax basis in its common stock on a dollar-for-dollar basis and, thereafter, as capital gain.

Limitations on Dividends and Our Ability to Change Our Dividend Policy

There is no guarantee that our shareholders will receive quarterly dividends from us. Our dividend policy may be changed at any time by our Board of Directors and is subject to certain restrictions, including:

- Our shareholders have no contractual or other legal right to receive dividends.

- Our Board of Directors has authority to establish reserves for the prudent conduct of our business, after giving effect to contingent liabilities, the terms of any credit facilities we may enter into, our other cash needs and the requirements of Marshall Islands law. The establishment of these reserves could result in a reduction in dividends to you. We do not anticipate the need for reserves at this time.

- Our Board of Directors may modify or terminate our dividend policy at any time. Even if our dividend policy is not modified or revoked, the amount of dividends we pay under our dividend policy and the decision to pay any dividend is determined by our Board of Directors.

- Marshall Islands law generally prohibits the payment of a dividend when a company is insolvent or would be rendered insolvent by the payment of such a dividend or when the declaration or payment would be contrary to any restriction contained in the Company s articles of incorporation. Dividends may be declared and paid out of surplus only, but if there is no surplus, dividends may be declared or paid out of the net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year.

- We may lack sufficient cash to pay dividends due to decreases in net voyage revenues or increases in operating expenses, principal and interest payments on outstanding debt, tax expenses, working capital requirements, capital expenditures or other anticipated or unanticipated cash needs.

- Our dividend policy may be affected by restrictions on distributions under any credit facilities we may enter into, which contain material financial tests and covenants that must be satisfied. If we are unable to satisfy these restrictions included in the credit facilities or if we are otherwise in default under the facilities, we would be prohibited from making cash distributions to you, notwithstanding our stated cash dividend policy.

- While we intend that future acquisitions to expand our fleet will enhance our ability to pay dividends over time, acquisitions could limit our Cash Available for Distribution.

Our ability to make distributions to our shareholders will depend upon the performance of our current and future wholly-owned subsidiaries through which we own and operate vessels, which are our principal cash-generating assets, and their ability to distribute funds to us. The ability of our ship-owning or other subsidiaries to make distributions to us may be restricted by, among other things, the provisions of future indebtedness, applicable corporate or limited liability company laws and other laws and regulations.

We have a limited operating history upon which to rely as to whether we will have sufficient cash available to pay dividends on our common stock. In addition, the drybulk vessel spot charter market is highly volatile, and we cannot accurately predict the amount of cash distributions, if any, that we may make in any period. Factors beyond our control may affect the charter market for our vessels, our charterers ability to satisfy their contractual obligations to us, and our voyage and operating expenses.

Cash Flow

Net cash provided by operating activities for the twelve months ended December 31, 2014 was $1,096 compared to $2,603 for the twelve months ended December 31, 2013. The $1,507 change in cash provided by operating activities was a result of the following factors: the Company recorded a net loss in the amount of $20,267 for the twelve months ended December 31, 2014 compared to a net loss of $11,392 for the twelve months ended December 31, 2013. As a result of the increase in the size of our fleet, included in the net loss was an increase in depreciation of $5,451 for the twelve months ended December 31, 2014 compared to the prior year period. The change in accounts receivable balances year-over-year resulted in an additional $3,931 due to the timing of payments received from charterers. Additionally, restricted stock amortization increased by $1,942 for the twelve months ended December 31, 2014 as compared to the same period of last year. The increases in cash provided by operating activities were offset by a $3,340 increase in deferred drydocking costs incurred, as six of our vessels were drydocked during the first half of 2014.

Net cash used in investing activities for the twelve months ended December 31, 2014 was $72,736 and primarily related to purchase of vessels, including deposits made and amounts held in escrow reflected as restricted cash for our newbuilding Ultramax vessels. For the twelve months ended December 31, 2013, net cash used in investing activities was $147,212 and predominantly related to the acquisition of two Handysize and two Capesize vessels.

Net cash provided by financing activities for the twelve months ended December 31, 2014 was $23,376 as compared to $199,522 for the twelve months ended December 31, 2013. Net cash provided by financing activities during the twelve months of 2014 was due to $33,150 of proceeds from the 2014 Term Loan Facilities for the purchase of two Ultramax newbuilding vessels. This was primarily offset by the following uses of cash: $2,750 repayment of debt under our $44 Million Term Loan Facility and $1,500 repayment of debt under our $22 Million Term Loan Facility. Cash dividends paid for the twelve months ended December 31, 2014 were $3,454 compared to $1,888 paid during the same period of 2013. Net cash provided by financing activities for the twelve months ended December 31, 2013 mainly consisted of $136,980 of proceeds from the issuance of common stock and $66,000 of proceeds from the $22 Million Term Loan Facility and the $44 Million Term Loan Facility.

Net cash provided by operating activities for the years ended December 31, 2013 and 2012 was $2,603 and $433, respectively. The $2,170 change in cash provided by operating activities was primarily a result of a lower recorded net loss in the amount of $11,392 for the year ended December 31, 2013 compared to a net loss of $17,270 for the year ended December 31, 2012. This was partially offset by an increase of receivables in the amount of $4,175 for the year ended December 31, 2013 when compared to the year ended December 31, 2012 mainly due to the timing of payments from charterers and the higher rates achieved by our fleet towards the end of the quarter ended December 31, 2013.

Net cash used in investing activities for the year ended December 31, 2013 was $147,212 and primarily related to the purchase of two Handysize and two Capesize vessels. For the year ended December 31, 2012, net cash used in investing activities was $5 for the purchase of fixed assets.

Net cash provided by financing activities for the year ended December 31, 2013 was $199,522 as compared to net cash used in financing activities of $5,448 for the year ended December 31, 2012. The increase in net cash provided by financing activities was primarily a result of the $136,274 of net proceeds from our follow-on equity offerings in May, September and November 2013, $44,000 of proceeds from our $44 Million Term Loan Facility, $22,000 of proceeds from our $22 Million Term Loan Facility as well as a $1,000 draw down under our 2010 Credit Facility slightly offset by $375 repayment of debt under our $22 Million Term Loan Facility and $1,489 for payments of deferred financing costs. Cash dividends paid during 2013 were $1,888 compared to $5,448 paid during 2012.

Contractual Obligations

The following table sets forth our contractual obligations and their maturity dates as of December 31, 2014. The table reflects the agreements to acquire the remaining three newbuilding Ultramax drybulk vessels from Yangfan Group Co., Ltd. for an aggregate purchase price of $84,000. We plan to finance these acquisitions with a combination of cash on hand, future cash flow from

57

operations, as well as debt or equity financing, including the 2014 Term Loan Facilities and the $148 Million Credit Facility, as discussed above under Liquidity and Capital Resources. This table also incorporates sales and purchase fees payable to Genco pursuant to the Management Agreement which is equivalent to 1% of the gross purchase or sale price of any vessel acquisitions or disposals due upon the consummation of any purchase or sale of one of our vessels. The interest and borrowing fees in the table incorporate the unused fees and interest expense related to the $22 Million Term Loan Facility, $44 Million Term Loan Facility and the 2014 Term Loan Facilities, as well as other fees associated with these facilities. Additionally, the interest and borrowing fees incorporate the unused fees, interest expense and the arrangement fee and structuring fee related to the $148 Million Credit Facility, which was entered into effective December 31, 2014 and was utilized to refinance the 2010 Credit Facility. The arrangement fee and structuring fee for the $148 Million Credit Facility were $1,620 and $370, respectively. Refer to Note 7 Debt in our consolidated financial statements for further information regarding the $148 Million Credit Facility, as well as the terms of the $22 Million Term Loan Facility, the $44 Million Term Loan Facility and the 2014 Term Loan Facilities.

	Total	Less Than One Year	One to Three Years	Three to Five Years	More than Five Years
Credit Agreements (2)	$ 199,025	$ 6,331	$ 30,441	$ 142,234	$ 20,019
Interest and borrowing fees	32,379	8,700	12,152	9,740	1,787
Remainder of purchase price of vessels (1)	42,000	42,000			
Sales and purchase fees (1)	840	840			
Total	$ 274,244	$ 57,871	$ 42,593	$ 151,974	$ 21,806

(1) The timing of this obligation is based on the estimated delivery dates for the Baltic Scorpion and Baltic Mantis. Upon the delivery of the Baltic Wasp on January 2, 2015, the remaining purchase price of $19,600 was paid to Yangfan Group Co., LTD and we will be required to pay a sale and purchase fee to Genco pursuant to the Management Agreement for 1.0% of the total aggregate purchase price, or $280. As of December 31, 2014, the $19,600 remaining purchase price for the Baltic Wasp was included in Restricted Cash in the consolidated balance sheets as the payment was being held in an escrow account until the vessel was delivered on January 2, 2015. As such, this payment is excluded in the table above.

(2) On December 30, 2014, $16,350 was drawn down from the 2014 Term Loan Facilities in order to fund the purchase of the Baltic Wasp, which was delivered to us on January 2, 2015. As such, it is included in the total contractual obligations for credit agreement payments as of December 31, 2014. These amounts do not include the $10,500 that was drawn down on the $148 Million Credit Facility on February 27, 2015.

Interest expense has been estimated using 0.17% plus the applicable margin for the amended 2010 Credit Facility of 3.00% until January 7, 2015 when the 2010 Credit Facility was paid down with proceeds from the $148 Million Credit Facility. Beginning January 7, 2015, interest expense has been estimated using 0.26% plus the applicable margin for the $148 Million Credit Facility of 3.00%. Additionally, interest expense has been estimated using 0.26% plus the applicable margin of 2.50% for the 2014 Term Loan Facilities. Lastly, for the $22 Million Term Loan Facility and the $44 Million Term Loan Facility, interest expense has been estimated using 0.26% plus the applicable margin of 3.35%.

Capital Expenditures

We make capital expenditures from time to time in connection with our vessel acquisitions. Our fleet currently consists of four Capesize drybulk carriers, two Ultramax drybulk carriers, four Supramax drybulk carriers and five Handysize drybulk carriers. After the expected delivery of the four Ultramax vessels that we have agreed to acquire, we will own 17 drybulk vessels, consisting of four Capesize drybulk carriers, four Ultramax drybulk carriers, four Supramax drybulk carriers and five Handysize drybulk carriers. We intend to use a combination of cash on hand, future cash flow from operations as well as debt or equity financing, including the 2014 Term Loan Facilities and the $148 Million Credit Facility, to fully finance the acquisition of these four Ultramax newbuilding drybulk vessels.

In addition to acquisitions that we may undertake in future periods, we will incur additional capital expenditures due to special surveys and drydockings for our fleet. As previously announced, we have initiated a fuel efficiency upgrade program for certain of our vessels. We believe this program will generate considerable fuel savings going forward and increase the future earnings potential for these vessels. The upgrades have been successfully installed on five of our vessels, the Baltic Cougar, the Baltic Panther, the Baltic Leopard, the Baltic Jaguar and the Baltic Wind, which completed their planned drydockings during the first half of 2014. The costs of the upgrade, which will be performed under the planned drydocking schedule for two of our Capesize vessels, is expected to be approximately $500 per vessel and is included in our estimated drydocking costs below.

Under U.S. Federal law and 33 CFR, Part 151, Subpart D, U.S. approved ballast water treatment systems will be required to be installed in all vessels at the first out of water drydocking after January 1, 2016 if these vessels are to discharge ballast water inside 12 nautical miles of the coast of the United States. Currently, we do not believe there are any ballast water treatment systems that areapproved by U.S. authorities; however, an alternative management system (AMS) may be installed in lieu. For example, in February 2015, the USCG added Bawat to the list of ballast water treatment systems that received AMS acceptance. An AMS is valid for fiveyears from the date of required compliance with ballast water discharge standards, by which time it must be replaced by an approved system unless the AMS itself achieves approval. The cost of these systems will vary based on the size the vessel, and the Company estimates the cost of the systems to be $950 for Capesize, $800 for Panamax, $750 for Supramax, $700 for Handymax and $650 for Handysize vessels. Any newbuilding vessels that we acquire will have an AMS installed when the vessel is being built. The costs ofballast water treatment systems will be capitalized and depreciated over the remainder of the life of the vessel, assuming the system the Company installs becomes approved. These amounts would be in addition to the amounts budgeted for drydocking below.

We estimate our drydocking costs, including capitalized costs incurred during drydocking related to vessels assets and vessel equipment, and scheduled off-hire days for our fleet through 2016 to be:

Year		**Estimated Drydocking Cost (U.S. dollars in millions)**	**Estimated Off-hire Days**
2015	$	4.6	100
2016	$	1.7	40

The costs reflected are estimates based on drydocking our vessels in China. Actual costs will vary based on various factors, including where the drydockings are actually performed. We expect to fund these costs with cash from operations. These costs do not include drydock expens items that are reflected in vessel operating expenses, including the write-off of any steel that is replaced during drydocking. Additionally, these costs do not include the cost of ballast water treatment systems as noted above.

We estimate that each drydock will result in 20 days of off-hire. Actual length will vary based on the condition of the vessel, yard schedules and other factors.

We incurred drydocking costs of $3,448 and $108 during the years ended December 31, 2014 and 2013, respectively.

Six of our vessels were drydocked during 2014. The Baltic Cougar, the Baltic Panther, the Baltic Wind, the Baltic Hare, the Baltic Leopard and the Baltic Jaguar completed drydockings during the first half of 2014 and were on planned offhire for 113.4 days in connection with the scheduled drydockings. We estimate that five of our vessels will be drydocked during 2015 and two of our vessels will be drydocked during 2016.

Off-Balance Sheet Arrangements

Except as disclosed in our consolidated financial statements, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Inflation

Inflation has only a moderate effect on our expenses given current economic conditions. In the event that significant global inflationary pressures appear, these pressures would increase our operating, voyage, general and administrative, and financing costs.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of those financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application. For an additional description of our significant accounting policies, see Note 2 to our consolidated financial statements included in this 10-K.

Time Charters Acquired

When a vessel is acquired with an existing time charter, we allocate the purchase price of the vessel and the time charter based on, among other things, vessel market valuations and the present value (using an interest rate which reflects the risks associated with the acquired charters) of the difference between (i) the contractual amounts to be paid pursuant to the charter terms and (ii) management s estimate of the fair market charter rate, measured over a period equal to the remaining term of the charter. The capitalized above-market (assets) and below-market (liabilities) charters are amortized as a reduction or increase, respectively, to voyage revenues over the remaining term of the charter.

During the years ended December 31, 2014 and 2013, we did not acquire vessels with existing time charters for which there was a significant difference between the present value of the difference between the contractual amounts to be paid and our estimate of the fair market charter rate.

Performance Claims

Revenue is based on contracted charterparties, including spot-market related time charters which rates fluctuate based on changes in the spot market. However, there is always the possibility of dispute over terms and payment of hires and freights. In particular, disagreements may arise as to the responsibility of lost time and revenue due to us as a result. Additionally, there are certain performance parameters included in contracted charterparties which if not met, can result in customer claims. Accordingly, we periodically assess the recoverability of amounts outstanding and estimate a provision if there is a possibility of non-recoverability. At each balance sheet date, we provide a provision based on a review of all outstanding charter receivables and we also will accrue for any estimated customer claims primarily a result of time charter performance issues that have not yet been deducted by the charterer. We provide for reserves which offset the due from charterers balance if a disputed amount or performance claim has been deducted by the charterer. If a disputed amount or potential performance claim has not been deducted by the charterer, we record the estimated customer claims as deferred revenue. Providing for these reserves will be offset by a decrease in revenue. Although we believe its provisions to be reasonable at the time they are made, it is possible that an amount under dispute is not ultimately recovered and the estimated provision for doubtful accounts is inadequate.

Vessels and Depreciation

We record the value of our vessels at their cost (which includes acquisition costs directly attributable to the vessel and expenditures made to prepare the vessel for its initial voyage) less accumulated depreciation. We depreciate our drybulk vessels on a straight-line basis over their estimated useful lives, estimated to be 25 years from the date of initial delivery from the shipyard. Depreciation is based on cost less the estimated residual scrap value. Effective July 9, 2014, upon Genco s emergence from bankruptcy, we increased the estimated scrap value of the vessels from $245/lwt to $310/lwt prospectively based on the 15-year average scrap value of steel. This increase in the residual value of the vessels will decrease the annual depreciation charge over the remaining useful life of the vessels. During the year ended December 31, 2014, the increase in the estimated scrap value resulted in a decrease in depreciation expense of approximately $0.3 million. Similarly, an increase in the useful life of a drybulk vessel would also decrease the annual depreciation charge. Comparatively, a decrease in the useful life of a drybulk vessel or in its residual value would have the effect of increasing the annual depreciation charge. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, we will adjust the vessel s useful life to end at the date such regulations preclude such vessel s further commercial use.

The carrying value each of our vessels does not represent the fair market value of such vessel or the amount we could obtain if we were to sell any of our vessels, which could be more or less. Under U.S. GAAP, we would not record a loss if the fair market value of a vessel (excluding its charter) is below our carrying value unless and until we determine to sell that vessel or the vessel is impaired as discussed below under Impairment of long-lived assets. We have never sold any of our vessels, although we may do so in the future.

Pursuant to our 2010 Credit Facility, $22 Million Term Loan Facility, $44 Million Term Loan Facility and 2014 Term Loan Facilities, we regularly submit to the lenders valuations of our vessels on an individual charter free basis in order to evidence our compliance with the collateral maintenance covenants under these facilities. Such a valuation is not necessarily the same as the amount any vessel may bring upon sale, which may be more or less, and should not be relied upon as such. We were in compliance with the collateral maintenance covenants under our 2010 Credit Facility, $22 Million Term Loan Facility and $44 Million Term Loan Facility at December 31, 2014 and 2013 and our 2014 Term Loan Facilities at December 31, 2014. Although the $148 Million Credit Facility was entered into effective December 31, 2014, the underlying covenants were not applicable as we did not draw down on the facility until January 7, 2015. In the chart below, we list each of our vessels, the year it was built, the year we acquired it, and its carrying value at December 31, 2014 and 2013.

At December 31, 2014, the vessel valuations for all of our vessels for covenant compliance purposes as of the most recent compliance testing date were lower than their carrying values as of December 31, 2014. At December 31, 2013, the vessel valuations for all of our vessels for covenant compliance purposes as of the most recent compliance testing date, with the exception of the Baltic Fox and the Baltic Hare, were lower than their carrying values at December 31, 2013. The most recent compliance testing dates were December 31, 2014 and 2013 for the 2010 Credit Facility, $22 Million Term Loan Facility, the $44 Million Term Loan Facility and the $148 Million Credit Facility.

The amount by which the carrying value at December 31, 2014 of all the vessels in our fleet exceeded the valuation of such vessels for covenant compliance purposes ranged, on an individual basis, from $1.5 million to $22.0 million per vessel, and $141.7 million on an aggregate fleet basis. The amount by which the carrying value at December 31, 2013 of all the vessels in our fleet, with the exception of the Baltic Fox and the Baltic Hare, exceeded the valuation of such vessels for covenant compliance purposes ranged, on an individual basis, from $0.3 million to $20.9 million per vessel, and $103.7 million on an aggregate fleet basis. The average amount by which the carrying value of these vessels exceeded the valuation of such vessels for covenant compliance purposes was $10.1 million as of December 31, 2014 and $9.4 million as of December 31, 2013. However, neither such valuation nor the carrying value in the table below reflects the value of time charters related to some of our vessels.

			Carrying Value (U.S. Dollars in Thousands) as of			
Vessels	**Year Built**	**Year Acquired**		**December 31, 2014**		**December 31, 2013**
2010 Credit Facility						
Baltic Leopard	2009	2009	$	29,472	$	30,608
Baltic Panther	2009	2010		29,549		30,686
Baltic Cougar	2009	2010		29,694		30,837
Baltic Jaguar	2009	2010		29,629		30,756
Baltic Bear	2010	2010		61,750		64,378
Baltic Wolf	2010	2010		61,394		64,014
Baltic Wind	2009	2010		28,247		29,366
Baltic Cove	2010	2010		28,463		29,724
Baltic Breeze	2010	2010		29,032		30,291
TOTAL			$	327,230	$	340,660
$22 Million Term Loan Facility						
Baltic Fox	2010	2013		20,299		21,224
Baltic Hare	2009	2013		19,257		20,152
TOTAL			$	39,556	$	41,376
$44 Million Term Loan Facility						
Baltic Lion	2012	2013		51,301		53,114
Baltic Tiger	2011	2013		49,181		50,919
TOTAL			$	100,482	$	104,033
2014 Term Loan Facilities						
Baltic Hornet	2014	2014		28,942		
TOTAL			$	28,942	$	
Consolidated Total			$	496,210	$	486,069

If we were to sell a vessel or hold a vessel for sale, and the carrying value of the vessel were to exceed its fair market value, we could record a loss in the amount of the difference.

Deferred drydocking costs

Our vessels are required to be drydocked approximately every 30 to 60 months for major repairs and maintenance that cannot be performed while the vessels are operating. We capitalize the costs associated with drydockings as they occur and amortize these costs on a straight-line basis over the period between drydockings. Deferred drydocking costs include actual costs incurred at the drydock yard; cost of travel, lodging and subsistence of our personnel sent to the drydocking site to supervise; and the cost of hiring a third party to oversee the drydocking. We believe that these criteria are consistent with U.S. GAAP guidelines and industry practice and that our policy of capitalization reflects the economics and market values of the vessels. Costs that are not related to drydocking are expensed as incurred. If the vessel is drydocked earlier than originally anticipated, any remaining deferred drydock costs that have not been amortized are expensed at the end of the next drydock.

Impairment of long-lived assets

We follow the Accounting Standards Codification (ASC) Subtopic 360-10, Property, Plant and Equipment (ASC 360-10), which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts. If indicators of impairment are present, we perform an analysis of the anticipated undiscounted future net cash flows to be derived from the related long-lived assets.

The current economic and market conditions, including the significant disruptions in the global credit markets, are having broad effects on participants in a wide variety of industries. Since mid-August 2008, the charter rates in the dry bulk charter market have declined significantly, and drybulk vessel values have also declined both as a result of a slowdown in the availability of global credit and the significant deterioration in charter rates.

When indicators of impairment are present and our estimate of undiscounted future cash flows for any vessel is lower than the vessel s carrying value, the carrying value is written down, by recording a charge to operations, to the vessel s fair market value if the fair market value is lower than the vessel s carrying value.

For purposes of our December 31, 2014 disclosure below, we determined that the future income streams expected to be earned by such vessels over their remaining operating lives on an undiscounted basis would be sufficient to recover their carrying values and, accordingly, it confirmed that our vessels were not impaired under U.S. GAAP. Our estimated future undiscounted cash flows exceeded each of our vessels carrying values by a considerable margin (85% - 500% of carrying value) for all of the vessels in our fleet as of December 31, 2014. Our vessels remain fully utilized and have a relatively long average remaining useful life of approximately 20.6 years in which to recover sufficient cash flows on an undiscounted basis to recover their carrying values as of December 31, 2014. Management will continue to monitor developments in charter rates in the markets in which it participates with respect to the expectation of future rates over an extended period of time that are utilized in the analyses.

In developing estimates of future undiscounted cash flows, we make assumptions and estimates about the vessels future performance, with the significant assumptions being related to charter rates, fleet utilization, vessels operating expenses, vessels capital expenditures and drydocking requirements, vessels residual value and the estimated remaining useful life of each vessel. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends. Specifically, we utilize the rates currently in effect for the duration of their current spot market-related time charters. For periods of time where our vessels are not fixed on such charters, we utilize an estimated daily time charter equivalent for our vessels based on the most recent ten year historical one year time charter average. Actual equivalent drybulk shipping rates are currently lower than the estimated rate. We believe current rates have been driven by short-term disruptions or seasonal issues as discussed under Management s Discussion and Analysis Results of Operations Voyage Revenues.

Of the inputs that the Company uses for its impairment analysis, future time charter rates are the most significant and most volatile. Based on the sensitivity analysis performed by the Company, the Company would record impairment on its vessels for time charter declines from their most recent ten-year historical one-year time charter averages as follows:

	Percentage Decline from Ten-Year Historical One-Year Time Charter Average at Which Point Impairment Would be Recorded	
Vessel Class	As of December 31, 2014	As of December 31, 2013
Capesize	(61.0)%	(65.6)%
Ultramax	(54.8)%	
Supramax	(43.2)%	(48.1)%
Handysize	(23.4)%	(30.6)%

Our time charter equivalent (TCE) rates for our fiscal years ended December 31, 2014 and 2013, respectively, were above or (below) the ten year historical one-year time charter average as of such dates as follows:

62

Vessel Class	TCE Rates as Compared with Ten-Year Historical One-Year Time Charter Average (as percentage above/(below)) As of December 31, 2014	As of December 31, 2013
Capesize	(68.9)%	(66.9)%
Ultramax	(55.6)%	
Supramax	(64.2)%	(63.5)%
Handysize	(45.7)%	(43.6)%

The projected net operating cash flows are determined by considering the future charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the unfixed days over the estimated remaining life of the vessel, assumed to be 25 years from the delivery of the vessel from the shipyard, reduced by brokerage commissions, expected outflows for vessels maintenance and vessel operating expenses (including planned drydocking and special survey expenditures) and capital expenditures adjusted annually for inflation, assuming fleet utilization of 98%. The salvage value used in the impairment test is estimated to be $310 per light weight ton, consistent with our vessels depreciation policy discussed above.

Although we believe that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions are highly subjective. There can be no assurance as to how long charter rates and vessel values will remain at their currently low levels or whether they will improve by any significant degree. Charter rates may remain at depressed levels for some time, which could adversely affect our revenue and profitability, and future assessments of vessel impairment.

Fair value of financial instruments

The estimated fair values of our financial instruments such as amounts due to / due from charterers, accounts payable and long-term debt approximate their individual carrying amounts as of December 31, 2014 and December 31, 2013 due to their short-term maturity or the variable-rate nature of the respective borrowings under our credit facilities. See Note 8 - Fair Value of Financial Instruments in our consolidated financial statements for additional disclosure on the fair values of long term debt.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

The international shipping industry is a capital intensive industry, requiring significant amounts of investment. Effective April 16, 2010, we entered into the 2010 Credit Facility, which has provided us with financing for completed vessel acquisitions as well as working capital borrowings. Effective December 31, 2014, we entered into the $148 Million Credit Facility which was used to refinance the existing indebtedness under the 2010 Credit Facility on January 7, 2015. Additionally, effective August 30, 2013 and December 3, 2013, we entered the $22 Million Term Loan Facility and the $44 Million Term Loan Facility, respectively, which provided us with financing the purchase of four vessels during the year ended December 31, 2013. Lastly, effective October 8, 2014 we entered into the 2014 Term Loan Facilities which provided us with financing the purchase of two vessels during the year ended December 31, 2014. Our interest expense under any such credit facility will be affected by changes in LIBOR rates as outstanding debt on the amended 2010 Credit Facility and $148 Million Credit Facility is based on LIBOR plus an applicable margin of 3.00% per annum and is based on three-month LIBOR plus an applicable margin of 3.35% per annum on the outstanding debt under the $22 Million Term Loan Facility and the $44 Million Term Loan Facility. Additionally, interest expense under the 2014 Term Loan Facilities is based on three-month LIBOR plus and applicable margin of 2.50%. Increasing interest rates could adversely impact our future earnings. A 1% increase in LIBOR would result in an increase of $1.5 million in interest expense for the year ended December 31, 2014.

Currency and exchange rates risk

The international shipping industry s functional currency is the U.S. Dollar. We expect that virtually all of our revenues and most of our operating costs will be in U.S. Dollars. We expect to incur certain operating expenses in currencies other than the U.S. dollar, and we expect the foreign exchange risk associated with these operating expenses to be immaterial.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Baltic Trading Limited

Consolidated Financial Statements as of December 31, 2014 and 2013 and for the Years Ended December 31, 2014, 2013 and 2012

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Baltic Trading Limited

New York, New York

We have audited the accompanying consolidated balance sheets of Baltic Trading Limited and subsidiaries (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Baltic Trading Limited and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 2, 2015 expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

New York, New York
March 2, 2015

Baltic Trading Limited

Consolidated Balance Sheets as of December 31, 2014 and December 31, 2013

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

	December 31, 2014		December 31, 2013	
Assets				
Current assets:				
Cash and cash equivalents	$	9,929	$	58,193
Due from charterers, net		3,948		4,412
Prepaid expenses and other current assets		5,506		4,085
Total current assets		19,383		66,690
Noncurrent assets:				
Vessels, net of accumulated depreciation of $72,921 and $52,459, respectively		496,210		486,069
Deposits on vessels		23,733		1,013
Deferred drydock, net of accumulated amortization of $505 and $0, respectively		3,049		108
Fixed assets, net of accumulated depreciation of $66 and $47, respectively		120		678
Deferred financing costs, net of accumulated amortization of $295 and $1,785, respectively		6,078		2,809
Restricted cash		19,645		
Total noncurrent assets		548,835		490,677
Total assets	$	568,218	$	557,367
Liabilities and Shareholders Equity				
Current liabilities:				
Accounts payable and accrued expenses	$	6,316	$	3,782
Deferred revenue		98		409
Due to Parent		147		198
Current portion of long-term debt		6,331		4,250
Total current liabilities		12,892		8,639
Noncurrent liabilities:				
Long-term debt		190,444		163,625
Total noncurrent liabilities:		190,444		163,625
Total liabilities		203,336		172,264
Commitments and contingencies				
Shareholders equity:				
Common stock, par value $0.01; 500,000,000 shares authorized; issued and outstanding 52,255,241 and 51,168,896 shares at December 31, 2014 and 2013, respectively		523		512
Class B stock, par value $0.01; 100,000,000 shares authorized; issued and outstanding 6,356,471 at December 31, 2014 and 2013		64		64
Additional paid-in capital		412,771		412,736
Accumulated deficit		(48,476)		(28,209)
Total shareholders equity		364,882		385,103
Total liabilities and shareholders equity	$	568,218	$	557,367

See accompanying notes to consolidated financial statements.

F-3

Baltic Trading Limited

Consolidated Statements of Operations for the Years Ended December 31, 2014, 2013 and 2012

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

	For the Years Ended December 31, 2014	2013	2012
Revenues	$ 45,520	$ 35,973	$ 27,304
Operating expenses:			
Voyage expenses	1,396	1,151	1,142
Voyage expenses to Parent	578	461	346
Vessel operating expenses	24,872	17,590	16,730
General, administrative and technical management fees	8,389	5,445	4,768
Management fees to Parent	3,607	2,671	2,471
Depreciation and amortization	21,015	15,564	14,814
Total operating expenses	59,857	42,882	40,271
Operating loss	(14,337)	(6,909)	(12,967)
Other (expense) income:			
Other expense	(9)	(17)	(28)
Interest income	28	23	5
Interest expense	(5,892)	(4,455)	(4,252)
Other expense, net	(5,873)	(4,449)	(4,275)
Loss before income taxes	(20,210)	(11,358)	(17,242)
Income tax expense	(57)	(34)	(28)
Net loss	$ (20,267)	$ (11,392)	$ (17,270)
Net loss per share of common and Class B stock:			
Net loss per share-basic	$ (0.36)	$ (0.36)	$ (0.78)
Net loss per share-diluted	$ (0.36)	$ (0.36)	$ (0.78)
Dividends declared and paid per share of common and Class B Stock	$ 0.06	$ 0.05	$ 0.24

See accompanying notes to consolidated financial statements.

Baltic Trading Limited

Consolidated Statement of Shareholders Equity

For the Years Ended December 31, 2014, 2013 and 2012

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

	Common Stock Par Value	Class B Stock Par Value	Additional Paid-in Capital	Accumulated Deficit	Total
Balance January 1, 2012	$ 170	$ 57	$ 280,923	$ 453	$ 281,603
Net loss				(17,270)	(17,270)
Cash dividends paid ($0.24 per share)			(5,448)		(5,448)
Issuance of 299,999 shares of nonvested common stock	3		(3)		
Nonvested stock amortization			1,777		1,777
Balance December 31, 2012	$ 173	$ 57	$ 277,249	$ (16,817)	$ 260,662
Net loss				(11,392)	(11,392)
Cash dividends paid ($0.05 per share)			(1,888)		(1,888)
Issuance of 32,869,217 shares of common stock	329		135,834		136,163
Issuance of 657,383 shares of Class B stock		7	(7)		
Issuance of 998,680 shares of nonvested common stock	10		(10)		
Nonvested stock amortization			1,558		1,558
Balance December 31, 2013	$ 512	$ 64	$ 412,736	$ (28,209)	$ 385,103
Net Loss				(20,267)	(20,267)
Cash dividends paid ($0.06 per share)			(3,454)		(3,454)
Issuance of 1,086,345 shares of nonvested common stock	11		(11)		
Nonvested stock amortization			3,500		3,500
Balance December 31, 2014	$ 523	$ 64	$ 412,771	$ (48,476)	$ 364,882

See accompanying notes to consolidated financial statements.

F-5

Explanation of Responses:

Baltic Trading Limited

Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013 and 2012

(U.S. Dollars in Thousands)

	For the Years Ended December 31, 2014	2013	2012
Cash flows from operating activities:			
Net loss	$ (20,267)	$ (11,392)	$ (17,270)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	21,015	15,564	14,814
Amortization of deferred financing costs	803	581	467
Amortization of nonvested stock compensation expense	3,500	1,558	1,777
Change in assets and liabilities:			
Decrease (increase) in due from charterers	464	(3,467)	708
Increase in prepaid expenses and other current assets	(1,414)	(1,193)	(425)
Increase in accounts payable and accrued expenses	744	812	197
Increase (decrease) in due to Parent	10	100	(25)
(Decrease) increase in deferred revenue	(311)	148	190
Deferred drydock costs incurred	(3,448)	(108)	
Net cash provided by operating activities	1,096	2,603	433
Cash flows from investing activities:			
Purchase of vessels, including deposits	(52,953)	(146,598)	
Purchase of fixed assets	(138)	(614)	(5)
Changes in deposits of restricted cash	(19,645)		
Net cash used in investing activities	(72,736)	(147,212)	(5)
Cash flows from financing activities:			
Proceeds from the 2010 Credit Facility		1,000	
Proceeds from the $22 Million Term Loan Facility		22,000	
Repayments on the $22 Million Term Loan Facility	(1,500)	(375)	
Proceeds from the $44 Million Term Loan Facility		44,000	
Repayments on the $44 Million Term Loan Facility	(2,750)		
Proceeds from the 2014 Term Loan Facilities	33,150		
Cash dividends paid	(3,454)	(1,888)	(5,448)
Proceeds from issuance of common stock		136,980	
Payments of common stock issuance costs	(111)	(706)	
Payment of deferred financing costs	(1,959)	(1,489)	
Net cash provided by (used in) financing activities	23,376	199,522	(5,448)
Net (decrease) increase in cash and cash equivalents	(48,264)	54,913	(5,020)
Cash and cash equivalents at beginning of year	58,193	3,280	8,300
Cash and cash equivalents at end of year	$ 9,929	$ 58,193	$ 3,280

See accompanying notes to consolidated financial statements.

F-6

Baltic Trading Limited

Notes to Consolidated Financial Statements for the Years Ended December 31, 2014, 2013 and 2012

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

1 GENERAL INFORMATION

The accompanying consolidated financial statements include the accounts of Baltic Trading Limited (Baltic Trading) and its wholly-owned subsidiaries (collectively, the Company). The Company was formed to own and employ drybulk vessels in the spot market. The spot market represents immediate chartering of a vessel, usually for single voyages, or employing vessels on spot market-related time charters. Baltic Trading was formed on October 6, 2009 (the inception date), under the laws of the Republic of the Marshall Islands.

At December 31, 2014, the Company was the sole owner of all of the outstanding shares of the following ship-owning subsidiaries as set forth below:

Wholly-Owned Subsidiaries	**Vessels**	**Dwt**	**Delivery Date**	**Year Built**
Baltic Leopard Limited	Baltic Leopard	53,447	April 8, 2010	2009
Baltic Panther Limited	Baltic Panther	53,351	April 29, 2010	2009
Baltic Cougar Limited	Baltic Cougar	53,432	May 28, 2010	2009
Baltic Jaguar Limited	Baltic Jaguar	53,474	May 14, 2010	2009
Baltic Bear Limited	Baltic Bear	177,717	May 14, 2010	2010
Baltic Wolf Limited	Baltic Wolf	177,752	October 14, 2010	2010
Baltic Wind Limited	Baltic Wind	34,409	August 4, 2010	2009
Baltic Cove Limited	Baltic Cove	34,403	August 23, 2010	2010
Baltic Breeze Limited	Baltic Breeze	34,386	October 12, 2010	2010
Baltic Fox Limited	Baltic Fox	31,883	September 6, 2013	2010
Baltic Hare Limited	Baltic Hare	31,887	September 5, 2013	2009
Baltic Lion Limited	Baltic Lion	179,185	December 27, 2013	2012
Baltic Tiger Limited	Baltic Tiger	179,185	November 26, 2013	2011
Baltic Hornet Limited	Baltic Hornet	63,574	October 29, 2014	2014
Baltic Wasp Limited	Baltic Wasp	63,389	January 2, 2015	2015
Baltic Scorpion Limited	Baltic Scorpion	64,000	Q2 2015 (1)	2015 (1)
Baltic Mantis Limited	Baltic Mantis	64,000	Q3 2015 (1)	2015 (1)

(1) Built dates and delivery dates for vessels being delivered in the future are estimates based on the guidance received from the sellers and the respective shipyards.

On May 28, 2013, the Company closed an equity offering of 6,419,217 shares of common stock at an offering price of $3.60 per share. The Company received net proceeds of $21,564 after deducting underwriters fees and expenses. On September 25, 2013, the Company closed an equity offering of 13,800,000 shares of common stock at an offering price of $4.60 per share. The Company received net proceeds of $59,474 after deducting underwriters fees and expenses. On November 18, 2013, the Company closed an equity offering of 12,650,000 shares of common stock at an offering price of $4.60 per share. The Company received net proceeds of $55,125 after deducting underwriters fees and expenses. Pursuant to the subscription agreement between the Company and Genco Shipping & Trading Limited (Genco or Parent), for so long as Genco directly or indirectly holds at least 10% of the aggregate number of outstanding shares of the Company s common stock and Class B stock, Genco will be entitled to receive at no cost an additional number of shares of Class B stock equal to 2% of the number of common shares issued, other than shares issued under the Company s 2010 Equity Incentive Plan. As a result of the equity offerings on May 28, 2013, September 25, 2013 and November 18, 2013, Genco was issued 128,383, 276,000 and 253,000 shares of Class B stock, respectively, which represents 2% of the number of common shares issued.

As of December 31, 2014 and 2013, Genco s ownership of 6,356,471 shares of the Company s Class B stock represented an 10.85% and 11.05% ownership interest in the Company, respectively, and 64.60% and 65.08% of the aggregate voting power of the Company s outstanding shares of voting stock, respectively.

On April 21, 2014, Genco and certain of its direct and indirect subsidiaries (the Debtors) filed petitions for Chapter 11 in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). On April 24, 2014, the

Bankruptcy Court approved the form of combined notice of commencement of the Chapter 11 Cases, the combined hearing on the Debtors solicitation procedures, confirmation of the Debtors prepackaged plan of reorganization (the Prepack Plan) and the adequacy of the related disclosure statement. Subsequently, on July 2, 2014, the Bankruptcy Court entered an order (the Confirmation Order) which confirmed the First Amended Prepackaged Plan of Reorganization of the Debtors Pursuant to Chapter 11 of the Bankruptcy Code (the Plan). On July 9, 2014, the Debtors completed their financial restructuring and emerged from Chapter 11 through a series of transactions contemplated by the Plan, and the Plan became effective pursuant to its terms. Refer to Note 7 Debt for a discussion of the potential effects of a change of control and the Genco bankruptcy case under the covenants of the Company s credit facilities and the Management Agreement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which includes the accounts of Baltic Trading and its wholly-owned ship-owning subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of reporting

The consolidated financial statements have been prepared on a going concern basis. However, if the Company does not take remedial measures that are available, it is probable that internally generated cash flow and cash on hand will not be sufficient to meet the minimum cash requirements under its credit facilities for the next twelve months. To address compliance, the Company may seek waivers or modifications to our credit facilities from the lenders, refinance our indebtedness or raise additional capital through equity or debt offerings or the sale of assets (including vessels). The Company believes that one or more or combination of these remedies occurring are probable. The Company s current and future liquidity will greatly depend upon operating results. The Company s ability to continue to meet its liquidity needs is subject to and will be affected by cash utilized in operations, the economic or business environment in which it operates, weakness in shipping industry conditions, the financial condition of the Company s customers, vendors and service providers, the Company s ability to comply with the financial and other covenants of its indebtedness, and other factors.

Business geographics

The Company s vessels regularly move between countries in international waters, over hundreds of trade routes and, as a result, the disclosure of geographic information is impracticable.

Vessel acquisitions

When the Company enters into an acquisition transaction, it determines whether the acquisition transaction was the purchase of an asset or a business based on the facts and circumstances of the transaction. As is customary in the shipping industry, the purchase of a vessel is normally treated as a purchase of an asset as the historical operating data for the vessel is not reviewed nor is material to the Company s decision to make such acquisition.

If a vessel is acquired with an existing time charter, the Company allocates the purchase price to the vessel and the time charter based on, among other things, vessel market valuations and the present value (using an interest rate which reflects the risks associated with the acquired charters) of the difference between (i) the contractual amounts to be paid pursuant to the charter terms and (ii) management s estimate of the fair market charter rate, measured over a period equal to the remaining term of the charter. The capitalized above-market (assets) and below-market (liabilities) charters are amortized as a reduction or increase, respectively, to revenues over the remaining term of the charter.

Segment reporting

Each of the Company s vessels serve the same type of customer, have similar operations and maintenance requirements, operate in the same regulatory environment, and are subject to similar economic characteristics. Based on this, the Company has determined that it operates in one reportable segment, the transportation of various drybulk cargoes with its fleet of vessels.

Revenue and voyage expense recognition

Since the Company s inception, revenues have been generated primarily from spot market-related time charters, short-term time charters and pool agreements. A spot market-related time charter involves placing a vessel at the charterer s disposal for a set period of time during which the charterer may use the vessel in return for a payment based on a specified percentage of the average daily rates as published by the Baltic Dry Index (BDI). Short-term time charters are the same as spot market-related time charter agreements, except there is a specified fixed daily hire rate and there may be a ballast bonus received pursuant to the time charter agreements. Voyage revenues also include the sale of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

In spot market-related time charters, short-term 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 losses (gains) of $155, $108 and ($72) during the years ended December 31, 2014, 2013 and 2012, respectively. Additionally, voyage expenses include the cost of bunkers consumed during short-term time charterers pursuant to the terms of the time charter agreements.

The Company records spot market-related time charter revenues over the term of the charter as service is provided based on the rate determined based on the BDI for each respective billing period. As such, the revenue earned by the Company s vessels is subject to the fluctuations of the spot market. The Company records short-term time charter revenues over the term of the charter as service is provided. Revenues are recognized on a straight-line basis as the average revenue over the term of the respective time charter agreement. The Company recognizes voyage expenses when incurred.

At December 31, 2014, five of the Company s vessels were in vessel pools. At December 31, 2014, the Baltic Cougar, Baltic Jaguar and Baltic Panther were in the Bulkhandling Handymax A/S Pool, a vessel pool trading in the spot market for which Torvald Klaveness acts as pool manager. The Baltic Leopard was in the Bulkhandling Handymax A/S Pool from May until November 2014. The Baltic Fox and the Baltic Hare entered the Clipper Logger Pool, a vessel pool trading in the spot market for which Clipper Group acts as the pool manager, during September 2013. Vessel pools such as these provide cost-effective commercial management activities for a group of similar class vessels. Pool arrangements provide the benefits of a large-scale operation, and chartering efficiencies that might not be available to smaller fleets. Under pool arrangements, the vessels operate under a time charter agreement whereby the cost of bunkers and port expenses are borne by the pool and operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel. Since members of a pool share in the revenue less voyage expenses generated by the entire group of vessels in the pool, and the pool operates in the spot market, the revenue earned by these vessels is subject to the fluctuations of the spot market. The Company recognized revenue from these pool arrangements based on its portion of the net distributions reported by the relevant pool, which represents the net voyage revenue of the pool after voyage expenses and pool manager fees.

Due from charterers, net

Due from charterers, net includes accounts receivable from charters net of the provision for doubtful accounts. At each balance sheet date, the Company records the provision based on a review of all outstanding charter receivables. Included in the standard time charter contracts with the Company s customers are certain performance parameters which, if not met, can result in customer claims. As of December 31, 2014 and 2013, the Company had a reserve of $42 and $104, respectively, against the due from charterers balance and an additional accrual of $70 and $231, respectively, in deferred revenue, each of which is primarily associated with estimated customer claims against the Company including vessel performance issues under time charter agreements.

Revenue is based on contracted charterparties. However, there is always the possibility of dispute over terms and payment of hires and freights. In particular, disagreements may arise concerning the responsibility of lost time and revenue. Accordingly, the Company periodically assesses the recoverability of amounts outstanding and estimates a provision if there is a possibility of non-recoverability. The Company believes its provisions to be reasonable based on information available.

Inventories

Inventories consist of consumable bunkers, lubricants and victualling stores, which are stated at the lower of cost or market value and are recorded in Prepaid expenses and other current assets. Cost is determined by the first in, first out method.

Due to Parent

Due to Parent consists of amounts due to Genco, which consists primarily of fees payable to the Parent pursuant to the Management Agreement between the Company and Genco for commercial, technical, administrative and strategic services necessary to support the Company s business.

Vessel operating expenses

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, and other miscellaneous expenses. Vessel operating expenses are recognized when incurred.

Vessels, net

Vessels, net is stated at cost less accumulated depreciation. Included in vessel costs are acquisition costs directly attributable to the acquisition of a vessel and expenditures made to prepare the vessel for its initial voyage. The Company also capitalizes interest costs for a vessel under construction as a cost which is directly attributable to the acquisition of a vessel. Vessels are depreciated on a straight-line basis over their estimated useful lives, determined to be 25 years from the date of initial delivery from the shipyard. Depreciation expense for vessels for the years ended December 31, 2014, 2013 and 2012 was $20,489, $15,553 and $14,798, respectively.

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 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 July 9, 2014, upon Genco s emergence from bankruptcy, the Company increased the estimated scrap value of the vessels from $245 per lwt to $310 per 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 year ended December 31, 2014, the increase in the estimated scrap value resulted in a decrease in depreciation expense of $278. The decrease in depreciation expense did not result in a change to the basic and diluted net loss per share during the year ended December 31, 2014.

Fixed assets, net

Fixed assets, net are stated at cost less accumulated depreciation. Depreciation expense is based on a straight line basis over the estimated useful life of the specific asset placed in service. The following table is used in determining the typical estimated useful lives:

Description	**Useful lives**
Computer equipment	3 years
Vessel equipment	2-15 years

Deferred drydocking costs

The Company s vessels are required to be drydocked approximately every 30 to 60 months for major repairs and maintenance that cannot be performed while the vessels are operating. The Company defers the costs associated with the drydockings as they occur and amortizes these costs on a straight-line basis over the period between drydockings. Costs deferred as part of a vessel s drydocking include actual costs incurred at the drydocking yard; cost of travel, lodging and subsistence of personnel sent to the drydocking site to supervise; and the cost of hiring a third party to oversee the drydocking. If the vessel is drydocked earlier than originally anticipated, any remaining deferred drydock costs that have not been amortized are expensed at the end of the next drydock. Amortization expense for drydocking for the years ended December 31, 2014, 2013 and 2012 was $505, $0 and $0, respectively. All other costs incurred during drydocking are expensed as incurred.

Impairment of long-lived assets

The Company follows Accounting Standards Codification (ASC) Subtopic 360-10, Property, Plant and Equipment (ASC 360-10), which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts. If indicators of impairment are present, the Company performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets. If the carrying value of the related asset exceeds the undiscounted cash flows, the carrying value is reduced to its fair value. Various factors including anticipated future charter rates, estimated scrap values, future drydocking costs and estimated vessel operating costs are included in this analysis.

For the years ended December 31, 2014, 2013 and 2012, no impairment charges were recorded on the Company s long-lived assets.

Deferred financing costs

Deferred financing costs consist of fees, commissions and legal expenses associated with obtaining loan facilities and amending existing loan facilities. These costs are amortized over the life of the related loan facility and are included in interest expense.

Cash and cash equivalents

The Company considers highly liquid investments such as money market funds and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Income taxes

The Company is incorporated in the Marshall Islands. Pursuant to the income tax laws of the Marshall Islands, the Company is not subject to Marshall Islands income tax. During the years ended December 31, 2014, 2013 and 2012, the Company had United States operations which resulted in United States source income of $2,830, $1,664 and $1,379, respectively. The Company s estimated United States income tax expense for the years ended December 31, 2014, 2013 and 2012 was $57, $34 and $28, respectively.

Deferred revenue

Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as income when earned. Additionally, deferred revenue includes estimated customer claims mainly due to time charter performance issues. Refer to Revenue and voyage expense recognition above for description of the Company s revenue recognition policy.

Nonvested stock awards

The Company follows ASC Subtopic 718-10, Compensation Stock Compensation (ASC 718-10), for nonvested stock issued under its equity incentive plans. Stock-based compensation costs from nonvested stock have been classified as a component of additional paid-in capital.

Accounting estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include vessel valuations, the valuation of amounts due from charterers, performance claims, residual value of vessels and the useful life of vessels. Actual results could differ from those estimates.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk are amounts due from charterers, cash and cash equivalents and deposits on vessels. With respect to amounts due from charterers, the Company attempts to limit its credit risk by performing ongoing credit evaluations and, when deemed necessary, requires letters of credit, guarantees or collateral. The Company earned 100% of its revenues from 12 customers in 2014, 11 customers in 2013 and 11 customers in 2012. Management does not believe significant risk exists in connection with the Company s concentrations of credit at December 31, 2014 and 2013.

For the year ended December 31, 2014, there were four customers that individually accounted for more than 10% of revenues, Cargill International S.A. and its subsidiaries (Cargill), Swissmarine Services S.A. and its subsidiaries (Swissmarine), the Bulkhandling Handymax A/S Pool for which Torvald Klaveness acts as pool manager and the Clipper Logger Pool, for which Clipper Group acts as the pool manager, which represented 27.29%, 23.52%, 17.20% and 13.21% of revenues, respectively. For the year ended December 31, 2013, there were three customers that individually accounted for more than 10% of revenues, Cargill, Resource Marine PTE Ltd. (part of the Macquarie group of companies) and Swissmarine, which represented 40.17%, 19.15% and 17.80% of revenues, respectively. For the year ended December 31, 2012, there were four customers that individually accounted for more than 10% of revenues, Cargill, Klaveness Chartering, Resource Marine PTE Ltd. and Swissmarine, which represented 44.41%, 11.79%, 13.90% and 10.04% of revenues, respectively.

At December 31, 2014 and 2013, deposits on vessels consist primarily of progress payments due to the shipyard as per the newbuilding contracts with Yangfan Group Co., Ltd. These payments are not held in an escrow account; however, the Company has a refund guarantee with the Bank of China in the case that Yangfan Group Co., Ltd. does not perform as required by the newbuilding contracts. Refer to Note 4 Vessel Acquisitions for further information.

At December 31, 2014 and 2013, the Company maintains all of its cash and cash equivalents with one financial institution. The Company s cash and cash equivalent balance is not covered by insurance in the event of default by this financial institution.

Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle is that a company should recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein, and shall be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is evaluating the potential impact of this adoption on its consolidated financial statements.

Fair value of financial instruments

The estimated fair values of the Company s financial instruments, such as amounts due to / due from charterers, accounts payable and long-term debt, approximate their individual carrying amounts as of December 31, 2014 and 2013 due to their short-term maturity or the variable-rate nature of the respective borrowings under the credit facilities. See Note 8 - Fair Value of Financial Instruments for additional disclosure on the fair value of debt.

3 CASH FLOW INFORMATION

For the year ended December 31, 2014, the Company had non-cash investing activities not included in the Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses of $407 for the Purchase of vessels, including deposits. For the year ended December 31, 2014, the Company had non-cash financing activities not included in the Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses of $2,190 for the Payment of deferred financing costs. For the year ended December 31, 2014, the Company also had non-cash investing activities not included in the Consolidated Statement of Cash Flows for items included in Due to Parent of $3 for the Purchase of vessels, including deposits. Lastly, for the year ended December 31, 2014, the Company had non-cash investing activities not included in the Consolidated Statement of Cash Flows for items included in Prepaid expenses and other current assets consisting of $7 associated with the Purchase of vessels, including deposits.

For the year ended December 31, 2013, the Company had non-cash investing activities not included in the Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses of $618 for the Purchase of vessels, including deposits. For the year ended December 31, 2013, the Company had non-cash financing activities not included in the Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses of $78 for the Payment of deferred financing costs and $111 for the Payment of common stock issuance costs. For the year ended December 31, 2013, the Company also had non-cash investing activities not included in the Consolidated Statement of Cash Flows for items included in Due to Parent of $64 for the Purchase of fixed assets.

For the year ended December 31, 2012 the Company did not have any non-cash investing or financing activities.

During the year ended December 31, 2014, the Company made a reclassification of $507 from Deposits on vessels to Vessels, net of accumulated depreciation, due to the completion of the purchase of Baltic Hornet. No such reclassifications were made during the years ended December 31, 2013 and 2012.

During the year ended December 31, 2014, the Company made a reclassification of $675 from fixed assets to vessel assets for items that should be capitalized and depreciated over the remaining life of the respective vessels.

During the years ended December 31, 2014, 2013 and 2012, cash paid for interest, net of amount capitalized, was $5,013, $3,773 and $3,798, respectively.

During the years ended December 31, 2014, 2013 and 2012, cash paid for estimated income taxes was $75, $32 and $22, respectively.

On April 9, 2014, the Company made grants of nonvested common stock in the amount of 36,345 shares in the aggregate to directors of the Company. The grant date fair value of such nonvested stock was $225. Additionally, on December 18, 2014, 700,000 and 350,000 shares of nonvested common stock were granted to Peter Georgiopoulos, Chairman of the Board, and John Wobensmith, President and Chief Financial Officer, respectively. The grant date fair value of such nonvested stock was $2,615.

On May 16, 2013, the Company made grants of nonvested common stock in the amount of 59,680 shares in the aggregate to directors of the Company. The grant date fair value of such nonvested stock was $225. The shares vested on April 9, 2014. Additionally, on December 19, 2013, 539,000 and 400,000 shares of nonvested common stock were granted to Peter Georgiopoulos and John Wobensmith, respectively. The grant date fair value of such nonvested stock was $5,371.

On May 17, 2012 and December 13, 2012, the Company made grants of nonvested common stock in the amount of 12,500 and 37,500 shares, respectively, to directors of the Company. The grant date fair value of such nonvested stock was $48 and $113, respectively. These shares vested on May 16, 2013. Additionally, on December 13, 2012, 166,666 and 83,333 shares of nonvested common stock were granted to Peter Georgiopoulos and John Wobensmith, respectively. The grant date fair value of such nonvested stock was $750.

All of the aforementioned grants of restricted stock were made under the Baltic Trading Limited 2010 Equity Incentive Plan, as amended.

4 VESSEL ACQUISITIONS

On July 2, 2013, the Company entered into agreements to purchase two Handysize drybulk vessels from subsidiaries of Clipper Group for an aggregate purchase price of $41,000. The Baltic Hare, a 2009-built Handysize vessel, was delivered on September 5, 2013 and the Baltic Fox, a 2010-built Handysize vessel, was delivered on September 6, 2013. The Company financed the vessel acquisitions with proceeds from its May 28, 2013 common stock offering and borrowings under its $22 Million Term Loan Facility entered into on August 30, 2013.

On October 31, 2013, the Company entered into agreements to purchase two Capesize drybulk vessels from affiliates of SK Shipping Co. Ltd. for an aggregate purchase price of $103,000. The Baltic Lion, a 2012-built Capesize vessel, was delivered on December 27, 2013, and the Baltic Tiger, a 2011-built Capesize vessel, was delivered on November 26, 2013. The Company financed the vessel acquisitions with cash on hand and borrowings under its $44 Million Term Loan Facility.

On November 13, 2013, the Company entered into agreements to purchase up to four 64,000 dwt Ultramax newbuilding drybulk vessels from Yangfan Group Co., Ltd. for a purchase price of $28,000 per vessel, or up to $112,000 in the aggregate. The Company agreed to purchase two such vessels, to be named the Baltic Hornet and Baltic Wasp, and obtained an option to purchase up to two additional such vessels for the same purchase price, which the Company exercised on January 8, 2014. These vessels are to be named the Baltic Mantis and the Baltic Scorpion. The purchases are subject to completion of customary additional documentation and closing conditions. The first of these vessels, the Baltic Hornet, was delivered on October 29, 2014. The Baltic Wasp was delivered on January 2, 2015. The Baltic Scorpion and the Baltic Mantis are expected to be delivered to the Company during the second and third quarters of 2015, respectively. As of December 31, 2014 and 2013, deposits on vessels were $23,733 and $1,013, respectively, related to these newbuilding vessels. The Company intends to use a combination of cash on hand, future cash flow from operations as well as debt or equity financing, including the 2014 Term Loan Facilities and $148 Million Credit Facility as described in Note 7 Debt, to fully finance the acquisition of the four Ultramax newbuilding drybulk vessels. On December 30, 2014, the Company paid $19,645 for the final payment due for the Baltic Wasp which has been classified as noncurrent Restricted Cash in the Consolidated Balance Sheet as of December 31, 2014 as the payment was held in an escrow account and not released to the seller until the vessel was delivered to the Company on January 2, 2015.

Capitalized interest expense associated with newbuilding contracts for the years ended December 31, 2014, 2013 and 2012 was $695, $0 and $0, respectively.

Refer to Note 1 General Information for a listing of the vessel delivery dates for the vessels in the Company s fleet and the estimated delivery dates for vessels that the Company has entered into agreements to purchase.

5 NET LOSS PER COMMON AND CLASS B SHARE

The computation of net loss per share of common stock and Class B shares is in accordance with ASC 260 Earnings Per Share, using the two-class method. Under these provisions, basic net loss per share is computed using the weighted-average number of common shares and Class B shares outstanding during the year, except that it does not include nonvested stock awards subject to repurchase or cancellation. Diluted net loss per share is computed using the weighted-average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of nonvested stock awards (see Note 14 Nonvested Stock Awards) for the common shares, for which the assumed proceeds upon vesting are deemed to be the amount of compensation cost attributable to future services and not yet recognized using the treasury stock method, to the extent dilutive. Of the 1,941,844 nonvested shares outstanding at December 31, 2014 (see Note 14 Nonvested Stock Awards), all are anti-dilutive. The computation of the diluted net loss per share of common stock assumes the conversion of Class B shares, while the diluted net loss per share of Class B stock does not assume the conversion of those shares.

Under the Company s Amended and Restated Articles of Incorporation, the rights, including dividend rights, of the holders of the Company s common and Class B shares are identical, except with respect to voting. Further, the Company s Amended and Restated Articles of Incorporation and Marshall Islands law embody safeguards against modifying the identical rights of the Company s common stock and Class B stock to dividends. Specifically, Marshall Islands law provides that amendments to the Company s Amended and Restated Articles of Incorporation which would have the effect of adversely altering the powers, preferences, or special rights of a given class of stock (in this case the right of the Company s common stock to receive an equal dividend to any declared on the Company s Class B stock) must be approved by the class of stock adversely affected by the proposed amendment. As a result, and in accordance with ASC 260 Earnings Per Share, the undistributed earnings are allocated based on the contractual participation rights of the common and Class B shares as if the earnings for the year had been distributed. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis. Further, as the conversion of Class B shares is assumed in the computation of the diluted net income per share of common stock, the undistributed earnings are equal to net income for that computation.

The following table sets forth the computation of basic and diluted net loss per share of common stock and Class B stock:

	For the Year Ended December 31, 2014	
	Common	**Class B**
Basic net loss per share:		
Numerator:		
Allocation of loss	$ (17,980)	$ (2,287)
Denominator:		
Weighted-average shares outstanding, basic	49,967,443	6,356,471
Basic net loss per share	$ (0.36)	$ (0.36)
Diluted net loss per share:		
Numerator:		
Allocation of loss	$ (17,980)	$ (2,287)
Reallocation of undistributed loss as a result of conversion of Class B to common shares	(2,669)	
Reallocation of dividends paid as a result of conversion of Class B to common shares	382	
Allocation of loss	$ (20,267)	$ (2,287)
Denominator:		
Weighted-average shares outstanding used in basic computation	49,967,443	6,356,471
Add:		
Conversion of Class B to common shares	6,356,471	
Weighted-average shares outstanding, diluted	56,323,914	6,356,471
Diluted net loss per share	$ (0.36)	$ (0.36)

	For the Year Ended December 31, 2013	
	Common	**Class B**
Basic net loss per share:		
Numerator:		
Allocation of loss	$ (9,280)	$ (2,112)
Denominator:		
Weighted-average shares outstanding, basic	25,840,345	5,880,369
Basic net loss per share	$ (0.36)	$ (0.36)
Diluted net loss per share:		
Numerator:		
Allocation of loss	$ (9,280)	$ (2,112)
Reallocation of undistributed loss as a result of conversion of Class B to common shares	(2,411)	

Reallocation of dividends paid as a result of conversion of Class B to common shares		299		
Allocation of loss	$	(11,392)	$	(2,112)
Denominator:				
Weighted-average shares outstanding used in basic computation		25,840,345		5,880,369
Add:				
Conversion of Class B to common shares		5,880,369		
Weighted-average shares outstanding, diluted		31,720,714		5,880,369
Diluted net loss per share	$	(0.36)	$	(0.36)

	Year Ended December 31, 2012 Common	Class B
Basic net loss per share:		
Numerator:		
Allocation of loss	$ (12,848)	$ (4,422)
Denominator:		
Weighted-average shares outstanding, basic	16,562,758	5,699,088
Basic net loss per share	$ (0.78)	$ (0.78)
Diluted net loss per share:		
Numerator:		
Allocation of loss	$ (12,848)	$ (4,422)
Reallocation of undistributed loss as a result of conversion of Class B to common shares	(5,790)	
Reallocation of dividends paid as a result of conversion of Class B to common shares	1,368	
Allocation of loss	$ (17,270)	$ (4,422)
Denominator:		
Weighted-average shares outstanding used in basic computation	16,562,758	5,699,088
Add:		
Conversion of Class B to common shares	5,699,088	
Weighted-average shares outstanding, diluted	22,261,846	5,699,088
Diluted net loss per share	$ (0.78)	$ (0.78)

6 RELATED PARTY TRANSACTIONS

The following include related party transactions not disclosed elsewhere in these consolidated financial statements. Due to Parent, Voyage expenses to Parent and Management fees to Parent have been disclosed above in these consolidated financial statements.

During the years ended December 31, 2014, 2013 and 2012, the Company incurred legal services aggregating $13, $48 and $0, respectively, from Constantine Georgiopoulos, the father of Peter C. Georgiopoulos, Chairman of the Board. At December 31, 2014 and 2013, $8 and $25, respectively, was outstanding to Constantine Georgiopoulos.

During 2010, the Company entered into an agreement with Aegean Marine Petroleum Network, Inc. (Aegean) to purchase lubricating oils for certain vessels in the Company s fleet. Peter C. Georgiopoulos, Chairman of the Board of the Company, is also the Chairman of the Board of Aegean. During the years ended December 31, 2014, 2013 and 2012, Aegean supplied lubricating oils to the Company s vessels aggregating $950, $519 and $564, respectively. At December 31, 2014 and 2013, $113 and $51 remained outstanding to Aegean, respectively.

During the years ended December 31, 2014, 2013 and 2012, the Company incurred other expenditures totaling $0, $0 and $1, respectively, reimbursable to General Maritime Corporation (GMC), where the Company s Chairman, Peter C. Georgiopoulos, also serves as Chairman of the Board of GMC. As of December 31, 2014 and 2013, the amount due to GMC from the Company was $0.

The Company receives internal audit services from employees of Genco, the Company s Parent. For the years ended December 31, 2014, 2013 and 2012, the Company incurred internal audit service fees of $54, $42 and $52, respectively, which are reimbursable to Genco pursuant to the Management Agreement (Refer to Note 16 Commitments and Contingencies for further information regarding the Management Agreement). At December 31, 2014 and 2013, the amount due to Genco from the Company was $23 and $18, respectively, for such services and is included in Due to Parent.

During the years ended December 31, 2014, 2013 and 2012, Genco, the Company s Parent, incurred costs of $284, $403 and $24, respectively, on the Company s behalf to be reimbursed to Genco pursuant to the Management Agreement. At December 31, 2014, the amount due from Genco to the Company was $19 and is included in Due to Parent. At December 31, 2013, the amount due to Genco from the Company was $75 and is included in Due to Parent.

Genco also provides the Company with commercial, technical, administrative and strategic services pursuant to the Company s Management Agreement with Genco. For the years ended December 31, 2014, 2013 and 2012, the Company incurred costs of $4,465, $4,571 and $2,817, respectively, pursuant to the Management Agreement with Genco. At December 31, 2014, the amount due to Genco of $143 consisted of commercial service fees and is included in Due to Parent. At December 31, 2013, the amount due to Genco of $105 consisted of commercial service fees and is included in Due to Parent.

7 DEBT

Long-term debt consists of the following:

	December 31, 2014	December 31, 2013
2010 Credit Facility	$ 102,250	$ 102,250
$22 Million Term Loan Facility	20,125	21,625
$44 Million Term Loan Facility	41,250	44,000
2014 Term Loan Facilities	33,150	
Less: Current portion	(6,331)	(4,250)
Long-term debt	$ 190,444	$ 163,625

2010 Credit Facility

On April 16, 2010, the Company 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 Credit Facility). The Company entered into an amendment to this facility effective November 30, 2010. Among other things, this amendment increased the commitment amount of the 2010 Credit Facility from $100,000 to $150,000. An additional amendment to the 2010 Credit Facility was entered into by the Company effective August 29, 2013 (the August 2013 Amendment). The August 2013 Amendment implemented the following modifications to the 2010 Credit Facility:

- The requirement that certain additional vessels acquired by the Company be mortgaged as collateral under the 2010 Credit Facility was eliminated.

- Restrictions on the incurrence of indebtedness by the Company and its subsidiaries were amended to apply only to those subsidiaries acting as guarantors under the 2010 Credit Facility.

- The total commitment under this facility was reduced to $110,000 and will be further reduced in three consecutive semi-annual reductions of $5,000 commencing on May 30, 2015. On the maturity date, November 30, 2016, the total commitment will reduce to zero and all borrowings must be paid in full.

- Borrowings bear interest at an applicable margin over LIBOR of 3.00% per annum if the ratio of the maximum facility amount of the aggregate appraised value of vessels mortgaged under the facility is 55% or less, measured quarterly; otherwise, the applicable margin is 3.35% per annum.

- Financial covenants corresponding to the liquidity and leverage under the $22 Million Term Loan Facility (as defined below) have been incorporated into the 2010 Credit Facility.

A commitment fee of 1.25% per annum is payable on the unused daily portion of the 2010 Credit Facility, which began accruing on March 18, 2010 under the terms of the commitment letter entered into on February 25, 2010. In connection with the August 2013 Amendment, the Company paid an upfront fee of $275. Of the total original facility amount of $150,000, $25,000 is available for working capital purposes. On May 9, 2013, the Company drew down $1,000 for working capital purposes.

Borrowings under the 2010 Credit Facility are secured by liens on the Company s initial vessels and other related assets. Borrowings under the facility are subject to the delivery of security documents with respect to the Company s initial vessels. The Company s subsidiaries owning the initial vessels act as guarantors under the 2010 Credit Facility.

All amounts owing under the 2010 Credit Facility are also secured by the following:

- cross-collateralized first priority mortgages of each of the Company s initial vessels;

- an assignment of any and all earnings of the Company s initial vessels; and

- an assignment of all insurance on the mortgaged vessels.

The 2010 Credit Facility requires the Company to comply with a number of covenants, including financial covenants related to liquidity, consolidated net worth, and collateral maintenance; delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); compliance with ERISA; maintenance of flag and class of the Company s initial vessels; restrictions on consolidations, mergers or sales of assets; restrictions on changes in the Manager of the Company s initial vessels (or acceptable replacement vessels); limitations on changes to the Management Agreement between the Company and Genco; limitations on liens; limitations on additional indebtedness; restrictions on paying dividends; restrictions on transactions with affiliates; and other customary covenants.

The amended 2010 Credit Facility includes the following financial covenants which apply to the Company and its subsidiaries on a consolidated basis and are measured at the end of each fiscal quarter:

- Cash and cash equivalents plus the undrawn amount available for working capital under the facility must not be less than $5,000 during the first year following the amendment, or until November 30, 2011. Beginning December 1, 2011, cash and cash equivalents plus the undrawn amount available for working capital under the facility must not be less than $750 per vessel for all vessels in the Company s fleet.

- Consolidated net worth must not be less than (i) $232,796 plus (ii) 50% of the value of any subsequent primary equity offerings of the Company.

- The aggregate fair market value of the mortgaged vessels must at all times be at least 140% of the aggregate outstanding principal amount under the 2010 Credit Facility.

As of December 31, 2014, $7,750 remained available under the 2010 Credit Facility as the total commitment was reduced to $110,000 pursuant to the August 2013 Amendment. The total available working capital borrowings of $25,000 are subject to the total remaining availability under the 2010 Credit Facility; therefore, only $7,750 is available for working capital purposes as of December 31, 2014.

As of December 31, 2014, the Company believes it is in compliance with all of the financial covenants under its 2010 Credit Facility, as amended.

On December 31, 2014, the Company entered into the $148 Million Credit Facility, refer to $148 Million Credit Facility section below. Borrowings under the $148 Million Credit Facility will be used to refinance the Company s indebtedness under the 2010 Credit Facility. On January 7, 2015, the Company repaid the $102,250 outstanding under the 2010 Credit Facility with borrowings from the $148 Million Credit Facility. The Company utilized the repayment terms under the $148 Million Credit Facility in order to determine the repayment dates of the outstanding debt as of December 31, 2014.

The following table sets forth the repayment of the outstanding debt of $102,250 at December 31, 2014 under the 2010 Credit Facility utilizing the payment terms under the $148 Million Credit Facility:

Year Ending December 31,		**Total**
2015	$	
2016		4,378
2017		9,787
2018		9,787
2019		78,298
Total debt	$	102,250

$22 Million Term Loan Facility

On August 30, 2013, Baltic Hare Limited and Baltic Fox Limited, wholly-owned subsidiaries of the Company, entered into a secured loan agreement with DVB Bank SE for a term loan facility of up to $22,000 (the $22 Million Term Loan Facility). Amounts borrowed and repaid under the $22 Million Term Loan Facility may not be reborrowed. This facility has a maturity date of the sixth anniversary of the drawdown date for borrowings for the second vessel to be purchased, or September 4, 2019. Borrowings under the $22 Million Term Loan Facility bear interest at the three-month LIBOR rate plus an applicable margin of 3.35% per annum. A commitment fee of 1.00% per annum is payable on the unused daily portion of the credit facility, which began accruing on August 30, 2013 and ended on September 4, 2013, the date which the entire $22,000 was borrowed. Borrowings are to be repaid in 23 quarterly installments of $375 each commencing three months after the last vessel delivery date, or December 4, 2013, and a final payment of $13,375 due on the maturity date.

Borrowings under the $22 Million Term Loan Facility are secured by liens on the Company s vessels purchased with borrowings under the facility, namely the Baltic Fox and the Baltic Hare, and other related assets. Under a Guarantee and Indemnity entered into concurrently with the $22 Million Term Loan Facility, the Company agreed to guarantee the obligations of its subsidiaries under the $22 Million Term Loan Facility.

The $22 Million Term Loan Facility also requires the Company, Baltic Hare Limited and Baltic Fox Limited to comply with a number of covenants, including financial covenants related to liquidity, leverage, consolidated net worth, and collateral maintenance; delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); maintenance of flag and class of the initial vessels; restrictions on consolidations, mergers or sales of assets; limitations on changes in the manager of the Company s vessels; limitations on changes to the Management Agreement with Genco; limitations on liens and additional indebtedness; prohibitions on paying dividends if an event of default has occurred or would occur as a result of payment of a dividend; restrictions on transactions with affiliates; and other customary covenants. The liquidity covenants under the facility require Baltic Hare Limited and Baltic Fox Limited to maintain $500 each in their cash accounts and the Company to maintain $750 for each vessel in its fleet in cash or cash equivalents plus undrawn working capital lines of credit. The facility s leverage covenant requires that the ratio of Baltic Trading s total financial indebtedness to the value of its total assets as adjusted based on vessel appraisals not exceed 70%. The facility also requires that the Company maintain a minimum consolidated net worth of $232,796 plus fifty percent of the value of the Company s equity offerings completed on or after May 28, 2013. The facility s collateral maintenance covenant requires that the minimum fair market value of vessels mortgaged under the facility be 130% of the amount outstanding under the facility through August 30, 2016 and 135% of such amount thereafter.

On September 4, 2013, Baltic Hare Limited and Baltic Fox Limited made drawdowns of $10,730 and $11,270 for the Baltic Hare and the Baltic Fox, respectively. As of December 31, 2014, the Company has utilized its maximum borrowing capacity of $22,000 and there was no further availability. At December 31, 2014 and 2013, the total outstanding debt balance was $20,125 and $21,625, respectively, as required repayments began on December 4, 2013.

As of December 31, 2014, the Company believes it is in compliance with all of the financial covenants under the $22 Million Term Loan Facility.

The following table sets forth the repayment of the outstanding debt of $20,125 at December 31, 2014 under the $22 Million Term Loan Facility:

Year Ending December 31,		Total
2015	$	1,500
2016		1,500
2017		1,500
2018		1,500
2019		14,125
Total debt	$	20,125

$44 Million Term Loan Facility

On December 3, 2013, Baltic Tiger Limited and Baltic Lion Limited, wholly-owned subsidiaries of the Company, entered into a secured loan agreement with DVB Bank SE for a term loan facility of up to $44,000 (the $44 Million Term Loan Facility). Amounts borrowed and repaid under the $44 Million Term Loan Facility may not be reborrowed. The $44 Million Term Loan Facility has a maturity date of the sixth anniversary of the drawdown date for borrowings for the second vessel to be purchased, or December 23, 2019. Borrowings under the $44 Million Term Loan Facility bear interest at the three-month LIBOR rate plus an applicable margin of 3.35% per annum. A commitment fee of 0.75% per annum is payable on the unused daily portion of the credit facility, which began accruing on December 3, 2013 and ended on December 23, 2013, the date which the entire $44,000 was borrowed. Borrowings are to be repaid in 23 quarterly installments of $688 each commencing three months after the last drawdown date, or March 24, 2014, and a final payment of $28,188 due on the maturity date.

Borrowings under the $44 Million Term Loan Facility are to be secured by liens on the Company s vessels to be financed or refinanced with borrowings under the facility, namely the Baltic Tiger and the Baltic Lion, and other related assets. Upon the prepayment of $18,000 plus any additional amounts necessary to maintain compliance with the collateral maintenance covenant, the Company may have the lien on the Baltic Tiger released. Under a Guarantee and Indemnity entered into concurrently with the $44 Million Term Loan Facility, the Company agreed to guarantee the obligations of its subsidiaries under the $44 Million Term Loan Facility.

The $44 Million Term Loan Facility also requires the Company, Baltic Tiger Limited and Baltic Lion Limited to comply with a number of covenants, including financial covenants related to liquidity, leverage, consolidated net worth, and collateral maintenance; delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); maintenance of flag and class of the initial vessels; restrictions on consolidations, mergers or sales of assets; limitations on changes in the manager of the Company s vessels; limitations on changes to the Management Agreement with Genco; limitations on liens and additional indebtedness; prohibitions on paying dividends if an event of default has occurred or would occur as a result of payment of a dividend; restrictions on transactions with affiliates; and other customary covenants. The liquidity covenants under the facility require Baltic Tiger Limited and Baltic Lion Limited to maintain $1,000 each in their cash accounts and the Company to maintain $750 for each vessel in its fleet in cash or cash equivalents plus undrawn working capital lines of credit. The facility s leverage covenant requires that the ratio of the Company s total financial indebtedness to the value of its total assets as adjusted based on vessel appraisals not exceed 70%. The facility also requires that the Company maintain a minimum consolidated net worth of $232,796 plus fifty percent of the value of any primary equity offerings of the Company after April 30, 2013. The facility s collateral maintenance covenant requires that the minimum fair market value of vessels mortgaged under the facility be 125% of the amount outstanding under the facility.

On December 23, 2013, Baltic Tiger Limited and Baltic Lion Limited made drawdowns of $21,400 and $22,600 for the Baltic Tiger and Baltic Lion, respectively. As of December 31, 2014, the Company has utilized its maximum borrowing capacity of $44,000 and there was no further availability. At December 31, 2014 and 2013, the total outstanding debt balance was $41,250 and $44,000, respectively, as required repayments began on March 34, 2014

As of December 31, 2014, the Company believes it is in compliance with all of the financial covenants under the $44 Million Term Loan Facility.

The following table sets forth the repayment of the outstanding debt of $41,250 at December 31, 2014 under the $44 Million Term Loan Facility:

Year Ending December 31,		**Total**
2015	$	2,750
2016		2,750
2017		2,750
2018		2,750
2019		30,250
Total debt	$	41,250

F-19

2014 Term Loan Facilities

On October 8, 2014, the Company and its wholly-owned subsidiaries, Baltic Hornet Limited and Baltic Wasp Limited, each entered into a loan agreement and related documentation for a credit facility in a principal amount of up to $16,800 with ABN AMRO Capital USA LLC and its affiliates (the 2014 Term Loan Facilities) to partially finance the newbuilding Ultramax vessel that each subsidiary is to acquire, namely the Baltic Hornet and Baltic Wasp, respectively. Amounts borrowed under the 2014 Term Loan Facilities may not be reborrowed. The 2014 Term Loan Facilities have a ten-year term, and the facility amount is to be the lowest of 60% of the delivered cost per vessel, $16,800 per vessel, and 60% of the fair market value of each vessel at delivery. The 2014 Term Loan Facilities are insured by the China Export & Credit Insurance Corporation (Sinosure) in order to cover political and commercial risks for 95% of the outstanding principal plus interest, which will be recorded in deferred financing fees. Borrowings under the 2014 Term Loan Facilities bear interest at the three or six-month LIBOR rate plus an applicable margin of 2.50% per annum. Borrowings are to be repaid in 20 equal consecutive semi-annual installments of 1/24 of the facility amount plus a balloon payment of 1/6 of the facility amount at final maturity. Principal repayments will commence six months after the actual delivery date for a vessel.

Borrowings under the 2014 Term Loan Facilities are to be secured by liens on the Baltic Trading s vessels acquired with borrowings under these facilities, namely the Baltic Hornet and Baltic Wasp, and other related assets. The Company guarantees the obligations of the Baltic Hornet and Baltic Wasp under the 2014 Term Loan Facilities.

The 2014 Baltic Trading Term Loan Facilities require the Company, Baltic Hornet Limited and Baltic Wasp Limited to comply with covenants comparable to those of the $44 Million Term Loan Facility, with the exception of the collateral maintenance covenant and minimum cash requirement for the encumbered vessels. For the 2014 Term Loan Facilities, the collateral maintenance covenant requires that the minimum fair market value of the vessel acquired be 135% of the amount outstanding under the 2014 Term Loan Facilities. Additionally, for the 2014 Term Loan Facilities, the Baltic Hornet and Baltic Wasp are required to maintain $750 each in their cash accounts. Refer to $44 Million Term Loan Facility section above.

On October 24, 2014, the Company drew down $16,800 for the purchase of the Baltic Hornet, which was delivered on October 29, 2014. Additionally, on December 30, 2014, the Company drew down $16,350 for the purchase of the Baltic Wasp, which was delivered on January 2, 2015. As of December 31, 2014, the Company has utilized its maximum borrowing capacity and there was no further availability. At December 31, 2014, the total outstanding debt balance was $33,150.

As of December 31, 2014, the Company believes it is in compliance with all of the financial covenants under the 2014 Baltic Trading Term Loan Facilities.

The following table sets forth the repayment of the outstanding debt of $33,150 at December 31, 2014 under the 2014 Term Loan Facilities:

Year Ending December 31,		**Total**
2015	$	2,081
2016		2,763
2017		2,763
2018		2,763

2019		2,763
Thereafter		20,017
Total debt	$	33,150

Baltic Trading $148 Million Credit Facility

On December 31, 2014, the Company entered into a $148,000 senior secured credit facility with Nordea Bank Finland plc, New York Branch (Nordea), as Administrative and Security Agent, Nordea and Skandinaviska Enskilda Banken AB (Publ) (SEB), as Mandated Lead Arrangers, Nordea, as Bookrunner, and the lenders (including Nordea and SEB) party thereto (the $148 Million Credit Facility). The $148 Million Credit Facility is comprised of an $115,000 revolving credit facility and $33,000 term loan facility. Borrowings under the revolving credit facility will be used to refinance the Company s outstanding indebtedness under the 2010 Credit Facility. Amounts borrowed under the revolving credit facility of the $148 Million Credit Facility may be re-borrowed. Borrowings under the term loan facility of the $148 Million Credit Facility may be incurred pursuant to two single term loans in an amount of $16,500 each that will be used to finance, in part, the purchase of two newbuilding Ultramax vessels that the Company has agreed to acquire, namely the Baltic Scorpion and Baltic Mantis. Amounts borrowed under the term loan facility of the $148 Million Credit Facility may not be re-borrowed.

The $148 Million Credit Facility has a maturity date of December 31, 2019. Borrowings under this facility bear interest at LIBOR plus an applicable margin of 3.00% per annum. A commitment fee of 1.2% per annum is payable on the unused daily portion of the $148 Million Credit Facility, which began accruing on December 31, 2014. The commitment under the revolving credit facility of the $148 Million Credit Facility is subject to equal consecutive quarterly reductions of $2,447 each beginning June 30, 2015 through September 30, 2019. Borrowings under the term loan facility of the $148 Million Term Loan Facility are subject to equal consecutive quarterly installment repayments commencing three months after delivery of the relevant newbuilding Ultramax vessel, each in the amount of 1/60 of the aggregate outstanding term loan. All remaining amounts outstanding under the $148 Million Credit Facility must be repaid in full on the maturity date, December 31, 2019.

Borrowings under the $148 Million Credit Facility are to be secured by liens on nine of the Company s existing vessels that have served as collateral under the 2010 Credit Facility, the two newbuilding Ultramax vessels noted above, and other related assets, including existing or future time charter contracts in excess of 36 months related to the foregoing vessels.

The $148 Million Credit Facility requires the Company to comply with a number of customary covenants substantially similar to those in the 2010 Credit Facility, including financial covenants related to liquidity, leverage, consolidated net worth and collateral maintenance. Refer to the 2010 Credit Facility section above for further information.

As of December 31, 2014, $148,000 remained available under the $148 Million Credit Facility as there were no drawdowns during the year ended December 31, 2014.

On January 7, 2015, the Company drew down $104,500 from the revolving credit facility of the $148 Million Credit Facility. Using these borrowings, the Company repaid the $102,250 outstanding under the 2010 Credit Facility.

As of December 31, 2014, the Company had not drawn down on this facility and therefore no measurement of financial covenants were required for the $148 Million Credit Facility.

Refer to 2010 Credit Facility section above for the repayment schedule of the outstanding debt of $102,250 as of December 31, 2014 which was refinanced with the $148 Million Credit Facility.

Change of Control

If Genco s ownership in the Company were to decrease to less than 10% of the aggregate number of shares of common stock and Class B Stock, the outstanding Class B Stock held by Genco would automatically convert into common stock, and the voting power held by Genco in the Company would decrease to less than 30%. This would result in a change of control as defined under the Compay s 2010 Credit Facility, $22 Million Term Loan Facility, $44 Million Term Loan Facility, and 2014 Term Loan Facilities, and would therefore constitute an event of default. Additionally, a change of control constituting an event of default under the Company s credit facilities would also occur if any party or group other than Genco or certain other permitted holders beneficially owns more than 30% of the Company s outstanding voting or economic equity interests, which may occur if a party or group were deemed to control Genco. Refer to Note 1 General Information for discussion of Genco s current economic status. The Prepack Plan did not result, and the Company does not expect the Prepack Plan to result, in a reduction of Genco s ownership in Baltic Trading. As of the date of this report, no change of control under either of the foregoing tests has occurred. In addition, the Company has the right to terminate the Management Agreement upon the occurrence of certain events, including a Manager Change of Control (as defined in the Management Agreement), without making a termination payment. Some of these have occurred as a result of the transactions contemplated by the Prepack Plan, including the consummation of any transaction that results in (i) any person (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934), other than Peter Georgiopoulos or any of his affiliates, becoming the beneficial owner of 25% of Genco s voting securities or (ii) Genco s stock ceasing to be traded on the New York Stock Exchange or any other internationally recognized stock exchange. Therefore, the Company may have the right to terminate the Management Agreement, although the Company may be prevented or delayed from doing so because of the effect of applicable bankruptcy law, including the automatic stay provisions of the United States Bankruptcy Code and the provisions of the Prepack Plan and the

Confirmation Order. The Prepack Plan did not result in any changes to the Management Agreement, and the Company s Board of Directors has not made any determination as of the date of this report regarding any action in connection with the Management Agreement in light of the foregoing events.

Interest rates

The following table sets forth the effective interest rate associated with the interest expense for the 2010 Credit Facility, $22 Million Term Loan Facility, $44 Million Term Loan Facility and the 2014 Term Loan Facilities, excluding the cost associated with unused commitment fees. Additionally, it includes the range of interest rates on the debt, excluding the impact of unused commitment fees:

	Year ended December 31,		
	2014	**2013**	**2012**
Effective Interest rate (excluding impact of unused commitment fees)	3.33%	3.22%	3.24%
Range of Interest Rates (excluding impact of unused commitment fees)	2.73% to 3.60%	3.16% to 3.61%	3.21% to 3.30%

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values and carrying values of the Company s financial instruments at December 31, 2014 and December 31, 2013 which are required to be disclosed at fair value, but not recorded at fair value, are as follows:

	December 31, 2014		December 31, 2013	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Cash and cash equivalents	$ 9,929	$ 9,929	$ 58,193	$ 58,193
Restricted cash	19,645	19,645		
Floating rate debt	196,775	196,775	167,875	167,875

The 2010 Credit Facility was refinanced by the $148 Million Credit Facility, which was entered into on December 31, 2014. On January 7, 2015, the Company settled the outstanding debt under the 2010 Credit Facility with proceeds from the $148 Million Credit Facility. Therefore, management believes the floating rate debt outstanding under the 2010 Credit Facility approximates its fair value as of December 31, 2014. The fair value of floating rate debt under the $22 Million Term Loan Facility and the $44 Million Term Loan Facility is based on rates that the Company has recently obtained upon the effective dates of these facilities on August 30, 2013 and December 3, 2013, respectively. Lastly, the fair value of the floating rate debt under the 2014 Term Loan Facilities is based on rates that the Company recently obtained upon the effective date of the facilities on October 8, 2014. Refer to Note 7 Debt for further information. Additionally, the Company considers its creditworthiness in determining the fair value of the floating rate debt under our credit facilities. The carrying value approximates the fair market value for these floating rate loans. The carrying amounts of the Company s other financial instruments at December 31, 2014 and 2013 (principally Due from charterers and Accounts payable and accrued expenses) approximate fair values because of the relatively short maturity of these instruments.

ASC 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 fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- Level 1 Valuations based on quoted prices in active markets for identical instruments that the Company is able to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

- Level 2 Valuations based on quoted prices in active markets for instruments that are similar, or quoted prices in markets that are not active for identical or similar instruments, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

- Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Cash and cash equivalents and restricted cash are considered Level 1 items as they represent liquid assets with short-term maturities. Floating rate debt is considered to be a Level 2 item as the Company considers the estimate of rates it could obtain for similar debt. The Company did not have any Level 3 financial assets or liabilities during the years ended December 31, 2014 and 2013.

9 PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	December 31, 2014	December 31, 2013
Lubricant inventory, fuel oil and diesel oil inventory and other stores	$ 2,530	$ 2,027
Prepaid items	1,068	1,117
Insurance receivable	217	70
Other	1,691	871
Total	$ 5,506	$ 4,085

10 DEFERRED FINANCING COSTS

Deferred financing costs include fees, commissions and legal expenses associated with securing loan facilities and amending existing loan facilities. These costs are amortized over the life of the related debt and are recorded as a component of Interest expense in the Consolidated Statements of Operations. As of December 31, 2014 and 2013, the Company has deferred financing fees associated with the $22 Million Term Loan Facility and the $44 Million Term Loan Facility. Additionally, as of December 31, 2014, the Company had deferred financing fees associated with the 2014 Term Loan Facility and the $148 Million Credit Facility as these loan facilities were entered into by the Company effective October 8, 2014 and December 31, 2014, respectively. Borrowings under the $148 Million Credit Facility are to be used to refinance the Company s outstanding indebtedness under the 2010 Credit Facility. As such, on December 31, 2014, the net unamortized deferred financing costs associated with the 2010 Credit Facility are going to be amortized over the life of the $148 Million Credit Facility. (Refer to Note 7 Debt)

Total net deferred financing costs consist of the following as of December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
2010 Credit Facility	$	$ 3,339
$148 Million Credit Facility	3,233	
$22 Million Term Loan Facility	529	518
$44 Million Term Loan Facility	758	737
2014 Term Loan Facilities	1,853	
Total deferred financing costs	6,373	4,594
Less: accumulated amortization	295	1,785
Total	$ 6,078	$ 2,809

Amortization expense of deferred financing costs for the years ended December 31, 2014, 2013 and 2012 was $803, $581 and $467, respectively.

11 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	December 31, 2014	December 31, 2013
Accounts payable	$ 3,366	$ 1,011
Accrued vessel operating expenses	2,395	2,464
Accrued general and administrative expenses	555	307
Total	$ 6,316	$ 3,782

12 FIXED ASSETS

Fixed assets consist of the following:

	December 31, 2014		December 31, 2013	
Fixed assets, at cost:				
Computer equipment	$	54	$	43
Vessel equipment		132		682
Total cost		186		725
Less: accumulated depreciation		66		47
Total	$	120	$	678

Depreciation expense for fixed assets for the years ended December 31, 2014, 2013 and 2012 was $21, $11 and $16, respectively. Refer to Note 3 Cash Flow Information for information regarding the reclassification from fixed assets to vessel assets during the year ended December 31, 2014.

13 REVENUE FROM TIME CHARTERS

Total revenue earned on spot market-related time charters, short-term time charters and in vessel pools, as well as the sale of bunkers consumed during short-term time charters, during the years ended December 31, 2014, 2013 and 2012 was $45,520, $35,973 and $27,304. Future minimum time charter revenue attributable to the Baltic Jaguar and Baltic Leopard, which are committed to noncancelable short-term time charters as of February 11, 2015, is expected to be $434 during 2015. Future minimum time charter revenue for the Company s remaining vessels cannot be estimated as these vessels are currently on spot market-related time charters or in vessel pools, and future spot rates cannot be estimated. The spot market-related time charters and pool arrangements that the Company s vessels were employed on as of December 31, 2014 have estimated expiration dates that range from January 2015 to January 2016.

14 NONVESTED STOCK AWARDS

On March 3, 2010, the Company s Board of Directors approved the Baltic Trading Limited 2010 Equity Incentive Plan (the Plan). On March 13, 2014, the Company s Board of Directors approved an amendment to the Plan that increased the aggregate number of shares of common stock available for awards from 2,000,000 to 6,000,000 shares. Additionally, on April 9, 2014, at the Company 2014 Annual Meeting of Shareholders, Baltic Trading s shareholders approved the amendment to the Plan. Under the Plan, the Company s Board of Directors, the compensation committee, or another designated committee of the Board of Directors may grant a variety of stock-based incentive awards to officers, directors, and executive, managerial, administrative and professional employees of and consultants to the Company or Genco whom the compensation committee (or other committee of the Board of Directors) believes are key to the Company s success. Awards may consist of restricted stock, restricted stock units, stock options, stock appreciation rights and other stock or cash-based awards.

Grants of restricted stock to Peter C. Georgiopoulos, Chairman of the Board, and John Wobensmith, President and Chief Financial Officer, made in connection with the Company s IPO vest ratably on each of the first four anniversaries of March 15, 2010. Grants of restricted common stock to directors made following the Company s IPO (which exclude the foregoing grant to Mr. Georgiopoulos) vest the earlier of the first anniversary of the grant date or the date of the next annual shareholders meeting. Grants of restricted stock made to executives and the Chairman of the Board not in connection with the Company s IPO vest ratably on each of the first four anniversaries of the determined vesting date.

The following table presents a summary of the Company s restricted stock awards for the years ended December 31, 2014, 2013 and 2012:

	Year Ended December 31, 2014			2013			2012		
	Number of Shares		Weighted Average Grant Date Price	Number of Shares		Weighted Average Grant Date Price	Number of Shares		Weighted Average Grant Date Price
Outstanding at January 1	1,381,429	$	6.03	664,249	$	7.70	545,750	$	11.60
Granted	1,086,345		2.61	998,680		5.60	299,999		3.04
Vested	(525,930)		7.21	(281,500)		8.48	(181,500)		11.71
Forfeited									
Outstanding at December 31	1,941,844	$	3.80	1,381,429	$	6.03	664,249	$	7.70

The total fair value of shares that vested under the Plan during the years ended December 31, 2014, 2013 and 2012 was $2,311, $1,194 and $663. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

For the years ended December 31, 2014, 2013 and 2012, the Company recognized nonvested stock amortization expense for the Plan, which is included in General, administrative and technical management fees, as follows:

	Year Ended December 31,		
	2014	**2013**	**2012**
General, administrative and technical management fees	$ 3,500	$ 1,558	$ 1,777

The Company is amortizing these grants over the applicable vesting periods, net of anticipated forfeitures. As of December 31, 2014, unrecognized compensation cost of $5,273 related to nonvested stock will be recognized over a weighted-average period of 3.28 years.

15 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.

16 COMMITMENTS AND CONTINGENCIES

Genco, the Company s parent, provides the Company with commercial, technical, administrative and strategic services necessary to support the Company s business pursuant to the Company s Management Agreement with Genco. The management fees agreed upon pursuant to the Management Agreement consist of the following: commercial service fee of 1.25% of gross charter revenues earned by each vessel; technical services fee of $750 per vessel per day (subject to annual increases based on changes in the Consumer Price Index); and sale and purchase fees equal to 1% of the gross purchase or sale price upon the consummation of any purchase or sale of a vessel by the Company. Subject to early termination in certain circumstances, the initial term of the Management Agreement will expire on June 30, 2025. If not terminated, the Management Agreement automatically renews for a five-year period and will thereafter be extended in additional five-year increments if the Company does not provide notice of termination in the fourth quarter of the year immediately preceding the end of the relevant term. If the Company terminates the agreement without cause, or if Genco terminates the agreement for the Company s material breach or the Company s change of control, the Company must make a termination payment to Genco in a single lump sum within 30 days of the termination date. The termination payment is generally calculated as the five times the average annual management fees payable to Genco for the last five completed years of the term of the Management Agreement, or such lesser number of years as may have been completed at the time of termination. As of December 31, 2014, the termination payment that would be due to Genco is approximately $20,951. Refer to Note 6 Related Party Transactions for any costs incurred during the years ended December 31, 2014, 2013 and 2012 pursuant to the Management Agreement.

17 UNAUDITED QUARTERLY RESULTS OF OPERATIONS

In the opinion of the Company s management, all adjustments, consisting of normal recurring accruals considered necessary for a fair presentation have been included on a quarterly basis.

	2014 Quarter Ended				2013 Quarter Ended			
	Mar 31	Jun 30	Sept 30	Dec 31	Mar 31	Jun 30	Sept 30	Dec 31
	(In thousands, except per share amounts)							
Revenues	$ 13,091	$ 10,703	$ 10,039	$ 11,687	$ 5,986	$ 6,379	$ 9,102	$ 14,506
Operating (loss) income	(2,001)	(4,208)	(4,057)	(4,071)	(4,075)	(3,588)	(1,123)	1,877
Net (loss) income	(3,533)	(5,674)	(5,454)	(5,606)	(5,083)	(4,625)	(2,270)	586
Net (loss) income per share of common and Class B Stock:								
Net (loss) income per share - Basic (1)	$ (0.06)	$ (0.10)	$ (0.10)	$ (0.10)	$ (0.23)	$ (0.19)	$ (0.08)	$ 0.01
Net (loss) income per share Diluted (1)	$ (0.06)	$ (0.10)	$ (0.10)	$ (0.10)	$ (0.23)	$ (0.19)	$ (0.08)	$ 0.01
Dividends declared and paid per share of common and Class B Stock	$ 0.03	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.02

(1) Amounts may not total to annual earnings (loss) because each quarter and year are calculated separately based on basic and diluted weighted-average common and Class B shares outstanding during that period.

18 SUBSEQUENT EVENTS

On January 2, 2015, the Company took delivery of the Baltic Wasp, a 63,389 dwt Ultramax newbuilding from Yangfan Group Co., Ltd. The Company utilized cash on hand and $16,350 of proceeds from the 2014 Term Loan Facilities to pay the remaining balance of $19,400 for the Baltic Wasp.

On February 27, 2015, the Company drew down $10,500 under the working capital line of the $148 Million Credit Facility. This amount represents the remaining availability under the $115,000 revolving credit facility.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No changes were made to, nor was there any disagreement with the Company s independent registered public accounting firm regarding the Company s accounting or financial disclosure.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our President and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 as of the end of the period covered by this Report. Based upon that evaluation, our President and Chief Financial Officer has concluded that our disclosure controls and procedures are effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

• provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become ineffective because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on our assessment and those criteria, our management believes that we maintained effective internal control over financial reporting as of December 31, 2014.

Our independent registered public accounting firm, Deloitte & Touche LLP, has issued an audit report on the Company s internal control over financial reporting. The attestation report is included on page 65 of this report.

CHANGES IN INTERNAL CONTROLS

There have been no changes in our internal controls or over financial reporting that occurred during our most recent fiscal quarter (the fourth fiscal quarter of 2014) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Baltic Trading Limited

New York, New York

We have audited the internal control over financial reporting of Baltic Trading Limited and subsidiaries (the Company) as of December 31, 2014, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated March 2, 2015 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

New York, New York
March 2, 2015

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding our directors and executive officers is set forth in our Proxy Statement for our 2015 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2014 (the 2015 Proxy Statement) under the headings Election of Directors and Management and is incorporated by reference herein. Information relating to our Code of Conduct and Ethics and to compliance with Section 16(a) of the 1934 Act is set forth in the 2015 Proxy Statement under the heading Corporate Governance and is incorporated by reference herein.

We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of the Code of Ethics for Chief Executive and Senior Financial Officers by posting such information on our website, www.baltictrading.com.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding compensation of our executive officers and information with respect to Compensation Committee Interlocks and Insider Participation in compensation decisions is set forth in the 2015 Proxy Statement under the headings Management and Compensation Committee s Report on Executive Compensation and is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding the beneficial ownership of shares of our common stock by certain persons is set forth in the 2015 Proxy Statement under the heading Security Ownership of Certain Beneficial Owners and Management and is incorporated by reference herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain of our transactions is set forth in the 2015 Proxy Statement under the heading Certain Relationships and Related Transactions and is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding our accountant fees and services is set forth in the 2015 Proxy Statement under the heading Ratification of Appointment of Independent Auditors and is incorporated by reference herein.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this report:

1. The financial statements listed in the Index to Consolidated Financial Statements

2. Exhibits:

3.1 Amended and Restated Articles of Incorporation of Baltic Trading Limited dated March 3, 2010.(1)

3.2 Amended and Restated By-Laws of Baltic Trading Limited, dated as of March 3, 2010.(1)

4.1 Form of Share Certificate of the Company.(2)

4.2 Subscription Agreement for Class B Stock dated as of March 3, 2010 between Baltic Trading Limited and Genco Investments LLC.(1)

4.3 Shareholders Rights Agreement dated as of March 5, 2010 between Baltic Trading Limited and Mellon Investor Services LLC.(1)

10.1 Registration Rights Agreement dated as of March 15, 2010 by and between Baltic Trading Limited and Genco Investments LLC.(3)

10.2 Baltic Trading Limited 2010 Equity Incentive Plan, as amended and restated as of March 13, 2014.(4)

10.3 Management Agreement dated as of March 15, 2010 by and between Genco Shipping & Trading Limited and Baltic Trading Limited.(3)

10.4 Amendment No. 2 to Management Agreement by and between Baltic Trading Limited and Genco Shipping & Trading Limited dated as of April 3, 2013.(5)

10.5 Amendment No. 3 to Management Agreement by and between Baltic Trading Limited and Genco Shipping & Trading Limited dated as of August 21, 2013.(6)

10.6 Omnibus Agreement dated as of March 15, 2010 by and between Genco Shipping & Trading Limited and Baltic Trading Limited.(3)

10.7 Restricted Stock Grant Agreement dated as of March 15, 2010 by and between Peter C. Georgiopoulos and Baltic Trading Limited.(7)

10.8 Restricted Stock Grant Agreement dated as of March 15, 2010 by and between John C. Wobensmith and Baltic Trading Limited.(7)

10.9 Restricted Stock Grant Agreement dated as of December 24, 2010 by and between Peter C. Georgiopoulos and Baltic Trading Limited.(8)