

INTRODUCTORY DOCUMENT DATED 16 MARCH 2010

This Introductory Document is issued in connection with our application to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in and for quotation of all the ordinary shares (the “Shares”) in the capital of Golden Ocean Group Limited (the “Company”) already issued, by way of an introduction (the “Introduction”). Such permission will be granted when we have been admitted to the Official List of the SGX-ST.

The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Introductory Document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Introduction, the Company, our subsidiaries or our Shares.

This Introductory Document does not constitute a prospectus under the Securities and Futures Act (Cap. 289) of Singapore and has not been lodged with and registered by the Monetary Authority of Singapore (the “MAS”) or the Oslo Stock Exchange. The MAS and the Oslo Stock Exchange assume no responsibility for the contents of this Introductory Document. The MAS and the Oslo Stock Exchange have not, in any way, considered the merits of the shares or units of shares, as the case may be, being offered for investment.

Nothing in this Introductory Document constitutes or shall be construed as an offer, or an invitation or a solicitation of an offer by us or on our behalf, to the public to subscribe for or purchase, any of our Shares. No Shares, or units of Shares in the Company shall be allotted or allocated on the basis of this Introductory Document.

The Company has received a letter of eligibility from the SGX-ST for the listing and quotation of our Shares on the Official List of the SGX-ST. Upon admission to the Official List of the SGX-ST, we will have a dual listing on both the SGX-ST and the Oslo Stock Exchange, with the Oslo Stock Exchange being the primary exchange and the SGX-ST being the secondary exchange on which our Shares may be traded. As Oslo Stock Exchange is the primary exchange on which our Shares may be traded, we are subject to and will comply with the listing rules of the Oslo Stock Exchange. Pursuant to the listing rules of the SGX-ST, we have undertaken to release all information and documents in English to the SGX-ST at the same time as they are released to the Oslo Stock Exchange, inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the Oslo Stock Exchange, and comply with such other listing rules as may be applied by the SGX-ST from time to time.

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).



Golden Ocean Group Limited

(Company registration number 36066)
(Incorporated in Bermuda)

DnB NOR
Markets

DnB NOR Bank ASA, Singapore Branch

Sole Global Coordinator

DETAILS OF THE INTRODUCTION

This Introductory Document is issued in connection with our application to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in and for quotation of all the ordinary shares (the “Shares”) in the capital of Golden Ocean Group Limited (the “Company”) already issued, by way of an introduction (the “Introduction”).

This Introductory Document has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Introductory Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Introductory Document are fair and accurate in all material respects as at the date hereof and that there are no material facts the omission of which would make any statement in this Introductory Document misleading, and that this Introductory Document constitutes full and true disclosure of all material facts about the Introduction and the Group.

No person has been or is authorised to give any information or to make any representation not contained in this Introductory Document in connection with the Introduction and, if given or made, such information or representation must not be relied upon as having been authorised by us or the Sole Global Coordinator. Neither the delivery of this Introductory Document nor any documents relating to the Introduction shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Company or the Group or in any statement of fact or information contained in this Introductory Document since the date of this Introductory Document. Where such changes occur, we may make the relevant announcements of the same to the SGX-ST, where necessary. You should take note of any such announcement and, upon release of such an announcement, shall be deemed to have notice of such changes. Save as expressly stated in this Introductory Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies.

This Introductory Document has been prepared solely for the purpose of the Introduction and may not be relied upon by any person for purposes other than the Introduction.

The contents of this Introductory Document are not to be construed as legal, business or tax advice. Section 4 contains a description and discussion of certain risk factors relevant to the Company and the Shares. **As the Company is incorporated under the laws of Bermuda and is primarily listed on the Oslo Stock Exchange, please refer to Sections 9.6.4 to 9.6.10, and Appendices 1 and 4 for information regarding the rights of Shareholders under its bye-laws, Bermudian and Norwegian laws.**

In certain jurisdictions, the distribution of this Introductory Document is subject to legal restrictions. No actions have been taken to seek permission for the distribution of the Introductory Document in any jurisdiction where such specific action is required. Any person receiving this Introductory Document is required by the Company and the Sole Global Coordinator to inform themselves about and to observe such restrictions.

Copies of this Introductory Document may be obtained on request, subject to availability, during office hours from the offices of DnB NOR Bank, Singapore Branch, 8 Shenton Way, #48-02, Singapore 068811. A copy of this Introductory Document is also available on the SGX-ST website at www.sgx.com.

Assuming the Company is admitted to the Official List of the SGX-ST on 18 March 2010, trading in our Shares on the Official List of the SGX-ST is expected to commence on the same day. The actual day for the trading for the trading of our Shares will be announced by the SGX-ST in due course.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Introductory Document, statements made in press releases and oral statements that may be made by us or our Directors or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements. These forward-looking statements, including without limitation, statements as to:-

- (a) our revenue and profitability;
- (b) expected growth in demand;
- (c) expected industry trends;
- (d) anticipated expansion plans; and
- (e) other matters discussed in this Introductory Document regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:-

- (a) changes in political, social and economic conditions and the regulatory environment in Singapore and other countries in which we conduct business;
- (b) changes in currency exchange rates;
- (c) our anticipated growth strategies and expected internal growth;
- (d) changes in the availability and prices of services which we require to operate our business;
- (e) changes in customer preferences;
- (f) changes in competitive conditions and our ability to compete under such conditions;
- (g) changes in our future capital needs and the availability of financing and capital to fund such needs; and
- (h) other factors beyond our control.

Some of these risk factors are discussed in more detail in Section 4. Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Introductory Document, undue reliance must not be placed on these statements which apply only as at the date hereof. No representation or warranty is made that the Group’s actual future results, performance or achievements will be as discussed in those statements.

Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We and the Sole Global Coordinator disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances.

CORPORATE INFORMATION

Board of Directors	:	John Fredriksen (Chairman, President and CEO) Tor Olav Trøim (Vice President) Kate Blankenship (Non-Executive Independent Director) Hans Christian Børresen (Non-Executive Independent Director) Cecilie Fredriksen (Non-Executive Director)
Company Secretary	:	Georgina Sousa (BA English, BA Hospitality management)
Registered Office of the Company	:	Par-la-Ville Place, 14 Par-la-Ville Road, Hamilton HM08, Bermuda
Registered Office of Golden Ocean Management Asia Pte Ltd	:	10 Hoe Chiang Road #18-01 Keppel Towers Singapore 089315
Main Share Registrar	:	Nordea Bank Norge ASA Middelthuns gate 17, N-0368 Oslo
Share Registrar in Singapore	:	Tricor Barbinder Share Registration Services 8 Cross Street #11-00 PWC Building Singapore 048424
Independent Auditors	:	PricewaterhouseCoopers AS Dronning Eufemiasgate 8, N-0106 Oslo, Norway Partner-in-charge: Fredrik Melle (State Authorised Public Accountant in Norway)
Principal Bankers	:	Skandinaviska Enskilda Banken AB (publ) Filipstad Brygge 1, 0250 Oslo, Norway.
Sole Global Coordinator	:	DnB NOR Bank ASA, Singapore Branch 8 Shenton Way #48-02 Singapore 068811
Solicitors to the Introduction	:	M/s Lee & Lee 5 Shenton Way #07-00 UIC Building Singapore 068808
Solicitors to the Sole Global Coordinator	:	Drew & Napier LLC 20 Raffles Place #17-00 Ocean Towers Singapore 048620
Legal Adviser to the Company as to Norwegian laws	:	Wiersholm, Mellbye & Bech, advokatfirma AS Ruseløkkveien 26, P.O.Box 1400 Vika, N-0115 Oslo, Norway
Legal Adviser to the Company as to Bermudian laws	:	Mello Jones & Martin Thistle House 4 Burnaby Street Hamilton HM 11 Bermuda

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DEFINITIONS, ABBREVIATIONS AND TERMS

1. DEFINITIONS, ABBREVIATIONS AND TERMS

The following definitions and abbreviations shall apply in this Introductory Document, unless the context requires otherwise:

Company definitions

Golden Ocean, Company.....	Golden Ocean Group Limited
Group.....	Golden Ocean Group Limited and its subsidiaries
Hemen Holding.....	Hemen Holding Limited, the Company's largest shareholder, and a company indirectly controlled by trusts established by Mr John Fredriksen, the Company's Chairman, President and CEO for the benefit of his immediate family
Management.....	Golden Ocean Management AS and Golden Ocean Management Asia Pte Ltd, subsidiaries of the Company

Other definitions and abbreviations

Associate.....	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more of the aggregate of the nominal amount of all the voting shares; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
Board, Board of Directors.....	The board of Directors of the Company as at the Latest Practicable Date, unless otherwise stated
CDP.....	The Central Depository (Pte) Limited
CDP Shareholder.....	A Shareholder holding Shares under a direct account with CDP or a securities sub-account with a Depository Agent (as defined under the Companies Act (Chapter 50) of Singapore)
Controlling Shareholder.....	A person who (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or (b) in fact exercises control over the Company
Depository Agent.....	As defined under the Companies Act (Chapter 50) of Singapore
Directors.....	The Directors of the Company as at the Latest Practicable Date
FY.....	Financial year ended or, as the case may be, ending 31 December

DEFINITIONS, ABBREVIATIONS AND TERMS

Latest Practicable Date	The latest practicable date prior to the printing of this Introductory Document, being 16 December 2009
Main Share Registrar	Nordea Bank Norge ASA, or such other entity as may be engaged by the Company to serve as the share registrar of the Company
Introductory Document	This introductory document dated 16 March 2010
NOK.....	Norwegian Kroner
Related party	A party is related to an entity if: <ul style="list-style-type: none">(a) directly, or indirectly through one or more intermediaries, the party:<ul style="list-style-type: none">(i) controls, is controlled by, or is under common control with, the entity (this includes parent corporate entities, subsidiaries and fellow subsidiaries);(ii) has an interest in the entity that gives it significant influence over the entity; or(iii) has joint control over the entity;(b) the party is an associate of the entity;(c) the party is a joint venture in which the entity is a venturer;(d) the party is a member of the key management personnel of the entity or its parent;(e) the party is a close member of the family of any individual referred to in (a) or (d);(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.
S\$	Singapore Dollars
SGX-ST	Singapore Exchange Securities Trading Limited
Shareholders	Registered holders of Shares
Shares	Ordinary shares in the capital of the Company
Singapore Share Registrar.....	Tricor Barbinder Share Registration Services, or such other entity as may be engaged by the Company to operate as its share registrar in relation to Shares held under the CDP system

DEFINITIONS, ABBREVIATIONS AND TERMS

Substantial Shareholders	Persons who have an interest in the Shares, the nominal amount of which is not less than 5% of the aggregate of the nominal amount of all the voting shares of the Company
USD, US\$	United States Dollars
VPS	Verdipapirsentralen, the Norwegian Central Securities Depository
VPS Shareholder.....	A Shareholder registered as a holder of the Shares under the VPS system

Technical definitions and abbreviations

Classification Societies.....	Independent societies which certify that a vessel has been constructed and maintained in accordance with the rules of such society and complied with the applicable acts and regulations of the flag state of such vessel and the relevant international conventions
DWT	Deadweight tonnage is the displacement at any loaded condition minus the lightship weight. It includes the crew, passengers, cargo, fuel, water, and stores.
IMO.....	International Maritime Organisation
ISM Code	International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention
MARPOL	International Convention for the Prevention of Pollution from Ships
P&I.....	Protection and indemnity. This denotes the insurance coverage taken by a vessel's owner or charterer against third party liabilities such as oil pollution, cargo damage, crew injury or loss of life, etc.
P&I Association	A mutual insurance association providing P&I insurance coverage
SOLAS.....	International Convention for the Safety of Life at Sea

EXCHANGE RATES

2. EXCHANGE RATES

Our consolidated financial statements are expressed in USD. The exchange rates for USD to S\$ as outlined in the tables below were from Bloomberg L.P. and have been presented solely for information only. The tables and figures below should not be construed as representations that those S\$ or USD amounts could have been, could be or would be, converted or convertible into USD or S\$, as the case may be, at any particular rate, the rate stated below, or at all.

Currently, there are no restrictions on the conversion of S\$ into USD and *vice versa*.

The table below sets forth the high and low exchange rates between the USD to S\$ for each month in the six months prior to the Latest Practicable Date. The table indicates how many S\$ can be bought with one USD.

Month	S\$ per USD	
	High	Low
November 2009	1.40	1.38
October 2009	1.42	1.39
September 2009	1.44	1.41
August 2009	1.45	1.43
July 2009	1.47	1.44
June 2009	1.46	1.44

The following table sets forth, for each of the financial periods indicated, the average and closing exchange rates between the USD and S\$. The average exchange rates are calculated using the average of the closing exchange rates on the last day of each month during each financial period.

Financial Period	S\$ per USD	
	Average	Closing
FY 2006	1.58	1.53
FY 2007	1.50	1.44
FY 2008	1.41	1.44
9 months ended 30 September 2008	1.39	1.43
9 months ended 30 September 2009	1.47	1.41

As at the Latest Practicable Date, the closing exchange rate between S\$ and USD is S\$1.40 to USD1.00.

We have not sought the consent of Bloomberg L.P., nor has Bloomberg L.P. provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by Bloomberg L.P., and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by our Directors to ensure that the relevant statements from the relevant information services are reproduced in their proper form and context, and that the information is extracted accurately and fairly from the information services, we have not conducted an independent review of the information contained in the information services and have not verified the accuracy of the information services.

SUMMARY

3. SUMMARY

The following summary should be read as an introduction to the Introductory Document, and is qualified in its entirety by the more detailed information appearing elsewhere in this Introductory Document, including the appendices hereto. Any decision to invest in the Shares should be based on consideration of the Introductory Document as a whole by the investor.

3.1. DESCRIPTION OF GOLDEN OCEAN GROUP LIMITED

3.1.1. Introduction

The Company is registered in Bermuda and is involved in the ownership and operation of dry bulk ships, with a focus on ships in the capesize, panamax and kamsarmax classes. The Company owns or controls 12 ships, has 23 ships under construction for delivery between 2009 and 2012, and has several chartered-in ships. In addition, the Company has substantial time charter contract coverage.

3.1.2. History

Golden Ocean was established in 2004 in connection with a de-merger and spin-off of dry bulk activities from Frontline Ltd, and the Shares were admitted to trading on the Oslo Stock Exchange in the same year.

Starting off with a fleet of three vessels and options to acquire two newbuilding orders, the Company has gone through a substantial growth in fleet size and business activity. Expansion has taken place both through purchases and newbuilding, as well as through the use of financial instruments.

3.1.3. Financial situation

Since its inception in 2004, the Company has raised capital through equity in 2005 (USD 14 million), 2006 (USD 21 million) and 2009 (USD 108 million) and through a convertible bond in 2007 (USD 200 million), in addition to bank financing and leasing arrangements. The convertible bond has been partially redeemed and the outstanding amount under the convertible bond currently amounts to approximately USD 7.7 million.

The Company believes that its financial situation is well adapted to its activities and to the current level of the dry bulk market.

3.1.4. Business and market description

The business of Golden Ocean is to own and operate bulker vessels, with a focus on ships in the capesize, panamax and kamsarmax categories. The Company was founded in 2004 for the purpose of taking advantage of an expected long-term demand growth for such vessels, and to capitalise on growth trends in global economic activity. The demand for large bulkers is closely correlated with global economic trends and particularly on the economic activity in the large industrial economies in the Far East, such as Japan and China. An overview of the dry bulk market is provided in Section 7.

3.2. SUMMARY OF RISK FACTORS

A number of risk factors may adversely affect the Company. Set out below is a summary of the most relevant risk factors, as further described in Section 4. It should be noted that the risks described below are of a general nature and are not the only risks that may affect the Company's business or the value of its Shares. Additional risks not presently known to the Board of Directors or considered immaterial at this time may also impair its business operations and prospects.

3.2.1. Market risks

The Company is exposed to the volatility inherent in the dry bulk market, where it has virtually all its assets and operations. The market is volatile and highly competitive. Demand for dry bulk transportation is closely linked to global economic trends, with risks of demand setbacks in periods of economic downturns. Supply of tonnage serving the dry bulk market is growing as an effect

SUMMARY

of large ordering in previous years. The market balance is difficult to predict, and there is no assurance that resulting rates will be sufficient to cover expenses and/or a return on the Company's capital.

3.2.2. Operational risks

The Company's operations may be subject to a number of risks. This includes construction risks, risks of counterparties failing to honour their obligations, technical risks (including the service life of the Company's vessels and unexpected repair costs), risks inherent in marine operations such as groundings and collisions, as well as environmental risks. The Company has a relatively low number of employees. In the course of its activities, the Company may become party to legal proceedings and disputes. Insurance protection may not be adequate in all instances. All of these factors could have a significant impact on the Company's operations or financial position.

3.2.3. Financial risks

The Company is exposed to financial risks which include risks for interest rate and currency fluctuations. In addition, its borrowings create leverage which will amplify the effects of rate, cost, and value movements. In addition, changes in taxation could have a material impact on the Company.

3.2.4. Risks relating to the Company's shares

The trading price of the Shares could fluctuate significantly in response to quarterly variations in operating results, adverse business developments, interest rate, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors, or changes to the regulatory environment in which the Company operates. The market price of the Shares could decline due to sales of a large number of the Shares in the market or the perception that such sales could occur.

3.3. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

3.3.1. Board of directors

The Company's Directors as at the Latest Practicable Date are John Fredriksen (Chairman), Tor Olav Trøim, Kate Blankenship, Hans Christian Børresen, and Cecilie Fredriksen.

3.3.2. Management and employees

Key members of the Company's management are John Fredriksen (CEO and President) and Tor Olav Trøim (Vice President). Principal members of the management of Golden Ocean Management AS, the Company's subsidiary undertaking day to day management, are Herman Billung (CEO) and Geir Karlsen (CFO).

Please refer to Section 8.3 for more details of the management and employees of the Company.

3.3.3. Management services provided by external parties

The Company does not rely on the services of external parties for its management, but has outsourced various functions relating to its fleet in accordance with practices normal in the maritime industry.

SUMMARY

3.4. SUMMARY OF OPERATING AND FINANCIAL INFORMATION

The selected financial information set forth in this Introductory Document should be read in conjunction with the financial statements and the notes to those statements.

(USD million unless specified) Selected balance sheet data	Audited			Unaudited	
	31 Dec 2006	31 Dec 2007	31 Dec 2008	Nine months ending 30 September 2008	Nine months ending 30 September 2009
Total non-current assets	476.0	747.4	820.8	790.4	909.9
Total current assets	76.2	389.0	145.8	242.3	176.6
Non-current assets held for sale	-	47.4	40.1	40.1	16.0
Total assets	552.2	1,183.8	1,006.7	1,072.8	1,102.5
Shareholders' equity	137.1	181.5	175.2	170.6	499.3
Total non-current liabilities	289.9	624.1	167.5	580.8	479.1
Total current liabilities	125.2	378.2	663.9	321.4	124.1
Total liabilities and equity	552.2	1,183.8	1,006.7	1,072.8	1,102.5

(USD million unless specified) Selected profit and loss data	Year ended 31 December (audited)			Nine months ending 30 September (unaudited)	
	2006	2007	2008	2008	2009
Revenues	270.3	708.0	947.5	776.9	265.9
Operating result	49.8	167.4	223.7	192.5	73.9
Net result	35.7	201.0	380.1	373.4	192.9
Selected cash flow data					
Net from operating activities	67.6	143.1	194.4	131.9	107.4
Net from investing activities	(29.1)	(219.7)	(13.1)	29.3	(100.1)
Net from financing activities	(14.3)	342.0	(436.6)	(403.4)	70.8
Cash and equiv., end of period	40.8	306.2	50.9	64.0	129.0
Selected key figures					
Average number of shares, basic (millions)	256.6	271.5	276.8	276.7	397.0
Net earnings per share, basic USD	0.14	0.74	1.38	1.35	0.49
Dividends per share, USD	0.05	0.88	0.95	0.95	0

There have not been material changes to the Company's financial or trading position since 30 September 2009, which was the date of the Company's last financial statement.

SUMMARY

3.5. SUMMARY OF CAPITALIZATION AND INDEBTEDNESS

The following table sets forth a summary of the Company's capitalization and indebtedness as at 30 November 2009.

(USD million)	30 November 2009 (unaudited)
Shareholders equity (A)	516
Total indebtedness (B)	597
Total capitalization (A+B)	1,113
Liquidity (C)	111
Current financial receivable (D)	43
Current financial debt (E)	85
Non-current financial debt (F)	512
Net financial indebtedness (C+D-E-F)	443

3.6. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

3.6.1. Major shareholders

As at the Latest Practicable Date, Hemen Holding is the only Shareholder with a shareholding of 5% or more.

Please refer to Section 9.2 for more information on the Company's Shareholders.

3.6.2. Related Party transactions

Frontline Ltd. and Ship Finance International Limited are defined as Related Parties due to the significant influence of a common shareholder and some common directors on the boards of each company.

Frontline Ltd. provides the Company with certain administrative services. In addition, Frontline Ltd. provides supervision of the vessels under construction as well as services in relation to the technical operation of the vessels. Frontline Ltd. also purchases chartering services from the Company in relation to its OBO carriers.

Ship Finance is the owner of one vessel which is controlled by the Company through a financial lease arrangement.

Please refer to page 24 of the Company's consolidated financial statements for the year ended 31 December 2008¹ for more details on the transactions entered into with Frontline Ltd. and Ship Finance International Limited as at 31 December 2008.

All agreements and transactions with third parties are executed on an arm's length basis. The Company has internal processes to ensure that such agreements and transactions are entered into on an arm's length basis. For example, the operating cost base of running the ships is annually benchmarked against competitors to ensure that the Company is paying a fair price for the services it purchases from these third parties. For sale and leaseback transactions, Ship Finance International Limited is benchmarked against alternative providers of financing to obtain the most competitive terms for the Company.

3.7. ADDITIONAL INFORMATION

3.7.1 Share capital and shareholder matters

The Company's authorized share capital is USD 500,000,000 divided into 5,000,000,000 Shares with a nominal value of USD 0.10 per Share. The number of Shares in issue is 456,990,107. The unissued Shares are at the disposal of the Board of Directors.

¹ <http://www.goldenocean.no/reports/135378/R/1310375/303089.pdf>

SUMMARY

All issued Shares in the Company are vested with equal shareholder rights in all respects. There is only one class of Shares. The bye-laws do not contain any restrictions on the transferability of the Shares, save that the Board may decline the transfer of any Share which will or is likely to result in the holding or ownership (whether directly or indirectly) of 50% or more of the Shares by a person or persons resident in Norway.

Please refer to Section 9.1 for more details on the Shares of the Company. As the Company is incorporated under the laws of Bermuda and is primarily listed on the Oslo Stock Exchange, please also refer to Sections 9.6.4 to 9.6.10, and Appendices 1 and 4 for information regarding the rights of Shareholders under its bye-laws, Bermudian and Norwegian laws.

3.7.2. Bye-laws

The Company's bye-laws are incorporated by reference to this Introductory Document and an overview of these bye-laws is given in Section 9.6.

The bye-laws do not place any significant restriction on the business of the Company.

The Board of Directors shall have a minimum of two directors as resolved from time to time by the general meeting.

The bye-laws do not contain any restrictions on the transferability of the Shares, save that the Board may decline the transfer of any Share which will or is likely to result in the holding or ownership (whether directly or indirectly) of 50% or more of the Shares by a person or persons resident in Norway.

3.7.3. Documents on display

Please refer to Section 14.1 for more details.

RISK FACTORS

4. RISK FACTORS

4.1. GENERAL

Investing in Golden Ocean involves inherent risks. Prospective investors should consider, among other things, the risk factors set out herein in the Introductory Document before making an investment decision. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations and adversely affect the price of the Company's Shares. If any of the following risks actually occur, the Company's business, financial position and operating results could be materially and adversely affected.

A prospective investor should consider carefully the factors set forth below, and elsewhere in the Introductory Document, and should consult his or her own expert advisors as to the suitability of an investment in the Shares of the Company. An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment.

Included in this Introductory Document are various "forward-looking statements", including statements regarding the intent, belief or current expectations of the Company or its management with respect to, among other things, (i) the Company's target market, (ii) evaluation of the Company's markets, competition and competitive position, (iii) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and outcomes to be materially different from any future results, performance or outcomes expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the risk factors described below and elsewhere in this Introductory Document.

4.2. MARKET RISKS

4.2.1. The Company is exposed to a volatile market

The dry bulk market, in which the Company has virtually all of its assets and operations, is historically volatile and highly competitive. Both factors relating to demand for dry bulk transportation, and the supply of ships to serve this demand, create instability and volatility in revenues and values. With a relative overcapacity of ships, rates can drop significantly and may not be sufficient to cover expenses and/or a return on the Company's capital. Such an event may have a material adverse effect on the Company's business and financial performance.

4.2.2. The Company is dependent on demand in the dry bulk shipping industry which has traditionally been highly cyclical

The dry bulk shipping industry has traditionally been highly cyclical and is subject to fairly volatile fluctuations in charter-hire and freight rates, capacity utilization, demand and supply of shipping capacity and changes in shipping routes. These factors would contribute to volatility in the Company's revenues, profitability and vessel values. The demand for shipping capacity and freight and charter-hire rates are influenced by, *inter alia*, global and regional economic conditions, developments in international trade, changes in seaborne and other transportation patterns, weather conditions, port locations, the impact of port congestion, trade sanctions, embargoes, strikes, armed conflicts, riots, social unrest and other political situations in the various countries within the shipping routes normally plied by the Company's vessels. In the event that there are any developments which adversely impact any of these factors such that the markets in which the Company operates experience reduced demand for the number of voyages from its customers, the demand for the Company's vessels would decline and the resultant drop in revenue may adversely affect the Company's business and financial performance.

RISK FACTORS

4.2.3. The Company is exposed to supply factors in the dry bulk market

The supply of shipping capacity for dry bulk carriers is a function of, *inter alia*, the size of the existing global fleet, its operational efficiency, the impact of port congestion, the delivery of new vessels and the number of older vessels scrapped, converted to other uses, decommissioned or lost. Such supply may be affected by international conventions, national, state or local laws and regulations (or changes in such conventions, laws or regulations) or maritime transportation practices implemented by governmental and international authorities. Furthermore, there can be no assurance that there will not be an unexpected increase in the delivery of new vessels which operate in the dry bulk shipping market. These factors are outside of Company's control and may have a material adverse effect on its financial performance.

The global fleet serving the dry bulk market is large and with diverse ownership. Owing to the long life span of ships, as well as the long construction period, the global fleet will not adapt as quickly to changes in the market environment as demand. In periods of good rates, there is risk that many new ships are ordered, which may have a long-lasting effect on the market balance once the ships are delivered.

Specifically, the current orderbook of dry bulk vessels amount to more than 60% of the global sailing fleet. Based on estimates of deliveries and scrapping, the global fleet might grow more than transportation volumes in 2010. Future impacts of the large orderbook will depend on the possibilities to cancel or delay orders, on scrapping of existing tonnage, and on the future growth in transportation volumes. In the event that the Company is exposed to a prolonged excessive supply of dry bulk carriers, this may adversely affect the Company's business and financial performance.

4.2.4. The Company faces intense competition in the dry bulk shipping industry

The dry bulk shipping industry is highly fragmented with many shippers, owners and operators of vessels and is characterized by intense competition. The Company faces competition from both big and small participants in the industry. The Company's competitors who may have a smaller fleet than it does, and hence with less capacity or flexibility to meet customer requirements, may nevertheless compete through lower pricing. On the other hand, its larger competitors, with their greater capacity and flexibility in terms of deployment of vessels, may have more opportunities to gain market share than it does. In the event that competition increases in some or all of Company's principal markets, or its competitors are able to provide comparable services at a lower price and/or better quality and as a result, necessitates the Company to lower its prices significantly in order to secure charter contracts, thereby resulting in the Company having a lower profit margin. Furthermore, the Company may not be able to secure charter contracts that it is prospecting. In the event that the Company is unable to compete effectively in the dry bulk shipping industry, this may have an adverse effect on its financial performance.

4.2.5. The Company is exposed to fluctuations in charter-hire and freight rates

The Company offers its vessels on a variety of charter terms to the customers. In spot charters, the customers will typically approach the Company to provide marine transportation services on an immediate or *ad hoc* basis, and such charters will be based on the prevailing market rates and are usually for a short duration. As at the Latest Practicable Date, approximately 35% of the Company's fleet is operating in the spot charter market. While spot charters allows the Company greater flexibility in managing its fleet capacity utilisation and in negotiating rates as compared to contracts of affreightment, this may expose the Company to possible fluctuations in charter-hire and freight rates that may affect the market. If charter-hire or freight rates decline, this may adversely affect the Company's financial performance.

4.2.6. The Company operates in the shipping industry which is highly regulated

The ownership, operation and management of vessels is highly regulated, and the Company's operations are affected by various international conventions (including SOLAS, MARPOL, ISM Code), national, state and local laws and regulations relating to, *inter alia*, ship safety, management and operation, pollution control and prevention, environmental protection, crew requirements and security measures. In addition, the Company and its vessels may be subject to other applicable codes, guidelines and standards which may be recommended, adopted or implemented from

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time to time by maritime industry organisations and agencies, including the IMO, the flag state of the Company's vessels, the Classification Societies that certify the Company's vessels to be "in class", and insurance companies and P&I Associations which provide insurance coverage for the Company's vessels. Compliance with such regulations may entail expenses for ship improvements or modifications, maintenance and inspection requirements and may also entail changes in operating procedures that may add to the Company's cost of operations.

If any international conventions, national, state or local laws and regulations, or any applicable codes, guidelines and standards which may be recommended, adopted or implemented from time to time by maritime industry organisations and agencies become more stringent in the future and/or additional regulations requiring the Company's compliance are introduced, its costs of operations may increase and this may have an adverse effect on the profitability. Enforcement measures are in place to ensure compliance by the vessels and ship owners of the various regulations in the industry. As at the Latest Practicable Date, the Company has not encountered any incidents where it was in breach of any law, rule or regulation in the shipping industry. In the event of non-compliance with any of the existing regulations or any changes to such regulations, or any new regulations which require compliance, the Company may be liable for or subject to penalties and sanctions and its operations may be adversely affected as vessels may be prevented from operating for a period of time due to the lack of certification, or may be prevented by the relevant port authorities from leaving the port for a period of time. This may adversely affect the Company's operations and financial position.

4.2.7. The Company may require additional funding and new capital in the future

The acquisition of further vessels, and to a smaller extent, the increase in size of the Company's operations, will require substantial capital expenditure. Such expenditure may be through an equity offering by the Company and/or through incurring additional debt. However, the Company cannot assure that it will be able to raise the necessary funds through an equity offering and/or through incurring debt for such capital expenditure. The Company's failure to raise capital could reduce its profitability and impact its financial performance.

4.2.8. The market value of Company's vessels may decrease, which could limit the amount of funds that Company can borrow and cause it to fail to meet certain financial covenants in secured credit facility and adversely affect Company's operating results

The market value of vessels can fluctuate depending on general economic and market conditions affecting the shipping industry and prevailing charter hire rates, competition from other shipping companies and other modes of transportation, types, sizes and age of vessels, applicable governmental regulations and the cost of new buildings. If the market value of vessels declines, the Company may not be able to obtain other financing or incur debt on favourable terms.

If the market value of its vessels decreases, the Company may breach some of the covenants contained in the financing agreements relating to their indebtedness at the time. As a result of the global financial crisis in 2009, the value-adjusted book equity covenant of the Company fell below the requirements under the loan agreements with its financing banks, due to the dramatic drop in the valuations of its vessels from August 2008 to December 2008. As a result, the Company renegotiated for the restructuring of the different loan agreements to revise the relevant covenants, and raised more equity in order to comply with such covenants. If the Company breaches any such covenants in future and is unable to remedy the relevant breaches, the lender could accelerate the debt and foreclose on their vessels. In addition, if the book value of a vessel is impaired due to unfavorable market conditions or a vessel is sold at a price below its book value, the Company would incur a loss that could have a material adverse effect on its business, financial condition, results of operations and ability to pay dividends. Labour disputes could affect the Company's operations

The Company's operations depend upon the productivity of its employees, including the crew manning its fleet. Relations with them could deteriorate due to disputes related to, *inter alia*, pay or benefit levels. In the event of any such dispute, the Company's business and results of operations could be adversely affected.

RISK FACTORS

4.2.10. Governments could requisition the Company's vessels during a period of war or emergency thereby resulting in a loss of earnings

A government could requisition one or more of the Company's vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Requisitions generally occur during periods of war or emergency although governments may also elect to requisition vessels in other circumstances. Although the Company would be entitled to compensation in the event of a requisition of one or more of its vessels, the amount and timing of such compensation would be uncertain. Government requisition of one or more of the Company's vessels may negatively impact its business, financial condition, results of operations and ability to pay dividends.

4.2.11. Geopolitical risks

The Company's operations may take place in regions that may be politically volatile. Changes in the legislative, political, regulatory and economic framework in any region which result in currency and interest fluctuations, capital restrictions, changes in duties and taxes or other conditions detrimental to the Group's business could materially and adversely affect the Company's operations directly or indirectly.

4.3. OPERATIONAL RISKS

4.3.1. Construction risks

Golden Ocean has placed significant orders to construct new ships at various yards. The contracts stipulate dates of delivery and specified prices. The Company has, in the past two years, experienced some delays in relation to the delivery of vessels from yards, which resulted in the inability of the Company to perform some of its time charter contracts. If such new vessels are not delivered on a timely basis to the Company, the Company is generally entitled to compensation for late delivery by the yard (based on the period of delay). If the vessels are not delivered within the contractual period or at all, the Company is generally entitled to a refund of its instalments paid to the yard.

In the event that the Company is unable to perform its time charter contracts on a timely basis or at all due to late or non-deliveries of vessels by any yard, the Company may not receive any revenue from such time charter contracts on a timely basis, or at all. Damages may also be payable by the Company for late or non-performance of its charter contracts, if the Company fails to arrive at an amicable settlement with the respective charter counterparties. While no claims have been made against the Company for late or non-performance of its charter contracts up to the Latest Practicable Date, there is no assurance that no such claims will be made against the Company in future. Any significant delays, damages payable by the Company, or the failure of any yard to honour its obligations, could adversely affect the business and financial performance of the Company.

4.3.2. There are risks associated with the ownership of second-hand vessels

The Company's fleet includes second-hand vessels and the Company may purchase additional second-hand vessels to increase its fleet in the future. However, sellers of second-hand vessels typically provide very limited or no warranties with respect to the condition of the vessel. In addition, the Company's inspections of second-hand vessels prior to purchase would not normally provide the same knowledge about the condition of the vessel that it would have if the vessel had been built for or operated by itself. If the acquisition of second-hand vessels results in higher than anticipated operating expenditures, including repair costs, this may adversely affect our financial performance.

4.3.3. The Company may be affected by its inability to acquire more vessels

The Company's business strategy and future plans are based substantially upon the size and capacity of its fleet. In the event it needs to acquire vessels for expansion or replacement, there can be no assurance that vessels meeting size, technical and quality requirements will be available at

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prices or delivery times acceptable to the Company. In such an event, its ability to increase revenue may be adversely affected and in the event the Company's costs of acquisition of vessels increase, its capital and/or operating costs may increase, thereby affecting the profitability of the Company.

4.3.4. The Company may incur substantial maintenance and repair costs or replacement costs of vessels

All the Company's vessels are required to be certified to be "in class" by a classification society, and have to undergo and pass various surveys and inspections, including annual surveys, intermediate surveys (which is usually carried out every two and one-half years) and class renewal or special surveys (which is usually carried out every four to five years), in order to maintain such certification. Accordingly, the Company may incur substantial expenses in maintaining and repairing its vessels and ensuring compliance with the requisite marine certification standards. If the economic life of the vessels cannot be continuously maintained at reasonable costs there may be significant costs incurred in acquiring replacement vessels, which may adversely affect the Company's financial performance.

4.3.5. Counterparty risks

The Company has entered into various contracts for the employment of its ships. Some of these contracts are for periods of up to 10 years, and are entered into at rates which are above the present market.

If the Company's counterparties are unable or unwilling to honour their obligations, this may cause the Company to seek alternative employment for the ships in the prevailing market, which may offer lower rates than some of the contracts entered into originally, thereby adversely affecting the Company's financial performance.

In addition, there is no guarantee on the timeliness of our customers' payment and whether they will be able to fulfil their payment obligations. We are subject to the risk of bad debts should any of our customers fail to promptly settle amounts due to us. In 2009, as a result of the global financial crisis, the Company experienced defaults from certain counterparties². When a counterparty is unable to honor the contract obligations, the Company generally has certain avenues of recourse under the contract such as refunds and penalty fees. Legal action may also be taken against the counterparty. If the Company fails to recover amounts due under any future defaults of a significant amount, this may have an adverse impact on its financial position and financial performance.

4.3.6. Service life and technical risks

The service life of the Company's ships will ultimately depend on their efficiency. There can be no assurance of how long the ships will be in operation. There will always be some exposure to technical risks, with unforeseen operational problems leading to unexpectedly high operating cost and/or lost earnings, which may have a material adverse effect on the financial position of the Company.

4.3.7. The operation of drybulk carriers has certain unique operational risks

The operation of certain ship types, such as drybulk carriers, has certain unique risks. With a drybulk carrier, the cargo itself and its interaction with the ship can be a risk factor. By their nature, drybulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, drybulk carriers are often subjected to battering treatment during unloading operations

² Please refer to the following announcements by the Company for more information on such counterparty defaults:

http://www.goldenoccean.no/IR/press_releases/1289382.shtml

http://www.goldenoccean.no/IR/press_releases/1294347.shtml

http://www.goldenoccean.no/IR/press_releases/1332669.shtml

http://www.goldenoccean.no/IR/press_releases/1375437.shtml

Save for the above counterparty defaults, there are no other counterparty defaults which have had a material adverse impact on the financial performance of the Group.

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with grabs, jackhammers (to pry encrusted cargoes out of the hold), and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach to the sea. Hull breaches in drybulk carriers may lead to the flooding of the vessels holds. If a drybulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessels bulkheads leading to the loss of a vessel. If the Company is unable to adequately maintain its vessels, it may be unable to prevent these events. Any of these circumstances or events could negatively impact its business, financial condition, results of operations and ability to pay dividends. In addition, the loss of any of the Company's vessels could harm its reputation as a safe and reliable vessel owner and operator.

4.3.8. The Company is exposed to the inherent risks in the shipping business

In the shipping business, the Company is constantly exposed to inherent risks and external factors which are outside of its control such as oil spills and other pollution incidents, collisions, mechanical breakdown of vessels, adverse weather conditions, fire or other calamity. Any of these factors may cause disruptions to the Company's operations and result in loss or damage to its vessels or cargo. Where oil spills occur, the Company may be liable for such costs incurred in cleaning up and containment of the spill. The Company may also be liable for damages or compensation payable to third parties arising from vessel collisions in cases where negligence or contributory negligence is proved against it. In the event the Company is liable for payment of any such costs, damages or compensation, and its existing insurance coverage does not cover, or is insufficient to pay for the total amounts incurred, this may adversely impact the financial performance. In addition, the insurance premium costs may increase as result, thereby leading to an increase in the cost of the Company's operations, and which may adversely affect its financial performance.

4.3.9. The Company faces labour risks, including potential increase in labour costs

Currently, the crew for the Company's vessels are mainly outsourced from various third party ship management companies. If the Company faces higher rates for hiring such crew, its labour costs will rise and this may affect its profitability. The Company does not directly employ any crew for operating its vessels.

In the event of a disruption in the supply of crew, whether by reason of regulatory changes in the countries where the crew is sourced, or health quarantine imposed as a result of disease outbreaks, the Company may have to seek alternate sources of crew, sometimes at short notice. In the event that the Company is not successful in obtaining an alternate supply of crew, or if it sustains higher costs as a result, the operations may be disrupted or costs may increase, and the financial performance may be adversely affected.

The Company has an agreement with Frontline Management (Bermuda) Ltd. in relation to the technical management of the Company's vessels (including the supply of crew). The Company depends in part on Frontline Management (Bermuda) Ltd. to ensure that the crew they supply are properly qualified and certified in accordance with all applicable requirements under relevant international conventions, national, state, local laws and regulations, rules, codes, guidelines and standards recommended or adopted by maritime industry organisations and agencies.

Under the ISM Code, each of the Company's vessels are required to be manned by qualified, certified and medically fit crew in accordance with all applicable national and international laws, regulations and requirements. In particular, the crew is required to be fully conversant with the safety management system implemented both on board the vessel and ashore, and other relevant rules, regulations, codes and guidelines (as updated from time to time) applicable to the operation of ships. In the event any of the Company's crew is found to be not duly qualified or certified or there is any other non-compliance, breach or contravention in relation to crewing requirements as prescribed under the relevant regulations, it may be exposed to or liable for penalties or sanctions for such non-compliance, breach or contravention, and the Company may suffer a disruption in its operations as a result. In addition, if the Company's vessels get involved in accidents or collisions as a result of the incompetence of its crew, as ship owners, the Company may be liable for or exposed to sanctions, penalties or damages for oil spills, pollution, third party claims, loss or damage to cargo of its customers and other possible claims arising from such accidents or collisions.

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4.3.10. The Company is exposed to the risk of increases in fuel costs

Bunker expenses constitute a significant portion of the Company's total cost of sales. In the event of any increase in fuel costs, this may have an adverse effect on its margins for existing or future charter contracts. This is because in voyage charters, the Company bears the voyage costs including fuel costs. Should there be an increase in the fuel costs while fulfilling the contractual obligations to customers in such cases, the Company's margins will be affected. In addition, the Company's ability to secure charter contracts may be adversely affected in the event it was to increase freight rates or charter-hire rates due to increases in fuel costs. This may adversely affect the Company's financial results.

4.3.11. The Company's vessels may be exposed to attacks by pirates or terrorist attacks

The Company's vessels may be attacked by pirates or terrorists. In the event that the vessels are attacked, destroyed or stolen by pirates or subject to terrorist attacks, resulting in damage and/or loss or injury to the Company's vessels, cargo or crew which exceeds the existing insurance coverage or which is not covered by the existing insurance policies that the Company has taken up, its business and financial conditions may be adversely affected.

4.3.12. The Company's operations may be affected by infectious communicable diseases

The crew operating the Company's vessels may have travelled or worked in other affected areas prior to joining its vessels. If any one of the crew member is suspected to have contracted or contracts infectious communicable diseases such as the Severe Acute Respiratory Syndrome or pandemic influenza A, the entire crew on the vessel may have to be quarantined for a certain period of time. This will interrupt the operations of the vessel and result in delays in the shipment of cargo which may have an adverse effect on the Company's business and financial position. In addition, the Company's onshore staff may be affected by such infectious communicable diseases which may result in disruption of its operations.

4.3.13. The Company's operations may be adversely affected if there is any significant downtime of vessels or equipment

In the event of any extensive servicing or repair, there will be a prolonged and significant downtime of the Company's vessels or equipment resulting in major disruptions to its operations. In the event the Company is affected by such prolonged and significant downtime of vessels or equipment, its operations and financial performance may be adversely affected.

4.3.14. The Company may not have sufficient insurance and may be unable to maintain existing insurance coverage

In operating the fleet, the Company is exposed to inherent risks and external factors which are outside of the Company's control, such as sinking, collision and other marine disasters, environmental pollution, cargo and property loss or damage, piracy or terrorism attacks, and disruption of operations caused by mechanical failure, human error, political action, labour strikes, adverse weather conditions and other circumstances or events. Any such circumstance or event could result in loss of revenue or increased costs. The Company has arranged for insurance against certain of these risks. However, there can be no assurance that all risks are insured or adequately insured against. There are applicable deductibles under the insurance policies obtained by the Company, where certain excess amounts of loss or damage or liability suffered or incurred by it cannot be claimed from the insurance companies but must be borne by itself. In addition, the Company will not be able to maintain the existing insurance coverage if it is in wilful breach of warranties.

4.3.15. Maritime claimants could arrest the Company's vessels, which could interrupt its operations

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against that vessel (and, in some jurisdictions, any vessel owned or controlled by the same owner) for unsatisfied debts, claims or damages. In many jurisdictions a maritime lienholder may enforce its lien by arresting a vessel and commencing foreclosure

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proceedings. The arrest or attachment of one or more of the Company's vessels could require the Company to pay a substantial sum of money to have the arrest lifted and could adversely affect the Company's business, financial position and results of operations.

4.3.16. Unexpected repair costs

The timing and costs of repairs on the Company's vessels are difficult to predict with certainty and may be substantial. Many of these expenses, such as dry-docking and certain repairs for normal wear and tear, are typically not covered by insurance. Large repair expenses could decrease the Company's profits. In addition, repair time means a loss of revenue.

4.3.17. Maintaining senior management and key personnel

The Company has a limited size of its organization. There is no assurance that we will be able to retain our key management personnel and the loss of their services without suitable replacements may have a material adverse effect on our business, financial condition, results of operations and/or prospects.

4.3.18. Legal proceedings and contractual disputes

In course of its activities, the Company may become party to legal proceedings and disputes. The Company makes provisions in such cases to cover the expected outcome of the proceedings and disputes, to the extent that negative outcomes are likely and reliable estimates can be made. However, the final outcome of legal proceedings and disputes are subject to uncertainties, and resulting liabilities may exceed booked provisions.

4.4. FINANCIAL RISKS

4.4.1 Interest rate and currency fluctuations

The Company will be exposed to risks due to fluctuations in interest and exchange rates. Although we have entered and may enter into some hedging transactions to partially mitigate the risk of exchange rate fluctuations, such hedging or our hedging policy may not adequately cover our exposure to exchange rate fluctuations.

By the nature of the Company's business, its revenues are primarily earned in USD. The Company holds loans in USD and may incur incomes/costs in other currencies. Accordingly, any significant fluctuations in the exchange rates may have a material adverse impact on the financial performance of the Company.

4.4.2. Borrowing and leverage

Borrowings create leverage. To the extent income derived from assets obtained with borrowed funds exceeds the interest and other expenses that the Company will have to pay, the Company's net income will be greater than if borrowings were not used. Conversely, if the income from the assets obtained with borrowed funds is not sufficient to cover the cost of borrowings, the net income of the Company will be less than if borrowing were not used. Furthermore, the cash flow must be sufficient to meet the repayment schedule for the borrowed funds in order to avoid default under the financing facilities. The Company will seek to borrow only when the Directors of the Company believe that such borrowings will benefit the Company after taking into account considerations such as the costs of the borrowing, the repayment schedules and the likely returns on the assets financed with the borrowed monies. However, no assurance can be given that the income will exceed the interests and costs associated with the loan, nor be sufficient to repay the loan when due.

The Company's financing arrangements are subject to customary covenants. As is normal in the maritime industry, such covenants also relate to the market value of the Company's assets being financed. Given the volatility in the equity and debt markets, there can be no assurance that the Company will be able to secure financing or that such financing will be available at commercially reasonable rates, to meet the necessary payment terms under the construction contract.

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4.4.3. Taxation

Changes in taxation law or the interpretation of taxation law may impact the business, results of operations and financial condition of the Company. To the extent tax rules change, this could have both a prospective and retrospective impact on the Company, both of which could be material.

4.5. RISK FACTORS RELATING TO THE SHARES

4.5.1. Price volatility of publicly traded securities

The trading price of the Company's Shares could fluctuate significantly in response to quarterly variations in operating results, adverse business developments, interest rates, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors, changes to the regulatory environment in which the Company operates, or a variety of other factors outside the control of the Company.

The market price of the Shares could decline due to sales of a large number of the Shares in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at times and at prices that are deemed appropriate.

4.5.2. Single Large Shareholder

The Company has one Shareholder (Hemen Holding) with approximately 40% ownership and which also has influence in the Company through its representation on the Company's Board. Except where Hemen Holding is required to abstain from voting, it will be able to exercise significant influence over all matters requiring the approval of Shareholders, including the election of directors and the approval of significant corporate transactions. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of which may benefit the minority Shareholders.

4.5.3. No Prior Market for the Shares in Singapore

As at the date hereof, there is no public market for the Shares in Singapore. An active public market for the Shares may not develop or be sustained after the Shares are listed on the Main Board of the SGX-ST. While we have received a letter of eligibility from the SGX-ST to have our Shares listed and quoted on the Main Board of the SGX-ST, listing and quotation does not guarantee that a trading market for the Shares will develop or, if a market does develop, the liquidity of that market for the Shares.

4.5.4. Exposure of Shares to currency fluctuations

Our Shares are primarily listed and quoted in NOK on the Oslo Stock Exchange. Pursuant to the Introduction, our Shares will be secondarily listed and quoted in S\$ on the SGX-ST. In the event that the foreign currency exchange rates fluctuate significantly, this may have a material impact on the trading price of our Shares on the SGX-ST.

4.5.5. Investment and trading risks in general

All securities investments involve the risk of loss of capital. Investment in the Company involves significant economic risks. Although the Company's investment and management strategy is expected to provide some protection from the risk of loss inherent in the ownership of assets, there can be no assurance that these strategies will completely protect against this risk or that the Company's investment objectives will be obtained.

4.6. OTHER RISKS

4.6.1. Enforceability of civil liabilities

The Company is a limited liability company organized under the laws of Bermuda. The Directors and senior management of the Company reside in various jurisdictions. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company or to enforce judgments on such persons or the Company in other jurisdictions.

PERSONS RESPONSIBLE

5. PERSONS RESPONSIBLE

5.1. IDENTIFICATION OF PERSONS RESPONSIBLE

The Board of Directors of Golden Ocean Group Limited has assumed the sole responsibility for the information given in the Introductory Document and has signed the declaration set out below in this respect.

5.2. DECLARATIONS FROM PERSONS RESPONSIBLE

5.2.1. Directors' responsibility statement

This Introductory Document has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts omission of which would make any statement in this Introductory Document misleading, and that this Introductory Document constitutes full and true disclosure of all material facts about the Introduction and our Group.

5.2.2. Statement by the Sole Global Coordinator

To the best of the knowledge and belief of the Sole Global Coordinator, this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, the Company and its subsidiaries, and the Sole Global Coordinator is not aware of any facts the omission of which would make any statement in this Introductory Document misleading.

PRESENTATION OF THE COMPANY

6. PRESENTATION OF THE COMPANY

6.1. HISTORY AND DEVELOPMENT OF THE COMPANY

6.1.1. The legal and commercial name

The Company's legal and commercial name is Golden Ocean Group Limited.

6.1.2. Place of registration and registration number

The Company is registered in the Bermuda Register of Companies with registration number 36066.

6.1.3. Date of incorporation

The Company was incorporated and registered on 8 November 2004.

6.1.4. Domicile and legal form, legislation, and contact data

The Company is organized as a "limited company" under the Bermuda Companies Act 1981, as amended.

The Company has its registered office at Par-la-Ville Place, 14 Par-la-Ville Road, Hamilton HM08, Bermuda. The principal office of Golden Ocean Management AS, the Company's subsidiary providing management functions, is located at Bryggegaten 3, N-0125 Oslo, Norway. The telephone number to the Company's operating management is +47-22017340 and the fax number is +47-22017359.

The Company's principal place of business is in Bermuda.

The Company's web pages are found on www.goldenocean.bm. Save as provided in this Introductory Document, information contained on our website does not constitute part of this Introductory Document.

6.1.5. Important events in the development of the Company's business

The Company was established in November 2004 in connection with a de-merger and spin-off of certain dry bulk activities from Frontline Ltd. The Shares were admitted to trading on the Oslo Stock Exchange in December 2004.

At the outset, the Company's assets consisted of two wholly-owned capesize dry bulk vessels, one chartered vessel, plus options to acquire two newbuilding orders for panamax bulk vessels from Frontline, which were declared in 2005. Also in 2005, the Company acquired substantial time charter commitments and newbuilding contracts for two additional capesize dry bulk vessels from third parties.

Since its early start in 2004 / 2005, the Company has gone through a substantial growth in fleet size and business activity, with focus on the capesize and panamax sectors of the dry bulk market. Expansion has taken place both through purchases and through construction of newbuildings, as well as through the use of financial instruments.

Since its inception in 2004, the Company has raised capital through equity in 2005 (USD 14 million), 2006 (USD 21 million) and 2009 (USD 108 million) and through a convertible bond in 2007 (USD 200 million), in addition to bank financing. The convertible bond has been partially redeemed and the outstanding amount under the convertible bond currently amounts to USD 7.7 million.

The Company believes that its financial situation is well adapted to its activities and the current level of the dry bulk market.

The Company has integrated commercial functions but relies on external third parties for technical management functions. The operational activities are conducted through the Company's subsidiary in Oslo, established in February 2005, under the management of Mr. Herman Billung. From 2005 the Company has built its own commercial team with considerable experience from dry cargo

PRESENTATION OF THE COMPANY

chartering (physical and financial³) and management. The Company has also established a foothold in the vital Far Eastern market place through its office in Singapore which was also established in 2005.

6.2 LEGAL STRUCTURE OF GOLDEN OCEAN

Golden Ocean Group Limited is a group holding company for the subsidiaries set out below.

Name	Domicile	Owned
Golden President Shipping Corporation	Liberia	100%
Golden Hilton Shipping Corporation	Liberia	100%
Front Carriers Ltd	Liberia	100%
Golden Dena Corporation	Liberia	100%
Golden Gunn Corporation	Liberia	100%
Golden Saguenay Inc	Liberia	100%
Golden Opportunity Inc	Liberia	100%
Golden Nassim Inc	Liberia	100%
Golden Nantong Inc	Liberia	100%
Golden Sentosa Inc	Liberia	100%
Golden Straits Inc	Liberia	100%
Golden Island Inc	Liberia	100%
Golden Feng Inc	Liberia	100%
Golden Shui Inc	Liberia	100%
Golden Grouse Inc	Liberia	100%
Golden Ice Inc	Liberia	100%
Golden Ambition Inc	Liberia	100%
Golden Strength Inc	Liberia	100%
Golden Beijing Inc	Liberia	100%
Golden Future Inc	Liberia	100%
Golden Zhejiang Inc	Liberia	100%
Golden Zhoushan Inc	Liberia	100%
Golden Pearl Inc	Liberia	100%
Golden Diamond Inc	Liberia	100%
Golden Sapphire Inc	Liberia	100%
Golden Crystal Inc	Liberia	100%
Golden Brilliant Inc	Liberia	100%
Golden Emerald Inc	Liberia	100%
Golden Empress Inc	Liberia	100%
Golden Eminence Inc	Liberia	100%
Golden Excellence Inc	Liberia	100%
Golden Eclipse Inc	Liberia	100%
Golden Explorer Inc	Liberia	100%
Golden Endeavour Inc	Liberia	100%
Golden Enterprise Inc	Liberia	100%
Golden Endurer Inc	Liberia	100%
Golden Excalibur Inc	Liberia	100%
Golden Express Inc	Liberia	100%
Golden Exquisite Inc	Liberia	100%
Golden Eye Inc	Liberia	100%
Golden Changi Inc	Liberia	100%
Golden Ocean Management Asia Pte Ltd	Singapore	100%
Golden Ocean Management AS	Norway	100%
Golden Ocean Group Management (Bermuda) Limited	Bermuda	100%
Golden Ocean Trading Limited	Bermuda	87.5%

³ “Financial chartering” refers to the trading in the freight forward agreement markets on, for example, IMAREX ASA, an Oslo-based exchange for trading of maritime-related derivative contracts.

“Physical chartering” refers to the traditional chartering of ships and transportation of cargos.

PRESENTATION OF THE COMPANY

The three Management companies (Golden Ocean Management AS, Golden Ocean Management Asia Pte. Ltd. and Golden Ocean Management (Bermuda) Limited) provide management services and have overall responsibility of management of Golden Ocean, in Oslo, Singapore and Hamilton (Bermuda) respectively. The subsidiaries domiciled in Liberia have been incorporated to hold the respective vessels.

The Board of Golden Ocean has, in order to incentivise and retain long term commitment from the employees of the Group, decided to establish a trading subsidiary, Golden Ocean Trading Ltd ("GOTL"). GOTL will be responsible for short-term trading on the spot market within the Group, and will be based on the chartering in and chartering out of the vessels that are not owned by the Company or vessels that are not on long-term charter to the Company. As at the Latest Practicable Date, the employees of the Group have subscribed and paid for 12.5 per cent of the shares in GOTL. GOTL was set up on 1 July 2009, and is managed by Golden Ocean Management (Bermuda) Limited. GOTL distributes a certain percentage of the profit that GOTL generates to its shareholders in proportion to their fully paid shareholding in GOTL.

6.3 OVERVIEW OF THE COMPANY'S BUSINESS AND ASSETS

6.3.1. Overview

Golden Ocean is involved in the ownership and operation of dry bulk ships, with a focus on ships in the capesize, panamax and kamsarmax classes. The Company's fleet, divided between owned and chartered-in tonnage, is set forth in the tables below. In addition, a major part of the Company's vessels are contracted under time charter contracts of five years or more.

6.3.2. Fleet overview

The Company's current fleet is made up of the following owned and financially leased ships. The dates given to indicate when the ship is built, refers to the year of actual delivery, or the year and quarter of agreed delivery in the case of ships under construction.

Type /name	Flag	Size (DWT)	Built	Yard
Capesize				
Channel Alliance	PHI	171,978	1996	NKK
Channel Navigator	PHI	172,058	1997	NKK
Golden Feng	MI	170,500	2009	Daehan
Golden Shui	MI	170,500	2009	Daehan
N/B Golden Beijing	HK	176,000	2010 1q	Jinhaiwan
N/B Golden Future	HK	176,000	2010 1q	Jinhaiwan
N/B Golden Zhejiang	HK	176,000	2010 3q	Jinhaiwan
N/B Golden Zhoushan	HK	176,000	2010 4q	Jinhaiwan
N/B Golden Nantong	HK	176,000	2012 2q	Jinhaiwan
Panamax				
Golden Shadow ⁽¹⁾	HK	73,732	1997	Sumitomo
Golden Lyderhorn ⁽¹⁾	HK	74,242	1999	Sasebo
Golden Heiwa ⁽²⁾	PAN	76,000	2007	Imabari
Ocean Minerva ⁽²⁾	PAN	75,500	2007	Sanoyas
Golden Saguenay	HK	75,500	2008	Rong Sheng
Golden Opportunity	HK	75,500	2008	Rong Sheng
Golden Ice	HK	75,500	2008	Rong Sheng
Golden Strength	HK	75,500	2009	Rong Sheng
N/B Golden Pearl	HK	75,000	2010 4q	Pipavav
N/B Golden Diamond	HK	75,000	2011 1q	Pipavav
N/B Golden Sapphire	HK	75,000	2011 2q	Pipavav
N/B Golden Crystal	HK	75,000	2011 3q	Pipavav
N/B Golden Brilliant	HK	75,000	2011 4q	Pipavav
N/B Golden Emerald	HK	75,000	2012 1q	Pipavav

PRESENTATION OF THE COMPANY

Type /name	Flag	Size (DWT)	Built	Yard
Kamsarmax				
N/B Golden Eclipse ⁽¹⁾	HK	79,600	2010 1q	Jinhaiwan
N/B Golden Eminence	HK	79,600	2010 2q	Jinhaiwan
N/B Golden Empress	HK	79,600	2010 2q	Jinhaiwan
N/B Golden Endeavour	HK	79,600	2010 3q	Jinhaiwan
N/B Golden Endurer	HK	79,600	2010 4q	Jinhaiwan
N/B Golden Enterprise	HK	79,600	2010 4q	Jinhaiwan
N/B Golden Excellence ⁽³⁾	HK	79,600	2011 4q	Jinhaiwan
N/B Golden Explorer ⁽³⁾	HK	79,600	2011 4q	Jinhaiwan
N/B Golden Excalibur ⁽³⁾	HK	79,600	2012 1q	Jinhaiwan
N/B Golden Express ⁽³⁾	HK	79,600	2012 1q	Jinhaiwan
N/B Golden Exquisite ⁽³⁾	HK	79,600	2012 2q	Jinhaiwan
N/B Golden Eye ⁽³⁾	HK	79,600	2012 2q	Jinhaiwan

Notes:

- (1) These vessels have been leased to the Group under a bareboat charter.
- (2) These vessels have been leased to the Group under a time charter.
- (3) These kamsarmax orders from Jinhaiwan are, based on an agreement with the yard, being transferred into a single purpose company (wholly owned by the Company) that can be project financed without guarantees being given by the Group. As at the Latest Practicable Date, the Company has not secured the necessary project financing to finance the construction of these vessels.

In addition to the above, the Company has entered into a new shipbuilding agreement with the Daehan yard. Please refer to Section 13.1.1 for more details.

An overview of the Company's investments and the financing thereof is provided in Section 12.4.

In addition to the vessels that are owned or controlled through financial lease arrangements, the Company charters in vessels on charter arrangements of various durations. The following vessels are currently time chartered in (for periods of at least three months duration):

Name	Flag	Size (DWT)	Built	Comment
Willi Salamon	LIB	74,005	2000	Q1 2010
Gertrud Salamon	PAN	74,000	2000	Q1 2010
Mulberry Paris	PAN	76,492	2004	Q3 2011
Mulberry Wilton	PAN	76,453	2004	Q4 2011
Golden Sakura	PAN	76,000	2007	2016
Golden Kiji	PAN	76,000	2007	2016
Ocean Minerva	PAN	75,500	2007	Q1 2010
Golden Heiwa	PAN	76,662	2007	Q2 2010

The Company also provides commercial management services for certain additional vessels under contract with Frontline Ltd. and Knightsbridge Tankers Limited. Under these contracts, the Company earns a fee for handling the marketing and fixing of the vessels in the dry bulk market. The services are provided in respect of eight oil/bulk/ore combination carriers in addition to two capesize bulk carriers. Please refer to Section 6.3.5 for more details on such services.

6.3.3. Contract overview

The Company's vessels are employed on a combination of short, medium and long-term charters. The charter periods for the majority of these vessels range from five to 10 years.

As at 30 September 2009, we had unfulfilled secured charter contracts amounting to approximately US\$ 933 million. The Company has 23 vessels on medium and long-term charters. The distribution of secured revenues over time is as follows:

PRESENTATION OF THE COMPANY

Year	Secured revenues (US\$'000)
2009	45,802
2010	146,967
2011	163,291
2012	144,743
2013	142,554
2014	76,833
2015+	213,127

However, secured charter contracts may be delayed or cancelled as a result of changes in our customers' marine transportation needs or decision not to proceed with the voyage(s) contracted for. Accordingly, our unfulfilled secured charter contracts at any particular date may not be indication of revenues for the succeeding period.

6.3.4. Major customers and suppliers

The following table sets forth our customers accounting for 5% or more of our total revenue for each of the past three financial years:-

Major Customers	As a percentage of total revenue (%)		
	FY2006	FY2007	FY2008
Customer A	-	25%	42%
Customer B	-	9%	5%
Customer C	-	6%	-
Customer D	-	5%	-

Save for Customer A, the percentage of revenue contributions from our major customers set out above generally decreased during the periods under review due mainly to the increase in the number of customers over the same period. The revenue contribution from Customer A increased from FY2007 to FY2008 due to a significantly higher number of charters ordered by Customer A during FY2008.

Customers who are related to one another have been grouped together and treated as a single customer.

Save as disclosed above, as at the Latest Practicable Date, our business and profitability are not materially dependent on any industrial, commercial or financial contract (including a contract with a customer).

The following table sets forth our suppliers accounting for 5% or more of our total purchases for each of the past three financial years:

Major Suppliers	As a percentage of our total purchases (%)		
	FY2006	FY2007	FY2008
Supplier A	-	-	9%
Supplier B	-	-	-

Our Directors are of the opinion that our Group does not depend on a single supplier.

Frontline Ltd. and Ship Finance International Limited are defined as Related Parties due to the significant influence of a common shareholder and some common directors on the boards of each company. Frontline Ltd. provides the Company with certain administrative services. In addition, Frontline Ltd. provides supervision of the vessels under construction as well as services in relation to the technical operation of the vessels. Frontline Ltd. also purchases chartering services from the Company in relation to its oil/bulk/ore carriers. Ship Finance International Limited is the owner of one vessel, which is controlled by the Company through a financial lease arrangement. Please refer to Section 13.3 for more details.

PRESENTATION OF THE COMPANY

Save as disclosed above, none of our Directors or Substantial Shareholders and the Associates of our Directors and Substantial Shareholders has any interest, direct or indirect, in any of our major customers and / or major suppliers set out above.

6.3.5. Management of the Company's vessels

The commercial marketing and management of the Company's vessels is done by in-house resources of the Company, based on a business model where the Company has a fully integrated commercial management responsible for all vessels and contract.

The technical management of the Company's vessels is outsourced to Frontline Management (Bermuda) Ltd., which again outsources to third party ship management companies. Under the terms of the Company's agreement with Frontline Management (Bermuda) Ltd., Frontline Management (Bermuda) Ltd. shall ensure that the vessels are properly manned, equipped and serviced to the relevant requirements and standards. Frontline Management (Bermuda) Ltd. is paid a fixed fee per year, plus coverage of actual invoices from the third party ship management companies. The management fees payable to Frontline Management (Bermuda) Ltd. are based on market terms and the time costs incurred by the fleet managers in Frontline Management (Bermuda) Ltd. in dealing with the ships' managers. As Frontline Management (Bermuda) Ltd. has developed a department consisting of fleet managers specialized in supervising the third party managers, the Company is of the opinion that the expertise of Frontline Management (Bermuda) Ltd. in this aspect enables the Company to indirectly manage the ship managers, and run an extensive benchmarking of the operating standards between the third party managers.

The agreement with Frontline Management (Bermuda) Ltd. can be terminated by the Company on twelve months' notice. The choice of ship management companies remains with Frontline Management (Bermuda) Ltd. and any termination, which extends beyond the service period between Frontline Management (Bermuda) Ltd. and the Company is at the risk of Frontline Management (Bermuda) Ltd. Based on this arrangement, the Company relies on the services of several such ship management companies and deems this arrangement to give flexibility and cost efficiency. Construction supervision at the respective yards is outsourced to Frontline Ltd. The agreement for each vessel under construction runs until the end of the month of delivery of the vessel, and can be terminated by one month's notice.

Frontline Ltd. and Frontline Management (Bermuda) Ltd. are defined as Related Parties. A further description of the relation to these entities is given in Section 13.3.

6.3.6. Recent value assessment of the Company's fleet

The Company periodically requests broker valuations of its vessels. The most recent valuations were provided as at 31 December 2009 from the shipbrokers Lorentzen & Stemoco AS, Fearnleys, and R.S. Platou⁴. The table below sets forth the average values provided by these shipbrokers in respect of each vessel. Although vessel valuations are uncertain, the Company is not aware of material changes having occurred since the date of valuation.

The valuations were given on terms customary in the maritime business, reflecting estimates of "willing buyer / willing seller" of charter-free vessels available for prompt delivery. As is customary for such valuations, no vessels inspections have been performed. The vessels have been assumed to be in conditions normal for their age and standard, and equipped as appears from registers available to the shipbrokers performing the valuations. Valuations of vessels under construction reflected their values as completed vessels.

⁴ We have not sought the consent of the respective shipbrokers, nor have the respective shipbrokers provided their consent to, and the respective shipbrokers are accordingly not liable for the inclusion of the relevant information extracted from the valuation reports, and we disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by our Directors to ensure that the relevant statements from the valuation reports are reproduced in their proper form and context, and that the information is extracted accurately and fairly from the valuation reports, we have not conducted an independent review of the information contained in the valuation reports and have not verified the accuracy of the valuation reports. The valuation reports dated 31 December 2009 are available for review at the Company's offices for a period of six months from the date of this Introductory Document.

PRESENTATION OF THE COMPANY

Value estimates as at 31 December 2009					
	Yard	Vessel	DWT	Built	Value (USD)
Capesize					
Owned	NKK	MV Channel Navigator	172,058	1997	37,833,333
Owned	NKK	MV Channel Alliance	171,978	1996	35,500,000
Owned	Daehan	Golden Feng	170,500	2009	63,500,000
Owned	Daehan	Golden Shui	170,500	2009	63,500,000
Newbuilding	Jinhaiwan	Golden Beijing	176,000	Q1/2010	64,666,667
Newbuilding	Jinhaiwan	Golden Future	176,000	Q1/2010	64,666,667
Newbuilding	Jinhaiwan	Golden Zheijiang	176,000	Q4/2010	61,000,000
Newbuilding	Jinhaiwan	Golden Zhoushan	176,000	Q4/2010	61,000,000
Newbuilding	Jinhaiwan	Golden Nantong	176,000	Q2/2012	57,000,000
Total Capesize					508,666,667
Kamsarmax					
Newbuilding	Jinhaiwan	Golden Eclipse	79,600	Q1/2010	39,500,000
Newbuilding	Jinhaiwan	Golden Eminence	79,600	Q2/2010	39,000,000
Newbuilding	Jinhaiwan	Golden Empress	79,600	Q3/2010	38,333,333
Newbuilding	Jinhaiwan	Golden Endeavour	79,600	Q3/2010	38,333,333
Newbuilding	Jinhaiwan	Golden Endurer	79,600	Q3/2010	38,000,000
Newbuilding	Jinhaiwan	Golden Enterprise	79,600	Q4/2010	37,333,333
Newbuilding	Jinhaiwan	Golden Excellence	79,600	Q4/2011	36,333,333
Newbuilding	Jinhaiwan	Golden Explorer	79,600	Q4/2011	36,333,333
Newbuilding	Jinhaiwan	Golden Excalibur	79,600	Q1/2012	36,000,000
Newbuilding	Jinhaiwan	Golden Express	79,600	Q1/2012	36,000,000
Newbuilding	Jinhaiwan	Golden Exquisite	79,600	Q1/2012	36,000,000
Newbuilding	Jinhaiwan	Golden Eye	79,600	Q2/2012	36,000,000
Total Kamsarmax					447,166,665
Panamax					
Owned	Rong Sheng	Golden Saguenay	75,500	2008	36,166,667
Owned	Rong Sheng	Golden Opportunity	75,500	2008	36,166,667
Owned	Rong Sheng	Golden Ice	75,500	2008	36,166,667
Owned	Rong Sheng	Golden Strength	75,500	2009	37,166,667
Bareboat	Sumitomo	MV Golden Shadow	73,732	1997	24,666,667
Bareboat	Sasebo	MV Golden Lyderhorn	74,242	1999	27,500,000
Chartered	Imabari	MV Golden Heiwa	76,000	2007	37,000,000
Chartered	Sanoyas	MV Ocean Minerva	75,500	2007	37,000,000
Newbuilding	Pipavav	Golden Pearl	75,000	Q4/2010	34,666,667
Newbuilding	Pipavav	Golden Diamond	75,000	Q1/2011	34,333,333
Newbuilding	Pipavav	Golden Sapphire	75,000	Q2/2011	34,333,333
Newbuilding	Pipavav	Golden Crystal	75,000	Q3/2011	34,000,000
Newbuilding	Pipavav	Golden Brilliant	75,000	Q4/2011	34,000,000
Newbuilding	Pipavav	Golden Emerald	75,000	Q4/2011	34,000,000
Total Panamax					477,166,668

6.3.7. Seasonality

Seasonality for dry bulk shipping is not considered to have a significant effect on the Company. Typically the market is stronger in the fourth quarter of each year as demand is boosted by the shipments of grain from the northern hemisphere and increased demand for coal as the winter heating season approaches. In recent years, there has been a more significant slowdown associated with the Chinese New Year period given the importance of iron ore imports to the overall strength of the spot market. Further, as the Chinese steel mills have taken a greater role in the

PRESENTATION OF THE COMPANY

annual iron ore price renegotiations, which are carried out in the first quarter of the year, greater volatility has been experienced in short term spot market rates as the major Chinese importers and major exporters from Australia and Brazil seek to gain an advantage through market uncertainty.

Save as described above, we do not believe that seasonality has a material effect on our operations because our chartering strategy with a high portion of longer term charters is designed to smooth out short term trends.

6.4. BASIS FOR THE INFORMATION SET FORTH HEREIN

6.4.1. Basis for statements

The statements made by the Company regarding its competitive position is based on a “going concern” basis and are not based on any assumptions of changes in the Company’s relative competitive position.

6.4.2. Information on holdings

The Company does not have holdings in other undertakings that may have any significant effect on the assessment of its assets and liabilities, financial position or profits and losses.

6.4.3. Dependence on patents, licenses, contracts and processes

Save as disclosed in this Introductory Document, its business is not materially dependent on any research and development, nor on particular patents or licenses, industrial, commercial or financial contracts, or on new manufacturing processes. The Company does not undertake research and development activities and has not made investments into such activities in the past.

6.4.4. Trend information

With the Company’s business primarily being related to ownership, operation and construction of its ships, the Company has not been exposed to trends in production, sales or inventory, or costs and selling prices since the end of the last financial year to the Latest Practicable Date. However, as pointed out in Section 3.2, the market for the Company’s services remains highly volatile, with rates having reached historical peaks and bottoms within little more than the last year. Global economic trends as well as changes to the fleet and orderbook are likely to cause significant rate changes in the future as well.

Save as disclosed in this Introductory Document, the financial condition and operations of our Group are not likely to be affected by any of the following:

- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in any material way;
- (b) material commitments for capital expenditure;
- (c) unusual or infrequent events or transactions or any insignificant economic changes that materially affected the amount of reported income from operations; and
- (d) known trends or uncertainties that have had or that we reasonably expect

6.4.5. Significant new products and services

The Company has not introduced any new products and/or services within the period covered by the historical financial information, and is not preparing any such new products or services.

6.5. SELECTED HISTORICAL FINANCIAL INFORMATION

The table below sets forth selected financial information for Golden Ocean for the three last financial years.

PRESENTATION OF THE COMPANY

The selected financial information is extracted from the Company's consolidated financial statements for the years ended 31 December 2006, 2007 and 2008 (audited) and for the nine month periods ended 30 September 2008 and 2009 (unaudited). These consolidated financial statements and related footnotes are presented in USD and are in accordance with International Financial Reporting Standards ("IFRS").

(USD million unless specified)	Audited			Unaudited	
	31 Dec 2006	31 Dec 2007	31 Dec 2008	30 September 2008	30 September 2009
Selected balance sheet data					
Total non-current assets	476.0	747.4	820.8	790.4	909.9
Total current assets	76.2	389.0	145.8	242.3	176.6
Non-current assets held for sale	-	47.4	40.1	40.1	16.0
Total assets	552.2	1,183.8	1,006.7	1,072.8	1,102.5
Shareholders' equity	137.1	181.5	175.2	170.6	499.3
Total non-current liabilities	289.9	624.1	643.9	580.8	479.1
Total current liabilities	125.2	378.2	187.6	321.4	124.1
Total liabilities and equity	552.2	1,183.8	1,006.7	1,072.8	1,102.5

Selected profit and loss data	Year ended 31 December (audited)			Nine months ended 30 September (unaudited)	
	2006	2007	2008	2008	2009
Revenues	270.3	708.0	947.5	776.9	265.9
Operating result	49.8	167.4	223.7	192.5	73.9
Net result	35.7	201.0	380.1	373.4	192.9
Selected cash flow data					
Net from operating activities	67.6	143.1	194.4	131.9	107.4
Net from investing activities	(29.1)	(219.7)	(13.1)	29.3	(100.1)
Net from financing activities	(14.3)	342.0	(436.6)	(403.4)	70.8
Cash and equivalents, end of period	40.8	306.2	50.9	64.0	129.0
Selected key figures					
Average number of shares, basic (millions)	256.6	271.5	276.8	276.7	397.0
Net earnings per share, basic USD	0.14	0.74	1.38	1.35	0.49
Dividends per share, USD	0.05	0.88	0.95	0.95	0

MARKET OVERVIEW

7. MARKET OVERVIEW

Lorentzen & Stemoco AS, as an independent consultant, was responsible for preparing the market overview set out below.

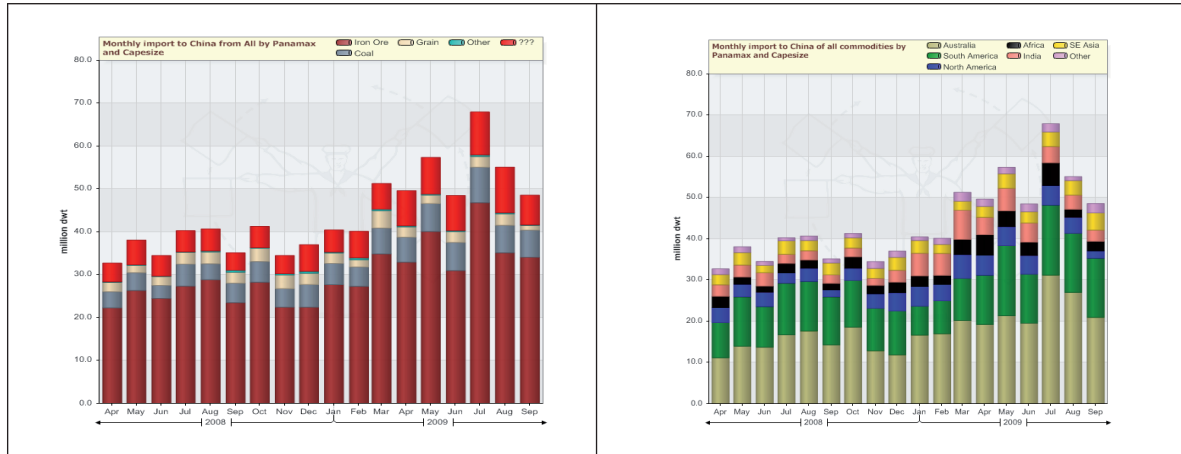
7.1. EXECUTIVE SUMMARY

Since China became a member of the World Trade Organization in December 2001, much of the dry bulk shipping commodities have been carried into the Mainland. The agreement opened up foreign export markets, while lowering key important tariffs. Nine months later, as the containership market responded with a colossal outflow of Chinese finished and semi-finished goods, the dry bulk market was also given impetus with local steel mills requiring more iron ore and power plants demanding more coal to lighten up factories, offices and households.

During the last five years, China has accounted for:

- **17% of dry bulk volumes on a world-wide basis**
- **33% of ton-mile demand, because of trade patterns**
- **80% of dry bulk growth**

That trend will surely continue in the short and medium-term future. The Chinese stimulus package of RMB 4 trillion, or roughly USD 585 bn, is directed in a big way towards infrastructure projects. In fact, some RMB 1.5 bn is channeled into the construction sector, underpinning the need for building material such as steel. China's apparent steel use in 2009 is expected to finish up at about 526 mill tons, almost half of the global steel use, according to World Steel. Meanwhile imports of iron ore have increased to about 600 million tons on an annualized basis, compared to 440 million tons being discharged last year. China and India are also calling for more metallurgical coal into the blast furnaces and steam coal into the power plants. Not surprisingly, Asia is also the biggest growth factor in the grain market. The illustration shows imports to China, and the source of origin.



Of concern to the future market balance is the overhang of tonnage looming from the earlier ordering spree. Contracted orders of 275 million dwt measure up at over 60 percent of the total fleet of about 450 million dwt. These orders will be delivered for the most part in 2010 and 2011. However, financial constraints affecting newbuilding contracts and shipyards unable to perform satisfactory on the accepted orders will, to some extent, result in contracts being cancelled. In addition, contracts may also be deferred to a later delivery, thus stretching out the newbuilding schedule.

Demolition of ageing ships will also offset the influx of newbuilding deliveries. Market conditions, operating costs and vetting criteria are all factors influencing on the number of vessels exiting the active dry bulk market.

MARKET OVERVIEW

Freight rates have rebounded from the aftermath of the financial crisis last year. The extent to which the growth in the dry bulk market will match the net influx will determine the strength in the charter markets and the freight rate levels, both in the spot market and the timecharter market.

Both second-hand and newbuilding prices have reduced markedly and will be set in the market by factors such as access to funding, market assessments and the availability of new orders in the shipbuilding sector.

7.2. BULK CARRIER INDUSTRY OVERVIEW

The information and data in this Section relating to the international dry bulk shipping industry has been provided by Lorentzen & Stemoco AS. All the information and data contained in this Section have been prepared or arrived at from sources which are believed to be reliable and given in good faith. Lorentzen & Stemoco AS does not represent that such information is accurate or complete and it should not be relied upon as such, nor is it a substitute for the judgment of the recipient. The information and data may differ from that of other sources. All opinions and estimates contained herein constitute Lorentzen & Stemoco AS' judgment at the date of this document and are subject to change without notice. Lorentzen & Stemoco AS does not accept any liability whatsoever for any direct, indirect or consequential loss arising from any use of information, opinion and/or estimates in this document.

7.2.1. Bulk Carrier Industry

Dry bulk shipping is the seaborne carriage of major and minor dry commodities stowed in bulk consignments onboard specially-designed bulk carriers. These commodities comprise minerals, other industrial raw materials and agricultural products essential to world modernization and prosperity.

Seaborne carriage of these commodities provides the most efficient, safest, reliable and environmentally-friendly means of transportation from the commodity producers and to the consumers across the globe, 70 percent of which is covered by sea.

Major bulks include iron ore, metallurgical coal, steam coal and grain. Minor bulk include steel products, pig iron and scrap, bauxite and alumina, cement, ores and concentrates, petroleum coke, fertilizers, forest products and non-grain agricultural products such as sugar.

7.2.2. Iron Ore

Demand for steel is the main driver in the iron ore industry. Iron ore is almost exclusively used in the production of steel. Steel is widely considered the second most important commodity besides oil, and is vital to construction and engineering in developed and developing economies.

The World Steel Association predicts that apparent steel use will contract worldwide by 8.6 percent to 1104 million tons in 2009 after declining by 1.4 percent in 2008. The contraction is diminished by the strong growth in steel demand in China. The world's largest consumer of steel is expected to increase demand to 526 million tons in 2009, accounting for 47.7 percent of world steel apparent steel in 2009.

China's stimulus package of USD 585 billion is to a large extent directed at the building of new infrastructure and housing projects. Spent over a two-year period, RMB 4 trillion will be allocated in total, 1.5 trillion of which will be used on infrastructure and another RMB 1 trillion on post-earthquake reconstruction. Many of these projects are highly steel intensive and will require increases in crude steel production to cater for the new demands.

World-wide, most of the steelmaking is produced using the basic oxygen furnace (BOF) method, requiring iron ore, metallurgical coal and limestone. The rest is produced using the electric arc furnace (EAF) method, requiring only scrap steel.

MARKET OVERVIEW

According to the World Steel Association, China has accounted for 48 percent of the global steel production during the first ten months of 2009. Producing 472.5 million tons during this ten-month period, China is expected to produce between 550-600 million tons in 2009. The world's largest steel producer relies overwhelmingly on the basic oxygen furnace method. The high demand and production of steel in China has made integrated steelmaking from blast furnace and basic oxygen furnace the most cost-effective method. This has large implications for the required volumes of iron ore, and the seaborne carriage of iron ore.

In total, around 900 million tons of iron ore is expected to be shipped on a world-wide basis in 2009. Of this, around 600 million tons will be carried to China. In fact, China's imports of iron ore have increased almost ten-fold since 2000.

China continues to be the main driving factor in the dry bulk market:

- **17% of dry bulk volumes on a world-wide basis**
- **33% of ton-mile demand, because of trade patterns**
- **80% of dry bulk growth during the last five years**

China's dominance in the dry bulk shipping market is a result of the increasing demands by Chinese steel producers for iron ore. Although China is the world's largest producer of iron ore, the domestic iron ore suffers from low iron content and import price competition. Therefore, China has become increasingly dependent on imports of iron ore to service the fast-expanding steel industry.

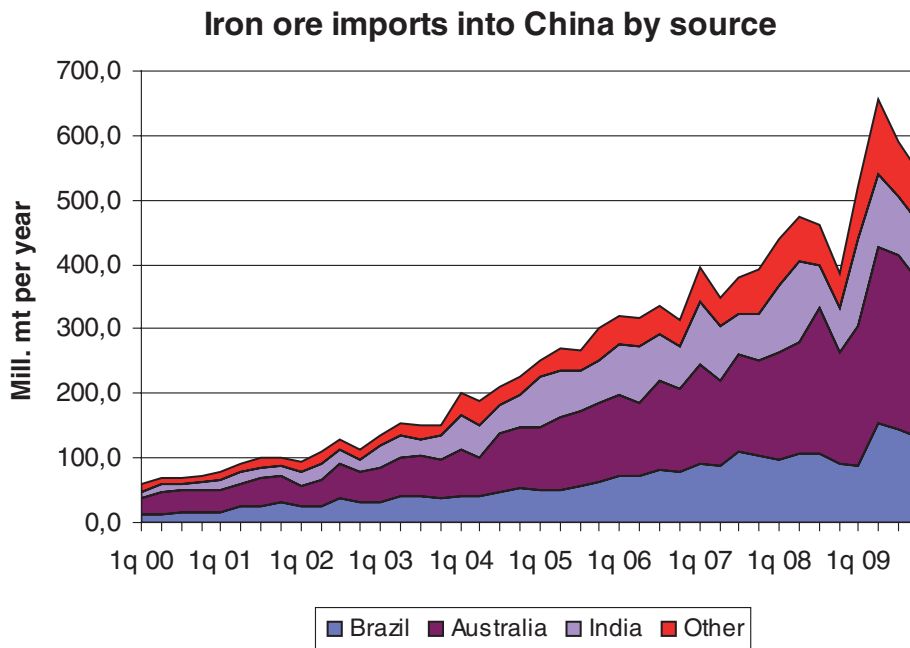
China's iron ore imports are carried mainly from India, Australia and Brazil. The tendency during the last years has been that exports from India are levelling out because of increasing local needs by the Indian steel producers. Instead, China is relying more heavily on the longer-haul suppliers Australia and Brazil, meaning longer freight distances and thus more demand for shipping services.

Because of longer freight distances, tonnage employment is boosted significantly: To illustrate, the ratio of total iron ore cargo tons per dwt annum can be compared in 2000 and 2009:

- 2000: Ratio of total iron ore cargo tons per dwt p.a.: 6.6
- 2009: Ratio of total iron ore cargo tons per dwt p.a.: 5.6

As a result, assuming the same cargo intake, dwt employment is increased because of the longer freight distances involved in carrying the required cargo.

Illustration 1: China's imports of iron ore by source



MARKET OVERVIEW

Japan has been surpassed by China as the largest iron ore importer. In 2009, Japan is expected to import in excess of 100 million tons of iron ore, a sharp downward correction from the previous year because of steel production reductions and iron ore inventory draws. Japan's steel producers are for the most part integrated producers, with an EAF share of only 26 percent, though higher than China's 16 percent. Japan's main sources of iron ore production are India and Australia as well as Brazil.

Finally, Europe will import around 80 million tons of iron ore in 2009. As with the Japanese mills, European mills have scaled down iron ore imports from the previous year to cope with the changes in the steel market. The European steel producers have the highest share of EAF at 47 percent. European imports mainly come from Brazil and Australia.

Illustration 2: Iron ore imports into Japan and Europe by source

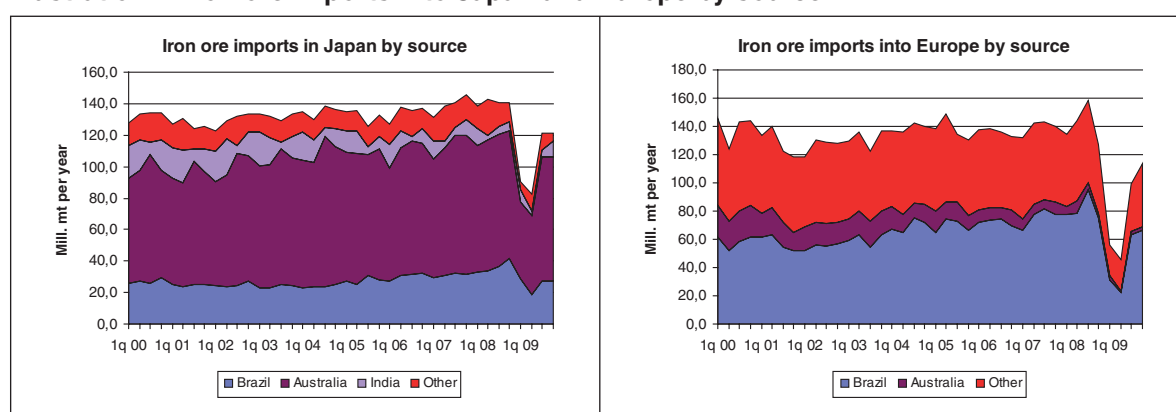


Table 1a: Iron ore imports p.a., million tons

	2005	2006	2007	2008	2009e
China	272.8	321.6	379.9	439.9	600.0
Japan	132.3	134.3	139.0	140.4	105.0
Europe	138.0	136.3	139.4	141.1	80.0
Other	103.2	101.3	104.1	118.4	115.0
Total	646.3	693.5	762.4	839.8	900.0

Table 1b: Iron ore exports p.a., million tons

	2005	2006	2007	2008	2009e
India	81.8	86.7	90.8	100.6	115.0
Australia	242.1	253.5	279.0	317.4	365.0
Brazil	200.7	225.2	250.1	276.8	280.0
Other	121.7	128.0	142.5	145.0	140.0
Total	646.3	693.5	762.4	839.8	900.0

7.2.3. Metallurgical Coal

Coking coal and Anthracite coal, the highest grades of coal, are commonly used in the steelmaking process. Bituminous coal is also used to make coke and, additionally, is used for steam-electricity.

In 2008, almost 900 million tons of metallurgical coal was mined and more than 90 percent of it used either in coke making or directly as PCI in the blast furnaces of the global steel industry.

Seaborne global trade of metallurgical coal neared the 250 million ton mark in 2008, and it is estimated to be worth more than USD 30 billion at current prices. The price dynamics of metallurgical coal follows closely the demand of finished steel. However, uncertainty in supply adds to an already volatile price.

MARKET OVERVIEW

The largest importer of metallurgical coal continues to be Japan with annual imports exceeding 40 million tons in 2009. Until recent years, China has been a net exporter of metallurgical coal, but is now a solid importer of met coal. China's imports of met coal will probably surpass 30 million tons. India is already importing about 25 million tons of met coal. Europe is also a sizeable importer, offloading about 30 million tons in 2009. Finally, Brazil has imports in excess of 10 million tons in 2009.

Export-led production primarily comes from Australia, with shipments exceeding 110 million tons on an annual basis. Canada and the United States are the other big exporters, contributing with about 40-50 million tons on an annual basis.

Illustration 3: Met coal imports into Japan, India, Europe and Brazil by source

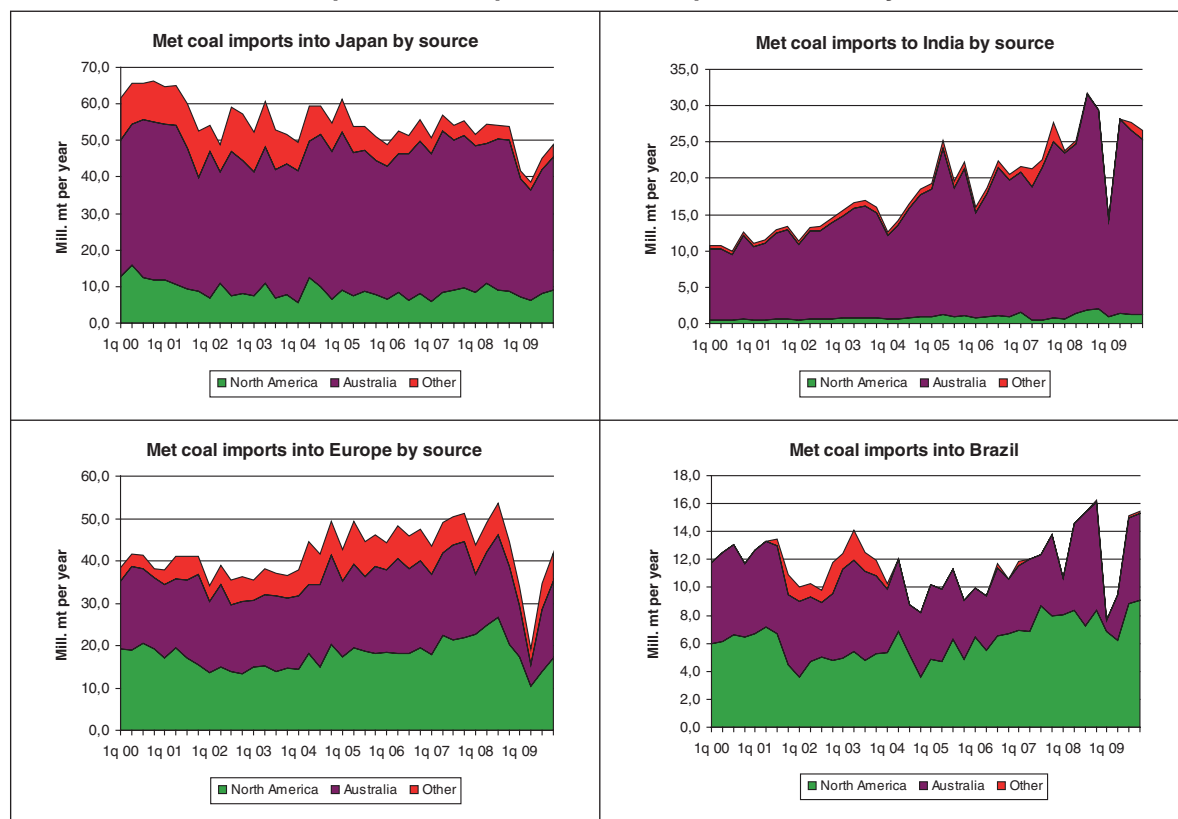


Table 2a: Met coal imports p.a., million tons

	2005	2006	2007	2008	2009e
Japan	55.0	52.1	54.2	53.6	45.0
India	21.6	19.4	23.3	27.5	25.0
Europe	45.7	46.4	48.6	47.7	32.0
Brazil	10.1	10.4	12.5	14.2	12.0
Other	38.5	43.6	49.5	47.5	52.0
Total	170.9	171.9	188.1	190.5	166.0

Table 2b: Met coal exports p.a., million tons

	2005	2006	2007	2008	2009e
Australia	115.0	113.3	126.6	117.5	110.0
North Am.	40.7	39.3	46.1	59.1	43.0
China	6.5	5.4	3.0	3.4	2.7
Other	8.7	13.9	12.4	10.5	10.3
Total	170.9	171.9	188.1	190.5	166.0

MARKET OVERVIEW

7.2.4. Steam Coal

Along with Bituminous coal, Sub-Bituminous coal and Lignite coal are used for steam electricity generation.

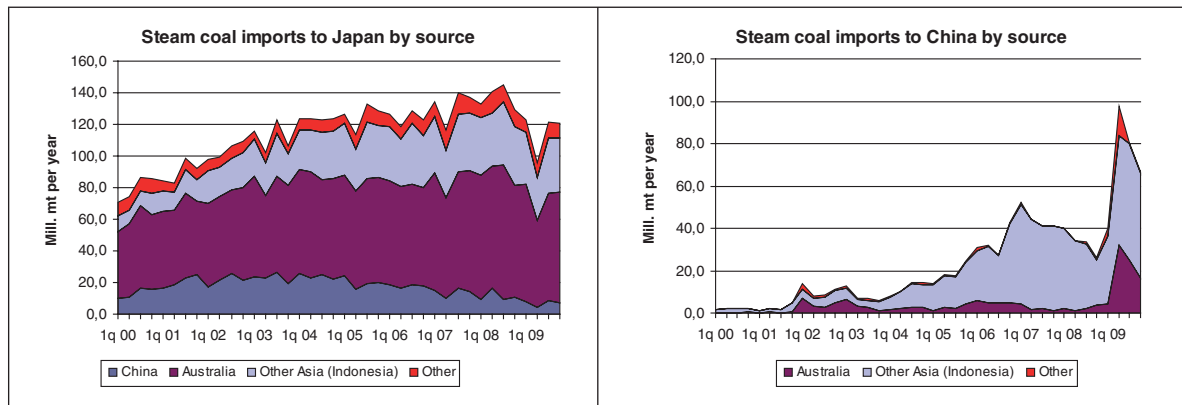
Coal is a fossil fuel, rich in energy. Because of its abundance in America, Europe and Asia coal has traditionally been a favored energy source in electricity power production, boosted by its comparably safe and reliable access compared with more Middle East dominated energy sources such as oil and natural gas. Moreover, coal is a relatively inexpensive fossil fuel carrying only one-third of the costs to the electricity power plans in comparison with usage of oil and natural gas.

Japan, the world's biggest importer of steam coal, will probably accept discharges of about 115 million tons in 2009, down from 124 million tons in 2008. Most of the imports will come from Australia, Indonesia and China.

In 2008, China accounted for more than 85 percent of global growth in coal demand, according to BP's statistical review of world energy. In China, coal is fuelling two-thirds of the electricity-generating power plants. At current, China is building the equivalent of two new coal-fired 500 MWe power plants per week. China has the third largest coal reserves after the US and Russia, with 115 billion tons of coal stored underground, with a reserve-to-production ratio of over 40 years. In order to meet the demand, China continues to ramp up production from local mines, increasing production to about 3 billion tons in 2009. Although China's production is almost half the world's total, the requirement for coal is driving a surge for imports as well.

Until January 2007, China was a net exporter of steam coal serving largely Japan and Korea as well as Taiwan, but has turned to become a net importer. China's imports of steam coal will probably be around 70 million tons in 2009, the double of the import volumes in 2008, feeding the new and expanding Chinese electricity power plants.

Illustration 4: Steam coal imports into Japan and China by source



India is also ramping up imports of steam coal significantly. India, with almost 60 billion tons of proved reserves, is witnessing demand outpacing supply to the extent that imports from overseas producers are needed to fill the void. India is already importing 30 million tons of steam coal in 2009, and will probably import more coal in future years to fuel the rapid economic growth.

The rise of China and India on the international coal scene increases the call on short-haul producers such as Indonesia and Vietnam, as well as long-haul producers in Australia and South Africa. Going forward, Colombia will also be a significant producer of steam coal to Asian power plants.

As for Europe, continuing to be a large importer of steam coal in the magnitude of 150 million tons in 2009, the Continent is relying on many of the same Atlantic Basin producers in North and South America as well as South Africa and Russia.

MARKET OVERVIEW

Illustration 5: Steam coal imports into India and Europe by source

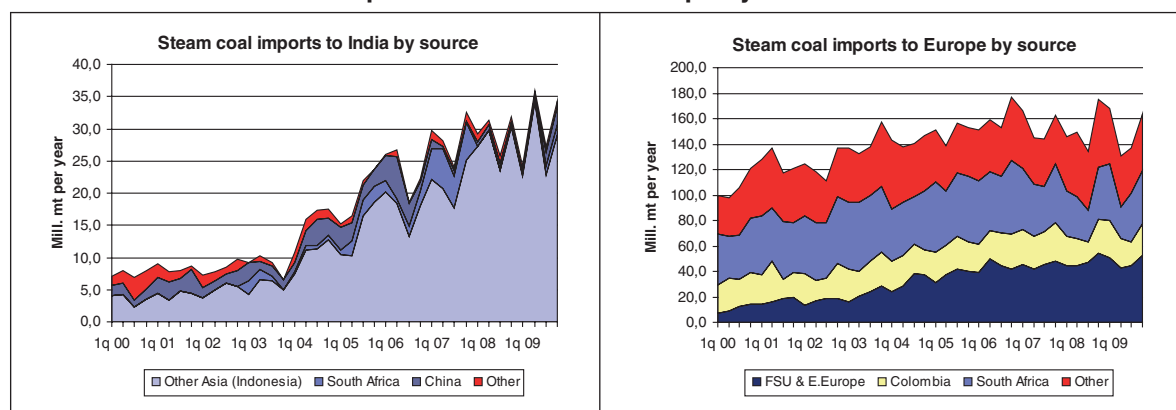


Table 3a: Steam coal imports p.a., million tons

	2005	2006	2007	2008	2009e
Japan	125.3	124.0	131.9	136.9	115.0
China	18.7	33.4	44.7	33.5	70.0
India	19.3	23.4	28.6	29.6	30.0
Europe	149.6	160.1	154.4	151.2	150.0
Other	224.6	245.0	273.1	285.6	260.0
Total	537.5	585.9	632.7	636.8	625.0

Table 3b: Steam coal exports p.a., million tons

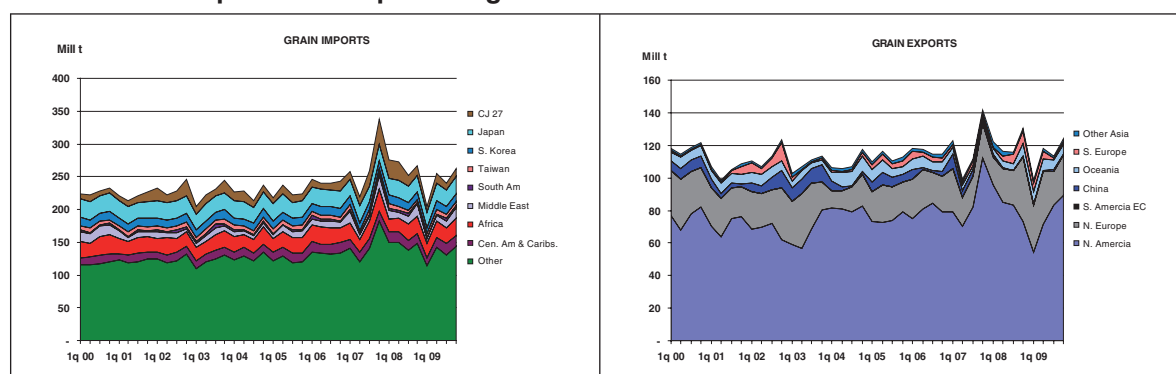
	2005	2006	2007	2008	2009e
Indonesia	148.8	191.3	220.5	219.9	225.0
Australia	131.8	133.7	141.7	151.2	160.0
South Africa	67.9	66.9	65.0	55.8	60.0
China	68.1	59.3	54.3	46.2	30.0
Other	120.9	134.7	151.2	163.8	150.0
Total	537.5	585.9	632.7	636.8	625.0

7.2.5. Grain

Grain products that are carried at sea include wheat, coarse grains and soybeans.

Volumes of seaborne grain have been stable for many years. But with higher economic growth, population increases and more consumption of wheat, volumes have increased markedly. In 2009, seaborne demand for grain will be about 250 million tons and seaborne demand for soybeans will be approximately 150 million tons. Of these, Asia will be the largest regional taker of grain and soybeans world-wide.

Illustration 6: Imports and exports of grain



MARKET OVERVIEW

In addition, climate changes and the use of grain for energy purposes have altered trade patterns. Grain crops in Australia have for example been negatively affected by drought for several years, causing a greater need for shipments from the Black Sea, Europe and North and South America. The usage of grain for ethanol and bio-fuel purposes has also raised the price of grain and resulted in changing trade patterns for the grain shipments.

Illustration 7: Imports and exports of soybeans

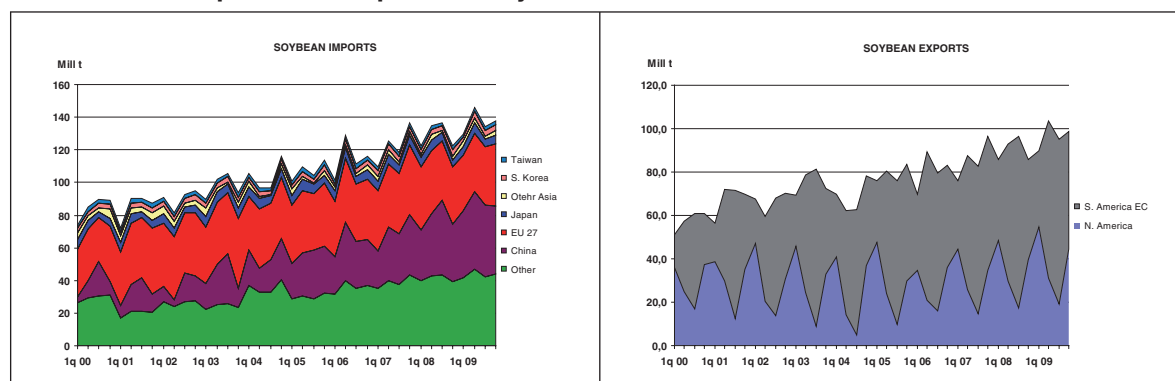


Table 4a: Grain/Soybean imports p.a., million tons

	2005	2006	2007	2008	2009e
Asia	89.3	90.8	88.7	95.5	102.2
Europe	48.3	48.1	60.6	59.5	47.2
Middle East	8.9	9.1	13.2	12.9	10.7
Africa	23.0	25.3	25.8	23.1	24.5
Americas	18.6	22.5	22.0	23.1	21.7
Other	160.1	176.8	193.2	195.3	185.0
Total	348.2	372.6	403.5	409.4	391.3

Table 4b: Grain/Soybean exports p.a., million tons

	2005	2006	2007	2008	2009e
North Am.	102.4	106.8	116.0	118.1	111.8
S. America	51.1	53.5	55.6	56.4	59.4
Europe	23.5	25.4	22.8	28.9	29.9
Oceania	6.3	6.1	3.2	4.7	6.8
Other	164.9	180.8	205.9	201.3	183.4
Total	348.2	372.6	403.5	409.4	391.3

7.2.6. Minor Bulks

Minor bulks include:

- Steel products: Seaborne trade of finished and semi-finished steel products is an important component of the bulk carrier industry, with cargoes frequently being wrapped or packed. In 2009, the steel product trade is expected to be at 160 million tons. China is the single largest importer of steel products.
- Bauxite and alumina: The main ore of aluminium is bauxite, the source of over 99 of aluminium metal. Aluminium metal is refined from alumina, with the largest producers of aluminium metal being Russia, China, the US and Canada.
- Cement: Cement is an essential building material, with traditional importers being the EU and the US. Increasingly, the Middle East and Africa are also coming in as big takers of cement from overseas, particularly from Asia. China is a main exporter of cement internationally.

MARKET OVERVIEW

Other minor bulks include ores and concentrates, petroleum coke, fertilizers, forest products and non-grain agricultural products such as sugar.

7.3. DEMAND FOR DRY BULK CARRIERS

Dry bulk shipping demand is dependent upon a combination of factors, including the world economy, world production and imports of dry bulk commodities, seasonal variations, port congestion and other productivity variables such as vessel ballasting and service speed.

7.3.1. World Economic Growth

The dry bulk shipping industry is a cyclical industry. Business cycles are identified by the fluctuations in gross domestic product. Variables that move in the same direction as gross domestic product are investment, private consumption and imports. All those variables are critical to the dry bulk shipping industry.

Historically, business cycles have tended to average about 7.5 years, with large differences in minimum and maximum length. However, in recent history, there have been periods that stand out by their unusually long sustained economic growth. The latest such period could be observed during the European and Japanese reconstruction in 1950-1974.

The new millennium started with renewed economic activity in the US after the mild recession in 2001-2002, and the full membership of China into the World Trade Organization in December 2001. The WTO membership opened up for China's access to international markets, while lowering tariffs on imported goods. During the period 2003-2007 global growth exceeded 4 per cent per year, well above the normal growth level between 2-4 percent per year.

The collapse of Lehman Brothers on September 15th 2008 unleashed a financial crisis still weighing heavily down on the world economy. Access to finance remains strained, although interbank markets have reopened and capital markets have started to normalize. Monetary policy has eased with central banks cutting interest rates to exceptionally low levels and ensuring money flowing freely into the system. Fiscal policy has also been designed at restoring confidence and growth with governments launching major public stimulus programs.

Emerging markets have been the first to rebound economically. Particularly China, boosted by high credit availability and a large stimulus package, is on track to grow by 8 percent in 2009 year-on-year in gross domestic product. The construction sector is particularly active, benefitting from the government spending on new infrastructure and housing projects. Business and consumer spending also continue to accelerate. Because of China's reliance on exports, important business partners need to reactivate in order to sustain the growth. The United States appear to be out of the steep recession and will be coming in stronger next year importing more finished goods from Asia and more energy from the Middle East. Europe, becoming a more dynamic region, will probably follow suit with a time lag. Japan will also be on the rise, but needs to cope with adverse currency developments to compete with other Asian producers.

MARKET OVERVIEW

Table 5: World economic growth*

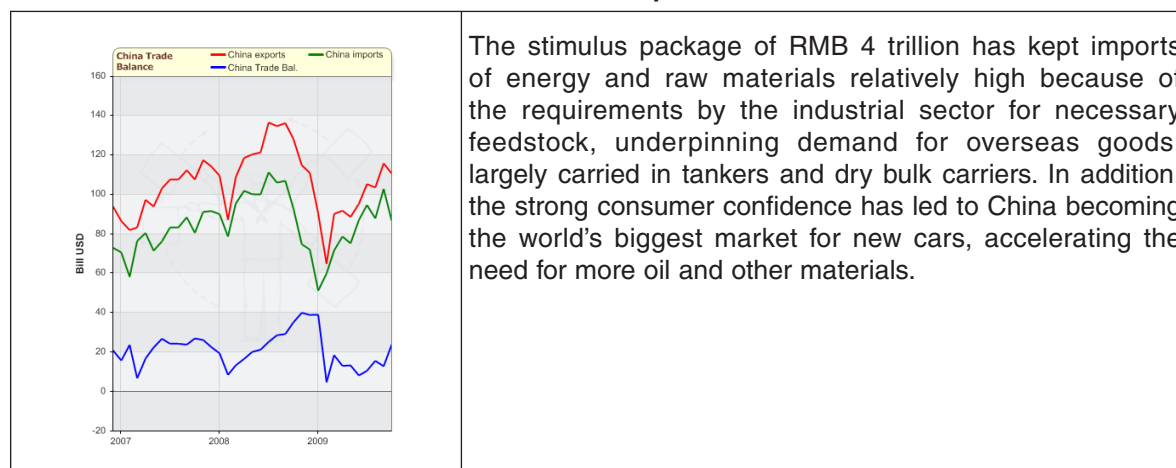
	2006	2007	2008	2009e	2010e
USA	3.3%	2.1%	0.4%	-2.7%	1.5%
Euro area	2.6%	2.7%	0.7%	-4.2%	0.3%
Russia	6.7%	8.1%	5.6%	-7.5%	1.5%
Middle East	5.7%	6.2%	5.4%	2.0%	4.2%
Japan	2.2%	2.3%	-0.7%	-5.4%	1.7%
China	10.7%	13.0%	9.0%	8.5%	9.0%
India	9.2%	9.4%	7.3%	5.4%	6.4%
World output	5.4%	5.2%	3.0%	-1.1%	3.1%

*Source: International Monetary Fund, World Economic Outlook, October 2009. The consent of International Monetary Fund has not been sought, nor has International Monetary Fund provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the data provided by International Monetary Fund, and disclaim any responsibility in relation to reliance on these statistics and information.

The world economy will probably recover in the course of 2010. International trade, reducing by an astonishing 13 percent this year, will stand to benefit from this growth, increasing by 2.7 percent as predicted by the International Monetary Fund. Completion of the Doha Round on global trade negotiations could provide a boost to global confidence and trade. Equally important, any attempts at resorting to protectionist measures should be avoided at any cost to prevent backsliding on trade liberalization and competition policies.

China's exports have been affected negatively by the world economic recession, reducing sales to international trade partners. The illustration below clearly depicts the extent to which exports have slowed down this year. However, from the low-point in February 2009, China's exports have rebounded, increasing moderately to the US and Europe, as well as to South America and South East Asia. Since much of China's exports of finished and semi-finished goods are carried in containers, the change in exports has significantly impacted on the containership trade.

Illustration 8: China's trade balance and industrial production



The stimulus package of RMB 4 trillion has kept imports of energy and raw materials relatively high because of the requirements by the industrial sector for necessary feedstock, underpinning demand for overseas goods, largely carried in tankers and dry bulk carriers. In addition, the strong consumer confidence has led to China becoming the world's biggest market for new cars, accelerating the need for more oil and other materials.

Because of China's weight in the commodity markets, prices have firmed up for metals such as copper, lead, nickel and tin. Minerals have also risen in price, for example iron ore and coal.

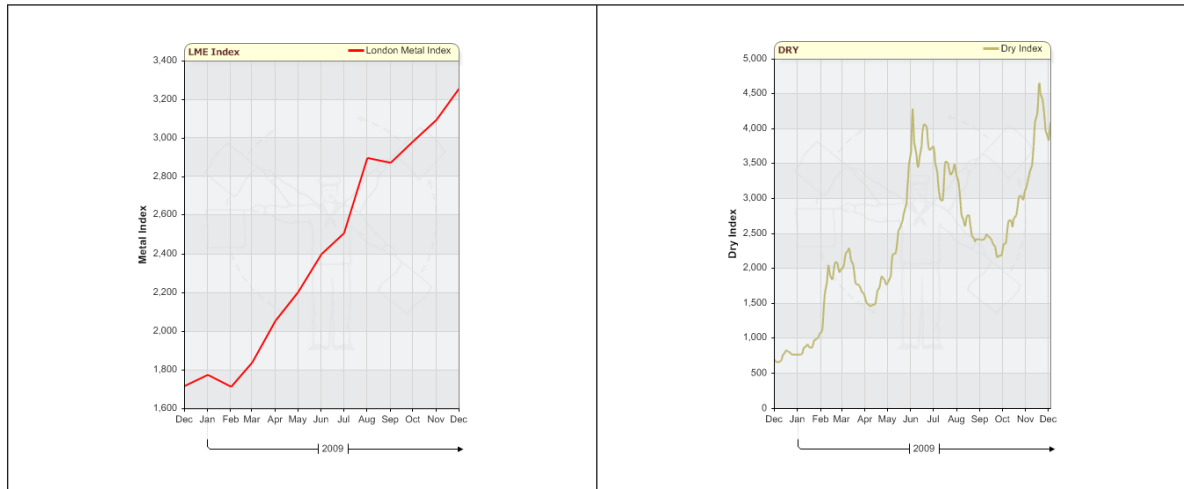
China's currency, Renminbi, is *de facto* pegged to the US dollar, with USD 1 buying RMB 6.8.

Chinese authorities have resisted international pressure to appreciate the RMB in a bid to keep export competitiveness under control. However, the Euro has strengthened considerably against the USD to about 1.5. The Japanese Yen has also appreciated, with the USD buying only about JPY 90 at current.

MARKET OVERVIEW

With the greenback falling in value, many investment funds have hedged in commodities, exacerbating the commodity price increases. Studies show a positive correlation between USD depreciation and rising commodity prices – and dry bulk freight rates.

Illustration 9: London Metal Exchange Index and Baltic Dry Bulk Index last 12 months



7.3.2. Seasonality Factors

All of the major bulks are affected by seasonal factors. Generally, the high season runs from the fourth quarter of the year and into the first quarter of the next year. In contrast, the low season runs from the second quarter and into the third quarter of the year.

Demand for steel is the criteria that all existing and future steel production is judged against and has wide ramifications on the dry bulk shipping industry. The period from September to March tends to be the most active season for steel demand, and a period during which steelmakers will build up stocks of steel-related feedstock, thereby creating more activity in the dry bulk shipping industry. The extent to which steelmakers will build up stocks of iron ore and met coal will also depend on the anticipation of prices changing in future months. Depending on whether there is anticipation of price hikes, steelmakers and traders will also factor in these expectations in their stock-level economics.

As for coal used in steam-electricity generation, the usage will be the highest during the winter season in the northern hemisphere. The reason is that the need for heating by households and offices will go up in times of dropping temperatures, and *vice versa*.

Finally, as for grain, there are two distinct seasons: the second quarter southern hemisphere harvest in Argentina shipped out from the River Plate; and the fourth quarter northern hemisphere harvest in North America shipped out from the US Gulf.

7.3.3. Productivity Factors

Due to radically increasing freight volumes, many of the most important ports have experienced a congestion of vessels calling to load and discharge commodities.

In 2003 to 2004, many of the Chinese discharge ports suffered from port congestion because of inadequate capacity, both in port and inland. The situation deteriorated in the fourth quarter of 2004, when queuing at the Chinese discharge ports as well as other international loading ports caused 12 percent of the entire dry bulk shipping fleet to be affected by port congestion. However, in the first and second quarter of 2005 port congestion in China eased off as a result of port and inland logistical capacity expansion as well as seasonal and commodity stock factors.

MARKET OVERVIEW

In the fourth quarter of 2006, port congestion resurfaced when authorities in the Port of Newcastle in Australia scrapped the so-called counter balancing system (CBS), working to control miners' production quotas. Though the CBS was reintroduced in May 2007, congestion in Newcastle, Hay Point/ Dalrymple Bay and other Australian ports remains an unsolved problem.

Port congestion is also a seasonal and/ or systemic problem in India, South Africa and Brazil.

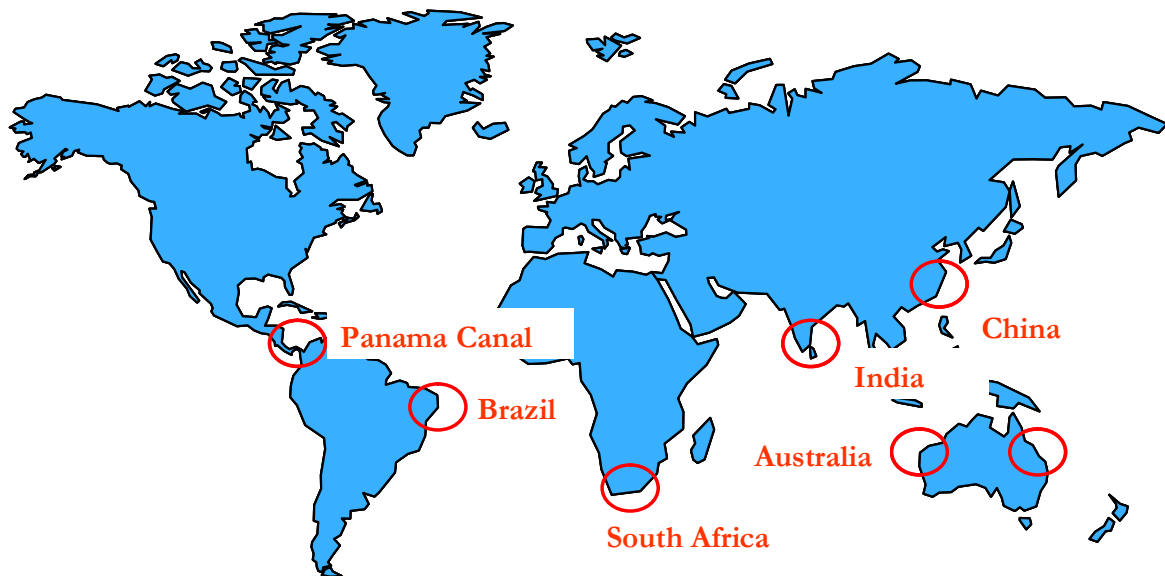
Canal congestion is chiefly related to the Panama Canal, which has repeatedly suffered queuing problems in recent years.

In total, about 9-10 percent of the entire dry bulk shipping fleet is affected by port congestion, queuing up off port at a longer duration than what is considered normal loading and/ or discharge time. The extra time spent in port comes in addition to ordinary trade resulting from demand for tonnage, thus increasing total ton-mile demand for vessels.

Other productivity factors influencing on ton-mile demand for vessels are ballasting and slow steaming of vessels.

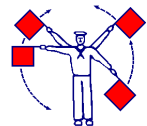
Illustration 10: Port and Canal congestion “hot spots”

Port and Canal congestion



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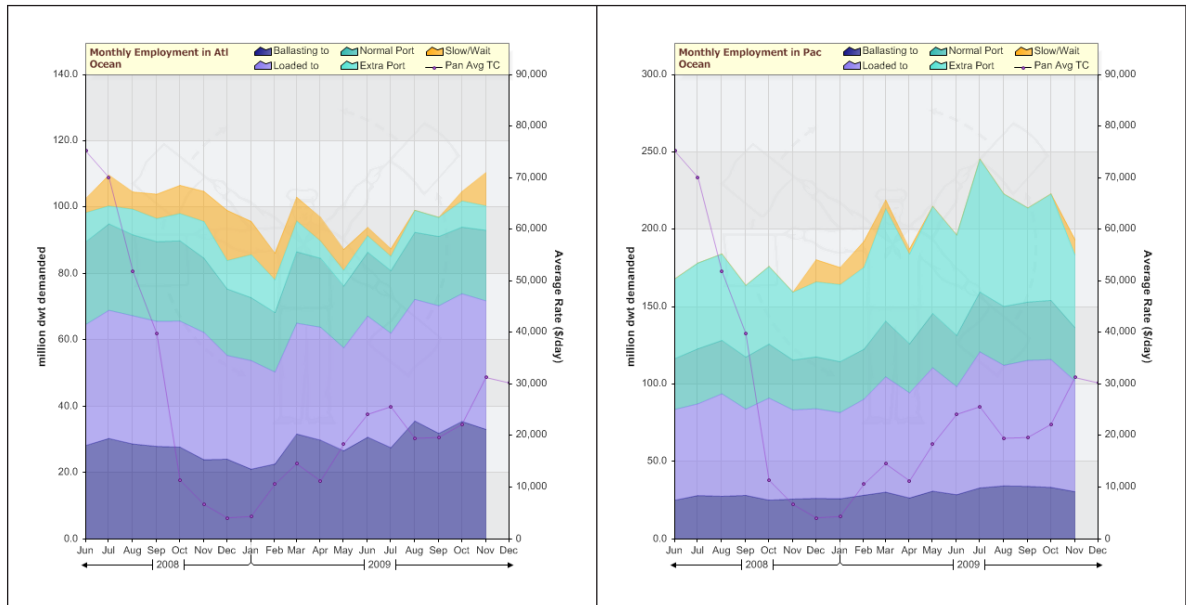


The illustration below shows the importance of port congestion to the employment of dry bulk carriers in the Atlantic and the Pacific basins. Whereas port congestion in the Atlantic Basin does not make much impact on overall employment, port congestion in the Pacific Basin is a major factor.

The illustration labels port congestion as “Extra Port” and is quantified on the left-hand axis in million dwt on both charts. For comparison, Panamax bulk carrier freight rates are shown on the right-hand axis in USD per day.

MARKET OVERVIEW

Illustration 11: Importance of port congestion on dry bulk shipping employment

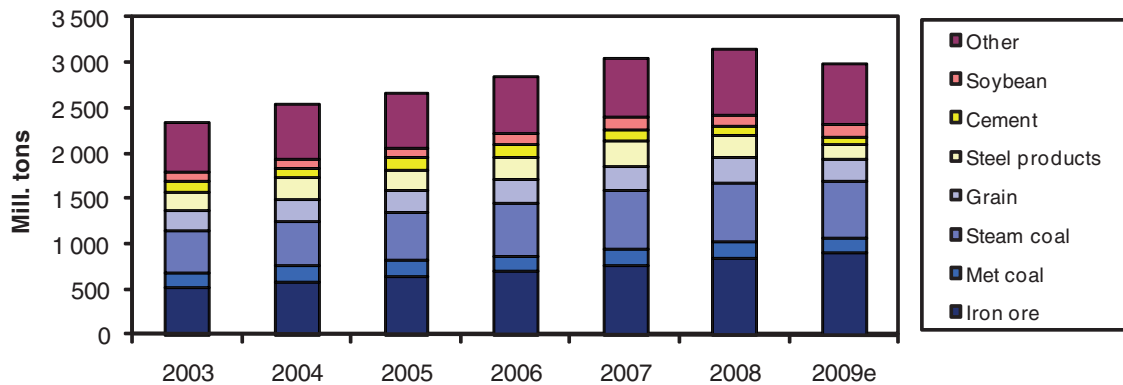


7.3.4 Bulk Carrier Demand

Below is a summary of annual seaborne dry bulk volumes per commodity.

Illustration 12: Seaborne dry bulk trade (Million tons)

Seaborne dry bulk volumes



Mill. tons	2005	2006	2007	2008	2009e	Av. Δ y-o-y
Iron ore	646	694	762	840	900	9.1%
Met coal	171	172	188	190	166	0.3%
Steam coal	538	586	633	637	625	4.5%
Grain	237	254	276	275	249	0.8%
Steel	226	255	270	247	160	-4.9%
Cement	125	133	135	97	78	-6.0%
Soybeans	111	119	127	134	143	6.1%
Other	612	622	655	718	667	2.1%
Total	2666	2835	3046	3138	2988	3.4%

Ton-mile demand for dry bulk carriers is calculated on the basis of a trade matrix, accounting for both volumes and the trade patterns. Productivity factors such as ballasting, slow steaming and port congestion are also taken into account.

MARKET OVERVIEW

During the last five years, annual ton-mile demand for dry bulk carriers has increased by 6.2 percent. This compares with an annual increase in volumes of 3.4 percent. The difference is explained by longer freight distances and changes in productivity factors.

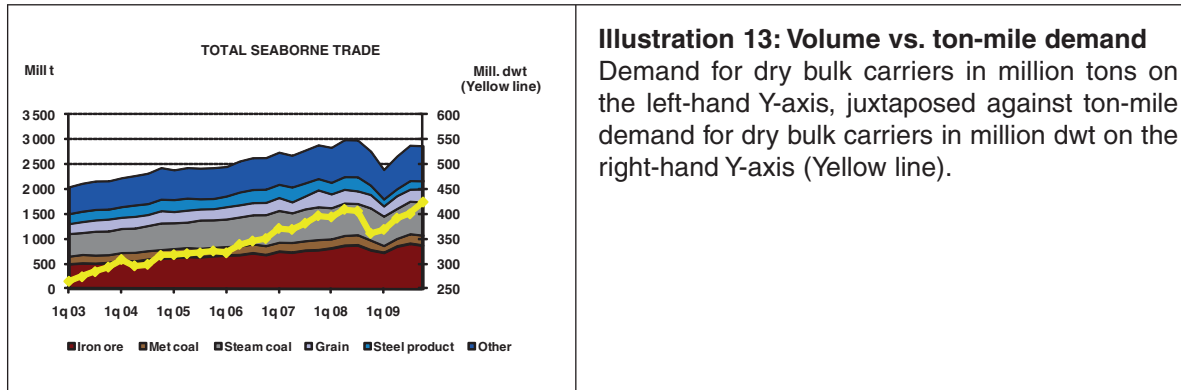


Illustration 14: Seaborne dry bulk trade (Mill. tons) and ton-mile demand (Mill. dwt)

	2005	2006	2007	2008	2009e	Av. Δ y-o-y
Total vol.	2666	2835	3046	3138	2988	3.4%
Ton-mile	321.8	339.7	379.9	393.0	396.6	6.2%

7.3.5. Dry Bulk Vessel Types

Dry bulk carriers account for about 40 percent of the world's merchant vessels:

Illustration 15: Vessel types, measured in dwt

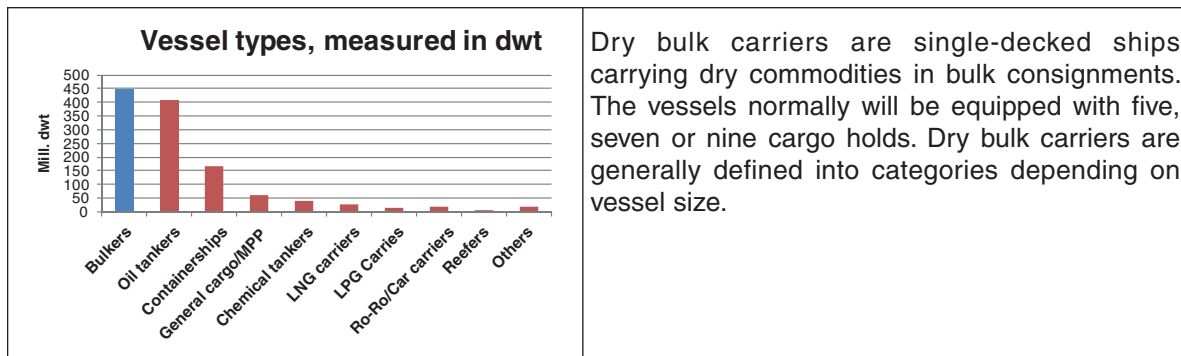


Illustration 16: Dry bulk carrier categories

<i>Vessel types</i>	<i>Approximate size (dwt)</i>
Capesize	>100,000
Panamax	60,000 to 100,000
Handymax	40,000 to 60,000
Handysize	10,000 to 40,000
Small	<10,000

- Capesize:** Dry bulk carriers generally defined as being larger than 100,000 dwt. Capesize bulkers normally have nine cargo holds and are generally employed in the carriage of iron ore and coal, and to a limited extent grain. Very Large Ore Carriers (VLOC) are a subset of the Capesize category reserved for vessels over 230,000 dwt. Carriers of this size are almost always designed to carry iron ore.

Capesize bulk carriers account for carriage of about 33 percent of the total volumes in the dry bulk shipping market

MARKET OVERVIEW

- Iron ore: Capesize bulk carriers dominate the international trades in iron ore, accounting for about 60 percent of the seaborne iron ore trade. Benchmark routes involve Brazilian iron ore shipments from Tubarao to Rotterdam and from Tubarao to Beilun/Baoshan in China along with Australian shipments from West Australia to Beilun/Baoshan
- Coal: Capesize bulk carriers also carry about 30 percent of the internationally trades in coal. Benchmark routes are Richards Bay, South Africa to Rotterdam and Puerto Bolivar, Colombia to Rotterdam
- Grain: Capesize bulk carriers play only a minor role in the international grain trades, accounting for 6 percent of that trade
- **Panamax:** Dry bulk carriers generally defined as being between 60,000 to 100,000 dwt. Technically Panamax bulk carriers are confined to Panama Canal constraints, including beam limitations of 32.3 meters, effectively putting a lid on the size to so-called Kamsarmaxes of about 82,300 dwt. However, with the advent of so-called post-Panamax bulk carriers that service many of the traditional Panamax trades, these vessels are also categorized statistically as Panamax bulk carriers under new industry standards.

Panamax bulk carriers account for carriage of about 28 percent of the total volumes in the dry bulk shipping market

- Iron ore: Panamax bulk carriers account for about 12 percent of the seaborne iron ore trade. Panamaxes carrying iron ore are for the most part headed for China, primarily from India but also from Australia and Brazil. Europe is also a major recipient of iron ore in Panamax bulk carriers, sourced from Brazil, South/West Africa and intra-Europe.
- Coal: Panamax bulk carriers also carry about 25 percent of the internationally trades in coal. Japan, South Korea and China receive coal in Panamax bulk carriers from Indonesia, Australia, South Africa and North America. Europe also imports coal in Panamax bulk carriers from North/South America, South Africa and Russia.
- Grain: Panamax bulk carriers account for 46 percent of the world-wide grain trade. The main route is US Gulf to Japan through the Panama Canal. South America is also a big grain exporter to Japan, and the rest of Asia, in Panamax bulk carriers. Asia also relies heavily on Australia for grain imports in Panamax bulk carriers. Finally Europe, the largest importer of grain in Panamax bulk carriers, calls upon North and South America for its intake.
- **Handymax:** Dry bulk carriers generally defined as being between 40,000 to 60,000 dwt. Handymaxes will typically be geared, equipped with cranes for loading and discharging cargo. Handymaxes are further sub-divided into two categories: Supramaxes between 50,000 to 60,000 dwt and traditional Handymaxes between 40,000 to 50,000 dwt.

Handymax bulk carriers account for carriage of about 20 percent of the total volumes in the dry bulk shipping market

Handymaxes carry a wide range of major and minor bulks in the dry bulk shipping industry. Handymaxes will be employed both on long-haul and short-haul voyages in the Atlantic and Pacific basins, but will be excluded from some ports because of draft restrictions. However, because they carry gear, Handymaxes are able to call on ports with limited facilities and are thus suitable for trade to many developing economies.

- **Handysize:** Bulk carriers generally defined as being between 10,000 to 40,000 dwt. Handysize bulk carriers will typically be geared, equipped with cranes for loading and discharging cargo.

MARKET OVERVIEW

Handysize bulk carriers have, to some extent, been replaced by Handymax bulk carriers in recent years. The fleet has actually decreased during the last 10 years, as more vessels have been phased out than replaced by newbuilding delivery. Moreover, the age profile is the most extreme within the dry bulk fleet, with 57 percent being older than 20 years and 43 percent older than 25 years.

Handysizes carry a wide range of major and minor bulks in the dry bulk shipping industry. For the most part they will be employed on intra-regional trades, employed on trades where their advantage of shallow draft and cranes make them suitable for diverse employment in Asia, Europe, Middle East, Africa and the Americas.

7.4. SUPPLY OF DRY BULK CARRIERS

7.4.1. Dry Bulk Fleet Development

The supply of dry bulk vessels is measured in deadweight tons (dwt). Supply of dry bulk vessels is determined by the age and relative size of the fleet, newbuilding deliveries and deletions of ageing and uncompetitive vessels

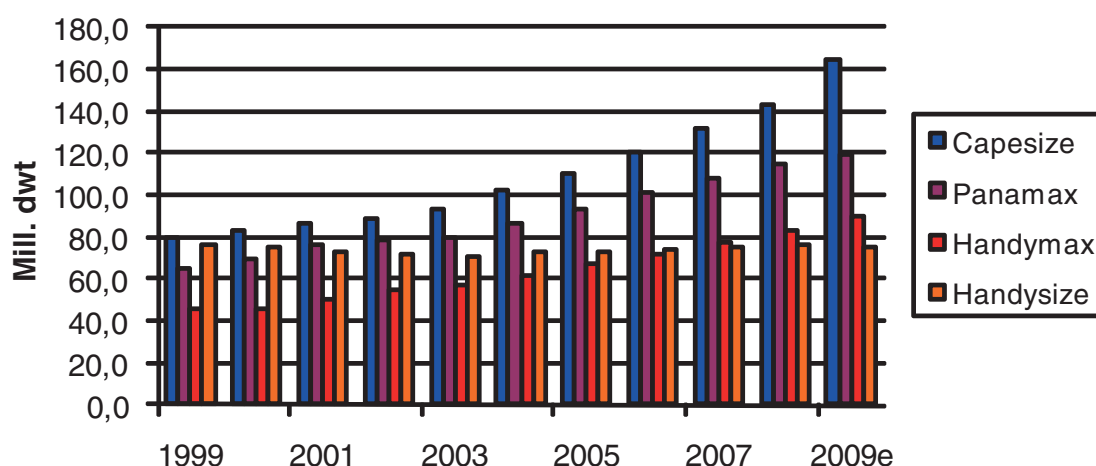
The dry bulk fleet has increased substantially in recent years to cater for the growth in the dry bulk shipping trades. The existing dry bulk fleet consists of 7178 vessels over 10,000 dwt, totaling 448.9 million dwt, as per November 1st 2009.

As the illustration below depicts, there has been substantial growth in the fleets of Capesize, Panamax and Handymax bulk carriers, whereas the fleet of Handysize bulk carriers has actually diminished because of more vessels being phased out than coming in to the market.

Since 2004, fleet growth has been most prominent for Capesize bulk carriers, although the Panamax and Handymax fleets have also increased during the period.

Illustration 17: Historical development of dry bulk carriers

Historical fleet development, dry bulk carriers



Mill. dwt	2005	2006	2007	2008	2009*
Capesize	110.9	121.0	131.4	143.4	164.4
Panamax	93.7	101.7	108.2	114.7	119.6
Handymax	66.9	71.7	77.0	83.1	89.7
Handysize	73.5	73.8	75.6	76.9	75.2
Sum	344.9	368.2	392.2	418.1	448.9

As of November 1st 2009

MARKET OVERVIEW

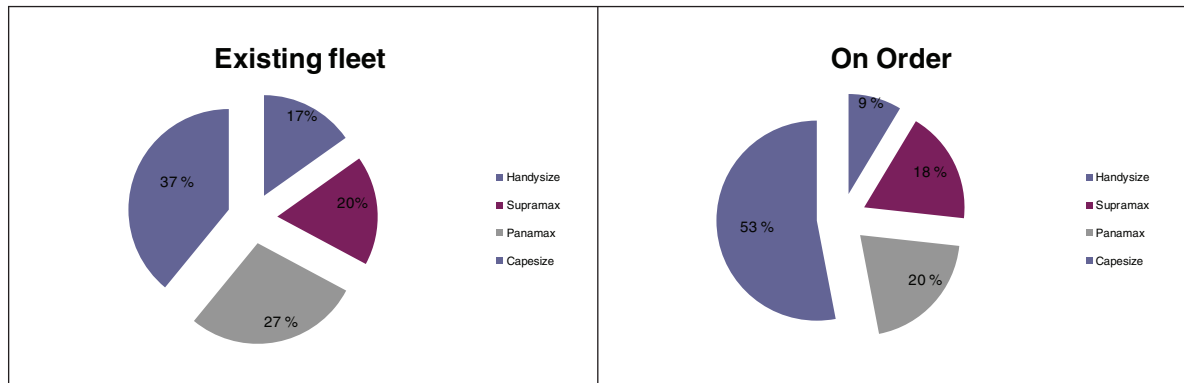
7.4.2. Newbuilding Orders And Delivery

There are orders for 3192 vessels over 10,000 dwt, aggregating 276.4 million dwt. This represents 61.6 percent of the existing fleet.

This forecast does not include new orders which may be placed for future delivery. Nor does the forecast include conversion of other types of merchant vessels to dry bulk carriers. Such conversions could include, but not limited to, single-hulled tankers to dry bulk carriers.

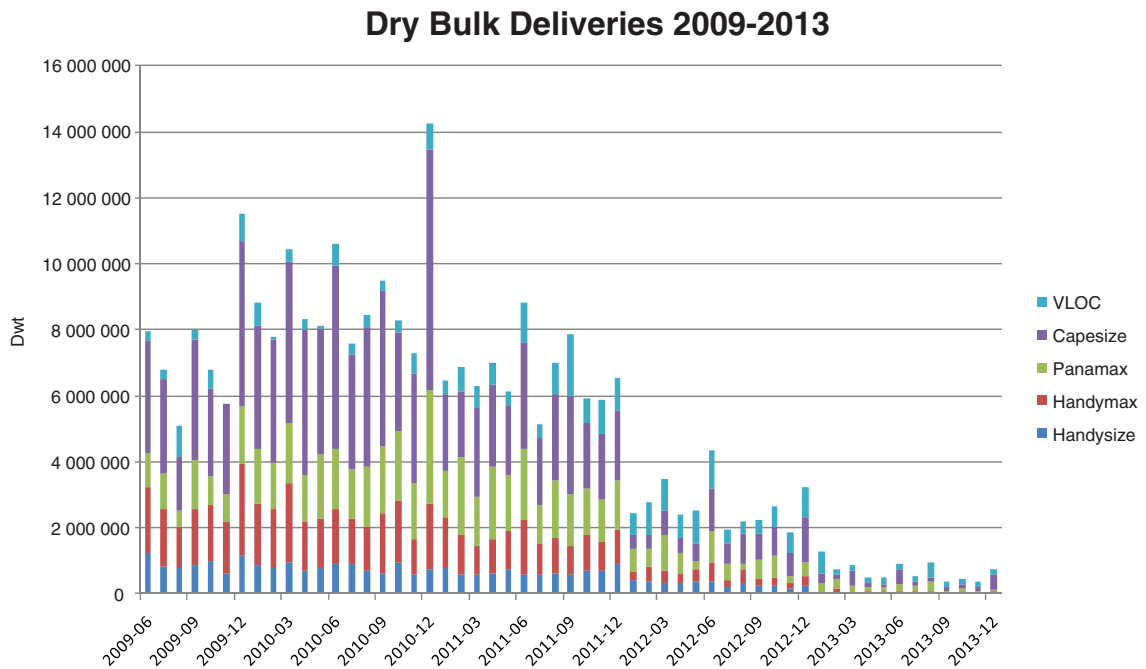
About 37 percent of the existing fleet consists of Capesize bulk carriers. By comparison, 53 percent of the newbuilding orderbook is accounted for by Capesize bc. The illustration below shows the extent to which dry bulk orders are skewed towards vessels larger than 100,000 dwt:

Illustration 18: Existing dry bulk fleet and newbuilding orders



The newbuilding orders will, according to schedule, be delivered from now and until 2014 with the highest influx of vessels coming in 2010 and 2011:

Illustration 19: Newbuilding delivery schedule



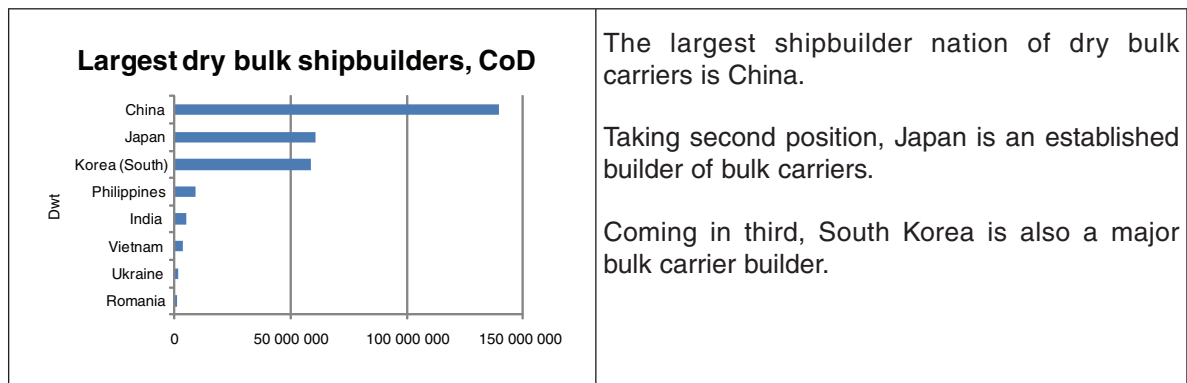
MARKET OVERVIEW

		Existing	Rest-09	2010	2011	2012	2013	2014	Sum
Cape	No.	926	70	318	219	103	35	11	756
	Mill dwt	164.4	12.6	56.6	41.6	21.8	7.0	2.6	142.2
Panamax	No.	1612	48	274	258	98	32	4	721
	Mill dwt	119.6	4.0	22.4	21.2	7.7	2.5	0.3	58.5
Supramx	No.	1826	148	360	262	73	7	5	855
	Mill dwt	89.7	8.2	20.3	14.8	4.1	0.4	0.3	48.1
Handy	No.	2814	183	293	255	117	10	2	860
	Mill dwt	75.2	5.5	9.2	8.5	4.0	0.3	0.0	27.5
Sum	No.	7178	406	1245	994	391	84	22	3192
	Mill dwt	448.9	30.3	108.5	86.1	37.6	10.2	3.2	276.4

As of November 1st 2009

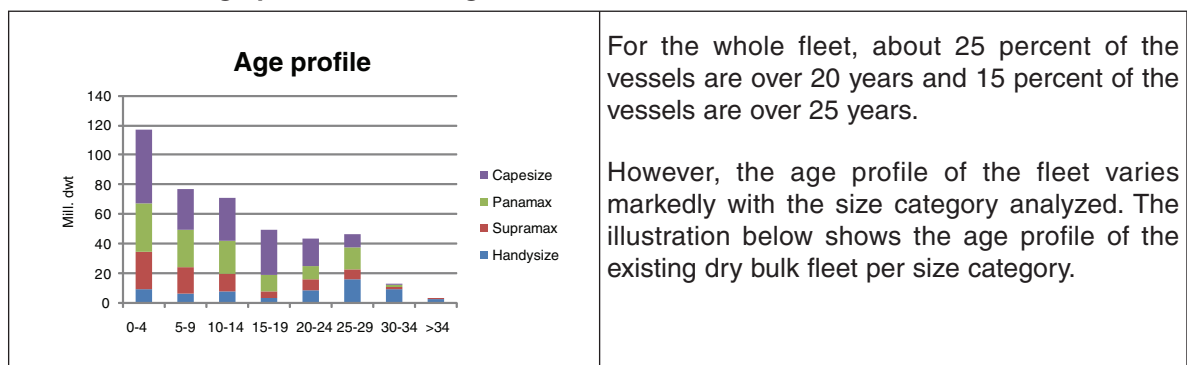
Of concern to the future market balance is the overhang of tonnage looming from the earlier ordering spree. Contracted orders of over 275 million dwt measure up at more than 60 percent of the total fleet of about 450 million dwt. These orders will be delivered for the most part in 2010 and 2011. However, financial constraints affecting newbuilding contracts and shipyards unable to perform satisfactory on the accepted orders will, to some extent, result in contracts being cancelled. In addition, contracts may also be deferred to a later delivery, thus stretching out the newbuilding schedule.

Illustration 20: Newbuilding orders by shipyard nation, Country of Domicile



7.4.3. Age Profile Of Existing Fleet

Illustration 21: Age profile of existing fleet



MARKET OVERVIEW

Yrs, Dwtm	Capesize	Panamax	Supramax	Handysize	Total	%
0-4	50.3	33.3	30.4	11.2	125.2	27.8%
5-9	27.2	26.1	21.1	7.9	82.4	18.4%
10-14	28.9	22.6	15.0	9.1	75.7	16.9%
15-19	30.5	11.6	5.4	3.9	51.4	11.4%
20-24	18.1	9.3	8.5	10.3	46.2	10.3%
25-29	9.0	15.2	7.3	19.1	50.5	11.3%
30-34	0.4	1.5	1.9	10.6	14.3	3.2%
>35	0.0	0.0	0.3	3.0	3.3	0.7%
Sum	164.4	119.6	89.7	75.2	448.9	100.0%

As of November 1st 2009

7.4.4. Demolition Of Ageing Vessels

Demolition of ageing vessels has been subdued during the dry bulk carrier industry up-cycle. However, as the dry bulk market softened in the course of 2008 and into 2009, recycling of older vessels increased considerably. Market conditions, operating costs and vetting criteria are all factors influencing on the number of vessels exiting the active dry bulk market.

Illustration 22: Demolition of ageing vessels

Mill. dwt	2005	2006	2007	2008	2009e
Demolition	1.1	2.9	0.4	5.3	14.4

7.5. DRY BULK VESSEL CAPACITY UTILIZATION

Dry bulk vessel capacity utilization is the balance between vessel employment and the tonnage capacity.

Since the mild recession in 2001-2002, the dry bulk vessel capacity utilization firmed to over 90 percent in 2003 and remained above this utilization level until the fourth quarter of 2008 as the financial crisis set in.

For 2009, referring to Chapter 2.4, ton-mile demand for dry bulk vessels, adjusted for productivity factors, has increased to 396.6 million dwt. By comparison, the available fleet has increased to 433.3 million dwt on average when also combination carriers trading dry bulk commodities et cetera are accounted for. That means that the fleet has operated at 91.5 percent vessel capacity utilization during the year.

As a general rule:

Over 96 percent capacity utilization: Peaks can be envisaged. Charterers are scrambling for the few, if any, available vessels. Charterers may have to postpone critical movements of cargo. Depending on how critical the charterers' need vessels, freight rates can in theory reach any level;

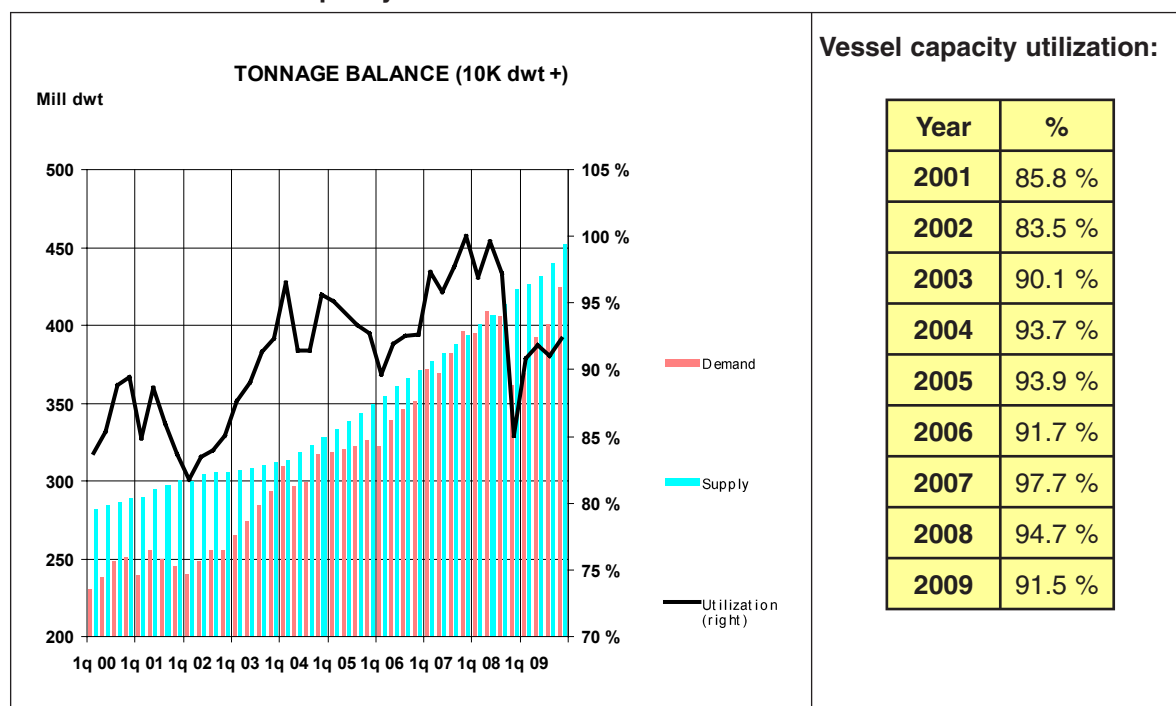
Over 93 percent capacity utilization: Freight rates can increase exponentially as available vessels become increasingly scarce;

Over 90 percent capacity utilization: The market becomes tight, and the bargaining power shifts to the shipowners;

Under 90 percent capacity utilization: Freight rates will be low. Increases in demand will have little impact on freight rates, because the pool of available tonnage increases as vessels come out of lay-up to meet the increasing demand. Freight rates will be at loss-making or break-even levels.

MARKET OVERVIEW

Illustration 23: Vessel capacity utilization rate



7.6. DRY BULK FREIGHT RATES

The price of transporting dry bulk commodities, referred to as dry bulk charter rates, is set in highly competitive markets and depends on the demand and supply of tonnage in a given market.

- Shipowner: Comes to the market with a ship available, free of cargo;
- Charterer: Comes to the market with a tonnage requirement;
- Shipper: Comes to the market as cargo owner

Dry bulk commodity shipments are fixed under voyage charters, contract of affreightment, timecharters, bareboat charters and contracts of affreightment.

- Voyage charter: Shipowner carries a nominated cargo by Charterer/Shipper in a specified ship on a specified route at a specified charter rate, expressed in USD per ton;
- Contract of affreightment: Shipowner carries a specified volume of cargo for a specified charter rate, expressed in USD per ton;
- Timecharter: Shipowner hires out a specified ship, including crew, for a specified duration to a Charterer/Shipper at a specified charter rate, expressed in USD per day;
- Bareboat charter: Shipowner hires out a specified ship, without crew or any operational responsibilities, for a specified duration to a Charterer/Shipper at a specified charter rate, expressed in USD per day

Freight rates for Capesize, Panamax, Handymax and Handysize bulk carriers have historically correlated closely. The reason is a substitution effect in which freight rate fluctuations in a larger vessel segment will trickle down to a smaller vessel segment because of vessel freight rate arbitrage.

Freight rates have rebounded from the aftermath of the financial crisis last year. The extent to which the growth in the dry bulk market will match the net influx will determine the strength in the charter markets and the freight rate levels, both in the spot market and the timecharter market.

MARKET OVERVIEW

Illustration 24: Capesize bulk carrier spot freight rates, USD per day

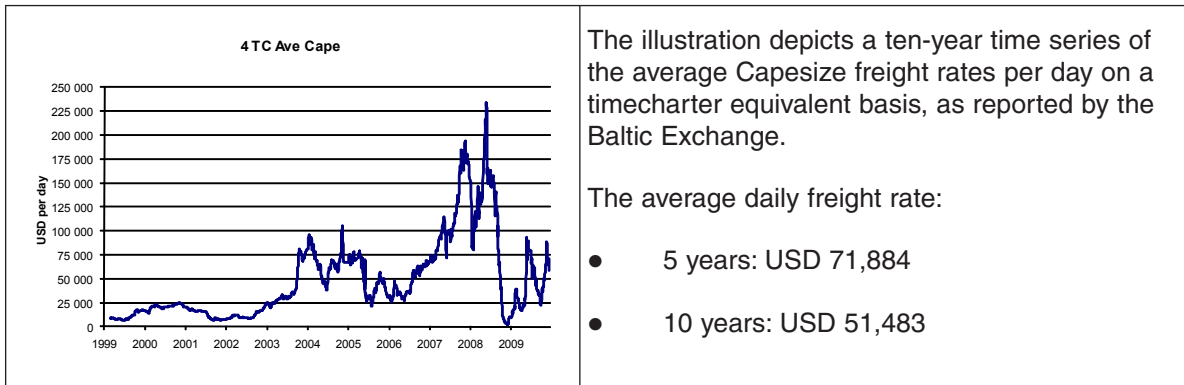
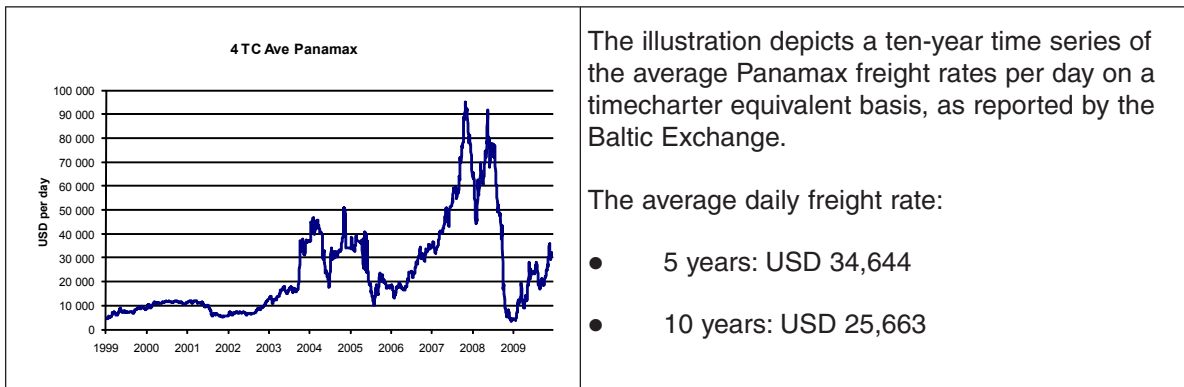


Illustration 25: Panamax bulk carrier spot freight rates, USD per day

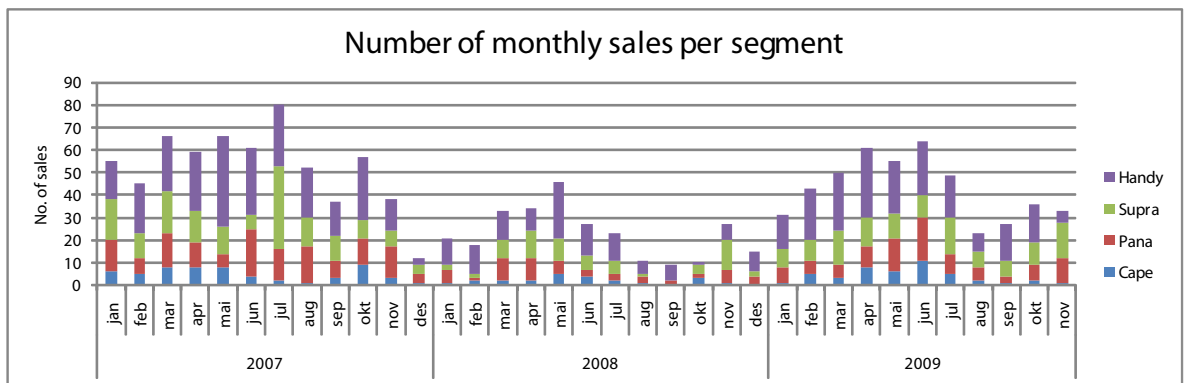


7.7. SECOND-HAND AND NEWBUILDING PRICES

There is an active international market for Sale and Purchase (S&P) of dry bulk carriers, considered to be relatively standardized and liquid vessels.

The illustration below shows the number of monthly S&P transactions during the last three years:

Illustration 26: Number of monthly sales per segment

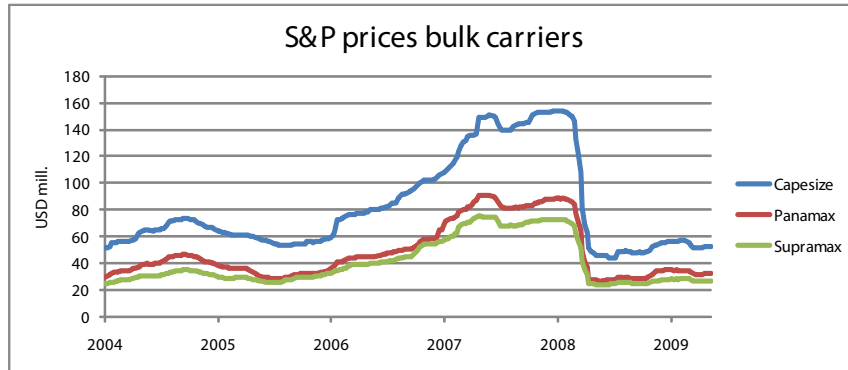


The value of a dry bulk carrier is the discounted cash flow of future freight rates, plus the residual value of the vessel. Differences in cost of capital and expectations of earnings and values will be factors forming the basis for the liquidity and the prices in the S&P market.

MARKET OVERVIEW

The prices shown below are Baltic Exchange Sale and Purchase Assessments:

Illustration 27: S&P prices for 5-year-old Capesize, Panamax and Supramax bulk carriers



In general, three factors will influence on the second-hand prices:

Access to funding: A loosening in credit to the shipping industry for new projects will provide improved access to funding, increase the debt-to-equity ratio and lower the margins;

Macroeconomic and market assessment: The outlook for the world economy and the dry bulk market will be factored into the S&P market;

Shipbuilding sector: Availability of new orders in the shipbuilding sector will create conditions for newbuilding prices and affect second-hand prices as well.

Both second-hand and newbuilding prices have reduced markedly and will be set in the market by factors such as access to funding, market assessments and the availability of new orders in the shipbuilding sector.

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

8. BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

8.1. BOARD OF DIRECTORS

8.1.1. The Company's Directors

The following persons serve as Directors of the Company.

- John Fredriksen (64) has been Chairman of the Board, President and CEO and a director of the Company since November 2004. He is responsible for setting the long term strategy of the Company and is not involved in its day-to-day operations. Mr. Fredriksen has served for over ten years as a director of Seatankers Management Co. Ltd, a ship operating company and an affiliate of the Company's principal Shareholder. Mr. Fredriksen is Chairman, President, Chief Executive Officer and a director of Frontline Ltd, a Bermuda company publicly listed on the New York Stock Exchange, Oslo Stock Exchange and London Stock Exchange. He is also the Chairman, President and a director of Golar LNG Limited, a Bermuda company publicly listed on the Nasdaq National Market and the Oslo Stock Exchange and a director of Seadrill Limited, a Bermuda company listed on the Oslo Stock Exchange.
- Tor Olav Trøim (45) has been Vice President and a director of the Company since November, 2004. He is responsible for setting the long term strategy of the Company and is not involved in its day-to-day operations. His careers include Portfolio Manager Equity in Storebrand ASA (1987-1990) and Chief Executive Officer for the Norwegian Oil Company DNO AS (1992-1995). Since 1995, Mr. Trøim has been a director of Seatankers Management in Cyprus. In this capacity, he has acted as Chief Executive Officer for the public companies Knightsbridge Tankers Limited, Golar LNG Limited (NASDAQ) and Seadrill Limited (OSE). Mr Trøim is currently a director and Vice Chairman of the latter two companies and in addition, is a director Aktiv Kapital ASA (OSE) and a former director of Ship Finance International Limited (NYSE). He was Vice-President and a director of Frontline Ltd from November 1997 to February, 2008 and now serves as a consultant to the Board of Directors of Frontline Ltd. Mr. Trøim graduated with a Master of Science in Naval Architecture from the University of Trondheim, Norway in 1985.
- Kate Blankenship (43) is an independent director of the Company and has been a non-executive director of the Company since November 2004. Mrs. Blankenship served as chief accounting officer and company secretary of the Company from November 2004 until October 2005. Mrs. Blankenship is also a director of Frontline Ltd, Golar LNG Limited, Ship Finance International limited, Seawell Limited and Seadrill Limited. Mrs. Blankenship is a member of the Institute of Chartered Accountants of England and Wales.
- Hans Christian Børresen (59) is an independent director of the Company and has been a director of the Company since March, 2005. Mr. Børresen has his shipping background from heading Fearnleys Shipbroking, Dry Cargo and Grieg Shipbrokers in Oslo. He has worked on the shipowning side, first with Salens of Sweden, in Stockholm and Tokyo, and later as managing director of dry cargo ship operator Western Bulk in Oslo. Mr. Børresen is currently the Managing Director of a real estate broking company Ring Eiendomsmegling, partly owned by Storebrand Bank of Norway. Mr. Børresen holds a Diploma in Economics and Shipping.
- Cecilie Fredriksen (25) has been a director of the Company since September 2008. Ms. Fredriksen is currently employed by Frontline Corporate Services in London and serves as a director of Aktiv Kapital ASA, listed on Oslo Stock Exchange. Ms. Fredriksen received a BA in Business and Spanish from the London Metropolitan University in 2006. She is the daughter of Mr. John Fredriksen.

The Company's business address serves as c/o address in respect of the Company's Directors.

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

8.1.2. Service periods

All Directors are of the same class and are elected by the annual general meeting for periods of one year. Directors may be re-appointed. There are no provisions under the Bye-laws of the Company relating to the retirement of the Directors upon reaching any age limit.

8.1.3. Board committees

An audit committee has been constituted with a view to provide assistance to the Board of Directors in discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls with an overall objective to ensure that an effective control environment is created and maintained.

Our audit committee comprises Kate Blankenship. The chairman of the audit committee is Kate Blankenship. There is no requirement under the rules of the Oslo Stock Exchange or the Norwegian Code of Practice for Corporate Governance for the Company to have a minimum number of members in its audit committee. The Board of Directors is of the reasonable opinion that the current size of the audit committee is in line with the size of the audit committees of other companies listed on the Oslo Stock Exchange, and enables the audit committee to remain small and focused on the needs of the Company. Notwithstanding this, the Board of Directors constantly evaluates the work of the audit committee and will make such adjustments to the size of the audit committee as may be required.

Our audit committee will meet quarterly, and more frequently as required. The duties of our audit committee include:

- assisting our Board of Directors in discharging its statutory responsibilities on financing and accounting matters;
- reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing the adequacy of our internal controls comprising internal financial controls, operational and compliance controls including procedures for entering into hedging transactions, and risk management policies and systems established by the management, ensuring that such review of the effectiveness of the internal controls is conducted at least annually;
- reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by our Board of Directors;
- reviewing any related party transactions;
- approving all investment instruments that are not principal protected;
- appraising and reporting to our board of directors on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls; and
- making recommendations to our board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

Apart from the above functions, our audit committee will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position.

Our audit committee will have free and full access to the management as well as the internal and external auditors. The audit committee at its sole discretion may invite any director and/or executive and/or officer to attend its meetings and seek any information from them as it may deem necessary. If required, our audit committee shall be entitled to obtain advice or consultative help from external consultants or professionals at the Company's expense.

Save as described above, the Company currently has no sub-committees of its Board of Directors.

8.2. CORPORATE ASSEMBLY

The Company does not have a corporate assembly or committee of Shareholders' representatives.

8.3. MANAGEMENT AND EMPLOYEES

8.3.1. Persons holding senior positions

The Company has no employees at its parent company level. The following two persons assume roles as executive managers of the parent company.

- John Fredriksen (President and CEO). Mr. Fredriksen is also a Director of the Company and is presented above.
- Tor Olav Trøim (Vice President). Mr. Trøim is also a Director of the Company and is presented above.

A wholly-owned subsidiary, Golden Ocean Management (Bermuda) Limited, supplies management services under contract with the Company. The Norwegian wholly-owned subsidiary, Golden Ocean Management AS, is a supplier to Golden Ocean Management (Bermuda) Limited and hence a sub-supplier to the Company. The following persons have senior positions in the management of Golden Ocean Management AS:

- Herman Billung (CEO, Golden Ocean Management AS). Mr. Billung (51) has served as Chief Executive Officer of Golden Ocean Management since 1 April 2005. Mr. Billung previous position was as Managing Director of Maritime Services in The Torvald Klaveness Group, responsible for the Commercial management of the Group's dry bulk pools, Bulkhandling and Baumarine. Herman Billung was Managing Director of the dry bulk operating company, Frapaco Shipping Ltd. between 1994 and 1998. Mr. Billung graduated from the Royal Norwegian Naval Academy in 1984.
- Geir Karlsen (CFO, Golden Ocean Management AS). Mr. Karlsen (45) has served a Chief Financial Officer of Golden Ocean Management AS since September 2006. His previous position was as Group Controller in Frontline Management AS. He served as a Finance Manager in The Torvald Klaveness Group in the period 1990-1997. Mr. Karlsen graduated from BI Norwegian School of Management with a Master of Science in Business and Economics in 1990.

The Company's business address serves as c/o address in respect of the Company's key personnel.

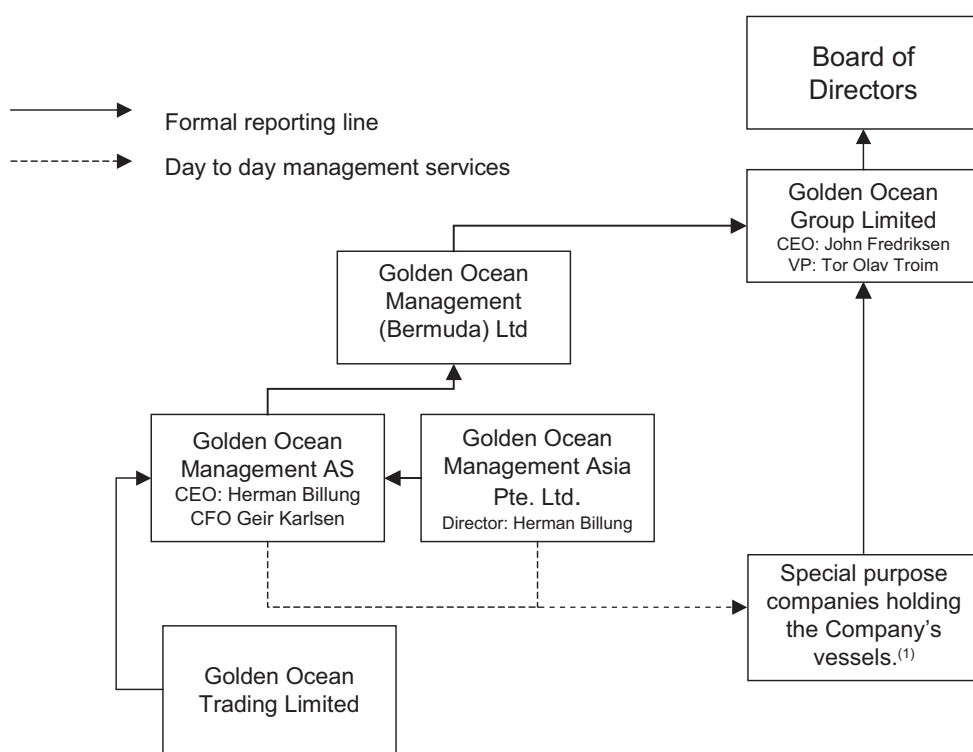
8.3.2. Employees

The Group has a total of 16 employees as at the Latest Practicable Date, distributed between 12 in Norway and four in Singapore. The number of employees at the end of the 2006, 2007, and 2008 financial years was 9, 16, and 16, respectively. There are no employees at the parent company level of the Company. The Group does not employ a significant number of temporary employees.

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

Our employees are not unionised. We believe the relationships between the management and staff have been good and are expected to continue in the future. To our Directors' knowledge, there has not been any incidence of labour disputes or work stoppages, which affected our operations.

The reporting structure of the Company's management is as follows:



Note:

(1) Please refer to section 6.2 for more details on the subsidiaries of the Company.

8.4. FOUNDERS

The Company was founded as a wholly owned subsidiary of Frontline Ltd.

8.5. FAMILY RELATIONSHIPS

The Company's Director, Ms Cecilie Fredriksen, is the daughter of the Company's Chairman, President and CEO, Mr John Fredriksen. With this exception, there is no family relationship between founders, the members of the Company's Board of Directors, management and the Substantial Shareholders.

8.6. ADDITIONAL INFORMATION ABOUT DIRECTORS AND SENIOR MANAGERS

The table below sets forth, for each relevant person, the companies in which the person has been a director for the last five years, divided into positions currently held and positions no longer held.

None of the tabled persons and Hemen Holding Limited (being our controlling shareholder) have been subject to any convictions in relation to fraudulent offences for the last five years.

None of the tabled persons and Hemen Holding Limited have been subject to bankruptcies, receiverships, and liquidation with which the person was acting in the capacity of a member of the administrative, management or supervisory body or a senior manager for the last five years.

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

None of the tabled persons and Hemen Holding Limited have been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) for the last five years, or been disqualified by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer for the last five years.

Person	Present directorships outside the Group	Past directorships outside the Group
Directors		
John Fredriksen	Seatankers Management Co Ltd Frontline Ltd Golar LNG Ltd Golar LNG Energy Limited Seadrill Limited	None
Tor Olav Trøim	Golar LNG Energy Limited Seadrill Limited Aktiv Kapital ASA Independent Tankers Corp Ltd Seawell Ltd	Frontline Ltd Knightsbridge Tankers Limited Ship Finance International Ltd
Kate Blankenship	Frontline Ltd Golar LNG Limited Independent Tankers Corp Ltd Seadrill Limited Ship Finance International Ltd Seawell Limited	Sea Production Ltd
Hans Christian Børresen	Ring Eiendomsmegling AS	BA 15 Eiendom AS Solvang ASA
Cecilie Fredriksen	Aktiv Kapital ASA Seawell Limited Ship Finance International Ltd Marine Harvest ASA Northern Offshore	None
Company management		
John Fredriksen	See above	
Tor Olav Trøim	See above	
Herman Billung	None	Torvald Klaveness Group
Geir Karlsen	None	Frontline Management AS

8.7. REMUNERATION AND BENEFITS

8.7.1. Board of directors and key management personnel

The remuneration of directors and other key management for each of 2008 and 2007 was as follows:

(figures in USD '000)	2008	2007
Short term employee benefits	527	475
Directors fees	83	83
Share based payments	233	388
Sum	843	946

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

8.7.2. Benefits upon termination of service

Directors are not entitled to any benefits upon termination of service.

In the event of the termination of employment of the CEO of Golden Ocean Management AS, he will be entitled to compensation equal to normal salary for a period of 15 months after the normal three month termination notice period.

No other employees are entitled to benefits upon termination of service.

8.7.3. Employee incentive programs

On 21 March 2005, the Company approved a share option plan under which share options may be granted to directors and eligible employees. The plan has a limited term of ten years and may issue up to 15 million shares (representing approximately 3.28% of the Shares as at the Latest Practicable Date). Shareholders' approval will have to be sought for any extension or increase to the term or size of the plan. During the term of the plan, the Board may grant options to acquire the Company's Shares at a subscription price that the Board shall resolve, provided that such price is not lower than the average of the middle market quotations of the Shares as derived from the Oslo Stock Exchange (or any stock exchange on which the Company's shares are traded) for the three immediately preceding dealing days on that Stock Exchange, and the nominal value of USD 0.10.

As at the Latest Practicable Date, the details of the share options outstanding are as follows:

Name	No. of Options	Strike price (NOK)	Vesting period	Expiry date
John Fredriksen (Director)	100,000	10.52	1/3rd each year over 3 years	27/11/2014
Tor Olav Trøim (Director)	100,000	10.52	1/3rd each year over 3 years	27/11/2014
Cecilie Fredriksen (Director)	100,000	10.52	1/3rd each year over 3 years	27/11/2014
Hans Christian Børresen (Director)	100,000	10.52	1/3rd each year over 3 years	27/11/2014
Kate Blankenship (Director)	100,000	10.52	1/3rd each year over 3 years	27/11/2014
Herman Billung (CEO of Golden Ocean Management AS)	375,000	24.62	1/3rd each year over 3 years	21/8/2012
Geir Karlsen (CFO of Golden Ocean Management AS)	0			

	2007		2008		1 January 2009 to the Latest Practicable Date	
	Number of share options	Average exercise price (USD)	Number of share options	Average exercise price (USD)	Number of share options	Average exercise price (USD)
Beginning of period	10,550,000	0.63	10,250,000	0.15	812,500	3.00
Granted during the period	812,500	4.54	-	-	500,000	1.85
Exercised during the period	-1,112,500	0.20	-9,437,500	0.10	-	-
Outstanding at end of period	10,250,000	0.52	812,500	3.00	1,312,500	3.38
Exercisable at end of period	9,187,500	0.15	270,833	3.00	541,666	3.38

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

The options at the end of 2008 have a weighted average remaining contractual life of 3.6 years, compared to 7.35 years at the end of 2007.

There were no new options granted during 2008. The fair value of options granted during 2007 was USD 1,100,000, based on an option pricing model taking into account market factors at the time of grant. Some of the options exercised during 2008 were settled in cash. The fair value of these options was USD 2,430,000 and this was recorded against retained earnings.

With the exception of this program, there are no other arrangements for involving the employees of the Company in its capital.

8.7.4. Compensation from other group companies

The Company's Directors and officers do not receive remuneration and benefits from other Group companies.

8.7.5. Amounts set aside or accrued

The Company has a defined benefit pension plan that covers 13 employees as of 31 December 2008. The majority of the plan administration is handled by a third party insurance company. As at 30 September 2009, a total of USD 1,006,150 is set aside to provide pensions, retirement or similar benefits to the employees. The total amount set aside for the persons referred to in Sections 8.1.1 and 8.3.1 is NOK 2,276,489 (equivalent to approximately USD 393,311 as at the Latest Practicable Date).

8.8 SHAREHOLDINGS AND STOCK OPTIONS

The following table sets forth the Shares held by the Company's Directors and officers as at the Latest Practicable Date, included Shares held by parties related to them for purposes of reporting to the Oslo Stock Exchange. The table also shows each party's exposure to total return swap agreements ("TRS"). TRS gives the holder the economic exposure to the share price movements and dividends paid by the underlying shares without having actual ownership of the underlying shares. The owner of the TRS does not control the voting rights of the shares in question and cannot exercise other normal shareholder rights over the shares under the TRS.

Name	Shares	Ownership (%)⁽¹⁾	Stock option	TRS
John Fredriksen (Director)	(Note 2)	(Note 2)	100,000	(Note 2)
Tor Olav Trøim (Director)	584,982	0.13	100,000	800,000
Cecilie Fredriksen (Director)	-	-	100,000	-
Hans Christian Børresen (Director)	106,000	0.02	100,000	-
Kate Blankenship (Director)	206,000	0.05	100,000	-
Herman Billung (CEO of Golden Ocean Management AS)	-	-	375,000	-
Geir Karlsen (CFO of Golden Ocean Management AS)	-	-	-	125,000

Notes:

- 1 Based on the total number of Shares (456,990,107) issued as at the Latest Practicable Date.
- 2 The share ownership of Mr. John Fredriksen and Ms. Cecilie Fredriksen is distinct from the shares owned by Hemen Holding Ltd which is indirectly controlled by trusts established by Mr. Fredriksen for the benefit of his immediate family.

There has been no significant change in the shareholdings of the above parties in the last three years prior to the Latest Practicable Date. There are no provisions in the Bye-laws of the Company requiring a Director to hold any shares of the Company by way of qualification.

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

8.9 CONFLICTS OF INTEREST

Hemen Holding, the Company's largest Shareholder, has controlling interests in the following companies:

Company	Principal business activities	Shares owned	% ownership
Seadrill Ltd	Offshore drilling contractor providing services within drilling and well services	128,347,583	32.2
Frontline Ltd	Owners of tanker assets and VLCCs. International seaborne transportation of crude oil	26,304,053	33.8
Deep Sea Supply Plc	Offshore supply company. Shipowner and operator of several Anchor Handling Tug Supply vessels ("AHTS vessels") and Platform Supply Vessel ("PSV") in operation	44,583,853	34.3

As at the Latest Practicable Date, the Directors are directors in the following public companies. Their shareholdings in such companies are also set out below.

Director / Name of Company	Brief description of principal business activities of the company	Nature of directorship (if any)	Percentage of shares held (if any)
<u>John Fredriksen</u> Frontline Ltd.	Owners of tanker assets and very-large crude carriers. Provides services relating to the international seaborne transportation of crude oil	Executive	33.8% ⁽¹⁾
Golar LNG Limited	Owners and operators of Liquefied Natural Gas ("LNG") carriers	Executive	46.1% ⁽¹⁾
Golar LNG Energy Limited	Involved in the ownership, operation and conversion of LNG carriers, and in the development of energy projects based on liquefied natural gas, or LNG	Non-Executive	5.0% ⁽¹⁾
Seadrill Limited	Offshore drilling contractor providing drilling and well services	Non-Executive	33.3% ⁽¹⁾
<u>Tor Olav Trøim</u> Golar LNG Energy Limited	Involved in the ownership, operation and conversion of LNG carriers, and in the development of energy projects based on liquefied natural gas, or LNG	Non-Executive	0.1% ⁽²⁾
Seadrill Limited	Offshore drilling contractor providing drilling and well services	Non-Executive	0.1% ⁽²⁾
Aktiv Kapital ASA	Company has two business segments: portfolio collection segment and third party debt collection segment. The portfolio collection segment consists of the acquisition, management and collection of unsecured non-performing loans. The third party debt collection segment consists of contingency collection for various clients	Non-Executive	0.1% ⁽²⁾
Independent Tankers Corp Ltd	Owners and operator of crude tankers	Executive	None
Seawell Ltd	Provides drilling and well services. Its core business is platform drilling, drilling facility engineering, modular rig, well intervention and oilfield technologies	Non-Executive	0.2% ⁽²⁾

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

Director / Name of Company	Brief description of principal business activities of the company	Nature of directorship (if any)	Percentage of shares held (if any)
<u>Cecilie Fredriksen</u> Aktiv Kapital ASA	Company has two business segments: portfolio collection segment and third party debt collection segment. The portfolio collection segment consists of the acquisition, management and collection of unsecured non-performing loans. The third party debt collection segment consists of contingency collection for various clients	Non-Executive	40.0% ⁽¹⁾
Seawell Limited	Provides drilling and well services. Its core business is platform drilling, drilling facility engineering, modular rig, well intervention and oilfield technologies	Non-Executive	6.6% ⁽¹⁾
Ship Finance International Ltd	Engaged primarily in the ownership and operation of vessels and offshore related assets	Non-Executive	44.1% ⁽¹⁾
Marine Harvest ASA	Seafood company and producer of farmed salmon	Non-Executive	30.2% ⁽¹⁾
Northern Offshore	Offshore contract drilling equipment and operating services for offshore oil and gas operators	Non-Executive	25.4% ⁽¹⁾
<u>Kate Blankenship</u> Frontline Ltd.	Owners of tanker assets and very-large crude carriers. Provides services relating to the international seaborne transportation of crude oil	Non-Executive	0.0%
Independent Tankers Corp Ltd	Owners and operator of crude tankers	Non-Executive	None
Golar LNG Limited	Owners and operators of Liquefied Natural Gas ("LNG") carriers	Non-Executive	0.0%
Golar LNG Energy Limited	Involved in the ownership, operation and conversion of LNG carriers, and in the development of energy projects based on liquefied natural gas, or LNG	Non-Executive	None
Seadrill Limited	Offshore drilling contractor providing drilling and well services	Non-Executive	0.0%
Ship Finance International Ltd	Engaged primarily in the ownership and operation of vessels and offshore related assets	Non-Executive	0.0%
Seawell Limited	Provides drilling and well services. Its core business is platform drilling, drilling facility engineering, modular rig, well intervention and oilfield technologies	Non-Executive	0.0%

Notes:

- 1 The shares in these companies are indirectly controlled by trusts established by Mr. John Fredriksen for the benefit of his immediate family.
- 2 The shares in these companies are either controlled directly or indirectly by Mr. Tor Olav Trøim.

Save as disclosed above, the Directors do not hold any directorships and do not have any controlling shareholding interests in any other entities which carry out similar or competing businesses with the Group.

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

Save as disclosed above, the Directors of the Company are not aware of any potential conflicts of interest between any duties to the Company, of the persons referred to in Sections 8.1, 8.3 and 8.4, and their private interests and/or other duties. The Directors are of the view that, notwithstanding the respective interests of the Directors disclosed above, there is no conflict of interests arising from these interests and their respective roles in the Company for the following reasons:

- (i) the respective Directors will abstain from giving any recommendation in respect of or approving any proposed transactions or dealings between our Group and the company in which the respective Directors have an interest;
- (ii) the companies listed above and the Company are not in competing business or have any conflicts of interest because although these companies are generally related to the marine and / or shipping industries, the Company specialises in the dry bulk shipping industry, which none of the above companies do;
- (iii) the nature of the directorships of the Directors in the above companies are of a non-executive nature, which does not involve the day-to-day operations of the respective companies;
- (iv) the Directors will not disclose to any third party (including any of the companies listed above) any confidential or trade information that comes into their possession in their capacity as directors of the Company; and
- (v) all transactions with any of the companies above or any related parties will be subject to the supervision of the audit committee of the Company.

There are no arrangements or understandings with any major shareholders, customers, suppliers or others, pursuant to which any persons have been selected as a member of the Company's Board of Directors or employed as members of senior management.

The CEO of Golden Ocean Management AS has been granted a loan of USD 462,000 with no set terms of repayment and interest being accrued at NIBOR (Norwegian InterBank Offered Rate). This loan was made on an arm's length basis and it is intended that the loan will be fully repaid. With this exception, no other loans have been granted by the Company to persons in management bodies of the Company.

No restrictions apply on the disposal of Shares by the persons set forth in Section 8.1.

9. SHARE CAPITAL AND SHAREHOLDER MATTERS

9.1. SHARE CAPITAL

9.1.1. Share capital

Golden Ocean has only one class of Shares being its common shares.

The Shares of the Company are issued and created under the Bermuda Companies Act 1981, as amended. All of the Company's Shares are of the same class. The share register is maintained by the Company secretary in Bermuda, where Nordea Bank Norge ASA (Middelthuns gate 17, N-0368 Oslo) is registered as the sole Shareholder in its capacity as sub-registrar for the registration in VPS. All of the Company's Shares are registered in VPS with ISIN BMG4032A1045.

The Shares have a par value of USD 0.10. The Company has an authorized share capital of USD 500,000,000, divided into 5,000,000,000 shares each with a par value of USD 0.10. All Shares in the Company are of the same class and have the same right in the Company.

The number of Shares issued is 456,990,107, corresponding to a share capital of USD 45,699,010.70. The issued Shares are fully paid. There are no Shares issued but not fully paid, or not representing capital in the Company.

The Shares are registered in the Company's registry in Bermuda with Nordea Bank Norge ASA as the only Shareholder. A sub-registry is maintained in VPS where the Shares are registered with ISIN BMG4032A1045. The registrar for the Company's Shares is Nordea Bank Norge ASA (Middelthuns gate 17, N-0368 Oslo). The share registrar for the Company's Shares in Singapore is Tricor Barbinder Share Registration Services. The number of Shares issued at the beginning and end of the last fiscal year, which ended on 31 December 2008, was 271,765,107 and 276,990,107, respectively.

All Shares of the Company rank *pari passu* from the date of issue. A description of the rights attaching to the Shares of the Company with respect to dividends and voting is given in Section 9.6. There are no restrictions on dividends to residents outside of Bermuda. Each Share carries the right to one vote at the Company's Shareholder meetings. Under Bermuda law and the Bye-laws of the Company, the Shareholders do not have pre-emptive rights. Each Share carries a right to its proportionate share in the Company's profits and carries a right to its proportionate share in any surplus in the event of a liquidation of the Company. The Shares cannot be redeemed unless purchased by the Company. The Company's Shares have not been subject to any public takeover bids.

As at the Latest Practicable Date, there is no Bermudian or Norwegian withholding tax payable by a company resident in Bermuda associated with the ownership and transfer of the Company's shares.

There has been no significant suspension of the trading of the Shares on the Oslo Stock Exchange during the last three years immediately preceding the Latest Practicable Date.

9.1.2. Holdings in the Shares

Neither the Company nor any of its subsidiaries has any holdings in the Shares.

9.1.3. Convertible loans and warrants

In December 2007, the Company issued USD 200 million in principal amount of convertible bonds with maturity after five years and a coupon of 3.625%. The Company repurchased USD 10 million of the convertible bonds in September 2008 at an average price of 84.63% of par value. Further, the Company purchased an additional USD 165.3 million of the convertible bonds in April 2009 at 36% of par value. Further, the Company purchased an additional \$10.25 million of the convertible bonds in December 2009 at 84.25% of par value.

SHARE CAPITAL AND SHAREHOLDER MATTERS

The convertible bond is a 5-year senior unsecured convertible bond maturing on 6 December 2012. The coupon of the bond is 3.625% and the conversion price is NOK 36.7 per Share (equivalent to USD 6.34 as at the Latest Practicable Date). The convertible bonds are convertible anytime up till 6 December 2012. As at the Latest Practicable Date, the remaining outstanding amount under the convertible bond is USD 7.7 million. If the convertible bonds are fully converted, this will require the issue of 1,177,000 additional Shares (representing less than 0.3% of the issued Shares as at the Latest Practicable Date).

9.1.4. Authorised but unissued capital

The Board of Directors is entitled to propose and adopt increases in the issued share capital up to the size of the authorized share capital. The Board of Directors currently has no further plans to issue additional Shares, although such resolutions could be made on short notice in the event of capital requirements for additional investments.

Likewise, the Board of Directors is entitled to propose and issue warrants and loans convertible into Shares up to the size of the authorized share capital. No such warrants or loans have been issued or proposed.

With the exception of the share option plan described in Section 8.7.3, there are no outstanding acquisition rights or undertakings to increase the Company's capital.

9.1.5. Capital under option

With the exception of the employee incentive program referred to in Section 8.7.3, no capital of any member of the group is under option or agreed to be put under option.

9.1.6. Changes in the share capital over the last three years

Set out below is a table showing the changes in the Company's issued share capital over the three last years.

Date	Event	Capital change (USD '000)	Share capital (USD '000)	Shares issued
Dec-05	Outstanding at year-end		24,688	246,877,607
	Issued during 2006	2,450		
	Redeemed during 2006	-		
Dec 06	Outstanding at year-end		27,138	271,377,607
	Issued during 2007	39		
	Redeemed during 2007	-		
Dec 07	Outstanding at year-end		27,177	271,765,107
	Issued during 2008	872		
	Redeemed during 2008	-350		
Dec 08	Outstanding at year-end		27,699	276,990,107
Apr 09	Issue at NOK 4.10	18,000		
Latest Practicable Date	Outstanding		45,699	456,990,107

Save as disclosed above, no Shares in, or debentures of, the Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the last three years.

SHARE CAPITAL AND SHAREHOLDER MATTERS

9.2. NOTIFIABLE SHAREHOLDINGS

As at the Latest Practicable Date, the Company had a total of 11,145 Shareholders on record in VPS. Of these, 665 Shareholders were non-Norwegian.

The Shareholders recorded in VPS with a Shareholding of 5% or more at the same date are set forth in the table below:

Name of Shareholder	Shares	Ownership
Hemen Holding	183,666,158	40.2%

The Company is not aware of any other Shareholders or consolidated group of Shareholders owning more than 5% of the Shares or being in position to take control over the Company.

9.3. DIFFERENCES IN VOTING RIGHTS

None of the Company's major Shareholders or other Shareholders has different voting rights.

9.4. SHAREHOLDERS WITH DIRECT OR INDIRECT CONTROL

To the extent known to our Directors and save as disclosed in this Introductory Document, (i) the Company is not aware of any Shareholder or group of Shareholders whose direct and/or indirect shareholding gives rise to a controlling influence over the Company; and (ii) the Company is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly.

Notwithstanding the above, it should be noted that Hemen Holding (which is the Company's largest Shareholder) is a company indirectly controlled by trusts established by Mr John Fredriksen, the Company's Chairman, President and CEO for the benefit of his immediate family.

No Shareholder is subject to mandatory bid requirements for the Company's Shares.

9.5. ARRANGEMENTS WHICH MAY CAUSE CHANGE IN CONTROL

The Company is not aware of any arrangements which may at a later date lead to a change in control.

9.6. MEMORANDUM OF ASSOCIATION AND BYE-LAWS

9.6.1. Objects and purposes

The Company's Memorandum of Association sets forth the objects of the Company in its article 6 (which makes reference to a schedule to the Bermuda Companies Act 1981). These objects are of a general nature and do not significantly specify or limit the business of the Company. Included in these objects are the ownership, acquisition, selling, and chartering of ships and the ship carriage of goods of all kinds.

9.6.2. Overview of the Company's bye-laws

The Sections below aims at giving a basic overview of basic corporate legislation and regulation that applies to the Company under its bye-laws and Bermuda law. The overview should be read in conjunction with the bye-laws, as available from the Company's web pages⁵. The overview is not exhaustive in respect of all corporate regulation applicable to the Company and which may vary from the corresponding regulation under Norwegian law.

⁵ http://www.goldenocean.no/pdf/GOGL_Bye-laws.pdf

SHARE CAPITAL AND SHAREHOLDER MATTERS

9.6.3. General information

The Company was incorporated in Bermuda with limited liability as an exempted company, which means that the Company needs not comply with the requirements of the Bermuda Companies Act 1981, as amended (the “Bermuda Companies Act”), in respect of Bermuda local companies.

The Company and its activities are primarily governed by the Bermuda Companies Act, the Company’s Memorandum of Association, and the Bye-laws.

The constitutional documents of the Company consist of the Company’s Memorandum of Association and Bye-laws. These documents are significantly more extensive than the articles of association (vedtekter) of a Norwegian company. The Bye-laws deal primarily with the Company’s administration and the distribution of power between the Company’s Shareholders and the Board of Directors of the Company. The Bye-laws have detailed provisions regarding the transfer of shares in the Company, changes to the Company’s share capital, general meetings and appointment and removal of directors and officers. The Bye-laws also contain provisions on payment and distribution of dividends, allocation of sums to the reserves, capitalization of profits, auditing, accounting, amendments to the Bye-laws and winding up.

Since the Company is primarily listed on the Oslo Stock Exchange, certain aspects of the Company will be governed by Norwegian law pursuant to the Listing Agreement between the Oslo Stock Exchange and the Company. In addition, the Norwegian Securities Trading Act of 29 June 2007, no. 75 and the Norwegian Stock Exchange Act of 29 June 2007, no. 74 with related regulations, as well as the Oslo Stock Exchange’s Continuing Obligations for Listed Companies, will apply.

Under the Bermuda Companies Act, the Company’s Bye-laws may be amended by resolution passed by a simple majority of votes cast at a general meeting of the Company (an “Ordinary Resolution”). Under Norwegian law, a two-thirds majority vote is required to amend a company’s articles of association.

9.6.4. Shares and share capital

Share Capital

The Company has an authorized share capital of USD 500,000,000. The authorised share capital of the Company may be increased or decreased by an Ordinary Resolution. The Company may also by Ordinary Resolution consolidate its Shares into Shares of larger nominal value or divide its Shares into Shares of smaller nominal value.

The Company may by Ordinary Resolution create new classes of Shares. The rights attached to any class of Shares in the Company may only be altered with the written consent of 75 per cent of the Shareholders of that class or by a majority of 75 per cent of the votes cast at a separate general meeting of such class.

As at the Latest Practicable Date, the Company does not have any plans to issue Shares through rights issues. In the event that a rights issue is undertaken by the Company, all necessary arrangements and procedures will be put into place to ensure that Shareholders (including CDP Shareholders) will be able to trade their rights.

The Bye-laws draw a distinction between issued and unissued Shares. Subject to the provisions of the Bye-laws, the unissued Shares form part of the Company’s authorised share capital that have not yet been allotted or issued to any persons. These unissued Shares are at the disposal of the Board which may offer, allot, grant option over, or otherwise dispose of the said Shares to such persons at such times and for such consideration as the Board may determine. The Company may, however, by Ordinary Resolution increasing the authorised capital, direct that the new Shares or any of them shall be offered in the first instance to all Shareholders in proportion to the number of issued Shares held by them.

According to the Bye-laws the Company may only issue Shares that are fully paid, except as may be prescribed by an Ordinary Resolution.

SHARE CAPITAL AND SHAREHOLDER MATTERS

Generally, CDP Shareholders are only entitled to exercise all rights of ownership relating to the shares, including all voting rights attached to the Shares indirectly through CDP and / or the Main Share Registrar, as their nominee pursuant to a power of attorney issued by CDP and / or the Main Share Registrar.

CDP Shareholders will be entitled to participate in all offers of securities extended by the Company to its Shareholders in general.

Shares/Transfer of shares

The Company's Shares are registered shares (as opposed to bearer shares), which means that the Shares cannot be transferred by delivery alone.

The Company's Register of Shareholders is located in Bermuda. Unless the Board otherwise determines the Register of Shareholders shall be open to inspection in the manner prescribed by the Bermuda Companies Act between 10:00 a.m. and 12:00 noon every working day.

The registrar for CDP Shareholders is Tricor Barbinder Share Registration Services.

The Board shall decline to register the transfer of any shares, and shall direct the Main Share Registrar or the Singapore Share Registrar (as the case may be) to decline to register the transfer of any interest in any Share, to a person where the Board is of the opinion that such transfer might break any law or requirement of any authority or any stock exchange on which the Shares of the Company are listed, until the Board is satisfied that no breach of law or such requirement will arise.

Under the Bye-laws of the Company, the Board and the Main Share Registrar or the Singapore Share Registrar (as the case may be) may decline the transfer of any Share which will or is likely to result in the holding or ownership (whether directly or indirectly) of 50% or more of the Shares by a person or persons resident in Norway. If 50% or more of the Shares are found to be held or owned directly or indirectly by a person or persons resident for tax purposes in Norway (other than the Registrar), the Board shall make an announcement to such effect through the Oslo Stock Exchange, and the Board and the Main Share Registrar or the Singapore Share Registrar (as the case may be) shall thereafter be entitled and required to dispose of such number of Shares held or owned by such persons as will result in the percentage of Shares held or owned as aforesaid being less than 50%. For these purposes, the Board and the Main Share Registrar or the Singapore Share Registrar (as the case may be) shall in such case dispose of shares or interests therein owned by persons resident for tax purposes in Norway on the basis that the Shares most recently acquired shall be the first to be disposed of (i.e. on the basis of last acquired first sold). Shareholders shall not be entitled to raise any objection to the disposal of their Shares.

Under the Bye-laws of the Company, all Shareholders (including CDP Shareholders) must ensure that their tax residency stated in records relating to their CDP securities account is accurate and updated. Any failure by CDP Shareholders to update their tax residency status may result in a suspension of their rights as Shareholders, and disposal of their Shares by the Board and the Registrar at the best price reasonably obtainable in the circumstances.

There are no restrictions imposed on Norwegian citizens in relation to the trading and holding of the Shares on the SGX-ST and / or under the CDP system.

Take-overs

If a person or entity, through any form of acquisition of the Company's shares, becomes the owner of shares in the Company representing more than 30 per cent of its then outstanding shares (an "Acquirer"), the Board may, under Article 39(ix) of the Company's Bye-Laws, decline to register and direct the Registrar to decline to register the transfer of any such interest in excess of 30 per cent of the Company's then outstanding shares unless such Acquirer makes an offer for the purchase of the remaining shares in the Company or agrees to sell such part of the shares so acquired as shall result in his/its ownership being reduced to represent less than 30 per cent of the Company's then outstanding shares. These obligations shall not apply to any shareholder who at the time of the adoption of the Bye-laws (or through Frontline's distribution of all of the shares in the Company

SHARE CAPITAL AND SHAREHOLDER MATTERS

to its shareholders in 2004) held more than 30 per cent of the Company's shares. Such persons or entities shall thus be free, in relation to the Bye-laws, to acquire further shares without the obligation to make an offer.

In addition, the mandatory offer rules in the Norwegian Securities Act will apply to the Company as a consequence of its listing on the Oslo Stock Exchange.

These rules require any person, legal entity or group acting in concert that acquires more than 1/3, 40 percent or 50 percent of the voting rights of a Norwegian company listed on Oslo Stock Exchange to make an unconditional mandatory offer to acquire all of the remaining issued and outstanding share capital of that company or, alternatively, within four weeks, to dispose of a sufficient part of shares to again fall below the relevant threshold described above. When an agreement on acquisition triggering a mandatory bid obligation is entered into, such shareholder must immediately notify Oslo Stock Exchange and the Company as to whether it will make a mandatory offer or dispose of the exceeding shares. If an offer is to be made, the offer must be made no later than four weeks after the relevant threshold was exceeded, in the form of an offer document to all shareholders. The mandatory offer is subject to approval by Oslo Stock Exchange before submission to the shareholders. The offering price per share must be at least as high as the highest price paid by the offeror in the six-month period prior to the date the mandatory offer obligation was triggered, however equal to the market price if it is clear that the market price was higher when the mandatory offer obligation was triggered; provided, however, that in the event that the acquirer thereafter, but prior to the expiration of the mandatory offer period acquires, or agrees to acquire, additional shares at a higher price, the acquirer is required to increase its offer price to such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to the other consideration offered. Settlement under the mandatory offer must be completed promptly, and within 14 days following the expiration of the offer period at the latest. The Oslo Stock Exchange may impose a daily fine upon a shareholder who fails to make the required mandatory offer. If a shareholder has announced that it will dispose of the exceeding shares but fails to do this within four weeks, Oslo Stock Exchange may cause the shares exceeding the relevant threshold to be sold under the rules governing forced sale insofar as they are applicable, unless the shareholder has instead made a mandatory offer within said four weeks.

Any person, entity or group acting in concert who after 1 January 2008 pass a mandatory bid threshold in a way which do not trigger a mandatory bid obligation, is obligated, in general, to make a mandatory offer in case of each subsequent acquisition. The same obligation applies to any person, entity or group acting in concert who prior to 1 January 2008 passed the 40 % mandatory offer threshold in a way which did not trigger a mandatory offer or at 1 January 2008 held shares representing between 1/3 and 40 % of the votes in the company.

As the Company is incorporated outside Singapore and does not maintain a primary listing in Singapore, it is not subject to the provisions of the Singapore Code on Take-overs and Mergers. The ownership of Shares traded in Singapore will however, be relevant in calculating shareholding interests under the Norwegian Securities Trading Act.

Shareholding notification requirements

The Company has incorporated into its Bye-law 47 the requirements relating to disclosures of material interests applicable to trading on the Oslo Stock Exchange under the Norwegian Securities Trading Act. Therefore, the acquisition or sale of Shares in excess of certain limits must be disclosed to the market through the Oslo Stock Exchange. This is done by notifying Nordea, acting through its Registrar Department, who will then report the same to the Oslo Stock Exchange.

If a person fails to give notification of a change in his interest in Shares in accordance with the above, such person might, pending compliance with the notification requirements, neither be entitled to vote or otherwise exercise any rights attaching to the Shares to which the notice relates, nor to receive payments of income or capital which become due or payable in respect of such Shares.

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The disclosure requirements in the Norwegian Securities Trading Act require that a person, entity or group acting in concert that acquires Shares, options for Shares or other rights to Shares resulting in its beneficial ownership, directly or indirectly, in the aggregate meeting or exceeding the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 and 90% of the share capital and/or the voting rights in the Company shall disclose this immediately. The same applies to disposal of Shares (but not options or other rights to Shares) resulting in a beneficial ownership, directly or indirectly, in the aggregate meeting or falling below said thresholds.

CDP Shareholders who hold the respective numbers of Shares described above (whether wholly through the CDP or otherwise) should immediately notify the Singapore Share Registrar, which will notify the Company accordingly. The CDP is not responsible for compliance with the above shareholding reporting requirements.

CDP Shareholders are required to comply with any requests by the Company and/or the relevant authorities to disclose information relating to the identities of the beneficial owners of the Shares.

As the Company is incorporated outside Singapore, it is not subject to the provisions of Division 2 to Part VII of the Securities and Futures Act (Chapter 289) of Singapore and Division 4 to Part IV of the Companies Act (Chapter 50) of Singapore regulating substantial shareholding reporting obligations.

Treasury shares

According to the Bye-laws, the Company may from time to time purchase its own Shares on such terms and in such manner as may be authorised by the Board.

9.6.5. Shareholders' meeting

The Board decides the venue of the Company's general meetings which can be anywhere other than Norway.

A general meeting must be held at least once in every year and seven days' notice is required for the holding of any general meeting. A special general meeting may be called by the Board and must be called by the Board on receipt of written requisition from Shareholders with voting rights representing not less than 10 per cent of the paid up share capital. Resolutions of a general meeting are adopted by Ordinary Resolution unless the Bye-laws or the Bermuda Companies Act specify otherwise.

Under the rules of the Oslo Stock Exchange, the Company is required to present its accounts to Shareholders for approval at a general meeting not later than four months after the end of its financial year. There is no requirement for the annual general meeting to be held within a prescribed period by the Company after the end of the financial year.

Shareholders are entitled to be present in person, or by proxy to attend and vote at general meetings of the Company. A quorum of at least one or more Shareholders holding at least 33.33% of the voting rights entitled to be exercised at the general meeting is required to be present at the general meeting before any business may be transacted. All notices of Shareholders' meetings will be accompanied by a proxy form. Shareholders' meetings are typically held in Bermuda.

Rights of CDP Shareholders in relation to general meetings of the Company

CDP Shareholders will be appointed as proxies by the CDP and/or the Main Share Registrar to attend and vote at general meetings of the Company. If a general meeting is convened, the Company will arrange for proxy forms to be despatched to all CDP Shareholders, together with the notice of the meeting. The notice of the meeting and the proxy forms will set out details of the resolutions to be considered at the general meeting. CDP Shareholders may indicate their voting instructions on the proxy forms and appoint the Chairman of the meeting or such other persons to vote accordingly on their behalf during the meeting.

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All notices of Shareholders' meetings will be accompanied by a proxy form. All Shareholders will only be entitled to attend or vote if written notice of the intention to attend and vote in person or by proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney, is sent to the Main Share Registrar or the Singapore Share Registrar (as the case may be) by the designated time before the meeting. Shareholders' meetings are typically held in Bermuda.

In the event that the duly completed proxy is not received from any Shareholder before the prescribed time, or if the proxy form has not been duly completed or is invalid for any reason, no votes will be placed and no actions will be taken on behalf of the Shareholder during the general meeting.

CDP Shareholders will be entitled to receive all documents addressed by the Company to Shareholders. The Singapore Share Registrar shall arrange for the despatch of the voting instructions forms to CDP Shareholders and be responsible for collating the voting instruction forms of CDP Shareholders. All such documents are in English.

9.6.6. The Board of directors

The number of directors shall be such number not less than two as the Company by Ordinary Resolution from time to time determines, and each director shall hold office until the next annual general meeting following his election or until a successor is elected.

The Company may by Ordinary Resolution appoint alternate directors or authorise the Board to do so. Each Board member may elect a personal alternate director. The Board appoints its Chairman.

A Board meeting may be held in any part of the world except in Norway and the United Kingdom.

Remuneration of the Board is determined by Ordinary Resolution at the annual general meeting.

The purpose of the Board is to manage and conduct the business of the Company and its powers and rights are limited only by statute, the Bye-laws and directions given by the general meeting. In principle, this is in accordance with the Norwegian company law, but it should be noted that the Bye-laws and the Bermuda Companies Act delegate certain powers to the Board which would have been within the power of the general meeting of a Norwegian company or would not exist under Norwegian law, such as the director's powers to issue shares within the authorised share capital and the directors' discretionary power to distribute dividends (see below) or make allocations to the Company's reserves.

According to the Bye-laws, the Board has full power to charge any of the Company's assets and to borrow money without sanctions by the general meeting.

The Board may by power of attorney appoint a person or company as the Company's attorney with such power, authority and discretion as the Board thinks fit, provided however that such power, authority and discretion does not exceed the powers vested in the Board by the Company's Bye-laws. The Board may also authorise the attorney to sub-delegate any or all powers, authorities and discretions vested in him by the Board. Under Norwegian law, the board of a company can delegate authority and appoint attorneys, but authority or power that may be delegated or vested in an attorney is considerably more restricted.

A director, or a company owned by him, may enter into a commercial agreement with the Company provided that the relevant director declares his interest in such agreement at the board meeting when the contract is first considered. A director may vote or be counted in the quorum of a meeting for any resolution relevant to the appointment of himself to another position in the Company.

According to the Bermuda Companies Act, the Company may not make any loan to a Board member without the approval of Shareholders representing at least nine-tenths of the votes in the Company.

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The directors must appoint a secretary whose tasks are determined by the Bye-laws and the Bermuda Companies Act. Normally the secretary prepares minutes of the Board meetings and general meetings and maintains the Register of Shareholders and Register of Directors and Officers.

9.6.7. Distribution of dividends

The Board has a discretionary right to decide whether dividend shall be distributed to Shareholders in accordance with the respective interests in the profits and surplus available for distribution from the Company. This right includes the right to declare interim dividends if the Board thinks that the financial status of the Company so allows. The Board may direct payment or satisfaction of any dividend or distribution out of contributed surplus by distribution of specific assets. Under the Norwegian Public Companies Act, the declaration of dividends always requires sanction of the general meeting.

The Company may upon recommendation of the Board and by Ordinary Resolution resolve to the effect that it is desirable to capitalise all or any part of any amount standing to the credit of (i) any reserve or fund which is available for distribution or (ii) any share premium account or capital redemption reserve fund or (iii) any contributed surplus account, and accordingly that such amount be set free for distribution among the shareholders who would be entitled thereto if distributed by way of dividend and in the same proportion. There are similar rules in the Norwegian Public Companies Act, but such a resolution would require two-thirds majority of the votes cast in a general meeting.

The Company declares and distributes dividends in US Dollars (USD). For CDP Shareholders, the Company will transfer to CDP the respective dividends in Singapore Dollars (SGD), which CDP will distribute to the respective Shareholders, upon receipt by CDP of the dividends in SGD from the Company. Accordingly, CDP Shareholders should note that they may have to bear foreign currency exchange losses (if any) incurred during the conversion of the dividends by the Company from USD to SGD. No withholding tax is payable on the dividends distributed by the Company.

9.6.8. Particular conditions governing changes in share capital, etc.

The Company's bye-laws do not contain conditions governing changes in the capital and rights attached to the Shares that are stricter than the law.

9.6.9. Compulsory acquisitions

Compulsory acquisition where the acquirer holds in excess of 95 per cent of the shares of the company

The Bermuda Companies Act sets out the procedure by which the holder or holders of not less than 95 per cent of the shares or any class of shares in a company may compulsorily acquire the remainder from the remaining shareholders. Under such procedure, the acquirer must give notice to all the remaining shareholders of its intention to acquire their shares. The terms of the acquisition, including the price, must be set out in the notice. The terms of acquisition offered must be the same for all remaining shareholders in order to be operative under the procedures. Delivery of such a notice both entitles and binds the acquirer to acquire the shares of the remaining shareholders on the terms set out therein unless a remaining shareholder applies to the court for an appraisal of the value of its shares.

Power to acquire shares from the dissenting shareholders to a scheme or contract approved by a majority of 90 per cent or greater

The Bermuda Companies Act also sets out a procedure whereby a bidder ("Acquiror") may compel the acquisition of the shares of shareholders dissenting to a scheme or contract involving the transfer of shares of a company ("Target Company") where the scheme or contract has received the approval of 90 per cent in value of the shareholders of the Target Company. Where a scheme or contract involving the transfer of shares or any class of shares in the Target Company has been proposed to shareholders and, within four months from the making of the offer, has been approved

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by the holders of not less than 90 per cent in value of the shares of the Target Company (other than shares in the Target Company already held by the Acquiror or its nominee) then the Acquiror may, within two months after the expiration of the four month period referred to above, give notice to any dissenting shareholder that it desires to acquire such dissenting shareholder's shares. Once notice is given, the Acquiror is entitled and bound to acquire those shares on the same terms as those proposed in the scheme or contract approved by the 90 per cent majority.

A dissenting shareholder who receives a notice has the ability to apply to court for relief within one month after receipt of the notice by the Acquiror to compulsorily acquire its shares. Unlike the rights of the 5 per cent or less minority to apply to court for an appraisal of the value of their shares under a 95 per cent compulsory acquisition described above, the right of a dissenting shareholder who has received a notice from the Acquiror to compulsorily acquire his shares under this procedure is not limited to having the value of his shares appraised. The statutory language gives the court a broad discretion to order as it thinks fit in the context of an application made by a dissenting shareholder who has received a notice pursuant to the compulsory acquisition provisions.

9.6.10. Provisions to delay, defer or prevent a change in control

The Company's articles of association do not contain provisions that could have an effect of delaying, deferring or preventing a change in control of the Company.

9.7. SHAREHOLDER AND DIVIDEND POLICY

9.7.1 Shareholder policy

The Company will inform its Shareholders and the market in general on an ongoing basis of the Company's development, activities and special events, ensuring that as far as possible the pricing of the Company's Shares reflects the underlying values and expectations on future profits. Such information will be included in the Company's annual reports, quarterly reports, press releases and investor presentations when appropriate.

9.7.2. Dividend policy

As a relatively young company with extensive growth ambitions, the Company has decided not to have a fixed dividend policy. The Company's goal is to achieve a high dividend capacity, but the quarterly dividend payment will depend on the Company's financial situation, need for working capital and investments or acquisition possibilities. The Company's Board also emphasizes the importance of increased Shareholders' value through increase in share price.

Since its inception, the Company has paid the dividends as follows: For 2006 the Company paid USD 0.05 in respect of the 4th quarter; for 2007 the Company paid USD 0.03 for the 1st, USD 0.05 for the 2nd, USD 0.50 for the 3rd and USD 0.30 for the 4th quarter; and for 2008 the Company paid USD 0.55 for the 1st and USD 0.40 for the 2nd quarter. No subsequent dividends have been paid or declared.

9.8. SHAREHOLDER AGREEMENTS, ETC.

9.8.1. Lock-up agreements

No Shareholders of the Company are subject to lock-up arrangements on their Shares.

9.8.2. Shareholder agreements

As far as the Company is aware, there are no Shareholders' agreements related to the Shares in the Company.

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9.9. STATEMENT REGARDING CORPORATE GOVERNANCE

Golden Ocean Group Limited is a Bermuda registered company, the Shares of which are primarily listed on Oslo Stock Exchange. Companies listed on the Oslo Stock Exchange are required to relate to the corporate governance standards of Norway or their countries of registration. The Company has elected to relate to the Norwegian standards, set out in the Norwegian Code of Practice for Corporate Governance (the “Code”). The Code is a non-binding recommendation as published by the Norwegian Corporate Governance Board (NUES)⁶.

Golden Ocean Group Limited is committed to ensuring that its principles of corporate governance meet the highest standards and generally supports the principles set forth in the Code. Being subject to two different sets of corporate governance regulations (Norway and Bermuda) means, however, that Golden Ocean Group Limited will have to rely on some exceptions from the Code. As a Bermudian registered company, Golden Ocean Group Limited is also subject to Bermudian company law requirements, which in some matters differ from Norwegian law.

An audit committee (currently comprising Kate Blankenship) has been appointed from members of its Board of Directors. Save as described above, the Company currently has no sub-committees of its Board of Directors.

The Company publishes an annual statement on its principles for corporate governance, describing its adherence to the Code on a “comply or explain” basis. The Company’s last statement is included in the annual report for the fiscal year 2008, which was issued on 30 April 2009, and which is found at the Company’s web pages⁷. The statement is also attached hereto as Appendix 2.

⁶ <http://www.nues.no/filestore/TheNorwegianCodeofPraciceforCorporateGovernance21October2009.pdf>

⁷ <http://www.goldenocean.bm/reports/135378/R/1310375/303089.pdf>

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10. FINANCIAL INFORMATION

10.1 HISTORICAL FINANCIAL INFORMATION

10.1.1 General

The Company's annual financial statements and interim financial statements are presented in U.S. dollars and are prepared in accordance with International Financial Reporting Standards (IFRS). The Company's fiscal year-end is 31 December.

The accounts presented herein are for the fiscal years ended 31 December 2006, 2007 and 2008 and for the nine month periods ended 30 September 2008 and 2009, and are based on reports incorporated herein by reference. The interim reports are unaudited.

During the third quarter of 2009 the Company updated its presentation of consolidated statement of operations and comprehensive income to include profit on sale of assets and impairment under other gain losses(net) in operating profit.

Save as described above, there were no changes in the Company's accounting policies for the relevant financial years that affected the operating results of the Company. The Company's operating results were not affected by the adoption of revised or new accounting standards as our Group has been following the recognition and measurement principles of the relevant accounting standards.

10.1.2. Summary of significant accounting policies

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards and have been prepared on a going concern basis. This contemplates the realisation of assets and liabilities in the ordinary course of business.

The following are the significant accounting policies adopted by the Group:

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities (including special purpose entities) controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company has the intention to consolidate when the substance of the relationship between the Company and the entity indicates that the entity is controlled by the Company.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions and balances are eliminated on consolidation.

The Company was incorporated on November 8, 2004 for the purpose of acquiring, by way of a contribution, certain drybulk shipping assets and associated liabilities of Frontline Ltd. This is a group reconstruction and has been accounted for using de-merger principles. This has resulted in the assets and liabilities contributed by Frontline Ltd. being recorded at their historical net book values as recorded in Frontline Ltd.'s consolidated financial statements.

(b) Revenue and expenditure

Revenue and expenditure are measured at fair value received or receivable and paid or payable respectively. Revenue and expenses for voyage charters are recorded on a percentage of completion basis. Full provision is made for any losses on voyages in progress at the balance sheet date. Where the Group is party to a profit sharing arrangement, revenue is accounted for on a daily basis as earned and receivable in accordance with the terms of the arrangement.

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Normal vessel repair and maintenance costs are charged to the income statement when incurred. The Group capitalises the cost of a dry docking at the time the dry docking takes place. The capitalised costs are written off as vessel running costs on a straight line basis over the estimated period to the next dry docking.

(c) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

(d) Translation of foreign currencies

The Company's functional and presentational currency is the United States Dollar (US Dollars) as most of the revenue and expenses of the company and its subsidiaries are denominated in USD.

Transactions in currencies other than the functional currency are recorded at the rate of exchange on the date of the transaction. At the balance sheet date all monetary items are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at historical rates, unless such items are carried at fair value, in which case they are translated at the rate of exchange in effect at the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences on non-monetary items carried at fair value are included in the income statement for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognized directly in equity.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in USD using the prevailing exchange rates on the balance sheet date. Income and expense items are translated at the average rates for the period. Exchange differences are presented in equity, if material, otherwise in the income statement.

(e) Property plant and equipment and depreciation

Assets are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on the basis that the book value of the assets, less any estimated residual value, is written off on a straight line basis over the remaining useful life. In accordance with IAS16 – "Property, Plant and Equipment", the Group annually reviews the useful life and residual value of assets.

When the Company enters into newbuilding contracts, the Company assesses if it has a practice of settling similar contracts net in cash by entering into offsetting contracts or by selling the contract before taking delivery of the vessel. Similarly, when the Company enters into an agreement to buy a vessel, and subsequently enters into a contract to sell it prior to taking delivery, or a short time after delivery, the Company assesses if the contract to sell the vessel creates a practice of net settlement. Contracts settled net in cash are

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carried at fair value in the balance sheet and changes in the fair value are recorded in the income statement. Similarity is assessed on a contract by contract basis by evaluating past transactions where newbuilding contracts have been settled net in cash. As at the balance sheet date management believes that the Company does not have a past practice of settling any newbuilding contracts net in cash.

Other newbuilding contracts are treated as Property, Plant and Equipment in a separate category (“vessels under construction”), and accounted for at cost including capitalised interest and other capitalised finance costs.

Assets in the course of construction are carried at cost, less any recognized impairment losses. Costs include professional fees and borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation commences when assets are available for their intended use.

Vessels are depreciated on the basis that the cost of the vessels, less any estimated residual value based on \$250 per lightweight metric tonne (“LWT”) of the vessel, is written off on a straight line basis over the remaining useful life of the vessel taken to be 25 years from the date the vessel is available for its intended use. The value of \$250 per LWT is based on broker valuations at 31 December 2008.

Vessels held under finance leases are depreciated over their expected useful lives on the same basis as owned vessels or, where shorter, the term of the relevant lease.

Dry-docking costs are capitalised and written off over the estimated period to the next dry-dock. Unamortised costs are written off on disposal of the vessel.

The gain or loss arising on the disposal or retirement of a vessel is determined as the difference between the sales proceeds and the carrying amount of the asset is recorded the income statement.

Investment in future revenue represents part of the original consideration paid to acquire a fleet of vessels with existing time charter contracts in 2005. The investment in future revenue is amortised on a straight line basis over a 365 day period based on the minimum lease period for the individual vessels as defined by IAS 17. Future revenue is not amortised until the vessel is delivered to the Group.

Fixtures and equipment are depreciated over their expected useful lives.

(f) Impairment

At each balance sheet date, the Group reviews the carrying amount of its non-current assets to determine if there is any indication the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss.

The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. Fair value is determined as the average of three independent broker valuations, and reflects the underlying economic value of the assets in normal market conditions (where supply and demand are in reasonable equilibrium) and assumes adequate time for a sale and a willing buyer and seller. The valuations have been prepared on a charter free basis and do not take into account the long-term charters that the Group has entered into for some of the vessels. In a period of inactivity, where transactions between willing buyers and sellers are limited, and where supply and demand are not in reasonable equilibrium, the Group does not rely on broker valuations to determine the recoverable amount but uses the value in use methodology. When determining the value in use, the discounted future cash flow is based on forward market revenues less an estimate of operating expenses over the remaining useful life at a discount rate which approximates the incremental borrowing rate for each generating unit. Revenue on open positions is estimated by the Group based on the forward freight curve. Assets are assessed individually.

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When an impairment loss is identified, the carrying value of the asset is reduced to the recoverable amount and the impairment loss is recorded in the income statement.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated on a first in first out basis.

(h) Financial instruments

Financial assets and liabilities are initially recognized on the balance sheet at fair value when the Group has become a party to the contractual provisions of the instrument.

Derivatives Derivative financial instruments are measured at fair value. Movement in the fair value of derivative financial instruments that are not effective hedges are recognized in the income statement for the period.

Trade and other receivables Trade and other receivables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less appropriate allowances for credit losses per the group's accounting policy.

Borrowing costs Borrowing costs directly and indirectly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in the income statement during the period in which they are incurred.

Marketable securities Marketable securities are classified as available for sale financial instruments. Marketable securities are recognized and disposed of on a trade date basis where the purchase or sale of the asset is under a contract whose terms require delivery of the asset within the time frame established by the market concerned, and are initially measured at fair value.

Marketable securities are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognized directly in equity, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the income statement for the period. At each balance sheet date, the Group considers whether there is objective evidence that assets are impaired. Objective evidence is considered to be a significant or prolonged decline in the fair value of the asset below its acquisition cost.

Cash and cash equivalents Cash and cash equivalents comprise cash in hand, demand deposits with a maturity of less than three months, and other highly liquid investments with a maturity of less than three months when acquired that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Bank borrowings Interest bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement and redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Trade and other payables Trade payables are initially recognized at fair value, and are subsequently measured at amortised cost, using the effective interest method.

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Equity instruments Equity instruments issued by the company are recorded at the proceeds received.

(j) Share based payments

The Group issues equity settled share-based payments to certain directors and employees. Equity settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the shares that will vest and adjusted for the effect of non market-based vesting conditions.

The fair value is measured using the Binomial pricing model. The inputs used in the model are based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(k) Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (industry segment), or in providing products or services within a particular economic environment (geographical segment), that is subject to risks and rewards that are different from those of other segments.

(l) Critical accounting estimates and judgements

Estimates and judgements are evaluated and based on experience and other factors that are believed to be reasonable under the current circumstances. The following summarises the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the judgements made in applying the Group's accounting policies.

Leases The Group is party to leasing transactions as both lessee and lessor. The accounting for a lease transaction is mainly determined by whether the lease is considered to be a finance lease or an operating lease. Management look to the substance of the transaction in judging whether substantially all the risks and rewards of ownership are transferred.

Asset impairment testing The Group reviews its non-current assets for impairment at each balance sheet date. In order to assess if impairment exists, management estimates discounted future cash flows, residual values, and remaining lives of the assets. Market factors affecting expected future revenue, operating costs, residual values and obsolescence may affect the discounted future cash flows. Actual outcomes may vary significantly from the estimates of the discounted future cash flows.

The Group also reviews its available for sale financial assets for impairment at each balance sheet date. In order to assess if impairment exists, the Group considers whether there is a significant or prolonged decline in the fair value of the asset. The Group considers a decline in the fair value to be significant or prolonged when it is below average purchase price for three consecutive quarters.

Revenue recognition The Group has made accruals and provisions for partially completed contracts and for losses or adjustments to existing and previously completed contracts. Revenue on open positions is estimated by the Group based on the forward freight curve. Provisions for losses on existing contracts are made when the unavoidable costs of the contract exceed the expected revenue. Management believe that the provisions made for these items are adequate based upon the information available. As these estimates are based upon information available at the balance sheet date, they are subject to change as further information becomes available. Such changes in estimates may affect the earnings of future periods.

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Allowances for credit losses The policy for allowances for credit losses is based on the evaluation of collectibles, ageing analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of receivables, including credit worthiness and collection history of customers. Deterioration in a customer's financial conditions may affect allowances for credit losses.

Legal provisions The Group is party to various legal proceedings. Additional claims could be made that may not be covered by existing provisions or by insurance. There can be no assurance that there will not be further claims, proceedings or investigations. Such further claims may be material and impact future periods.

(m) Recent accounting pronouncements

(i) *New and amended standards adopted by the Group.*

The Group has adopted the following new and amended IFRSs as of 1 January 2009:

IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'no owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company has adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group or Company's financial statements.

(ii) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their

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present condition and the distribution is highly probable. The Group and Company will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the Group or Company's financial statements.

IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with no controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquirer at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group and Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group or Company's financial statements.

IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The group and company will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group or Company's financial statements.

IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and Company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group or Company's financial statements.

IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

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10.1.3. Consolidated statement of operations and consolidated comprehensive income statements

(USD thousands unless specified)	Consolidated statement of operations for year ended 31 December (audited)		
	2006	2007	2008
Operating revenue			
Revenue	265,703	704,000	877,278
Other operating income	4,624	4,035	70,225
Total operating revenues	270,327	708,035	947,503
Operating expenses			
Voyage expenses and commission	47,575	97,537	136,805
Vessel operating expenses	11,374	25,102	16,687
Charter hire expenses	144,152	393,141	544,166
Administrative expenses	7,259	9,420	14,662
Depreciation	10,145	15,468	11,435
Total operating expenses	220,505	540,668	723,755
Operating profit	49,822	167,367	223,748
Profit on sale of assets	4,108	74,639	209,119
Finance income	8,730	5,393	3,941
Finance costs	(16,847)	(45,974)	(26,874)
Other financial items	(127)	(363)	(1,205)
Impairment loss	(9,983)	-	(28,527)
Net other income / (expenses)	(14,119)	33,695	156,454
Profit before taxation	35,703	201,062	380,202
Taxation	(51)	(92)	(59)
Profit for the period	35,652	200,970	380,143
Earnings per share (USD):			
Basic	0.14	0.74	1.38
Diluted	0.13	0.71	1.36

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(USD thousands unless specified)	Consolidated comprehensive income statements for nine months ended 30 September (unaudited)	
	2008	2009
Operating revenue		
Revenue	751,926	267,098
Other operating income	24,998	(1,200)
Total operating revenues	776,924	265,898
Operating expenses		
Voyage expenses and commission	117,974	63,023
Vessel operating expenses	12,674	16,768
Charter hire expenses	434,097	91,342
Administrative expenses	12,416	7,802
Depreciation	7,259	13,036
Total operating expenses	584,420	191,971
Other gain/losses net		
Profit on sale of assets	200,166	55,240
Other gain/(losses) net	(6,304)	(18,267)
Total other gain (losses) net	193,862	36,973
Operating profit	386,366	110,900
Finance income	3,802	421
Finance costs	(15,823)	(12,964)
Other financial items	(933)	94,538
Impairment loss	-	-
Net other income / (expenses)	(12,954)	81,995
Profit before taxation	373,412	192,895
Taxation	-	-
Profit for the period	373,412	192,895
Other comprehensive income		
Reduction in value of marketable securities	(20,802)	22,893
Total Comprehensive income for the period	352,610	215,788
Earnings per share (USD):		
Basic	1.35	0.49
Diluted	1.34	0.49

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10.1.4. Consolidated balance sheet

(USD thousands unless specified)	31 December (audited)			30 September (unaudited)	
	2006	2007	2008	2008	2009
ASSETS					
Non current assets					
Vessels and equipment, net	155,047	71,399	174,513	140,815	358,368
Vessels under fin. Leases, net	223,382	172,851	127,269	128,932	104,002
Vessels under construction	14,355	428,259	496,425	501,425	428,200
Investment in purchase options	28,832	-	-	-	-
Other financial assets	22,561	51,001	-	-	-
Investm. in fut. revenue, net	30,795	23,907	17,587	19,175	12,856
Other non-current assets	1,011	-	5,000	-	6,442
Total non-current assets	475,983	747,417	820,794	790,347	909,867
Current assets					
Cash and cash equivalents	40,771	306,233	50,868	64,028	128,985
Trade and other receivables	27,412	72,459	74,761	145,787	39,485
Inventories	6,530	10,260	3,482	5,588	8,089
Amount due from rel. parties	-	76	-	-	-
Marketable securities	1,519	-	16,669	26,951	-
Total current assets	76,232	389,028	145,780	242,354	176,559
Non-curr. assets held for sale	-	47,375	40,084	40,084	16,091
Total assets	552,215	1,183,820	1,006,658	1,072,785	1,102,517
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	27,138	27,177	27,699	27,699	45,699
Contributed surplus	30,940	31,704	17,176	17,107	107,381
Other reserves	621	16,662	(6,258)	(4,138)	16,635
Retained earnings	78,427	105,987	136,626	129,890	329,521
Shareholders' equity	137,126	181,530	175,243	170,558	499,236
Non-current liabilities					
Long term debt	159,462	425,456	-	416,097	418,582
Obligations under fin. leases	130,460	127,335	90,803	93,451	60,566
Provisions	-	-	5,450	-	-
Deferred income	-	71,280	71,280	71,280	-
Total non-current liabilities	289,922	624,071	167,533	580,828	479,148
Current liabilities					
Long-term debt – curr. portion	50,473	227,127	592,501	206,498	49,367
Finance leases – curr. portion	13,976	13,657	10,181	9,989	16,381
Other financial liabilities	25,352	60,795	-	23,203	-
Amount due to related parties	4,365	4,503	3,690	4,911	4,432
Provisions	-	-	21,986	-	-
Trade payables, other liab.	31,001	72,127	35,524	76,798	53,953
Total current liabilities	125,167	378,219	663,882	321,399	124,133
Total equity and liabilities	552,215	1,183,820	1,006,658	1,072,785	1,102,517

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10.1.5. Consolidated statement of cash flows

(USD thousands)	Year ended 31 December (audited)			Nine months ended 30 September (unaudited)	
	2006	2007	2008	2008	2009
OPERATING ACTIVITIES					
Profit for the period	35,652	200,970	380,143	373,412	192,895
Adjustment to reconcile profit for the period to net cash provided by operating activities:					
Share options	750	558	569	501	202
Profit on sale of assets	(4,108)	(74,659)	(209,119)	(200,166)	(55,240)
Profit on sale of marketable securities	(3,261)	(1,857)	(2)	(2)	15,562
Profit on purchase of convertible bond	-	-	(830)	(830)	(96,587)
Interest income	(1,100)	(3,526)	(3,939)	(3,802)	(421)
Depreciation	10,145	15,648	11,435	7,259	13,036
Amortisation of deferred charges	251	682	789	474	2,977
Amortisation of future revenue	14,216	6,888	6,320	4,732	4,731
Impairment loss	9,983	-	28,527	-	3,961
Net change in operating assets and liabilities:					
- amount due to related parties	6,583	(62)	(813)	408	742
- other financial assets	(22,047)	(28,440)	51,001	(1,315)	-
- trade and other receivables	(19,474)	(45,047)	(2,302)	(21,015)	40,059
- inventories	(6,160)	(3,730)	6,778	4,672	(4,607)
- other financial liabilities	23,808	35,443	(60,795)	(37,592)	-
- provisions	-	-	27,436	-	(27,436)
- other long term receivables	-	-	(5,000)	-	-
- trade payables and other current liabilities	22,385	40,381	(35,838)	5,141	17,489
Net cash provided by operating activities	67,623	143,079	194,360	131,877	107,364
INVESTING ACTIVITIES					
Interest received	1,100	3,536	3,939	3,802	421
Additions to vessels and equipment	(30,301)	(254)	-	-	-
Additions to vessels under construction	(26,815)	(413,904)	(420,372)	(333,499)	(125,448)
Acquisition of business assets	(38,000)	-	-	-	-
Exercise of purchase options for vessels leased	(22,167)	(43,343)	(29,000)	-	-
Net proceeds from the sale of vessels	31,605	231,547	480,440	406,728	967
Proceeds from the sale of subsidiaries	52,238	-	-	-	-
Purchase of marketable securities	(18,457)	(32,628)	(54,974)	(48,323)	-
Sale of marketable securities	21,718	35,383	6,860	599	24,000
Net cash used in investing activities	(29,079)	(219,663)	(13,107)	29,307	(100,060)
FINANCING ACTIVITIES					
Payment of financing charges	(312)	(3,612)	(1,527)	(1,451)	(2,073)
Repayment of obligations under leases	(7,923)	(16,341)	(10,920)	(8,464)	(7,061)
Repayment of long term debt	(95,906)	(184,357)	(385,371)	(276,896)	(86,393)
Proceeds from long term debt	69,702	648,241	333,742	255,964	121,870
Payment of dividends	-	(171,162)	(347,074)	(347,074)	-
Proceeds rcvd in adv of delivery for vsls under constr.	-	71,280	-	-	-
Repayment of convertible bonds	-	-	(8,463)	(8,463)	(63,533)
Purchase of own shares	-	-	(15,889)	(15,889)	-
Settlement of share options	-	(2,248)	(2,430)	(2,430)	-
Proceeds from issue of shares	20,182	245	1,314	1,314	108,003
Net cash from financing activities	(14,257)	342,046	(436,618)	(403,389)	70,813
Net change in cash and cash equivalents	24,287	265,462	(255,365)	(242,205)	78,117
Cash and cash equivalents at beginning of period	16,484	40,771	306,233	306,233	50,868
Cash and equivalents at end of period	40,771	306,233	50,868	64,028	128,985

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10.1.6. Consolidated statement of changes in equity

(USD thousands)	Share capital	Contributed surplus	Other reserves	Retained earnings	Total attrib. to equity holders of parent
Balance at 1 January 2006	24,688	12,458	(187)	42,775	79,734
2006					
<i>Profit for the year</i>	-	-	-	35,652	35,652
<i>Gain on revaluation of marketable securities</i>	-	-	808	-	808
Total recognised income and expense	-	-	808	35,652	36,640
Shares issued for cash	2,450	17,732	-	-	20,182
Issue of share options	-	750	-	-	750
Balance at 31 December 2006	27,138	30,940	621	78,427	137,126
2007					
<i>Profit for the year</i>	-	-	-	200,970	200,970
<i>Transfer to income statement on sale of marketable securities</i>	-	-	(594)	-	(594)
Total recognised income and expense	-	-	(594)	200,970	200,376
Shares issued for cash	39	206	-	-	245
Issue of share options	-	558	-	-	558
Dividend paid	-	-	-	(171,162)	(171,162)
Share options settled in cash	-	-	-	(2,248)	(2,248)
Equity component of convertible bonds	-	-	16,635	-	16,635
Balance at 31 December 2007	27,177	31,704	16,662	105,987	181,530
2008					
<i>Profit for the year</i>	-	-	-	380,143	380,143
Total recognised income and expense	-	-	-	380,143	380,143
Shares issued for cash	872	442	-	-	1,314
Shares repurchased and cancelled	(350)	(15,539)	-	-	(15,889)
Issue of share options	-	569	-	-	569
Dividends paid	-	-	-	(347,074)	(347,074)
Share options settled in cash	-	-	-	(2,430)	(2,430)
Reduction in value of marketable securities	-	-	(22,920)	-	(22,920)
Balance at 31 December 2008	27,699	17,176	(6,258)	136,626	175,243
2009					
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 30 September 2009	45,699	107,381	16,635	329,521	499,236

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10.2. ADDITIONAL INFORMATION ABOUT THE FINANCIAL STATEMENTS

10.2.1. Level of consolidation

The financial information is prepared on a consolidated group basis.

10.2.2. Segment analysis

More than 99 percent of the Company's revenue and operating results relate to its chartering operations which are carried out internationally and cannot be attributable to any particular geographical location, and accordingly no analysis by either business or geographical segment is included in the Company's financial statements.

10.2.3. Age of latest financial information

The latest audited financial information presented in this Introductory Document is in respect of the period ending 31 December 2008.

10.2.4. Annual and interim financial information

Interim unaudited financial information for the period ending 30 September 2009 and annual accounts and auditor's report for the period ending 31 December 2008, have been published on the Oslo Stock Exchange information system⁸ under the Company's ticker code GOGL.

10.2.5. Name and address of auditors

Moore Stephens LLP (London, UK) was the Company's auditor in relation to the Company's accounts for the fiscal years 2006, 2007 and 2008. The address of Moore Stephens LLP (London, UK) is St Paul's House, London EC4M 7BP, UK. Moore Stephens LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. Moore Stephens LLP has completed an audit of the Company's annual accounts for the years ending 31 December 2006, 2007 and 2008. Save as disclosed, Moore Stephens LLP has not audited or reviewed or produced any report on other information provided in this Introductory Document.

The auditors' reports for the Company's accounts in respect of 2006, 2007 and 2008 were given without qualifications or disclaimers.

PricewaterhouseCoopers AS was appointed as the Company's auditor pursuant to the Company's Annual General Meeting held on 25 September 2009. The address of PricewaterhouseCoopers AS is Dronning Eufemiasgate 8, N-0106 Oslo, Norway. The Company's Norwegian auditor is a member of The Norwegian Institute of Public Accountants. PricewaterhouseCoopers AS has reviewed the Company's interim unaudited financial information for the nine month period ending 30 September 2009. Save as disclosed, PricewaterhouseCoopers AS has not audited or reviewed or produced any report on other information provided in this Introductory Document.

Save for the appointment of PricewaterhouseCoopers AS as the Company's auditor pursuant to the Company's Annual General Meeting held on 25 September 2009, there have been no events of resignation, removal or failure of re-appointment of auditors of the Company within the period covered by the historical financial information.

⁸ www.newsweb.no

11. OPERATING AND FINANCIAL REVIEW

Investors should read the following discussion of the financial condition and results of operations in conjunction with the financial statements included in this Introductory Document. The following discussion contains forward-looking statements that are based on current assumptions and estimates by the Company's management regarding future events and circumstances. The Company's actual results could differ materially from those expressed or implied by the forward-looking statements as a result of many factors, including those described in Section 4.

11.1 INFORMATION ON FINANCIAL CONDITION AND OPERATING RESULTS

Comparison of the nine months period ended 30 September 2009 to the nine months period ended 30 September 2008

Operating revenue

Golden Ocean Group Ltd's total operating revenue decreased by USD 511 million to USD 266 million for the nine months ended 30 September 2009, compared to USD 777 million for the nine months ended 30 September 2008. The decrease was mainly due to considerable lower rates for dry bulk vessels. The average rate per day decreased by USD 41,148 to USD 27,957 for the nine months ended 30 September 2009, compared to USD 69,104 for the nine months ended 30 September 2008. The number of days on hire decreased to 9,554 days in the nine months ended 30 September 2009, compared to 10,882 days in 2008, despite the Company taking delivery of one new vessel in Q1 2009 and two new vessels in Q2 2009.

The reduction in other operating income of USD 26 million is due to a net decrease in demurrage revenue and despatch expense.

Operating expenses

The Company's total operating expenses decreased by USD 392 million to USD 192 million in the nine months ended 30 September 2009, compared to USD 584 million for the nine months ended 30 September 2008. The main reason for the decrease in total operating expenses was a reduction in charter hire expenses mostly due to lower average rates on vessels chartered in. The decline in average rates to USD 20,093 in the nine month period ended 30 September 2009, compared to USD 53,705 in the nine months period ended 30 September 2008, resulted in a USD 343 million reduction in charter hire expenses.

In addition, voyage expenses and commission decreased by USD 55 million, mainly due to a reduction in commission of USD 27 million related to lower charter rates out. Also, bunker expenses decreased by USD 17 million.

Operating profit

Operating profit decreased by USD 275 million to USD 111 million for the nine months ended 2009, compared with USD 386 million in the nine month period ended 30 September 2008. In addition to the decline in operating revenue and operating expenses of USD 117 million net, the main reason for the remaining decrease of USD 158 million relates to a reduction in profit in sale of assets and an increase in other losses, net.

A gain of USD 54 million was recognised for the nine months ended 30 September 2009 on the termination of an agreement with Britannia Bulk Finance Limited to buy six vessels under construction at Pipavav Shipyard in India. In comparison, for the nine months ended 30 September 2008, USD 200 million in gains were recognised on the sale of two Capesize vessels from Daehan shipyard, one Panamax vessel from Rong Sheng ship yard in addition to Golden Jade and Golden Jasmine.

In addition, Golden Ocean Group Ltd recorded impairment losses and loss on disposals of marketable securities of USD 16 million in the nine months ended 30 September 2009.

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Profit for the period

The profit for the period declined by USD 180 million to USD 193 million for the nine months ended 30 September 2009, compared to USD 373 million for the nine months ended 30 September 2008.

The net decrease in operating profit of USD 275 million was partly off-set by a USD 97 million gain on the repurchase of convertible bonds with face value of USD 165 million in the period ended 30 September 2009, compared to USD 1 million in the nine months ended 30 September 2008.

Cash and cash equivalents

Cash and cash equivalents increased by USD 78 million to USD 129 million as at 30 September 2009, compared with USD 51 million as at 31 December 2008. The Company generated USD 107 million from operating activities and invested net USD 100 million. Investments included part payments on vessels of USD 125 million and USD 24 million received on the sale of marketable securities.

USD 71 million was provided by financing activities. Golden Ocean Group Ltd obtained USD 108 million from the issue of shares in April 2009 and draw USD 122 million on its debt in the nine month period to make the part payments on vessels. In addition, the Company repaid USD 86 million of long term debt and paid USD 64 million on the acquisition of parts of its bond loan.

Liabilities

Loan financing decreased by USD 125 million to USD 468 million as at 30 September 2009 compared to 31 December 2008. Also, the obligations under finance leases declined by USD 24 million to 77 million as at 30 September 2009 compared to 31 December 2008. The number of vessels under finance lease was reduced from four to three during the nine months ended 30 September 2009, as the Company exercised its option to buy M/V Golden Joy in August 2009. Provisions for onerous leases decreased by USD 27 million to nil as the Company had no vessels on operating leases which were expected to generate losses as at 30 September 2009. Trade payables and other current liabilities increased by USD 19 million to USD 54 million as at 30 September 2009 due to increase in accruals and other current liabilities.

Total equity

The Company's total equity amounted to USD 499 million as at 30 September 2009, compared to USD 175 million as at 31 December 2008. The increase is due to the April 2009 share issue of USD 108 million and total comprehensive income of USD 216 million for the nine months ended 30 September 2009.

Comparison of the year ended 31 December 2008 to the year ended 31 December 2007

Operating revenue

Golden Ocean Group Ltd's total operating revenue increased by USD 239 million to USD 947 million in 2008, compared to USD 708 million in 2007. The increase was mainly due to higher rates for dry bulk vessels. The average rate per day increased by USD 16,996 to USD 63,825 in 2008 compared to an average rate of USD 46,827 in 2007. However, the number of days on hire decreased to 13,745 days in 2008, compared to 15,034 days in 2007.

The increase in other operating income of USD 66 million was due to a net increase in demurrage revenue and despatch expense of USD 27 million and USD 39 million due to a cancellation fee for early redelivery of three vessels chartered out on high rates in a declining market.

Operating expenses

The Company's total operating expenses increased by USD 183 million to USD 724 million in 2008, compared to USD 541 million in 2007. The main reason for the increase in total operating expenses was an increase in charter hire expenses mostly due to higher average rates on vessels chartered in. The increase in average rates to USD 48,664 in 2008, compared to USD 33,051 in 2007, resulted in a USD 151 million increase in charter hire expenses.

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In addition, voyage expenses and commission increased by USD 39 million, mainly due to an increase in commission of USD 12 million related to higher charter rates, and an increase in bunker expenses of USD 15 million.

Profit for the period

The profit for the period increased by USD 179 million, to USD 380 million in 2008 compared to USD 201 million in 2007.

The increase in total profit for the period is partly due to the net increase in operating profit of USD 56 million, which was off-set by a USD 29 million impairment provision in 2008. The Company recognised an impairment loss of USD 20 million related to six Kamsarmax vessels under construction from Jinhaiwan shipyard and one cancellation of a Capesize vessel under construction from Daehan ship yard. This is an impairment loss for accounting purposes, and is not a forfeit of deposit paid or penalty imposed on the Company. In addition, the Company recorded an impairment of USD 8.5 million related to marketable securities.

Profit on sale of assets increased by USD 134 million to USD 209 million in 2008, compared to USD 75 million in 2007. In 2008 the Company recorded a profit of USD 209 million by selling two Capesize vessels from Daehan shipyard, two Panamax vessels from Rong Sheng ship yard in addition to Golden Jade and Golden Jasmine.

Finance costs decreased by USD 19 million to USD 27 million in 2008, compared to USD 46 million in 2007. In 2008, finance costs of USD 27 million include USD 12 million relating to interest expense on loans and USD 7 million relating to interest expense on vessels under financial lease. In addition, the Company recorded a loss on forward freight agreements of USD 8 million. A reduction of USD 18 million of losses on forward freight agreement from 2007 to 2008 explains the majority of the variance in the total reduction of finance costs.

Cash and cash equivalents

Cash and cash equivalents decreased by USD 255 million to USD 51 million as at 31 December 2008, compared with USD 306 million as at 31 December 2007. The Company generated USD 194 million from operating activities and invested net USD 13 million. Investments included part payments on vessels of USD 420 million and USD 480 million in proceeds from the sale of vessels.

The Company's cash flows from financing activities were USD (437) million for the year ended 31 December 2008 compared to USD 342 million for the previous year. The cash flows from financing activities are mainly made up of the raising and repayment of long term debt, as well as payment of dividends which amounted to USD 347 million in 2008 compared to USD 171 million in 2007.

Liabilities

Loan financing decreased by USD 60 million to USD 593 million as at 31 December 2008 compared to 31 December 2007. Also, the obligations under finance leases declined by USD 40 million to USD 101 million as at 31 December 2008 compared to 31 December 2007. The number of vessels under finance lease was reduced from five to four during 2008, as the Company exercised its option to buy M/V Bellflower in December 2008. Provisions for onerous leases increased by USD 27 million as the Company had 12 vessels on operating leases which were expected to generate losses as at 31 December 2008. Trade payables and other current liabilities decreased by USD 37 million to USD 36 million as at 31 December 2008 due to a decrease in accruals and other current liabilities.

Total equity

The Company's total equity amounted to USD 175 million as at 31 December 2008 compared to USD 182 million at 31 December 2007. The increase was mainly due to a net increase in retained earnings. In addition, the Company purchased and cancelled its own Shares of USD 16 million, mainly reducing contributed surplus. The Company also recorded a USD 23 million negative fair value changes on its marketable securities to other reserves included in equity.

OPERATING AND FINANCIAL REVIEW

Comparison of the year ended 31 December 2007 to the year ended 31 December 2006

Operating revenue

Golden Ocean Group Ltd's total operating revenue increased by USD 438 million to USD 708 million in 2007, compared to USD 270 million in 2006. The increase was mainly due to higher rates for dry bulk vessels. The average rate per day increased by USD 19,251 to USD 46,827 in 2007 compared to an average rate of USD 27,576 in 2006. In addition, the number of days on hire increased to 15,034 days in 2007, compared to 9,686 days in 2006.

Operating expenses

The Company's total operating expenses increased by USD 320 million to USD 541 million in 2007, compared to USD 221 million in 2006. The main reasons for the increase in total operating expenses was an increase in charter hire expenses due to higher average rates on vessels chartered in and an increase in the total number of on hire days. The increase in average rates to USD 33,051 in 2007, compared to USD 19,318 in 2006, resulted in a USD 249 million increase in charter hire expenses.

In addition, voyage expenses and commission increased by USD 50 million in 2007 as compared to 2006, mainly due to an increase in commission of USD 23 million, an increase in bunker expenses of USD 11 million, and an increase in port expenses of USD 7 million.

Profit for the period

The profit for the period increased by USD 165 million, to USD 201 million in 2007 compared to USD 36 million in 2006.

The increase in total profit for the period is partly related to the net increase in operating profit of USD 118 million. In addition, the Company recognised a profit on sale of assets of USD 75 million in 2007, an increase of USD 71 million compared to 2006. In 2007 the Company recorded a profit when selling two owned vessels (Golden Dena and Golden Gunn) and three vessels previously classified as vessels under financial lease (Shinyo Brilliance, Golden Glory and Golden Gem).

However, finance costs increased by USD 29 million to USD 46 million in 2007, compared to USD 17 million in 2006. The change was mainly due to a recorded loss on forward freight agreements of USD 26 million in 2007. In addition, the interest expense on financial leased vessels increased by USD 4 million from 2006 to 2007.

The Company did not recognise any impairment charge in 2007.

Cash and cash equivalents

Cash and cash equivalents increased by USD 265 million to USD 306 million as at 31 December 2007, compared with USD 41 million as at 31 December 2006. The Company generated USD 143 million from operating activities and invested net USD 220 million. Investments included part payments on vessels of USD 414 million and USD 232 million in proceeds from the sale of vessels.

The Company's cash flows from financing activities were USD 342 million for the year ended 31 December 2007 compared to USD (14) million for the previous year. The cash flows from financing activities are mainly made up of the raising and repayment of long term debt, as well as payment of dividends which amounted to USD 171 million in 2007 compared to nil in 2006.

Liabilities

Loan financing increased by USD 443 million to USD 653 million as at 31 December 2007 compared to 31 December 2006. The obligations under finance leases declined by USD 3 million to 141 million as at 31 December 2007 compared to 31 December 2006. The net reduction of number of vessels under finance lease was one during 2007, as the Company chartered in two new vessels classified under financial lease and sold three vessels classified within the same category.

OPERATING AND FINANCIAL REVIEW

Trade payables and other current liabilities increased by USD 41 million to USD 72 million as at 31 December 2007 due to a increase in accruals and other current liabilities.

Total equity

The Company's total equity amounted to USD 182 million as at 31 December 2007 compared to USD 137 million as at 31 December 2006. The increase was mainly due to a net increase in retained earnings in addition to the equity component of USD 17 million of convertible bonds issued in 2007 recorded under other reserves.

11.2. SIGNIFICANT CHANGES IN FINANCIAL OR TRADING POSITION

With the exceptions of the raising of approximately USD 108 million of equity and the repurchase of debt with a nominal value of USD 182 million for a total consideration of USD 72 million, there have not been material changes in the financial or trading position of the Company in 2009.

11.3. SIGNIFICANT FACTORS AFFECTING INCOME

Except as set out above, the Company's income from operations have not been affected by significant factors, unusual or infrequent events or new developments.

11.4. SIGNIFICANT EXTERNAL FACTORS

Save as described in this Introductory Document and set out in Appendix 5, the Company is not aware of any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, directly or indirectly, its operations, or of proposed changes to such policies or factors that could materially affect its operations.

Save as disclosed in this Introductory Document, our Directors are not aware of any event which has occurred since 31 December 2008 which may have a material effect on the financial information provided in the unaudited interim consolidated financial statements of the Group as set out in Appendix 7 of this Introductory Document.

CASH FLOW AND CAPITAL RESOURCES

12. CASH FLOW AND CAPITAL RESOURCES

12.1 CASH FLOWS

12.1.1. Working capital overview

As at 30 September 2009, the Company had cash and cash equivalents amounting to USD 129 million, compared to USD 51 million as at 31 December 2008.

12.1.2. Cash flows from operating activities

The Company's cash flows from operating activities amounted to USD 194 million for the year ended 31 December 2008 compared to USD 143 million for the previous year. The Company's cash flows from operating activities increased significantly upon deliveries of additional vessels, additional chartered-in tonnage, and higher average rates.

For the quarter ended 30 September 2009, cash flows from operating activities amounted to USD 107 million, compared to USD 132 million in the corresponding quarter in 2008. Profit for the period was lower than in the previous year, but this was compensated by a large reduction in trade receivables.

12.1.3. Cash flows from investing activities

The Company's cash flows used in investing activities were USD 13 million for the year ended 31 December 2008 compared to USD 220 million for the previous year. The cash flows used in investing activities relate mainly to the Company's construction in progress and sales of vessels, where sales in 2008 exceeded the investments.

For the quarter ended 30 September 2009, cash flows used in investing activities amounted to USD 100 million, compared to cash received of USD 29 million in the corresponding quarter in 2008. The main components were investments in vessels under construction of USD 125 million (2008: USD 333 million), offset by proceeds from sale of vessels of USD 1 million (2008: USD 407 million).

12.1.4. Cash flows from financing activities

The Company's cash flows from financing activities were USD (437) million for the year ended 31 December 2008 compared to USD 342 million for the previous year. The cash flows from financing activities are mainly made up of the raising and repayment of long term debt, as well as payment of dividends which amounted to USD 347 million in 2008 compared to USD 171 million in 2007.

For the quarter ended 30 September 2009, cash flows from financing activities amounted to USD 71 million, compared to USD (403) million in the corresponding quarter in 2008. In 2008, the Company paid dividends of USD 347 million and repurchased Shares for USD 16 million, while net borrowing decreased by USD 21 million.

12.2. INFORMATION CONCERNING THE COMPANY'S CAPITAL RESOURCES

12.2.1. Equity financing

Golden Ocean Group Limited started as a de-merger from Frontline Ltd. in November 2004. After that date the Group has raised approximately USD 146 million (gross proceeds) in equity through private placements in July 2005 (USD 14 million), August 2006 (USD 20.8 million) and April 2009 (USD 108 million).

CASH FLOW AND CAPITAL RESOURCES

12.2.2. Debt financing arrangements and encumbrances on the Company's assets

The Company has entered into debt financing arrangements as set out in the following table:

Amount	Description	Secured by
USD 155 million	Pre- and Post-delivery term loan facilities agreement of 155 million The facilities were entered into in January 2007. The term loan facility is fully drawn upon completion of the last vessel from Rong Sheng in April 2009. The facilities mature in January 2014.	Two capesize vessels, Channel Navigator and Channel Alliance and vessel 1-4 from Rong Sheng, first priority, charter contracts, insurances and Golden Ocean Parent Company Guarantee
USD 168 million	Pre- and Post-delivery loan facility agreement of USD 168 million entered into in July 2007. The loan will be drawn upon according to construction of the Panamax vessels built at the Pipavav yard in India and mature ten years after the delivery date of the first vessel.	Vessel 1-6 from Pipavav, first priority, and Golden Ocean Parent Company Guarantee.
USD 98.7 million	Loan facility agreement of USD 98.7 million entered into in June 2007. The loan will be drawn upon according to construction of two Capesize vessels built at the Daehan shipyard in Korea and mature in February 2019.	Two Capesize newbuildings from Daehan, first priority, charter contracts, insurances and Golden Ocean Parent Company Guarantee
USD 201 million	Pre- and Post-delivery loan facility agreement of USD 201 million entered into in June 2008. The loan will be drawn upon according to construction of the Capesize vessels built at the Jinhaiwan shipyard in China and mature 8 years after the delivery date of the first vessel but no later than December 2017.	Four Capesize newbuildings from Jinhaiwan, first priority, charter contracts, insurances and Golden Ocean Parent Company Guarantee
USD 32 million	Pre delivery term loan facility agreement entered into in November 2008. The loan matures at delivery of the vessel no later than November 2009	One Kamsarmax Newbuilding from Jinhaiwan, first priority and Golden Ocean Parent Guarantee
USD 65 million	Senior Secured Term Loan facility entered into in April 2009. The loan will be drawn upon according to construction of two Kamsarmax vessels built at the Jinhaiwan shipyard in China. The loan matures five years after the first delivery date.	Two Kamsarmax newbuildings from Jinhaiwan, first priority, charter contracts, insurances and Golden Ocean Parent Company Guarantee
USD 200 million	Convertible bond entered into in December 2007 and maturing in December 2012. As at the Latest Practicable Date, the remaining amount outstanding is approximately USD 7.7 million.	Unsecured

Based on these current financing arrangements and the newbuilding program, the Company will draw on the above financing facilities according to the construction of the vessels. When the vessels become operational, the repayment will start immediately.

As at the Latest Practicable Date, the Company is not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Company's financial position and results or business operations, or the investments by holders of Shares or units of Shares, as the case may be, in the Company.

CASH FLOW AND CAPITAL RESOURCES

Based on the current delivery schedule, the annual repayment after delivery of vessels over the next five years will be as follows:

Year	Amount to be repaid
2009	USD 92.7 million
2010	USD 57.3 million
2011	USD 42.2 million
2012	USD 55.9 million
2013	USD 48.6 million
2014+	USD 547.7 million

12.2.3. Restrictions on use of capital resources

The Company's debt financing is subject to terms and covenants which are customary in the maritime industry. In accordance with normal practice, this includes minimum value clauses and other restrictions which may cause debt to mature if values of the assets provided as security falls below certain levels compared to the debt.

In the view of the Company, there are no restrictions on the use of capital resources which can be viewed as having materially affected, or materially affecting, directly or indirectly, its operations.

The Company is not aware of any governmental law, decree or regulatory requirement or any other requirement which may affect the:

- a. import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- b. remittance of dividends, interest or other payments to non-resident holders of the Company's securities.

12.2.4. Funding and treasury policies

In its funding, the Company generally seeks to secure adequate funding prior to the start of construction of each project.

In the treasury of its funds, the Company employs a low risk profile based on maintaining funds required for future investment on readily available bank accounts or on short term interest bearing deposits.

The management costs of the Company and the revenue received from its operations are largely denominated in NOK and USD respectively. The Company mitigates against adverse currency movements by monitoring the USD exchange rate and forward buying NOK when the exchange rates are favourable. The policy is designed to minimise currency risk and not for currency speculation. The Company has in the past been taking positions in the Forward Freight Agreement ("FFA") market but has not entered into any new positions since Q1 2008. The Company has no current plans to actively trade the FFA market in the future.

The hedging policies adopted by the Company shall be approved by the Board of Directors. The hedging policies will be supported by procedures proposed by the management of our Group for approval by our Board of Directors after review by our audit committee. All hedging transactions shall be monitored and proposed by our CFO and approved by our President and CEO. We will continue to monitor our foreign exchange exposure, if any, and will hedge any material transactions or manage our foreign currency exposure should the need arise in the future. Any change in our hedging policy shall be subject to review and approval by our Board of Directors prior to implementation. Our audit committee will review periodically all the foreign exchange exposure hedging transactions and any formal hedging policies and procedures of our Group.

CASH FLOW AND CAPITAL RESOURCES

12.3. CAPITALIZATION AND INDEBTEDNESS

The following tables set forth the Company's capitalization and indebtedness as at 30 November 2009.

12.3.1. Capitalization

(USD million)	30 November 2009 (unaudited)
Total current debt (A)	
- guaranteed	-
- secured	57
- unguaranteed / unsecured	28
Total non-current debt (B)	
- guaranteed	-
- secured	495
- unguaranteed / unsecured	17
Shareholders' equity (C)	
- share capital	46
- legal reserve	17
- other reserves	453
Total capitalization (A+B+C)	1,113

12.3.2. Indebtedness

(USD million)	30 November 2009 (unaudited)
A Cash	111
B Cash equivalent	-
C Trading securities	-
D Liquidity (A+B+C)	111
E Current financial receivable	43
F Current bank debt	-
G Current portion of non current debt	57
H Other current financial debt	28
I Current financial debt (F+G+H)	85
J Net current financial debt (I-E-D)	(69)
K Non current bank loans	495
L Bonds issued	17
M Other non current loans	-
N Non current financial debt (K+L+M)	512
O Net financial indebtedness (J+N)	443

CASH FLOW AND CAPITAL RESOURCES

12.4. OVERVIEW OF CAPITAL EXPENDITURES

Our capital expenditure in FY2006, FY2007 and FY2008 and for the period from 1 January 2009 to 30 November 2009 is as follows:

	FY2006 US\$'000	FY2007 US\$'000	FY2008 US\$'000	1 January 2009 to 30 November 2009 US\$'000
Capital expenditure	14,000	380,158	356,503	140,501

Our capital divestment in FY2006, FY 2007 and FY2008 and for the period from 1 January 2009 to 30 November 2009 is as follows:

	FY2006 US\$'000	FY2007 US\$'000	FY2008 US\$'000	1 January 2009 to 30 November 2009 US\$'000
Capital divestment	48,130	156,908	271,321 ¹	44,767

As at the Latest Practicable Date, our material commitments for capital expenditure are as follows:

	US\$'000
2009	16,544
2010	342,846
2011	134,800
2012	15,800

We intend to fund the above capital commitments through a combination of internal funds and bank borrowings.

12.5. WORKING CAPITAL STATEMENT

Taking into account the contracted fixed charter income and the expected capital expenditure of the Company, it is the reasonable opinion of the Company's Board of Directors that the Company has sufficient working capital for its present requirements.

13. LEGAL MATTERS

13.1 MATERIAL CONTRACTS

The Section below provides an overview of individual contracts deemed to be material to Golden Ocean.

13.1.1. Daehan Shipbuilding Co. Ltd (“Daehan”)

The Company has one capesize bulk carrier on order from Daehan. The contract price is USD 81 million.

13.1.2. Zhoushan Jinhaiwan Shipyard Co. Ltd. (“Jinhaiwan”)

The Company has currently five capesize bulkers and 12 kamsarmax bulkers on order from Jinhaiwan.

The purchase price for each of the first four capesize bulkers is USD 67.1 million. The purchase price for the last vessel is USD 79 million.

Instalments have been paid on all contracts in line with their terms. All instalments are covered by refund guarantees.

The agreed delivery dates for the capesize bulkers are in the period from October 2009 to September 2010. The first two vessels have been delayed and are expected to be delivered in January 2010. The remaining three newbuildings are expected to be delivered on their agreed delivery dates.

The purchase prices for the 12 Kamsarmax vessels are USD 49.2 million for the initial eight vessels, and USD 49.3 million for the last four vessels.

The first six Kamsarmax vessels are scheduled to be delivered over the period from February 2010 to December 2010.

Instalments have been paid on all these contracts in accordance with the contract terms. Refund guarantees have been received.

The Company has agreed with the yard to transfer the contracts for the last six Kamsarmax vessels to a special purpose company which shall be project financed, i.e. financed without the support of Golden Ocean by way of guarantees. The Company has further agreed that USD 46 million out of the USD 58 million paid in instalments pursuant to these contracts will be refunded to the Company. This amount should be considered as a reduction in the contracted purchase price for these vessels.

A revised delivery schedule for these vessels has also been agreed, postponing the delivery dates to the period from November 2011 to April 2012.

The Company's financial exposure to these contracts has thus been reduced to the net instalments made as of the date hereof.

The exposure may be increased if and when the terms of available project financing are established.

13.1.3. Pipavav Shipyard (“Pipavav”) – Construction contracts

The Company has entered into construction contracts with Pipavav to build six panamax bulk carriers of 74,500 dwt each.

The purchase price for each vessel is USD 35 million.

LEGAL MATTERS

As of the date hereof, the Company has paid a total of USD 60 million towards the purchase price covering two initial instalments of 10% of the purchase price for each vessel and a third instalment in the amount of 20% of the purchase price for three vessels.

All instalments paid are secured by refund guarantees.

The delivery dates for the vessels as per the construction contracts are from March 2009 to June 2010.

None of these vessels have, as of the date hereof, been delivered.

Discussions for a possible restructuring of the newbuilding program have been ongoing between the Company and Pipavav for some time without having reached a satisfactory conclusion.

13.1.4. Financing agreements

The Company has agreements with various banks for the financing of its vessels. Reference is made to Section 12.2.2 for a description of the main facilities.

13.1.5. Contracts not entered into in the ordinary course of business

The Company has not entered into contracts outside of its ordinary business which, in its view, can be deemed to represent material obligations or give material entitlements to the Company.

13.2 DISPUTES

Save as disclosed below, the Company has not, during the previous 12 months, been involved in or threatened with any governmental, legal or arbitration proceedings which may have, or have had, a significant effect on the Company's financial position or profitability.

The Company is party to certain unresolved disputes. All of these are, save for the dispute with Pipavav Shipyard Limited ("Pipavav"), considered to be minor in as much as they are, based on the Company's present knowledge, unlikely to have any significant effect on its financial position or, alternatively, that the allegations made by the counterparty thereto are such that the Company considers it highly unlikely that they will prevail.

Dispute with Pipavav Shipyard Limited

The dispute with Pipavav arises from the fact that the yard has materially delayed in their construction process for all six vessels on order. Under the agreement, the Company is entitled to receive a penalty fee from the yard in relation to the delays.

Pipavav alleges that the Company, during the discussions that have taken place as a consequence of such delays, have agreed to redefine the first two contracts to options to build two vessels to be delivered after the delivery of the subsequent four vessels, while the delivery date for these have been extended.

The Company's position is that no such agreement has been made.

This issue is currently subject to arbitration in Singapore.

The Company will, subject to prevailing in the arbitration, most likely cancel the first two vessels based on excessive delays. The delivery of the remaining four vessels in accordance with the agreed delivery schedule appears unlikely at present. The Company will continue its discussions with Pipavav in order to reach an amicable solution to the dispute.

As at the Latest Practicable Date, there are no charter contracts that are dependent on the delivery of these six vessels.

LEGAL MATTERS

Dispute with Transfield Shipping Inc.

The Company is involved in a legal dispute over a contract of affreightment with Transfield Shipping Inc. ("Transfield"). The contract with Transfield is governed by French law, with arbitration through Chambre Arbitrale Maritime de Paris ("CAMP").

The Company initiated arbitrations in October 2007 and claimed USD 15.0 million, plus interests and costs, being losses incurred as a result of having to charter in replacement tonnage in a rising market as Transfield did not fulfil their obligations to undertake the two final shipments. Transfield presented a counterclaim in the amount of USD 4.9 million, plus interest and costs.

The arbitrators rejected both the Company's claim and Transfield's counterclaim in an award dated 20 June 2009.

The Company has lodged an appeal to CAMP. Their rules allow a party to require a second hearing, which has the effect of a full, new arbitration with a new tribunal appointed by CAMP. It is not expected to receive the final award until mid 2010.

The appeal is handled by a firm of leading French maritime lawyers and the Company will continue to explore all possible rights and remedies against Transfield.

13.3. RELATED PARTY AGREEMENTS

Frontline Ltd. (including its subsidiaries such as Frontline Management (Bermuda) Ltd.) ("Frontline") and Ship Finance International Limited (including subsidiaries) are Related Parties to Golden Ocean due to the significant influence of a common shareholder and some common directors on their respective boards.

Please refer to page 24 of the Company's consolidated financial statements for the year ended 31 December 2008⁹ for more details on the transactions entered into with Frontline and Ship Finance International Limited as at 31 December 2008. The Company has internal processes to ensure that such transactions are entered into on an arm's length basis. For example, the operating cost base of running the ships is annually benchmarked against competitors to ensure that the Company is paying a fair price for the services it purchases from these parties. For sale and leaseback transactions, Ship Finance International Limited is benchmarked against alternative providers of financing to obtain the most competitive terms for the Company.

It is envisaged that the Group may continue to enter into commercial transactions with Frontline and / or Ship Finance International Limited as and when the need arises in the future. Any such commercial transactions will be carried out on an arm's length basis, be governed by the Norwegian Code of Practise for Corporate Governance and subject to review by our audit committee (please see Section 8.1.3).

13.4. SUMMARY OF RELEVANT LAWS

13.4.1. Government regulations

Please refer to Appendix 5 for a summary of the material government regulations affecting the business of the Group.

13.4.2. Bermudian tax considerations

Dividend income received by the Company from its subsidiaries is not subject to tax in Bermuda. In addition, dividends paid by the Company to its Shareholders who are not resident in Bermuda are not subject to Bermuda withholding tax.

⁹ <http://www.goldenocean.no/reports/135378/R/1310375/303089.pdf>

LEGAL MATTERS

13.4.3. Singapore tax considerations

Scope of Tax

Singapore resident and non-resident corporate taxpayers are subject to Singapore income tax on all income, accruing in or derived from Singapore and on foreign-sourced income received or deemed received in Singapore (unless specifically exempt from income tax).

Foreign-sourced income in the form of dividends, branch profits and services income received or deemed received in Singapore by Singapore tax resident corporate taxpayer are exempt from Singapore income tax if the following conditions are met:-

- (i) the income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15%; and
- (iii) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

For individuals, all foreign-sourced income received in Singapore is exempt from income tax, except for income received through a partnership in Singapore.

Rates of Tax

The prevailing corporate tax rate is 17%. A partial tax exemption scheme is applicable on corporate taxpayers' first \$300,000 income chargeable to income tax at 17% as follows:-

- (i) First three Years of Assessment for Singapore incorporated companies tax resident in Singapore with no more than 20 individual shareholders of which at least one is an individual holding at least 10% of total number of issued ordinary shares throughout the basis period relating to the Year of Assessment of claim:-
 - (a) 100% of first \$100,000 chargeable income; and
 - (b) 50% of next \$200,000 chargeable income.
- (ii) All other cases:-
 - (a) 75% of first \$10,000 chargeable income; and
 - (b) 50% of next \$290,000 chargeable income.

Singapore tax-resident individuals are subject to tax on their chargeable income based on a progressive scale. The top marginal rate for Year of Assessment 2010 (basis period calendar year 2009) is 20%.

Non-Singapore resident individuals are generally subject to tax at a rate equivalent to the prevailing corporate tax rate.

There is no Avoidance of Double Taxation Agreement between Bermuda and Singapore.

Dividend Distributions

As the Company is a Bermuda company, not resident in Singapore, dividends paid by the Company would be exempt from tax in the hands of individual Shareholders regardless of whether these individual Shareholders are Singapore tax residents. The exemption will not apply to a partnership in Singapore. However, corporate Shareholders resident in Singapore or having a permanent establishment in Singapore or carrying on business activities in Singapore will be subject to tax on the receipt of these dividends.

LEGAL MATTERS

Gains on Disposal of our Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of our Shares that are construed to be of an income nature will be subject to tax if they arise from activities which the Comptroller of Income Tax considers as the carrying on of a trade or business in Singapore.

Stamp Duty

No stamp duty is payable on the subscription and issuance of our Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of \$2.00 for every \$1,000 or any part thereof of the consideration for or market value of, the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore. Stamp duty is, also, not applicable to electronic transfers of Shares through the Central Depository System.

Estate Duty

With effect from 15 February 2008, Singapore estate duty is abolished.

ADDITIONAL INFORMATION

14. ADDITIONAL INFORMATION

14.1. DOCUMENTS ON DISPLAY

Copies of the following documents may be inspected for a period of six months from the date of this Introductory Document:

- (1) the Bye-laws of the Company may be inspected on the Company's web site;
- (2) the Memorandum of Association of the Company is available for review at the Company's offices;
- (3) the Company's interim report for the quarter ending 30 September 2009 is available from the Company's web site;
- (4) the Company's annual accounts and auditor's report for the fiscal year ending 31 December 2008 are available from the Company's web site;
- (5) the Company's annual accounts and auditor's report for the fiscal year ending 31 December 2007 are available from the Company's web site;
- (6) the Company's annual accounts and auditor's report for the fiscal year ending 31 December 2006 are available from the Company's web site
- (7) vessel valuation reports dated 31 December 2009 from shipbrokers are available for review at the Company's offices.

All references to the Company's web site refer to www.goldenocean.bm

In addition the documents mentioned in (3) – (6) may be obtained from the Oslo Stock Exchange Newsweb (www.newsweb.no).

14.2. INCORPORATION BY REFERENCE

This Introductory Document makes use of certain information provided in outside documents that are incorporated herein by reference. Set out below is a list of such information and its availability. References to the Company's web site are to www.goldenocean.bm.

Item	Description
1	<p>The annual financial statements and auditor's report for 2006 are referenced in Section 10 (financial information). This information is taken from the Company's annual report for 2006 which can be accessed from the Investor Relations section at the Company's web site. Specifically, the referred information is taken from pages 2 (auditor's report, used in 10.2.5), 3 (consolidated income statement, used in 10.1.3), 4 (consolidated balance sheet, used in 10.1.4), 5 (consolidated cash flow statement, used in 10.1.5), and 6 (consolidated statement of changes in equity, used in 10.1.6).</p> <p>The direct link to the annual report for 2006 is: http://hugin.info/135378/R/1152251/221349.pdf</p>
2	<p>The annual financial statements and auditor's report for 2007 are referenced in Section 10 (financial information). This information is taken from the Company's annual report for 2007 which can be accessed from the Investor Relations section at the Company's web site. Specifically, the referred information is taken from pages 2 (auditor's report, used in 10.2.5), 3 (consolidated income statement, used in 10.1.3), 4 (consolidated balance sheet, used in 10.1.4), 5 (consolidated cash flow statement, used in 10.1.5), and 6 (consolidated statement of changes in equity, used in 10.1.6).</p> <p>The direct link to the annual report for 2007 is: http://www.goldenocean.no/reports/135378/R/1246508/269569.pdf</p>

ADDITIONAL INFORMATION

Item	Description
3	<p>The annual financial statements and auditor's report for 2008 are referenced in 10 (financial information). This information is taken from the Company's annual report for 2008 which can be accessed from the Investor Relations section at the Company's web site. Specifically, the referred information is taken from pages 2 (auditor's report, used in 10.2.5), 3 (consolidated income statement, used in 10.1.3), 4 (consolidated balance sheet, used in 10.1.4), 5 (consolidated cash flow statement, used in 10.1.5), and 6 (consolidated statement of changes in equity, used in 10.1.6).</p> <p>The direct link to the annual report for 2008 is: http://www.goldenocean.no/reports/135378/R/1310375/303089.pdf</p>
4	<p>The interim report for the quarter ending 30 September 2009 is referenced in 10 (financial information). This information is taken from the Company's interim report dated 30 September 2009 which can be accessed from the Investor Relations section of the Company's web site. Specifically, the referred information is taken from pages 2 (consolidated income statement, used in 10.1.3), 3 (consolidated balance sheet, used in 10.1.4), 4 (consolidated cash flow statement, used in 10.1.5), and 5 (consolidated statement of changes in equity, used in 10.1.6).</p> <p>The direct link to the interim report dated 30 September 2009 is: http://www.goldenocean.no/reports/135378/R/1357052/330000.pdf</p>

14.3. STATEMENT REGARDING SOURCES

The Company confirms that when information in this Introductory Document has been sourced from a third party it has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

14.4. STATEMENT REGARDING EXPERT OPINIONS

The Market Overview dated 10 December 2009 in Section 7 was prepared for inclusion in this Introductory Document by Lorentzen & Stemoco AS, acting as an Independent Consultant. The registered address of Lorentzen & Stemoco AS is PO Box 7, Lilleaker, N-0216 Oslo, Norway. Lorentzen & Stemoco AS is an integrated and independent shipbroking and consulting company.

Save as disclosed above, the Company has not relied on information provided by external experts in the preparation of this Introductory Document.

No expert (a) is employed on a contingent basis by the relevant corporation or its subsidiary or subsidiary entity; (b) has a material interest, whether direct or indirect, in the shares of the relevant corporation or its subsidiary, or in the equity interest of its subsidiary entity; or (c) has a material economic interest, whether direct or indirect, in the relevant corporation, including an interest in the success of the Introduction.

14.5. RELATIONSHIP OF SOLE GLOBAL COORDINATOR

As at the Latest Practicable Date, save for an aggregate of 6,006,375 Shares (representing approximately 1.3% of the Shares) held by the DnB NOR group as part of its asset management portfolio and day-to-day market operations, and the grant of a loan facility agreement of USD 168 million in July 2007 as disclosed in Section 12.2.2, in the reasonable opinion and to the best of the knowledge of the Directors, DnB NOR Bank ASA, Singapore Branch (being the Sole Global Coordinator to the Introduction) does not have a material relationship with the Company.

ADDITIONAL INFORMATION

14.6. ENVIRONMENTAL ISSUES

The Company is not aware of any environmental issues, new regulations or other factors that are likely to have a material negative effect on the utilization of its assets. The Company's vessels and newbuildings, when completed, will be in compliance with the relevant regulations for operation in the regions targeted for the vessels.

14.7. CONSENTS

- (a) DnB NOR Bank ASA, Singapore Branch has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion of its letters and the references to them and its name in the form and context in which they appear in this Introductory Document.
- (b) PricewaterhouseCoopers AS has given and has not withdrawn its written consent for the inclusion herein of its report on the review of the interim consolidated financial statements of the Company for the nine months ended 30 September 2009 and the references to its name in the form and context in which they appear in this Introductory Document.
- (c) Moore Stephens LLP (London, UK) has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of its report on the consolidated financial statements of the Company for the financial years ended 31 December 2006, 2007 and 2008 and the references to its name in the form and context in which they appear in this Introductory Document.
- (d) Lorentzen & Stemoco AS has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of its market report in Section 7 and the references to its name in the form and context in which they appear in this Introductory Document.
- (e) Nordea Bank Norge ASA has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion of the references to them and its name in the form and context in which they appear in this Introductory Document.
- (f) Tricor Barbinder Share Registration Services has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion of the references to them and its name in the form and context in which they appear in this Introductory Document.
- (g) M/s Lee & Lee, Drew & Napier LLC, Wiersholm, Mellbye & Bech, advokatfirma AS and Mello Jones & Martin have given and have not withdrawn their written consents to the issue of this Introductory Document with the inclusion of the references to them and their names in the form and context in which they appear in this Introductory Document.

APPENDIX 1 – BYE-LAWS

BYE-LAWS OF GOLDEN OCEAN GROUP LIMITED

Adopted NOVEMBER 29, 2004

Amended by Resolution of the Shareholders at the Annual General Meeting held on December 21, 2006 and by Resolution of the Shareholders at the Annual General Meeting held on September 28, 2007.

INTERPRETATION

1. In these Bye-Laws unless the context otherwise requires-

- "Associate" means:
 - (a) in respect of an individual, such individual's spouse, former spouse, sibling, aunt, uncle, nephew, niece or lineal ancestor or descendant, including any step-child and adopted child and their issue and step parents and adoptive parents and their issue or lineal ancestors;
 - (b) in respect of an individual, such individual's partner and such partner's relatives (within the categories set out in (a) above);
 - (c) in respect of an individual or body corporate, an employer or employee (including, in relation to a body corporate, any of its directors or officers);
 - (d) in respect of a body corporate, any person who controls such body corporate, and any other body corporate if the same person has control of both or if a person has control of one and persons who are his Associates, or such person and persons who are his Associates, have control of the other, or if a group of two or more persons has control of each body corporate, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an Associate. For the purposes of this paragraph, a person has control of a body corporate if either (i) the directors of the body corporate or of any other body corporate which has control of it (or any of them) are accustomed to acting in accordance with his instructions or (ii) he is entitled to exercise, or control the exercise of, one-third or more of the votes attaching to all of the issued shares of the body corporate or of another body corporate which has control of it (provided that where two or more persons acting in concert satisfy either of the above conditions, they are each to be taken as having control of the body corporate);
 - "Bermuda" means the Islands of Bermuda;
 - "Board" means the Board of Directors of the Company or the Directors present at a meeting of Directors at which there is a quorum;
 - "Branch Register" means a branch of the Register maintained by the Registrar in the VPS pursuant to the terms of an agreement with the Company;
 - "Business Day" means a day on which banks are open for the transaction of general banking business in each of Oslo, Norway, New York, USA and Hamilton, Bermuda;
 - "Company" means the company incorporated in Bermuda under the name of Golden Ocean Group Limited;
 - "Companies Acts" means every Bermuda statute from time to time in force concerning companies insofar as the same applies to the Company;
- "Electronic Record" means a record created, stored, generated, received or communicated by electronic means and includes any electronic code or device necessary to decrypt or interpret such a record;

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- "Electronic Transactions Act" means the Electronic Transactions Act 1999 as amended from time to time;
- "Employees' Share Scheme" means a scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of:-
 - (a) the *bona fide* employees or former employees of the Company or any subsidiary of the Company; or
 - (b) the wives, husbands, widows, widowers or children or step-children under the age of 18 of such employees or former employees;
- "Extraordinary Resolution" means a resolution passed by a majority of not less than two-thirds of the votes cast at a general meeting of the Company;
- "Listing Exchange" means any stock exchange or quotation system upon which any of the shares of the Company are listed from time to time;
- "Ordinary Resolution" means a resolution passed by a simple majority of votes cast at a general meeting of the Company;
- "Oslo Stock Exchange" means the Oslo Stock Exchange;
- "paid up" means paid up or credited as paid up;
- "Principal Act" means The Companies Act, 1981 (Bermuda) as amended, restated or re-enacted from time to time;
- "Register" means the Register of Shareholders of the Company kept in physical form at the Registered Office;
- "Registered Office" means the registered office for the time being of the Company;
- "Registrar" means Nordea Bank Norge ASA acting through its Registrar Department, or such other person or body corporate who may from time to time be appointed by the Board in place of Nordea Bank Norge ASA as registrar of the Company with responsibility to maintain the Register and/or the Branch Register under these Bye-laws;
- "Registration Office" means the place where the Board may from time to time determine to keep the Register and/or the Branch Register and where (except in cases where the Board otherwise directs) the transfer and documents of title are to be lodged for registration;
- "Resident Representative" means any person appointed to act as the resident representative of the Company and includes any deputy or assistant resident representatives;
- "Seal" means the common seal of the Company and includes any duplicate thereof;
- "Secretary" includes a temporary or assistant Secretary and any person appointed by the Board to perform any of the duties of the Secretary;
- "Shareholder" means a shareholder of the Company;
- "these Bye-Laws" means these Bye-Laws in their present form or as from time to time amended;
- "Treasury Shares" means any share of the Company that was acquired and held by the Company, or as treated as having been acquired and held by the Company which has been held continuously by the Company since it was acquired and which has not been cancelled;

APPENDIX 1 – BYE-LAWS

- "VPS" means Verdipapirsentralen, a Norwegian corporation maintaining a computerized central share registry in Oslo, Norway, for bodies corporate whose shares are listed for trading on the Oslo Stock Exchange, and includes any successor registry;

For the purpose of these Bye-Laws a body corporate shall be deemed to be present in person if its representative duly authorized pursuant to the Companies Acts is present;

Words importing the singular number also include the plural number and *vice versa*;

Words importing the masculine gender also include the feminine and neuter genders respectively;

Words importing persons also include companies and associations or bodies of persons, whether corporate or unincorporated;

References to writing shall include typewriting, printing, lithography, facsimile, photography and other modes of reproducing or reproducing words in a legible and non-transitory form including electronic transfers by way of e-mail or otherwise and shall include any manner permitted or authorized by the Electronic Transactions Act;

Unless otherwise defined herein, any words or expressions defined in the Principal Act in force on the date when these Bye-Laws or any part thereof are adopted shall bear the same meaning in these Bye-Laws or such part (as the case may be); and

any reference in these Bye-Laws to any statute or section thereof shall, unless expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time;

Headings in these Bye-Laws are inserted for convenience of reference only and shall not affect the construction thereof.

REGISTERED OFFICE

2. The Registered Office shall be at such place in Bermuda as the Board shall from time to time appoint.

SHARE RIGHTS

3. Subject to the Companies Acts and any special rights conferred on the holders of any other share of class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may by Ordinary Resolution determine.
4. Subject to the Companies Acts, any preference shares may, with the sanction of an Ordinary Resolution, be issued on terms:
 - (a) that they are to be redeemed on the happening of a specified event or on a given date; and/or
 - (b) that they are liable to be redeemed at the option of the Company; and/or
 - (c) if authorized by the memorandum of association or incorporating Act of the Company, that they are liable to be redeemed at the option of the holder.

The terms and manner of redemption shall be either as the Company may determine by Ordinary Resolution or, in the event that the Company in general meeting may have so authorized, as the Board of Directors or any committee thereof may by resolution determine before the issuance of such shares.

APPENDIX 1 – BYE-LAWS

5. At any time that the Company holds Treasury Shares, all of the rights attaching to the Treasury Shares shall be suspended and shall not be exercised by the Company. Without limiting the generality of the foregoing, if the Company holds Treasury Shares, the Company shall not have any right to attend and vote at a general meeting or sign written resolutions and any purported exercise of such a right is void.
6. Except where required by the Principal Act, Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital or shares of the Company.

MODIFICATION OF RIGHTS

7. Subject to the Companies Acts, all or any of the rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than seventy-five percent in nominal value of the issued shares of that class or with the sanction of a resolution passed by a majority of seventy-five percent of the votes cast at a separate general meeting of the holders of such shares voting in person or by proxy. To any such separate general meeting, all the provisions of these Bye-Laws as to general meetings of the Company shall *mutatis mutandis* apply, but so that:
 - (a) the necessary quorum at any such meeting shall be two or more persons (or in the event that there is only one holder of the shares of the relevant class, one person) holding or representing by proxy in the aggregate at least one third in nominal value of the shares of the relevant class;
 - (b) every holder of shares of the relevant class present in person or by proxy shall be entitled on a poll to one vote for every such share held by him; and
 - (c) any holder of shares of the relevant class present in person or by proxy may demand a poll.
8. The rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith.

POWER TO PURCHASE OWN SHARES

9. The Company shall have the power to purchase its own shares for cancellation.
10. The Company shall have the power to acquire its own shares to be held as Treasury Shares.
11. The Board may exercise all of the powers of the Company to purchase or acquire its own shares, whether for cancellation or to be held as Treasury Shares in accordance with the Principal Act.

SHARES

12. Subject to the provisions of these Bye-Laws, the unissued shares of the Company (whether forming part of the original capital or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons at such times and for such consideration and upon such terms and conditions as the Board may determine.
13. The Board may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by law.
14. Except as ordered by a court of competent jurisdiction, as required by law or as otherwise provided in these Bye-Laws, no person shall be recognized by the Company as holding any share upon trust and the Company shall not be bound by or required in any way to recognize (even when having notice thereon) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

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15. No shares shall be issued until they are fully paid except as may be prescribed by an Ordinary Resolution.

CERTIFICATES

16. The preparation, issue and delivery of certificates shall be governed by the Companies Acts. A person whose name is entered in the Register as the holder of any shares shall be entitled to receive within two months of a demand for same a certificate for such shares under the Seal of the Company as *prima facie* evidence of title of such person to such shares. In the case of a share held jointly by several persons, delivery of a certificate for such share to one of several joint holders shall be sufficient delivery to all.
17. If a share certificate is defaced, lost or destroyed it may be replaced without fee but on such terms (if any) as to evidence, indemnity and payment of the costs and out of pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of defacement, on delivery of the old certificate to the Company.
18. All certificates for share or loan capital or other securities of the Company (other than letters of allotment, scrip certificates and other like documents) shall, except to the extent that the terms and conditions for the time being relating thereto otherwise provide, be issued under the Seal. The Board may by resolution determine, either generally or in any particular case, that any signatures on any such certificates need not be autographic but may be affixed to such certificates by mechanical means or may be printed thereon or that such certificates need not be signed by any persons.

LIEN

19. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys, whether presently payable or not, called or payable, at a date fixed by or in accordance with the terms of issue of such share in respect of such share, and the Company shall also have a first and paramount lien on every share (other than a fully paid share) standing registered in the name of a Shareholder, whether singly or jointly with any other person, for all the debts and liabilities of such Shareholder or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such Shareholder, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Shareholder or his estate and any other person, whether a Shareholder or not. The Company's lien on a share shall extend to all dividends payable thereon. The Board may at any time, either generally or in any particular case, waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this Bye-Law.
20. The Company may sell, in such manner as the Board may think fit, any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment has been served on the holder for the time being of the share.
21. The net proceeds of sale by the Company of any shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the holder of the share immediately before such sale. For giving effect to any such sale the Board may authorize some person to transfer the share sold to the purchaser thereof. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the sale.

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CALLS ON SHARES

22. The Board may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their shares (whether on account of the par value of the shares or by way of premium) and not by the terms of issue thereof made payable at a date fixed by or in accordance with such terms of issue, and each Shareholder shall (subject to the Company serving upon him at least seven days notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine.
23. A call may be made payable by installments and shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed.
24. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
25. If a sum called in respect of the share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for the payment thereof to the time of actual payment at such rate as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.
26. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any date fixed by or in accordance with such terms of issue, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Bye-Laws be deemed to be a call duly made, notified and payable on the date on which, by the terms of issue, the same becomes payable and, in case of non-payment, all the relevant provisions of these Bye-Laws as to payment of interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
27. The Board may on the issue of shares differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

FORFEITURE OF SHARES

28. If a Shareholder fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of such call or installment remains unpaid serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
29. The notice shall name a further day (not being less than fourteen days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the shares in respect of which such call is made or installment is payable will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, reference in these Bye-Laws to forfeiture shall include surrender.
30. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
31. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share; but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.
32. A forfeited share shall be deemed to be the property of the Company and may be sold, re-offered or otherwise disposed of either to the person who was, before forfeiture, the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Board shall think fit, and, at any time before a sale, re-allotment or disposition, the forfeiture may be canceled on such terms as the Board may think fit.

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33. A person whose shares have been forfeited shall thereupon cease to be a Shareholder in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares with interest thereon at such rate as the Board may determine from the date of forfeiture until payment, and the Company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited.
34. An affidavit in writing that the deponent is a Director or the Secretary and that a share has been duly forfeited on the date stated in the affidavit shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on the sale, re-allotment or disposition thereof and the Board may authorize some person to transfer the share to the person to whom the same is sold, re-allotted or disposed of, and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal of the share.

REGISTER OF SHAREHOLDERS

35. The Secretary shall establish and maintain the Register of Shareholders at the Registered Office in the manner prescribed by the Companies Acts. Unless the Board otherwise determines, the Register of Shareholders shall be open to inspection in the manner prescribed by the Companies Acts between 10:00 a.m. and 12:00 noon on every working day. Unless the Board so determines, no Shareholder or intending Shareholder shall be entitled to have entered in the Register any indication of any trust or any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share and if any such entry exists or is permitted by the Board it shall not be deemed to abrogate any of the provisions of Bye-Law 14.
36. Subject to the Companies Act, the Company may establish the Branch Register, and the Board may make and vary such regulations as it determines in respect of the keeping of the Branch Register, including maintaining a Registration Office in connection therewith.

REGISTER OF DIRECTORS AND OFFICERS

37. The Secretary shall establish and maintain a register of the Directors and Officers of the Company as required by the Companies Acts. The register of Directors and Officers shall be open to inspection in the manner prescribed by the Companies Acts between 10:00 a.m. and 12:00 noon on every working day.

TRANSFER OF SHARES

38. Subject to the Companies Acts and to such of the restrictions contained in these Bye-Laws as may be applicable and to the provisions of any applicable United States securities laws (including, without limitation, the United States Securities Act, 1933, as amended, and the rules promulgated thereunder), any Shareholder may transfer all or any of his shares by an instrument of transfer in the usual common form or in any other form which the Board may approve.
39. The instrument of transfer of a share shall be signed by or on behalf of the transferor and, where any share is not fully-paid, the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Should the Company be permitted to do so under the laws of Bermuda, the Board may, either generally or in any particular case, upon request by the transferor or the transferee, accept mechanically or electronically executed transfer and may also make such regulations with respect to transfer in addition to the provisions of these Bye-Laws as it considers appropriate. The Board may, in its absolute discretion, decline to register any transfer of any share which is not a fully-paid share.
 - (i) The Board shall decline to register the transfer of any share, and shall direct the Registrar to decline (and the Registrar shall decline) to register the transfer of any interest in any share held through the Branch Register, to a person where the Board is of the opinion that such

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transfer might breach any law or requirement of any authority or any Listing Exchange until it has received such evidence as it may require to satisfy itself that no such breach would occur.

- (ii) The Board may decline to register the transfer of any share, and may direct the Registrar to decline (and the Registrar shall decline if so requested) to register the transfer of any interest in any share held through the Branch Register, if the registration of such transfer would be likely, in the opinion of the Board, to result in fifty percent or more of the aggregate issued share capital of the Company or shares of the Company to which are attached fifty percent or more of the votes attached to all outstanding shares of the Company being held or owned directly or indirectly, (including, without limitation, through the Branch Register) by a person or persons resident for tax purposes in Norway, provided that this provision shall not apply to the registration of shares in the name of the Registrar as nominee of persons whose interests in such shares are reflected in the Branch Register, but shall apply, *mutatis mutandis*, to interests in shares of the Company held by persons through the Branch Register.
- (iii) For the purposes of this Bye-Law, each Shareholder (other than the Registrar in respect of those shares registered in its name in the Register as nominee of persons whose interests in such shares are reflected in the Branch Register) shall be deemed to be resident for tax purposes in the jurisdiction specified in the address shown in the Register for such Shareholder, and each person whose interests in shares are reflected in the Branch Register shall be deemed to be resident for tax purposes in the jurisdiction specified in the address shown in the Branch Register for such person. If such Shareholder or person is not resident for tax purpose in such jurisdiction or if there is a subsequent change in his residence for tax purposes, such Shareholder shall notify the Company immediately of his residence for tax purposes.
- (iv) Where any Shareholder or person whose interests in shares are reflected in the Branch Register fails to notify the Company in accordance with the foregoing, the Board and the Registrar may suspend sine die such Shareholder's or person's entitlement to vote or otherwise exercise any rights attaching to the shares or interests therein and to receive payments of income or capital which become due or payable in respect of such shares or interests and the Company shall have no liability to such Shareholder or person arising out of the late payment or non-payment of such sums and the Company may retain such sums for its own use and benefit. In addition to the foregoing the Board and the Registrar may dispose of the shares in the Company or interests herein of such Shareholder or person at the best price reasonably obtainable in all the circumstances. Where a notice informing such Shareholder or person of the proposed disposal of his shares or interests therein has been served, his shares or interest therein may not be transferred otherwise than in accordance with this Bye Law 39 and any other purported transfer of such shares or interests therein shall not be registered in the Register and/or the Branch Register and shall be null and void.
- (v) The provision of these Bye-Laws relating to the protection of purchaser of shares sold under lien or upon forfeiture shall apply *mutatis mutandis* to a disposal of shares or interests therein by the Company or the Registrar in accordance with this Bye-Law.
- (vi) Without limiting the generality of the foregoing, the Board may also decline to register any transfer unless:-
 - (i) the instrument of transfer is duly stamped and lodged with the Company accompanied by the certificate for the shares to which it relates if any and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - (ii) the instrument of transfer is in respect of only one class of share; and
 - (iii) where applicable, the permission of the Bermuda Monetary Authority with respect thereto has been obtained.

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- (vii) Subject to any directions of the Board from time to time in force the Secretary may exercise the powers and discretion of the Board under this Bye Law and Bye Laws 38 and 40.
- (viii) If fifty percent or more of the aggregate issued share capital of the Company or shares to which are attached fifty percent or more of the votes attached to all outstanding shares of the Company are found to be held or owned directly or indirectly (including, without limitation, through the Branch Register) by a person or persons resident for tax purposes in Norway, other than the Registrar in respect of those shares registered in its name in the Register as nominee of persons whose interests in such shares are reflected in the Branch Register, the Board shall make an announcement to such effect through the Oslo Stock Exchange, and the Board and the Registrar shall thereafter be entitled and required to dispose of such number of shares of the Company or interests therein held or owned by such persons as will result in the percentage of the aggregate issued share capital of the Company held or owned as aforesaid being less than fifty percent, and, for these purposes, the Board and the Registrar shall in such case dispose of shares or interests therein owned by persons resident for tax purposes in Norway on the basis that the shares or interests therein most recently acquired shall be the first to be disposed of (i.e. on the basis of last acquired first sold) save where there is a breach of the obligation to notify tax residency pursuant to the foregoing, in which event the shares or interests therein of the person in breach thereof shall be sold first. Shareholders shall not be entitled to raise any objection to the disposal of their shares, but the provisions of these Bye Laws relating to the protection of purchasers of shares sold under lien or upon forfeiture shall apply *mutatis mutandis* to any disposal of shares or interests therein made in accordance with this Bye Law.
- (ix) If a person or entity, through any form of acquisition of the Company's shares, becomes the owner of shares in the Company representing more than 30 per cent of its then outstanding shares (an "Acquirer"), the Board may decline to register and direct the Registrar to decline (and the Registrar shall decline if so requested) to register the transfer of any such interest in excess of 30 per cent of the Company's then outstanding shares unless:
- (i) such Acquirer makes an offer for the purchase of the remaining shares in the Company on the terms set forth in the following;
- or
- (ii) such Acquirer agrees to sell such part of the shares so acquired as shall result in his/its ownership being reduced to represent less than 30 per cent of the Company's then outstanding shares.

Shares owned by Associates of the Acquirer and persons or entities acting in concert with the Acquirer shall be consolidated with the share ownership position of the Acquirer.

If the Acquirer decides to reduce its/his ownership stake below the 30 per cent level, such sale shall take place no later than 2 weeks after the date of its/his acquisition of such number of shares as took its/his ownership past the 30 per cent level.

Offers for the purchase of the remaining shares in the Company shall be made without undue delay from the date of the acquisition of the shares which took the Acquirer's ownership position above the 30 per cent level and no later than 4 weeks after the date thereof.

Such offer shall embrace all of the shares outstanding in the Company. The offer shall not be conditional.

The offer price shall be at least as high as the highest price paid by the Acquirer for shares in the Company in the period 6 months prior to the date which the Acquirer passed the 30 per cent threshold. If it is clear that the market price when the offer obligation was activated is higher than the price referred to above, the offer price shall be at least as high as the market price.

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If the Acquirer, after the offer obligation has arisen and before expiry of the period of the offer, has paid or agreed to pay a higher price than the price reflected in the offer, a new offer shall be deemed to have been made with an offer price equivalent to the higher price.

Settlement under the terms of the offer shall be made in cash. An offer may nonetheless give the Shareholders the right to accept any other form of settlement.

The Acquirer's settlement obligation shall be guaranteed by a bank or insurance institution which has been authorised to conduct business in Norway in accordance with the rules established by the Oslo Stock Exchange.

Settlement shall take place as soon as possible and no later than 14 days after the expiry of the offer period.

The Acquirer may not, in making the offer, differentiate the offer between groups of or individual shareholders.

The offer shall include a time limit for the Shareholders to accept the offer. The time limit shall not be shorter than 4 weeks and not longer than 6 weeks.

The Acquirer may make a new offer prior to the expiry of the original offer period. The Shareholders are, in such event, entitled to choose between the two offers so made.

If a new offer is made, the period of acceptance of such offer shall be extended so that at least 2 weeks remain until its expiry when made.

Any acquirer deciding to make an offer (the "Offeror") as aforesaid shall issue an offer document which shall document the main terms of the offer and provide correct and complete information about matters of importance in evaluating such offer.

The following information shall be specifically included in the offer document:

1. The Offeror's name and address, type of organisation and organisation number if the Offeror is a legal entity other than individual person.
2. Information about parties with whom the Offeror is acting in concert including the basis for the consolidation thereof and any shareholder agreements relevant thereto.
3. The number of shares in the Company which, at the time the offer is made, are owned by the Offeror or any person or entity acting in concert with the Offeror.
4. The offer price, the time limit for settlement, the form of settlement and security provided for the Offeror's settlement obligations.
5. The principles applying to the valuation of any asset offered in settlement for the shares purchased under the offer other than cash.
6. The time limit for accepting the offer and how acceptance notice should be made.
7. Information as to how the Offeror's purchase of the shares is to be financed.
8. Any special advantages or rights which are accorded by agreements with members of the management and governing bodies of the Company by the Offeror.
9. The content of any contact the Offeror has had with the management or governing bodies of the Company prior to the date the offer was made.
10. The Offeror's purpose of taking over control of the Company and any plans for further operation or reorganisation of the Company.

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11. The significance the implementation of the offer will have in relation to the Company's employees, including legal, financial and work related effects; and
12. Legal and tax consequences of the offer.

The offer document shall be signed by the Offeror.

When an offer is made in accordance with the above, the Board shall issue a statement on the offer which shall include information on the employee's views and other factors of significance for assessing whether the offer should be accepted by the Shareholders or not. Information shall also be given about the views, if any, of the Board and the management of the Company as Shareholders.

After the Company has been informed that an offer will be made pursuant hereto, and until the expiry of the offer period, the Board and/or management of the Company may not make any decisions in respect of:

1. the issue of shares or other financial instruments by the Company;
2. a merger of the Company;
3. the sale or purchase of substantial assets or the restructuring by way of consolidation or otherwise of substantial areas of the Company's activities or any other disposition of material significance to the nature or scope of the Company's operation;
4. the purchase or sale of any treasury shares.

This section shall not apply to the dispositions which form part of the Company's normal ongoing business operation or cases where the general meeting has authorised the Board or management in charge to make decisions as aforesaid with buy-out situations specifically in mind.

Any Shareholder who fails to make an offer in accordance herewith shall not be entitled to exercise any right whatsoever in the Company in respect of the shares acquired by him in excess of 30% of the Company's shares.

The obligations set forth herein shall not apply to any individual Shareholders or Shareholders acting in concert who, at the time of the adoption of these bye-laws or at the time the Company's shares are distributed from the Company's sole shareholder to its shareholders shall hold more than 30% of the Company's outstanding shares. Such persons or entities shall thus be free to acquire further shares without having to comply with the obligation to make an offer set forth above. Should any such Shareholder reduce its ownership stake in a Company below the 30 per cent level, the provisions of this bye-law shall apply to any subsequent acquisition by such Shareholder taking his/its ownership stake above the 30% level.

40. If the Board declines to register a transfer it shall, within sixty days after the date on which the instrument of transfer was lodged, send to the transferee notice of such refusal.
41. No fee shall be charged by the Company for registering any transfer, probate, letters of administration, certificate of death or marriage, power of attorney, distringas or stop notice, order of court or other instrument relating to or affecting the title to any share, or otherwise making an entry in the Register and/or the Branch Register relating to any share.
42. The Company may dispose of or transfer Treasury Shares for cash or other consideration.

TRANSMISSION OF SHARES

43. In the case of the death of a Shareholder, the survivor or survivors, where the deceased was a joint holder, and the estate representative, where he was sole holder, shall be the only person recognized by the Company as having any title to his shares; but nothing herein contained shall

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release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him solely or jointly with other persons. For the purpose of this Bye-Law, estate representative means the person to whom probate or letters of administration has or have been granted in Bermuda or, failing any such person, such other person as the Board may in its absolute discretion determine to be the person recognized by the Company for the purpose of this Bye-Law 37.

44. Any person becoming entitled to a share in consequence of the death of a Shareholder or otherwise by operation of applicable law may, subject as hereafter provided and upon such evidence being produced as may from time to time be required by the Board as to his entitlement, either be registered himself as the holder of the share or elect to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall signify his election by signing an instrument of transfer of such share in favor of that other person. All the limitations, restrictions and provisions of these Bye-Laws relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death of the Shareholder or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer shared by such Shareholder.
45. A person becoming entitled to a share in consequence of the death of a Shareholder or otherwise by operation of applicable law shall (upon such evidence being produced as may from time to time be required by the Board as to his entitlement) be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Shareholder until he shall have become registered as the holder thereof. The Board may at any time give notice requiring such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within sixty days the Board may thereafter withhold payment of all dividends and other moneys payable in respect of the shares until the requirements of the notice have been complied with.
46. Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under Bye Laws 43, 44 and 45.

DISCLOSURE OF MATERIAL INTERESTS

47. a) Any person (other than the Registrar in respect of those shares registered in its name in the Register as the nominee of persons whose interests in such shares are reflected in the Branch Register) who acquires or disposes of an interest in shares to the effect that the requirements of the Oslo Stock Exchange in effect from time to time concerning the duty to flag changes in a person's interest in shares require such changes to be notified shall notify the Registrar immediately of such acquisition or disposal and the resulting interest of that person in shares.
- b) For the purposes of this Bye-Law, a person shall be deemed to have an interest in shares:
- (i) owned by such person's spouse, minor child or cohabitant;
 - (ii) owned by any body corporate in which such person owns shares representing the majority of the votes attaching to all of the issued and outstanding shares of such body corporate or over which he has as owner of shares in such body corporate or by virtue of an agreement a determining influence and a substantial participation (as those terms are interpreted by the Norwegian courts from time to time) in the results of such body corporate's operations;
 - (iii) owned by any person with whom such person acts in concert (as such term is interpreted from time to time by the Oslo Stock Exchange), by virtue of any agreement or otherwise;

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- (iv) registered in the name of a nominee of such person or of any person referred to in clause (i), (ii), or (iii) in relation to such person;
 - (v) which are issuable on the exercise of any options, convertible bonds, subscription rights or any other rights to acquire shares in which such person has an interest;
 - (vi) subject to a lien or other security interest in favor of such person;
 - (vii) which are issuable on the exercise of purchase rights, preemption rights, or other rights related thereto in which such person has an interest and which are activated by the acquisition, disposal or conversion of shares;
 - (viii) subject of any other agreed restriction on a Shareholder's right to dispose of same or to exercise such Shareholder's rights as a Shareholder, in favor of such person, except agreements to separate the dividend right from the ownership right of a share;
 - (ix) in connection with the acquisition of which there was given guarantee of their purchase price by such person or such person otherwise undertook a risk with respect to the value thereof and which guarantee or risk remains outstanding.
- (c) The Registrar shall promptly report any such notification of interest to the Oslo Stock Exchange and the Company.
- (d) If a person fails to give notification of a change in his interest in shares in accordance with this Bye-Law 47 and the Board believes that such person has acquired or disposed of an interest in shares in circumstances in which he would be subject to the notification requirements of this Bye-Law 47, the Board shall require the Registrar to serve upon that person a notice:
- (i) requiring him to comply with the notification requirements in relation to the change in his interest in shares; and
 - (ii) informing him that, pending compliance with the notification requirements, the registered holder or holders of the shares in which that person is interested shall not be entitled to vote or otherwise exercise any rights attaching to the shares to which the notice relates nor shall such registered holder or holders be entitled to receive payments of income or capital which become due or payable in respect of such shares. The registered holder's or holders' entitlement to such payments shall be suspended pending compliance with the notification requirements without any liability of the Company to such holder or holders arising for late payment or nonpayment and the Company may retain such sums for its own use and benefit during such period of suspension.
- (e) The provisions of these Bye-Laws relating to the protection of purchasers of shares sold under a lien or upon forfeiture shall apply *mutatis mutandis* to disposals under this Bye-Law 47.

INCREASE OF CAPITAL

48. The Company may from time to time increase its capital by such sum to be divided into shares of such par value as the Company by Ordinary Resolution shall prescribe.
49. The Company may, by the Ordinary Resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of the Companies Act) at a discount to all the holders for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively or make any other provision as to the issue of the new shares.

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50. The new shares shall be subject to all the provisions of these Bye-Laws with reference to lien, the payment of calls, forfeiture, transfer, transmission and otherwise.

ALTERATION OF CAPITAL

51. The Company may from time to time by Ordinary Resolution:
- (a) increase its capital as provided by Bye-Law 48;
 - (b) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
 - (c) consolidate and divide all or any of its share capital into shares of larger par value than its existing shares;
 - (d) sub-divide its shares or any of them into shares of smaller amount than is fixed by its memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
 - (e) make provision for the issue and allotment of shares which do not carry any voting rights;
 - (f) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;
 - (g) change the currency denomination of its share capital.

Where any difficulty arises in regard to any division, consolidation, or sub-division under this Bye-Law, the Board may settle the same as it thinks expedient and, in particular, may arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Shareholders who would have been entitled to the fractions, and, for this purpose, the Board may authorize some person to transfer the shares representing fractions to the purchaser thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

52. Subject to the provisions of the Companies Act and to any confirmation or consent required by law or these Bye Laws, the Company may by Ordinary Resolution from time to time convert any preference shares into redeemable preference shares.
53. The Company may from time to time purchase its own shares on such terms and in such manner as may be authorized by the Board of Directors, subject to the rules, if applicable, of the Listing Exchange. In the event the Company conducts a tender offer for its shares, any such offer which is made through the facilities of the Oslo Stock Exchange shall be expressed as being conditional upon no Shareholders or persons resident for tax purposes in Norway owning or controlling fifty percent or more of the issued share capital or the votes attaching to the issued and outstanding share capital of the Company following such purchase.

Any share so purchased shall be treated as cancelled, and the amount of the Company's issued share capital shall be diminished by the nominal value of the shares purchased, but such purchase shall not be taken as reducing the amount of the Company's authorized share capital.

54. Subject to the Companies Act, the Company shall have the option, but not the obligation, to repurchase from any Shareholder or Shareholders all fractions of shares, and all holdings of fewer than 100 shares, registered in the name of said Shareholder or Shareholders. Such repurchase shall be on such terms and conditions as the Board may determine, provided that in any event, the repurchase price shall be not less than the closing market price per share quoted on the Oslo Stock Exchange on the effective date of the repurchase. Each Shareholder shall be bound by the

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determination of the Company to repurchase such shares or fractions thereof. If the Company determines to repurchase any such shares or fractions, the Company shall give written notice to each Shareholder concerned accompanied by a cheque or warrant for the repurchase price and the relevant shares, fractions and certificates in respect thereof shall thereupon be cancelled.

REDUCTION OF CAPITAL

55. Subject to the Companies Acts, its memorandum and any confirmation or consent required by law or these Bye Laws, the Company may from time to time by Ordinary Resolution authorize the reduction of its issued share capital or any capital redemption reserve fund or any share premium or contributed surplus account in any manner.
56. In relation to any such reduction the Company may by Ordinary Resolution determine the terms upon which such reduction is to be effected, including, in the case of a reduction of part only of a class of shares, those shares to be affected.

GENERAL MEETINGS AND WRITTEN RESOLUTIONS

57. (a) The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Acts (“Annual General Meetings”) at such times and places subject to the limitation set out below as the Board shall appoint. The Board may whenever it thinks fit, and shall when required by the Companies Acts, convene general meetings other than Annual General Meetings which shall be called “Special General Meetings”. Any such Annual or Special General Meeting shall be held at any place other than Norway.
- (b) Except in the case of the removal of auditors and directors, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the shareholders of the Company may, without a meeting and without any previous notice being required, be done by resolution in writing, signed by a simple majority of all of the Shareholders (or such greater majority as is required by the Companies Acts or these Bye-Laws) or their proxies, or in the case of a shareholder that is a corporation (whether or not a company within the meaning of the Companies Acts) on behalf of such Shareholder, being all of the Shareholders of the Company who at the date of the resolution in writing would be entitled to attend a meeting and vote on the resolution. Such resolution in writing may be signed by, or in the case of a shareholder that is a corporation (whether or not a company within the meaning of the Companies Acts), on behalf of, all the Shareholders of the Company, or any class thereof, in as many counterparts as may be necessary.
- (c) A resolution in writing is passed when the resolution is signed by, or in the case of a Shareholder that is a corporation (whether or not a company within the meaning of the Companies Acts), on behalf of, such number of the Shareholders of the Company who at the date of the notice represent such majority of votes as would be required if the resolution had been voted on at a meeting of the Shareholders.
- (d) A resolution in writing made in accordance with this Bye-Law is as valid as if it had been passed by the Company in general meeting or, if applicable, by a meeting of the relevant class of shareholders of the Company, as the case may be. A resolution in writing made in accordance with this Bye-Law shall constitute minutes for the purposes of the Companies Acts and these Bye-Laws.
- (e) Notice of any resolution to be made pursuant to Bye-Law 57 (b) shall be given, and a copy of the resolution shall be circulated to all Shareholders who would be entitled to attend a meeting and vote on the resolution in the same manner as that required for a notice of a meeting of the Shareholders at which the resolution could have been considered except that any requirement in the Companies Acts or these Bye-Laws as to the length of the period of notice shall not apply.

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NOTICE OF GENERAL MEETINGS

58. An Annual General Meeting shall be called by not less than seven days notice in writing and a Special General Meeting shall be called by not less than seven days notice in writing. The notice period shall be exclusive of the day on which the notice is served or deemed to be served and of the day on which the meeting to which it relates is to be held and shall specify the place, day and time of the meeting, and in the case of a Special General Meeting, the general nature of the business to be considered. Notice of every general meeting shall be given in any manner permitted by these Bye-Laws to all Shareholders other than such as, under the provisions of these Bye-Laws or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company. Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Bye-Law, it shall be deemed to have been duly called if it is so agreed:
- (a) in the case of a meeting called as an Annual General Meeting by all the Shareholders entitled to attend and vote thereat;
 - (b) in the case of any other meeting by a majority in number of the Shareholders having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five percent in nominal value of the shares giving that right;

provided that notwithstanding any provision of these Bye-Laws, no Shareholder shall be entitled to attend any general meeting unless notice in writing of the intention to attend and vote in person or by proxy signed by or on behalf of the Shareholder (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) addressed to the Secretary is deposited (by post, courier, facsimile transmission or other electronic means) at the Registered Office at least 48 hours before the time appointed for holding the general meeting or adjournment thereof.

59. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to or the non-receipt of notice of a meeting or such instrument of proxy by any person entitled to receive such notice shall not invalidate the proceedings at that meeting.
60. The Board may convene a Special General Meeting whenever it thinks fit. A Special General Meeting shall also be convened by the Board on the written requisition of Shareholders holding at the date of the deposit of the requisition not less than one tenth in nominal value of the paid-up capital of the Company which as at the date of the deposit carries the right to vote at a general meeting of the Company. The requisition must state the purposes of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more of the requisitionists.

PROCEEDINGS AT GENERAL MEETING

61. No business shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Bye Laws, the quorum at any general meeting shall be constituted by one or more shareholders, either present in person or represented by proxy, holding in the aggregate shares carrying 33 1/3% of the voting rights entitled to be exercised at such meeting.
62. If within five minutes (or such longer time as the chairman of the meeting may determine to wait) after the time appointed for the meeting, a quorum is not present, the meeting, if convened on the requisition of Shareholders, shall be dissolved. In any other case, it shall stand adjourned to such other day and such other time and place as the chairman of the meeting may determine and at such adjourned meeting two Shareholders or, in the event that there is only one Shareholder, one Shareholder, present in person or by proxy (whatever the number of shares held by them) shall be a quorum. The Company shall give not less than five days notice of any meeting adjourned through

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want of a quorum and such notice shall state that two Shareholders or, in the event that there is only one Shareholder, one Shareholder, present in person or by proxy (whatever the number of shares held by them) shall be a quorum.

63. A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such meeting shall constitute presence in person at such meeting.
64. Each Director and the Company's auditor and Secretary shall be entitled to attend and speak at any general meeting of the Company.
65. The Chairman (if any) of the Board or, in his absence, the President shall preside as chairman at every general meeting. If there is no such Chairman or President, or if at any general meeting neither the Chairman nor the President is present within five minutes after the time appointed for holding the general meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act or if one Director only is present he shall preside as chairman if willing to act. If no Director is present or if each of the Directors present declines to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be chairman.
66. The chairman of the general meeting may, with the consent of those present at any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the general meeting from time to time and from place to place but no business shall be transacted at any adjourned general meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty days or more, notice of the adjourned general meeting shall be given as in the case of an original general meeting.
67. Save as expressly provided by these Bye-Laws, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.

VOTING

68. Save where a greater majority is required by the Companies Acts or these Bye Laws, any question proposed for consideration at any general meeting shall be decided on by Ordinary Resolution. In any case where an Ordinary Resolution of an Extraordinary Resolution is to be put to the Company, each Shareholder shall be entitled to communicate such Shareholder's vote in the form of an electronic record.
69. The Board may, with the sanction of an Ordinary Resolution, amalgamate the Company with another company (whether or not the Company is the surviving company and whether or not such an amalgamation involves a change in the jurisdiction of the Company).
70. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands or by a count of votes received in the form of electronic records unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:
 - (a) the chairman of the meeting; or
 - (b) at least three Shareholders present in person or represented by proxy; or
 - (c) any Shareholder or Shareholders present in person or represented by proxy and holding between them not less than one tenth of the total voting rights of all the Shareholders having the right to vote at such meeting; or

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- (d) a Shareholder or Shareholders present in person or represented by proxy holding shares conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to at least one-tenth of the total sum paid up on all such shares conferring such right.

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands, or by a count of votes received in the form of electronic records, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be final and conclusive, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact without proof of the number of votes recorded for or against such resolution.

71. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner and either forthwith or at such time (being not later than three months after the date of the demand) and place as the chairman shall direct. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll.
72. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded and it may be withdrawn at any time before the close of the meeting or the taking of the poll whichever is the earlier.
73. On a poll, votes may be cast either personally or by proxy.
74. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
75. If a poll is duly demanded, the result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.
76. In the case of any equality of votes at a general meeting, whether on a show of hands, a count of votes received in the form of electronic records, or on a poll, the chairman of such general meeting shall not be entitled to a second or casting vote.
77. Subject to the provisions of these Bye-Laws and to any special rights or restrictions as to voting for the time being attached to any shares, every Shareholder who is present in person or by proxy or proxies shall have one vote for every share of which he is the holder.
78. In the case of joint holders of a share, the vote of the senior joint holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.
79. A Shareholder who is a patient for any purpose of any statute or applicable law relating to mental health or in respect of whom an order has been made by any Court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such Court and such receiver, committee, curator bonis or other person may vote by proxy, and may otherwise act and be treated as such Shareholder for the purpose of general meetings.
80. No Shareholder shall, unless the Board otherwise determines, be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
81. If (i) any objection shall be raised to the qualification of any voter or (ii) any votes have been counted which ought not to have been counted or which might have been rejected or (iii) any votes are not counted which ought to have been counted, the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised

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or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the general meeting and shall only vitiate the decision of the general meeting on any resolution if the chairman decides that the same may have affected the decision of the general meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES AND CORPORATE REPRESENTATIVES

82. A Shareholder may appoint one or more proxies to attend at a general meeting of the Company and to vote on his behalf and proxies appointed by a single Shareholder need not all exercise their vote in the same manner. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorized by him in writing or, if the appointor is a body corporate, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same. Provided that for all purposes of these Bye-laws an instrument of proxy may with the sanction of the Board be in the form of an electronic record.
83. Any Shareholder may appoint a standing proxy or (if a body corporate) representative by depositing at the Registered Office a proxy or (if a body corporate) an authorization and such proxy or authorization shall be valid for all general meetings and adjournments thereof or, resolutions in writing, as the case may be, until notice of revocation is received at the Registered Office which, if permitted by the Principal Act, may be in the form of an electronic record. Where a standing proxy or authorization exists, its operation shall be deemed to have been suspended at any general meeting or adjournment thereof at which the Shareholder is present or in respect of which the Shareholder has specially appointed a proxy or representative. The Board may from time to time require such evidence as it shall deem necessary as to the due execution and continuing validity of any such standing proxy or authorization and the operation of any such standing proxy or authorization shall be deemed to be suspended until such time as the Board determines that it has received the requested evidence or other evidence satisfactory to it.
84. Subject to Bye Law 83, the instrument appointing a proxy together with such other evidence as to its due execution as the Board may from time to time require, shall be delivered at the Registered Office which, if permitted by the Principal Act may be in the form of an electronic record, at the place of the general meeting, or at such place as may be specified in the notice convening the general meeting or in any notice of any adjournment, or, in either case, in any document sent therewith, prior to the holding of the general meeting or adjourned general meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequent to the date of a general meeting or adjourned general meeting, before the time appointed for the taking of the poll or, in the case of a written resolution, prior to the effective date of the written resolution and in default the instrument of proxy shall not be treated as valid.
85. Instruments of proxy shall be in any common form or in such other form as the Board may approve and the Board may, if it thinks fit, send out with the notice of any general meeting or any written resolution, forms of instruments of proxy for use at that meeting or in connection with that written resolution. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a written resolution or amendment of a resolution put to the general meeting for which it is given as the proxy thinks fit. The instrument of proxy shall unless the contrary is stated therein be valid as well for any adjournment of the general meeting as for the general meeting to which it relates.
86. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Registered Office which, if permitted by the Principal Act may be in the form of an electronic record, the place of the meeting or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other documents sent therewith before the commencement of the general meeting or adjourned general meeting, or the taking of the poll, at which the instrument of proxy is used.

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87. Subject to the Companies Acts, the Board may at its discretion waive any of the provisions of these Bye Laws related to proxies or authorizations and, in particular, may accept such verbal or other assurances as it thinks fit as to the right of any person to attend and vote on behalf of any Shareholder at general meetings.
88. Notwithstanding any other provisions of these Bye-Laws, any Shareholder may appoint an irrevocable proxy by depositing at the Registered Office an irrevocable proxy and such irrevocable proxy shall be valid for all general meetings and adjournments thereof, or resolutions in writing, as the case may be, until terminated in accordance with its own terms, or until written notice of termination is received at the Registered Office signed by the proxy. The instrument creating the irrevocable proxy shall recite that it is constituted as such and shall confirm that it is granted with an interest. The operation of the irrevocable proxy shall not be suspended at any general meeting or adjournment thereof at which the Shareholder who has appointed such proxy is present and the Shareholder may not specially appoint another proxy to vote himself in respect of any shares which are the subject of the irrevocable proxy.

APPOINTMENT AND REMOVAL OF DIRECTORS

89. The number of Directors shall be such number not less than two as the Company by Ordinary Resolution may from time to time determine and each Director shall, subject to the Companies Acts and these Bye-Laws, hold office until the next annual general meeting following his election or until his successor is elected.
90. The Company shall at the Annual General Meeting and may in a general meeting by Ordinary Resolution determine the minimum and the maximum number of Directors and may by Ordinary Resolution determine that one or more vacancies in the Board shall be deemed casual vacancies for the purposes of these Bye Laws. Without prejudice to the power of the Company in any general meeting in pursuance of any of the provisions of these Bye Laws to appoint any person to be a Director, the Board, so long as a quorum of Directors remains in office, shall have power at any time and from time to time to appoint any individual to be a Director so as to fill a casual vacancy.
91. The Company may in a Special General Meeting called for that purpose remove a Director provided notice of any such Special General Meeting shall be served upon the Director concerned not less than fourteen days before the Special General Meeting and he shall be entitled to be heard at that Special General Meeting. Any vacancy created by the removal of a Director at a Special General Meeting may be filled at the Special General Meeting by the election of another person as Director in his place or, in the absence of any such election, by the Board.

RESIGNATION AND DISQUALIFICATION OF DIRECTORS

92. The office of a Director shall be vacated upon the happening of any of the following events:
- (a) if he resigns his office by notice in writing delivered to the Registered Office or tendered at a meeting of the Board;
 - (b) if he becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health and the Board resolves that he shall be removed from office;
 - (c) if he becomes bankrupt or compounds with his creditors;
 - (d) if he is prohibited by law from being a Director; or
 - (e) if he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to these Bye Laws.

ALTERNATE DIRECTORS

93. (a) The Company may by Ordinary Resolution elect a person or persons qualified to be Directors to act as Directors in the alternative to any of the Directors of the Company or may authorize the Board to appoint such Alternate Directors and a Director may appoint and

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remove his own Alternate Director. Any appointment or removal of an Alternate Director by a Director shall be effected by depositing a notice of appointment or removal with the Secretary at the Registered Office which, if permitted by the Principal Act may be in the form of an electronic record, signed by such Director, and such appointment or removal shall become effective on the date of receipt by the Secretary. Any Alternate Director may be removed by Ordinary Resolution of the Company and, if appointed by the Board, may be removed by the Board. Subject as aforesaid, the office of Alternate Director shall continue until the next annual election of Directors or, if earlier, the date on which the relevant Director ceases to be a Director. An Alternate Director may also be a Director in his own right and may act as alternate to more than one Director.

- (b) A Director may at any time, by notice in writing signed by him delivered to the Registered Office of the Company or at a meeting of the Board, appoint any person (including another Director) to act as Alternate Director in his place during his absence and may in like manner at any time determine such appointment. If such person is not another Director such appointment unless previously approved by the Board shall have effect only upon and subject to being so approved. The appointment of an Alternate Director shall determine on the happening of any event which, were he a Director, would cause him to vacate such office or if his appointor ceases to be a Director.

DIRECTORS' FEES AND ADDITIONAL REMUNERATION AND EXPENSES

94. The amount, if any, of Directors' fees shall from time to time be determined by the Company by Ordinary Resolution and in the absence of a determination to the contrary in general meeting, such fees shall be deemed to accrue from day to day. Each Director may be paid his reasonable traveling, hotel and incidental expenses properly incurred in attending and returning from meetings of the Board or committees constituted pursuant to these Bye Laws or general meetings and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Bye Law.

DIRECTORS' INTERESTS

95. (a) A Director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Bye Law.
- (b) A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (c) Subject to the provisions of the Companies Acts, a Director may notwithstanding his office be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer of, employed by, a party to any transaction or arrangement with, or otherwise interested in any body corporate promoted by the Company or in which the Company is interested. The Board may also cause the voting power conferred by the shares in any other body corporate held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other body corporate, or voting or providing for the payment of remuneration to the directors or officers of such other body corporate.

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- (d) So long as, where it is necessary, he declares the nature of his interest at the first opportunity at a meeting of the Board or by writing to the Directors as required by the Companies Acts, a Director shall not by reason of his office be accountable to the Company for any benefit which he derives from any office or employment to which these Bye Laws allow him to be appointed or from any transaction or arrangement in which these Bye Laws allow him to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any interest or benefit.
- (e) Subject to the Companies Acts and any further disclosure required thereby, a general notice to the Directors by a Director or officer declaring that he is a director or officer or has an interest in a person and is to be regarded as interested in any transaction or arrangement made with that person, shall be a sufficient declaration of interest in relation to any transaction or arrangement so made.

POWERS AND DUTIES OF THE BOARD

- 96. Subject to the provisions of the Companies Acts and these Bye Laws and to any directions given by the Company in general meeting, the Board shall manage the business of the Company and may pay all expenses incurred in promoting and incorporating the Company and may exercise all the powers of the Company. No alteration of these Bye Laws and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. To the extent permitted by the Companies Acts, the Board may agree that the Company shall not exercise, in whole or in part, any of the powers in the Companies Acts that are reserved to Shareholders. The powers given by this Bye Law shall not be limited by any special power given to the Board by these Bye Laws and a meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions of the Company for the time being vested in or exercisable by the Board.
- 97. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking property and assets (present and future) and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any other persons.
- 98. All checks, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.
- 99. The Board on behalf of the Company may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any person including any Director or former Director who has held any executive office or employment with the Company or with any body corporate which is or has been a subsidiary or affiliate of the Company or a predecessor in the business of the Company or of any such subsidiary or affiliate, and to any member of his family or any person who is or was dependent on him, and may contribute to any fund and pay premiums for the purchase or provision of any such gratuity, pension or other benefit, or for the insurance of any such person in connection with the provision of pensions. The Board may also establish and maintain an Employees' Share Scheme approved by Ordinary Resolution and (if an Employees' Share Scheme so provides) contribute to any Employees' Share Scheme for the purchase by the Company or transfer, allotment or issue from the Company to trustees of shares in the Company, such shares to be held for the benefit of the employees (including Directors and officers) of the Company and, subject to the Companies Act, lend money to such trustees or employees to enable the purchase of such shares.
- 100. The Board may from time to time appoint one or more of its body to be a managing director, joint managing director or an assistant managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and may revoke or terminate any such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Any

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person so appointed shall receive such remuneration (if any, whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

DELEGATION OF THE BOARD'S POWERS

101. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such power, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Bye Laws) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney and of such attorney as the Board may think fit, and may also authorize any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. The Board may revoke or vary any such delegation of power, but no person dealing in good faith with such delegate without notice of such revocation or variation shall be affected by such revocation or variation.
102. The Board may entrust to and confer upon any Director or officer or, without prejudice to the provisions of Bye-Law 103, other individual any of the powers exercisable by it upon such terms and conditions with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.
103. The Board may delegate any of its powers, authorities or discretions to committees, consisting of such person or persons (whether a member or members of its body or not) as it thinks fit. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed upon it by the Board. The Board may revoke or vary any such delegation of its powers, authorities and discretions, but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

PROCEEDINGS OF THE BOARD

104. The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit, provided that Board meetings are to be held outside Norway and the United Kingdom. Questions arising at any meeting shall be determined by a majority of votes cast. In the case of an equality of votes the motion shall be deemed to have been lost. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a Board meeting.
105. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent to him by post, cable, telex, telecopier or other mode of representing or reproducing words in a legible and non-transitory form at his last known address or any other address given by him to the Company for this purpose. A Director may waive notice of any meeting either prospectively or retrospectively.
106. (a) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be a majority of the Board present in person or by proxy, provided that a quorum shall not be present unless a majority of the Directors present are not resident in Norway. Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.
- (b) Subject to the provisions of Bye Law 95, a Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract, transaction or arrangement with the Company and has complied with the provisions of the Companies Acts and these Bye Laws with regard to disclosure of his interest shall be entitled to vote

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in respect of any contract, transaction or arrangement in which he is so interested and if he shall do so his vote shall be counted, and he shall be taken into account in ascertaining whether a quorum is present.

107. So long as a quorum of Directors remains in office, the continuing Directors may act notwithstanding any vacancy in the Board but, if no such quorum remains, the continuing Directors or a sole continuing Director may act only for the purpose of calling a general meeting.
108. The Chairman (if any) of the Board or, in his absence, the President shall preside as chairman at every meeting of the Board. If there is no such Chairman or President, or if at any meeting neither the Chairman nor the President is present within five minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present may choose one of their number to be chairman of the meeting.
109. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Bye Laws for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.
110. A resolution in writing signed by all the Directors for the time being entitled to receive notice of a meeting of the Board or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in the like form each signed by one or more of the Directors or members of the committee concerned.
111. A meeting of the Board or a committee appointed by the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting. A meeting of the Board or committee appointed by the Board held in the foregoing manner shall be deemed to take place at the place where the largest group of participating Directors or committee members has assembled or, if no such group exists, at the place where the chairman of the meeting participates. The Board or relevant committee shall use its best endeavours to ensure that any such meeting is not deemed to have been held in Norway, and the fact that one or more Directors may be present at such teleconference by virtue of his being physically in Norway shall not deem such meeting to have taken place in Norway.
112. All acts done by the Board or by any committee or by any person acting as a Director or member of a committee or any person duly authorized by the Board or any committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated their office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director, member of such committee or person so authorized.

OFFICERS

113. The Board may appoint any person whether or not he is a Director to hold such other office as the Board may from time to time determine. Any person elected or appointed pursuant to this Bye Law shall hold office for such period and upon such terms as the Board may determine and the Board may revoke or terminate any such election or appointment. Any such revocation or termination shall be without prejudice to any claim for damages that such officer may have against the Company or the Company may have against such officer for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Save as provided in the Companies Acts or these Bye Laws, the powers and duties of the officers of the Company shall be such (if any) as are determined from time to time by the Board.

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MINUTES

114. The Directors shall cause minutes to be made and books kept for the purpose of recording:
- (a) all appointments of officers made by the Directors;
 - (b) the names of the Directors and other persons (if any) present at each meeting of Directors and of any committee;
 - (c) all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of committees; and
 - (d) all proceedings of managers (if any).

SECRETARY AND RESIDENT REPRESENTATIVE

115. The Secretary and Resident Representative shall be appointed by the Board at such remuneration (if any) and upon such terms as it may think fit and any Secretary and Resident Representative so appointed may be removed by the Board.

The duties of the Secretary and Resident Representative shall be those prescribed by the Companies Acts together with such other duties as shall from time to time be prescribed by the Board.

116. A provision of the Companies Acts or these Bye Laws requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

THE SEAL

117. (a) The Seal of the Company shall be in such form as the Board may determine. The Board may adopt one or more duplicate seals for use outside Bermuda.
- (b) The Seal of the Company shall not be affixed to any instrument except attested by the signature of a Director and the Secretary or any two Directors, or any person appointed by the Board for that purpose, provided that any Director, Officer or Resident Representative, may affix the seal of the Company attested by such Director, Officer or Resident Representative's signature to any authenticated copies of these Bye-laws, the incorporating documents of the Company, the minutes of any meetings or any other documents required to be authenticated by such Director, Officer or Resident Representative.

DIVIDENDS AND OTHER PAYMENTS

118. The Board may from time to time declare cash dividends or distributions out of contributed surplus to be paid to the Shareholders according to their rights and interests including interim dividends as appear to the Board to be justified by the position of the Company. The Board may also pay any fixed cash dividend which is payable on any shares of the Company half yearly or on such other dates, whenever the position of the Company in the opinion of the Board, justifies such payment.

119. Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:
- (a) all dividends or distributions out of contributed surplus may be declared and paid according to the amounts paid up on the shares in respect of which the dividend or distribution is paid and an amount paid up on a share in advance of calls may be treated for the purpose of this Bye-Law as paid-up on the share;
 - (b) dividends or distributions out of contributed surplus may be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend or distribution is paid.

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120. The Board may deduct from any dividend, distribution or other moneys payable to a Shareholder by the Company on or in respect of any share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.
121. No dividend, distribution or other moneys payable by the Company on or in respect of any share shall bear interest against the Company unless otherwise provided by the rights attached to such share.
122. Any dividend distribution, interest or other sum payable in cash to the holder of shares may be paid by check or warrant sent through the mail addressed to the holder at his address in the Register or, as the case may be, the Branch Register or, in the case of joint holders, addressed to the holder whose name stands first in the Register or, as the case may be, the Branch Register in respect of the shares at his registered address as appearing in the Register or, as the case may be, the Branch Register or addressed to such person at such address as the holder or joint holders may in writing direct. Every such check or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register or, as the case may be, the Branch Register in respect of such shares, and shall be sent at his or their risk, and payment of the check or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other moneys payable or property distributable in respect of the shares held by such joint holders.
123. Any dividend or proceeds of share repurchase or distribution out of contributed surplus unclaimed for a period of three years from the date of declaration of such dividend or proceeds of share repurchase or distribution shall be forfeited and shall revert to the Company, and the payment by the Board of any unclaimed dividend, distribution, interest or proceeds of share repurchase or other sum payable on or in respect of the share into a separate account shall not constitute the Company a trustee in respect thereof.
124. The Board may direct payment or satisfaction of any dividend or distribution out of contributed surplus wholly or in part by the distribution of specific assets and, in particular, of paid up shares or debentures of any other body corporate, and where any difficulty arises in regard to such distribution or dividend the Board may settle it as it thinks expedient and, in particular, may authorize any person to sell and transfer any fractions or may ignore fractions altogether and may fix the value for distribution or dividend purposes of any such specific assets and may determine that cash payments shall be made to any Shareholders upon the basis of the value so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Board.

RESERVES

125. The Board may, before recommending or declaring any dividend or distribution out of contributed surplus, set aside such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any sums which it may think it prudent not to distribute.

CAPITALIZATION OF PROFITS

126. The Company may, upon the recommendation of the Board, at any time and from time to time resolve by Ordinary Resolution to the effect that it is desirable to capitalize all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account or any capital redemption reserve fund or to the credit of any contributed surplus account and accordingly that such amount be set free for distribution amongst the Shareholders or any class of Shareholders who would be entitled thereto if distributed by way of dividend and in the same proportions, provided that the same be not paid in cash but be applied either in or towards paying up amounts for the time being unpaid on any shares in the Company held by such Shareholders respectively or in payment up in full of unissued

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shares, debentures or other obligations of the Company, to be allotted, distributed and credited as fully paid among such Shareholders, or partly in one way or partly in the other, and the Board shall give effect to such resolution, provided that for the purpose of this Bye-Law, a share premium account and a capital redemption reserve fund may be applied only in paying up of unissued shares to be issued to such Shareholders credited as fully paid and provided further that any sum standing to the credit of a share premium account may only be applied in crediting as fully paid shares of the same class as that from which the relevant share premium was derived.

127. Where any difficulty arises in regard to any distribution under the last preceding Bye-Law, the Board may settle the same as it thinks expedient and, in particular, may authorize any person to sell and transfer any fractions, may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so, or may ignore fractions altogether, and may determine that cash payments should be made to any Shareholders in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Shareholders.

RECORD DATES

128. Notwithstanding any other provision of these Bye-Laws the Directors may fix any date as the record date for:
- (a) determining the Members entitled to receive any dividend or other distribution and such record date may be on, or not more than 30 days before or after, any date on which such dividend or distribution is declared;
 - (b) determining the Members entitled to receive notice of and to vote at any general meeting of the Company.

ACCOUNTING RECORDS - INFORMATION

129. The Board shall cause to be kept accounting records sufficient to give a fair presentation in all material respects of the state of the Company's affairs and to show and explain its transactions in accordance with the Companies Acts.
130. The records of account shall be kept at the Registered Office or at such other place or places as the Board thinks fit and shall at all times be open to inspection by the Directors; PROVIDED that if the records of account are kept at some place outside Bermuda, there shall be kept at an office of the Company in Bermuda such records as will enable the Directors to ascertain with reasonable accuracy the financial position of the Company at the end of each three-month period. No Shareholder (other than an officer of the Company) shall have any right to inspect any accounting record or book or document of the Company except as required by any Listing Exchange, by law, by regulations or as authorized by the Board or by Ordinary Resolution.
131. A copy of every balance sheet and statement of income and expenditure, including every document required by law to be annexed thereto, which is to be laid before the Company in general meeting, together with a copy of the auditor's report, shall be sent to each person entitled thereto by sending it through the mail (by airmail where applicable) in a prepaid letter addressed to such Shareholder at his address as appearing in the Register or by delivering it to or leaving it at such registered address or by sending it by way of an electronic e-mail in accordance with the Electronic Transactions Act at the email address for such Shareholder as he shall have provided for this purpose for registration in the Register in accordance with the requirements of the Companies Acts. The requirements of these Bye-laws shall be met by the publication of the relevant document as an electronic record on a website designated for the purpose by the Company.
132. The Company shall, at the request of any Shareholder requesting the same, provide a brief statement of the nature of the Company's business and the products and services it offers to such Shareholder in a timely fashion.

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AUDIT

133. Save and to the extent that an audit is waived in the manner permitted by the Companies Acts, auditors shall be appointed and their duties regulated in accordance with the Companies Acts, any other applicable law and such requirements not inconsistent with the Companies Acts as the Board may from time to time determine, save that the fees of the auditor shall be determined by Ordinary Resolution.

SERVICE OF NOTICES AND OTHER DOCUMENTS

134. Any notice or other document (including a share certificate) shall be in writing (except where otherwise expressly stated) and may be served on or delivered to any Shareholder by the Company either personally or by sending it through the mail (by airmail where applicable) in a prepaid letter addressed to such Shareholder at his address as appearing in the Register or by delivering it to or leaving it at such registered address or by sending it by way of an electronic e-mail in accordance with the Electronic Transactions Act at the email address for such Shareholder as he shall have provided for this purpose for registration in the Register. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed as sufficient service on or delivery to all the joint holders. Any notice or other document if sent by mail shall be deemed to have been served or delivered two Business Days after it was put in the mail; and, in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the mail. Any notice or document delivered in electronic record form shall be deemed to be served on delivery twenty-four hours after its dispatch and in proving service of delivery it shall be sufficient to prove that the notice or document was sent to the electronic mail address as appearing in the Register.
135. Any notice of a general meeting of the Company shall be deemed to be duly given to a Shareholder if it is sent to him by telecopier, electronic mail or other mode of representing or reproducing words in a legible and non-transitory form at his postal or electronic address as appearing in the Register or any other address given by him to the Company for this purpose. The Shareholders are obliged to keep the Company advised of any change of postal address and e-mail address for service of notice and other documents.
- 135A. Notwithstanding any other provisions of these Bye-Laws:
- (a) where there is a requirement under the Companies Acts or these Bye-Laws that the Company provide a document to a person, or for the document to accompany another document, the requirement may be met by the delivery, or deemed delivery, of an Electronic Record of the document in accordance with this Bye-Law;
 - (b) for the purposes of this Bye-Law, “to provide” includes to send, forward, give, deliver, submit, file, deposit, furnish, issue, leave at, serve, circulate, lay, make available or lodge;
 - (c) an Electronic Record of a document may be delivered to a person by communicating it by electronic means to the person at the address or number that has been notified by the person for the purposes of communication by electronic means;
 - (d) an Electronic Record of a document is deemed to have been delivered to a person if it is published on a website and:
 - (i) the person to whom the document is provided has agreed to have documents of that type provided by way of accessing them on a website instead of them being provided by other means;
 - (ii) the document is a document of the type to which the agreement applies; and
 - (iii) the person is notified in accordance with the agreement of the publication of a document on the website, the address of the website, the place on the website where the document may be found, and how the document must be published on the website throughout the whole of the period.

APPENDIX 1 – BYE-LAWS

- (e) Nothing in the foregoing shall invalidate the deemed delivery of an electronic copy of a document if:
 - (i) the document is published for a least part of a period; and
 - (ii) the failure to publish it throughout the whole of the period is wholly attributable to circumstances that the Company could not reasonably have been expected to prevent or avoid.

136. Any notice or other document delivered, sent or given to a Shareholder in any manner permitted by these Bye-Laws shall, notwithstanding that such Shareholder is then dead or bankrupt or that any other event has occurred, and whether or not the Company has received notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Shareholder as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed as sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

WINDING UP

137. If the Company shall be wound up, the liquidator may, with the sanction of an Extraordinary Resolution and any other sanction required by the Companies Acts, divide among the Shareholders *in specie* or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purposes set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributors as the liquidator, with the like sanction, shall think fit, but so that no Shareholder shall be compelled to accept any shares or other assets upon which there is any liability.

INDEMNITY

138. No Director, Alternate Director, Officer, member of a committee authorized under Bye-Law 103, Resident Representative of the Company or their respective heirs, executors or administrators shall be liable for the acts, receipts, neglects, or defaults of any other such person or any person involved in the formation of the Company, or for any loss or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by the Company, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any monies, securities, or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of his duties, or supposed duties, to the Company or otherwise in relation thereto.

139. Every Director, Alternate Director, Officer, member of a committee constituted under Bye-Law 103, Resident Representative of the Company or their respective heirs, executors or administrators shall be indemnified and held harmless out of the funds of the Company to the fullest extent permitted by Bermuda law against all liabilities loss damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable) incurred or suffered by him as such Director, Alternate Director, Officer, committee member or Resident Representative and the indemnity contained in this Bye-Law shall extend to any person acting as such Director, Alternate Director, Officer, committee member or Resident Representative in the reasonable belief that he has been so appointed or elected notwithstanding any defect in such appointment or election.

140. Every Director, Alternate Director, Officer, member of a committee constituted under Bye-Law 103, Resident Representative of the Company and their respective heirs, executors or administrators shall be indemnified out of the funds of the Company against all liabilities incurred by him as

APPENDIX 1 – BYE-LAWS

such Director, Alternate Director, Officer, member of a committee constituted under Bye-Law 103, Resident Representative in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under the Companies Acts in which relief from liability is granted to him by the court.

141. To the extent that any Director, Alternate Director, Officer, member of a committee constituted under Bye-Law 103, Resident Representative of the Company or any of their respective heirs, executors or administrators is entitled to claim an indemnity pursuant to these Bye-Laws in respect of amounts paid or discharged by him, the relative indemnity to take effect as an obligation of the Company to reimburse the person making such payment or effecting such discharge.
142. The Board may arrange for the Company to be insured in respect of all or any part of its liability under the provisions of these Bye-Laws and may also purchase and maintain insurance for the benefit of any Directors, Alternate Directors, Officers, person or member of a committee authorized under Bye-Law 103, employees or Resident Representatives of the Company in respect of any liability that may be incurred by them or any of them howsoever arising in connection with their respective duties or supposed duties to the Company. This Bye-Law shall not be construed as limiting the powers of the Board to effect such other insurance on behalf of the Company as it may deem appropriate.
143. Notwithstanding anything contained in the Principal Act, the Company may advance moneys to an Officer or Director for the costs, charges and expenses incurred by the Officer or Director in defending any civil or criminal proceedings against them on the condition that the Director or Officer shall repay the advance if any allegation of fraud or dishonesty is proved against them.
144. Each Shareholder agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director, Alternate Director, Officer of the Company, person or member of a committee authorized under Bye-Law 103, Resident Representative of the Company or any of their respective heirs, executors or administrators on account of any action taken by any such person, or the failure of any such person to take any action in the performance of his duties, or supposed duties, to the Company or otherwise in relation thereto.
145. The restrictions on liability, indemnities and waivers provided for in Bye-Laws 138 to 145 inclusive shall not extend to any matter which would render the same void pursuant to the Companies Acts.
146. The restrictions on liability, indemnities and waivers contained in Bye-Laws 138 to 145 inclusive shall be in addition to any rights which any person concerned may otherwise be entitled by contract or as a matter of applicable Bermuda law.

ALTERATION OF BYE-LAWS

147. These Bye-Laws may be amended from time to time in the manner provided for in the Companies Acts, provided that any such amendment shall only become operative to the extent that it has been confirmed by Ordinary Resolution.

APPENDIX 2 – CORPORATE GOVERNANCE STATEMENT 2008

Golden Ocean Group Limited is a Bermuda registered company, the Shares of which are listed on Oslo Stock Exchange. As a result, the Company is required to publish an annual statement on the Company's principles for corporate governance in accordance with the Norwegian Code of Practice for Corporate Governance (the "Code"). The Code is published on the website of the Oslo Stock Exchange: www.ose.no. The Code is a non binding recommendation which all companies listed on the Oslo Stock Exchange are required to relate to on a "comply or explain" basis.

Golden Ocean Group Limited is committed to ensuring that its principles of corporate governance meet the highest standards and generally supports the principles set forth in the Code. Being subject to two different sets of corporate governance regulations (Norway and Bermuda) means, however, that Golden Ocean Group Limited will have to rely on some exceptions from the Code. As a Bermudian registered company, Golden Ocean Group Limited is also subject to Bermudian company law requirements, which in some matters differ from Norwegian law.

Golden Ocean Group Limited's corporate government policies and procedures are explained below in relation to the Code.

Corporate Governance

The board of Golden Ocean Group Limited (the "Board") recognizes the importance of sound corporate governance. Golden Ocean Group Limited has not adopted any specific set of ethical guidelines, but the core values of honesty, respect and co-operation are applied in its behaviour towards competitors, suppliers, shareholders and the market in general. The Board believes that the principles it has implemented and maintained in this respect meet a sound ethical standard.

Business

The business of Golden Ocean Group Limited and its subsidiaries (the "Group") is dry bulk shipping. The Company's annual report includes a more specific description of the Group's business, including the overall objectives and current strategy of the Company. The Company's annual report can be accessed at the Company's website: www.goldenocean.no

Equity and dividend

At present, the Board is authorized by the general meeting to issue up to 5,000,000,000 Shares. Bermudian companies have an authorized and an issued share capital. The authorized share capital is the amount up to which the Board can allot Shares. The bye-laws of the Company (bye-law 12) state that the unissued Shares of the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons at such times and for such consideration and upon such terms and conditions as the Board may determine. There is therefore, in accordance with Bermudian corporate law and the Company's bye-laws, no time limit on the Board's authority to issue Shares up to the amount of 5,000,000,000.

Bermudian law allows a company to repurchase its own shares for cancellation or to be held as treasury shares. In the case of Golden Ocean Group Limited, this right is also stated in the Company's bye-laws (bye-laws 9, 10 and 11). Unlike Norwegian law (Public Limited Companies Act), which restricts the total nominal value of holding of own shares to 10% of the total share capital, and which limits the board of directors' power to resolve that a company acquire its own shares to a time period of 18 months from when the power is granted, under Bermudian law there is no time limit within which the repurchase needs to take place. A company cannot repurchase its shares if there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. In addition, if the company purchases its own shares, the amount due to a shareholder (i) may be paid in cash, (ii) be satisfied by the transfer or any part of the undertaking or property of the company having the same value, or (iii) a combination of (i) and (ii).

The Company's bye-laws 118 to 124 (inclusive) deal with dividends and other payments to shareholders and provide that the Board can declare cash dividends or distributions out of contributed surplus, and may also pay a fixed cash dividend half yearly or on other dates. Bermudian law permits the Company to declare interim dividends out of profits and retained earnings. This differs from the position of a Norwegian public limited company which is not permitted to do this.

APPENDIX 2 – CORPORATE GOVERNANCE STATEMENT 2008

The Company has not adopted a fixed dividend policy. The Company believes that given the nature of its business, that having no specific dividend policy is just as sound as having a dividend policy. Without a dividend policy the Company can use its profit earnings to reinvest and expand the Company and its business. Having a fixed dividend policy may have the consequence that such opportunities are lost. The Company's goal is to achieve a high dividend capacity, and maximize shareholder return. However, dividend payments will depend on the Company's financial situation, need for working capital and investments or acquisition possibilities from time to time.

Equal treatment of the shareholders

As a listed company, the Company is obliged to comply with the information requirements of the Oslo Stock Exchange. All information relevant to the share price is published to the market through Hugin Connector and the Oslo Stock Exchange. This is also made available immediately at the Company's website.

The Company publishes all reports, presentations given by the management and dates for financial releases on its website.

Golden Ocean Group Limited has only one class of shares.

Under Bermudian corporate law, shareholders in a Bermudian company do not have any preferred right to subscribe for further shares when new shares are issued. The Company's bye-laws (bye-law 49) allows the Company, by ordinary resolution of the Shareholders to direct that the new Shares (or any of them) shall be offered in the first instance, either at par or at a premium, (subject to the provisions of the Bermudian Companies Act) to all the holders for the time being of Shares of any class or classes in proportion to the number of such Shares held by them respectively, or make any other provision as to the issue of new Shares.

Golden Ocean Group Limited will, if acquiring its own Shares, always do this through purchases on the Oslo Stock Exchange at the prevailing stock exchange price.

The Company's policy is to enter into related party transactions solely on terms that are at least as favorable to the Company as those that can be obtained when contracting with an unrelated third party. Thus any contracts entered into between the Company and related parties are always made on arm's length market terms.

It follows from the Bermudian Companies Act that an officer or director of the Company shall, at the first available opportunity, notify the Board of his interest in any material contract or any person that is a party to a material contract of the Company. Further the Company's bye-laws contain (bye-laws 95-100) specific provisions addressing director's interests.

Freely negotiable shares

Subject to (i) Bermudian company law, (ii) the terms of the Company's bye-laws 38 to 42, inclusive, which deal with transfer of Shares and (iii) the terms of any applicable United States securities laws (including the United States Securities Act 1933), Golden Ocean Group Limited's Shares are freely transferable provided that the Shares are listed on an appointed stock exchange (which terms includes Oslo Stock Exchange).

The Company's bye-law 39 (ii) gives the Board the option to decline to register the transfer of any Shares if the registration of such transfer would be likely to result in 50% or more of the aggregate issued share capital of the Company being held or owned directly or indirectly by a person or persons resident for tax purposes in Norway.

Under the Company's bye-law 39 (ix) where a person or entity becomes the owner of more than 30% of the issued Shares, the Board can decline to register the interest in excess of 30% unless the acquirer makes an offer to purchaser the remaining Shares of the Company or agrees to sell part of the Shares acquired to reduce the interest to below 30%.

APPENDIX 2 – CORPORATE GOVERNANCE STATEMENT 2008

General meeting

The bye-laws of Bermudian companies are generally extensive and regulate in detail matters relating to the internal management and activities of the company. The Company's bye-laws 57 to 88 (inclusive) deal extensively and in detail with matters concerning general meetings of the Company, including the rights of shareholders. These bye-laws cover annual and special general meetings, notice of general meetings, proceedings at general meetings, voting rights, and proxies and corporate representatives.

The Company's general meetings are open to all of the Company's Shareholders, and are held on an annual basis (subject to any need for any additional special general meeting at any time). The notice period for both annual and special general meetings is, under bye-law 58, no less than seven days' notice which shall be provided in writing which extends the statutory period of at least five days' notice, contained in section 75(1) of the Bermudian Companies Act. Shareholders may exercise their vote through a representative or proxy. The Company's bye-laws 82 to 87 (inclusive) specifically address proxies and corporate representatives. Bye-law 87 permits the Board, subject to the Bermudian Companies Act, to waive any of the provisions of the bye-laws related to proxies or authorizations and, in particular, the Board may accept verbal or other assurances as it thinks fit as to the right of any person to attend and vote on behalf of any Shareholder at general meetings. All Shares have equal voting rights. No Shareholder is permitted to own more than 30% of the outstanding Shares of the Company pursuant to bye-law 39(xi). Other than that restriction, there are no restrictions on ownership or any known shareholder agreements. (See further discussion below at "Change in Control, takeovers").

Nomination Committee

Golden Ocean Group Limited has no nomination committee. The Board is able to nominate candidates for election as directors. Although the resolutions tabled by the Board are subject to the Shareholder(s) common law right to move an amendment to the Board's proposed resolution. In addition, the shareholder(s) have a common law right under Bermuda law to put forward nominations. This common law right is modified by section 79 of the Bermuda Companies Act which provides a framework within which shareholder(s) may put resolutions before a general meeting. The independence of the Board of the Company is commented on under the section below headed Corporate Assembly and Board of Directors.

The Board would also propose candidates for election as auditors, in the case of a need for re-election, and also proposals concerning the level of remuneration for directors and senior management.

Corporate assembly and board of directors

Golden Ocean Group Limited does not have a corporate assembly or any other non executive supervisory board. This is not required under Bermudian company law. In accordance with the Company's bye-law 89, and subject to the Bermudian Companies Act, directors hold office until the annual general meeting following their election or until a successor is elected. The Company's bye-law 91 provides that the Company may in a special general meeting of the Shareholders remove a director provided that notice of the special general meeting has been given to the director not less than 14 days before the special general meeting, the director is entitled to be heard at the special general meeting. The Shareholder may elect a person to replace the director so removed and, in the event they do not, the Board can appoint a director. The Board can appoint a new director to fill a casual vacancy until the annual general meeting.

The Company's bye-law 92 deals with resignation and disqualification of directors, and sets out certain events which would result in a director being disqualified, and thereby vacating his office. Amongst other events, these include a director becoming of unsound mind and the Board resolving he should be removed, if he becomes bankrupt, or if he is prohibited by law from being a director.

The Board currently consists of five directors. Three of the directors, John Fredriksen, Tor Olav Trøim and Cecilie Fredriksen are not independent from Golden Ocean Group Limited's main shareholder, Hemen Holding Limited. Kate Blankenship and Hans Chr. Børresen are both independent. The composition of the Board therefore satisfies the recommendation of the Code for two independent directors.

The Company believes that in the context of its business and operations it is important to have a small and focused Board with a close working knowledge of Golden Ocean Group Limited's strategy and operations, and an ability to react quickly when the situation so requires. The current composition of the Board satisfies these needs.

APPENDIX 2 – CORPORATE GOVERNANCE STATEMENT 2008

The Board is constantly evaluating the necessity to establish sub-committees. The Board can delegate its powers to committees under the Company's bye-law 103. The Company currently has an audit committee as a sub-committee of its board of directors.

The size and focus of the Board and the direct communication between the management and the Board supports the view of the Board that other sub-committees are not required. The Board evaluates its work and competence constantly and adopts any required changes, always with a view to protecting the interests of the Company.

The Board of directors' work

The Board receives quarterly financial reports for the Company with comments on the Group's economic and financial status. The Board discusses strategy and investment opportunities in meetings held as required and in addition to the regular scheduled Board meetings. The Board holds four to six regular Board meetings each year. The Board attends to the organization of the Group, institutes plans and budgets and ensures that the Company's accounting and financial administration are in good order. The Board also actively supervises the day to day management of the Company's operations.

Compensation to the board of directors and executive employees

Total remuneration to key management and directors appear in the annual report.

Golden Ocean Group Limited has no compensation committee. The Company's bye-law 94 deals with directors' fees and additional remuneration and expenses. Directors' fees are determined by the Company by Ordinary Resolution and in the absence of a determination to the contrary in the general meeting and the Board determines the compensation of individual directors.

Golden Ocean Group Limited has not, at present, established any written guidelines for the remuneration of the members of its executive management, but only immediate superiors are involved in the decision making process involving employment, pay, bonuses and incentives to employees. The remuneration to executive management is considered by the Company to be in line with market practice and prevailing conditions.

The day-to-day management of the Company is undertaken by Golden Ocean Management (Bermuda) Ltd. under the terms of a written management agreement with Golden Ocean Management AS (a Norwegian company in the Group), and Golden Ocean Management Asia Pte Ltd. (a Singapore company in the Group), acts as sub-contractor to Golden Ocean Management (Bermuda) Ltd. subject to the terms of written management agreements. The management and employees of these two companies are experienced and qualified to perform the management tasks allocated to them.

The Company operates a share option incentive program for the Group's directors and senior employees. The general terms of the share option program are approved by the Shareholders in a general meeting.

Risk management and internal control

In general, the Board ensures that all necessary controls of the Group's business are carried out. This includes processes for internal controls, external audit, strategic assessment, business assessment, and management resources. In addition, the Company has invested in a risk management system that constantly keeps track of the positions of all vessels under operation. The Board receives a weekly report that gives an overview of the open positions and the sensitivity related to changes in market conditions.

The annual report does not include comments on the internal control and risk management systems.

Information and communication

Relevant issues of particular importance concerning the Company are communicated through the Company's website, and include information relating to results and economic development. The Company's policy is to comply with standards to provide good information.

APPENDIX 2 – CORPORATE GOVERNANCE STATEMENT 2008

Golden Ocean Group Limited publishes annual and quarterly reports at its website. The Company acknowledges the importance of providing Shareholders, and the equity market in general, with correct and relevant information about the Company and its activities.

Change in Control, takeovers

The bye-laws of Golden Ocean Group Limited do not include any mechanisms that hinder a takeover or deter takeover-bids. However, the Board would, in case of a takeover-bid, take such actions that are in the best interests of the Shareholders, such as advising the Shareholders in the assessment of the bid and, if appropriate, seeking to find a competing bidder.

If a take-over bid were made for Golden Ocean Group Limited's Shares it is the opinion of the Board that the Shareholders of the Company should be treated equally and provided with sufficient information and time to consider the offer.

In connection with transfers of Shares, the Company's bye-law 39.(ix) contains terms to comply with the requirements of Norwegian securities law and states that if any person or entity becomes the owner of shares representing more than 30% of the then issued shares the Board can refuse to register the transfer unless the acquirer makes an offer for the purchase all of the Company's issued shares, or sells some of shares so that the ownership is reduced to less than 30%.

Auditor

The Company's independent auditor, appointed by its general meeting, is PricewaterhouseCoopers AS.

The Company employs the same auditing firm as all its subsidiaries. The auditor reviews the internal control system of the Group on a yearly basis and reports back to the Board. The auditor participates in the Board meeting that approves the annual accounts of the Company, and otherwise as required. The auditor provides a statement to the Board each year in connection with the annual audit. The Shareholders are informed of the auditor's remuneration in the annual general meeting.

APPENDIX 3 – TRADING, SETTLEMENT AND REGISTRATION OF SHARES

Upon admission to the Official List of the SGX-ST, we will have a dual listing on both the SGX-ST and the Oslo Stock Exchange, with the Oslo Stock Exchange being the primary exchange and the SGX-ST being the secondary exchange on which our Shares may be traded.

1. General

Upon admission to the Official List of the SGX-ST, the Company will have a dual listing on both the SGX-ST and the Oslo Stock Exchange, with the Oslo Stock Exchange being the primary exchange and the SGX-ST being the secondary exchange on which the Shares may be traded. The Shares are quoted in NOK on the Oslo Stock Exchange, and will be quoted in SGD on the SGX-ST.

Nordea Bank Norge ASA is the main share registrar (the “**Main Share Registrar**”) in relation to trades done on the VPS system. For investors on the Oslo Stock Exchange, Shareholders are registered in the VPS system as registered holders of the Shares. Shareholders registered as holders of Shares in the VPS system will be entitled to exercise (indirectly through the Main Share Registrar as their nominee) all rights of ownership relating to the Shares, including all voting rights attached to the Shares.

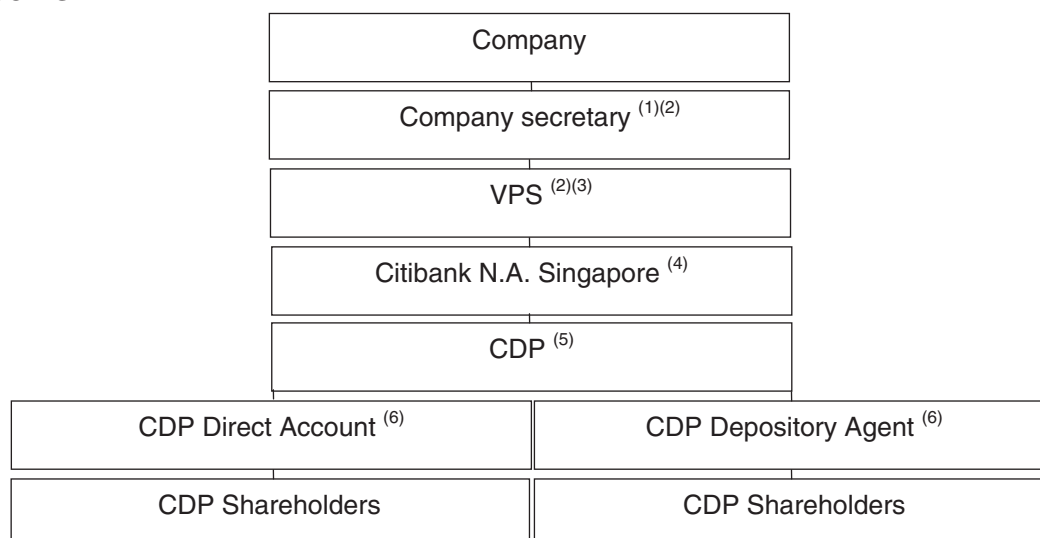
Pursuant to the secondary listing of the Shares on the SGX-ST, CDP will be registered as a Shareholder in the VPS system. Citibank N.A. Singapore has been appointed by the CDP to operate CDP’s account in the VPS system. CDP will maintain its register of investors holding Shares acquired on the SGX-ST and registered in the name of CDP.

CDP Shareholders are required to comply with any requests by the Company and / or the relevant authorities to disclose information relating to the identities of the beneficial owners of the Shares.

Tricor Barbinder Share Registration Services is the Singapore share registrar (the “**Singapore Share Registrar**”) in relation to trades done on the SGX-ST.

2. Trading and settlement of the Shares on the SGX-ST

The following is an illustration of the relevant entities in the trading and settlement of the Shares on the SGX-ST.



Notes

- (1) The Company Secretary maintains the share register of the Company.
- (2) Nordea Bank Norge ASA is registered as the sole shareholder of the Company in the share register of the Company. Nordea Bank Norge ASA also maintains a sub-registrar of Shareholders who hold their Shares under the VPS system.
- (3) The VPS (Verdipapirsentralen) is the Norwegian Central Securities Depository, where the Shares are traded on a scripless basis on the Oslo Stock Exchange.
- (4) Citibank N.A. Singapore has been appointed by the CDP to operate CDP’s account in the VPS system.

APPENDIX 3 – TRADING, SETTLEMENT AND REGISTRATION OF SHARES

- (5) CDP will be registered as a Shareholder in the VPS system. Tricor Barbinder Share Registration Services is the share registrar in relation to trades of shares done on the SGX-ST.
- (6) CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a securities sub-account with a Depository Agent. The Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

Under the scripless settlement system of CDP, all share transactions are settled via electronic transfers to and from securities accounts. All dealings in the Shares on the SGX-ST will be conducted in Singapore dollars in integral numbers of 1,000. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a securities sub-account with a depository agent. The depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company. Settlement in dealings through CDP system may be effected only by depository agents or Shareholders who have their own securities accounts with CDP, and must be made in accordance with the Terms and Conditions for Operation of Securities Account with CDP, as amended from time to time.

Dealings in the Shares will be due for settlement of trades on a normal “ready” basis on the SGX-ST which generally takes place on the third market day following the transaction date (the “**Due Date**”).

Shareholders should ensure that the Shares to be dealt in on the SGX-ST are credited to their securities accounts or securities sub-accounts before dealing in the Shares since no assurance can be given that the Shares can be transferred to CDP in time for settlement following a dealing. If settlement cannot be effected on the Due Date following a dealing which has been effected on the SGX-ST, CDP buying-in procedures will be implemented.

Investors and Shareholders trading their Shares on the SGX-ST will have to bear the brokerage fees charged by their respective brokers, a clearing fee of 0.04% on the value of the transaction (subject to a maximum of S\$600 per transaction), and the prevailing goods and services tax (“**GST**”) (currently 7%) on brokerage and clearing fees.

As no share certificates will be issued to the CDP in respect of the Shares held by the CDP Shareholders, no share certificates in respect of the Shares may be withdrawn from the CDP by the CDP Shareholders.

3. **Transfer of Shares from the VPS system to the CDP system for trading on the SGX-ST**

VPS Shareholders who wish to trade their Shares on the SGX-ST must transfer their Shares to the CDP system as follows:

- i. the VPS Shareholder must have either a direct securities account with CDP or a securities sub-account with a Depository Agent;
- ii. the following should be submitted to CDP (where the Shareholder holds a direct securities account with CDP) or through a Depository Agent (where the Shareholder holds a securities sub-account with the Depository Agent) by 10 a.m. (Singapore time) on any SGX-ST market day:
 - a. a duly executed CDP Form 56A (with a copy simultaneously faxed to the Singapore Share Registrar);
 - b. payment of the applicable transfer charges (currently comprising the transfer fee of S\$10 and all applicable conversion and correspondent bank charges), together with the applicable Goods and Services Tax (currently at 7%) and all other charges as may be prescribed by the CDP in its sole discretion; and
- iii. simultaneously instruct the operator of his VPS securities account to take all necessary actions regarding the transfer by the applicable cut-off time.

APPENDIX 3 – TRADING, SETTLEMENT AND REGISTRATION OF SHARES

CDP, upon receipt of confirmation of credit from its local custodian bank (Citibank N.A. Singapore), will credit the VPS Shareholder's direct securities account maintained with the CDP or securities sub-account with a Depository Agent (as the case may be) and notify the Shareholder accordingly.

Please note that instructions received by CDP after 10 a.m. (Singapore time) on a given SGX-ST market day will be processed on the next market day.

Shareholders are responsible for ensuring the Shares are credited into their direct securities account with CDP or securities sub-account with a Depository Agent in time for the settlement of trades on the SGX-ST, as a buying-in may be instituted against the Shareholders if they are unable to deliver the Shares for settlement pursuant to trades made by the Shareholders.

4. **Transfer of Shares from the CDP system to the VPS system for trading on the Oslo Stock Exchange**

CDP Shareholders who wish to trade their Shares on the VPS must transfer their Shares to the VPS system as follows:

- i. the CDP Shareholder must have a securities account in the VPS system;
- ii. the following should be submitted to CDP (where the Shareholder holds a direct securities account with CDP) or through a Depository Agent (where the Shareholder holds a securities sub-account with the Depository Agent) by 10 a.m. (Singapore time) on any SGX-ST market day:
 - a. a duly executed CDP Form 56B (with a copy simultaneously faxed to the Singapore Share Registrar);
 - b. payment of the applicable transfer charges (currently comprising the transfer fee of S\$10 and all applicable conversion and correspondent bank charges), together with the applicable Goods and Services Tax (currently at 7%) and all other charges as may be prescribed by the CDP in its sole discretion; and
- iii. simultaneously instruct the operator of his VPS securities account to take all necessary actions regarding the transfer by the applicable cut-off time.

CDP, upon receipt of the confirmation of debit from its local custodian bank, will debit the Shareholder's securities account and notify the Shareholder accordingly.

Please note that instructions received by CDP after 10 a.m. (Singapore time) on a given SGX-ST market day will be processed on the next market day.

Shareholders are responsible for ensuring the Shares are credited into their direct securities account with CDP or securities sub-account with a Depository Agent in time for the settlement of trades on the SGX-ST, as a buying-in may be instituted against the Shareholders if they are unable to deliver the Shares for settlement pursuant to trades made by the Shareholders.

Shareholders are responsible for ensuring that the shares are credited into their securities account in the VPS system and in time for settlement of their trades on the Oslo Stock Exchange.

APPENDIX 3 – TRADING, SETTLEMENT AND REGISTRATION OF SHARES

5. Contact details

Main Share Registrar : **Nordea Bank Norge ASA**
Middelthuns gate 17, N-0368 Oslo
Tel: (47) 94 82 90 80
Fax: (47) 22 48 63 49

Singapore Share Registrar : **Tricor Barbinder Share Registration Services**
8 Cross Street
#11-00 PWC Building
Singapore 048424
Tel: (65) 6236 3333

CDP : **The Central Depository (Pte) Limited**
4 Shenton Way
#02-01 SGX Centre 2
Singapore 068807
Telephone: (65) 65357511
Email: cdp@sgx.com

APPENDIX 4 – SUMMARY OF BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law under the Companies Act 1981 of Bermuda (the “Act”). The Company complies with the applicable Bermuda corporate governance regime. Set out below is a summary of certain provisions of Bermudian company law, although this does not purport to contain all applicable qualifications and exceptions nor to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar. Interested parties should seek the advice of counsel in their jurisdiction on any particular questions that they may have.

1. Share capital

- a. The Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”, to which the provisions of the Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of that company except that the share premium account may be applied by the company:
 - i. in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;
 - ii. in writing off:
 1. the preliminary expenses of the company; or
 2. the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or
 - iii. in providing for the premiums payable on redemption of any shares or of any debentures of the company.
- b. In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.
- c. The Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.
- d. The Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.
- e. A company may credit donations of cash and other property to a contributed surplus account which is treated as forming part of shareholder’s equity. Contributed surplus may be distributed to shareholders in certain circumstances: See Dividends and Distributions below.

2. Meeting of shareholders

- a. A meeting of members of a company shall be convened at least once in every calendar year: this meeting shall be referred to as the annual general meeting. The directors may, whenever they think fit, convene a general meeting; all meetings other than annual general meetings shall be called special general meetings.

APPENDIX 4 – SUMMARY OF BERMUDA COMPANY LAW

- b. Except in the case of a resolution for the removal of a director or auditor, the Act does not require a shareholder meeting to be held in order to pass a resolution of the shareholders, and a resolution may be passed with the written consent of the Shareholders who represent such majority of votes as would be required if the resolution had been voted or at a meeting.
- c. As a general rule a shareholder resolution may be passed by a simple majority of votes, except where the bye-laws of the company provide for a different majority. As an exception to the general rule, the Act stipulates that a higher majority is required for the approval of an amalgamation transaction by the shareholders, unless the company bye-laws provide otherwise.
- d. The Act also provides that the directors may enter into an agreement that certain powers reserved to the shareholders by the Act shall not be exercised by the company, unless the memorandum or bye-laws of the company provide to the contrary.
- e. The directors of a company, notwithstanding anything in its bye-laws shall, on the requisition of members holding at the date of the deposit of the requisition not less than 10 per cent. of the paid-up capital as at the date of the deposit carries the right of voting at general meetings, or in the case of a company not having a share capital, members of the company representing not less than one-tenth of the total voting rights of all the members having at the date a right to vote at general meetings forthwith proceed duly to convene a special general meeting of the company. If the directors do not within 21 days after the date of the deposit of the requisition proceed to convene the special general meeting, the requisitionists (or any of them representing more than 50 per cent. of the total voting rights of all of them) may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from that date.
- f. A member which is a corporation may authorise such person or, to the extent expressly permitted by the bye-laws, such persons as it thinks fit to act as its representative at any meeting of the company or of any class of members. Each representative so authorised is entitled to exercise the same powers on behalf of the corporation or its nominee could exercise as if it were an individual member, and in addition, the right to vote individually on a show of hands.

3. Financial assistance to purchase shares of a company or its holding company.

- a. A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs. In addition, the Act expressly permits the grant of financial assistance where:
 - i. the financial assistance does not reduce the company's net assets or, to the extent the net assets are reduced, such financial assistance is provided for out of funds of the company which would otherwise be available for dividend or distribution;
 - ii. an affidavit of solvency is sworn by the directors of the company; and
 - iii. the financial assistance is approved by resolution of shareholders of the company.

4. Purchase of shares and warrants by a company and its subsidiaries.

- a. A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be

APPENDIX 4 – SUMMARY OF BERMUDA COMPANY LAW

provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may:

- i. be paid in cash;
 - ii. be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or
 - iii. be satisfied partly under (i) and partly under (ii).
- b. Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased will be treated as cancelled and the company's issued but not its authorised, capital will be diminished accordingly.
- c. A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Under Bermuda law, if a company's memorandum of association or bye-laws so provides, a company may acquire its own shares to be held as treasury shares. Shares held by the company as treasury shares are subject to a number of restrictions imposed by the Act, and such shares are not held by the company as a shareholder in itself.

5. Dividends and distributions

- a. A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

6. Protection of minorities

- a. Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.
- b. Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermudian law also provides that the company may be wound up by the Bermuda court,

APPENDIX 4 – SUMMARY OF BERMUDA COMPANY LAW

if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

- c. Bermuda law also provides a shareholder in certain circumstances to bring an action on the grounds that the directors have exercised a fiduciary power for improper purposes.
- d. Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.
- e. A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.
- f. The Act permits a company to release its directors and officers from liability to the company and to indemnify its directors and officers and auditors from liability to the company or any of its subsidiaries, except in the case of liability for fraud or dishonesty. The release and indemnity provisions may be contained in a contract between the company and its directors, officers or creditors, or it may be set out in the bye-laws of the company.

7. Management

- a. The Act specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Act requires that every officer should comply with the Act, regulations passed pursuant to the Act and the bye-laws of the company.
- b. The Act vests very wide powers on the directors of a company to manage the business of the company including, as noted above, power to enter into agreements binding the company not to take certain actions which require the approval of the shareholders. The Act does not specifically require that the directors obtain the approval of the shareholders for the purchase or sale of assets by the company, although there is a case law in common law jurisdictions to the effect that the directors should seek the approval of the company's shareholders where it proposes to make a sale of all or substantially all of the assets of the company and discontinue the business of the company.

8. Accounting and auditing requirements

- a. The Act requires a company to cause proper records of accounts to be kept with respect to:
 - i. all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
 - ii. all sales and purchases of goods by the company; and
 - iii. the assets and liabilities of the company.
- b. Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed

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on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

- c. The Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarised financial statements instead. The summarised financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Act. The summarised financial statements sent to the company's members must be accompanied by an auditor's report on the summarised financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.
- d. The summarised financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than 21 days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within seven days of receipt by the company of the member's notice of election.

9. Auditors

- a. At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.
- b. A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than 21 days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.
- c. Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within 15 days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office, is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

APPENDIX 4 – SUMMARY OF BERMUDA COMPANY LAW

10. Exchange control

- a. An exempted company is usually designated as “non-resident” for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country.

11. Issue and transfer of securities

- a. Generally, the permission of the Bermuda Monetary Authority is required for the issue of shares and other securities and the subsequent transfer of such shares and other securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company an issue or transfer any further shares and other securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.
- b. Permission of the Bermuda Monetary Authority will normally be granted for the issue and transfer of shares and other securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as the company’s shares are listed on an appointed stock exchange (as defined in the Act). Issues to and transfers involving persons regarded as “resident” for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

12. Taxation

- a. Under present Bermudian law, no Bermudian withholding tax on dividends or other distributions, nor any Bermudian tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermudian tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28 March 2016, although this assurance will not prevent the imposition of any Bermudian tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

13. Stamp duty

- a. An exempted company is exempt from all stamp duties except on transactions involving “Bermuda property”. This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermudian stamp duty.

14. Loans to directors

- a. Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a 20 per cent. interest, without the consent of any member or members holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

APPENDIX 4 – SUMMARY OF BERMUDA COMPANY LAW

15. Inspection of corporate records

- a. Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting.
- b. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two hours during business hours each day. The register of members of a company is open for inspection by members without charge and to members of the general public for a fee. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may require a copy of the register of members or any part thereof which must be provided within fourteen days of a request. Bermudian law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.
- c. A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two hours in each day by members of the public without charge. If summarised financial statements are sent by a company to its members pursuant to section 87A of the Act, a copy of the summarised financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

16. Winding up

- a. A company may be wound up by the Bermudian court on application presented by the company itself, its creditors or its contributors. The Bermudian court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermudian court, just and equitable that such company be wound up.
- b. A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.
- c. Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.
- d. In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.
- e. As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the

APPENDIX 4 – SUMMARY OF BERMUDA COMPANY LAW

company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

- f. In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.
- g. The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.
- h. If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

APPENDIX 5 – SUMMARY OF MATERIAL GOVERNMENT REGULATIONS

The ownership, operation and/or management of ships is highly regulated, and is subject to international conventions, national, state, and local laws and regulations in force in the countries in which our vessels may operate or are registered, as well as other applicable codes, guidelines and standards recommended by the International Maritime Organisation (“IMO”), the flag state governments, classification societies and maritime industry organizations.

The IMO has adopted various international conventions, rules and regulations (collectively the “IMO Regulations”) which are in turn adopted and implemented by member states who have ratified or acceded to the IMO. The flag states of all the vessels within our fleet are signatory members, as are most of the countries which our vessels ply to.

Some of the relevant IMO Regulations which our Group and/or our vessels are subject to are as follows:

- (i) The International Convention for the Safety of Life at Sea (“SOLAS”);
- (ii) The International Convention for the Prevention of Pollution from Ships (“MARPOL”);
- (iii) The International Convention on Load Lines (“LL”);
- (iv) The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (“STCW Convention”);
- (v) The International Management Code for the Safe Operation of Ships and for Pollution Prevention (“ISM Code”);
- (vi) The International Ship and Port Facility Security Code (“ISPS Code”); and
- (vii) The International Convention on Tonnage Measurement Of Ships, 1969.

International Conventions

The SOLAS and the LL prescribe a series of regulations, which deal with or relate to the safety of a vessel and its crew.

The MARPOL prescribes regulations which deal with or relate to pollution and environmental issues, including accidental or operational oil pollution, garbage from ship, pollution to air, from pollution caused by chemicals, cargoes or goods transported or sewage.

The STCW Convention has regulations prescribing the relevant qualifications, training, and certification which seafarers of all ranks must comply with and adhere to in order to be able to carry out their respective duties on board vessels.

ISM Code

The ISM Code provides an international standard for the safe management and operation of ships and for pollution prevention, which we and our vessels must duly comply with.

The ISM Code requires the ship owner, or any other person who has assumed responsibility for the operation of the ship from the ship owner, such as the manager or the bareboat charterer, to develop, implement and maintain a Safety Management System (“SMS”) in relation to the ISM Code. The SMS should include, *inter alia*, the following requirements:

- (i) a safety and environmental protection policy, to be implemented and maintained both ship based as well as shore based;
- (ii) instructions and procedures to ensure safe operation of the ships and protection of the environment in compliance with relevant international and flag state legislation; and
- (iii) procedures for reporting accidents, or to prepare for and respond to emergency situations, and procedures for internal audits and reviews.

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ISPS Code

In view of growing threats from terrorist activities, recent amendments were made to the SOLAS dealing specifically with maritime security, most of which are contained in the ISPS Code and imposes various detailed security obligations on vessels and port authorities, which came into effect on 1 July 2004.

Among the various requirements are onboard installation of automatic identification system, or AIS, to enhance vessel-to-vessel and vessel-to-shore communications, on-board installation of ship security alert systems, the development of vessel security plans, and compliance with flag state security certification requirements.

As such regulations apply to all our vessels, we have installed the necessary systems and developed ship security plans to ensure that all vessels owned, operated and managed by us comply with the various security measures addressed by the SOLAS and the ISPS Code.

All our vessels have obtained a valid International Ship Security Certificate (ISSC) that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code.

The International Convention on Tonnage Measurement Of Ships 1969

The International Convention on Tonnage Measurement Of Ships, 1969, adopted by IMO in 1969, establishes a universal tonnage measurement system. Ship tonnage often forms the basis for port and other dues, manning regulations, safety rules and registration fees. The convention provides for gross and net tonnages, both of which are calculated independently.

Inspection By Classification Societies

All our vessels are certified as being "in class" by recognised classification societies. Every seagoing vessel is required to be "classed" by a classification society, who will certify that the vessel is "in class," signifying that the vessel has been built and is being maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a signatory.

In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will also undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society may also undertake on request such other surveys that are required by regulations and requirements of the flag state. These surveys are subject to agreements made between the vessels' classification society and the flag state concerned and/or to the regulations of the flag state.

For maintenance of the class, regular and special surveys of hull and machinery, including the electrical plant, safety equipment, communication equipment and any special equipment classed, are required to be performed according to the following schedule:

Annual Surveys: This is conducted at intervals of 12 months (from the commencement date of the class period) for the hull and machinery (including the electrical plant, safety equipment, communication equipment and any special equipment classed).

Intermediate Surveys: Intermediate surveys, which are extended annual surveys, are normally conducted two and one-half years after each class renewal, and usually carried out on the second or third annual survey.

Class Renewal or Special Surveys: This is conducted at such intervals indicated by the type or classification for the hull of the vessel, and is usually carried out every four to five years.

In a special survey, apart from the usual survey of hull and machinery, including the electrical plant, safety equipment, communication equipment and any special equipment classed, the vessel is thoroughly examined to determine the integrity of the structure, in particular the thickness of the steel structure. If there is excessive wear and tear suffered by the vessel, substantial cost may have to be incurred to reinforce the steel structure in order to ensure the vessel passes the survey.

APPENDIX 5 – SUMMARY OF MATERIAL GOVERNMENT REGULATIONS

Vessels are required to be drydocked, usually twice in five years, for survey of the underwater parts and for repairs related to the inspections. If any defects are found by the classification surveyor during any survey of the ship, he may require an immediate repair to be carried out. If, however, the surveyor considers it safe for the vessel to continue in service without an immediate repair, the surveyor will issue a condition of class, which will require the defect to be rectified by the ship owner within prescribed time limits. Any conditions of class must be repaired at the due time set out by the surveyor(s).

Most insurance underwriters, make it a condition for insurance coverage that a vessel be certified as “in class” by a classification society. In addition, charterers may impose as a condition of the charter contract, that the vessel under charter must be duly certified as being “in class” by a classification society.

As at the Latest Practicable Date, the Group has obtained all necessary licences which are applicable for the operation of its business and is in compliance with relevant laws and regulations which are applicable for the operation of its business.

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

Golden Ocean Group Limited
Consolidated Financial Statements
for the year ended December 31, 2008

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

Golden Ocean Group Limited

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APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Independent Auditors' Report to the Shareholders of Golden Ocean Group Limited

We have audited the accompanying financial statements of Golden Ocean Group Limited, which comprise the consolidated balance sheet as at December 31, 2008 and the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of December 31, 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

MOORE STEPHENS LLP
Chartered Accountants

St Paul's House
London, EC4M 7BP
30 April 2009

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**Golden Ocean Group Limited
Consolidated Income Statement
For the year ended December 31, 2008**

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

	Notes	Year ended 12/31/2008	Year ended 12/31/2007
1.			
Operating revenue			
Revenue	3	877,278	704,000
Other operating income	3	70,225	4,035
Total operating revenue	3	947,503	708,035
Operating expenses			
Voyage expenses and commission		136,805	97,537
Vessel operating expenses		16,687	25,102
Charter hire expenses		544,166	393,141
Administrative expenses		14,662	9,420
Depreciation	10,11	11,435	15,468
Total operating expenses		723,755	540,668
Operating profit	5	223,748	167,367
Profit on sale of assets	4	209,119	74,639
Finance income	6	3,941	5,393
Finance costs	7	(26,874)	(45,974)
Other financial items		(1,205)	(363)
Impairment loss	12,17	(28,527)	-
Net other income		156,454	33,695
Profit before taxation		380,202	201,062
Taxation	8	(59)	(92)
Profit for the year		380,143	200,970
Basic earnings per share	9	\$1.38	\$0.74
Fully diluted earnings per share	9	\$1.36	\$0.71

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

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**Golden Ocean Group Limited
Consolidated Balance Sheet
At December 31, 2008**

<i>(in thousands of \$)</i>	Notes	12/31/2008	12/31/2007
ASSETS			
Non current assets			
Vessels and equipment, net	10	174,513	71,399
Vessels held under finance leases, net	11	127,269	172,851
Vessels under construction	12	496,425	428,259
Other long term receivables		5,000	-
Derivative financial assets	29	-	51,001
Investment in future revenue, net	13	17,587	23,907
Total non-current assets		820,794	747,417
Current assets			
Cash and cash equivalents	28	50,868	306,233
Trade and other receivables	16	74,761	72,459
Inventories	15	3,482	10,260
Amount due from related parties	27	-	76
Marketable securities – available for sale financial assets	17	16,669	-
Total current assets		145,780	389,028
Non-current assets held for sale	14	40,084	47,375
Total assets		1,006,658	1,183,820
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	18	27,699	27,177
Contributed surplus		17,176	31,704
Other reserves	33	(6,258)	16,662
Retained earnings		136,626	105,987
Shareholders' equity		175,243	181,530
Non-Current Liabilities			
Long term debt	19	-	425,456
Obligations under finance leases	20	90,803	127,335
Provisions	32	5,450	-
Deferred income		71,280	71,280
Total non-current liabilities		167,533	624,071
Current Liabilities			
Long-term debt - current portion	19	592,501	227,137
Obligations under finance leases – current portion	20	10,181	13,657
Derivative financial liabilities	29	-	60,795
Amount due to related parties	27	3,690	4,503
Provisions	32	21,986	-
Trade payables and other current liabilities	21	35,524	72,127
Total current liabilities		663,882	378,219
Total liabilities and shareholders' equity		1,006,658	1,183,820

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

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

Golden Ocean Group Limited
Consolidated Cash Flow Statement
For the year ended December 31, 2008

<i>(in thousands of \$)</i>	Notes	Year ended 12/31/2008	Year ended 12/31/2007
2. OPERATING ACTIVITIES			
Profit for the year		380,143	200,970
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Share options	25	569	558
Profit on sale of assets	4	(209,119)	(74,639)
Profit on sale of marketable securities	6	(2)	(1,857)
Profit on purchase of convertible bond		(830)	-
Interest income	6	(3,939)	(3,536)
Depreciation	10, 11	11,435	15,468
Amortisation of deferred charges		789	682
Amortisation of future revenue	13	6,320	6,888
Impairment loss	12,17	28,527	-
Net change in:			
Amount due to related parties		(813)	(62)
Other financial assets		51,001	(28,440)
Trade and other receivables		(2,302)	(45,047)
Inventories		6,778	(3,730)
Other financial liabilities		(60,795)	35,443
Provisions		27,436	-
Other long term receivables		(5,000)	-
Trade payables and other current liabilities		(35,838)	40,381
Net cash provided by operating activities		194,360	143,079
INVESTING ACTIVITIES			
Interest received	6	3,939	3,536
Additions to vessels and equipment	10	-	(254)
Additions to vessels under construction	12	(420,372)	(413,904)
Exercise of purchase options for vessels held under finance leases		(29,000)	(43,343)
Proceeds from the sale of vessels	4	480,440	231,547
Purchase of marketable securities	17	(54,974)	(32,628)
Sale of marketable securities		6,860	35,383
Net cash used in investing activities		(13,107)	(219,663)
FINANCING ACTIVITIES			
Payment of financing charges		(1,527)	(3,612)
Repayment of obligations under finance leases		(10,920)	(16,341)
Repayment of long term debt		(385,371)	(184,357)
Proceeds from long term debt		333,742	648,241
Payment of dividends	31	(347,074)	(171,162)
Proceeds received in advance of delivery of vessels under construction		-	71,280
Repayment of convertible bonds		(8,463)	-
Purchase of own shares		(15,889)	-
Settlement of share options	25	(2,430)	(2,248)
Proceeds from issue of shares	18	1,314	245
Net cash (used in) / provided by financing activities		(436,618)	342,046
Net change in cash and cash equivalents		(255,365)	265,462
Cash and cash equivalents at beginning of year		306,233	40,771
Cash and cash equivalents at end of year	28	50,868	306,233
Supplementary cash flow information:			
Interest paid		39,831	26,020
Taxes paid		141	90

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

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

Golden Ocean Group Limited
Consolidated Statement of Changes in Equity

<i>(in thousands of \$)</i>	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings	Total Attributable to equity holders of the parent
Balance at January 1, 2007	27,138	30,940	621	78,427	137,126
Profit for the year	-	-	-	200,970	200,970
Transfer to income statement on sale of marketable securities	-	-	(594)	-	(594)
Total recognized income and expense for the year	-	-	(594)	200,970	200,376
Shares issued for cash (note 18)	39	206	-	-	245
Issue of share options (note 25)	-	558	-	-	558
Dividend paid (note 31)	-	-	-	(171,162)	(171,162)
Share options settled in cash (note 25)	-	-	-	(2,248)	(2,248)
Equity component of convertible bonds	-	-	16,635	-	16,635
Balance at December 31, 2007	27,177	31,704	16,662	105,987	181,530
Profit for the year	-	-	-	380,143	380,143
Total recognized income and expense for the year	-	-	-	380,143	380,143
Shares issued for cash (note 18)	872	442	-	-	1,314
Shares repurchased and cancelled	(350)	(15,539)	-	-	(15,889)
Issue of share options (note 25)	-	569	-	-	569
Dividend paid (note 31)	-	-	-	(347,074)	(347,074)
Share options settled in cash (note 25)	-	-	-	(2,430)	(2,430)
Reduction in value of marketable securities (note 17)	-	-	(22,920)	-	(22,920)
Balance at December 31, 2008	27,699	17,176	(6,258)	136,626	175,243

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

1. GENERAL

Golden Ocean Group Limited (the “Company” or “Golden Ocean”) was incorporated in Bermuda on November 8, 2004 as a limited company. The Company’s registered address is Par la Ville Place, Par la Ville Road, Hamilton, Bermuda. The Company was formed as a wholly owned subsidiary of Frontline Ltd. (“Frontline”), a Bermuda publicly listed company, for the purpose of acquiring, by way of contribution, certain drybulk shipping interests held by Frontline. These assets were transferred to the Company on December 1, 2004 and were, at the same date, capitalised in the Company’s accounts as contributed surplus.

On December 1, 2004 the Board of Frontline approved the spin off, or demerger, of Golden Ocean to Frontline’s shareholders. The demerger of Golden Ocean from Frontline was consummated and effective for accounting purposes from December 1, 2004. The Company subsequently de-merged from Frontline and was listed on the Oslo Stock Exchange on December 15, 2004.

The Group consists of the Company and its subsidiary companies (Note 34) and special purpose entities. The principal activities of the Group are ship ownership and operation. The Company is also involved in the charter, purchase and sale of vessels. The Group operates a fleet of owned and leased panamax and capesize drybulk vessels. The Group also trades forward freight agreements for the purpose of managing its exposure to vessel spot market rates and for speculating.

2. PRINCIPAL ACCOUNTING POLICIES

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards and have been prepared on a going concern basis. This contemplates the realisation of assets and liabilities in the ordinary course of business. The ability of the Group to continue as a going concern is dependent on the financial restructuring undertaken post year end (note 34). No adjustments have been made in these financial statements to the carrying value of assets and classification of liabilities which may be necessary in the event that the Group is no longer a going concern.

The following are the significant accounting policies adopted by the Group:

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities (including special purpose entities) controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company has the intention to consolidate when the substance of the relationship between the Company and the entity indicates that the entity is controlled by the Company.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions and balances are eliminated on consolidation.

The Company was incorporated on November 8, 2004 for the purpose of acquiring by way of a contribution, certain drybulk shipping assets and associated liabilities of Frontline. This is a group reconstruction and has been accounted for using de-merger principles. This has resulted in the assets and liabilities contributed by Frontline being recorded at their historical net book values as recorded in Frontline’s consolidated financial statements.

(b) Revenue and expenditure

Revenue and expenditure are measured at fair value received or receivable and paid or payable respectively. Revenue and expenses for voyage charters are recorded on a percentage of completion basis. Full provision is made for any losses on voyages in progress

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

at the balance sheet date. Where the Group is party to a profit sharing arrangement, revenue is accounted for on a daily basis as earned and receivable in accordance with the terms of the arrangement.

Normal vessel repair and maintenance costs are charged to the income statement when incurred. The Group capitalises the cost of a dry docking at the time the dry docking takes place. The capitalised costs are written off as vessel running costs on a straight line basis over the estimated period to the next dry docking.

(c) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

(d) Translation of foreign currencies

The entity's functional and presentational currency is the United States Dollar (US Dollars) as most of the revenue and expenses of the company and its subsidiaries are denominated in US Dollars.

Transactions in currencies other than the functional currency are recorded at the rate of exchange on the date of the transaction. At the balance sheet date all monetary items are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at historical rates, unless such items are carried at fair value, in which case they are translated at the rate of exchange in effect at the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences on non-monetary items carried at fair value are included in the income statement for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognized directly in equity.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in US Dollars using the prevailing exchange rates on the balance sheet date. Income and expense items are translated at the average rates for the period. Exchange differences are presented in equity, if material, otherwise in the income statement.

(e) Property plant and equipment and depreciation

Assets are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on the basis that the book value of the assets, less any estimated residual value, is written off on a straight line basis over the remaining useful life. In accordance with IAS16 – "Property, Plant and Equipment", the Group annually reviews the useful life and residual value of assets.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

When the Company enters into newbuilding contracts, the Company assesses if it has a practice of settling similar contracts net in cash by entering into offsetting contracts or by selling the contract before taking delivery of the vessel. Similarly, when the Company enters into an agreement to buy a vessel, and subsequently enters into a contract to sell it prior to taking delivery, or a short time after delivery, the Company assesses if the contract to sell the vessel creates a practice of net settlement. Contracts settled net in cash are carried at fair value in the balance sheet and changes in the fair value are recorded in the income statement. Similarity is assessed on a contract by contract basis by evaluating past transactions where newbuilding contracts have been settled net in cash. As at the balance sheet date management believes that the Company does not have a past practice of settling any newbuilding contracts net in cash.

Other newbuilding contracts are treated as Property, Plant and Equipment in a separate category (“vessels under construction”), and accounted for at cost including capitalised interest and other capitalised finance costs.

Assets in the course of construction are carried at cost, less any recognized impairment losses. Costs include professional fees and borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation commences when assets are available for their intended use.

Vessels are depreciated on the basis that the cost of the vessels, less any estimated residual value based on \$250 per lightweight metric tonne (“LWT”) of the vessel, is written off on a straight line basis over the remaining useful life of the vessel taken to be 25 years from the date the vessel is available for its intended use. The value of \$250 per LWT is based on broker valuations at December 31, 2008.

Vessels held under finance leases are depreciated over their expected useful lives on the same basis as owned vessels or, where shorter, the term of the relevant lease.

Dry-docking costs are capitalised and written off over the estimated period to the next dry-dock. Unamortised costs are written off on disposal of the vessel.

The gain or loss arising on the disposal or retirement of a vessel is determined as the difference between the sales proceeds and the carrying amount of the asset is recorded the income statement.

Investment in future revenue represents part of the original consideration paid to acquire a fleet of vessels with existing time charter contracts in 2005. The investment in future revenue is amortised on a straight line basis over a 365 day period based on the minimum lease period for the individual vessels as defined by IAS 17. Future revenue is not amortised until the vessel is delivered to the Group.

Fixtures and equipment are depreciated over their expected useful lives.

(f) Impairment

At each balance sheet date, the Group reviews the carrying amount of its non-current assets to determine if there is any indication the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss.

The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. Fair value is determined as the average of three independent broker valuations, and reflects the underlying economic value of the assets in normal market conditions (where supply and demand are in reasonable equilibrium) and assumes adequate time for a sale and a willing buyer and seller. The valuations have been prepared on a charter free basis and do not take into account the long-term charters that the Group has entered into for some

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

of the vessels. In a period of inactivity, where transactions between willing buyers and sellers are limited, and where supply and demand are not in reasonable equilibrium, the Group does not rely on broker valuations to determine the recoverable amount but uses the value in use methodology. When determining the value in use, the discounted future cash flow is based on forward market revenues less an estimate of operating expenses over the remaining useful life at a discount rate which approximates the incremental borrowing rate for each generating unit. Revenue on open positions is estimated by the Group based on the forward freight curve. Assets are assessed individually.

When an impairment loss is identified the carrying value of the asset is reduced to the recoverable amount and the impairment loss is recorded in the income statement.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated on a first in first out basis.

(h) Financial instruments

Financial assets and liabilities are initially recognized on the balance sheet at fair value when the Group has become a party to the contractual provisions of the instrument.

Derivatives

Derivative financial instruments are measured at fair value. Movement in the fair value of derivative financial instruments that are not effective hedges are recognized in the income statement for the period.

Trade and other receivables

Trade and other receivables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less appropriate allowances for credit losses per the group's accounting policy on note 2(l).

Borrowing costs

Borrowing costs directly and indirectly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in the income statement during the period in which they are incurred.

Marketable securities

Marketable securities are classified as available for sale financial instruments. Marketable securities are recognized and disposed of on a trade date basis where the purchase or sale of the asset is under a contract whose terms require delivery of the asset within the time frame established by the market concerned, and are initially measured at fair value.

Marketable securities are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognized directly in equity, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the income statement for the period. At each balance sheet date the Group considers whether there is objective evidence that assets are impaired. Objective evidence is considered to be a significant or prolonged decline in the fair value of the asset below its acquisition cost.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with a maturity of less than three months, and other highly liquid investments with a maturity of less than three months when acquired that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Bank borrowings

Interest bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement and redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Trade and other payables

Trade payables are initially recognized at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received.

(j) Share based payments

The Group issues equity settled share-based payments to certain directors and employees. Equity settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the shares that will vest and adjusted for the effect of non market-based vesting conditions.

The fair value is measured using the Binomial pricing model. The inputs used in the model are based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(k) Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (industry segment), or in providing products or services within a particular economic environment (geographical segment), that is subject to risks and rewards that are different from those of other segments.

(l) Critical accounting estimates and judgements

Estimates and judgements are evaluated and based on experience and other factors that are believed to be reasonable under the current circumstances. The following summarises the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the judgements made in applying the Group's accounting policies.

Leases

The group is party to leasing transactions as both lessee and lessor. The accounting for a lease transaction is mainly determined by whether the lease is considered to be a finance lease or an operating lease. Management look to the substance of the transaction in judging whether substantially all the risks and rewards of ownership are transferred.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Asset impairment testing

The Group reviews its non-current assets for impairment at each balance sheet date as discussed in note 2(f). In order to assess if impairment exists, management estimates discounted future cash flows, residual values, and remaining lives of the assets. Market factors affecting expected future revenue, operating costs, residual values and obsolescence may affect the discounted future cash flows. Actual outcomes may vary significantly from the estimates of the discounted future cash flows.

The Group also reviews its available for sale financial assets for impairment at each balance sheet date. In order to assess if impairment exists the Group considers whether there is a significant or prolonged decline in the fair value of the asset. The Group considers a decline in the fair value to be significant or prolonged when it is below average purchase price for three consecutive quarters.

Revenue recognition

The Group has made accruals and provisions for partially completed contracts and for losses or adjustments to existing and previously completed contracts. Revenue on open positions is estimated by the Group based on the forward freight curve. Provisions for losses on existing contracts are made when the unavoidable costs of the contract exceed the expected revenue. Management believe that the provisions made for these items are adequate based upon the information available. As these estimates are based upon information available at the balance sheet date, they are subject to change as further information becomes available. Such changes in estimates may affect the earnings of future periods.

Allowances for credit losses

The policy for allowances for credit losses is based on the evaluation of collectibles, ageing analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of receivables, including credit worthiness and collection history of customers. Deterioration in a customer's financial conditions may affect allowances for credit losses.

Legal provisions

The Group is party to various legal proceedings. Additional claims could be made that may not be covered by existing provisions or by insurance. There can be no assurance that there will not be further claims, proceedings or investigations. Such further claims may be material and impact future periods.

(m) Recent accounting pronouncements

New interpretations and revisions to existing standards effective for the year ended December 31, 2008

The Group adopted all interpretations and revisions to existing standards effective for the year ended December 31, 2008. No interpretations or revisions to existing standards had an impact on the reported results and position of the Group.

Standards and interpretations in issue but not yet effective

The International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued revisions to a number of existing standards and new interpretations with an effective date of implementation after the date of these financial statements. A number of standards have also been revised as a result of the 2007 IASB Improvements project and the Business Combination project.

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The directors do not anticipate that the adoption of these revised standards and interpretations will have a material impact on the figures included in the consolidated financial statements in the period of initial application other than the following revisions to existing standards which directors believe will or may have an impact:

IAS 1 Presentation of Financial Statements

The revision makes substantial changes to the disclosure required in financial statements, as well as changing the presentation of performance. The Group will be allowed to have a single statement of comprehensive income, or to have such a statement in addition to an income statement, while the statement of changes in equity will be restricted to capital items.

If the group restates or reclassifies comparative information, it will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

IFRS 2 Share based payment

The standard clarifies that only service conditions and performance conditions are vesting conditions, and other features of a share based payment scheme are not vesting conditions. In addition, it specifies that all cancellations, whether by the Group or other parties, should receive the same accounting treatment. On adoption, all option conditions will be reassessed to determine if they are vesting conditions. At present this amendment is not applicable for the Group but may have an impact in the future.

IFRS 8 Operating Segments

The standard introduces the “management approach” to segment reporting and requires a change in the presentation and disclosure of segment information based on the internal reports reviewed by the Group’s management. As noted in note 3 more than 99 percent of the Group’s revenue and operating results relate to its chartering operations which are carried out internationally and cannot be attributable to any particular segment and this standard is not expected to have an impact in the future.

Business Combination project

The Business Combination project has affected a number of standards and this may have an impact on the reported results and position of the Group in the future. The main change introduced by the project is the amendment to IAS 27: Consolidated and Separate Financial Statements which requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognized as an equity transaction and the interest retained in a former subsidiary on loss of control of a subsidiary to be measured at fair value with the gain or loss recognized in profit or loss. Another main change is the amendment to IFRS 3: Business Combinations which introduces some changes to the existing treatment of acquisitions, including expensing of all transaction costs and revised treatment of contingent conditions. It is difficult to determine the impact that these changes will have on the Group as they depend on what transactions might occur in the future. The Group has not entered into any business combinations since incorporation.

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3. REVENUE

More than 99 percent of the Group's revenue and operating results relate to its chartering operations which are carried out internationally and cannot be attributable to any particular geographical location, and accordingly no analysis by either business or geographical segment is included in the financial statements. Revenue recognized by category is analysed as follows:

<i>(in thousands of \$)</i>	2008	2007
Time charter and voyage charter revenue	877,278	703,792
Relet and affreightment net revenue	-	208
	877,278	704,000
Other operating income	70,225	4,035
Total operating revenue	947,503	708,035

Other operating income consists of compensation received from two charterers on the early redelivery of vessels amounting to \$39,032,000 (2007-\$nil) and demurrage of \$31,193,000 (2007-\$4,035,000).

4. PROFIT ON SALE OF ASSETS

<i>(in thousands of \$)</i>	2008	2007
Consideration received	480,440	231,547
Net assets disposed of	(271,321)	(156,908)
Profit on sale of assets	209,119	74,639

5. OPERATING PROFIT

Operating profit for the year from continuing operations is stated after charging/ (crediting):

<i>(in thousands of \$)</i>	2008	2007
Net foreign exchange loss	(51)	(1,308)
Depreciation of owned vessels and equipment (note 10)	6,006	4,535
Depreciation of vessels held under finance leases (note 11)	5,429	10,933
Impairment loss (notes 12, 17)	28,527	-
Amortisation of future revenue (note 13)	6,320	6,888
Amortisation of deferred financing charges	789	682
Employee benefit expense	10,353	5,973
Auditors' remuneration	441	340

6. FINANCE INCOME

<i>(in thousands of \$)</i>	2008	2007
Interest on bank deposits	3,939	3,536
Profit on sale of marketable securities	2	1,857
	3,941	5,393

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7. FINANCE COSTS

<i>(in thousands of \$)</i>	2008	2007
Interest on bank overdrafts and loans	30,878	19,674
Interest on obligations under finance leases	7,232	9,307
Loss on forward freight agreements	7,500	26,444
Total finance costs	45,610	55,425
Less amounts included in the cost of qualifying assets	(18,736)	(9,451)
	26,874	45,974

8. TAXATION

At the date of this report, there is no Bermuda income, corporation, or profits tax, nor is there any withholding tax, capital tax, capital transfer tax, estate duty or inheritance tax payable by the Company.

The Company has obtained, from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966, an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 28, 2016, be applicable to the Company or to any of its operations, or to the Company's shares, debentures or other obligations, except in so far as such tax applies to persons ordinarily resident in Bermuda and holding the Company's shares, debentures or other obligations, or any property in Bermuda leased or let to the Company.

The Company's subsidiaries Golden Ocean Management AS and Golden Ocean Management Asia Pte. Ltd. are subject to taxation in Norway and Singapore respectively. The tax charge for the year for Golden Ocean Management AS was \$59,000 (2007 -\$92,000) and for Golden Ocean Management Asia Pte. Ltd. was \$nil (2007 - \$nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent for continuing operations is based on the following data:

<i>(in thousands of \$)</i>	2008	2007
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the parent)	380,143	200,970
Effect of dilutive potential ordinary shares:	-	-
Earnings for the purposes of diluted earnings per share	380,143	200,970

<i>(in thousands of shares)</i>	2008	2007
Weighted average number of ordinary shares for the purposes of basic earnings per share	275,590	271,474
Effect of dilutive potential ordinary shares:		
Number of options granted	-	10,275
Convertible bonds	23,914	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	299,504	281,749

<i>(in \$)</i>	2008	2007
Earnings per share basic	\$1.379	\$0.740
Earnings per share fully diluted	\$1.360	\$0.713

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10. 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

<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, 2007	172,675	1,884	127	174,686
Additions	-	-	254	254
Disposals	(84,708)	-	-	(84,708)
At December 31, 2007	87,967	1,884	381	90,232
Transferred from vessels under construction (note 12)	332,206	-	-	332,206
Disposals	(223,086)	-	-	(223,086)
At December 31, 2008	197,087	1,884	381	199,352
Accumulated depreciation:				
At January 1, 2007	19,587	-	52	19,639
Charge for the year	4,096	377	62	4,535
Disposals	(5,341)	-	-	(5,341)
At December 31, 2007	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
Carrying amount:				
At December 31, 2008	173,191	1,130	192	174,513
At December 31, 2007	69,625	1,507	267	71,399

The Group has reviewed the useful life and residual value used for the purposes of the depreciation calculation. The review at the balance sheet date indicated that the rate used per LWT to calculate the residual value of the vessels should be revised to \$250 per LWT. The rate in use at the time of the review was \$500 per LWT. The adjustment to the residual value of the vessels increased the depreciation expense by \$956,000 in 2008 (2007-\$299,000).

M/V Golden Shadow is owned by Front Shadow Inc, a 100% subsidiary of Ship Finance International Limited. Front Shadow Inc is controlled by the Group and is therefore treated as a special purpose entity with its assets and liabilities consolidated in the financial statements.

The Group has pledged vessels to secure various banking facilities (note 19).

During the year, the Group carried out a review of the recoverable amount of its vessel fleet including trading vessels (note 10), vessels held under finance leases (note 11) and vessels under construction (note 12). The recoverable amounts of the relevant assets are determined as the higher of fair value less costs to sell and value in use.

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Future revenue on fixed vessels is based on guaranteed time charter revenue in the period of the charters, the freight forward curve up to 2013 and an estimate for future periods based on the 2013 freight forward curve for Capesize and Panamax vessels. Revenue on open positions is based on the freight forward curve up to 2013 and an estimate for future periods based on the 2013 freight forward curve for Capesize and Panamax vessels. A 15% increase in rates was assumed for Kamsarmax vessels for which a freight forward curve does not exist.

Operating expenses are based on budgeted expenditure and has been assessed on a vessel by vessel basis. Residual values incorporated in the value in use calculation are based on \$250 per LWT which is based on the amount prevailing at the balance sheet date.

The recoverable amounts determined by the value in use calculations were compared to the carrying value of the Group's vessel fleet including an estimate of the net present value of the instalments payable on the vessels under construction. Based on this review, management believe there is no evidence of impairment on owned vessels but has recorded an impairment on vessels under construction as discussed in note 12.

11. VESSELS HELD UNDER FINANCE LEASES, NET

The Group's leased vessels are as follows:

Vessel	Built	DWT	Flag
Golden Joy	1994	70,045	Bahamas
Golden Lyderhorn	1999	74,242	Hong Kong
Ocean Minerva	2007	100,000	Panama
Golden Heiwa	2007	100,000	Panama
Cost or valuation (in thousands of \$)			
At January 1, 2007			229,031
Additions			82,600
Disposals			(80,609)
Transferred to non-current assets held for sale (note 14)			(50,631)
At December 31, 2007			180,391
Disposals			(69)
Transferred to non-current assets held for sale (note 14)			(42,366)
At December 31, 2008			137,956
Accumulated depreciation:			
At January 1, 2007			5,649
Disposals			(5,786)
Charge for the year			10,933
Transferred to non-current assets held for sale (note 14)			(3,256)
At December 31, 2007			7,540
Charge for the year			5,429
Transferred to non-current assets held for sale (note 14)			(2,282)
At December 31, 2008			10,687
Carrying amount:			
At December 31, 2008			127,269
At December 31, 2007			172,851

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

The Group carried out a review of the recoverable amount of vessels held under finance leases at the balance sheet date. See note 10 for details of this review. Based on this review management believe there is no evidence of impairment.

The Group leases M/V Golden Lyderhorn in from Mount Lyderhorn LLC, a third party. The substance of the transaction indicates that the activities of Mount Lyderhorn LLC are controlled by the Group and this makes it a special purpose entity under SIC Interpretation 12 – “Special purpose Entities” and should therefore be consolidated. The necessary information to consolidate is not available, and as a result Mount Lyderhorn LLC has not been consolidated. This has no impact on either the profit for the year or net assets of the Group but only affects the presentation of certain amounts in the balance sheet.

The Group has reviewed the useful life and residual value used for the purposes of the depreciation calculation. The review at the balance sheet date indicated that the rate used per LWT to calculate the residual value of the vessels should be revised to \$250 per LWT. The rate in use at the time of the review was \$500 per LWT. The adjustment to the residual value of the vessels increased the depreciation expense by \$609,000 in 2008 (2007-\$228,000).

The Group has pledged vessels held under finance leases to secure various banking facilities (note 19).

12. VESSELS UNDER CONSTRUCTION

<i>Cost and net book value (in thousands of \$)</i>	<i>New Buildings</i>
At January 1, 2007	14,355
Additions	413,904
At December 31, 2007	428,259
Additions	420,372
Transferred to vessels and equipment (note 10)	(332,206)
Impairment loss	(20,000)
At December 31, 2008	496,425

The Group has pledged vessels under construction to secure various banking facilities (note 19).

The Group carried out a review of the recoverable amount of vessels under construction at the balance sheet date. See note 10 for details of this review. Based on this review, the Group recognised an impairment loss of \$20,000,000 (2007-\$nil).

13. INVESTMENT IN FUTURE REVENUE, NET

<i>Cost or valuation (in thousands of \$)</i>	
At January 1, 2007 and December 31, 2008	57,192
Amortisation	
At January 1, 2007	26,397
Charge for the year	6,888
At December 31, 2007	33,285
Charge for the year	6,320
At December 31, 2008	39,605
Carrying amount:	
At December 31, 2008	17,587
At December 31, 2007	23,907

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14. NON-CURRENT ASSETS HELD FOR SALE

The Group's leased vessels held for sale are as follows:

Vessel	Built	DWT	Flag
Bellflower	2004	76,423	Panama
Cost or valuation (in thousands of \$)			
At January 1, 2007			-
Transferred from vessels held under finance leases (note 11)			47,375
At December 31, 2007			47,375
Disposals			(47,375)
Transferred from vessels held under finance leases (note 11)			40,084
At December 31, 2008			40,084

The Group has entered into an agreement to sell M/V Bellflower, for \$76,000,000 with delivery to the new buyers in the first quarter of 2009 with an expected profit of \$31,000,000. The Group exercised the option to purchase the vessel in December 2008. Subsequent to the balance sheet date, the sales price was renegotiated to \$50,000,000 and a profit of \$1,500,000 was recognized on delivery of the vessel in March 2009 (note 35).

15. INVENTORIES

<i>(in thousands of \$)</i>	2008	2007
Inventories	3,482	10,260

Inventories consist of ship stores and supplies.

16. TRADE AND OTHER RECEIVABLES

<i>(in thousands of \$)</i>	2008	2007
Trade receivables	58,030	30,489
Other receivables	9,460	8,247
Prepayments	2,846	7,766
Accrued income	4,425	25,957
	74,761	72,459

Trade and other receivables are presented net of allowances for credit losses amounting to \$nil for the year ended December 31, 2008 (2007-\$nil). A balance of \$4,309,000 (2007-\$4,309,000) in respect of legal claims against Transfield due to contract cancellations is included in other receivables.

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17. MARKETABLE SECURITIES - AVAILABLE FOR SALE FINANCIAL ASSETS

<i>(in thousands of \$)</i>	2008	2007
At January 1, 2008	-	1,519
Additions	54,974	32,628
Disposals	(6,858)	(33,526)
Reduction in value recognized in equity	(22,920)	(621)
Impairment loss recognized in the income statement	(8,527)	-
At December 31, 2008	16,669	-

Management consider the investment in marketable securities to be a long term investment strategy for the Group. The fair value of the marketable securities has fallen significantly at the balance sheet date in line with significant declines in the equity markets. It is the directors' opinion that an element of the fall in the fair value of the assets is not temporary and this element has been recorded in the income statement. In making this decision the directors have considered historic movements in the equity markets, experienced analyst predictions and commercial factors specific to the assets. The directors' will continue to evaluate the fair value of the assets on an ongoing basis.

Marketable securities are pledged as security for a loan facility (note 19).

18. SHARE CAPITAL

Authorised share capital is as follows:

<i>(in thousands of \$)</i>	2008	2007
5,000,000,000 ordinary shares of \$0.10 par value each	500,000	500,000

Issued and fully paid share capital is as follows:

<i>(in number of shares)</i>	2008	2007
At January 1	271,765,107	271,377,607
Issued during the year	8,725,000	387,500
Shares repurchased and cancelled	(3,500,000)	-
At December 31	276,990,107	271,765,107

<i>(in thousands of \$)</i>	2008	2007
At January 1	27,177	27,138
Issued for cash	872	39
Shares repurchased and cancelled	(350)	-
At December 31	27,699	27,177

The Company's ordinary shares are listed on the Oslo Stock Exchange ("OSE"). The issued shares are fully paid. All issued shares in the Company are of the same class and have the same rights in the Company. Each share in the Company carries one vote. During the year the company issued 8,725,000 (2007-387,500) shares at \$0.15 (2007-\$0.632) per share. The nominal value of the shares was \$872,000 (2007-\$39,000) and a premium of \$442,000 (2007-\$206,000) has been recognized in contributed surplus.

In addition during the year, the Company repurchased 3,500,000 of ordinary shares at an average price of US\$4.44 per share. The shares were subsequently cancelled.

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During the year the company has not issued any share options to board members (2007 – 812,500), management and other key employees (note 25).

The twenty largest shareholders at December 31, 2008 are as follows:

Name	Number of Shares	Percentage of outstanding shares
Hemen Holding Limited	111,666,158	40.31%
Folketrygdfondet	10,000,000	3.61%
MLPF&S Norwegian Custody Account	5,969,319	2.15%
Clearstream Banking S.A	4,280,459	1.54%
Euroclear Bank S.A./N.V. ('BA')	3,702,586	1.34%
Skagen Kon-tiki	3,560,000	1.29%
Citibank N.A, New York Branch (as nominee)	3,219,862	1.16%
Bank of New York, Brussels Branch (as nominee)	3,014,824	1.09%
Danske Bank A/S	2,825,150	1.02%
Citibank N.A, New York Branch (as nominee)	2,193,997	0.79%
DNB Nor Bank ASA	2,048,038	0.74%
HSBC Bank PLC	1,850,000	0.67%
Natixis Bleichroeder Inc.	1,724,733	0.62%
Carlings AS	1,500,000	0.54%
Deutsche Bank AG London	1,467,557	0.53%
State Street Bank and Trust Co.	1,462,700	0.53%
Pershing LLC	1,436,585	0.52%
Credit Suisse Securities	1,416,381	0.51%
Bank of New York, Brussels Branch (as nominee)	1,400,000	0.51%
Carlings	1,400,000	0.51%
Total 20 largest shareholders	166,138,349	59.98%
Other shareholders	110,851,758	40.02%
Total	276,990,107	100.00%

19. LONG-TERM DEBT

<i>(in thousands of \$)</i>	2008	2007
Within one year	592,501	227,137
Between one and two years	-	105,807
Between two and five years	-	231,347
After five years	-	88,302
Total debt	592,501	652,593
Current portion	(592,501)	(227,137)
Long-term debt	-	425,456

Of the total debt, \$122,378,000 (2007 -\$76,889,000) is secured by mortgages over the vessels Channel Alliance, Channel Navigator, Golden Saguenay, Golden Opportunity and Golden Shadow together with assignments over the vessels' earnings, insurance proceeds, and bank accounts. Loans of \$19,190,000 (2007 -\$36,557,000) have been secured against vessels accounted for as finance leases, and non-current assets held for sale. Loans of \$269,778,000 (2007-\$355,443,000) have been secured against vessels under construction. Loans of \$4,500,000

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(2007-\$nil) are secured on marketable securities. The remaining long term debt of \$176,655,000 (2007-\$183,704,000) relates to the liability component of unsecured convertible bonds issued in December 2007 (note 29), the majority of which were repurchased during 2009 (note 35).

As a result of the decline in vessel market values below carrying values as indicated by the vessel valuations provided by three independent brokers (note 10), the Group was in breach of certain terms of several of its loan agreements as of December 31, 2008. One of the covenants in all of the Group's loan agreements was to maintain a minimum Market Value Adjusted Equity of 30 percent which the Group breached as of December 31, 2008. As a consequence of this the Group has reclassified all long-term debt in current liabilities at December 31, 2008.

During the first quarter of 2009, the Group reached an agreement with its lenders to revise the terms of the loan agreements to require a Minimum Equity of \$200 million instead of a Market Adjusted Equity of 30 percent. In addition, in April 2009, the Group raised \$110 million of new equity through a private placement of shares. As a result the Group is now in compliance with the above specific term of the loan agreements.

In addition, as a result of the reduction in the vessel market values, the Group was in breach of the Minimum Value clause in certain of its loan agreements as of December 31, 2008. The Group reached an agreement with its lenders during the first quarter of 2009 to temporarily reduce the required Minimum Value levels for some of the Group's loan facilities. In conjunction with a total down payment of \$9.8 million, funded from the proceeds of the equity issue in April 2009, the Group is now in compliance with the adjusted Minimum Value requirement. According to the revised loan agreements, the Minimum Value will gradually be increased up to the original level, on delivery of the vessels under construction pledged as security under the different loan agreements.

The Group also obtained waivers from its lenders for the covenants breached at the balance sheet date.

20. OBLIGATIONS UNDER FINANCE LEASES

<i>(in thousands of \$)</i>	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2008	2007	2008	2007
Within one year	16,710	21,137	10,181	13,657
In the second to fifth years	99,852	137,316	90,803	127,335
	116,562	158,453	100,984	140,992
Future finance charges	(15,578)	(17,461)	-	-
Present Value of Lease Obligations	100,984	140,992	100,984	140,992
Current portion			(10,181)	(13,657)
Obligations under finance leases			90,803	127,335

It is the Group's practice to lease certain vessels under finance leases. The average remaining lease term is 2.75 years (2007 - 3.75 years). The discount rate used to calculate the present value of minimum lease payment was 7 percent (2007 - 7 percent), the weighted average cost of capital or the implicit rate of the lease. All leases are on a fixed repayment basis.

The Group has recorded finance leases on four vessels at December 31, 2008 (2007 - five 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.

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<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	February 2010	23,031	February 2010
Golden Joy	June 2011	8,000	June 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.

21. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

<i>(in thousands of \$)</i>	2008	2007
Trade payables	10,375	32,070
Accruals	12,198	20,721
Income received in advance	7,506	17,517
Other current liabilities	5,445	1,819
	35,524	72,127

Income received in advance relates to time charter revenue received in advance for future periods and has therefore been deferred.

22. NON-CASH TRANSACTIONS

Vessels amounting to \$nil (2007 -\$82,600,000) were acquired during the year and financed by new finance leases (see note 11).

23. CAPITAL COMMITMENTS

<i>(in thousands of \$)</i>	2008	2007
Vessels under construction	1,003,752	1,199,000

24. OPERATING LEASES

Rental expense

The future minimum rental payments under the Group's non-cancellable operating leases as of December 31, 2008 are as follows:

<i>(in thousands of \$)</i>	2008	2007
Within one year	80,696	283,898
In the second to fifth years	56,794	88,563
Later than five years	6,261	14,386
Total minimum lease payments	143,751	386,847

Total rental expense for the year ended December 31, 2008 for operating leases was \$544,166,000 (2007-\$393,141,000).

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Rental income

The minimum future revenue to be received under the Group's non-cancellable operating leases as of December 31, 2008 is as follows:

<i>(in thousands of \$)</i>	2008	2007
Within one year	181,458	258,031
In the second to fifth years	663,356	288,787
Later than five years	396,441	89,034
Total minimum lease revenue	1,241,255	635,852

Total rental income from operating leases was \$883,597,000 for the year ended December 31, 2008 (2007 -\$710,888,000). Amortisation of future revenue from operating leases of \$6,320,000 (2007 -\$6,888,000) is taken against the rental income (note 13).

25. SHARE BASED PAYMENTS

Equity settled share option scheme

On March 21, 2005 the Company approved a share option plan under which share options may be granted to directors and eligible employees. The plan has a limited term of ten years and may issue up to 15 million shares. During the term of the plan the Board may grant options to acquire the Company's shares at a subscription price that the Board shall resolve, provided that such price is not lower than the average of the middle market quotations of the shares as derived from the Oslo Stock Exchange (or any stock exchange on which the Company's shares are traded) for the three immediately preceding dealing days on that Exchange, and the nominal value of \$0.10.

Details of the share options outstanding during the year are as follows:

	2008		2007	
	Number of share options	<i>Weighted average exercise price USD</i>	Number of share options	<i>Weighted average exercise price USD</i>
At the beginning of the year	10,250,000	0.15	10,550,000	0.63
Granted during the year	-	-	812,500	4.54
Exercised during the year	(9,437,500)	0.10	(1,112,500)	0.20
Outstanding at the end of the year	812,500	3.00	10,250,000	0.52
Exercisable at the end of the year	270,833	3.00	9,187,500	0.15

The options at the end of 2008 have a weighted average remaining contractual life of 3.6 years (2007 – 7.35 years). There were no new options granted during 2008. The fair value of options granted during 2007 was \$1,100,000. Some of the options exercised during the year were settled in cash at the option of the company. The fair value of these options was \$2,430,000 (2007-\$2,248,000) and this was recorded against retained earnings.

The Company's shares are traded on the Oslo Stock Exchange in Norwegian Kroner ('NOK'). All share option calculations have been made in NOK and converted at the exchange rate prevailing at the balance sheet date.

The group recognized total expenses of \$569,000 (2007 -\$558,000) relating to equity settled share-based payment transactions during the year.

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26. PENSION PLAN

The company has a defined benefit pension plan that covers thirteen employees as of December 31, 2008 (2007 –twelve). The majority of the plan administration is handled by a third party insurance company.

The primary beneficiaries are residents of Norway and they are entitled to approximately 70 per cent of their last year's salary at a retirement age of 67 years. The pension is transferable on death of the employee to the spouse or children up to a maximum of 60 per cent of the employee's original benefit.

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	2008	2007
Discount rate	4.30%	4.70%
Expected return on plan assets	6.30%	5.75%
Expected rate of increase in compensation	4.50%	4.50%
Expected rate of increase in pensions	4.25%	4.25%

The amount recognized in the balance sheet in respect of the Group's defined benefit retirement plan is as follows:

<i>(in thousands of \$)</i>	2008	2007
Present value of defined benefit obligations	(1,386)	(1,189)
Fair value of plan assets	789	795
Deficit in plan	(597)	(394)

No amounts were paid out to employees under the pension plan during 2008 (2007 -\$nil)

The amount recognized in the income statement in respect of the Group's defined benefit retirement plan is a follows:

<i>(in thousands of \$)</i>	2008	2007
Current service cost	715	592
Expected return on plan assets	(32)	(28)
Pension cost	683	564

Changes in the present value of the defined benefit obligation are as follows:

<i>(in thousands of \$)</i>	2008	2007
At January 1	1,189	661
Current service cost	715	592
Actuarial losses	(518)	(64)
At December 31	1,386	1,189

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Changes in the fair value of the plan assets are as follows:

<i>(in thousands of \$)</i>	2008	2007
At January 1	795	569
Expected return on plan assets	32	28
Actuarial losses	(313)	(55)
Contributions by employer	275	253
At December 31	789	795

The fair value of the plan assets is analyzed as follows:

<i>(in thousands of \$)</i>	2008	2007
Equity instruments	27%	27%
Debt instruments	57%	57%
Property	10%	10%
Other assets	6%	6%

27. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Frontline and its subsidiaries and Ship Finance International Limited and its subsidiaries, are related parties due to the significant influence of a single shareholder and common directors on the boards of each company.

Frontline provides the Group with certain administrative services under the terms of an administrative management contract relating to the Bermuda office. The Group also pays Frontline a fixed fee of \$24,000 per owned vessel. In the year ended December 31, 2008, the Group was charged \$163,000 (2007- \$270,000) under this arrangement. The group also pays Frontline for supervision of the vessels under construction and the Group was charged \$6,400,000 (2007- \$963,000) under this arrangement.

On January 1, 2005 the Company entered into an agency agreement with Frontline whereby it provides chartering services in relation to Frontline's fleet of oil/bulk/ore carriers. Frontline pays the Company a fixed amount per vessel for charters arranged under this agreement. During the year \$96,000 (2007 - \$96,000) was charged in respect of the agency agreement.

In 2007 the Group sold two Capesize vessels under construction on back to back terms to Ship Finance International Limited for \$80 million each with estimated delivery in 2009. The vessels were bareboat chartered back to the Group at \$27,450 per day for the first five years, \$22,600 per day for the next five years and \$19,750 for the last five years. The Group was granted fixed price purchase options for each of the vessels after 5, 10 and 15 years. This agreement was cancelled subsequent to the balance sheet date (note 35).

The Group has the following year end balances with related parties:

<i>(in thousands of \$)</i>	Amounts owed by related parties		Amounts owed to related parties	
	2008	2007	2008	2007
Frontline and subsidiaries	-	-	1,821	1,163
Ship Finance Int. Ltd. and subsidiaries	-	76	1,869	3,340
	-	76	3,690	4,503

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

No expense has been recognized in the period for any allowances for credit losses in respect of the amounts owed by related parties.

Remuneration of key management personnel and directors

The remuneration of directors and other key management during the year was as follows:

<i>(in thousands of \$)</i>	2008	2007
Short term employee benefits	527	475
Directors fees	83	83
Share based payments	233	388
	843	946

The table below shows the total number of shares owned directly or indirectly by key management and directors as at December 31, 2008.

	Number of shares	Percentage of outstanding shares
John Fredriksen (Director)	111,666,158	40.310%
Tor Olav Trøim (Director)	584,982	0.211%
Kate Blankenship (Director)	206,000	0.074%
Hans Christian Børresen (Director)	6,000	0.002%
	112,463,140	40.597%

28. CASH AND CASH EQUIVALENTS

<i>(in thousands of \$)</i>	2008	2007
Current accounts	20,780	34,885
Short-term deposits	20,000	230,000
Restricted cash	10,088	15,210
Other	-	26,138
	50,868	306,233

Details of restricted cash are given in note 29.

29. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

<i>(in thousands of \$)</i>	2008	2007
Financial Assets		
Cash and receivables	130,629	378,768
Financial assets at fair value through profit and loss	-	51,001
Available for sale financial assets	16,669	-
	147,298	429,769

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<i>(in thousands of \$)</i>	2008	2007
Financial Liabilities		
Financial liabilities at amortised cost	803,979	941,495
Financial liabilities at fair value through profit and loss	-	60,795
	803,979	1,002,290

Financial Risk Management

Through its activities the Group is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and charter rates risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group makes use of derivative financial instruments such as forward freight agreements to moderate certain risk exposures.

Charter Rates Risk

The Group's shipping operations are susceptible to charter rate risk arising from uncertainties about future charter rates.

The Group has the following derivative financial instruments:

<i>(in thousands of \$)</i>	2008 Assets	2008 Liabilities	2007 Assets	2007 Liabilities
Forward freight agreements	-	-	51,001	(60,795)
Current	-	-	-	(60,795)
Non Current	-	-	51,001	-

The Group uses forward freight agreements to manage its exposure to vessel spot market rates and to take advances of market opportunities.

The Group has no open positions at the balance sheet date. At December 31, 2007, the fair value of the Group's forward freight agreements in the "over the counter" (OTC) market, was a loss of \$9,794,000 based on quoted market prices for equivalent instruments at December 31, 2007 and was comprised of \$51,001,000 in assets and \$60,795,000 in liabilities.

The Group does not designate its forward freight agreements or bunker futures as effective hedges and as such movements in the market values of these instruments are recorded in the income statement.

Interest Rate Risk

The Group's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows.

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Breakdown of long-term debt with average interest rates:

<i>(in thousands of \$)</i>	2008		2007	
	Loan amount	Average interest rate	Loan amount	Average interest rate
Loans on vessels	141,568	3.18 %	113,446	6.17 %
Loans on vessels under construction	269,778	3.21 %	355,443	5.82 %
Loan on marketable securities	4,500	3.98 %	-	-
Convertible bonds	176,655	5.63 %	183,704	5.63 %
	592,501		652,593	

Breakdown of cash and cash equivalents:

<i>(in thousands of \$)</i>	2008		2007	
	Amount	Average interest rate	Amount	Average interest rate
Current accounts	20,780	2.40 %	34,885	4.70 %
Short-term deposits	20,000	0.30 %	230,000	4.90 %
Restricted cash	10,088	1.90 %	15,210	3.50 %
Other	-	-	26,138	3.00 %
	50,868		306,233	

Cash and cash equivalents and long-term debt (excluding convertible bonds) bear interest at LIBOR plus a fixed margin. The LIBOR is fixed in one, three or six month periods.

In December 2007, the Company issued \$200 million in principal amount of convertible bonds with a maturity of five years and a coupon rate of 3.625%. The conversion price includes a premium of 40% from the issue date adjusted with dividend paid. The values of the liability component and the equity component were determined at the time of issue.

The fair value of the liability component, included in long-term debt, was calculated using a market interest rate for equivalent non-convertible bonds. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in other reserves.

The convertible bonds recognized in the balance sheet are calculated as follows.

<i>(in thousands of \$)</i>	2008	2007
At January 1, 2008	183,704	-
Face value of convertible bonds issued	-	200,000
Equity component	-	(16,635)
Liability component at initial recognition	183,704	183,365
Interest expense	9,534	339
Interest paid	(7,285)	-
Repurchase of convertible bonds	(9,298)	-
Liability component at December 31, 2008	176,655	183,704

During the year, the Group repurchased \$10 million of principal amount of convertible bonds at an average price of \$4.625 per cent per bond. The majority of the convertible bonds were repurchased during 2009 (see note 35).

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If interest rates as of December 31, 2008 and December 31, 2007 had increased / decreased by 1% with all other variables remaining constant, the decrease / increase in profit would have been \$ 1,063,000 (2007-\$ 626,000) mainly as a result of higher/lower interest expense on floating rate long-term debt. Interest directly attributable to the construction of vessels is capitalised and has no effect on profits. If interest rates had moved by 1% the effect on the amount capitalised would be \$1,640,000 (2007-\$1,414,000). The sensitivity is higher in 2008 than in 2007 because of an increase in long-term debt attributable to vessels under construction.

The group's chief financial officer monitors the sensitivity to the interest rates on a regular basis as part of his role. As of December 31, 2008, no interest rate hedges are held by the Group.

Credit Risk

The Group is exposed to credit risk, inherent in the risk that a counterparty will be unable to perform under the time and voyage charter contracts and unable to pay amounts in full when due. Allowances are made for credit losses that have been incurred by the balance sheet date, if any. The maximum exposure to credit risk on cash and cash equivalents and trade and other receivables (ignoring collateral and credit quality) at December 31, 2008 was \$130,629,000 (2007-\$ 378,768,000).

The Group is not subject to credit risk on contracts to buy and sell financial instruments as there were no open positions at the balance sheet date. The maximum exposure to credit risk on derivative financial instruments at December 31, 2007 was \$51,001,000.

Concentration of credit risk exists to the extent that at December 31, 2008 and 2007 more than 75% of cash and cash equivalents were held with four financial institutions with credit ratings according to Standard & Poor's as follows:

Counterparty	Rating	Geographical segment	2008	2007
<i>Cash and cash equivalents</i>				
Skandinaviska Enskilda Banken (SEB)	A	Norway	17,602	63,278
DnB NOR	AA-	Norway	20,000	-
Nordea	AA-	Norway	2,007	209,946
NOS – SEB	A+	Norway	317	12,363
Other		Norway	10,942	20,646
			50,868	306,233

In addition concentration of credit risk exists to the extent that amounts of \$47,660,000 which represent 64% of trade and other receivables are due from four counterparties. The Group does not expect any recoverability issues with these amounts and collected \$41,160,000, which represents 86% of these amounts, subsequent to the balance sheet date. An amount of \$24,580,000 was due from one counterparty and \$19,580,000 was subsequently received.

If there is no independent rating, the credit control department assesses the credit quality of the counterparty taking into account its financial position, past experience and other factors.

Given the current economic crisis and the number of counterparty defaults worldwide, the Group monitors the exposure to credit risk on a daily basis and manages risk by concentrating on chartering activities with a number of major shipping companies and financially strong counterparties and placing bank deposits with blue-chip financial institutions.

Currency Risk

The value of monetary assets and liabilities denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. The majority of the Group's financial assets and liabilities are denominated in US Dollars and at December 31 2008 and 2007, there were no material assets and liabilities denominated in foreign currencies.

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The Group monitors its exposure to currency risk on a regular basis. The Group does not use forward foreign exchange contracts to mitigate against currency risk. At December 31 2008, had the exchange rate between the US Dollar and the Norwegian Kroner increased or decreased by 5 per cent with all other variables held constant, the decrease or increase respectively in net assets would not be material.

Liquidity Risk

The table below analyses the Group's long-term debt into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. The long term debt was reclassified in current liabilities at the balance sheet date, a consequence of the breach of the terms of the loan agreements (note 19).

<i>(in thousands of \$)</i>	2008	2007
Within one year	592,501	227,137
Between one and two years	-	105,807
Between two and five years	-	231,347
After five years	-	88,302
Total debt	592,501	652,593
Current portion	(592,501)	(227,137)
Long-term debt	-	425,456

The table below analyses the Group's obligations under finance leases into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

<i>(in thousands of \$)</i>	2008	2007
Within one year	16,710	21,137
Between one and five years	99,852	137,316
	116,562	158,453

Cash of \$1,000,000 (2007- \$10,000,000) has been restricted in relation to the initial margin requirement by NOS Clearing ASA on open freight forward contracts. Restricted cash of \$3,300,000 (2007-\$nil) relates to a pre-delivery deposit to Scotia bank in respect of a \$32million loan facility for a vessel under construction, \$5,210,000 (2007- \$5,210,000) relates to a deposit in respect of a legal claim against Transfield and \$578,000 relates to a deposit in respect of a legal claim against Augustea Atlantica S.R.L.

The Group's finance department monitors the liquidity position of the Group on a regular basis between each loan drawdown and repayment period, to ensure sufficient funds are available.

The Group did not have sufficient financing in place at the balance sheet date to cover its capital commitments. The Group however reached agreements with its lenders, shipyards and other parties subsequent to the balance sheet date (note 35).

Equity Price Risk

The Group invests in marketable securities in the dry bulk segment on different stock exchanges, to take advantage of market movements in the equity markets.

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All marketable securities present a risk of loss of capital. The Group moderates this risk through a careful selection of securities. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The group's overall market positions are monitored on a quarterly basis. The Group's maximum exposure to risk at the balance sheet date is \$16,669,000 (2007-\$nil).

Fair value estimation

The Carrying values and estimated fair values are based on the following assumptions:

Cash and cash equivalents: Carrying amount approximates fair value

Trade and other receivables: Fair value is represented by the carrying value less any allowances for credit losses

Amounts due from/to related parties: Carrying amount approximates fair value

Marketable securities: Carrying amount approximates fair value

Trade payables and other current liabilities: Carrying amount approximates fair value

Long-term debt: The estimated fair value for long-term debt is considered to be equal to the carrying value as the debt is based on variable interest rates that are reset on a monthly or quarterly basis.

The carrying values and estimated fair values of the Group's non-derivative financial instruments are as follows:

<i>(in thousands of \$)</i>	2008		2007	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	50,868	50,868	306,233	306,233
Trade and other receivables	74,761	74,761	72,459	72,459
Long-term receivables	5,000	5,000	-	-
Amounts due from related parties	-	-	76	76
Marketable securities	16,669	16,669	-	-
Total of financial instruments (assets)	147,298	147,298	378,768	378,768
Trade payables and other liabilities	106,804	106,804	143,407	143,407
Amounts due to related parties	3,690	3,690	4,503	4,503
Obligations under finance leases	100,984	100,984	140,992	140,992
Long-term debt	592,501	454,151	652,593	652,593
Total of financial instruments (liabilities)	803,979	665,629	941,495	941,495

The Group does not generally require collateral on its financial instruments.

30. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital, and to enhance the ability of the group to reinvest in future projects by sustaining a strong balance sheet position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including long-term debt, obligations under finance leases and trade and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The gearing ratios at December 31, 2008 and December 31, 2007 were as follows:

<i>(in thousands of \$)</i>	2008	2007
Total borrowings	831,415	1,002,290
Less: cash and cash equivalents	(50,868)	(306,233)
Net debt	780,547	696,057
Total equity	195,243	181,530
Total capital	975,790	877,587
Gearing ratio	80.0%	79.3%

31. DIVIDENDS PAID AND PROPOSED

<i>(in thousands of \$)</i>	2008	2007
<i>Declared and paid during year</i>		
Final dividends for 2007: 30 cents per share	84,072	13,569
First interim dividend for 2008: 55 cent per share	152,207	8,141
Second interim dividend for 2008: 40 cents per share	110,795	13,569
Third interim dividend for 2008: nil	-	135,883
	347,074	171,162
<i>Proposed but not recorded</i>		
Final dividends for 2008: nil (2007-30 cents per share)	-	84,072

32. PROVISIONS FOR ONEROUS LEASES

<i>(in thousands of \$)</i>	Fixed Vessels	Fair value	Total
At January 1, 2008	-	-	-
Provided in the year	10,358	17,078	27,436
At December 31, 2008	10,358	17,078	27,436
Contracts expire			
Within one year	10,358	11,628	21,986
After one year	-	5,450	5,450
At December 31, 2008	10,358	17,078	27,436

The Group has committed to charter in twelve vessels on operating leases which are expected to generate losses of \$27,436,000 over the course of the leases as the unavoidable costs of the contracts exceed the expected future revenue. Eleven of these vessels are fixed on time charter and one vessel operates in the spot market. The expected future revenue on the vessel which operates in the spot market was estimated by the Group based on the forward freight curve.

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33. 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 17) and the equity component of convertible bonds issued (note 29). 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, 2007	621	-	621
Transfer to income statement on sale of marketable securities	(594)	-	(594)
Equity component of convertible bond	-	16,635	16,635
At December 31, 2007	27	16,635	16,662
Reduction in value of marketable securities	(22,920)	-	(22,920)
At December 31, 2008	(22,893)	16,635	(6,258)

34. SUBSIDIARY COMPANIES

The following are the Company's subsidiaries as at December 31, 2008.

Name	Country of residence	Ownership interest
Golden President Shipping Corporation	Liberia	100%
Golden Hilton Shipping Corporation	Liberia	100%
Front Carriers Ltd	Liberia	100%
Golden Dena Corporation	Liberia	100%
Golden Gunn Corporation	Liberia	100%
Golden Saguenay Inc	Liberia	100%
Golden Opportunity Inc	Liberia	100%
Golden Nassim Inc	Liberia	100%
Golden Nantong Inc	Liberia	100%
Golden Sentosa Inc	Liberia	100%
Golden Straits Inc	Liberia	100%
Golden Island Inc	Liberia	100%
Golden Feng Inc	Liberia	100%
Golden Shui Inc	Liberia	100%
Golden Grouse Inc	Liberia	100%
Golden Ice Inc	Liberia	100%
Golden Ambition Inc	Liberia	100%
Golden Strength Inc	Liberia	100%
Golden Beijing Inc	Liberia	100%
Golden Future Inc	Liberia	100%
Golden Zhejiang Inc	Liberia	100%
Golden Zhoushan Inc	Liberia	100%
Golden Pearl Inc	Liberia	100%
Golden Diamond Inc	Liberia	100%
Golden Sapphire Inc	Liberia	100%
Golden Crystal Inc	Liberia	100%
Golden Brilliant Inc	Liberia	100%

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Name	Country of residence	Ownership interest
Golden Emerald Inc	Liberia	100%
Golden Empress Inc	Liberia	100%
Golden Eminence Inc	Liberia	100%
Golden Excellence Inc	Liberia	100%
Golden Eclipse Inc	Liberia	100%
Golden Explorer Inc	Liberia	100%
Golden Endeavour Inc	Liberia	100%
Golden Enterprise Inc	Liberia	100%
Golden Endurer Inc	Liberia	100%
Golden Excalibur Inc	Liberia	100%
Golden Express Inc	Liberia	100%
Golden Exquisite Inc	Liberia	100%
Golden Eye	Liberia	100%
Golden Ocean Management Asia Pte Ltd	Singapore	100%
Golden Ocean Management AS	Norway	100%
Golden Ocean Group Management (Bermuda) Limited	Bermuda	100%

The accounts of Golden Ocean Management AS are prepared in Norwegian Kroner, and the accounts of Golden Ocean Management Asia Pte. Ltd. are prepared in Singapore Dollars. At December 31, 2008 the foreign exchange on conversion to US Dollars is not material and has been recognized in the income statement.

35. SUBSEQUENT EVENTS

Vessel operations

Subsequent to the balance sheet date the buyer of M/V Bellflower renegotiated the sales price of the vessel from \$76 million to \$50 million due to insufficient financial resources. The terms of the revised agreement included a \$40 million receipt on delivery of the vessel and the balance to be received over a period of seven years. The vessel was delivered to its new buyers in March 2009.

In February 2009 and due to the non-compliance with the terms of the sale and leaseback of two Capesize vessels, Ship Finance International Limited and the Group agreed to terminate these sale and leaseback agreements.

In March 2009 the Group received a notice from an Italian operator for the early redelivery of the Panamax vessel Salvatore Cafiero as a result of the length of an off-hire period during dry-docking. The Group will make all legal actions necessary to secure a claim for loss of revenue.

In March 2009 the group received delivery of a Capesize vessel from the Daehan shipyard (M/V Golden Feng). The vessel has been delivered to a charterer on a five year time charter at \$48,000 per day.

In April 2009 the group received delivery of a Panamax vessel from the Rong Sheng shipyard (M/V Golden Strength). The vessel has been operated on the spot market from delivery and will be delivered for a long term charter at favourable rates in the fourth quarter of 2009.

Financial Restructuring

Subsequent to the balance sheet date the Group reached agreements with its lenders to revise the terms of the loan agreements to require a \$200 million Minimum Equity instead of a Market Adjusted Equity of 30 percent and to also temporarily reduce the required Minimum Value levels

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for some of the Group's loan facilities. As a result of the revised loan agreements, the Group is now in compliance with all the loan covenants and has also obtained waivers for the breaches at the balance sheet date.

In addition in April 2009, the Group issued \$109,300,000 in new shares and repurchased convertible bonds with a face value of \$165,300,000 from the Group's major shareholder, Hemen Holding Limited, at a purchase price of \$59,500,000. The repurchase was made following the sale of the convertible bonds by the bondholders to Hemen Holding Limited. The repurchase of the convertible bonds reduced the Group debt by \$155,000,000 and generated a profit of \$96,000,000.

The Group also reached an agreement with one of the shipyards to delay the delivery of six of its Kamsarmax vessels under construction. These vessels under construction will be transferred into a single purpose company and will be project managed and are not required to be financed until 2010. The Group has also agreed a discounted price on the remaining six Kamsarmax vessels on order from the same shipyard.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on April 30, 2009.

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CORPORATE GOVERNANCE STATEMENT 2008

Golden Ocean Group Limited is a Bermuda registered company the shares of which are listed on Oslo Stock Exchange. As a result, the Company is required to publish an annual statement on the Company's principles for corporate governance in accordance with the Norwegian Code of Practice for Corporate Governance (the "Code"). The Code is published on the website of the Oslo Stock Exchange: www.ose.no. The Code is a non binding recommendation which all companies listed on the Oslo Stock Exchange are required to relate to on a "comply or explain" basis.

Golden Ocean Group Limited is committed to ensuring that its principles of corporate governance meet the highest standards and generally supports the principles set forth in the Code. Being subject to two different sets of corporate governance regulations (Norway and Bermuda) means, however, that Golden Ocean Group Limited will have to rely on some exceptions from the Code. As a Bermudian registered company Golden Ocean Group Limited is also subject to Bermudian company law requirements, which in some matters differ from Norwegian law.

Golden Ocean Group Limited's corporate government policies and procedures are explained below in relation to the Code.

Corporate Governance

The board of Golden Ocean Group Limited (the "Board") recognizes the importance of sound corporate governance. Golden Ocean Group Limited has not adopted any specific set of ethical guidelines, but the core values of honesty, respect and co-operation are applied in its behaviour towards competitors, suppliers, shareholders and the market in general. The Board believes that the principles it has implemented and maintained in this respect meet a sound ethical standard.

Business

The business of Golden Ocean Group Limited and its subsidiaries (the "Group") is dry bulk shipping. The Company's annual report includes a more specific description of the Group's business, including the overall objectives and current strategy of the Company. The Company's annual report can be accessed at the Company's website: www.goldenocean.no

Equity and dividend

At present, the Board is authorized by the general meeting to issue up to 5,000,000,000 shares. Bermudian companies have an authorized and an issued share capital. The authorized share capital is the amount up to which the Board can allot shares. The bye-laws of the Company (bye-law 12) state that the unissued shares of the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons at such times and for such consideration and upon such terms and conditions as the Board may determine. There is therefore, in accordance with Bermudian corporate law and the Company's Bye-Laws, no time limit on the Board's authority to issue shares up to the amount of 5,000,000,000.

As at December 31, 2008 the issued share capital of Golden Ocean Group Limited was US \$ 27,699,010.70. By a shareholders' resolution passed on 7 April 2009 the issued share capital was increased by 180,000,000 shares of US \$0.10 each thereby increasing the issued share capital by US \$18,000,000. The Board is of the opinion that, after the equity issue is completed, the financial standing appropriate, considering the Company's objectives, strategy and risk profile.

Bermudian law allows a company to repurchase its own shares for cancellation or to be held as Treasury Shares. In the case of Golden Ocean Group Limited this right is also stated in the Company's bye-laws (bye-laws 9, 10 and 11). Unlike Norwegian law (Public Limited Companies Act), which restricts the total nominal value of holding of own shares to 10% of the total share capital, and which limits the board of directors' power to resolve that a company acquire its own shares to a time period of 18 months from when the power is granted, under Bermudian law there is no time limit within which the repurchase needs to take place. A company cannot repurchase its shares if there are reasonable grounds for believing

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

that the company is, or after the purchase would be, unable to pay its liabilities as they become due. In addition, if the company purchases its own shares, the amount due to a shareholder (i) may be paid in cash, (ii) be satisfied by the transfer or any part of the undertaking or property of the company having the same value, or (iii) a combination of (i) and (ii).

The Company's bye-laws 118 to 124 (inclusive) deal with dividends and other payments to shareholders and provide that the Board can declare cash dividends or distributions out of contributed surplus, and may also pay a fixed cash dividend half yearly or on other dates. Bermudian law permits the Company to declare interim dividends out of profits and retained earnings. This differs from the position of a Norwegian public limited company which is not permitted to do this.

The Company has not adopted a fixed dividend policy. The Company believes that given the nature of its business, that having no specific dividend policy is just as sound as having a dividend policy. Without a dividend policy the Company can use its profit earnings to reinvest and expand the Company and its business. Having a fixed dividend policy may have the consequence that such opportunities are lost. The Company's goal is to achieve a high dividend capacity, and maximize shareholder return. However, dividend payments will depend on the Company's financial situation, need for working capital and investments or acquisition possibilities from time to time.

Equal treatment of the shareholders

As a listed company, the Company is obliged to comply with the information requirements of the Oslo Stock Exchange. All information relevant to the share price is published to the market through Hugin Connector and the Oslo Stock Exchange. This is also made available immediately at the Company's website.

The Company publishes all reports, presentations given by the management and dates for financial releases on its website.

Golden Ocean Group Limited has only one class of shares.

Under Bermudian corporate law shareholders in a Bermudian company do not have any preferred right to subscribe for further shares when new shares are issued. The Company's bye-laws (bye-law 49) allows the Company by ordinary resolution of the shareholders to direct that the new shares (or any of them) shall be offered in the first instance, either at par or at a premium, (subject to the provisions of the Bermudian Companies Act) to all the holders for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively, or make any other provision as to the issue of new shares.

Golden Ocean Group Limited will, if acquiring its own shares, always do this through purchases on the Oslo Stock Exchange at the prevailing stock exchange price.

The Company's policy is to enter into related party transactions solely on terms that are at least as favorable to the Company as those that can be obtained when contracting with an unrelated third party. Thus any contracts entered into between the Company and related parties are always made on arm's length market terms.

It follows from the Bermudian Companies Act that an officer or director of the Company shall, at the first available opportunity, notify the Board of his interest in any material contract or any person that is a party to a material contract of the Company. Further the Company's bye-laws contain (in bye-laws 95-100) specific provisions addressing director's interests.

Freely negotiable shares

Subject to (i) Bermudian company law, (ii) the terms of the Company's bye-laws 38 to 42, inclusive, which deal with transfer of shares and (iii) the terms of any applicable United States securities laws (including the United States Securities Act 1933), Golden Ocean Group Limited's shares are freely transferable provided that the shares are listed on an appointed stock exchange (which terms includes Oslo Stock Exchange).

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The Company's bye-law 39 (ii) gives the Board the option to decline to register the transfer of any shares if the registration of such transfer would be likely to result in 50% or more of the aggregate issued share capital of the Company being held or owned directly or indirectly by a person or persons resident for tax purposes in Norway.

Under the Company's bye-law 39 (ix) where a person or entity becomes the owner of more than 30% of the issued shares, the Board can decline to register the interest in excess of 30% unless the acquirer makes an offer to purchase the remaining shares of the Company or agrees to sell part of the shares acquired to reduce the interest to below 30%.

General meeting

The bye-laws of Bermudian companies are generally extensive and regulate in detail matters relating to the internal management and activities of the company. The Company's bye-laws 57 to 88 (inclusive) deal extensively and in detail with matters concerning general meetings of the Company, including the rights of shareholders. These bye-laws cover annual and special general meetings, notice of general meetings, proceedings at general meetings, voting rights, and proxies and corporate representatives.

The Company's general meetings are open to all of the Company's shareholders, and are held on an annual basis (subject to any need for any additional special general meeting at any time). The notice period for both annual and special general meetings is, under bye-law 58, no less than 7 days' notice which shall be provided in writing which extends the statutory period of at least 5 days' notice, contained in section 75(1) of the Bermudian Companies Act. Shareholders may exercise their vote through a representative or proxy. The Company's bye-laws 82 to 87 (inclusive) specifically address proxies and corporate representatives. Bye-law 87 permits the Board, subject to the Bermudian Companies Act, to waive any of the provisions of the bye-laws related to proxies or authorizations and, in particular, the Board may accept verbal or other assurances as it thinks fit as to the right of any person to attend and vote on behalf of any shareholder at general meetings. All shares have equal voting rights. No shareholder is permitted to own more than 30% of the outstanding shares of the company pursuant to bye-law 39(xi). Other than that restriction, there are no restrictions on ownership or any known shareholder agreements. (See further discussion below at "Change in Control, takeovers").

Nomination Committee

Golden Ocean Group Limited has no nomination committee. The Board is able to nominate candidates for election as directors. Although the resolutions tabled by the Board are subject to the shareholder(s) Common Law right to move an amendment to the Board's proposed resolution. In addition, the shareholder(s) have a Common Law right under Bermuda law to put forward nominations. This Common Law right is modified by section 79 of the Bermuda Companies Act which provides a framework within which shareholder(s) may put resolutions before a general meeting. The independence of the Board of the Company is commented on under the section below headed Corporate Assembly and Board of Directors.

The Board would also propose candidates for election as auditors, in the case of a need for re-election, and also proposals concerning the level of remuneration for directors and senior management.

Corporate assembly and board of directors

Golden Ocean Group Limited does not have a corporate assembly or any other non executive supervisory board. This is not required under Bermudian company law. In accordance with the Company's bye-law 89, and subject to the Bermudian Companies Act, directors hold office until the annual general meeting following their election or until a successor is elected. The Company's bye-law 91 provides that the Company may in a special general meeting of the shareholders remove a director provided that notice of the special general meeting has been given to the director not less than 14 days before the special general meeting, the director is entitled to be heard at the special general meeting. The shareholder may elect a person to replace the director so removed and, in the event they do not, the Board can appoint a director. The Board can appoint a new director to fill a casual vacancy until the annual general meeting.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

The Company's bye-law 92 deals with resignation and disqualification of directors, and sets out certain events which would result in a director being disqualified, and thereby vacating his office. Amongst other events, these include a director becoming of unsound mind and the Board resolving he should be removed, if he becomes bankrupt, or if he is prohibited by law from being a director.

The Board currently consists of five directors. Three of the directors, John Fredriksen, Tor Olav Trøim and Cecilie Fredriksen are not independent from Golden Ocean Group Limited's main shareholder, Hemen Holding Limited. Kate Blankenship and Hans Chr. Børresen are both independent. The composition of the Board therefore satisfies the recommendation of the Code for two independent directors.

The Company believes that in the context of its business and operations it is important to have a small and focused Board with a close working knowledge of Golden Ocean Group Limited's strategy and operations, and an ability to react quickly when the situation so requires. The current composition of the Board satisfies these needs.

The Board is constantly evaluating the necessity to establish sub-committees. The Board can delegate its powers to committees under the Company's bye-law 103. The Company is currently in the process of appointing an audit committee as a sub-committee of its board of directors.

The size and focus of the Board and the direct communication between the management and the Board supports the view of the Board that sub- committees are not required. The Board evaluates its work and competence constantly and adopts any required changes, always with a view to protecting the interests of the Company.

The Board of directors' work

The Board receives quarterly financial reports for the Company with comments on the Group's economic and financial status. The Board discusses strategy and investment opportunities in meetings held as required and in addition to the regular scheduled Board meetings. The Board holds 4 - 6 regular Board meetings each year. The Board attends to the organization of the Group, institutes plans and budgets and ensures that the Company's accounting and financial administration are in good order. The Board also actively supervises the day to day management of the Company's operations.

Compensation to the board of directors and executive employees

Total remuneration to key management and directors appear in the annual report.

Golden Ocean Group Limited has no compensation committee. The Company's Bye-law 94 deals with directors' fees and additional remuneration and expenses. Directors' fees are determined by the Company by Ordinary Resolution and in the absence of a determination to the contrary in the general meeting and the Board determines the compensation of individual directors.

Golden Ocean Group Limited has not, at present, established any written guidelines for the remuneration of the members of its executive management, but only immediate superiors are involved in the decision making process involving employment, pay, bonuses and incentives to employees. The remuneration to executive management is considered by the Company to be in line with market practice and prevailing conditions.

The day-to-day management of the Company is undertaken by Golden Ocean Management (Bermuda) Ltd. under the terms of a written management agreement with Golden Ocean Management AS (a Norwegian company in the Group), and Golden Ocean Management Asia Pte Ltd. (a Singapore company in the Group), acts as sub-contractor to Golden Ocean Management (Bermuda) Ltd. subject to the terms of written management agreements. The management and employees of these two companies are experienced and qualified to perform the management tasks allocated to them.

The Company operates a share option incentive program for the Group's directors and senior employees. The general terms of the share option program are approved by the shareholders in a general meeting.

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Risk management and internal control

In general, the Board ensures that all necessary controls of the Group's business are carried out. This includes processes for internal controls, external audit, strategic assessment, business assessment, and management resources. In addition, the Company has invested in a risk management system that constantly keeps track of the positions of all vessels under operation. The Board receives a weekly report that gives an overview of the open positions and the sensitivity related to changes in market conditions.

The annual report does not include comments on the internal control and risk management systems.

Information and communication

Relevant issues of particular importance concerning the Company are communicated through the Company's website, and include information relating to results and economic development. The Company's policy is to comply with standards to provide good information.

Golden Ocean Group Limited publishes annual and quarterly reports at its website. The Company acknowledges the importance of providing shareholders, and the equity market in general, with correct and relevant information about the Company and its activities.

Change in Control, takeovers

The bye-laws of Golden Ocean Group Limited do not include any mechanisms that hinder a takeover or deter takeover-bids. However, the Board would, in case of a takeover-bid, take such actions that are in the best interests of the shareholders, such as advising the shareholders in the assessment of the bid and, if appropriate, seeking to find a competing bidder.

If a take-over bid were made for Golden Ocean Group Limited's shares it is the opinion of the Board that the shareholders of the Company should be treated equally and provided with sufficient information and time to consider the offer.

In connection with transfers of shares the Company's bye-law 39.(ix) contains terms to comply with the requirements of Norwegian securities law and states that if any person or entity becomes the owner of shares representing more than 30% of the then issued shares the Board can refuse to register the transfer unless the acquirer makes an offer for the purchase all of the Company's issued shares, or sells some of shares so that the ownership is reduced to less than 30%.

Auditor

The Company's independent auditor, appointed by its general meeting, is Moore Stephens LLP.

The Company employs the same auditing firm as all its subsidiaries. The auditor reviews the internal control system of the Group on a yearly basis and reports back to the Board. The auditor participates in the Board meeting that approves the annual accounts of the Company, and otherwise as required. The auditor provides a statement to the Board each year in connection with the annual audit. The shareholders are informed of the auditor's remuneration in the annual general meeting.

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FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

Golden Ocean Group Limited
Consolidated Financial Statements
for the year ended December 31, 2007

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

Golden Ocean Group Limited

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APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Independent Auditors' Report to the Shareholders of Golden Ocean Group Limited

We have audited the accompanying financial statements of Golden Ocean Group Limited, which comprise the consolidated balance sheet as at December 31, 2007 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of December 31, 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Bermudian law.

MOORE STEPHENS LLP
Chartered Accountants

St Paul's House
London, EC4M 7BP

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**Golden Ocean Group Limited
Consolidated Income Statement
For the year ended December 31, 2007**

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

	Notes	Year ended 12/31/2007	Year ended 12/31/2006
Operating revenue			
Revenue	3	704,000	265,703
Other operating income	3	4,035	4,624
Total operating revenue	3	708,035	270,327
Operating expenses			
Voyage expenses and commission		97,537	47,575
Vessel operating expenses		25,102	11,374
Charter hire expenses		393,141	144,152
Administrative expenses		9,420	7,259
Depreciation	10,11	15,468	10,145
Total operating expenses		540,668	220,505
Operating profit	5	167,367	49,822
Profit on sale of assets	4	74,639	4,108
Finance income	6	5,393	8,730
Finance costs	7	(45,974)	(16,847)
Other financial items		(363)	(127)
Impairment loss		-	(9,983)
Net other income/(expenses)		33,695	(14,119)
Profit before taxation		201,062	35,703
Taxation	8	(92)	(51)
Profit for the year		200,970	35,652
Basic earnings per share	9	\$0.74	\$0.14
Fully diluted earnings per share	9	\$0.71	\$0.13

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

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
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**Golden Ocean Group Limited
Consolidated Balance Sheet
At December 31, 2007**

<i>(in thousands of \$)</i>	Notes	12/31/2007	12/31/2006
ASSETS			
Non current assets			
Vessels and equipment, net	10	71,399	155,047
Vessels held under finance leases, net	11	172,851	223,382
Vessels under construction	12	428,259	14,355
Investment in purchase options	11	-	28,832
Other financial assets	29	51,001	22,561
Investment in future revenue, net	13	23,907	30,795
Other non-current assets		-	1,011
Total non-current assets		747,417	475,983
Current assets			
Cash and cash equivalents	28	306,233	40,771
Trade and other receivables	16	72,459	27,412
Inventories	15	10,260	6,530
Amount due from related parties	27	76	-
Marketable securities	17	-	1,519
Total current assets		389,028	76,232
Non-current assets held for sale	14	47,375	-
Total assets		1,183,820	552,215
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	18	27,177	27,138
Contributed surplus		31,704	30,940
Other reserves		16,662	621
Retained earnings		105,987	78,427
Shareholders' equity		181,530	137,126
Non-Current Liabilities			
Long term debt	19	425,456	159,462
Obligations under finance leases	20	127,335	130,460
Deferred income		71,280	-
Total non-current liabilities		624,071	289,922
Current Liabilities			
Long-term debt - current portion	19	227,137	50,473
Obligations under finance leases – current portion	20	13,657	13,976
Other financial liabilities	29	60,795	25,352
Amount due to related parties	27	4,503	4,365
Trade payables and other current liabilities	21	72,127	31,001
Total current liabilities		378,219	125,167
Total liabilities and shareholders' equity		1,183,820	552,215

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

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

Golden Ocean Group Limited
Consolidated Cash Flow Statement
For the year ended December 31, 2007

<i>(in thousands of \$)</i>	Notes	Year ended 12/31/2007	Year ended 12/31/2006
OPERATING ACTIVITIES			
Profit for the year		200,970	35,652
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Share options	25	558	750
Profit on sale of assets	4	(74,639)	(4,108)
Profit on sale of marketable securities	6	(1,857)	(3,261)
Interest income	6	(3,536)	(1,100)
Depreciation	10, 11	15,468	10,145
Amortisation of deferred charges		682	251
Amortisation of future revenue	13	6,888	14,216
Impairment loss		-	9,983
Net change in:			
Amount due to related parties		(62)	6,583
Other financial assets		(28,440)	(22,047)
Trade and other receivables		(45,047)	(19,474)
Inventories		(3,730)	(6,160)
Other financial liabilities		35,443	23,808
Trade payables and other current liabilities		40,381	22,385
Net cash provided by operating activities		143,079	67,623
INVESTING ACTIVITIES			
Interest received	6	3,536	1,100
Additions to vessels and equipment	10	(254)	(30,301)
Additions to vessels under construction	12	(413,904)	(26,815)
Acquisition of business assets		-	(38,000)
Exercise of purchase options for vessels held under finance leases		(43,343)	(22,167)
Proceeds from the sale of vessels		231,547	31,605
Proceeds from the sale of subsidiaries		-	52,238
Purchase of marketable securities		(32,628)	(18,457)
Sale of marketable securities		35,383	21,718
Net cash used in investing activities		(219,663)	(29,079)
FINANCING ACTIVITIES			
Payment of financing charges		(3,612)	(312)
Repayment of obligations under finance leases		(16,341)	(7,923)
Repayment of long term debt		(184,357)	(95,906)
Proceeds from long term debt		648,241	69,702
Payment of dividends		(171,162)	-
Proceeds received in advance of delivery of vessels under construction		71,280	-
Settlement of share options		(2,248)	-
Proceeds from issue of shares		245	20,182
Net cash provided by/(used in) financing activities		342,046	(14,257)
Net increase in cash and cash equivalents		265,462	24,287
Cash and cash equivalents at beginning of year		40,771	16,484
Cash and cash equivalents at end of year		306,233	40,771
Supplementary cash flow information:			
Interest paid		26,020	16,607

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

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**Golden Ocean Group Limited
Consolidated Statement of Changes in Equity**

<i>(in thousands of \$)</i>	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings	Total Attributable to equity holders of the parent
Balance at January 1, 2006	24,688	12,458	(187)	42,775	79,734
Profit for the year	-	-	-	35,652	35,652
Gain on revaluation of marketable securities	-	-	808	-	808
Total recognised income and expense for the year	-	-	808	35,652	36,460
Shares issued for cash	2,450	17,732	-	-	20,182
Issue of share options	-	750	-	-	750
Balance at December 31, 2006	27,138	30,940	621	78,427	137,126
Profit for the year	-	-	-	200,970	200,970
Transfer to income statement on sale of marketable securities	-	-	(594)	-	(594)
Total recognised income and expense for the year	-	-	(594)	200,970	200,376
Shares issued for cash	39	206	-	-	245
Issue of share options	-	558	-	-	558
Dividend paid (note 31)	-	-	-	(171,162)	(171,162)
Share options settled in cash	-	-	-	(2,248)	(2,248)
Equity component of convertible bonds	-	-	16,635	-	16,635
Balance at December 31, 2007	27,177	31,704	16,662	105,987	181,530

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

1. GENERAL

Golden Ocean Group Limited (the “Company” or “Golden Ocean”) was incorporated in Bermuda on November 8, 2004 as a limited company. The Company’s registered address is Par la Ville Place, Par la Ville Road, Hamilton, Bermuda. The Company was formed as a wholly owned subsidiary of Frontline Ltd. (“Frontline”), a Bermuda publicly listed company, for the purpose of acquiring, by way of contribution, certain drybulk shipping interests held by Frontline. These assets were transferred to the Company on December 1, 2004 and were, at the same date, capitalised in the Company’s accounts as contributed surplus.

On December 1, 2004 the Board of Frontline approved the spin off, or demerger, of Golden Ocean to Frontline’s shareholders. The demerger of Golden Ocean from Frontline was consummated and effective for accounting purposes from December 1, 2004. The Company subsequently de-merged from Frontline and was listed on the Oslo Stock Exchange on December 15, 2004.

The Group consists of the Company and its subsidiary companies (Note 32). The principal activities of the Group are ship ownership and operation. The Company is also involved in the charter, purchase and sale of vessels. The Group operates a fleet of owned and leased panamax and capesize drybulk vessels. The Group also trades forward freight agreements for the purpose of managing its exposure to vessel spot market rates and for speculating.

2. PRINCIPAL ACCOUNTING POLICIES

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The following are the significant accounting policies adopted by the Group:

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities (including special purpose entities) controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company has the intention to consolidate when the substance of the relationship between the Company and the entity indicates that the entity is controlled by the Company.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions and balances are eliminated on consolidation.

The Company was incorporated on November 8, 2004 for the purpose of acquiring by way of a contribution, certain drybulk shipping assets and associated liabilities of Frontline. This is a group reconstruction and has been accounted for using de-merger principles. This has resulted in the assets and liabilities contributed by Frontline being recorded at their historical net book values as recorded in Frontline’s consolidated financial statements.

(b) Revenue and expenditure

Revenue and expenditure are measured at fair value received or receivable and paid or payable respectively. Revenue and expenses for voyage charters are recorded on a percentage of completion basis. Full provision is made for any losses on voyages in progress at the balance sheet date. Where the Group is party to a profit sharing arrangement, revenue is accounted for on a daily basis as earned and receivable in accordance with the terms of the arrangement.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Normal vessel repair and maintenance costs are charged to the income statement when incurred. The Group capitalises the cost of a dry docking at the time the dry docking takes place. The capitalised costs are written off as vessel running costs on a straight line basis over the estimated period to the next dry docking.

(c) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

(d) Translation of foreign currencies

The entity's functional and reporting currency is the United States Dollar (US Dollars) as most of the Group's revenue and expenses are denominated in US Dollars.

Transactions in currencies other than the functional currency are recorded at the rate of exchange on the date of the transaction. At the balance sheet date all monetary items are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at historical rates, unless such items are carried at fair value, in which case they are translated at the rate of exchange in effect at the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences on non-monetary items carried at fair value are included in income statement for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised directly in equity.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in US Dollars using the prevailing exchange rates on the balance sheet date. Income and expense items are translated at the average rates for the period. Exchange differences are presented in equity, if material, otherwise in the income statement.

(e) Fixed assets and depreciation

Assets are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on the basis that the book value of the assets, less any estimated residual value, is written off on a straight line basis over the remaining useful life. In accordance with IAS16 – "Property, Plant and Equipment", the Group annually reviews the useful life and residual value of assets.

When the Company enters into newbuilding contracts, the Company assesses if it has a practise of settling similar contracts net in cash by entering into offsetting contracts or by selling the contract before taking delivery of the vessel. Similarly, when the Company enters into an agreement to buy a vessel, and subsequently enters into a contract to sell it prior to taking delivery, or a short time after delivery, the Company assesses if the contract to sell the vessel creates a practise of net settlement. Contracts settled net in cash are

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

carried at fair value in the balance sheet and changes in the fair value are recorded in the income statement. Similarity is assessed on a contract by contract basis by evaluating past transactions where newbuilding contracts have been settled net in cash. As at the balance sheet date December 31, 2007, management believes that the Company does not have a past practise of settling any newbuilding contracts net in cash.

Other newbuilding contracts are treated as Property, Plant and Equipment in a separate category (“vessels under construction”), and accounted for at cost including capitalised interest and other capitalised finance costs.

Assets in the course of construction are carried at cost, less any recognised impairment losses. Costs include professional fees and borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation commences when assets are available for their intended use.

Vessels are depreciated on the basis that the cost of the vessels, less any estimated residual value based on \$500 per lightweight tonnage of the vessel, is written off on a straight line basis over the remaining useful life of the vessel taken to be 25 years from the date the vessel is available for its intended use. The value of \$500 per lightweight tonnage is based on broker valuation at December 31, 2007.

Vessels held under finance leases are depreciated over their expected useful lives on the same basis as owned vessels or, where shorter, the term of the relevant lease.

Dry-docking costs are capitalised and written off over the estimated period to the next dry-dock. Unamortised costs are written off on disposal of the vessel.

The gain or loss arising on the disposal or retirement of a vessel is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Investment in future revenue is amortised on a straight line basis over a 365 day period based on the minimum lease period for the individual vessels as defined by IAS 17. Future revenue is not amortised until the vessel is delivered to the Group.

Fixtures and equipment are depreciated over their expected useful lives.

(f) Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine if there is any indication the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss.

The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. Fair value is determined as the average of three independent broker valuations. When determining the value in use, the discounted future cash flow is based on normalized revenues less normalized expenses over the remaining useful life at a discount rate equivalent to the Group’s incremental borrowing cost. Assets are assessed individually.

When an impairment loss is identified the carrying value of the asset is reduced to the recoverable amount and the impairment loss is recorded in the income statement.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated on a first in first out basis.

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(h) Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Derivatives

Derivative financial instruments are measured at fair value. Movement in the fair value of derivative financial instruments that are not effective hedges are recognised in the income statement for the period.

Trade and other Receivables

Trade and other Receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts.

Borrowing costs

Borrowing costs directly and indirectly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement during the period in which they are incurred.

Investments

Investments are recognised and disposed of on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value plus directly attributable transaction costs.

Investments other than held-to-maturity debt securities are classified as either held for trading or as available for sale, and are measured at subsequent reporting dates at fair value. Where investments are held for trading, gains and losses arising from changes in the fair value are included in the income statement for the period. For available for sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement for the period. Impairment losses recognised in the income statement for debt instruments classified as available for sale are subsequently reversed if there is an increase in the fair value of the instrument after the recognition of the impairment loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with a maturity of less than three months, and other highly liquid investments with a maturity of less than three months when acquired that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Bank borrowings

Interest bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement and redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

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Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received.

(j) Share based payments

The Group issues equity settled share-based payments to certain directors and employees. Equity settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the shares that will vest and adjusted for the effect of non market-based vesting conditions.

The fair value is measured using the Binomial pricing model. The inputs used in the model are based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(k) Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (industry segment), or in providing products or services within a particular economic environment (geographical segment), that is subject to risks and rewards that are different from those of other segments.

(l) Critical accounting estimates and judgements

Estimates and judgements are evaluated and based on experience and other factors that are believed to be reasonable under the current circumstances. The following summarises the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the judgements made in applying the Group's accounting policies.

Leases

The group is party to leasing transactions as both lessee and lessor. The accounting for a lease transaction is mainly determined by whether the lease is considered to be a finance lease or an operating lease. Management look to the substance of the transaction in judging whether all the risks and rewards of ownership are transferred.

Asset impairment testing

The Group reviews its non-current assets for impairment at each balance sheet date. In order to assess if an impairment exists, management estimates discounted future cash flows, residual value, and remaining life of the asset. Market factors affecting expected future income, operating costs, residual values and obsolescence may affect the discounted future cash flows. Actual outcomes may vary significantly from the estimates of the discounted future cash flows.

Revenue recognition

The Group has made accruals and provisions for partially completed contracts and for losses or adjustments to existing and previously completed contracts. Management believes that the provisions made for these items are adequate based upon the information available. As

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

these estimates are based upon information available at the balance sheet date, they are subject to change as further information becomes available. Such changes in estimates may affect the earnings of future periods.

Bad debts and doubtful accounts

The policy for bad debt and doubtful accounts of the Group is based on the evaluation of collectibles, ageing analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of receivables, including credit worthiness and collection history of customers. Deterioration in a customer's financial conditions may affect provisions.

Legal provisions

The Group is party to various legal proceedings. Additional claims could be made that may not be covered by existing provisions or by insurance. There can be no assurance that there will not be further claims, proceedings or investigations. Such further claims may be material and impact future periods

(n) **Recent Accounting Pronouncements**

The following standards and interpretations are in issue but not in force at December 31, 2007:

New Standards and Interpretations

IFRS 8	Operating Segments
IFRIC 11	Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Revisions to existing standards

IAS 1	Presentation of financial statements
IAS 23	Borrowing Costs

The directors do not expect the new standards and interpretations, or the revisions to existing standards, to have any significant impact on the primary financial statements, other than IAS 1 revised. IAS 1 revised is effective for periods beginning January 1, 2009 and will result to a change in the titles of the primary financial statements and will require certain changes to their presentation.

3. **REVENUE**

More than 99 percent of the Group's revenue and operating results relate to its chartering operations which are carried out internationally and cannot be attributable to any particular geographical location, and accordingly no analysis by either business or geographical segment is included in the financial statements.

Revenue recognised by category is analysed as follows:

<i>(in thousands of \$)</i>	2007	2006
Time charter and voyage charter revenue	703,792	267,099
Relet and affreightment net revenue / (expense)	208	(1,396)
	704,000	265,703
Other operating income	4,035	4,624
Total operating revenue	708,035	270,327

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4. PROFIT ON SALE OF ASSETS

<i>(in thousands of \$)</i>	2007	2006
Consideration received	231,547	52,238
Net assets disposed of	(156,908)	(48,130)
Profit on sale of assets	74,639	4,108

During 2007 the Group sold the owned vessels Golden Gunn and Golden Dena and the vessels held under finance leases Golden Glory, Golden Gem and Shinyo Brilliance subsequent to their purchase. The sales realised a total profit of \$74,639,000.

During 2006 the Group sold its shares in Golden Door Corporation and Golden Loch Corporation each of which owned a newbuilding contract and realised a profit of \$ 4,108,000 on the sales.

5. OPERATING PROFIT

Operating profit for the year from continuing operations is stated after charging:

<i>(in thousands of \$)</i>	2007	2006
Net foreign exchange gain	(1,308)	(537)
Depreciation of owned vessels and equipment (note 10)	4,535	5,336
Depreciation of vessels held under finance leases (note 11)	10,933	4,809
Amortisation of future revenue (note 13)	6,888	14,216
Amortisation of deferred financing charges	682	251
Employee benefit expense	5,973	4,249
Auditors' remuneration	340	324

6. FINANCE INCOME

<i>(in thousands of \$)</i>	2007	2006
Interest on bank deposits	3,536	1,100
Profit on sale of marketable securities	1,857	3,261
Profit on forward freight agreements	-	4,369
	5,393	8,730

7. FINANCE COSTS

<i>(in thousands of \$)</i>	2007	2006
Interest on bank overdrafts and loans	19,674	12,589
Interest on obligations under finance leases	9,307	5,275
Loss on forward freight agreements	26,444	-
Total finance costs	55,425	17,864
Less amounts included in the cost of qualifying assets	(9,451)	(1,017)
	45,974	16,847

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8. TAXATION

At the date of this report, there is no Bermuda income, corporation, or profits tax, nor is there any withholding tax, capital tax, capital transfer tax, estate duty or inheritance tax payable by the Company.

The Company has obtained, from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966, an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 28, 2016, be applicable to the Company or to any of its operations, or to the Company's shares, debentures or other obligations, except in so far as such tax applies to persons ordinarily resident in Bermuda and holding the Company's shares, debentures or other obligations, or any property in Bermuda leased or let to the Company.

The Company's subsidiaries Golden Ocean Management AS and Golden Ocean Pte. Ltd. are subject to taxation in Norway and Singapore respectively. The tax charge for 2007 for Golden Ocean Management AS was \$92,000 (2006 -\$51,000) and the tax charge for 2007 for Golden Ocean Pte. Ltd. was \$0 (2006 - \$0).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent for continuing operations is based on the following data:

<i>(in thousands of \$)</i>	2007	2006
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the parent)	200,970	35,652
Effect of dilutive potential ordinary shares:	-	-
Earnings for the purposes of diluted earnings per share	200,970	35,652
<hr/>		
<i>(in thousands of shares)</i>	2007	2006
Weighted average number of ordinary shares for the purposes of basic earnings per share	271,474	256,610
Effect of dilutive potential ordinary shares:		
Number of options granted	10,275	10,550
Weighted average number of ordinary shares for the purposes of diluted earnings per share	281,749	267,160
<hr/>		
<i>(in \$)</i>	2007	2006
Earnings per share basic	\$0.740	\$0.139
Earnings per share fully diluted	\$0.713	\$0.133

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10. VESSELS AND EQUIPMENT, NET

The Group's owned vessels are as follows:

Vessel	Built	DWT	Flag
Channel Navigator	1997	172,058	Philippines
Channel Alliance	1996	171,978	Philippines
Golden Dena (sold during 2007)	2005	74,759	Panama
Golden Gunn (sold during 2007)	2005	75,759	Panama
Golden Shadow	2005	73,732	Hong Kong

<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, 2006	144,262	-	123	144,385
Additions	28,413	1,884	4	30,301
At December 31, 2006	172,675	1,884	127	174,686
Additions	-	-	254	254
Disposals	(84,708)	-	-	(84,708)
At December 31, 2007	87,967	1,884	381	90,232
Accumulated depreciation				
At January 1, 2006	14,276	-	27	14,303
Charge for the year	5,311	-	25	5,336
At December 31, 2006	19,587	-	52	19,639
Charge for the year	4,096	377	62	4,535
Disposals	(5,341)	-	-	(5,341)
At December 31, 2007	18,342	377	114	18,833
Carrying amount:				
At December 31, 2007	69,625	1,507	267	71,399
At December 31, 2006	153,088	1,884	75	155,047

The Group has reviewed the useful life and residual value used for the purposes of the depreciation calculation. The review at yearend indicated that the rate used per light weight metric tonne ("LWT") to calculate the residual value of the vessels should be revised to \$500 per LWT. The rate in use at the time of the review was \$410 per LWT. The adjustment to the residual value of the vessels reduced the depreciation expense by \$299,328 in 2007 (2006 - \$302,000).

M/V Golden Shadow is owned by Front Shadow Inc, a 100% subsidiary of Ship Finance International Limited. Front Shadow Inc is controlled by the Group and is therefore treated as a special purpose entity with its assets and liabilities consolidated in the financial statements.

The Group has pledged vessels to secure various banking facilities, (note 19).

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11. VESSELS HELD UNDER FINANCE LEASES, NET

The Group's leased vessels are as follows:

Vessel	Built	DWT	Flag
Golden Joy	1994	70,045	Bahamas
Golden Lyderhorn	1999	74,242	Hong Kong
Bellflower	2004	76,423	Panama
Ocean Minerva	2007	100,000	Panama
Golden Heiwa	2007	100,000	Panama
Golden Glory (sold during 2007)	1990	65,651	Bahamas
Golden Gem (sold during 2007)	1990	65,667	Bahamas
Shinyo Brilliance (sold during 2007)	2004	75,707	Hong Kong
<i>Cost or valuation (in thousands of \$)</i>			
At January 1, 2006			125,585
Additions			145,757
Disposals			(32,328)
Impairment			(9,983)
At December 31, 2006			229,031
Additions			82,600
Disposals			(80,609)
Transferred to non-current assets held for sale (note 14)			(50,631)
At December 31, 2007			180,391
Accumulated depreciation			
At January 1, 2006			1,563
Disposals			(723)
Charge for the year			4,809
At December 31, 2006			5,649
Disposals			(5,786)
Charge for the year			10,933
Transferred to non-current assets held for sale (note 14)			(3,256)
At December 31, 2007			7,540
Carrying amount:			
At December 31, 2007			172,851
At December 31, 2006			223,382

Vessels held under finance leases are depreciated on the same basis as owned vessels. The component of the finance lease assets that relates to the investment in purchase option is not depreciated.

During the year the Group carried out a review of the recoverable amount of vessels held under finance leases. The recoverable amounts of the relevant assets have been determined as the higher of fair value less costs to sell and value in use. The value in use for a vessel under finance

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lease is the discounted future cash flow based on normalized time charter rates, using the 10 year industry average rate, less normalized operating expenses over the vessel's remaining useful life, at a discount rate of 6.0 percent. No impairment loss is evident in the period. The impairment of \$ 9,983,000 during 2006 was a result of the sale of M/V Lake Sequoia based on the allocation of the original purchase consideration of the Dreyfus fleet in 2005.

The Group leases M/V Golden Lyderhorn in from Mount Lyderhorn LLC, a third party. The substance of the transaction indicates that the activities of Mount Lyderhorn LLC are controlled by the Group and this makes it a special purpose entity under SIC Interpretation 12 – “Special purpose Entities” and should therefore be consolidated. The necessary information to consolidate is not available, and as a result Mount Lyderhorn LLC has not been consolidated. This has no impact on either the profit for the year or net assets of the Group but only affects the presentation of certain amounts in the balance sheet.

The Group has reviewed the useful life and residual value used for the purposes of the depreciation calculation. The review at yearend indicated that the rate used per light weight metric tonne (“LWT”) to calculate the residual value of the vessels should be revised to \$500 per LWT. The rate in use at the time of the review was \$410 per LWT. The adjustment to the residual value of the vessels reduced the depreciation expense by \$228,133 in 2007 (2006 -\$293,000).

The purchase options of \$28,832,000 on M/V Golden Heiwa and M/V Ocean Minerva have been combined with the finance lease assets during the year on delivery of the vessels.

An outstanding loan of \$36,557,000 (2006 -\$68,450,000) has been secured against vessels accounted for as finance leases, future purchase options, and non-current assets held for sale (note 19).

12. VESSELS UNDER CONSTRUCTION

<i>Cost and net book value (in thousands of \$)</i>	<i>New Buildings</i>
At January 1, 2006	35,670
Additions	26,815
Disposal of subsidiaries	(48,130)
At December 31, 2006	14,355
Additions	413,904
At December 31, 2007	428,259

The Group has pledged vessels under construction to secure various banking facilities (note 19).

13. INVESTMENT IN FUTURE REVENUE, NET

<i>Cost or valuation (in thousands of \$)</i>	
At January 1, 2006 and December 31, 2007	57,192
Amortisation	
At January 1, 2006	12,181
Charge for the year	14,216
At December 31, 2006	26,397
Charge for the year	6,888
At December 31, 2007	33,285
Carrying amount:	
At December 31, 2007	23,907
At December 31, 2006	30,795

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14. NON-CURRENT ASSETS HELD FOR SALE

The Group's leased vessels held for sale are as follows:

Vessel	Built	DWT	Flag
Golden Jade	1994	70,047	Bahamas
Golden Jasmine	1994	70,044	Bahamas
<i>Cost or valuation (in thousands of \$)</i>			
At January 1, 2007			-
Transferred from vessels held under finance leases (note 11)			47,375
At December 31, 2007			47,375

The Group has entered into an agreement to sell M/V Golden Jade and M/V Golden Jasmine, for \$ 124.1 million in total with delivery to the new buyers in the second quarter of 2008. The sales will realise a profit of \$76.8 million.

15. INVENTORIES

<i>(in thousands of \$)</i>	2007	2006
Inventories	10,260	6,530

Inventories consist of ship stores and supplies.

16. TRADE AND OTHER RECEIVABLES

<i>(in thousands of \$)</i>	2007	2006
Trade receivables	30,489	9,017
Other receivables	8,247	1,943
Prepayments	7,766	4,196
Accrued income	25,957	12,256
	72,459	27,412

Trade and other receivables are presented net of allowances for doubtful accounts amounting to \$nil for the year ended December 31, 2007 (2006 -\$nil).

A balance of \$4,759,143 (2006 -\$450,000) in respect of legal claims against Transfield due to contract cancellations and Kleimar N.V for early redelivery of the vessel Channel Navigator is included in trade and other receivables. Settlement of the Kleimar claim is expected during 2008.

17. MARKETABLE SECURITIES

<i>(in thousands of \$)</i>	2007	2006
Marketable securities	-	1,519

18. SHARE CAPITAL

Authorised share capital is as follows:

<i>(in thousands of \$)</i>	2007	2006
5,000,000,000 ordinary shares of \$0.10 par value each	500,000	500,000

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Issued and fully paid share capital is as follows:

<i>(in number of shares)</i>	2007	2006
At January 1	271,377,607	246,877,607
Issued during the year	387,500	24,500,000
At December 31	271,765,107	271,377,607

<i>(in thousands of \$)</i>	2007	2006
At January 1	27,138	24,688
Issued for cash	39	2,450
At December 31	27,177	27,138

The Company's ordinary shares are listed on the Oslo Stock Exchange ("OSE"). The issued shares are fully paid. All issued shares in the Company are of the same class and have the same rights in the Company. Each share in the Company carries one vote. During the year the company issued 387,500 shares at \$0.632 per share. The nominal value of the shares was \$39,000 and the premium of \$206,000 has been recognised in contributed surplus.

During the year the company issued 812,500 share options to board members (2006 – 500,000), management and other key employees (note 25).

The twenty largest shareholders at December 31, 2007 are as follows:

Name	Number of Shares	Percentage of outstanding shares
Hemen Holding Limited	108,289,159	39.85%
Euroclear Bank S.A	9,469,342	3.48%
Skagen Kon-tiki	4,900,000	1.80%
Morgan Stanley & Co. Inc.	3,494,216	1.29%
Bank of New York	3,477,600	1.28%
Dnb Nor Bank	2,715,337	1.00%
Vital Forsikring ASA	2,587,083	0.95%
State Street Bank and Trust Co	2,536,198	0.93%
Clearstream Banking	2,526,080	0.93%
Deutsche Bank	2,494,546	0.92%
MLPF&S Norwegian Custody Account	2,251,673	0.83%
Citibank N.A.	2,117,845	0.78%
Morgan Stanley & Co	2,071,140	0.76%
Skandinaviska Enskilda Banken	1,972,857	0.73%
Danske Bank	1,870,539	0.69%
Carlings AS	1,700,000	0.63%
Citibank N.A.	1,672,699	0.61%
HSBC Bank	1,670,237	0.61%
Solon AS	1,650,000	0.61%
Morgan Stanley	1,545,716	0.57%
Total 20 largest shareholders	161,012,267	59.25%
Other shareholders	110,752,840	40.75%
Total	271,765,107	100.00%

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19. LONG-TERM DEBT

<i>(in thousands of \$)</i>	2007	2006
Within one year	227,137	50,473
Between one and two years	105,807	30,472
Between two and five years	231,347	82,042
After five years	88,302	46,948
Total debt	652,593	209,935
Current portion	(227,137)	(50,473)
Long-term debt	425,456	159,462

Of the total debt, \$76,889,000 (2006 -\$127,485,000) is secured by mortgages over the vessels Channel Alliance, Channel Navigator and Golden Shadow together with assignments over the vessels' earnings, insurance proceeds, and bank accounts. Loans of \$36,557,000 (2006 -\$68,450,000) have been secured against vessels accounted for as finance leases, future purchase options, and non-current assets held for sale. Loans of \$355,443,000 (2006-\$14,000,000) have been secured against vessels under construction. The remaining long term debt of \$183,704,000 relates to the liability component of an unsecured convertible bond issued in December 2007 (note 29).

20. OBLIGATIONS UNDER FINANCE LEASES

<i>(in thousands of \$)</i>	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2007	2006	2007	2006
Within one year	21,137	20,297	13,657	13,976
In the second to fifth years	137,316	133,429	127,335	130,460
	158,453	153,726	140,992	144,436
Future finance charges	(17,461)	(9,290)	-	-
Present Value of Lease Obligations	140,992	144,436	140,992	144,436
Current portion			(13,657)	(13,976)
Obligations under finance leases			127,335	130,460

It is the Group's practice to lease certain vessels under finance leases. The average remaining lease term is 3.75 years (2006 - 3.75 years). The discount rate used to calculate the present value of minimum lease payment was 7 percent (2006 - 7 percent), the weighted average cost of capital or the implicit rate of the lease. All leases are on a fixed repayment basis.

The Group has recorded finance leases on five vessels at December 31, 2007 (2006 - eight 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
Shinyo Bellflower	July 2007	20,500	July 2010
Golden Lyderhorn	September 2009	26,350	September 2016
Ocean Minerva	January 2010	23,952	January 2010
Golden Heiwa	February 2010	23,031	February 2010
Golden Joy	June 2011	8,000	June 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.

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21. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

<i>(in thousands of \$)</i>	2007	2006
Trade payables	32,070	9,901
Accruals	20,721	8,901
Income received in advance	17,517	10,354
Other current liabilities	1,819	1,845
	72,127	31,001

Income received in advance relates to time charter revenue received in advance for future periods and has therefore been deferred.

One of the Group's subsidiaries is party to a dispute with Kleimar N.V. in respect of an underperformance claim on the vessel Channel Navigator. A liability of \$450,000 (2006 -\$450,000) has been recorded in respect of this claim.

22. NON-CASH TRANSACTIONS

Vessels amounting to \$82,600,000 (2006 -\$145,757,000) were acquired during the year and financed by new finance leases (see note 11).

23. CAPITAL COMMITMENTS

<i>(in thousands of \$)</i>	2007	2006
New building contracts	1,199,000	482,000

The Group sold a number of newbuilding contracts prior to delivery of the vessels and expects to realise a profit of \$302.4 million. The profit will be recognised on delivery of the vessels, as the Group still has the commitment for all its vessels under construction.

24. OPERATING LEASES

Rental expense

The future minimum rental payments under the Group's non-cancellable operating leases as of December 31, 2007 are as follows:

<i>(in thousands of \$)</i>	2007	2006
Within one year	283,898	115,401
In the second to fifth years	88,563	86,297
Later than five years	14,386	-
Total minimum lease payments	386,847	201,698

Total rental expense for the year ended December 31, 2007 for operating leases was \$393,141,000 (2006 -\$144,152,000).

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Rental income

The minimum future revenue to be received under the Group's non-cancellable operating leases as of December 31, 2007 is as follows:

<i>(in thousands of \$)</i>	2007	2006
Within one year	258,031	158,599
In the second to fifth years	288,787	242,893
Later than five years	89,034	73,897
Total minimum lease revenue	635,852	475,389

Total rental income from operating leases was \$710,888,000 for the year ended December 31, 2007 (2006 -\$279,919,000). Amortisation of future revenue from operating leases of \$6,888,000 (2006 -\$14,216,000) is taken against the rental income (note 13).

25. SHARE BASED PAYMENTS

Equity settled share option scheme

On March 21, 2005 the Company approved a share option plan under which share options may be granted to directors and eligible employees. The plan has a limited term of ten years and may issue up to 15 million shares. During the term of the plan the Board may grant options to acquire the Company's shares at a subscription price that the Board shall resolve, provided that such price is not lower than the average of the middle market quotations of the shares as derived from the Oslo Stock Exchange (or any stock exchange on which the Company's shares are traded) for the three immediately preceding dealing days on that Exchange, and the nominal value of \$0.10.

Details of the share options outstanding during the year are as follows:

	2007		2006	
	Number of share options	Weighted average exercise price USD	Number of share options	Weighted average exercise price USD
At the beginning of the year	10,550,000	0.63	10,050,000	0.60
Granted during the year	812,500	4.54	500,000	1.33
Forfeited during the year	-	-	-	-
Exercised during the year	(1,112,500)	0.20	-	-
Expired at the end of the year	-	-	-	-
Outstanding at the end of the year	10,250,000	0.52	10,550,000	0.63
Exercisable at the end of the year	9,187,500	0.15	5,025,000	0.60

The options at the end of 2007 have a weighted average remaining contractual life of 7.35 years (2006 – 8.57 years). The estimated fair value of the options granted during the year was \$1,100,000. Options exercised during the year were settled in cash. The fair value of these options was \$2,248,000 and this was recorded against retained earnings.

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The fair value was calculated using the Binomial option pricing model. The inputs into the model were as follows:

Issue of share options in 2007

	Aug 23 grant
Number of options granted	812,500
Underlying equity	Golden Ocean Group Limited Ordinary Shares
Vesting Period	33.3% annually over three years
Contractual life	5 years
Weighted average fair value of options issued	1.35
Option pricing model used	Binomial
Variables used in option pricing model	
• exercise price – options vesting in year 1	4.54
– options vesting in year 2	4.54
– options vesting in year 3	4.54
• share price at grant date	4.33
• expected volatility	53.9%
• risk free interest rate – options vesting in year 1	5.12%
– options vesting in year 2	4.94%
– options vesting in year 3	5.00%
• expected dividend yield	Nil
• expected vesting of options	100%

Expected volatility was determined by calculating the historical volatility of the Company's share price since the company listing. Management expects that all options will be exercised before expiry.

The Company's shares are traded on the Oslo Stock Exchange in Norwegian Kroner ("NOK"). All share option calculations have been made in NOK and converted at the exchange rate prevailing at the balance sheet date.

The group recognized total expenses of \$558,000 (2006 -\$750,000) related to equity settled share-based payment transactions during the year.

26. PENSION PLAN

The company has a defined benefit pension plan that covers twelve employees as of December 31, 2007 (2006 –seven). The majority of the plan administration is handled by a third party insurance company.

The primary beneficiaries are residents of Norway and they are entitled to approximately 70 per cent of their last year's salary at a retirement age of 67 years. The pension is transferable on death of the employee to the spouse or children up to a maximum of 60 per cent of the employee's original benefit.

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	2007	2006
Discount rate	4.70%	4.35%
Expected return on plan assets	5.75%	5.40%
Expected rate of increase in compensation	4.50%	4.50%
Expected rate of increase in pensions	4.25%	1.60%

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The amount recognized in the balance sheet in respect of the Group's defined benefit retirement plan is as follows:

<i>(in thousands of \$)</i>	2007	2006
Present value of defined benefit obligations	(1,189)	(661)
Fair value of plan assets	795	569
Deficit in plan	(394)	(92)

No amounts were paid out to employees under the pension plan during 2007 (2006 -\$nil)

The amount recognized in the income statement in respect of the Group's defined benefit retirement plan is as follows:

<i>(in thousands of \$)</i>	2007	2006
Current service cost	592	272
Expected return on plan assets	(28)	(7)
Pension cost	564	265

Changes in the present value of the defined benefit obligation are as follows:

<i>(in thousands of \$)</i>	2007	2006
At January 1	661	336
Current service cost	592	272
Actuarial losses	(64)	53
At December 31	1,189	661

Changes in the fair value of the plan assets are as follows:

<i>(in thousands of \$)</i>	2007	2006
At January 1	569	390
Actual return on plan assets	479	311
Contributions by employer	(253)	(133)
At December 31	795	568

The fair value of the plan assets is analyzed as follows:

<i>(in thousands of \$)</i>	2007	2006
Equity instruments	27%	27%
Debt instruments	57%	57%
Property	10%	10%
Other assets	6%	6%

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27. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation and not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Frontline and its subsidiary, Ship Finance International Limited and its subsidiaries, are related parties due to the significant influence of a single shareholder and common directors on the boards of each company.

Frontline provides the Group with certain administrative services under the terms of an administrative management contract related to the Bermuda office. The Group also pays Frontline a fixed fee of \$24,000 per owned vessel. In the year ended December 31, 2007, the Group was charged \$270,066 (2006: \$152,022) under this arrangement. The group also pays Frontline for supervision of the vessels under construction and the Group was charged \$962,500 (2006:\$nil) under this arrangement.

On January 1, 2005 the Company entered into an agency agreement with Frontline whereby it provides chartering services in relation to Frontline's fleet of oil/bulk/ore carriers. Frontline pays the Company a fixed amount per vessel for charters arranged under this agreement. During the year \$96,000 (2006 - \$96,000) was charged in respect of the agency agreement.

The Group has sold two Capesize vessels under construction on back to back terms to Ship Finance International Limited for \$80 million each with estimated delivery in 2009. The vessels have been bareboat chartered back to the Group at \$27,450 per day for the first five years, \$22,600 per day for the next five years and \$19,750 for the last five years. The Group has been granted fixed price purchase options for each of the vessels after 5, 10 and 15 years. The profit expected to be made on the sale of these vessels will be deferred and amortised over the period of the lease after the delivery of the vessels.

The Group has the following year end balances with related parties:

<i>(in thousands of \$)</i>	Amounts owed by related parties		Amounts owed to related parties	
	2007	2006	2007	2006
Frontline	-	-	246	473
Subsidiaries of Frontline	-	-	917	536
Ship Finance Int. Ltd. and subsidiaries	76	-	3,340	3,356
	76	-	4,503	4,365

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

No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel and directors

The remuneration of directors and other key management during the year was as follows:

<i>(in thousands of \$)</i>	2007	2006
Short term employee benefits	475	522
Directors fees	83	90
Share based payments	388	569
	946	1,181

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The table below shows the total number of shares owned directly or indirectly by key management and directors as at December 31, 2007.

	Number of shares	Percentage of outstanding shares
John Fredriksen (Director)	108,289,159	39.847%
Tor Olav Trøim (Director)	594,012	0.219%
Kate Blankenship (Director)	6,000	0.002%
	108,889,171	40,068%

The chief executive officer of Golden Ocean Management AS was advanced funds of \$nil (2006 -\$462,000) with no set terms of repayment and interest to be accrued at NIBOR.

28. CASH AND CASH EQUIVALENTS

<i>(in thousands of \$)</i>	2007	2006
Current accounts	34,885	30,610
Short-term deposits	230,000	-
Restricted cash	15,210	8,500
Other	26,138	1,661
	306,233	40,771

Details of restricted cash are given in note 29.

29. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

<i>(in thousands of \$)</i>	2007	2006
Financial Assets		
Cash and receivables	378,768	68,183
Financial assets at fair value through profit and loss	51,001	22,561
Financial assets available for sale	-	1,519
	429,769	92,263
Financial Liabilities		
Financial liabilities at amortised cost	941,495	389,737
Financial liabilities at fair value through profit and loss	60,795	25,352
	1,002,290	415,089

Financial Risk Management

Through its activities the Group is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and charter rates risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group makes use of derivative financial instruments such as forward freight agreements to moderate certain risk exposures.

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Charter Rates Risk

The Group's shipping operations are susceptible to charter rate risk arising from uncertainties about future charter rates.

The Group has the following derivative financial instruments:

<i>(in thousands of \$)</i>	2007 Assets	2007 Liabilities	<i>2006 Assets</i>	<i>2006 Liabilities</i>
Forward freight agreements	51,001	(60,795)	22,561	(25,352)
Current	-	(60,795)	-	(25,352)
Non Current	51,001	-	22,561	-

The Group uses forward freight agreements to manage its exposure to vessel spot market rates and for speculating.

At December 31, 2007, the fair value of the Group's forward freight agreements in the "over the counter" (OTC) market, is estimated to be approximately a loss of \$9,794,000 (2006 -\$2,791,000). This loss is based on quoted market prices for equivalent instruments at the balance sheet date and is comprised of \$51,001,000 (2006 -\$22,561,000) in assets and \$60,795,000 (2006 -\$25,352,000) in liabilities.

The Group does not designate its forward freight agreements or bunker futures as effective hedges and as such movements in the market values of these instruments are recorded in the income statement.

At December 31, 2007 the Group held a majority of long positions (2006:short) and if the market rates at this date had decreased by 10%, with all other variables held constant, this would have decreased net assets by \$1.5million (2006: increased by \$1.1million) as a result of unrealised movements on forward freight agreements. If market rates had increased by 10% we would have seen a corresponding increase of \$1.5million (2006: decrease of \$1.1million)

Interest Rate Risk

The Group's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows.

Breakdown of long-term debt with average interest rates:

<i>(in thousands of \$)</i>	2007		2006	
	Loan amount	Average interest rate	Loan amount	Average interest rate
Loans on vessels	113,446	6.17 %	195,935	6.01 %
Loans on vessels under construction	355,443	5.82 %	14,000	5.90 %
Convertible bonds	183,704	5.63 %	-	-
	652,593		209,935	

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Breakdown of cash and cash equivalents:

<i>(in thousands of \$)</i>	2007		2006	
	Amount	Average interest rate	Amount	Average interest rate
Current accounts	34,885	4.70 %	30,610	5.00 %
Short-term deposit	230,000	4.90 %	-	-
Restricted cash	15,210	3.50 %	8,500	5.00 %
Other	26,138	3.00 %	1,661	2.00 %
	306,233		40,771	

Cash and cash equivalents and long-term debt (excluding convertible bonds) bear interest at LIBOR plus a fixed margin. The LIBOR is fixed in one, three or six month periods.

In December 2007, the company issued \$200 million in principal amount of convertible bonds with a maturity of five years and a coupon rate of 3.625%. The conversion price includes a premium of 40% from the issue date. The values of the liability component and the equity component were determined at the time of issue.

The fair value of the liability component, included in long-term debt, was calculated using a market interest rate for equivalent non-convertible bonds. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in other reserves.

The convertible bond recognised in the balance sheet is calculated as follows.

<i>(in thousands of \$)</i>	2007	2006
Face value of convertible bonds issued	200,000	-
Equity component	(16,635)	-
Liability component at initial recognition	183,365	-
Interest expense	339	-
Interest paid	-	-
Liability component at December 31, 2007	183,704	-

The group considers its interest rate risk exposure on a continuous basis. As of December 31, 2007 no interest hedges are held by the Group.

If interest rates as of December 31, 2007 and December 31, 2006 had increased / decreased by 0.5% with all other variables remaining constant, the decrease / increase in profit would have been \$ 313,125 (2006: \$ 827,038) mainly as a result of higher/lower interest expense on floating rate long-term debt. Interest directly attributable to the construction of vessels is capitalised and has no effect on profits. If interest rates had moved by 0.5 % the effect on the amount capitalised would be \$ 706,913 (2006: \$ 92,583).

The sensitivity is higher in 2007 than in 2006 because of an increase in long-term debt attributable to vessels under construction.

The group's chief financial officer monitors the sensitivity to the interest rates on a regular basis as part of his role.

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Credit Risk

The Group is exposed to credit risk, inherent in the risk that a counterparty will be unable to perform under the time and voyage charter contracts and unable to pay amounts in full when due. Bad debts are provided for losses that have been incurred by the balance sheet date, if any. The maximum exposure to credit risk on cash and cash equivalents and trade and other receivables (ignoring collateral and credit quality) at December 31, 2007 was \$ 378,768 (2006: \$ 68,183).

Credit risk also exists to the extent that at December 31, 2007 and 2006 there were open contracts to buy and sell financial instruments in the normal course of business. The maximum exposure to credit risk on other financial assets at December 31, 2007 was \$ 51,001 (2006: \$ 22,561).

Concentrations of credit risk exist to the extent that at December 31, 2007 and 2006 mainly all cash and cash equivalents were held with three financial institutions with credit ratings according to Standard & Poor's as follows:

Counterparty	Rating	Geographical segment	2007	2006
<i>Cash and cash equivalents</i>				
Skandinaviska Enskilda Banken (SEB)	A+	Norway	63,278	34,637
Nordea	AA-	Norway	209,946	3,182
NOS – SEB	A+	Norway	12,363	1,661
Other		Norway	20,646	1,291
			306,233	40,771
<i>Other financial assets</i>				
Derivative counterparties A	N/A		3,717	1,738
Derivative counterparties B	N/A		30,560	17,559
Derivative counterparties C	N/A		11,762	3,264
Derivative counterparties D	N/A		4,962	-
			51,001	22,561

In addition concentrations of credit risk exist to the extent that approximately 44 % of the voyage related income is accounted for by four charterers.

If there is no independent rating, the credit control department assesses the credit quality of the counterparty taking into account its financial position, past experience and other factors. The finance department has internally split derivative counterparties into four different categories.

The Group monitors credit risk on a daily basis and manages risk by concentrating on chartering activities with major shipping companies and placing bank deposits with blue-chip financial institutions.

Currency Risk

The value of monetary assets and liabilities denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. The majority of the Group's financial assets and liabilities are denominated in US Dollars and at December 31 2007 and 2006, there were no material assets and liabilities denominated in foreign currencies.

The Group monitors its exposure to currency risk on a regular basis. The Group does not use forward foreign exchange contracts to mitigate against currency risk.

At December 31 2007, had the exchange rate between the US Dollar and the Norwegian Kroner increased or decreased by 5 per cent with all other variables held constant, the decrease or increase respectively in net assets would not be material.

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Liquidity Risk

The table below analyses the Group's long-term debt into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

<i>(in thousands of \$)</i>	2007	2006
Within one year	227,137	50,473
Between one and two years	105,807	30,472
Between two and five years	231,347	82,042
After five years	88,302	46,948
Total debt	652,593	209,935
Current portion	(227,137)	(50,473)
Long-term debt	425,456	159,462

The table below analyses the Group's obligations under finance leases into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

<i>(in thousands of \$)</i>	2007	2006
Within one year	21,137	20,297
Between one and five years	137,316	133,429
	158,453	153,726

The table below analyses the Group's operating lease commitments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

<i>(in thousands of \$)</i>	2007	2006
Within one year	283,898	115,401
Between one and five years	88,563	86,297
After five years	14,386	-
	386,847	201,698

Cash of \$10,000,000 has been restricted in relation to the initial Margin requirement by NOS clearing ASA on open freight forward contracts. Restricted cash of \$5,210,000 relates to a deposit in respect of a legal claim against Transfield.

The Group's finance department monitors the liquidity position of the Group on a regular basis between each loan drawdown and repayment period, to ensure sufficient funds are available.

The Group is sufficiently funded today and is generating positive cash flows from its current activities. Although the Group has positive cash flow projections for subsequent periods, the extensive newbuilding program will involve substantial investment and will expose the Group to the financial "credit crunch". As part of the evaluation of new projects, different funding solutions will be considered, taking into account the size of the investment. These elements will constitute the basis for the investment decisions and the composition of funding alternatives.

Equity Price Risk

The Group invests in marketable securities in the dry bulk segment on different stock exchanges, to take advantage of market movements in the equity markets.

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All marketable securities present a risk of loss of capital. The Group moderates this risk through a careful selection of securities. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The group's overall market positions are monitored on a quarterly basis. The Group has no marketable securities at December 31 2007.

Fair value estimation

The carrying value and estimated fair value are based on the following assumptions:

Cash and cash equivalents: Carrying amount approximates fair value

Trade and other receivables: Fair value is represented by the carrying value less any allowances for doubtful accounts

Amounts due from/to related parties: Carrying amount approximates fair value

Marketable securities: Carrying amount approximates fair value

Trade payables and other current liabilities: Carrying amount approximates fair value

Long-term debt: The estimated fair value for long-term debt is considered to be equal to the carrying value as the debt is based on variable interest rates that are reset on a monthly or quarterly basis.

The carrying values and estimated fair values of the Group's non-derivative financial instruments are as follows:

<i>(in thousands of \$)</i>	2007		2006	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	306,233	306,233	40,771	40,771
Trade and other receivables	72,459	72,459	27,412	27,412
Amounts due from related parties	76	76	-	-
Marketable securities	-	-	1,519	1,519
Total of financial instruments (assets)	378,768	378,768	69,702	69,702
Trade payables and other liabilities	143,407	143,407	31,001	31,001
Amounts due to related parties	4,503	4,503	4,365	4,365
Obligations under finance leases	140,922	140,992	144,436	144,436
Long-term debt	652,593	652,593	209,935	209,935
Total of financial instruments (liabilities)	941,495	941,495	389,737	389,737

The Group does not generally require collateral on its financial instruments.

30. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital, and to enhance the ability of the group to reinvest in future projects by sustaining a strong balance sheet position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including long-term debt, obligations under finance leases and trade and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The gearing ratios at December 31, 2007 and December 31, 2006 were as follows:

<i>(in thousands of \$)</i>	2007	2006
Total borrowings	1,002,290	415,089
Less: cash and cash equivalents	(306,233)	(40,771)
Net debt	696,057	374,318
Total equity	181,530	137,126
Total capital	877,587	511,444
Gearing ratio	79.3%	73.2 %

31. DIVIDENDS PAID AND PROPOSED

<i>(in thousands of \$)</i>	2007	2006
<i>Declared and paid during year</i>		
Final dividends for 2006: 5 cents per share	13,569	-
Interim dividends for 2007: 58 cents per share	157,593	-
	171,162	
<i>Proposed but not recorded</i>		
Final dividends for 2007: 30 cents per share (2006: 5 cents per share)	84,072	13,569

32. SUBSIDIARY COMPANIES

The following are the Company's subsidiaries as at December 31, 2007.

Name	Country of residence	Ownership interest
Golden President Shipping Corporation	Liberia	100%
Golden Hilton Shipping Corporation	Liberia	100%
Front Carriers Ltd	Liberia	100%
Golden Dena Corporation	Liberia	100%
Golden Gunn Corporation	Liberia	100%
Golden Saguenay Inc	Liberia	100%
Golden Opportunity Inc	Liberia	100%
Golden Nassim Inc	Liberia	100%
Golden Nantong Inc	Liberia	100%
Golden Sentosa Inc	Liberia	100%
Golden Straits Inc	Liberia	100%
Golden Island Inc	Liberia	100%
Golden Feng Inc	Liberia	100%
Golden Shui Inc	Liberia	100%
Golden Grouse Inc	Liberia	100%
Golden Ice Inc	Liberia	100%
Golden Ambition Inc	Liberia	100%

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Name	Country of residence	Ownership interest
Golden Strength Inc	Liberia	100%
Golden Beijing Inc	Liberia	100%
Golden Future Inc	Liberia	100%
Golden Zhejiang Inc	Liberia	100%
Golden Zhoushan Inc	Liberia	100%
Golden Pearl Inc	Liberia	100%
Golden Diamond Inc	Liberia	100%
Golden Sapphire Inc	Liberia	100%
Golden Crystal Inc	Liberia	100%
Golden Brilliant Inc	Liberia	100%
Golden Emerald Inc	Liberia	100%
Golden Empress Inc	Liberia	100%
Golden Eminence Inc	Liberia	100%
Golden Excellence Inc	Liberia	100%
Golden Eclipse Inc	Liberia	100%
Golden Explorer Inc	Liberia	100%
Golden Endeavour Inc	Liberia	100%
Golden Enterprise Inc	Liberia	100%
Golden Endurer Inc	Liberia	100%
Golden Ocean Management Asia Pte Ltd	Singapore	100%
Golden Ocean Management AS	Norway	100%
Golden Ocean Group Management (Bermuda) Limited	Bermuda	100%

The accounts of Golden Ocean Management AS are prepared in Norwegian Kroner, and the accounts of Golden Ocean Management Asia Pte. Ltd. are prepared in Singapore Dollars. At December 31, 2007 the foreign exchange on conversion to US Dollars is not material and has been recognised in the income statement.

33. SUBSEQUENT EVENTS

In January 2008 the Company has agreed to sell one of its capesize vessels under construction ordered in 2006. The vessel will be sold for net sale proceeds of \$121.4 million and the transaction will give the company a positive result of approximately \$46.4 million. This is expected to be recorded during the third quarter of 2008 upon delivery from the shipyard to the new owners.

In January 2008 the Company has acquired 3,500,000 of its own shares. The shares will be held as treasury shares.

In February 2008, the Company declared a dividend of \$0.30 per share in respect of the accounts for the year ended December 31, 2007.

In February and April 2008, the Company declared additional options for newbuilding contracts for two plus two Kamsarmax vessels at Zhoushan Jinhaiwan Shipyard in China. The vessels of 80,000 dwt are expected to be delivered in 2011. The total purchase price will be approximately \$208 million.

In April 2008, the Company has agreed to sell the Panamax vessel M/V Bellflower. The vessel will be delivered to the buyers by the end of February 2009 and the agreed sales price is about \$76 million net. The transaction will give a positive result of approximately \$31 million.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on 2008.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

CORPORATE GOVERNANCE STATEMENT 2008

Golden Ocean Group Limited is a Bermuda registered company, the shares of which are listed on the Oslo Stock Exchange. As a consequence of this, the Company is required to publish an annual statement on the Company's principles for corporate governance in accordance with the Norwegian Code of Practice for Corporate Governance (the "**Code**"). The Code is published on the website of the Oslo Stock Exchange: www.ose.no. The Code is a non binding recommendation which all companies listed on the Oslo Stock Exchange are required to relate to on a "comply or explain" basis.

Golden Ocean Group Limited is committed to ensuring that its principles of corporate governance meet the highest standards and generally supports the principles set forth in the Code. Being subject to two different sets of corporate governance regulations (Norway and Bermuda) means, however, that Golden Ocean Group Limited will have to rely on some exceptions from the individual sets of rules.

Golden Ocean Group Limited's corporate government policies and procedures are explained below in relation to the Code.

Corporate Governance

The board of Golden Ocean Group Limited (the "**Board**") recognizes the importance of sound corporate governance. The Board believes that the principles it has implemented and maintained in this respect meet this standard.

Business

The business of Golden Ocean Group Limited and its subsidiaries (the "**Group**"), is dry bulk shipping. The Company's annual report includes a more specific description of the Group's business, including the overall objectives and current strategy of the Company. The Company's annual report can be accessed at the Company's website: www.goldenocean.no

Equity and dividend

As at December 31, 2007 the equity capital of Golden Ocean Group Limited was USD 181,530,000. The Board is of the opinion that the equity capital is appropriate, considering the Company's objectives, strategy and risk profile.

At present, the Board is authorized by the general meeting to issue up to 500,000,000 shares. There is, in accordance with Bermudian corporate law, no time limit on this authorization.

Bermudian corporate law allows the Company to repurchase its own shares. This right is also incorporated in the Company's bye-laws 9, 10 and 11.

The Company's bye-laws 111 to 117 (inclusive) deal with dividends and other payments to shareholders and provide that the Board can declare cash dividends or distributions, and may also pay a fixed cash dividend half yearly or on other dates.

As a relatively young company with extensive growth ambitions the Company has decided not to have a fixed dividend policy. The Company's goal is to achieve a high dividend capacity, but the quarterly dividend payment will depend on the Company's financial situation, need for working capital and investments or acquisition possibilities. The Board also emphasizes the importance of increased shareholders' value through increase in share price.

Equal treatment of the shareholders

As a listed company, the Company is obliged to comply with the information requirements of the Oslo Stock Exchange. All information relevant to the share price is published to the market through Hugin Connector and Oslo Stock Exchange. This is also made available immediately at the Company's website. The Company publishes all reports, presentations given by the management and dates for financial releases on its website.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Golden Ocean Group Limited has only one class of shares.

Under Bermudian corporate law shareholders in a Bermudian company do not have any preferred right to subscribe for further shares when such are issued.

Golden Ocean Group Limited will, if acquiring its own shares, always do this through purchases on the Oslo Stock Exchange at the prevailing stock exchange price.

The Company's policy is to enter into related party transactions solely on terms that are at least as favourable to the Company as those that can be obtained when contracting with an unrelated third party.

It follows from the Bermudian Companies Act that an officer or director of the Company shall, at the first available opportunity, notify the board of his interest in any material contract or any person that is a party to a material contract of the Company. Further the Company's bye-laws contain (in bye-law 88) specific provisions addressing directors interests.

Freely negotiable shares

Subject to (i) Bermudian company law, (ii) the terms of the Company's bye-laws 33 to 36 (inclusive) dealing with transfer of shares and (iii) the terms of any applicable United States securities laws (including the United States Securities Act 1933), Golden Ocean Group Limited's shares are freely transferable.

The Company's bye-law 34 (ii) gives the Board the option to decline to register the transfer of any shares if the registration of such transfer would be likely to result in 50% or more of the aggregate issued share capital of the Company being held or owned directly or indirectly by a person or persons resident for tax purposes in a jurisdiction which applies a controlled foreign company tax legislation or a similar tax regime which, in the Board's opinion, will have the effect that shareholders are taxed individually for a proportion of the Company's profit.

Under the Company's bye-law 34 (ix) where a person or entity becomes the owner of more than 30% of the issued shares, the Board can decline to register the interest in excess of 30% unless the acquirer makes an offer to purchase the remaining shares of the Company or agrees to sell part of the shares acquired to reduce the interest to below 30%.

General meeting

The Company's general meetings are open to all of the Company's shareholders, and are held on an annual basis. The notice period is, under Bermudian corporate law, no less than 7 days' notice which shall be provided in writing. Shareholders may exercise their vote through a representative or proxy. The Company's bye-laws 76 to 81 (inclusive) specifically address proxies and corporate representatives. Bye-law 81 permits the Board, subject to the Bermudian Companies Act, to waive any of the provisions of the bye-laws related to proxies or authorizations and, in particular, the Board may accept verbal or other assurances as it thinks fit as to the right of any person to attend and vote on behalf of any shareholder at general meetings. All shares have equal voting rights. There are no restrictions on ownership or any known shareholder agreements.

Nomination Committee

Golden Ocean Group Limited has currently not appointed any nomination committee.

Corporate assembly and board of directors

Golden Ocean Group Limited does not have a corporate assembly or other non executive supervisory board. This is not required under Bermudian company law.

The Board currently consists of four directors. Two of the directors, John Fredriksen and Tor Olav Trøim are not independent from Golden Ocean Group Limited's main shareholder, Hemen Holding Limited. One director, Kate Blankenship, is not independent according to rules of the Oslo Stock Exchange.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Although Golden Ocean Group Limited recognizes that the composition of the Board does not satisfy the recommendation of the Code for two independent directors at present, it is not intended to propose any further increase in the number of directors in the short term.

Golden Ocean Group Limited is currently going through a phase of rapid expansion, and it is therefore important to have a small and focused board of directors with a close working knowledge of Golden Ocean Group Limited's strategy and operations, and an ability to react quickly when the situation so requires. The current composition of the Board satisfies these needs. Golden Ocean Group Limited thus believes that these considerations, for the time being, justify the non-compliance with the Code's recommendation for two independent directors and the need for a nomination committee.

At the time Golden Ocean Group Limited was listed on the Oslo Stock Exchange, Golden Ocean Group Limited provided a statement concerning the independence of its board of directors.

The Board does not consider it appropriate to establish sub-committees, but the Board can delegate its powers to committees under bye-law 96.

The size and focus of the Board and the direct communication between the management and the board indicate that such committees are not required. The Board evaluates its work and competence constantly and adopts any required changes.

The Board of directors' work

The Board receives quarterly financial reports for the Company with the management's comments on the economic and financial status. The Board discusses strategy and investment opportunities in meetings held in between the regular scheduled Board meetings. The Board holds 4 - 6 regular Board meetings per year.

Compensation to the board of directors and executive employees

Total remuneration to key management and directors appear in the annual report.

Golden Ocean Group Limited has no compensation committee. Bye-law 87 deals with directors' fees and additional remuneration and expenses. Directors' fees are determined by the Company in general meeting and the Board determines the compensation of individual directors.

Golden Ocean Group Limited has not, at present, established any written guidelines for the remuneration of the members of its executive management. The day-to-day management of the Company is undertaken by Golden Ocean Management AS (a Norwegian company in the Golden Ocean group), and Golden Ocean Management Asia Pte Ltd. (a Singapore company in the Golden Ocean group), in both cases under a management agreement.

The Company operates a share option incentive program for the Group's directors and senior employees. The general terms of the share option program are approved by the shareholders in a general meeting.

Risk management and internal control

The Company has invested in a risk management system that constantly keeps track of the positions related to all vessels under operation. The Board receives a weekly report that gives an overview of the open positions and the sensitivity related to changes in market conditions.

The annual report does not include comments on the internal control and risk management systems.

Information and communication

Golden Ocean Group Limited publishes annual and quarterly reports at its website. The Company acknowledges the importance of providing shareholders in particular and the equity market in general with correct and relevant information about the Company and its activities.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Change in Control, takeovers

The bye-laws of Golden Ocean Group Limited do not include any mechanisms that hinder a takeover or deter takeover-bids. However, the Board would, in case of a takeover-bid, take such actions that are in the best interest of the shareholders, such as advising the shareholders in the assessment of the bid and, if appropriate, seeking to find a competing bidder.

If a take-over bid were made for Golden Ocean Group Limited's shares it is the opinion of the Board that the shareholders of the Company should be treated equally and provided with sufficient information and time to consider the offer.

Auditor

The Company's independent auditor, appointed by its general meeting, is Moore Stephens LLP.

The Company employs the same auditing firm as all its subsidiaries other than Golden Ocean Management AS. The auditor monitors the internal control system of the Company on a yearly basis and reports back to the Board. The auditor attends the Board meeting that deals with the annual accounts and otherwise as required. Annually the auditor briefs the Board about accounting principles, risk areas, judgment items and internal control.

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

Golden Ocean Group Limited
Consolidated Financial Statements
for the year ended December 31, 2006

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
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Golden Ocean Group Limited

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APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Independent Auditors' Report to the Shareholders of Golden Ocean Group Limited

We have audited the accompanying financial statements of Golden Ocean Group Limited, which comprise the consolidated balance sheet as at December 31, 2006 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of December 31, 2006 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Bermudan law.

MOORE STEPHENS LLP

Chartered Accountants

St Paul's House
London, EC4M 7BP
June 29, 2007

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**Golden Ocean Group Limited
Consolidated Income Statement
For the year ended December 31, 2006**

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

	Notes	Year ended 12/31/2006	Year ended 12/31/2005
Operating revenue			
Revenue	3	265,703	95,716
Other operating income	3	4,624	95
Total operating revenue	3	270,327	95,811
Operating expenses			
Voyage expenses and commission		47,575	762
Vessel operating expenses		11,374	3,509
Charter hire expenses		144,152	50,510
Administrative expenses		7,259	3,535
Depreciation	10,11	10,145	5,022
Total operating expenses		220,505	63,338
Operating profit	5	49,822	32,473
Profit on sale of subsidiaries	4	4,108	-
Financial income	6	8,730	20,109
Finance costs	7	(16,847)	(9,325)
Other financial items		(127)	(510)
Impairment loss		(9,983)	(1,802)
Profit before taxation		35,703	40,945
Taxation	8	(51)	-
Profit for the year		35,652	40,945
Basic earnings per share	9	\$0.14	\$0.17
Fully diluted earnings per share	9	\$0.13	\$0.17

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

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**Golden Ocean Group Limited
Consolidated Balance Sheet
At December 31, 2006**

<i>(in thousands of \$)</i>	Notes	12/31/2006	12/31/2005
ASSETS			
Non current assets			
Vessels and equipment, net	10	169,402	165,752
Vessels under finance leases, net	11	223,382	124,022
Investment in purchase options	12	28,832	28,832
Other financial assets	20	22,561	514
Investment in future revenue, net	13	30,795	45,011
Other non-current assets		1,011	1,109
Total non-current assets		475,983	365,240
Current assets			
Cash and cash equivalents	28	40,771	16,484
Trade and other receivables	15	27,412	7,938
Inventories	14	6,530	370
Amount due from related parties	27	-	2,218
Marketable securities	16	1,519	711
Total current assets		76,232	27,721
Total assets		552,215	392,961
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	17	27,138	24,688
Contributed surplus		30,940	12,458
Other reserves		621	(187)
Retained earnings		78,427	42,775
Shareholders' equity		137,126	79,734
Non Current Liabilities			
Long term debt	18	159,462	175,985
Obligations under finance leases	19	130,460	61,145
Total non current liabilities		289,922	237,130
Current Liabilities			
Long-term debt - current portion	18	50,473	60,154
Obligations under finance leases – current portion	19	13,976	5,783
Other financial liabilities	20	25,352	1,544
Amount due to related parties	27	4,365	-
Trade payables and other current liabilities	21	31,001	8,616
Total current liabilities		125,167	76,097
Total liabilities and shareholders' equity		552,215	392,961

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

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

Golden Ocean Group Limited
Consolidated Statement of Cash Flows
For the year ended December 31, 2006

(in thousands of \$)

	Notes	Year ended 12/31/2006	Year ended 12/31/2005
OPERATING ACTIVITIES			
Profit for the year		35,652	40,945
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Stock options	25	750	501
Profit on sale of subsidiaries	4	(4,108)	-
Profit on sale of marketable securities	6	(3,261)	(10,733)
Interest income	6	(1,100)	(596)
Depreciation	10, 11	10,145	5,022
Amortisation of deferred charges		251	130
Amortisation of future revenue	13	14,216	12,181
Impairment loss	11, 12	9,983	1,802
Net change in:			
Amount due from related parties		6,583	(372)
Other financial assets		(22,047)	(514)
Trade and other receivables		(19,474)	(4,344)
Inventories		(6,160)	(244)
Other financial liabilities		23,808	1,544
Trade payables and other current liabilities		22,385	7,427
Net cash provided by operating activities		67,623	52,749
INVESTING ACTIVITIES			
Interest received	6	1,100	596
Additions to vessels and equipment	10	(57,116)	(120,505)
Acquisition of business assets	11	(38,000)	(143,329)
Payment for vessel, previously classified as finance lease	11	(22,167)	-
Proceeds from the sale of vessel		31,605	-
Proceeds from the sale of subsidiaries	4	52,238	-
Purchase of marketable securities		(18,457)	(33,602)
Sale of marketable securities		21,718	43,437
Net cash used in investing activities		(29,079)	(253,403)
FINANCING ACTIVITIES			
Payment of financing charges		(312)	(1,019)
Repayment of obligations under finance leases		(7,923)	(3,154)
Repayment of long term debt		(95,906)	(141,611)
Proceeds from long term debt		69,702	328,800
Proceeds from issue of shares		20,182	14,183
Net cash (used in)/provided by financing activities		(14,257)	197,199
Net increase/(decrease) in cash and cash equivalents		24,287	(3,455)
Cash and cash equivalents at beginning of year		16,484	19,939
Cash and cash equivalents at end of year		40,771	16,484
Supplementary cash flow information:			
Interest paid		16,607	9,091

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

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**Golden Ocean Group Limited
Consolidated Statement of Changes in Equity**

<i>(in thousands of \$)</i>	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings	Total Attributable to equity holders of the parent
Balance at January 1, 2005	22,448	14	-	1,830	24,292
Profit for the year	-	-	-	40,945	40,945
Loss on revaluation of marketable securities	-	-	(187)	-	(187)
Total recognised income and expense for the year	-	-	(187)	40,945	40,758
Shares issued for cash	2,240	11,943	-	-	14,183
Stock options	-	501	-	-	501
Balance at January 1, 2006	24,688	12,458	(187)	42,775	79,734
Profit for the year	-	-	-	35,652	35,652
Gain on revaluation of marketable securities	-	-	808	-	808
Total recognised income and expense for the year	-	-	808	35,652	36,460
Shares issued for cash	2,450	17,732	-	-	20,182
Stock options	-	750	-	-	750
Balance at December 31, 2006	27,138	30,940	621	78,427	137,126

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

1. GENERAL

Golden Ocean Group Limited (the “Company” or “Golden Ocean”) was incorporated in Bermuda on November 8, 2004 as a limited company. The Company’s registered address is Par la Ville Place 4th Floor, Par la Ville Road, Hamilton, Bermuda. The Company was formed as a wholly owned subsidiary of Frontline Ltd. (“Frontline”), a Bermuda publicly listed company, for the purpose of acquiring, by way of contribution, certain drybulk shipping interests held by Frontline. These assets were transferred to the Company on December 1, 2004 and were, at the same date, capitalised in the Company’s accounts as contributed surplus.

On December 1, 2004 the Board of Frontline approved the spin off, or demerger, of Golden Ocean to Frontline’s shareholders. The demerger of Golden Ocean from Frontline was consummated and effective for accounting purposes from December 1, 2004. The Company subsequently de-merged from Frontline and was listed on the Oslo Stock Exchange on December 15, 2004.

The Group consists of the Company and its subsidiary companies (Note 30). The principal activities of the Group are ship chartering and ship owning. The Group operates a fleet of owned and leased panamax and capesize drybulk vessels. The Group also trades freight forward agreements for the purpose of managing its exposure to vessel spot market rates and for speculating.

2. PRINCIPAL ACCOUNTING POLICIES

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The following are the significant accounting policies adopted by the Group:

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities (including special purpose entities) controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company has the intention to consolidate when the substance of the relationship between the Company and the entity indicates that the entity is controlled by the Company. The Company will only consolidate if the necessary information is available and seems to be available in the future.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Company was incorporated on November 8, 2004 for the purpose of acquiring by way of a contribution, certain drybulk shipping assets and associated liabilities of Frontline. This is a group reconstruction and has been accounted for using de-merger principles. This has resulted in the assets and liabilities contributed by Frontline being recorded at their historical net book values as recorded in Frontline’s consolidated financial statements.

(b) Revenue and expenditure

Revenue and expenditure are measured at fair value received or receivable and paid or payable. Revenue and expenses for voyage charters are recorded on a percentage of completion basis. Full provision is made for any losses on voyages in progress at the balance sheet date. Where the Group is party to a profit sharing arrangement, revenue is accounted for on a daily basis as earned and receivable in accordance with the terms of the arrangement.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Normal vessel repair and maintenance costs are charged to the income statement when incurred. The Group capitalises the cost of a dry docking at the time the dry docking takes place. The capitalised costs are written off as vessel running costs on a straight line basis over the estimated period to the next dry docking.

(c) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

(d) Translation of foreign currencies

The Group's functional and reporting currency is the United States Dollar (US Dollars) as most of the Group's revenue and expenses are denominated in US Dollars.

Transactions in currencies other than the functional currency are recorded at the rate of exchange on the date of the transaction. At the balance sheet date all monetary items are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at historical rates, unless such items are carried at fair value, in which case they are translated at the rate of exchange in effect at the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences on non-monetary items carried at fair value are included in income statement for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised directly in equity.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in US Dollars using the prevailing exchange rates on the balance sheet date. Income and expense items are translated at the average rates for the period. Exchange differences are presented in equity, if material, otherwise in the income statement.

(e) Fixed assets and depreciation

Assets are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on the basis that the book value of the assets, less any estimated residual value is written off on a straight line basis over the remaining useful life. In accordance with IAS16 – "Property, Plant and Equipment", the Group annually reviews the useful life and residual value of assets.

Assets in the course of construction are carried at cost, less any recognised impairment losses. Costs include professional fees and borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation commences when assets are available for their intended use.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Vessels are depreciated on the basis that the cost of the vessels, less any estimated residual value based on \$410 per lightweight tonnage of the vessel, is written off on a straight line basis over the remaining useful life of the vessel taken to be 25 years from the date the vessel is available for its intended use.

Vessels held under finance leases are depreciated over their expected useful lives on the same basis as owned vessels or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of a vessel is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Computer hardware, software and office equipment are depreciated over their expected useful lives or, where shorter, three years.

(f) Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine if there is any indication the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss.

The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. Fair value is determined as the average of three independent broker valuations. When determining the value in use, the discounted future cash flow is based on normalized revenues less normalized expenses over the remaining useful life at a discount rate equivalent to the Group's incremental borrowing cost. Assets are assessed individually.

When an impairment loss is identified the carrying value of the asset is reduced to the recoverable amount and the impairment loss is recorded in the income statement.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated on a first in first out basis.

(h) Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Derivatives

Derivative financial instruments are measured at fair value. Movement in the fair value of derivative financial instruments that are not effective hedges are recognised in the income statement for the period.

Trade and other Receivables

Trade and other Receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts.

Borrowing costs

Borrowing costs directly and indirectly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

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All other borrowing costs are recognised in the income statement during the period in which they are incurred.

Investments

Investments are recognised and disposed of on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value plus directly attributable transaction costs.

Investments other than held-to-maturity debt securities are classified as either held for trading or as available for sale, and are measured at subsequent reporting dates at fair value. Where investments are held for trading, gains and losses arising from changes in the fair value are included in the income statement for the period. For available for sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement for the period. Impairment losses recognised in the income statement for debt instruments classified as available for sale are subsequently reversed if there is an increase in the fair value of the instrument after the recognition of the impairment loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with a maturity of less than three months, and other highly liquid investments with a maturity of less than three months when acquired that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Bank borrowings

Interest bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement and redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received.

(j) Share based payments

The Group issues equity settled share-based payments to certain directors and employees. Equity settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the shares that will vest and adjusted for the effect of non market-based vesting conditions.

The fair value is measured using the Binomial pricing model. The inputs used in the model are based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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(k) Related parties

Parties are related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence.

(l) Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (industry segment), or in providing products or services within a particular economic environment (geographical segment), that is subject to risks and rewards that are different from those of other segments.

The group operates exclusively in the dry bulk carriers' industry and does business throughout the world with no focus on specific geographical segments.

(m) Critical accounting estimates and judgements

Estimates and judgements are evaluated and based on experience and other factors that are believed to be reasonable under the current circumstances. The following summarises the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the judgements made in applying the Group's accounting policies.

Leases

The group is party to leasing transactions as both lessee and lessor. The accounting for a lease transaction is mainly determined by whether the lease is considered to be a finance lease or an operating lease. Management look to the substance of the transaction in judging whether all the risks and rewards of ownership are transferred.

Asset impairment testing

The Group reviews its non-current assets for impairment at each balance sheet date. In order to assess if an impairment exists, management estimates discounted future cash flows, residual value, and remaining life of the asset. Market factors affecting expected future income, operating costs, residual values and obsolescence may affect the discounted future cash flows. Actual outcomes may vary significantly from the estimates of the discounted future cash flows.

Revenue recognition

The Group has made accruals and provisions for partially completed contracts and for losses or adjustments to existing and previously completed contracts. Management believes that the provisions made for these items are adequate based upon the information available. As these estimates are based upon information available at the balance sheet date, they are subject to change as further information becomes available. Such changes in estimates may affect the earnings of future periods.

Provision for bad debt and doubtful accounts

The policy for bad debt and doubtful accounts of the Group is based on the evaluation of collectibles, ageing analysis of trade receivables and on managements' judgement. A considerable amount of judgement is required in assessing the ultimate realization of receivables, including credit worthiness and collection history of customers. Deterioration in a customer's financial conditions may affect provisions.

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Legal provisions

The Group is party to various legal proceedings. Additional claims could be made that may not be covered by existing provisions or by insurance. There can be no assurance that there will not be further claims, proceedings or investigations. Such further claims may be material and impact future periods

(n) **Recent Accounting Pronouncements**

The following standards and interpretations are in issue but not in force at December 31, 2006:

New Standards and Interpretations

IFRS 7	Financial instruments: disclosure
IFRS 8	Operating Segments
IFRIC 7	Applying the restatement approach under IAS 29
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements

Revisions to Existing Standards

IAS 1 Changes to capital disclosures

The directors do not expect the new standards and interpretations, or the revisions to existing standards, to have any impact on the primary financial statements. However:

IFRS 7	This standard will require additional disclosures concerning the Group's financial instruments, to enable users of the financial statements to appreciate the financial risks to which the Group is subject. This standard is effective for accounting periods beginning on or after January 1, 2007.
IAS 1	The revisions to this standard will require additional disclosures, both qualitative and quantitative, concerning the capital of the company. The revisions to this standard are effective for accounting periods beginning on or after January 1, 2007.

3. REVENUE

More than 99 per cent of the Group's revenue and operating results relate to its chartering operations which are carried out internationally and cannot be attributable to any particular geographical location, and accordingly no analysis by either business or geographical segment is included in the financial statements.

Revenue recognised by category is analysed as follows:

<i>(in thousands of \$)</i>	2006	2005
Time charter and voyage charter revenue	267,099	94,971
Relet and affreightment (expense)/ revenue	(1,396)	745
	265,703	95,716
Other operating income	4,624	95
Total operating revenue	270,327	95,811

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4. PROFIT ON SALE OF SUBSIDIARIES

<i>(in thousands of \$)</i>	2006	2005
Consideration received	52,238	-
Net assets disposed of	(48,130)	-
Profit on sale of subsidiaries	4,108	-

During 2006 the Group sold its shares in Golden Door Corporation and Golden Loch Corporation each of which owned a newbuilding contract, and realized a profit of \$4,108,000 on the sale (2005 - \$nil).

5. OPERATING PROFIT

Operating profit for the year from continuing operations is stated after charging:

<i>(in thousands of \$)</i>	2006	2005
Net foreign exchange (gain)/ loss	(537)	348
Depreciation of owned vessels and equipment (note 10)	5,336	3,459
Depreciation of vessels under finance leases (note 11)	4,809	1,563
Amortisation of future revenue (note 13)	14,216	12,181
Amortisation of deferred financing charges	251	130
Employee benefit expense	4,249	1,302

6. FINANCIAL INCOME

<i>(in thousands of \$)</i>	2006	2005
Interest on bank deposits	1,100	596
Profit on sale of marketable securities	3,261	10,733
Profit on freight forward agreements	4,369	8,780
	8,730	20,109

The company invests in marketable securities. During 2006, the company realised a profit of \$3,261,000 on the sale of marketable securities (2005 - \$10,733,000).

The company routinely enters into freight forward agreements to manage its exposure to vessel spot market rates and for speculating. During 2006, the company has reported a profit of \$4,369,000 in respect of this trading (2005 - \$8,780,000).

7. FINANCE COSTS

<i>(in thousands of \$)</i>	2006	2005
Interest on bank overdrafts and loans	12,589	7,087
Interest on obligations under finance leases	5,275	2,835
Total finance costs	17,864	9,922
Less amounts included in the cost of qualifying assets	(1,017)	(597)
	16,847	9,325

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8. TAXATION

At the date of this report, there is no Bermuda income, corporation, or profits tax, nor is there any withholding tax, capital tax, capital transfer tax, estate duty or inheritance tax payable by the Company.

The Company has obtained, from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966, an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 28, 2016, be applicable to the Company or to any of its operations, or to the Company's shares, debentures or other obligations, except in so far as such tax applies to persons ordinarily resident in Bermuda and holding the Company's shares, debentures or other obligations, or any property in Bermuda leased or let to the Company.

The Company's subsidiary Golden Ocean Management AS is subject to taxation in Norway. The tax charge for 2006 was \$51,000 (2005 -\$nil)

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent for continuing operations is based on the following data:

<i>(in thousands of \$)</i>	2006	2005
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the parent)	35,652	40,945
Effect of dilutive potential ordinary shares:	-	-
Earnings for the purposes of diluted earnings per share	35,652	40,945
<i>(in thousands of shares)</i>	2006	2005
Weighted average number of ordinary shares for the purposes of basic earnings per share	256,610	234,726
Effect of dilutive potential ordinary shares:		
Number of options granted	10,550	10,050
Weighted average number of ordinary shares for the purposes of diluted earnings per share	267,160	244,776
<i>(in \$)</i>	2006	2005
Earnings per share basic	\$0.139	\$0.174
Earnings per share fully diluted	\$0.133	\$0.167

10. VESSELS AND EQUIPMENT, NET

The Group's owned vessels are as follows:

Vessel	Built	DWT	Flag
Channel Navigator	1997	172,058	Philippines
Channel Alliance	1996	171,978	Philippines
Golden Dena	2005	74,759	Panama
Golden Gunn	2005	75,759	Panama
Golden Shadow	2005	73,732	Hong Kong

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<i>Cost or valuation (in thousands of \$)</i>	<i>Vessels</i>	<i>Drydocking</i>	<i>New Buildings</i>	<i>Fixtures and Equipment</i>	<i>Total</i>
At January 1, 2005	59,550	-	-	-	59,550
Additions	84,712	-	35,670	123	120,505
At January 1, 2006	144,262	-	35,670	123	180,055
Additions	28,413	1,884	26,815	4	57,116
Disposal of subsidiaries	-	-	(48,130)	-	(48,130)
At December 31, 2006	172,675	1,884	14,355	127	189,041
Accumulated depreciation					
At January 1, 2005	10,844	-	-	-	10,844
Charge for the year	3,432	-	-	27	3,459
At January 1, 2006	14,276	-	-	27	14,303
Charge for the year	5,311	-	-	25	5,336
At December 31, 2006	19,587	-	-	52	19,639
Carrying amount:					
At December 31, 2006	153,088	1,884	14,355	75	169,402
At December 31, 2005	129,986	-	35,670	96	165,752

The following is the expected useful life of vessels and fixture and equipment.

Vessels	25 years
Drydocking	5 years
Fixtures and Equipment	3 years

During the year the company carried out a review of recoverable amounts of vessels, new buildings, vessel options and fixtures and equipment. The recoverable amounts of the relevant assets have been determined as the higher of fair value less costs to sell and value in use. The value in use for a vessel is the discounted future cash flow based on normalized time charter rates, using the 10 year industry average rate, less normalized operating expenses over the vessel's remaining useful life, at a discount rate of 6.0 per cent. No impairment loss is evident in the year.

The Group has reviewed the useful life and residual value used for the purposes of the depreciation calculation. The review indicated that the rate used per light weight metric tonne ("LWT") to calculate the residual value of the vessels should be revised to \$410 per LWT. The rate in use at the time of the review was \$330 per LWT. The adjustment to the residual value of the vessels reduced the depreciation expense by \$302,000 in 2006 (2005 - \$511,000).

M/V Golden Shadow is owned by Front Shadow Inc, a 100% subsidiary of Ship Finance International Limited. Front Shadow Inc is controlled by the Group and is therefore treated as a special purpose entity with its assets and liabilities consolidated in the financial statements.

The Group has pledged vessels to secure various banking facilities, (note 18.)

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11. VESSELS HELD UNDER FINANCE LEASES, NET

The Group's leased vessels are as follows:

Vessel	Built	DWT	Flag
Shinyo Brilliance	2004	75,707	Hong Kong
Bellflower	2004	76,423	Panama
Golden Lyderhorn	1999	74,242	Hong Kong
Golden Jade	1994	70,047	Bahamas
Golden Jasmine	1994	70,044	Bahamas
Golden Joy	1994	70,045	Bahamas
Golden Glory	1990	65,651	Bahamas
Golden Gem	1990	65,667	Bahamas
Lake Sequoia (sold during 2006)	2001	75,955	Panama

Cost or valuation
(in thousands of \$)

At January 1, 2005	-
Additions	70,082
Investment in purchase option	56,220
Impairment	(717)

At January 1, 2006	125,585
Additions	145,757
Disposal	(32,328)
Impairment	(9,983)

At December 31, 2006	229,031
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Accumulated depreciation

At January 1, 2005	-
Charge for the year	1,563

At January 1, 2006	1,563
Disposal	(723)
Charge for the year	4,809

At December 31, 2006	5,649
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Carrying amount:

At December 31, 2006	223,382
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At December 31, 2005	124,022
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Vessels under finance leases are depreciated on the same basis as owned vessels. The component of the finance lease assets that relates to the investment in purchase option is not depreciated (note 12).

During the year the Group carried out a review of the recoverable amount of vessels held under finance leases. The recoverable amounts of the relevant assets have been determined as the higher of fair value less costs to sell and value in use. The value in use for a vessel under finance lease is the discounted future cash flow based on normalized time charter rates, using the 10 year industry average rate, less normalized operating expenses over the vessel's remaining useful life, at a discount rate of 6.0 percent. No impairment loss is evident in the period (2005- \$717,000).

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During the year the Group entered into an agreement to take over the bareboat agreements for five Panamax vessels (Golden Jade, Golden Jasmine, Golden Joy, Golden Glory and Golden Gem) for a total consideration of \$38,000,000. The Group has a purchase option to buy these vessels at the end of the leases at an average of \$6,400,000 each.

The Group exercised its purchase option to acquire M/V Lake Sequoia during the year for \$22,167,000. The vessel was subsequently sold for a total consideration of \$31,605,000. Following the classification of the vessel as an asset held for sale and based on the allocation of the purchase consideration of the Dreyfus fleet in 2005 the sale resulted to an impairment loss of \$9,983,000.

The Group leases M/V Golden Lyderhorn in from Mount Lyderhorn LLC, a third party. The substance of the transaction indicates that the activities of Mount Lyderhorn LLC are controlled by the Group and this makes it a special purpose entity under SIC Interpretation 12 – “Special purpose Entities” and should therefore be consolidated. The necessary information to consolidate is not available from the third party’s parent company and as a result Mount Lyderhorn LLC has not been consolidated. This has no impact on either the profit for the year or net assets of the Group but only affects the presentation of certain amounts in the balance sheet.

The Group has reviewed the useful life and residual value used for the purposes of the depreciation calculation. The review indicated that the rate used per light weight metric tonne (“LWT”) to calculate the residual value of the vessels should be revised to \$410 per LWT. The rate in use at the time of the review was \$330 per LWT. The adjustment to the residual value of the vessels reduced the depreciation expense by \$293,000 in 2006 (2005 -\$142,000).

Two vessels due to be delivered in 2007 have also been identified as assets to be held under finance leases. Until the vessels are delivered, the finance leases are not recorded. Purchase options of \$28,832,000 (2005 - \$28,832,000) relating to the vessels have been recorded. Upon delivery of the vessels the finance leases will be recorded and the purchase options will be combined with the finance lease assets and disclosed as a single asset. The vessels were delivered in the first quarter of 2007. If the finance leases had been recorded at December 31, 2006 the value of the vessels would have been as follows:

(in thousands of \$)	<i>2006</i>	<i>2005</i>
Value of Finance Leases	53,703	53,703
Value of Purchase Options (note 12)	28,832	28,832
Value of Vessels under finance lease	82,535	82,535

An outstanding loan of \$68,450,000 (2005 -\$93,167,000) has been secured against vessels accounted for as finance leases and future purchase options (note 18).

12. INVESTMENT IN PURCHASE OPTIONS

<i>Cost or valuation</i> (in thousands of \$)	
At January 1, 2005	-
Additions	29,917
Impairment	(1,085)
At January 1, 2006	28,832
Additions	-
At December 31, 2006	28,832
At December 31, 2005	28,832

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During the period the Group carried out a review of the recoverable amount of assets. The recoverable amounts of the relevant assets have been determined as the higher of fair value less costs to sell and value in use. The value in use is the discounted future cash flow based on normalized time charter rates, using the 10 year industry average rate, less normalized operating expenses over the vessel's remaining useful life at a discount rate of 6.0 per cent. No impairment is evident in the period. (2005 - \$1,085,000)

13. INVESTMENT IN FUTURE REVENUE

<i>Cost or valuation (in thousands of \$)</i>	
At January 1, 2005	-
Additions	57,192
At January 1, 2006	57,192
Additions	-
At December 31, 2006	57,192
Amortisation	
At January 1, 2005	-
Charge for the year	12,181
At January 1, 2006	12,181
Charge for the year	14,216
At December 31, 2006	26,397
Carrying amount:	
At December 31, 2006	30,795
At December 31, 2005	45,011

The investment in future revenue is amortised on a straight line basis over a 365 day period based on the minimum lease period for the individual vessels as defined under IAS 17. Future revenue is not amortised until the vessel is delivered to the Group.

14. INVENTORIES

<i>(in thousands of \$)</i>	2006	2005
Inventories	6,530	370

Inventories consist of ship stores and supplies and are recorded on a first in first out basis.

15. TRADE AND OTHER RECEIVABLES

<i>(in thousands of \$)</i>	2006	2005
Trade receivables	9,017	3,768
Other receivables	1,943	815
Prepayments	4,196	1,646
Accrued income	12,256	1,709
	27,412	7,938

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Trade and other receivables are presented net of allowances for doubtful accounts amounting to \$nil for the year ended December 31, 2006 (2005 -\$nil).

A balance of \$450,000 (2005 -\$450,000) in respect of a legal claim against Kleimar N.V. for the early redelivery of the vessel Channel Navigator is included in trade and other receivables. Settlement of the claim is expected during the next twelve months.

The carrying amount of trade and other receivables approximates their fair value.

16. MARKETABLE SECURITIES

<i>(in thousands of \$)</i>	2006	2005
Marketable securities	1,519	711

Marketable securities are held for investment purposes and are classified as available for sale financial assets. The shares were originally purchased at a cost of \$898,000, and have been carried at their market value (bid price) which equates to fair value at December 31, 2006. The unrealised gain of \$808,000 (2005 -unrealised loss of \$187,000) is recorded directly in equity.

17. SHARE CAPITAL

Authorised share capital is as follows:

<i>(in thousands of \$)</i>	2006	2005
5,000,000,000 ordinary shares of \$0.10 par value each	500,000	500,000

Issued and fully paid share capital is as follows:

<i>(in number of shares)</i>	2006	2005
At the beginning of the year	246,877,607	224,477,607
Issued	24,500,000	22,400,000
At the end of the year	271,377,607	246,877,607

<i>(in thousands of \$)</i>	2006	2005
At the beginning of the year	24,688	22,448
Issued for cash	2,450	2,240
At the end of the year	27,138	24,688

The Company's ordinary shares are listed on the Oslo Stock Exchange ("OSE").

The issued shares are fully paid. All issued shares in the Company are of the same class and have the same rights in the Company. Each share in the Company carries one vote.

During the year the company issued 500,000 share options to board members (2005 – 10,050,000), directors and other key employees (note 25). There are no loans or other securities outstanding with a right to demand issue of shares in the Company.

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The twenty largest shareholders are as follows:

Name	Number of Shares	Percentage of outstanding shares
Hemen Holding Limited	104,289,159	38.43%
Goldman Sachs & Co	11,855,142	4.37%
Pictet & Cie Banquiers	11,085,236	4.08%
Vital Forsikring ASA	8,749,243	3.22%
Skagen Kon-tiki	5,995,000	2.21%
Skandinaviska Enskilda Banken	5,738,781	2.11%
Dnb Nor Norge	4,763,847	1.76%
Dnb Nor Markets	3,967,403	1.46%
Dnb Nor Smb	3,442,662	1.27%
Skagen Vekst	3,000,000	1.11%
Teigen Frode Naka Racha	3,000,000	1.11%
Avanse Norge	2,825,754	1.04%
Dnb Nor Navigator	2,621,846	0.97%
Dnb Nor Norge Selektiv	2,477,284	0.91%
UBS (Luxembourg) S.A.	2,165,838	0.80%
Principal Life Ins Co.	2,086,099	0.77%
Holberg Norge v/Holberg Fondsforvaltning AS	2,000,000	0.74%
State Street Bank and Trust Co	2,000,000	0.74%
Verdipapirfondet Delphi Norge	1,950,000	0.72%
MLPF & S	1,846,728	0.68%
Total 20 largest shareholders	185,860,022	68.49%
Other shareholders	85,517,585	31.51%
Total	271,377,607	100.00%

18. LONG-TERM DEBT

<i>(in thousands of \$)</i>	2006	2005
Within one year	50,473	60,154
Between one and two years	30,472	43,113
Between two and five years	82,042	67,737
After five years	46,948	65,135
Total debt	209,935	236,139
Current portion	(50,473)	(60,154)
Long-term debt	159,462	175,985

Of the total debt, \$127,485,000 (2005 -\$142,972,000) is secured by mortgages over the vessels Channel Alliance, Channel Navigator, Golden Dena, Golden Gunn and Golden Shadow together with assignments over the vessels' earnings, insurance proceeds, and bank accounts. Loans of \$68,450,000 (2005 -\$93,167,000) have been secured against vessels accounted for as finance leases and future purchase options. Loans of \$14,000,000 (2005-\$nil) have been secured against two newbuilding contracts.

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The interest rate payable on loans ranges from LIBOR plus 0.55 per cent to LIBOR plus 1.15 per cent. The Group has seven principal loans:

- a. A loan of \$40,675,000 (2005 - \$44,750,000). Repayments commenced in November 2004 and will continue until August 2011. The loan is secured by assets and equity interests of vessel owning subsidiaries.
- b. A loan of \$53,450,000 (2005 - \$93,167,000). Repayments commenced in September 2005 and will continue until June 2010. The loan is secured by a charge over the charter agreements for the vessels.
- c. A loan of \$58,109,000 (2005 - \$62,822,000). Repayments commenced in December 2005 and will continue until September 2013. The loan is secured by assets and equity interests of vessel owning subsidiaries.
- d. A loan of \$6,000,000 (2005-\$nil). The loan was repaid in January 2007. The loan was secured by assets of vessel owning subsidiaries.
- e. A loan of \$14,000,000 (2005-\$nil). The loan was repaid in January 2007. The loan was secured against two new building contracts.
- f. A loan of \$15,000,000 (2005-\$nil). Repayments will commence in April 2007 and continue until December 2011. The loan is secured by a charge over the bareboat agreements for the vessels.
- g. A loan of \$22,701,000 (2005-\$nil). Repayments commenced in March 2007 and will continue until September 2016. The loan is secured against the vessel Golden Shadow.

19. OBLIGATIONS UNDER FINANCE LEASES

<i>(in thousands of \$)</i>	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2006	2005	2006	2005
Within one year	20,297	10,312	13,976	5,783
In the second to fifth years	133,429	61,895	130,460	61,145
	153,726	72,207	144,436	66,928
Future finance charges	(9,290)	(5,279)	-	-
Present Value of Lease Obligations	144,436	66,928	144,436	66,928
Current portion			(13,976)	(5,783)
Obligations under finance leases			130,460	61,145

It is the Group's policy to lease certain vessels under finance leases. The average remaining lease term is 3.75 years (2005- 3.25 years). The discount rate used to calculate the present value of minimum lease payment was 7 percent (2005- 7 percent), the weighted average cost of capital or the implicit rate of the lease. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis.

The Group has recorded finance leases on eight vessels at December 31, 2006 (2005- three 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 dates and amounts, based on the date the purchase options are first exercisable, and the first lease renewal date.

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<i>(in thousands of \$)</i>	Purchase option first exercisable date	Purchase option amount	Lease renewal date
Shinyo Brilliance	January 2007	22,570	March 2009
Shinyo Bellflower	July 2007	20,500	July 2010
Golden Lyderhorn	September 2009	26,350	September 2016
Golden Jade	June 2011	8,000	June 2011
Golden Jasmine	June 2011	8,000	June 2011
Golden Joy	June 2011	8,000	June 2011
Golden Glory	June 2011	4,000	June 2011
Golden Gem	June 2011	4,000	June 2011

The Group has unrecorded finance leases on two vessels at December 31, 2006. The vessels have not been delivered at December 31, 2006 and the obligation under finance lease has not been recorded. The vessels have been delivered in the first quarter of 2007 and the following table shows the estimated impact on the finance lease obligation:

<i>(in thousands of \$)</i>	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2006	2005	2006	2005
Within one year	6,741	-	3,526	-
In the second to fifth years	58,414	46,338	50,177	35,099
Later than five years	-	18,817	-	18,604
	65,155	65,155	53,703	53,703
Future finance charges	(11,452)	(11,452)	-	-
Present Value of Lease Obligations	53,703	53,703	53,703	53,703

Each of the unrecorded finance leases has a purchase option and the exercise price of the purchase option changes based upon the date the option is exercised. The table below lays out the approximate dates the leases will commence, the dates and amounts, based on the date the purchase options are first exercisable, and the first lease renewal date.

Finance lease <i>(in thousands of \$)</i>	Expected delivery date	Purchase option first exercisable date	Purchase option amount	Lease renewal date
Golden Heiwa 1440	March 2007	March 2011	23,031	March 2015
Ocean Minerva 1249	January 2007	February 2010	23,952	February 2015

All lease payments are denominated in US Dollars.

The carrying amount of the Group's finance lease obligations approximates their fair value.

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

20. OTHER FINANCIAL ASSETS AND LIABILITIES

<i>(in thousands of \$)</i>	2006 Assets	2006 Liabilities	2005 Assets	2005 Liabilities
Freight forward agreements	22,561	(25,352)	514	(1,544)
Current	-	(25,352)	-	(1,544)
Non Current	22,561	-	514	-

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

The Group uses freight forward agreements to manage its exposure to vessel spot market rates and for speculating.

At December 31, 2006, the fair value of the Group's freight forward agreements in the "over the counter" (OTC) market, is estimated to be approximately a loss of \$2,791,000 (2005 -\$1,030,000). This loss is based on quoted market prices for equivalent instruments at the balance sheet date and is comprised of \$22,561,000 (2005 -\$514,000) in assets and \$25,352,000 (2005 -\$1,544,000) in liabilities.

The Group does not designate its freight forward agreements or bunker futures as effective hedges and as such movements in the market values of these instruments are recorded in the income statement.

21. TRADE PAYABLES AND OTHER CURRENT LIABILITES

<i>(in thousands of \$)</i>	2006	2005
Trade payables	9,901	1,172
Vessel operating and administrative expense accruals	8,197	830
Interest expense accruals	704	831
Income received in advance	10,354	3,892
Other current liabilities	1,845	1,891
	31,001	8,616

Income received in advance relates to time charter revenue paid in advance that relates to future periods and has therefore been deferred.

One of the Group's subsidiaries is party to a dispute with Kleimar N.V. in respect of an underperformance claim on the vessel Channel Navigator. A liability of \$450,000 (2005 -\$450,000) has been recorded in respect of this claim.

The carrying amount of the Group's trade payables and other current liabilities approximates their fair value.

22. NON CASH TRANSACTIONS

Vessels amounting to \$145,757,000 (2005 -\$70,082,000) were acquired during the year and financed by new finance leases (see note 11).

23. COMMITMENTS

<i>(in thousands of \$)</i>	2006	2005
New building contracts	482,000	82,600

The Group has entered into new building contracts for six ice class Panamax vessels at \$34. 5 million per vessel and four Capesize vessels at \$72.25 million per vessel. \$14 million has been paid up to December 31, 2006.

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

24. OPERATING LEASES

Rental expense

The future minimum rental payments under the Group's non-cancellable operating leases as of December 31, 2006 are as follows:

<i>(in thousands of \$)</i>	2006	2005
Within one year	115,401	50,612
In the second to fifth years	86,297	86,841
Later than five years	-	4,854
Total minimum lease payments	201,698	142,307

Total rental expense for the year ended December 31, 2006 for operating leases was \$144,152,000 (2005 -\$50,510,000).

The Group has minimum rental payments on two non-cancellable operating leases that do not commence until the vessels are delivered. The vessels are currently scheduled for delivery in 2007 and the future minimum rental payments are as follows:

<i>(in thousands of \$)</i>	2006	2005
Within one year	1,665	-
In the second to fifth years	32,558	26,785
Later than five years	22,798	30,236
Total minimum lease payments	57,021	57,021

Rental income

The minimum future revenue to be received under the Group's non-cancellable operating leases as of December 31, 2006 is as follows:

<i>(in thousands of \$)</i>	2006	2005
Within one year	158,599	109,709
In the second to fifth years	242,893	46,503
Later than five years	73,897	-
Total minimum lease revenue	475,389	156,212

Total rental income from operating leases was \$279,919,000 for the year ended December 31, 2006 (2005 -\$107,897,000). Amortisation of future revenue from operating leases of \$14,216,000 (2005 -\$12,181,000) is taken against the rental income (note 13).

25. SHARE BASED PAYMENTS

Equity settled share option scheme

On March 21, 2005 the Company approved a share option plan under which share options may be granted to directors and eligible employees. The plan has a limited term of ten years and may issue up to 15 million shares. During the term of the plan the Board may grant options to acquire the Company's shares at a subscription price that the Board shall resolve, provided that such price is not lower than the average of the middle market quotations of the shares as derived from the Oslo Stock Exchange (or any stock exchange on which the Company's shares are traded) for the three immediately preceding dealing days on that Exchange, and the nominal value of \$0.10. The

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

subscription price will increase by 10 per cent per annum on each anniversary of the relevant grant date after January 1, 2007. Options which are not exercised will lapse on the tenth anniversary of the relevant grant date.

Details of the share options outstanding during the year are as follows:

	2006		2005	
	Number of share options	Weighted average exercise price USD	Number of share options	Weighted average exercise price USD
At the beginning of the year	10,050,000	0.60	-	-
Granted during the year	500,000	1.33	10,050,000	0.60
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired at the end of the year	-	-	-	-
Outstanding at the end of the year	10,550,000	0.63	10,050,000	0.60
Exercisable at the end of the year	5,025,000	0.60	-	-

The options at the end of 2006 have a weighted average remaining contractual life of 8.57 years (2005 - 9.5 years). In 2006 options were granted on December 1. The estimated fair value of the options granted on that date was \$368,000.

The fair value was calculated using the Binomial option pricing model. The inputs into the model were as follows:

Issue of share options in 2006

	Dec 1 grant
Number of options granted	500,000
Underlying equity	Golden Ocean Group Limited Ordinary Shares
Vesting Period	50% annually over two years
Contractual life	10 years
Weighted average fair value of options issued	0.73
Option pricing model used	Binomial
Variables used in option pricing model	
• exercise price – options vesting in year 1	1.33
– options vesting in year 2	1.46
• share price at grant date	1.33
• expected volatility	120.6%
• risk free interest rate – options vesting in year 1	4.83%
– options vesting in year 2	4.67%
• expected dividend yield	Nil
• expected vesting of options	100%

Expected volatility was determined by calculating the historical volatility of the Company's share price since the company listing. Management expects that all options will be exercised before expiry.

The Company's shares are traded on the Oslo Stock Exchange in Norwegian Kroner ('NOK'). All share option calculations have been made in NOK and converted at the exchange rate prevailing at the balance sheet date.

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

The group recognized total expenses of \$750,000 (2005 -\$501,000) related to equity settled share-based payment transactions during the year.

26. PENSION PLAN

The company has a defined benefit pension plan that covers seven employees as of December 31, 2006 (2005 –seven). The majority of the plan administration is handled by a third party insurance company.

The primary beneficiaries are residents of Norway and they are entitled to approximately 70 per cent of their last year's salary at a retirement age of 67 years, together with a long term disability pension of up to 12 G (where one G is the equivalent of approximately \$10,074). The pension is transferable on death of the employee to the spouse or children up to a maximum of 60 per cent of the employee's original benefit.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2006	2005
Discount rate	4.35%	6.00%
Expected return on plan assets	5.40%	7.00%
Expected rate of increase in compensation	4.50%	3.50%
Expected rate of increase in pensions	1.60%	3.00%

The amount recognized in the balance sheet in respect of the Group's defined benefit retirement plan is as follows:

<i>(in thousands of \$)</i>	2006	2005
Present value of defined benefit obligations	(661)	(336)
Fair value of plan assets	569	390
(Deficit)/Surplus in plan	(92)	54

No amounts were paid out to employees under the pension plan during 2006 (2005 -\$nil)

The amount recognized in the income statement in respect of the Group's defined benefit retirement plan is a follows:

<i>(in thousands of \$)</i>	2006	2005
Current service cost	272	93
Expected return on plan assets	(7)	(8)
Pension cost	265	85

Changes in the present value of the defined benefit obligation are as follows:

<i>(in thousands of \$)</i>	2006	2005
At January 1	336	-
Current service cost	272	93
Actuarial losses	53	243
At December 31	661	336

**APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

Changes in the fair value of the plan assets are as follows:

<i>(in thousands of \$)</i>	2006	2005
At January 1	390	-
Actual return on plan assets	311	148
Contributions by employer	(133)	242
At December 31	568	390

The fair value of the plan assets is analyzed as follows:

<i>(in thousands of \$)</i>	2006	2005
Equity instruments	27%	22%
Debt instruments	57%	59%
Property	10%	9%
Other assets	6%	10%

27. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation and not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Frontline and its subsidiaries, Ship Finance International Limited and its subsidiaries and Seatankers Management Co. Limited (“Seatankers”) are all related parties due to the significant influence of a single shareholder and common directors on the boards of each company.

Frontline provides the Group with certain administrative services under the terms of an administrative management contract. The Group also pays Frontline a fixed fee of \$12,000 per owned vessel plus \$12,000 for each of the Company and its subsidiaries. In the year ended December 31, 2006, the Group was charged \$152,022 (2005: \$109,000) under this arrangement.

On January 1, 2005 the Company entered into an agency agreement with Frontline whereby it provides chartering services in relation to Frontline’s fleet of oil/bulk/ore carriers. Frontline pays the Company a fixed amount per vessel for charters arranged under this agreement. During the year \$96,000 (2005 - \$96,000) was charged in respect of the agency agreement.

The Group has the following year end balances with related parties:

<i>(in thousands of \$)</i>	Amounts owed by related parties		Amounts owed to related parties	
	2006	2005	2006	2005
Frontline	-	2,422	473	-
Subsidiaries of Frontline	-	193	536	473
Ship Finance International Limited	-	76	3,356	-

The amounts outstanding are unsecured, bear no interest, and will be settled in cash. No guarantees have been given or received except for Frontline which has guaranteed the settlement of \$1,422,000 (2005 -\$1,704,000) in profit share on the vessel Channel Alliance. In 2006 Frontline settled \$4,394,000 in profit share as part of its guarantee (2005 – \$6,638,000)

During 2005 the Group entered into two loan agreements with Frontline in the amounts of \$84,000,000 and \$35,400,000, at an interest rate of LIBOR plus 1.0 per cent. These were fully repaid in 2005.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

During 2006 the Group entered into two short term loan agreements with Seatankers in the amounts of \$7,000,000 and \$5,000,000 at an interest rate of LIBOR plus 1.0 percent. The Group has repaid all outstanding principal amounts shortly after drawdown, including interest of \$40,000.

No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel and directors

The remuneration of directors and other key management during the year was as follows:

<i>(in thousands of \$)</i>	2006	2005
Short term employee benefits	522	260
Directors fees	90	90
Share based payments	569	419
	1,181	769

The table below shows the total number of shares owned directly or indirectly by key management and directors.

	Number of shares	Percentage of outstanding shares
John Fredriksen (Director)	104,289,159	38.430%
Tor Olav Trøim (Director)	594,012	0.219%
Herman Billung (Chief Executive Officer)	30,000	0.011%
Kate Blankenship (Director)	6,000	0.002%
	104,919,171	38.662%

On Dec 16, 2006 the chief executive officer of the Group was advanced funds of \$162,000 (2005 -\$236,000) with no set terms of repayment and interest to be accrued at NIBOR.

28. CASH AND CASH EQUIVALENTS

<i>(in thousands of \$)</i>	2006	2005
Current accounts	32,271	16,484
Restricted cash	8,500	-
	40,771	16,484

Cash of \$8,500,000 has been restricted in relation to the initial Margin requirement by NOS clearing ASA on open freight forward contracts. The current accounts carry interest of LIBOR minus 0.1 per cent.

29. FINANCIAL INSTRUMENTS

Interest rate risk

At December 31, 2006, 100 per cent (2005 – 100 per cent) of the Group's long term debt is exposed to fluctuations in the LIBOR rate.

At December 31, 2006, 100 per cent (2005 -100 per cent) of the Group's obligations under finance leases are at a fixed rate, and thus expose the Group to fair value interest rate risk

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

In certain situations, the Group may enter into financial instruments to reduce the risk associated with fluctuations in interest rates. The Group currently does not hold or issue instruments for speculative or trading purposes.

At December 31, 2006 the Group was not party to any interest rate swap contracts (2005 – none).

Credit risk

Credit risk exists to the extent that the counter parties are unable to perform under the contracts, but this risk is considered remote.

Four charterers accounted for about 20 per cent of total operating revenue during the year ended December 31, 2006 (2005 – 10 per cent).

There is a concentration of credit risk with respect to cash and cash equivalents and time deposits to the extent that all of the amounts are carried with Skandinaviska Enskilda Banken, The Royal Bank of Scotland, Nordea and NOS Clearing ASA.

Freight forward contracts

The Group may enter into freight forward contracts and futures contracts in order to manage its exposure to the risk of movements in the spot market for certain trade routes and for speculative or trading purposes. Market risk exists to the extent that spot market fluctuations have a negative effect on the Group's cash flows and income statement.

Foreign currency risk

The majority of the Group's transactions, assets and liabilities are denominated in U.S. dollars, the functional currency of the Group. There is a risk that currency fluctuations will have a negative effect on the value of the Group's cash flows but this risk is minimal. The Group has not entered into forward contracts for either transaction or translation risk, which may have an adverse effect on the Group's financial condition and results of operations.

Fair Values

The carrying value and estimated fair value are based on the following assumptions:

Cash and cash equivalents: Carrying amount approximates fair value

Trade and other receivables: Fair value is represented by the carrying value less any allowances for doubtful accounts

Amounts due from/to related parties: Carrying amount approximates fair value

Marketable securities: Carrying amount approximates fair value

Trade payables and other current liabilities: Carrying amount approximates fair value

Long-term debt: The estimated fair value for long-term debt is considered to be equal to the carrying value as the debt is based on variable interest rates that are reset on a monthly or quarterly basis.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

The carrying values and estimated fair values of the Group's non-derivative financial instruments are as follows:

<i>(in thousands of \$)</i>	2006		2005	
	Carrying value	Fair value	Carrying value	Fair value
Non-derivatives:				
Cash and cash equivalents	40,771	40,771	16,484	16,484
Trade and other receivables	27,412	27,412	7,938	7,938
Amounts due from related parties	-	-	2,218	2,218
Marketable securities	1,519	1,519	711	711
Total of financial instruments (assets)	69,702	69,702	27,351	27,351
Trade payables and other liabilities	31,001	31,001	8,616	8,616
Amounts due to related parties	4,365	4,365	-	-
Long-term debt	209,935	209,935	236,139	236,139
Total of financial instruments (liabilities)	245,301	245,301	244,755	244,755

The Group does not generally require collateral on its financial instruments.

30. SUBSIDIARY COMPANIES

The following are the Company's subsidiary companies as per December 31 2006.

Name	Country of residence	Ownership interest
Golden President Shipping Corporation	Liberia	100%
Golden Hilton Shipping Corporation	Liberia	100%
Front Carriers Inc.	Liberia	100%
Golden Dena Corporation	Liberia	100%
Golden Gunn Corporation	Liberia	100%
Golden Door Corporation (sold during 2006)	Liberia	-
Golden Loch Corporation (sold during 2006)	Liberia	-
Golden Saguenay Inc	Liberia	100%
Golden Opportunity Inc	Liberia	100%
Golden Ocean Management Asia Pte Ltd	Singapore	100%
Golden Ocean Management AS	Norway	100%
Golden Ocean Group Management (Bermuda) Limited	Bermuda	100%

The accounts of Golden Ocean Management AS are prepared in Norwegian Kroner. At December 31, 2006 the foreign exchange on conversion to US Dollars is not material and has been recognised in the income statement.

31. SUBSEQUENT EVENTS

In February 2007, the Company declared a dividend of \$0.05 per share in respect of the accounts for the year ended December 31, 2006.

In February 2007, the Company sold newbuilding contracts for two Capesize vessels on back to back terms to Ship Finance International Limited based on a total delivery price of \$80 million per unit with a 15 year bareboat charter to Golden Ocean. The charter rate per vessel is \$27,450 per day for the first five years, \$22,600 per day for the next five years and \$19,750 for the last five years. The Company has been granted a purchase option for each of the vessels after 5, 10 and 15 years at \$61million, \$44 million and \$24 million, respectively.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

In March 2007, the Company sold M/V Golden Gunn and M/V Golden Dena at a gross price of \$50.2 million and \$51.02 million respectively. This transaction will give the company a positive result of \$20.4 million. The delivery is expected in March and June 2007 respectively.

In March 2007, the Company entered into newbuilding contracts for four (plus two optional) panamax vessels at a purchase price of \$35.5 million per vessel at Pipavav Shipyard in India. The vessels of 75,000 dwt will be delivered during 2009. At the same time the Company has agreed to sell the newbuilding contracts for two of its Panamax vessels ordered in 2006. The vessels will be sold at \$45 million per unit and will give a positive result of approximately \$17 million. This is expected to be recorded during the second and the third quarter of 2008 upon delivery from the shipyard to the new owners.

In April 2007, the Company entered into newbuilding contracts for two capesize vessels at Daehan Shipbuilding Co., South Korea and two capesize vessels at Zhoushan Jinhaiwan Shipyard in China. The vessels of 170,000 dwt and 176,000 dwt respectively will be delivered between December 2008 and October 2009. The total purchase price for the four vessels is \$296 million.

In May 2007, the Company declared additional options for newbuilding contracts for two Capesize vessels at Zhoushan Jinhaiwan Shipyard in China. The vessels of 176,000 dwt are expected to be delivered in 2010. The purchase price will be around \$145 million. The Company also sold its two options at Daehan Shipbuilding Co. at \$81 million per vessel to Knightsbridge Tankers Limited. The Company will earn \$3.2 million for arranging the deal and will act as commercial manager for the vessels after delivery.

In June 2007, the Company has agreed to purchase M/V Golden Glory and M/V Golden Gem for \$11 million per vessel. Simultaneously the Company has agreed to sell the two vessels for net sale proceeds of \$60 million in total and this will give a positive result of approximately \$23 million. This is expected to be recorded in the third quarter of 2007.

32. AUDITORS' REMUNERATION

<i>(in thousands of \$)</i>	2006	2005
Audit of parent company	298	200
Audit of subsidiaries	26	11
Total	324	211

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on June 25, 2007.

APPENDIX 7 – INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009



PricewaterhouseCoopers AS
Postboks 748 Sentrum
NO-0106 Oslo
Telefon 02316
Telefaks 23 16 10 00

To the Board of Directors of Golden Ocean Group Ltd.

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying consolidated balance sheet of Golden Ocean Group Ltd. as of 30 September 2009 and the related consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement for the nine-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Oslo, 21 December 2009

PricewaterhouseCoopers AS

Fredrik Melle
State Authorised Public Accountant (Norway)

**APPENDIX 7 – INDEPENDENT AUDITORS’ REPORT ON THE REVIEW OF THE
INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2009**

Golden Ocean Group Limited

Interim financial information
(Unaudited)

3rd Quarter 2009

**APPENDIX 7 – INDEPENDENT AUDITORS’ REPORT ON THE REVIEW OF THE
INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2009**

Golden Ocean Group Limited

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Consolidated Comprehensive Income Statement September 30, 2009

Consolidated Balance Sheet as at September 30, 2009

Consolidated Cash Flow Statement for September 30, 2009

Consolidated Statement of Changes in Equity for September 30, 2009

Notes to Consolidated Interim report

**APPENDIX 7 – INDEPENDENT AUDITORS’ REPORT ON THE REVIEW OF THE
INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2009**

Consolidated Comprehensive Income Statement

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

	Notes	2009 Jul-Sep	2008 Jul-Sep	2009 Jan-Sep	2008 Jan-Sep
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

**APPENDIX 7 – INDEPENDENT AUDITORS’ REPORT ON THE REVIEW OF THE
INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2009**

**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

**APPENDIX 7 – INDEPENDENT AUDITORS’ REPORT ON THE REVIEW OF THE
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**Golden Ocean Group Limited
Consolidated Cash Flow Statement**

<i>(in thousands of \$)</i>	Notes	2009 Jan-Sep	2008 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		(63,533)	-
Convertible bond		-	(347,074)
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

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Golden Ocean Group Limited
Consolidated Statement of Changes in Equity

(in thousands of \$)

	Share Contributed Capital	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
Exercise 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).

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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).

**APPENDIX 7 – INDEPENDENT AUDITORS’ REPORT ON THE REVIEW OF THE
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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.

**APPENDIX 7 – INDEPENDENT AUDITORS’ REPORT ON THE REVIEW OF THE
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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)
<hr/>	
At December 31, 2008	496,425
<hr/>	
At January 1, 2009	496,425
Additions	123,795
Transferred to vessels and equipment (note 3)	(192,020)
<hr/>	
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 (note 3).

6. TRADE AND OTHER RECEIVABLES

<i>(in thousands of \$)</i>	9/30/2009	Year 2008
Trade receivables	19,568	58,030
Other receivables	12,787	9,460
Prepayments	4,668	2,846
Accrued income	2,462	4,425
<hr/>		
	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>	9/30/2009	Year 2008
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	-
<hr/>		
Total debt	467,949	592,501
<hr/>		
Current portion	(49,367)	(592,501)
<hr/>		
Long-term debt	418,582	-

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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.

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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.

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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

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15. MARKETABLE SECURITIES – AVAILABLE FOR SALE FINANCIAL ASSETS

<i>(in thousands of \$)</i>	9/30/2009	9/30/2008
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 (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.

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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
5,000,000,000 ordinary shares of \$0.10 par value each	500,000	500,000

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	27 6,990,107

<i>(in number of shares)</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
	4,432	3,690

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

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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 Trøim (Director)	584,982	0.13%
Kate Blankenship (Director)	206,000	0.05%
Hans Christian Børresen (Director)	106,000	0.02%
	184,563,140	40.39%

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).



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