



Golden Ocean Group Limited

Interim Report June 30 2008

Interim Results for the Quarter ended June 30, 2008

Golden Ocean Group Limited (the "Company" or "Golden Ocean") reports net income of \$201.0 million and earnings per share of \$0.73 for the second quarter of 2008. This compares with net income and earnings per share of \$25.6 million and \$0.09 respectively for the second quarter of 2007. Total operating revenues for the second quarter were \$243.8 million, total operating expenses were \$180.3 million and net other expenses were \$8.3 million. Included in the second quarter results is a gain on the sale of assets of \$145.8 million. This relates to the announced sales of the two Panamax vessels Golden Jasmine and Golden Jade in addition to the sale of the first Capesize newbuilding delivered from the Daehan Shipyard in Korea.

Golden Ocean reports net income of \$254.7 million for the six months ended June 30, 2008, equivalent to earnings per share of \$0.92.

Cash and cash equivalents decreased by \$30.6 million during the quarter. The Company generated cash from operating activities of \$92.5 million, received \$124.6 million from investing activities and paid \$247.6 million in financing activities. This includes part payments on newbuilding instalments of \$117.2 million. During the second quarter the Company repaid \$152.9 million in debt and borrowed an additional \$61.4 million.

On August 20, 2008 the Board has declared a dividend of \$0.40 per share. The record date for the dividend is September 4, 2008, ex dividend date is September 2, 2008 and the dividend will be paid on or about September 10, 2008.

At June 30, 2008 the total number of shares outstanding in Golden Ocean was 276,740,107 of \$0.10 par value each.

Corporate and Finance

In April 2008, the Company declared the options to purchase two Karmarsarmax vessels at Zhoushan Jinhaiwan Shipyard in China. The vessels of 80,000 dwt will be delivered during 2011 and are "sister vessels" of the series ordered in October 2007. The delivered cost for the vessels is estimated to be about \$52 million per vessel.

In April 2008, the Company agreed to sell the Panamax vessel "M/V Bellflower". The vessel is one of the long term time charter vessels previously acquired from Louis Dreyfus with a purchase option attached to the time charter contract. The vessel will be delivered to the Buyers by the end of February 2009 and the agreed price is about \$76 million net. The strike price for the option is about \$22 million net and the transaction will thereby free up approximately \$54 million in cash liquidity. The transaction will give a positive result of approximately \$31 million, and this will be recorded on delivery of the vessel.

In April 2008, the company fixed out on time charter one of the Jinhaiwan Capesize newbuildings. The vessel will be delivered to the Charterer during the second half of 2009 for a 5 years time charter contract. The net agreed daily time charter hire is \$48,450. The cash generated from this time charter contract is expected to "write down" the investment to zero during the charter period.

Market and Strategy

The dry bulk sector bottomed out at the end of January 2008, and from that point in time the market climbed continuously throughout the second quarter. The Capesize sector reached all time high on the 5th of June when the Baltic Cape Index reached a daily rate of \$233,988.

The Capesize market averaged at \$176,000 per day in the second quarter of 2008 which represented a rise of 35 per cent compared to the previous quarter. The corresponding numbers for Panamax were \$74,600 per day which represented a 20 per cent improvement compared to the first quarter of 2008. The spread between the two segments was on average wider than we have ever experienced in the dry bulk industry. This is a proof of a tight balance between the demand for iron ore transportation and available large size bulk carriers.

The main reasons for the strong recovery are from our point of view threefold:

- On the demand side, iron ore exports out of Australia increased by 9 per cent compared to the previous quarter when the adverse weather had a negative impact. In addition Brazilian and Canadian exporters were able to increase their exports by 7 million mt combined, compared to the previous quarter. Total global shipments of coal increased by 29 million mt over the same period, while other commodities had a fairly flat development.
- Slippage (delays) at yards is evident, resulting in a lower than expected supply of new vessels.
- The third element which is more difficult to analyse is Chinese coastal trade. Given the strong production increase of 100 million mt for the quarter which more or less entirely is consumed domestically, we are of the opinion that the "hidden" demand for Chinese coastal trade is higher than analysts are able to observe. The official political target is to move 50 per cent of new coal capacity from the northern resource areas to the power stations in the booming mid and south parts of the country.

The total dry bulk fleet had a net fleet growth of 6.7 million dwt which corresponds to 1.6 per cent growth compared to the previous quarter. In total 10 Capesize vessels, 13 Post Panamax vessels and 10 Panamax vessels were delivered during the second quarter of 2008.

During the second quarter values of second hand vessels and new building contracts improved after a flat first quarter. Brokers believe that the value of a five year Panamax vessel was \$92 million by the end of the quarter while a similar aged Capesize vessel is believed to be worth \$155 million.

Brokers estimates is that a Panamax contract in the first quarter of 2008 was priced at \$55 million and a Capesize contract to be priced at \$97.5 million.

The combination of slower Chinese activity and holiday season in the western hemisphere has resulted in lower freight rates through July and first half of August. The long term Time Charter market and asset prices have not reacted to the weaker spot market reflecting a positive sentiment among dry bulk ship-owners. At the moment of writing there are already signs of increased activity and firmer freight rates. We believe the demand for dry bulk transportation will remain robust in spite of the challenges in the financial markets.

The coal inventories in China are at a critical low level and we expect higher imports in the coming months. In spite of relatively high Chinese iron ore inventories we expect iron ore imports to stay high and the Indian export tax will support higher exports from Australia and Brazil which will have a positive effect with regards to tonnes miles.

International steel prices are higher than Chinese prices, which should support steel exports out of China.

Outlook

The sizeable order book is still a concern representing 60 per cent of the total dry bulk fleet. However delays are already noticeable and the full effect of potential delays from new capacity yards is expected to be more visible in 2009. Consequently we expect the utilisation of the dry bulk fleet to remain high over the next 12 months, but with continuous short term volatility.

Given the positive short to medium term outlook for the dry bulk sector the Company has maintained its open capacity during the second quarter, which stands at around 30 per cent for the Panamax segment for the remainder of this year. All Cape capacity is covered. For 2009 we have approximately the same percentage open capacity. The Company intends to keep the existing forward spot exposure for the time being. The short term physical trading was contributing positively in the second quarter and is expected to do so also in the third quarter

The strong cash flow generated from the operation of owned and chartered in fleet will enable the company to continue to maintain a high dividend payout. The dividend for the last two quarters has been positively influenced by the gain on sale of assets, an event which is likely to decrease in the coming quarters.

Golden Ocean still finds sale and leaseback arrangements as an attractive financing tool, in order to optimize the return on the invested equity.

The current high volatility in the market for shipping equities might create interesting opportunities to grow the Company through buying equity / assets at a discount compared to underlying assets values. The Company is continuously evaluating such opportunities, which might create possibilities for further consolidation.

Based on results achieved so far in the third quarter of 2008, the Company expect the positive trend in operating results to continue.

Forward Looking Statements

This press release contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including Golden Ocean's management's examination of historical operating trends. Although Golden Ocean believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, Golden Ocean cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Important factors that, in the Company's view, could cause actual results to differ materially from those discussed in this press release include the strength of world economies and currencies, general market conditions including fluctuations in charter hire rates and vessel values, changes in demand in the dry bulk market, changes in the Company's operating expenses including bunker prices, dry-docking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by the Company.

August 20, 2008
The Board of Directors
Golden Ocean Group Limited
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GOLDEN OCEAN GROUP LIMITED SECOND QUARTER REPORT (UNAUDITED)

Golden Ocean Group Limited
Unaudited Consolidated Income Statement
(in thousands of \$)

2007 Apr - Jun	2008 Apr - Jun		2008 Jan - Jun	2007 Jan - Jun	2007 Jan - Dec
		Operating revenues			
124,920	239,528	Time charter and voyage revenues	458,364	244,720	704,000
(214)	4,247	Other income	8,760	1,208	4,035
124,706	243,775	Total operating revenues	467,124	245,928	708,035
10,670	145,779	Gain from sale of assets	145,779	20,170	74,639
		Operating expenses			
12,057	37,039	Voyage expenses and commission	75,537	30,656	97,537
7,120	4,449	Ship operating expenses	8,303	13,480	25,102
66,009	132,114	Charter hire expenses	245,205	132,860	393,141
1,673	4,295	Administrative expenses	8,330	4,160	9,420
4,442	2,376	Depreciation	4,702	9,218	15,468
91,301	180,273	Total operating expenses	342,077	190,374	540,668
44,075	209,281	Net operating income	270,826	75,724	242,006
		Other income/(expenses)			
735	888	Interest income	3,358	1,291	3,536
(5,262)	(5,589)	Interest expense	(11,821)	(10,691)	(19,530)
1,787	-	Gain on sale of marketable securities	2	1,748	1,857
(15,430)	(2,914)	Gain/(loss) from freight future contracts	(6,126)	(16,638)	(26,444)
(282)	(643)	Other financial items	(1,553)	(590)	(363)
(18,452)	(8,258)	Net other income/(expenses)	(16,140)	(24,880)	(40,944)
		Taxation	-	-	(92)
25,623	201,023	Net income	254,686	50,844	200,970
\$0.09	\$0.73	Basic earnings per share	\$0.92	\$0.19	\$0.74
\$0.09	\$0.73	Fully diluted earnings per share	\$0.92	\$0.18	\$0.71

Golden Ocean Group Limited
Unaudited Consolidated Balance Sheet

<i>(in thousands of \$)</i>	2008 Jun 30	2007 Jun 30	2007 Dec 31
ASSETS			
Current			
Cash and cash equivalents	119,801	67,078	291,023
Restricted cash	16,151	8,500	15,210
Non-current assets available for sale	40,084	-	47,375
Other current assets	140,644	96,451	133,796
Total current assets	316,680	172,029	487,404
Long-term			
Vessels and equipment, net	105,650	72,872	71,399
Vessels under finance lease	130,108	299,593	172,851
Newbuildings	547,821	236,860	428,259
Investment in future net income	20,764	26,964	23,907
Total assets	1,121,023	808,318	1,183,820
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short term			
Short term and current portion of long term debt	178,589	137,043	227,137
Other current liabilities	185,591	137,964	151,087
Total current liabilities	364,180	275,007	378,224
Long term			
Long term debt	406,245	195,820	425,456
Finance lease obligation	96,079	171,355	127,335
Deferred income	71,280	-	71,280
Shareholders' equity	183,239	166,136	181,525
Total liabilities and shareholders' equity	1,121,023	808,318	1,183,820

Golden Ocean Group Limited
Unaudited Consolidated Cash flow Statement *(in thousands of \$)*

2007 Apr-Jun	2008 Apr-Jun		2008 Jan-Jun	2007 Jan-Jun	2007 Jan-Dec
		OPERATING ACTIVITIES			
25,623	201,023	Net income	254,686	50,844	200,970
		Adjustments to reconcile net income to net cash provided by operating activities:			
1,881	1,572	Amortisation of investment in future net income	3,144	3,831	6,888
(735)	(888)	Interest income	(3,358)	(1,291)	(3,536)
4,540	2,527	Depreciation and amortisation	5,006	9,621	16,150
(12,457)	(145,779)	Gain on sale of assets	(145,779)	(21,918)	(74,639)
596	176	Other	351	1,021	1,618
		Net change in:			
5,776	33,823	Operating assets and liabilities	32,458	16,397	(4,625)
25,224	92,454	Net cash provided by operating activities	146,508	58,505	142,826
		INVESTING ACTIVITIES			
735	888	Interest received	3,358	1,291	3,536
(116,128)	(117,182)	Purchase of fixed assets	(231,561)	(222,534)	(413,904)
	(29,000)	Payment for vessels, previously classified as finance lease	(29,000)		(43,343)
49,943	269,850	Proceeds from the sale of vessels	269,850	99,571	231,547
(6,481)	-	Purchase of marketable securities	(597)	(10,978)	(32,628)
9,166	-	Sale of marketable securities	599	13,624	35,383
(62,765)	124,556	Net cash provided by investing activities	12,649	(119,026)	(219,409)
		FINANCING ACTIVITIES			
(207)	(1,126)	Payment of debt financing charges	(1,206)	(909)	(3,612)
(3,403)	(2,699)	Repayment of finance lease obligation	(6,045)	(6,806)	(16,341)
(34,337)	(152,943)	Repayment of short and long term debt	(187,485)	(129,557)	(184,357)
88,616	61,363	Proceeds from short and long term debt	118,623	254,308	648,241
(8,141)	(152,207)	Payment of dividends	(236,278)	(21,710)	(171,162)
-	-	Payment of own stocks	(15,889)	-	-
-	-	Settlement of options	(2,430)	-	(2,248)
		Deferred income			71,280
-	27	Proceeds from issue of shares	1,272	-	244
42,528	(247,585)	Net cash provided by (used in) financing activities	(329,438)	95,326	342,045
4,987	(30,575)	Net increase (decrease) in cash and cash equivalents	(170,281)	34,805	265,462
62,091	166,527	Cash and cash equivalents at start of period	306,233	32,273	40,771
67,078	135,952	Cash and cash equivalents at end of period	135,952	67,078	306,233