



GOLDEN OCEAN™

Golden Ocean Group Limited

Results for Q2 – 2010

August 26, 2010

Profit & Loss



(in thousands of \$)	Notes	2 010 Apr-Jun	2 010 Jan-Mar	2 010 Jan-Jun
Operating revenue				
Revenue		121 271	102 900	224 171
Other operating income/(loss)	14	5 263	(527)	4 736
Total operating revenue		126 534	102 373	228 906
Operating expenses				
Voyage expenses and commission		23 049	17 445	40 495
Vessel operating expenses		7 983	5 847	13 830
Charter hire expenses		51 586	42 835	94 421
Administrative expenses		2 973	2 603	5 577
Depreciation and amortisation	2,3	7 922	6 568	14 490
Total operating expenses		93 513	75 298	168 811
Other gain/losses net				
Other gain/(losses) net		(490)	(507)	(997)
Total other gain/(losses) net		(490)	(507)	(997)
Operating profit		32 531	26 568	59 098
Finance income		181	159	341
Finance costs		(4 767)	(2 852)	(7 618)
Other financial items		(1 062)	(59)	(1 121)
Net financial items		(5 647)	(2 752)	(8 398)
Profit before income tax		26 884	23 816	50 700
Income tax		-	-	-
Profit for the period		26 884	23 816	50 700
Profit attributable to:				
Owners of the parent		26 100	23 350	49 450
Minority interest		784	466	1 250
Profit for the period		26 884	23 816	50 700
Other comprehensive income				
Reduction in value of marketable securities		-	-	-
Total comprehensive income for the period		26 884	23 816	50 700
Comprehensive income attributable to:				
Owners of the parent		26 100	23 350	49 450
Minority interest		784	466	1 250
Total comprehensive income for the period		26 884	23 816	50 700

Balance Sheet



<i>(in thousands of \$)</i>	Notes	2010 Jun 30	2009 Dec 31
ASSETS			
Vessels and equipment, net	2	415 357	355 279
Vessels held under finance leases, net	3	158 543	103 194
Vessels under construction	4	400 314	480 454
Other long term receivables		6 777	6 552
Investment in associated companies		150	150
Amount due from joint venture		4 000	-
Intangible assets		8 442	11 267
Total non-current assets		993 583	956 897
Cash and cash equivalents	12	147 060	92 728
Trade and other receivables	5	52 781	32 725
Inventories		9 111	4 388
Total current assets		208 952	129 840
Non-current assets held for sale		68 296	-
Total assets		1 270 831	1 086 737
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		45 699	45 699
Additional paid in capital		104 801	104 801
Other reserves		16 635	16 635
Retained earnings		394 520	356 263
		561 655	523 398
Minority interest		5 288	4 038
Total Equity		566 943	527 436
Long term debt	6	434 633	414 856
Obligations under finance leases	7	109 986	58 340
Other long term liabilities		2 998	-
Total non-current liabilities		547 617	473 196
Current Liabilities			
Long-term debt - current portion	6	83 438	57 729
Obligations under finance leases – current portion	7	8 669	6 333
Amount due to related parties		2 703	2 040
Provisions	13	3 758	-
Trade payables and other current liabilities	8	57 703	20 003
Total current liabilities		156 271	86 105
Total liabilities and shareholders' equity		1 270 831	1 086 737

Main events Q2 2010 / Q3 2010



- May 2010 - The Company is pleased to announce that it has succeeded in the restructuring of the newbuilding program at Pipavav Shipyard in India. Golden Ocean has agreed to construct four vessels at a price of \$31 million each, resulting in a discount of \$4.6 million per vessel compared to the original construction price. The vessels will be delivered from the yard during the period from December 2010 to December 2011. The two remaining construction contracts with the yard have been converted into purchase options.
- May 2010 – The Company has extended the time charter period for the vessel Golden Lyderhorn for 3.5 years from the third quarter of 2010. The daily time charter rate is \$26,500 per day for the first 28 months and \$21,300 for the remaining period.
- May 2010 – Golden Ocean reached an agreement with the Company’s banks in order to change the covenant structure in the loan agreements. The new agreements create increased flexibility and open up for future dividend payments.
- May 2010 – The Company announced a dividend of \$0.025 per share.

Main events Q2 2010 / Q3 2010



- June 2010 – The Company has entered into a five year time charter period for one of the vessels to be delivered from Pipavav. The daily time charter rate is \$17, 200 per day less 1, 25 % total commission.
- June 2010 – The Company announced the investment in Knightsbridge Tankers Limited (KTL) through the sale of the capsized vessel Golden Future at a sales price of \$72 million. The transaction was completed in July 2010. The sales proceeds were used to pay down debt on the asset, and the balance, \$25 million, was used to acquire common shares in KTL. The investment in KTL is of long term nature.
- June 2010 – The Company received an award in the arbitration proceedings against Transfield. The settlement was received in the beginning of July and the Company has taken a net gain after expenses of \$6.25 million in Q2.
- July 2010 – The Company has taken delivery of the newbuilding Golden Eminence from Jinhaiwan.
- August 2010 - The Company has acquired a 25 % share in the ship management company SeaTeam Management from Frontline.
- August 2010 - The Company declares dividends of \$0.05 per share.

Newbuildings – Delivery Schedule



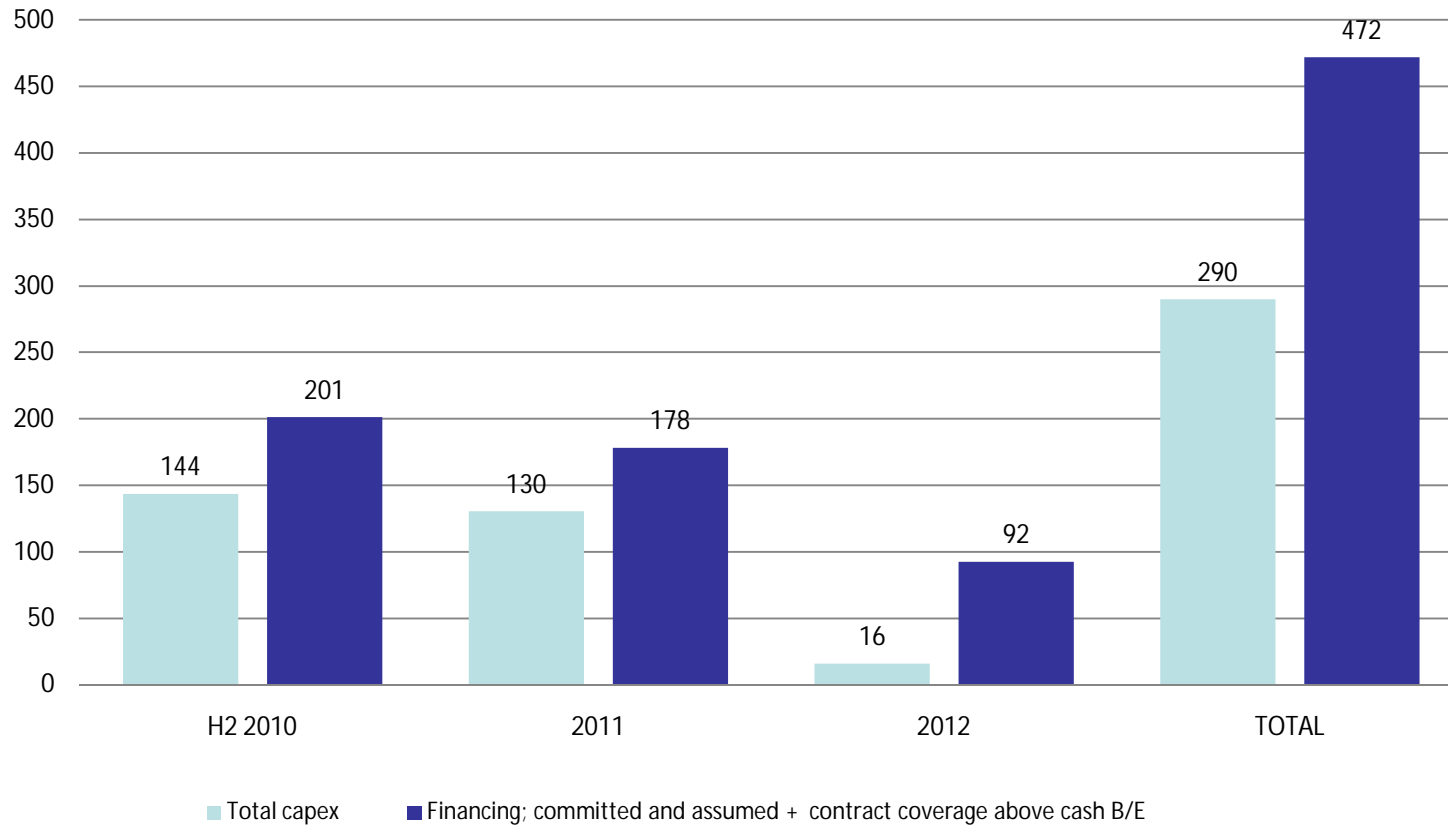
Panamax / Kamsarmax

Yard	Vessels	Contracted out	Open	Delivery
Jinhaiwan (China)	4	4	0	Q4-10/Q1-11
Jinhaiwan SPV (China)	6	0	6	Q4-11/Q2-12
Pipavav (India)	4 (6)	1	4(6)	Q4-10/Q4-11

Capesize

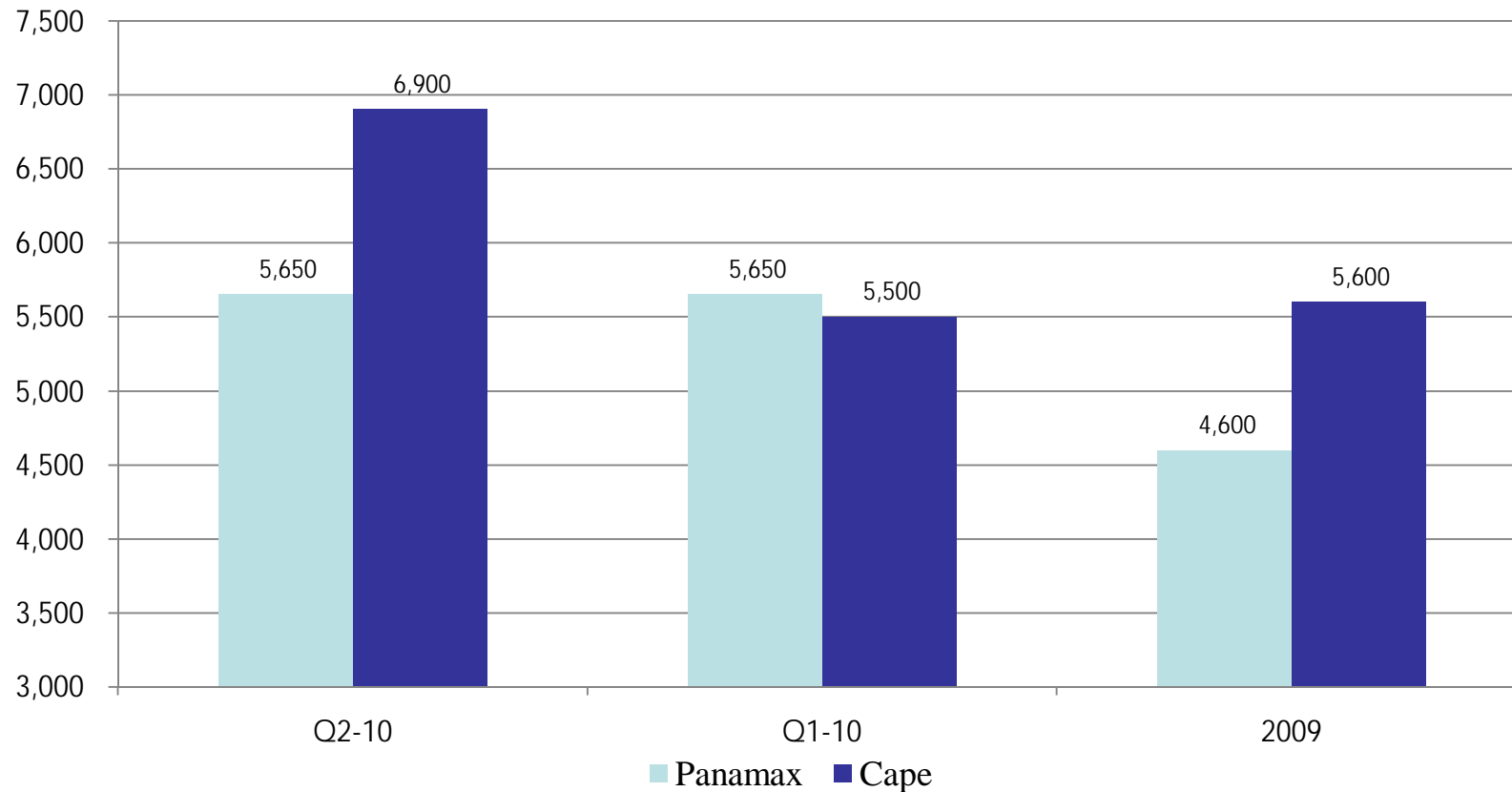
Yard	Vessels	Contracted out	Open	Delivery
Jinhaiwan (China)	3	1	2	Q3-10/Q2-12
Daehan (Korea)	1	0	1	

Capex and Financing



- Unfinanced: One Capesize vessel with delivery in 2012

Vessel Operating expenses



- Based on 7 Panamax and 6 Capesize vessels
- Cape Q2-10 influenced by repairs/docking of Channel Alliance
- Panamax Q2-10 influenced by delivery of Golden Eclipse

Open Positions



Capezise exposure - Core Fleet

	2010	2011	2012
Total vessels days	853	2,754	3,099
Open vessel days	60	671	996
Open position (%)	7%	24%	32%
Average net rate on fixed days	38,284	37,718	37,933
No of vessles	7	8	9

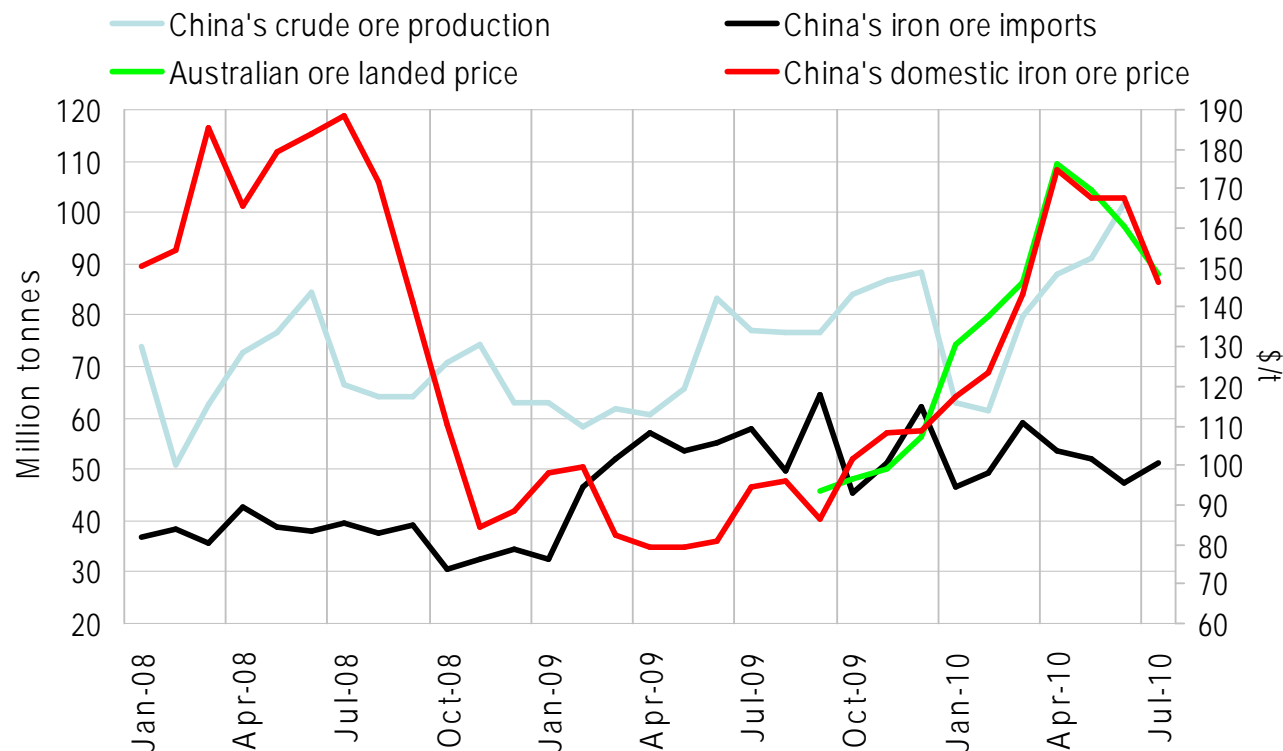
Panamax exposure - Core Fleet

	2010	2011	2012
Total vessels days	2,098	6,902	7,134
Open vessel days	388	1,787	2,662
Open position (%)	19%	26%	37%
Average net rate on fixed days	21,492	21,543	22,178
No of vessles	17	21	20

§ Revenue from fixed contracts secures positive cashflow for these years in total even in a zero rate market



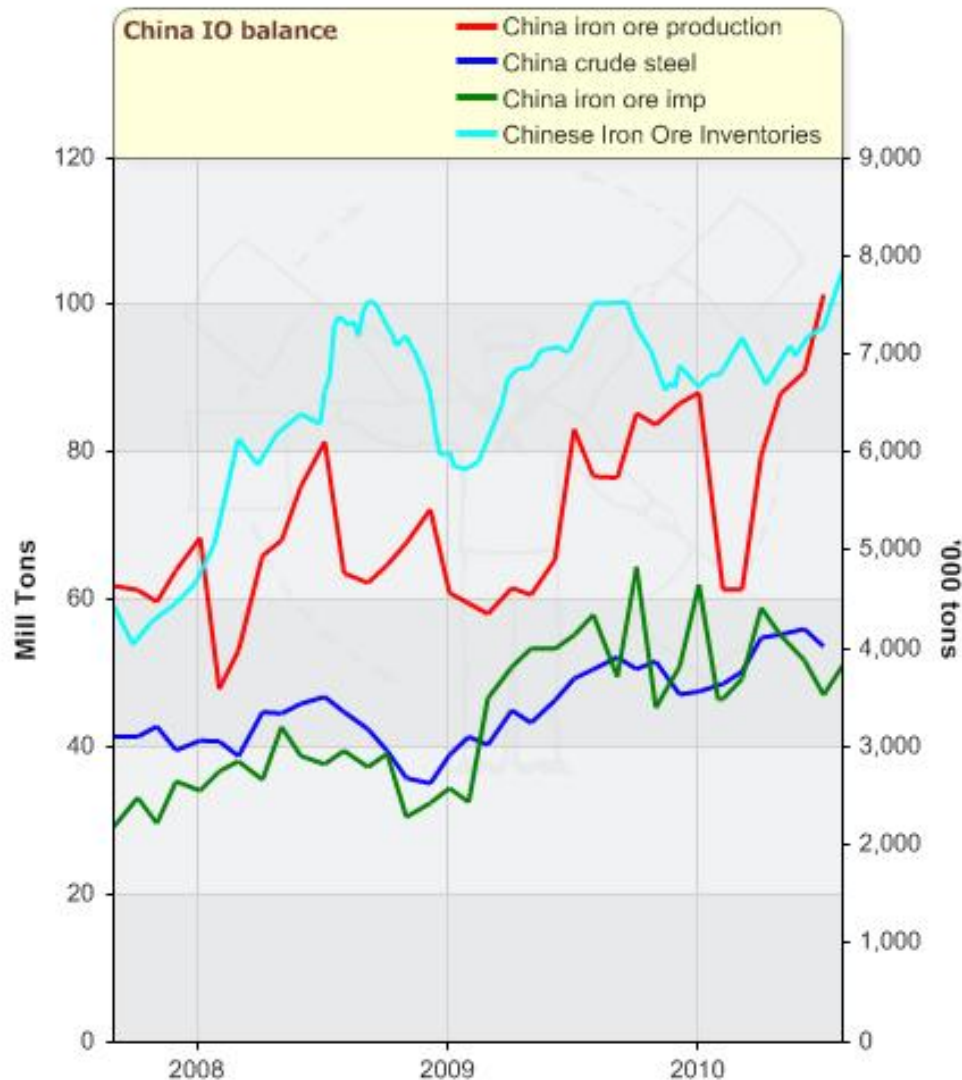
Decline in iron ore prices support low cost imports



- High cost iron ore competes above the \$120/t base
- Medium cost ore competes above \$100/t
- Low cost compete with imported ores, but are less than 20% of the total production and are also facing high overland costs.
- The decline in the imported ores should stimulate more demand for imports
- Indian to be back in the market by September – normally about 6-8mt per month

* raw tonnes

Setting for rising iron ore imports

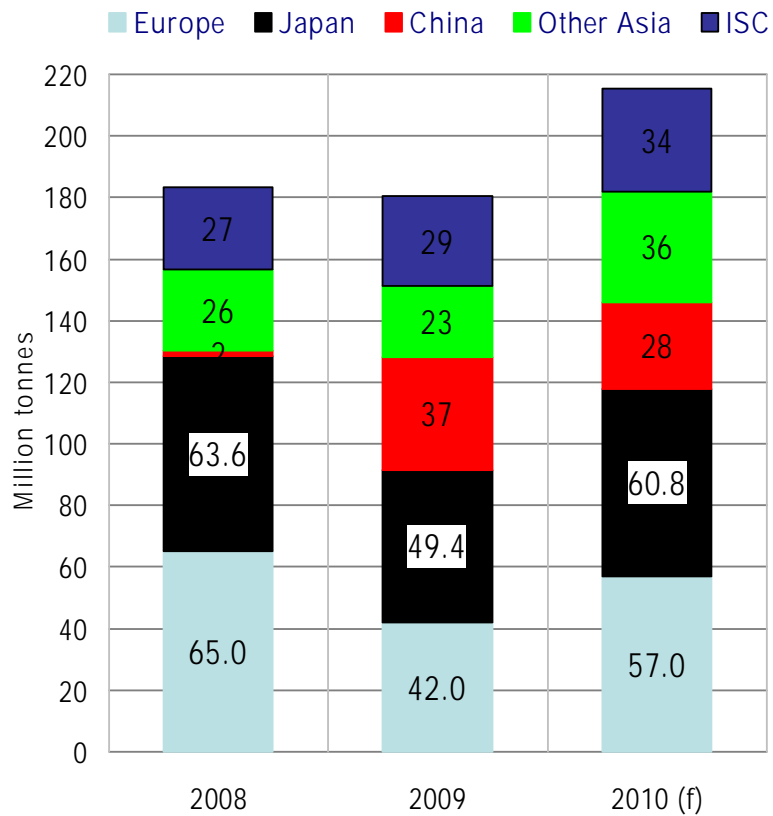


- China's iron ore imports July '10:
 - Monthly imports 51.2 mill. ton
 - Annualized \approx 630 mill. ton
- Setting for short-term boost
 - Steel prices bottoming out
 - Contango reappearing

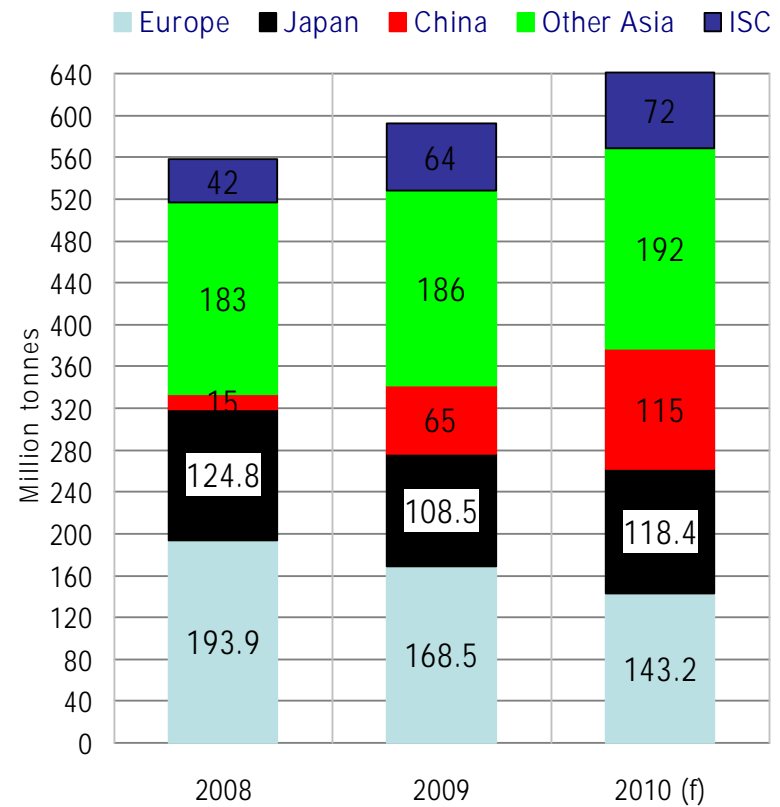
Selected coal importing countries



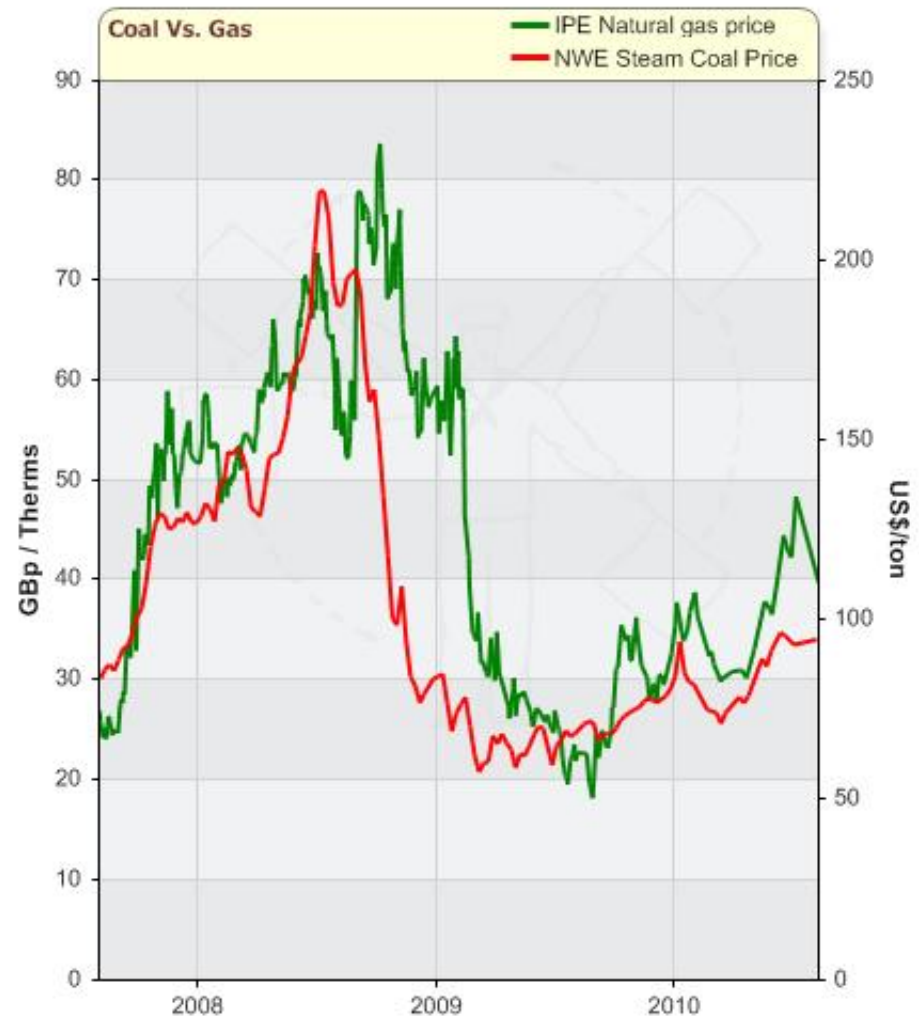
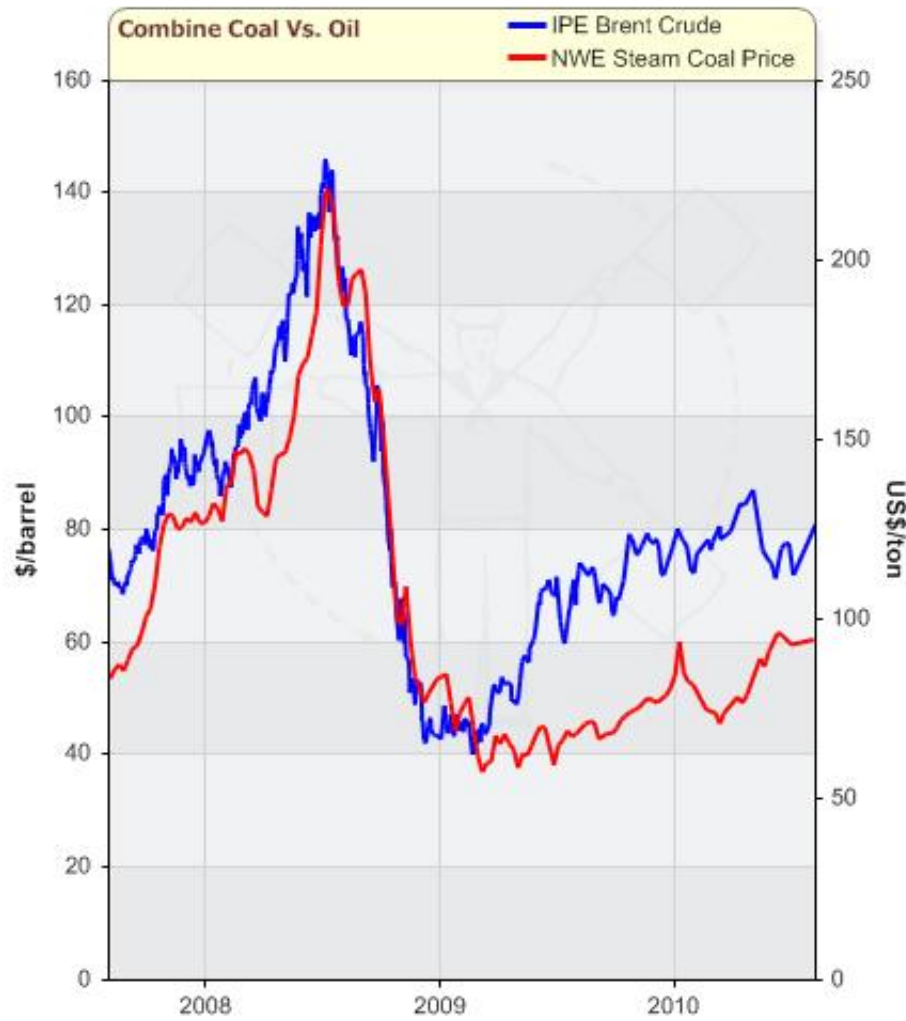
Coking coal importing countries/regions



Steam coal importing countries

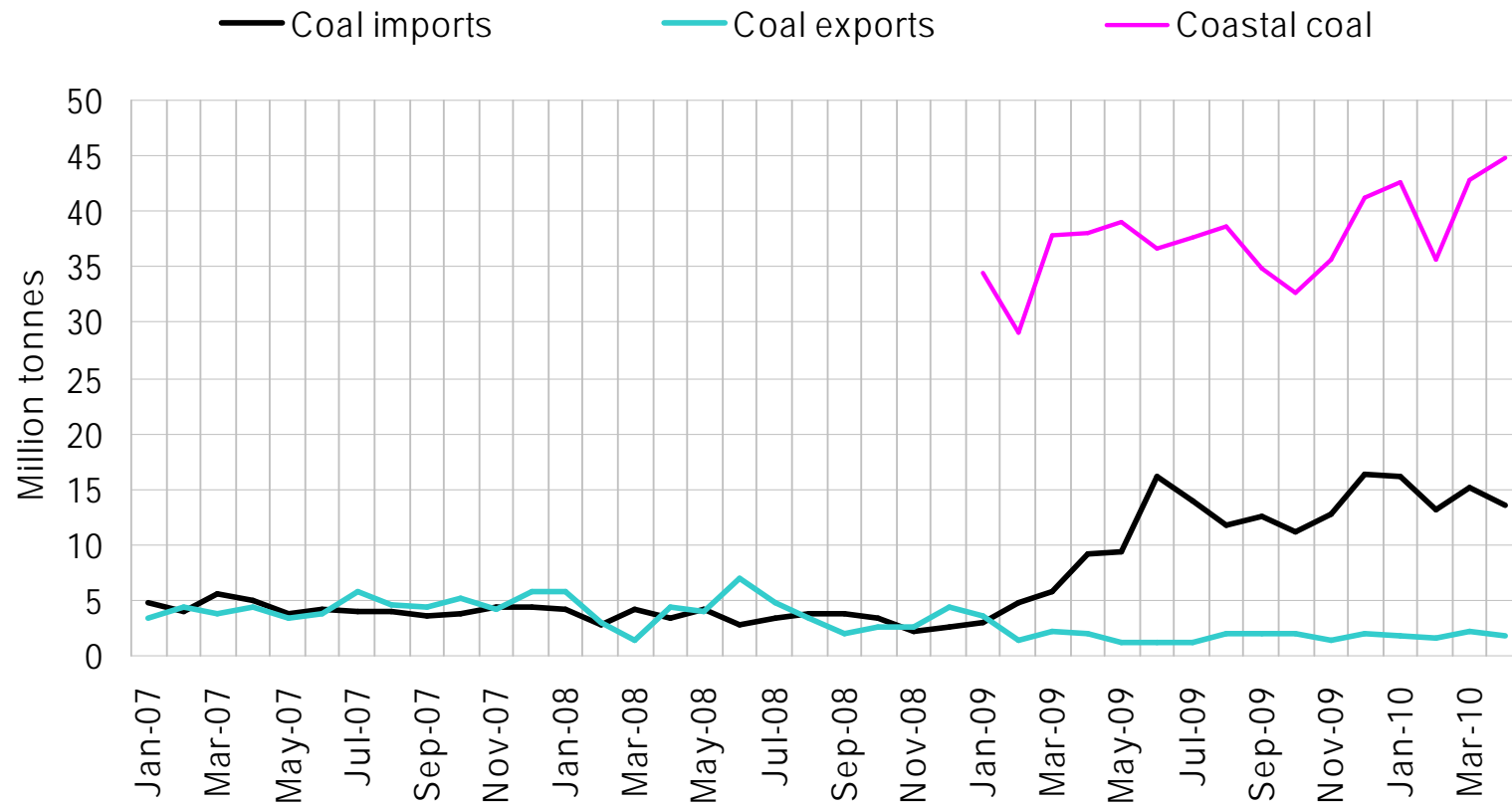


Relative prices



Source: Lorentzen & Stemoco

China's seaborne trade

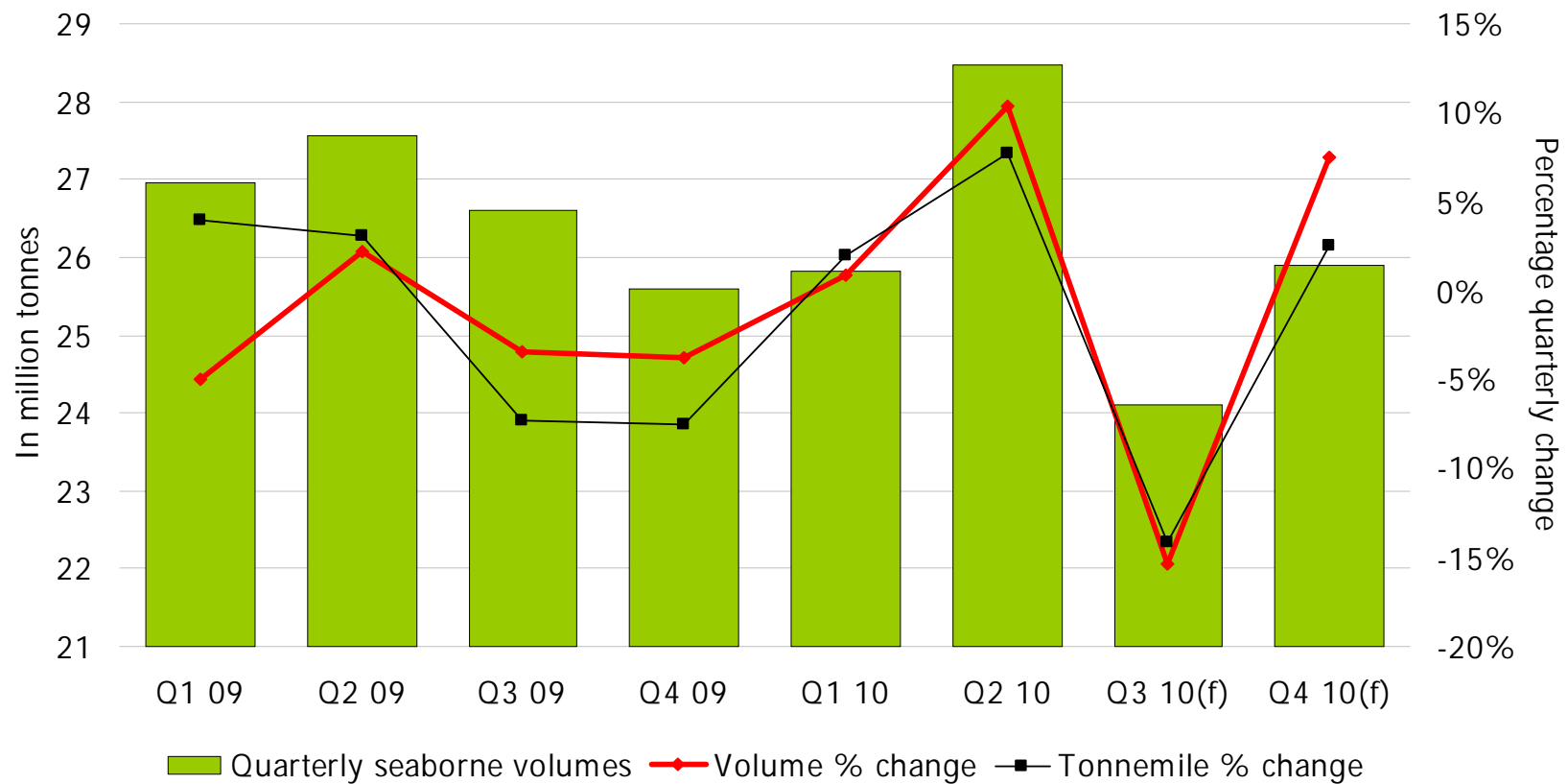


Source: Clarksons

Wheat trade is expected to be stronger 4Q10

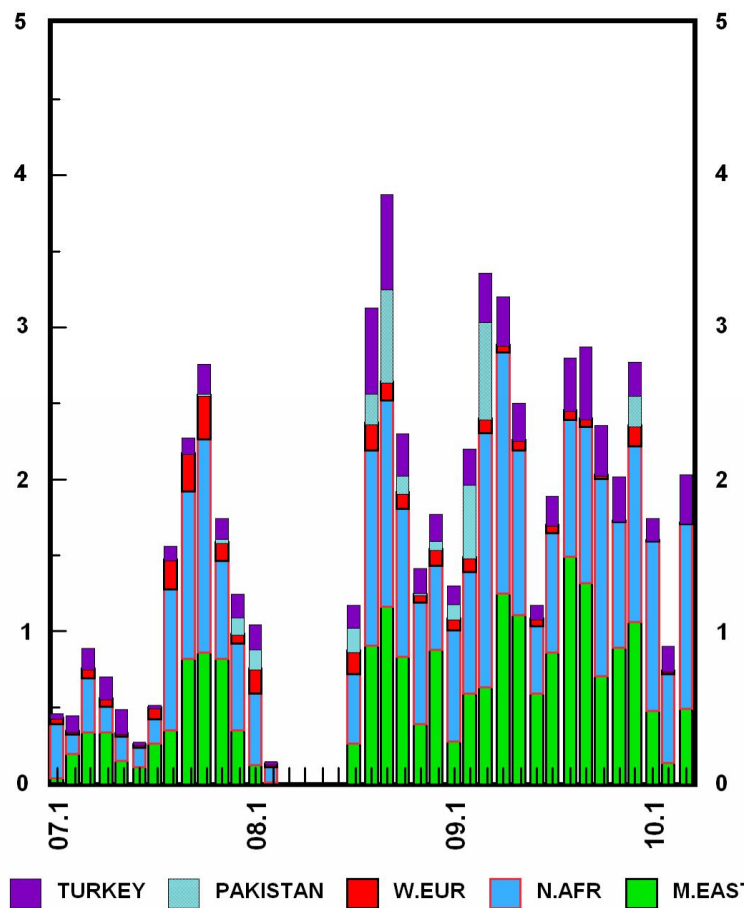


Wheat quarterly change



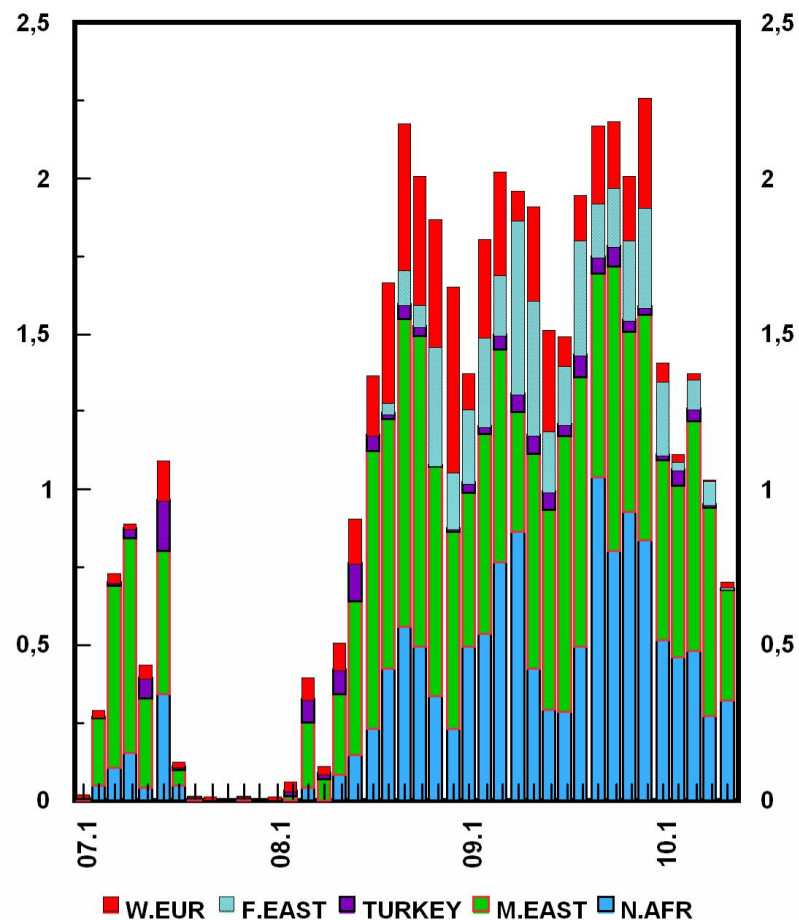
RUSSIAN GRAIN EXPORT

MILL. TONNES/ MONTH

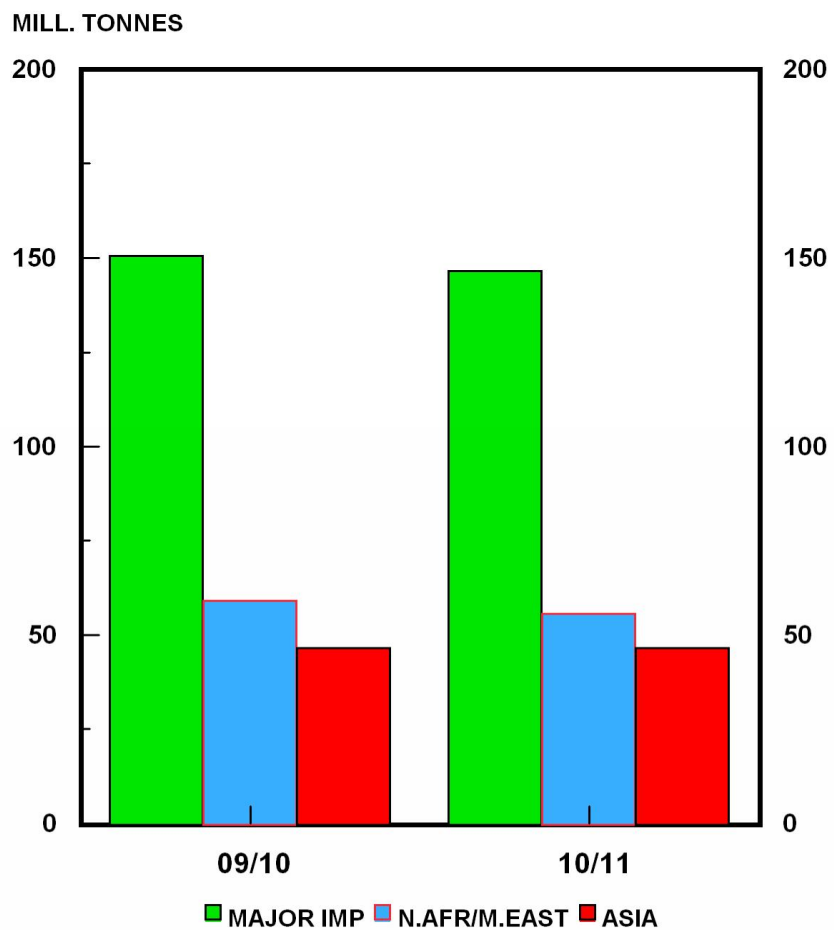


UKRAINE GRAIN EXPORT

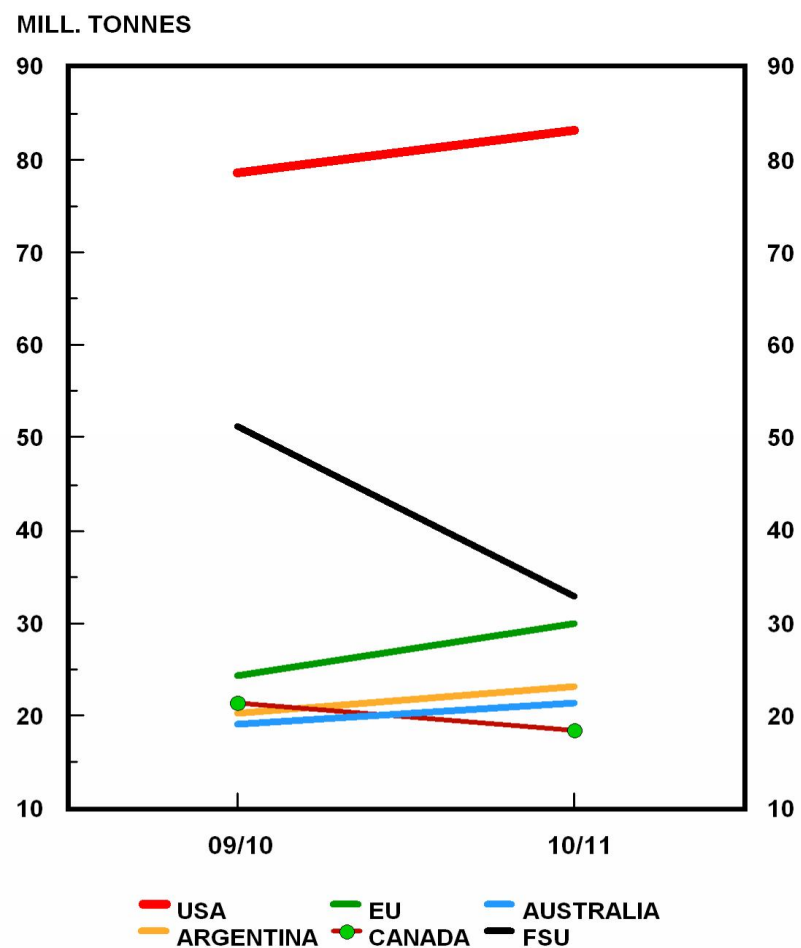
MILL. TONNES/ MONTH



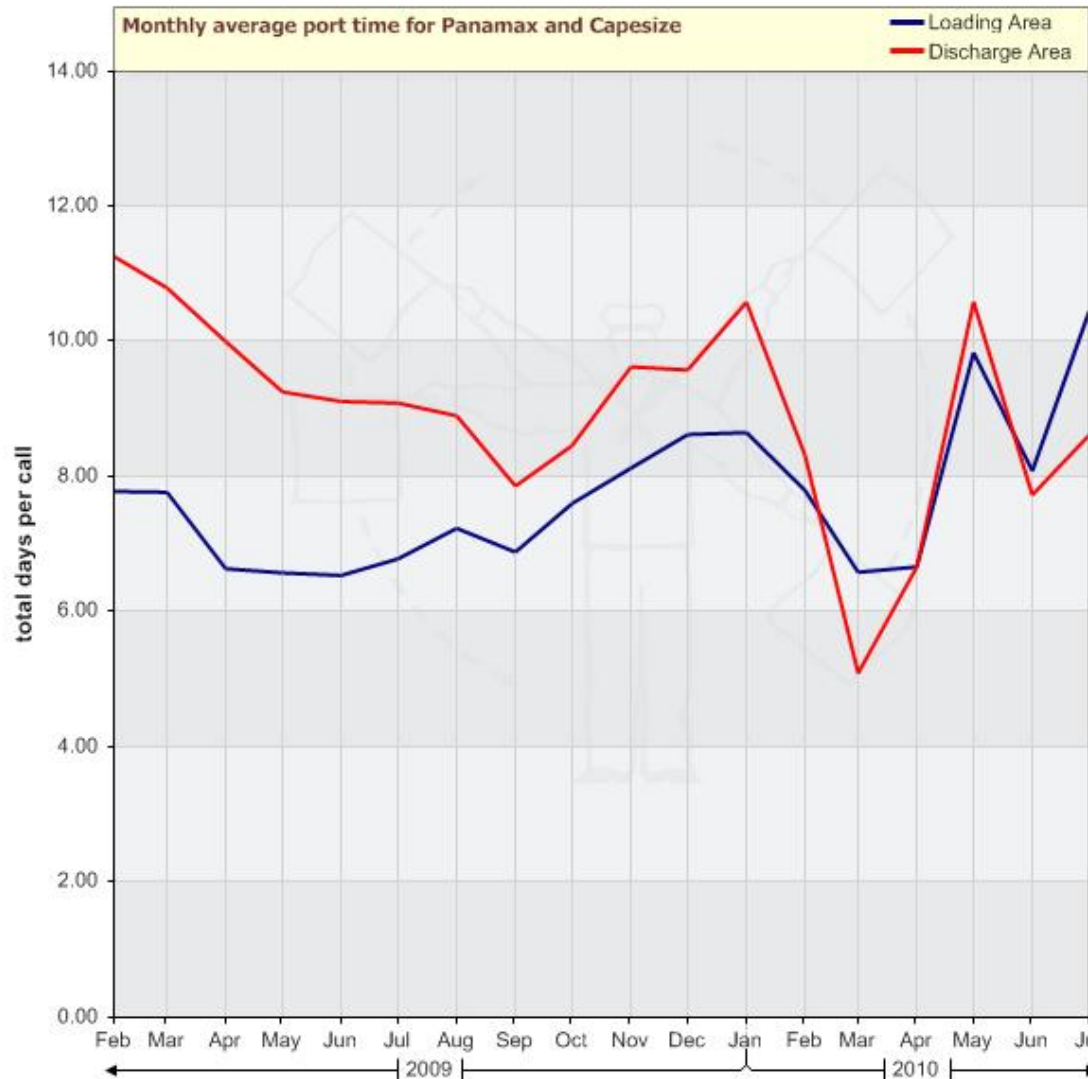
GRAIN IMPORT



GRAIN EXPORT



Port congestion coming back



- Port congestion is coming back after a slack market
- Affecting about 5.5 percent of the fleet
- Notable port congestion in Australia, Brazil and China

Capesize	118 ships	11.1%
Panamax	113 ships	6.6%
Handy	32 ships	1.6%
Total	263 ships	5.5%

Drybulk delivery progress

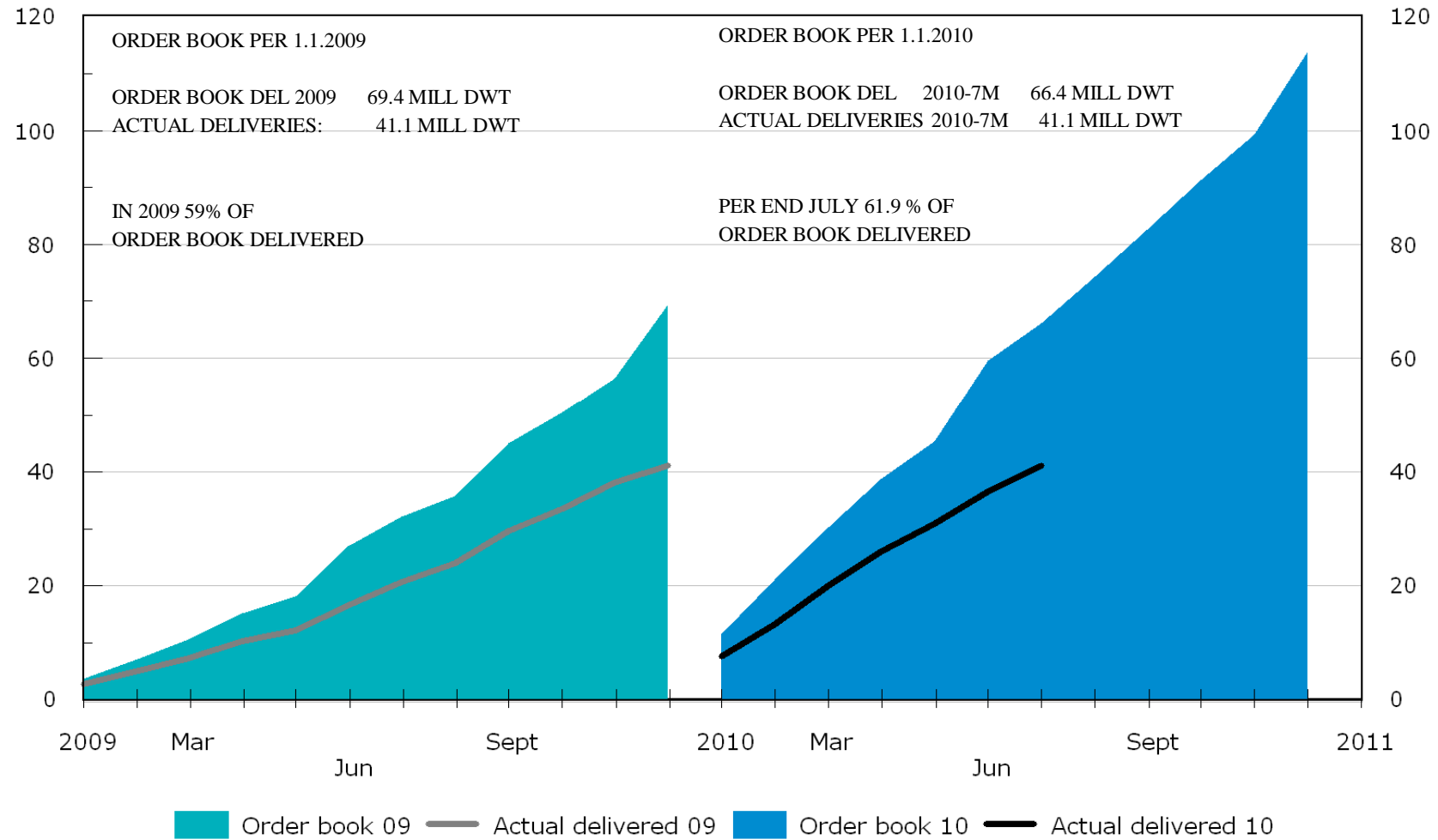


Total Drybulk	Dwt	No of ships
Orderbook 20 August 2010 of which delivery in 2010	278 54	3228 724
Slippage Jan-Jul 2010	36%	34%
New buildings delivered Jan-Jul 2010	45.5	551
Net fleet growth year to date (incl. scrap and additional deliveries)	9.5%	6.7%

Cumulative order book vs actual deliveries – Bulk carriers



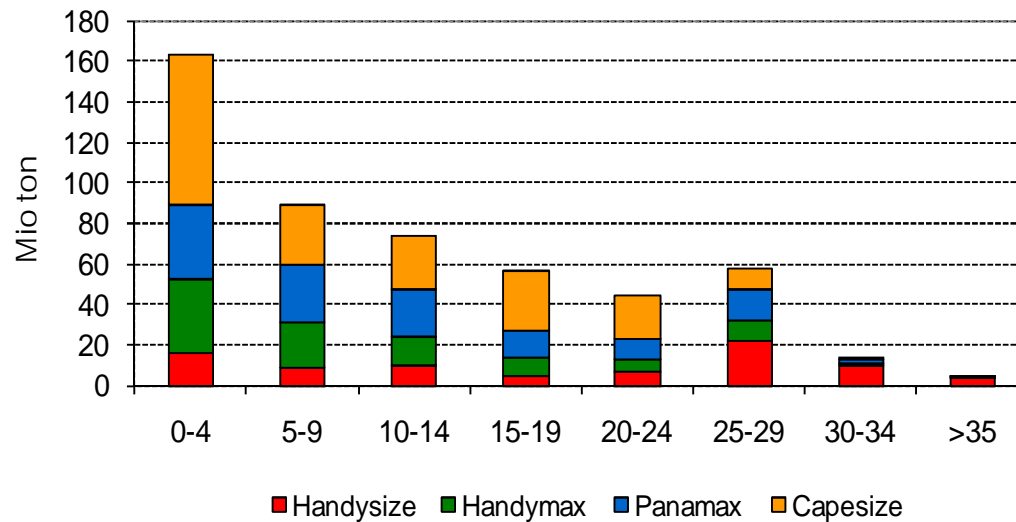
Mill. dwt



Age profile of fleet



Age Profile Dry Bulk



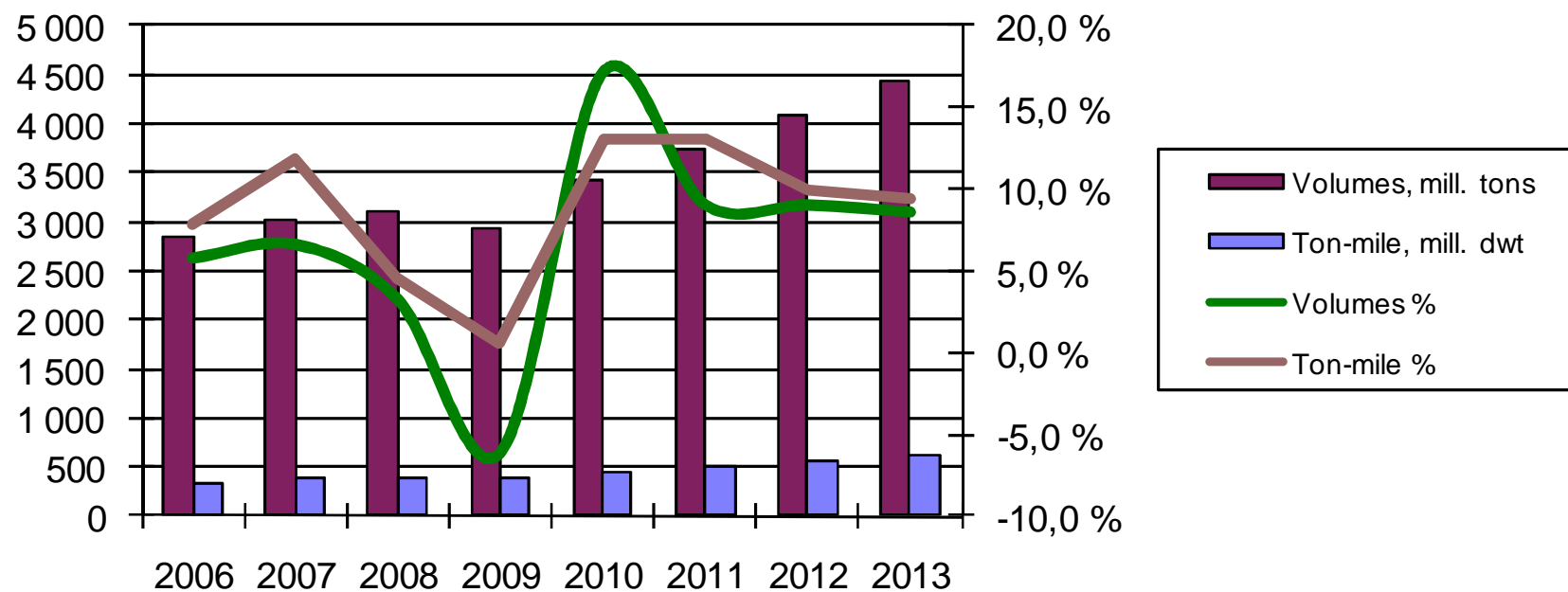
- Age profile:
 - 120 mill. dwt, 24% of the fleet, are over 20 years of age
 - 75 mill. dwt, 15% of the fleet, are over 25 years of age

- About 100 million dwt could be candidates for demolition
- Expect over 40 million dwt to be scrapped 2010-'12
- Bulk carrier vetting criteria becoming stricter

Ton-mile demand growing 12% 2010-'12

	2006	2007	2008	2009	2010	2011	2012	2013
Volumes, mill. tons	2834	3022	3120	2928	3431	3742	4081	4433
Ton-mile, mill. dwt	339,7	379,8	396,9	399,0	451,0	509,8	560,7	613,3
Volumes %	5,8 %	6,6 %	3,3 %	-6,2 %	17,2 %	9,1 %	9,1 %	8,6 %
Ton-mile %	7,9 %	11,8 %	4,5 %	0,5 %	13,0 %	13,0 %	10,0 %	9,4 %

Demand in volumes vs. ton-mile



Demand vs. supply



Base case	2006	2007	2008	2009	2010	2011	2012	2013
Volumes, mill. tons	2 834	3 022	3 120	2 928	3 431	3 742	4 081	4 433
Ton-mile, mill. dwt	322,3	351,0	367,9	365,5	409,5	462,6	508,4	555,9
Port congestion, mill. dwt	12,8	21,3	18,7	21,2	25,2	25,9	26,0	26,1
Domestic trade China, mill. dwt	4,6	7,5	10,3	12,3	16,3	21,3	26,3	31,3
Demand, mill. dwt	339,7	379,8	396,9	399,0	451,0	509,8	560,7	613,3
Demand Δ y-o-y	25,6	40,1	17,1	2,1	52,0	58,8	50,9	52,6
% year-on year	7,9 %	11,8 %	4,5 %	0,5 %	13,0 %	13,0 %	10,0 %	9,4 %
Scheduled delivery					125,0	107,2	62,1	16,0
Vessel overhang						30,0	30,0	21,6
Conversions								
New orders for delivery							10,0	30,0
Slippage					-30,0	-30,0	-23,5	-10,0
Cancellation					-20,4	-18,0	-11,2	-5,1
Actual delivery	25,7	24,65	24,3	43,0	74,6	89,2	67,4	52,5
Scrapping	-2,9	-0,4	-5,3	-11,1	-4,3	-23,6	-19,0	-15,0
Available fleet, mill. dwt	363,2	385,6	411,2	437,9	497,2	565,9	619,3	663,7
Semicontainers trading dry etc.	7,3	3,0	4,3	3,7	2,7	2,5	3,2	3,5
Vessels offmarket				-6,3				
Total adjusted fleet	370,5	388,6	415,5	435,3	499,9	568,4	622,5	667,2
% year-on year	8,0 %	4,9 %	6,9 %	4,8 %	14,8 %	13,7 %	9,5 %	7,2 %
Capacity utilization	91,7 %	97,7 %	95,5 %	91,7 %	90,2 %	89,7 %	90,1 %	91,9 %

	2010	2011	2012	2013
Slippage	24 %	22 %	23 %	15 %
Cancellation	16 %	13 %	11 %	8 %

Source: Lorentzen & Stemoco