



Golden Ocean Group Limited

Interim Report September 2009

Interim Results for the Quarter ended September 30, 2009

Golden Ocean Group Limited (the “Company” or “Golden Ocean”) reports profit before taxation of \$75.6 million and earnings per share of \$0.17 for the third quarter of 2009. This compares with profit before taxation and earnings per share of \$118.7 million and \$0.43 respectively for the third quarter of 2008. Total operating revenues for the third quarter were \$113.2 million, total operating expenses were \$87.4 million and net other gain was \$51.4 million. Net other gain includes the profit on sale of vessels of \$53.8 million as well as a fair value adjustment of \$4.0 million on vessels held for sale (M/V Golden Joy).

Cash and cash equivalents increased by \$78.1 million during the first nine months of 2009. The Company generated cash provided by operating activities of \$107.4 million and used \$100.1 million in investing activities. Investing activities include part payments on new buildings of \$125.4 million and a sale of marketable securities of \$24 million. The Company provided \$70.8 million by financing activities during the first nine months. This includes proceeds from the issuance of shares of \$108 million, the buy back of the Company’s convertible bond of \$63.5 million, the proceeds from long term debt of \$121.9 million and the repayment of debt of \$86.4 million.

Golden Ocean reports profit of \$192.9 million for the nine months ended September 30, 2009, equivalent to earnings per share of \$0.49.

At September 30, 2009 the total number of shares outstanding in Golden Ocean was 456,990,107 of \$0.10 par value each.

Corporate and Finance

July 2009 – The Company announced that it has fixed on time charter the Panamax vessel M/V Golden Sakura. The vessel has been delivered to the charterer for a two year time charter period at a time charter rate of \$18,500 per day less 5 per cent commission. The vessel is on long term time charter to Golden Ocean at \$10,700 per day. The time charter contract further reduces the Company’s cash break even costs for its open tonnage and secures \$5 million in additional net income.

August 2009 – The Company announces that an agreement has been reached with the buyer (Britannia Bulk Finance Limited) of the six vessels under construction at Pipavav Shipyard in India. Through the agreement the parties have mutually accepted to terminate the purchase agreements for all six vessels against certain considerations from the buyer. Golden Ocean will as a direct consequence of this agreement, realize a profit of approximately \$53.8 million, effectively by reducing the Company’s liability with a similar amount. The profit has been recorded in the third quarter of 2009.

August 2009 – The Company agreed to get released from the bare boat agreement for the 1994 built Panamax vessel M/V Golden Joy against purchasing the vessels for \$10.7 million. Simultaneously the Company sold the vessel for net sale proceeds of \$16 million. Delivery to the buyers took place in October 2009. As of September 30, 2009 the vessel was reclassified as non-current assets held for sale at fair value less cost to sell, and a loss of \$4.0 million was recorded in other gain/losses. The sale will have a net positive cash effect of \$3.8 million.

August 2009 – The Company announced that it has fixed on time charter the Panamax vessel M/V Mulberry Paris. The vessel has been delivered to the charterer for a two year time charter period at a time charter rate of \$18,100 per day less 5 per cent commission. The vessel is on long term time charter to Golden Ocean at \$9,500 per day. The time charter contract

further reduces the Company's cash break even costs for its open tonnage and secures \$5 million in additional net income.

September 2009 – The Company announced that it has fixed on time charter the Panamax vessel M/V Golden Kiji. The vessel will be delivered to the charterer by the end of the year for a two year time charter period at a time charter rate of \$18,250 per day less 5 per cent commission. The vessel is on long term time charter to Golden Ocean at \$11,600 per day. The time charter contract further reduces the Company's cash break even costs for its open tonnage and secures \$4 million in additional net income.

Market

The global economy showed some positive signs during the third quarter giving hopes for a more wide spread recovery going forward, but nevertheless major importing areas of dry bulk commodities like Japan and EU 27 were still far behind normal import volumes during the quarter. In spite of this and against many dry cargo analysts' expectations the dry bulk market continued its strong performance.

On average a Panamax vessel earned \$21,600 per day during the third quarter of 2009, while a Capesize earned \$45,200 per day for the similar period (average time charter earnings reported by Baltic).

Since the start of the dry bulk "super cycle" in 2003, forecasters have constantly underestimated the Chinese demand for raw materials. This was also the case for the third quarter of 2009, in when the country imported a record of 172 million mt of iron ore. The biggest surprise has however come from China's appetite for imported coal. China is the world's biggest producer of coal, but the huge domestic production (estimated to be 2.9 billion tonnes per annum) was not sufficient to keep them out of the international coal market. China imported 38 million mt of coal, which is more than three times the volume imported in the corresponding quarter of 2008. More notable is the effect of longer sailing distances leading to an increased tonnes miles of almost 300 per cent for this commodity to China.

Congestion in major ports is still supporting utilization of the dry bulk fleet. We expect that more than 4 per cent of the total dry bulk fleet on average was either waiting to be loaded or discharged during the third quarter.

The main reason for a forward curve which constantly has been in backwardation is the order book. Out of a total dry bulk fleet of more than 430 million dwt, the official order book tells us that we can expect almost 275 million dwt to be delivered over the next three years. The third quarter of 2009 was another quarter with substantial delays and so far in 2009 we are 32 per cent behind schedule. 12.6 million dwt of new capacity was delivered last quarter. Due to the strong performance of the dry bulk market scrapping has almost come to a halt, resulting in a net fleet growth of 3 per cent compared to the previous quarter and more than 7 per cent compared to corresponding quarter last year.

After the 10 per cent rise in asset values which was witnessed during the second quarter of 2009 a modest decline took place during the third quarter. Sale and purchase shipbrokers estimated the value of a five year old Panamax vessel to be \$32.3 million by the end of September 2009 and \$55.5 million for a similarly aged Capesize vessel.

Being well into the fourth quarter, the dry bulk market has shown further strength, not only in the spot market, but there has also been good activity in the medium to long term time charter market. This could potentially lead to slightly higher asset values in the months to come.

To analyse the dry bulk market drivers has proven to be a difficult science for the vast majority of analysts and forecasters. Focus has been on the order book which should have lead to lower utilization, but the combination of strong demand for iron ore and coal and continued lack of efficiency in many ports is according to analysts resulting in a utilization of about 95 per cent.

The FFA market at the end of the third quarter is a good example of the consensus (and too negative) market outlook for the dry bulk sector. By the end of September, the fourth quarter 2009 Capesize contract was trading at \$28,000 per day, while the average so far has been close to \$60,000 per day.

It is encouraging to observe the development in the Chinese property sector which is accounting for nearly half of the steel consumption. Sales of residential property have continued to recover strongly, official statistics are showing a y-o-y increase by almost 42 per cent in September. In spite of the strong steel consumption, questions are being raised about steel and iron

ore inventories in China. A potential draw down is representing a downward risk for the dry bulk markets in the months to come.

On the other hand market observers continue to highlight the potential for higher imports of coal to China. Inventories for this commodity are considered to be low and it is expected that China will build up higher strategic inventories going forward. In addition, India has increased their imports of coal by more than 35 per cent so far this year. Hopes are high for Indian coal imports to increase in the years to come.

The official order book is still considered by most analysts to be too high, but the final outcome of what actually is going to be delivered over the next three years constitutes a major uncertainty. In spite of a higher spot market, banks ability and willingness to finance newbuilding projects will remain a bottleneck. Furthermore a considerable portion of the dry bulk order book is supposed to be delivered from “green field” or newly established yards, many of these will have difficulties to deliver according to contractual terms.

Strategy

The short term physical trading has been contributing positively to the results in Golden Ocean for several quarters in a row. This is outside the core fleet of the Company with focus on niche trades with limited financial risk. The main reason for the success has been the operational performance enabling Golden Ocean to have quick turn around in certain critical geographic areas. Furthermore the Company is utilizing short term volatility in the dry bulk market to add value to its share holders.

The Board of Golden Ocean has in order to incentivise and retained long term commitment from the management of Golden Ocean, decided to establish a trading subsidiary, Golden Ocean Trading Ltd (GOTL). GOTL will be responsible for the opportunistic trading within the group, and will be based on charter in and out of non core tonnage. The management has subscribed and paid for 12.5 per cent of the shares in this company. The Company was established as of June 30, 2009, and has showed a net profit of \$3.9 million after allocation of 80% of the Company’s total administrative expenses.

Golden Ocean continues its discussion with Pipavav Shipyard in India. As previously stated, unless a solution which clearly creates added values to the Company’s shareholders has been reached with the Yard, the original contracts will not be fulfilled. Golden Ocean will in addition work to reduce “capex” on other newbuildings whenever the opportunity arises.

Golden Ocean’s remaining newbuilding program consists of six Capesize vessels, out of which two are fixed out on long term contracts, six Kamsarmax vessels, which are all fixed out on long term contracts, and six Kamsarmax vessels in a non recourse subsidiary. In addition the Company has six ice class Panamax vessels to be discussed with Pipavav Shipyard. Four vessels out of the eighteen vessels on order are currently unfinanced. The Company has received committed offers on financing of 3 out of the 4 vessels. The Board is currently evaluating to pay these vessels in cash, based on the Company’s strong liquidity and financial position.

Golden Ocean is presently looking into new asset investments backed by long term charters with its industrial clients. The objective is to make the Company grow by matching decent T/C returns and attractive asset values. The Board is still concerned about the growth in fleet supply and will for the time being continue the conservative approach to chartering and acquisitions.

Outlook

Given that the Company’s counterparts are performing in accordance with contractual terms, average cash break even rates through 2012 for the open positions are basically at zero per day for the Company’s Panamax vessels and about \$6,500 per day for the Capesize vessels. The counterpart risk of the Company is considered to be low.

The Company’s Balance Sheet is robust, and will enable Golden Ocean to have an opportunistic view on market opportunities should such occur in the coming months.

Given the high contract coverage of the Company, the Board anticipates that operating results will remain strong and in line with the result for the third quarter of 2009.

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.

November 25, 2009
The Board of Directors
Golden Ocean Group Limited
Hamilton, Bermuda

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Golden Ocean Group Limited

Interim financial information
(Unaudited)

3rd Quarter 2009

Golden Ocean Group Limited

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Consolidated Comprehensive Income Statement

(in thousands of \$, except per share data which are in \$)

		2 009	2 008	2 009	2 008
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
	Notes				
Operating revenue					
Revenue		113 050	293 562	267 098	751 926
Other operating income/(loss)		155	16 238	(1 200)	24 998
Total operating revenue		113 206	309 800	265 898	776 924
Operating expenses					
Voyage expenses and commission		32 470	42 437	63 023	117 974
Vessel operating expenses		6 143	4 371	16 768	12 674
Charter hire expenses		40 284	188 892	91 342	434 097
Administrative expenses		3 663	4 086	7 802	12 416
Depreciation	3,4	4 812	2 557	13 036	7 259
Total operating expenses		87 372	242 343	191 971	584 420
Other gain/losses net					
Profit on sale of assets	2	53 780	54 386	55 240	200 166
Other gain/(losses) net	21	(2 367)	(180)	(18 267)	(6 304)
Total other gain/(losses) net		51 413	54 206	36 973	193 862
Operating profit		77 247	121 663	110 900	386 366
Finance income		316	444	421	3 802
Finance costs	14	(2 682)	(3 697)	(12 964)	(15 823)
Other financial items	13	706	315	94 538	(933)
Net other profit (loss)		(1 659)	(2 938)	81 995	(12 954)
Profit before taxation		75 588	118 725	192 895	373 412
Taxation		-	-	-	-
Profit for the period		75 588	118 725	192 895	373 412
Other comprehensive income					
Reduction in value of marketable securities	20	-	(20 774)	22 893	(20 802)
Total comprehensive income for the period		75 588	97 951	215 788	352 610
Basic earnings per share		\$0.17	\$0.43	\$0.49	\$0.38
Fully diluted earnings per share		\$0.17	\$0.43	\$0.49	\$0.37

See accompanying notes that are an integral part of these financial statements

Golden Ocean Group Limited
Consolidated Balance Sheet

<i>(in thousands of \$)</i>	Notes	2009 Sep 30	2008 Dec 31
ASSETS			
Non current assets			
Vessels and equipment, net	3	358 368	174 513
Vessels held under finance leases, net	4	104 002	127 269
Vessels under construction	5	428 200	496 425
Other long term receivables		6 442	5 000
Investment in future revenue, net		12 856	17 587
Total non-current assets		909 867	820 794
Current assets			
Cash and cash equivalents		128 985	50 868
Trade and other receivables	6	39 485	74 761
Inventories		8 089	3 482
Marketable securities – available for sale fin.assets	15	-	16 669
Total current assets		176 559	145 780
Non-current assets held for sale	17	16 091	40 084
Total assets		1 102 517	1 006 658

EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent

Share capital	18	45 699	27 699
Contributed surplus		107 381	17 176
Other reserves		16 635	(6 258)
Retained earnings		329 521	136 626
Shareholders' equity		499 236	175 243

Non-Current Liabilities

Long term debt	7	418 582	-
Obligations under finance leases	8	60 566	90 803
Provisions		-	5 450
Deferred income	2	-	71 280
Total non-current liabilities		479 148	167 533

Current Liabilities

Long-term debt - current portion	7	49 367	592 501
Obligations under finance leases – current portion	8	16 381	10 181
Amount due to related parties	19	4 432	3 690
Provisions	12	-	21 986
Trade payables and other current liabilities	9	53 953	35 524
Total current liabilities		124 133	663 882
Total liabilities and shareholders' equity		1 102 517	1 006 658

See accompanying notes that are an integral part of these financial statements

Golden Ocean Group Limited
Consolidated Cash Flow Statement

<i>(in thousands of \$)</i>		2009	2008
	Notes	Jan-Sep	Jan-Sep
OPERATING ACTIVITIES			
Profit for the period		192 895	373 412
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Share options		202	501
Profit on sale of assets	2	(55 240)	(200 166)
Loss on sale of marketable securities	21	15 562	(2)
Profit on purchase of convertible bond	13	(96 587)	(830)
Interest income		(421)	(3 802)
Depreciation	3,4	13 036	7 259
Amortisation of deferred charges		2 977	474
Amortisation of future revenue		4 731	4 732
Golden Joy adjustment to fair value		3 961	-
Net change in:			
Amount due to related parties		742	408
Other financial assets		-	(1 315)
Trade and other receivables		40 059	(21 015)
Inventories		(4 607)	4 672
Other financial liabilities		-	(37 592)
Provisions		(27 436)	-
Other long term receivables		-	-
Trade payables and other current liabilities		17 489	5 141
Net cash provided by operating activities		107 364	131 877
INVESTING ACTIVITIES			
Interest received		421	3 802
Payments on vessels	3,4,5	(125 448)	(333 499)
Net proceeds from the sale of vessels, including exercise of purchase options		967	406 728
Purchase of marketable securities		-	(48 323)
Sale of marketable securities	15	24 000	599
Net cash used in investing activities		(100 060)	29 307
FINANCING ACTIVITIES			
Payment of financing charges		(2 073)	(1 451)
Repayment of obligations under finance leases		(7 061)	(8 464)
Repayment of long term debt		(86 393)	(276 896)
Proceeds from long term debt		121 870	255 964
Payment of dividends		-	(347 074)
Convertible bond		(63 533)	-
Repayment of convertible bonds		-	(8 463)
Purchase of own shares		-	(15 889)
Settlement of share options		-	(2 430)
Proceeds from issue of shares		108 003	1 314
Net cash (used in) / provided by financing activities		70 813	(403 389)
Net change in cash and cash equivalents		78 117	(242 205)
Cash and cash equivalents at beginning of period		50 868	306 233
Cash and cash equivalents at end of period		128 985	64 028

Supplementary cash flow information:

See accompanying notes that are an integral part of these financial statements

Golden Ocean Group Limited
 Consolidated Statement of Changes in Equity

(in thousands of \$)

	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings	Total Attributable to equity holders of the parent
Balance at January 1, 2008	27 177	31 704	16 662	105 987	181 530
Comprehensive income for the period	-	-	(20 803)	373 411	352 608
Share issue for cash	872	442	-	-	1 314
Stock options	-	498	-	-	498
Purchase of own shares	(350)	(15 539)	-	-	(15 889)
Dividend paid	-	-	-	(347 074)	(347 074)
Stock options paid in cash	-	-	-	(2 430)	(2 430)
Balance at September 30, 2008	27 699	17 105	(4 141)	129 894	170 557
Balance at January 1, 2009	27 699	17 176	(6 258)	136 626	175 243
Comprehensive income for the period			22 893	192 895	215 788
Share issue for cash	18 000	90 003			108 003
Stock options	-	202	-	-	202
Balance at September 30, 2009	45 699	107 381	16 635	329 521	499 236

1. ACCOUNTING PRINCIPLES

The accounts have been prepared in accordance to IAS 34 Interim Financial Reporting. A description of the accounting principles applied in preparing the accounts of the Group is found in the annual report for 2008. The annual and interim accounts are prepared according to IFRS.

2. PROFIT ON SALE OF ASSET

<i>(in thousands of \$)</i>	9/30/2009	9/30/2008
Net consideration received (agreement)	99 607	435 738
Excercise of purchase option	(21 133)	(29 000)
Net assets disposed of	(23 234)	(206 572)
Profit on sale of assets	55 240	200 166

In March 2009 the Group sold M/V Bellflower for \$50 million. The terms of the agreement included a \$40 million receipt on delivery of the vessel and the balance to be received over a period of seven years. The outstanding balance of \$10 million has been discounted to its present value and classified as other long term receivables of \$-6,227,000. The Group exercised the purchase option and paid \$21,133,000 for the vessel. The vessel was classified as non current assets held for sale at December 31, 2008. (See note 17).

In November 2007 the Group entered into an agreement with Britannia Bulk Finance Limited regarding sale of six Panamax vessels under construction. The group received a down payment of Usd 71,280,000 which has been classified as deferred income in the balance sheet. Britannia Bulk Finance Limited has since March 2009 been subject to administration under the supervision of the UK courts. Due to this situation there was a high uncertainty linked to Britannia Bulk's ability to ultimately take delivery of the six vessels.

In August 2009 the Group succeeded in entering into an agreement with Britania Bulk Finance Limited where the parties mutually accepted to terminate the purchase agreements for all six vessels against a termination fee of Usd 17.5 million. This further resulted in a gain of Usd 53.8 million which was recorded in third quarter 2009.

3. VESSELS AND EQUIPMENT, NET

The Group's owned vessels are as follows:

Vessel	Built	DWT	Flag
Channel Alliance	1996	171 978	Philippines
Channel Navigator	1997	172 058	Philippines
Golden Shadow	2005	73 732	Hong Kong
Golden Saguenay	2008	75 500	Hong Kong
Golden Opportunity	2008	75 500	Hong Kong
Golden Ice	2008	75 845	Hong Kong
Golden Feng (delivered in 1st quarter)	2009	170 500	Marshall Island
Golden Strenght (delivered in 2nd quarter)	2009	75 745	Hong Kong
Golden Shui (delivered in 2nd quarter)	2009	170 500	Marshall Island

<i>Cost or valuation (in thousands of \$)</i>	<i>Vessels</i>	<i>Drydocking</i>	<i>Fixtures and Equipment</i>	<i>Total</i>
At January 1, 2008	87 967	1 884	381	90 232
Transferred from vessels under construction (note 5)	332 206			332 206
Disposals	(223 086)			(223 086)
At December 31, 2008	197 087	1 884	381	199 352
At January 1, 2009	197 087	1 884	381	199 352
Additions	1 400			1 400
Transferred from vessels under construction (note 5)	191 924	-	96	192 020
At September 30, 2009	390 411	1 884	477	392 772
Accumulated depreciation:				
At January 1, 2008	18 342	377	114	18 833
Charge for the year	5 554	377	75	6 006
At December 31, 2008	23 896	754	189	24 839
At January 1, 2009	23 896	754	189	24 839
Charge for the year	9 234	282	48	9 564
At September 30, 2009	33 130	1 036	237	34 403
Carrying amount:				
At September 30, 2009	357 281	848	240	358 368
At December 31, 2008	173 191	1 130	192	174 513

The Group has pledged all vessels to secure various banking facilities (note 7).

4. VESSELS HELD UNDER FINANCE LEASES, NET

The Group's leased vessels are as follows:

Vessel	Built	DWT	Flag
Golden Lyderhorn	1999	74 242	Hong Kong
Ocean Minerva	2007	75 698	Panama
Golden Heiwa	2007	76 662	Panama

*Cost or valuation
(in thousands of \$)*

At January 1, 2008	180 391
Disposals	(69)
Transferred to non-current assets held for sale	(42 366)
At December 31, 2008	137 956

At January 1, 2009	137 956
Additions	257
Transferred to non-current assets held for sale	(20 905)
At September 30, 2009	117 308

Accumulated depreciation:

At January 1, 2008	7 540
Charge for the year	5 429
Transferred to non-current assets held for sale	(2 282)
At December 31, 2008	10 688

At January 1, 2009	10 688
Charge for the year	3 472
Transferred to non-current assets held for sale	(853)
At September 30, 2009	13 307

Carrying amount:

At September 30, 2009	104 002
At December 31, 2008	127 269

Vessels held under finance leases are depreciated on the same basis as owned vessels.

In third quarter 2009 M/V Golden Joy was transferred to non-current assets held for sale.

5. VESSELS UNDER CONSTRUCTION

<i>Cost and net book value (in thousands of \$)</i>	<i>New Buildings</i>
At January 1, 2008	428 259
Additions	420 372
Impairment loss	(20 000)
Transferred to vessels and equipment (note 3)	(332 206)
At December 31, 2008	496 425
At January 1, 2009	496 425
Additions	123 795
Transferred to vessels and equipment (note 3)	(192 020)
At September 30, 2009	428 200

The Group has pledged all vessels under construction to secure various banking facilities (note 7).

Three vessels have been delivered to the Group in 2009. Two Capesize vessels have been delivered from Daehan Shipyard, M/V Golden Feng in March and M/V Golden Shui in May. One Panamax vessel from Rongsheng Shipyard (M/V Golden Strenght) was delivered in April (note3).

6. TRADE AND OTHER RECEIVABLES

<i>(in thousands of \$)</i>	<i>9/30/2009</i>	<i>Year 2008</i>
Trade receivables	19 568	58 030
Other receivables	12 787	9 460
Prepayments	4 668	2 846
Accrued income	2 462	4 425
	39 485	74 761

The decrease in trade receivables is mainly due to the reduced activity in FFA trading during the period.

7. LONG-TERM DEBT

<i>(in thousands of \$)</i>	<i>9/30/2009</i>	<i>Year 2008</i>
Within one year	49 367	592 501
Between one and two years	26 729	-
Between two and five years	122 606	-
After five years	269 247	-
Total debt	467 949	592 501
Current portion	(49 367)	(592 501)
Long-term debt	418 582	-

Of the total debt, \$451,155,000 (December 31, 2008 -\$415,846,000) is secured by mortgages over sailing vessels and vessels under construction. The remaining debt of \$16,794,000 (December 31, 2008-\$176,655,000) relates to the liability component of unsecured convertible bonds issued in December 2007, the majority of which were repurchased in April 2009 (note 13).

8. OBLIGATIONS UNDER FINANCE LEASES

<i>(in thousands of \$)</i>	Minimum Lease Payments		Present Value of Minimum	
	9/30/2009	12/31/2008	9/30/2009	12/31/2008
Within one year	21 860	16 710	16 381	10 181
In the second to fifth years	63 737	99 852	60 566	90 803
	85 597	116 562	76 947	100 984
Future finance charges	(8 650)	(15 578)	-	-
Present Value of Lease Obligations	76 947	100 984	76 947	100 984
Current portion			(16 381)	(10 181)
Obligations under finance leases			60 566	90 803

The Group has recorded finance leases on tree vessels at September 30, 2009 (December 31, 2008 - four vessels). The leases have a purchase option and the exercise price of the option changes based upon the date the option is exercised. The table below lays out the approximate exercisable dates and purchase option amounts, based on the date the purchase options are first exercisable, and the first lease renewal date.

<i>(in thousands of \$)</i>	Purchase option first exercisable date	Purchase option amount	Lease renewal date
Golden Lyderhorn	September 2009	26 350	September 2016
Ocean Minerva	January 2010	23 952	January 2010
Golden Heiwa	March 2011	23 031	March 2011

All lease payments are denominated in US Dollars.

The Group's finance lease obligations are secured by the lessor's title to the leased assets.

9. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

<i>(in thousands of \$)</i>	9/30/2009	Year 2008
Trade payables	4 051	10 375
Accruals	24 352	12 198
Income received in advance	12 186	7 506
Other current liabilities	13 364	5 445
	53 953	35 524

Income received in advance relates to time charter revenue received in advance for future periods and has therefore been deferred. The decrease in trade payables is mainly due to the reduced activity in FFA trading during the period.

10. CAPITAL COMMITMENTS

<i>(in thousands of \$)</i>	9/30/2009	Year 2008
Vessels under construction	775 902	1 003 752

Capital commitments have been reduced due to a future payback from Jinhaiwan Shipyard in relation to the Kamsarmax newbuildings, instalments on the existing newbuildings and one cancellation at Daehan Shipyard (Golden Island).

The unfinanced portion of the total commitment was \$384.7 million at the end of the quarter, whereas \$236.4 million relates to six Kamsarmax in single purpose companies without any guarantees given from the Group.

11. OPERATING LEASES

Rental expense

The future minimum rental payments under the Group's non-cancellable operating leases as of September 30, 2009 are as follows:

<i>(in thousands of \$)</i>	9/30/2009	Year 2008
Within one year	27 205	80 696
In the second to fifth years	45 142	56 794
Later than five years	6 261	6 261
Total minimum lease payments	78 608	143 751

Total rental expense for the quarter ended September 30, 2009 for operating leases was \$91,342,000 (September 30, 2008-\$ 434,097,000).

Rental income

The minimum future revenue to be received under the Group's non-cancellable operating leases as of September 30, 2009 is as follows:

<i>(in thousands of \$)</i>	9/30/2009	Year 2008
Within one year	45 802	181 458
In the second to fifth years	653 258	663 356
Later than five years	376 537	396 441
Total minimum lease revenue	1 075 598	1 241 255

Total rental income from operating leases was \$271,829,000 for the quarter ended September 30, 2009 (September 30, 2008-\$ 756,657,000). Amortisation of future revenue from operating leases of \$4,731,000 (September 30, 2008 - \$4,731,000) is taken against the rental income.

12. PROVISIONS FOR ONEROUS LEASES

<i>(in thousands of \$)</i>	<i>Fixed Vessels</i>	<i>Fair value</i>	<i>Total</i>
At January 1, 2008	-	-	-
Provided in the period	-	-	-
At December 31, 2008	10 358	17 078	27 436
At January 1, 2009	10 358	17 078	27 436
Additions	-	-	-
Amounts used	(10 196)	(10 733)	(20 929)
Reversed during the period	(162)	(6 345)	(6 507)
At September 30, 2009	-	-	-

The Group has no vessels on operating leases, which are expected to generate losses over the course of the leases (December 31, 2008-\$27,436,000). The expected future revenue on spot vessels is calculated by the Group based on the forward freight curve and on fixed vessels the Group use the actual earnings. At the end of balance sheet day, no spot vessels were expected to generate losses.

13. OTHER FINANCIAL INCOME

<i>(in thousands of \$)</i>	9/30/2009	9/30/2008
Other financial items	(2 049)	(1 763)
Profit on re-purchase of Convertible bond	96 587	830
Total finance income	94 538	(933)

The Group has in the beginning of April purchased \$165.3 million of the convertible bond from the Group's major shareholder, Hemen Holding Limited. The Group paid \$58.5 million for these bonds and the transaction reduced the Group debt by \$155 million and generated a profit of \$95.2 million in second quarter. In third quarter the Group has repurchased additional bonds of nominal value \$6.8 million with a gain of \$1.4 million.

14. FINANCE COST

<i>(in thousands of \$)</i>	9/30/2009	9/30/2008
Interest on bank overdrafts and loans	20 123	21 992
Interest on obligations under finance leases	4 060	5 497
Total finance cost	24 184	27 489
Less amounts included in the cost of qualifying assets	(11 220)	(11 666)
	12 964	15 823

15. MARKETABLE SECURITIES – AVAILABLE FOR SALE FINANCIAL ASSETS

<i>(in thousands of \$)</i>	9/30/2009	Year 2008
At January 1, 2009	16 669	-
Additions	-	54 974
Disposals	(24 000)	(6 858)
Increase/Decrease in value recognized in equity (note 20)	22 893	(22 920)
Other losses recognized in the income statement (note 21)	(15 562)	(8 527)
At September 30, 2009	-	16 669

The Group sold 5,275,145 shares in Navios during the year for an average price of \$4.55. The sale of the shares increased the cash position with \$24.0 million. The transaction gave a loss of \$11.5 million in the P&L statement. The loss has previously been taken over the equity. The Group took also an impairment loss of \$4.1 million in second quarter.

16. CLAIMS

The Group has recorded a loss in third quarter of \$4.5 million related to French Court decision in the case against Transfield. The Group has appealed on a point of law and the next decision will be in second quarter 2010. Independent of the outcome, there has been new rules in the American legislation (Rule B) and the Transfield deposit of \$15.0 million can be released. The Group are still of the opinion that they have a strong case. The total claim against Transfield included interest is around \$15.0 million.

17. NON-CURRENT ASSETS HELD FOR SALE

Vessel	Built	DWT	Flag
Golden Joy	1994	70 045	Bahamas
<i>Cost or valuation</i> <i>(in thousands of \$)</i>			
At January 1, 2008			47 375
Disposals			(47 375)
Transferred from vessels held under finance leases			40 084
At December 31, 2008			40 084
At January 1, 2009			40 084
Additions			16 091
Disposals			(40 084)
At September 30, 2009			16 091

In March 2009 the Company sold M/V Bellflower, see note 2.

In August 2009 The Company agreed to get released from the bare boat agreement for the 1994 built Panamax vessel M/V Golden Joy against purchasing the vessels for \$10.7 million. Simultaneously the Company sold the vessel for net sale proceeds of \$16.1 million. The Group has recognised a fair value adjustment of \$4.0 million in the third quarter related to the sales agreement in other gain/losses. Delivery to the buyers took place in October 2009 and will have a positive cash effect of \$3.8 million after repayment of remaining debt of \$ 1.5million.

18. SHARE CAPITAL

Authorised share capital is as follows:

<i>(in thousands of \$)</i>	2009	Year 2008
500,000,000 ordinary shares of \$0.10 par value each	50 000	50 000

Issued and fully paid share capital is as follows:

<i>(in number of shares)</i>	2009	Year 2008
At January 1	276 990 107	271 765 107
Issued during the year	180 000 000	8 725 000
Shares repurchased and cancelled		(3 500 000)
At September 30, 2009	456 990 107	276 990 107

<i>(in thousands of \$)</i>	2009	Year 2008
At January 1	27 699	27 177
Issued for cash	18 000	872
Shares repurchased and cancelled	-	(350)
At September 30, 2009	45 699	27 699

The Group completed a placement of 180 million shares at a subscription price of NOK 4.10 per share in April 1st 2009. The transaction increased the total equity and the cash position with \$108 million.

19. RELATED PARTY TRANSACTIONS

<i>(in thousands of \$)</i>	Amounts owed to related parties	
	9/30/2009	Year 2008
Frontline and subsidiaries	2 128	1 821
Ship Finance Int. Ltd. and subsidiaries	2 304	1 869
	<u>4 432</u>	<u>3 690</u>

The amounts outstanding are unsecured, bear no interest, and will be settled in cash. No guarantees have been given or received.

The table below shows the total number of shares owned directly or indirectly by key management and directors as at September 30, 2009.

<i>(in thousands of \$)</i>	Number of shares	Percentage of outstanding shares
John Fredriksen (Director)	183 666 158	40.19%
Tor Olav Tøim (Director)	584 982	0.13%
Kate Blankenship (Director)	206 000	0.05%
Hans Christian Børresen (Director)	106 000	0.02%
	<u>184 563 140</u>	<u>40.39%</u>

20. OTHER RESERVES

Other reserves represent the gain or loss arising from the change in the fair value of marketable securities which are classified as available for sale financial assets (note 15) and the equity component of convertible bonds issued. Other reserves are broken down between the two categories as follows:

<i>(in thousands of \$)</i>	Marketable Securities (change in fair value)	Convertible Bonds (equity component)	Total
At January 1, 2008	27	16 635	16 662
Other comprehensive income (loss)			-
At December 31, 2008	(22 893)	16 635	(6 258)
At January 1, 2009	(22 893)	16 635	(6 258)
Disposal of available for sale financial assets	22 893		22 893
At September 30, 2009	-	16 635	16 635

21. OTHER GAIN/(LOSSES) NET

<i>(in thousands of \$)</i>	9/30/2009	9/30/2008
Impairment M/V Golden Joy (note 17)	(3 961)	-
Impairment marketable securities (note 15)	(4 061)	-
Gain/(loss) marketable securities (note 15)	(11 501)	2
Currency Hedge NOK/USD (note 22)	1 271	-
Gain/(loss) from freight future	(15)	(6 306)
Total other gain/(losses) net	(18 267)	(6 304)

22. FINANCIAL INSTRUMENTS

At the end of June 2009 the company entered into a hedging agreement for the USD/NOK exposure related to the expected cost of running the Norwegian Management company. The duration of the agreement is from July 2009 throughout 2010. The hedge has given the Group an unrealized gain of \$1,271,000 per quarter ended September 30, 2009 (see note 21).