



GOLDEN OCEAN™



**GOLDEN OCEAN™**

## **Interim financial information**

First quarter 2014  
May 23rd, 2014

## Highlights

- Golden Ocean generates first quarter 2014 EBITDA\* of \$28.7 million
- Golden Ocean reports profit of \$10.1 million for the first quarter of 2014
- Golden Ocean announces dividends of \$ 0.025 per share for the first quarter of 2014
- Golden Ocean issued a \$200 million Convertible Bond in January 2014
- The Company acquired three 2012-built Kamsarmax vessels in February 2014
- The Company bought out the JV partner from the investment in Golden Magnum in March 2014
- The Company bought the ice class Panamax vessel Golden Ruby in April 2014

\*EBITDA is equal to operating profit plus depreciations (including impairment related to vessels) and amortisation.

## First quarter 2014 Results

Golden Ocean Group Limited (the “Company” or “Golden Ocean”) reports profit of \$10.1 million and earnings per share of \$0.02 for the first quarter of 2014. This compares with profit and earnings per share of \$18.1 million and \$0.04 respectively for the fourth quarter of 2013. Total operating revenues for the first quarter were \$74.2 million; total operating expenses were \$65.1 million and other gains/losses net were positive with \$9.4 million. Net financial items were negative with \$8.3 million.

The profit for the period of \$10.1 million is a decrease of \$8.0 million compared to last quarter. Net operating income is down by \$3.5 million while net financial items are down by \$4.6 million. In total the earnings on the vessels are down for the quarter. This is a result of a weaker spot market, some profitable charter contracts on Capesize vessels that have expired and off-hire for vessels being in dock. To some extent this is compensated by higher earnings on our ice-class vessels, which achieve a premium during the winter season. In addition a profit related to the transaction on Golden Magnum contributes positively. The net financial items are more negative compared to last quarter due to the interest allocated to the convertible bond as well as negative mark-to-market development on the Company’s interest rate swaps.

The table below shows the split for some key numbers between the long term and the short term portfolio for the first quarter of 2014. Administrative expenses are not allocated. The long term portfolio is defined as owned vessels, long term time charter in contracts and bareboat vessels and relates to the vessels that the Company gives information on in quarterly releases and on the web page. The short term portfolio consists of the vessels, cargoes and derivatives that are entered into with a short duration.

<i>(in millions of \$)</i>	Long term portfolio	Short term portfolio	Total
Total operating revenue	45.8	28.4	74.2
Total operating expenses (ex admin)	-34.1	-28.3	-62.4
Total other gain/losses net	9.7	-0.3	9.4
Operating profit (ex admin)	21.4	-0.2	21.2
Admin expenses			-2.8
Operating profit			18.4

Cash and cash equivalents increased by \$155.4 million during the quarter. The Company generated cash from operating activities of \$9.2 million during the quarter. Restricted cash increased with \$10.5 million. The Company paid \$10.2 million in installments and other predelivery cost. Financing activities contributed positive with \$166.6 million in the quarter. Proceeds from the Convertible Bond was \$200 million, repayment of debt, interest and financing charges amounted to \$17.1 million, while dividends declared both for third and fourth quarter 2013 results were paid in the first quarter, in total \$16.2 million.



## Fleet status

In February 2014 the Company purchased three 2012 Korean built 81,500 dwt Kamsarmax bulk carriers. The sister vessels were bought in one complete transaction. The vessels have been delivered to the Company through April and May 2014. One of the vessels is fixed out on an index linked Time Charter Contract until second quarter 2016. Charters are paying a premium of 13% compared to the Baltic average four time charter Panamax routes reflecting the earning capacity of the vessels. The second vessel is on a Time Charter contract until fourth quarter 2014 at \$15.881 (net) and the third vessel will be redelivered to Owners from the current Time Charter contract at the end of second quarter 2014.

In March 2014 Golden Ocean purchased 50% of the shares of Golden Magnum from its Joint Venture partner and the vessel is now wholly owned by the Company. The vessel was originally bought in May 2013.

In April 2014 the Company entered into an agreement to buy one ice class Panamax vessel resale built at Pipavav Defence & Offshore Engineering Company ("Pipavav"). The vessel is named Golden Ruby and is acquired from a third party. The Company took delivery of the vessel in May 2014.

Three vessels have been docked during the first quarter. Golden Feng and Golden Shui have been through 5 year dock while Channel Alliance has had 18 year dock with steel renewals. Channel Navigator will be docked during the second quarter. In total 7 of the Company's vessels will be docked during 2014.

## Newbuilding program

The Company has arbitration processes ongoing in relation to the nine construction contracts cancelled at Zhoushan Jinhaiwan Shipyard Co. Ltd. during 2012 and 2013. As of now the Company has received final awards on three contracts, preliminary awards on two contracts and waiting awards following completed hearings on the last four of the contracts. All awards so far has been in favor of the Company. The Board is confident that the Company has a strong case on the remaining contracts where awards have not been obtained. The Company's claim towards the yard is secured by refund guarantees from two of the top four Chinese banks. Demands have been sent under the contracts where final awards have been obtained. The Company has in aggregate paid \$175.3 million on these nine vessels and has drawn \$43.2 million under the related loan facilities.

As per today Golden Ocean's total newbuilding program consists of eight Supramax vessels, two vessels from Japan Marine United Corporation ("JMU") and six vessels from Chengxi. The remaining capital expenditure for vessels under construction is \$184.7 million as of end Q1-2014. None of the newbuildings are yet financed.

## Corporate

On May 23, 2014 the Board has declared a dividend of \$0.025 per share. The record date for the dividend has been set to June 6, 2014, ex dividend date will be June 4, 2014 and the dividend will be paid on or about June 25, 2014.

In January 2014 the Company issued a \$200 million Convertible Bond with a 5 year tenor and coupon of 3.07% p.a. The conversion price is currently at 2.82 \$/share. The conversion price will be adjusted for dividend payments from the Company. There is both an asset and a liability part in the convertible bond, and \$28.1 million of the bond value has been allocated as Equity in the financial statement.

The Company will consider delisting Golden Ocean from the secondary listing on SGX. The volume of shares traded on SGX is very limited and the Company would like to simplify its operation and reduce cost. The Company's presence in Asia on the shipping side is increasing and not affected by this delisting.

As of March 31, 2014 the total number of shares outstanding in Golden Ocean was 447,261,796 of \$0.10 par value each. Additionally the Company had stock options for 4.9 million shares outstanding under various share incentive programs for management and the Directors, of which 1.5 million are vested and exercisable.

## The Dry bulk market

The second biggest economy in the world continued to make the headlines during first quarter of 2014. China has become the favorite of concerns among many observers analyzing the macroeconomics. The importance for the dry bulk industry is well known and China contributed with 83 per cent of global dry bulk growth, or 200 million tons in pure volume growth, during 2013. Chinese GDP grew by 7.4 per cent during the first quarter which was in line with expectations. In addition to the positive development in the U.S., several of the European economies showed signs of recovery. On the back of this EU increased its steel production by 6.7 percent compared to same quarter in 2013.

The global steel industry and energy coal for utilities are accounting for about 70 percent of seaborne dry bulk transportations and both coal and iron ore volumes increased during first quarter. China imported 240 million mt of iron ore during the first quarter. This is 20 per cent more than the same quarter last year. Coal imports to China came in at 71 million mt or 9.5 per cent more than the first quarter of 2013. Japan imported 49.5 million mt of coal, which again represented an increase of about 9 per cent. Preliminary data is indicating an overall volume growth in seaborne dry bulk trade of 6 per cent for the first three months of 2014 against a net fleet growth of about 5 per cent.

About 16 million dwt of new capacity was delivered and 3.5 million dwt was scrapped during first quarter. Delivery ratio, versus what should have been delivered according to the official order book, is slightly higher this year compared to the previous five years. The main reason is that the current order book has a higher percentage of good quality yards where orders are delivered in time. About 25 million dwt were ordered during the first quarter, almost twice as much as the same quarter last year, but still 10 million dwt less than the fourth quarter of 2013. The order book represents 19 per cent of the total dry bulk fleet.

Capesize vessels earned on average \$16,300 per day during the first quarter, and experienced strong volatility ranging from \$7,900 per day to \$35,000 per day. Panamaxs earned on average \$10,425 per day with less volatility. The market performed better than most forecasters predicted, given that iron ore stockpiles in the major Chinese ports were high by the end of last year. However de-stocking did not take place and stocks remained unchanged during the quarter. We have witnessed some draw down of inventories in recent weeks and the Capesize spot market in particular has reacted accordingly.

Expectations for an upturn in earnings were high through most of the first quarter. This was reflected in the Forward Freight Curve which was in contango, in particular for the second half of 2014. Due to the fact that spot earnings surprised on the upside in combination with a positive sentiment, asset values continued to trend higher in the three first months of the year. The value of a five year old Capesize was up 10 per cent for the quarter and according to broker estimates was worth \$48 million, while a five year old Panamax was up 7.5 per cent first quarter and was estimated to be worth \$29 million by the end of March 2014.

In April 2014 both spot and forward markets have been under pressure, but most analysts remain confident that the fundamentals should cater for a market upswing within the next few months.

## Strategy

In anticipation of a stronger market in the second half of 2014 the Company has positioned its fleet for an upturn by keeping most of the vessels exposed to the spot market. The entire Capesize fleet is either employed on an index linked time charter or performing spot voyages. The Panamaxs and Kamsarmaxes have on aggregate about 75 per cent open capacity through 2015. If the market recovers as expected in the second half of 2014 and into 2015 the Company intends to benefit from that and take down the spot exposure gradually.

Following the acquisition of one ice class Panamax in April the composition of the GOGL fleet is:

- 8 Capesizes (of which 1 is owned in a joint venture)
- 8 Kamsarmaxes
- 10 ice class Panamaxs
- 8 Supramax newbuilding (5 to be delivered first half 2015 and 3 first half 2016)
- 1 Kamsarmax and 1 Panamax on long term bare boat with purchase options

- 2 Panamaxs on long term time charter with purchase options

Given its strong financial position, with an equity portion of 46%, a strong cash position and four sailing vessels without mortgage attached, GOGL will continue its search for attractive investment opportunities. Potential acquisitions should be attractive opportunities that are accretive for the shareholders and / or represent a positive arbitrage against older assets that may be disposed of.

## Outlook

Even though second quarter spot market so far has been weaker than predicted by most analysts following the sector, earnings have still been better than for the same period last year. The Capesize earnings has year to date been \$14,650 /day, compared to \$5,650/day for the same period last year. In 2013 the dry bulk market started its recovery in June and gained more momentum from August onwards.

From a demand perspective it is expected that new iron ore supply coming on stream will be the main driver over the next two to three years. From 2014 through 2016 as much as 280 million tons additional supply will become available for the global steel industry.

Analysts following the Chinese steel industry are expecting lower steel production growth. This is based on the assumptions of lower GDP growth and a gradual change from heavy infrastructure projects and construction to a more consumer focused growth model.

In spite of a slower steel production growth analysts believe that demand for iron ore will continue to grow at a steady pace. With all the new capacity entering the market is likely that international iron ore prices will come under even stronger pressure. Consequently a major portion of the domestically produced iron ore which is both more expensive and with an inferior quality could potentially be ousted.

As stated in the "Market" section, the ordering of new vessels has been quite brisk. But given that most orders that have been placed lately are for second half 2016 onwards, the supply growth next eighteen months is not expected to exceed five per cent per annum.

Most shipping analysts believe that demand growth will be around six per cent per annum and thereby outpace supply growth, leading to a higher utilization of the dry bulk fleet through 2015.

Given the Company's high spot exposure, the relative weak spot market and the market development for interest rates so far in the second quarter, the Board of Directors expects a small net loss for the second quarter of 2014. Future earnings will continue to correlate with the spot market and the result for 2014 is therefore highly dependent on the market development going forward.

The arbitration processes against Jinhaiwan is progressing according to expectations and the Company still believe that the cases should be settled this year. Payment for the first two awards is expected to be received within a few weeks.

The Board of Directors evaluates consolidation opportunities for the Company.

## Forward Looking Statements

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



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

May 23rd, 2014

The Board of Directors  
Golden Ocean Group Limited  
Hamilton, Bermuda

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## **Condensed Interim financial information (Unaudited)**

### **First Quarter 2014**

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#### **About Golden Ocean Group Limited**

*Golden Ocean Group Limited (GOGL) is a leading international dry bulk shipping company based in Bermuda, mainly operating in the Capesize and Panamax market segments. The Golden Ocean Group fleet is managed by the fully owned subsidiary Golden Ocean Management (Bermuda) Ltd, who in turn has subcontracted services to Golden Ocean Management AS, based in Oslo, Norway, and Golden Ocean management Asia Pte Ltd, based in Singapore. Golden Ocean Group Ltd. is dual listed on Oslo Stock Exchange and Singapore Exchange with ticker GOGL.*





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## Consolidated Comprehensive Income Statement

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

	Notes	2014 Jan-Mar Unaudited	2013 Jan-Mar Unaudited
<b>Operating revenue</b>			
Revenue		73 805	54 173
Other operating income	3	391	259
<b>Total operating revenue</b>		<b>74 195</b>	<b>54 432</b>
<b>Operating expenses</b>			
Voyage expenses and commission		22 260	12 817
Vessel operating expenses		12 037	11 136
Charter hire expenses		17 735	8 599
Administrative expenses		2 784	3 055
Depreciation and amortisation	7,8	10 333	9 176
<b>Total operating expenses</b>		<b>65 149</b>	<b>44 783</b>
<b>Other gain/(losses) net</b>			
Other gains/(losses) net	4	9 360	1 809
<b>Total other gains/(losses) net</b>		<b>9 360</b>	<b>1 809</b>
<b>Operating profit/(loss)</b>		<b>18 406</b>	<b>11 458</b>
Interest income		183	284
Interest expense	5	(7 125)	(4 662)
Other financial items	6	(1 318)	(313)
<b>Total net financial items</b>		<b>(8 259)</b>	<b>(4 691)</b>
<b>Profit/(loss) before income tax</b>		<b>10 147</b>	<b>6 767</b>
Income tax		-	-
<b>Profit/(loss) for the period</b>		<b>10 147</b>	<b>6 767</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the parent		10 262	6 819
Non-controlling interests		(115)	(52)
<b>Profit/(loss) for the period</b>		<b>10 147</b>	<b>6 767</b>
<b>Basic earnings/(loss) per share</b>		<b>\$0.023</b>	<b>\$0.015</b>
<b>Diluted earnings/(loss) per share</b>		<b>\$0.022</b>	<b>\$0.015</b>
<b>Other comprehensive income:</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Changes in fair value of available-for-sale financial assets		(597)	-
<b>Total comprehensive income/(loss) for the period</b>		<b>9 550</b>	<b>6 767</b>
<b>Comprehensive income/(loss) attributable to:</b>			
Owners of the parent		9 665	6 819
Non-controlling interests		(115)	(52)
<b>Total comprehensive income/(loss) for the period</b>		<b>9 550</b>	<b>6 767</b>

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





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**Golden Ocean Group Limited**  
**Consolidated Balance Sheet**

		2014 Mar 31	2013 Dec 31
<i>(in thousands of \$)</i>	<b>Notes</b>	<b>Unaudited</b>	
<b>ASSETS</b>			
<b>Non current assets</b>			
Vessels and equipment, net	7	708 497	667 788
Vessels held under finance leases, net	8	128 471	130 795
Vessels under construction	9	26 694	16 144
Other long term receivables	11	8 734	8 588
Investment in associated companies / JV	12	9 534	17 419
<b>Total non-current assets</b>		<b>881 930</b>	<b>840 734</b>
<b>Current assets</b>			
Inventories		21 124	10 775
Trade and other receivables	11	29 759	25 495
Derivative financial assets	13	1 921	2 735
Refundable installments for cancelled newbuildings	9	193 664	192 976
Available-for-sale financial assets	14	16 320	16 916
Cash and cash equivalents incl. restricted cash	10	264 701	98 841
<b>Total current assets</b>		<b>527 490</b>	<b>347 737</b>
<b>Total assets</b>		<b>1 409 420</b>	<b>1 188 471</b>

**EQUITY AND LIABILITIES**

**Equity attributable to equity holders of the parent**

Share capital		44 726	44 726
Additional paid in capital		99 156	99 156
Other reserves		51 069	23 551
Retained earnings		452 503	457 823
<b>Owners Equity</b>		<b>647 454</b>	<b>625 256</b>
Non-controlling interests		472	1 108
<b>Total Equity</b>		<b>647 926</b>	<b>626 364</b>

**Non-Current Liabilities**

Long term debt	15	496 990	319 605
Obligations under finance leases	16	108 604	110 416
Other long term liabilities		1 829	1 903
<b>Total non-current liabilities</b>		<b>607 423</b>	<b>431 924</b>

**Current Liabilities**

Long-term debt - current portion	15	86 534	84 414
Obligations under finance leases – current portion	16	7 496	7 370
Amount due to related parties		402	1 216
Provisions		601	-
Trade payables and other current liabilities	17	59 038	37 183
<b>Total current liabilities</b>		<b>154 071</b>	<b>130 183</b>
<b>Total liabilities and shareholders' equity</b>		<b>1 409 420</b>	<b>1 188 471</b>

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



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**Golden Ocean Group Limited**  
**Consolidated Cash Flow Statement**

(in thousands of \$)

		<b>2014</b>	<b>2013</b>
	<b>Notes</b>	<b>Jan-Mar Unaudited</b>	<b>Jan-Mar Unaudited</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		<b>10 147</b>	6 767
Adjustments for:			
Capitalised docking and periodic maintenance		<b>(3 200)</b>	-
Value of services under stock option scheme		<b>132</b>	351
Share of (profit) / loss from associates/JVs		<b>(7 218)</b>	(403)
Interest expense		<b>4 836</b>	2 447
Interest income		<b>(183)</b>	(284)
Depreciation	<b>7,8</b>	<b>10 333</b>	9 176
Amortisation of deferred charges		<b>344</b>	146
Net change in:			
Amount due to related parties		<b>(814)</b>	(519)
Derivative instrument receivable / payable amounts	<b>13</b>	<b>814</b>	(973)
Trade and other receivables	<b>11</b>	<b>(4 411)</b>	(6 013)
Inventories		<b>(10 349)</b>	(5 597)
Trade payables and other current liabilities	<b>17</b>	<b>8 779</b>	1 185
<b>Net cash provided by operating activities</b>		<b>9 209</b>	6 282
<b>INVESTING ACTIVITIES</b>			
Changes in restricted cash		<b>(10 453)</b>	2 087
Interest received		<b>183</b>	284
Payments on vessels	<b>7,9</b>	<b>(10 176)</b>	(5 255)
<b>Net cash provided by / (used in) investing activities</b>		<b>(20 446)</b>	(2 884)
<b>FINANCING ACTIVITIES</b>			
Payment of financing charges		<b>(3 612)</b>	(70)
Interest paid		<b>(2 549)</b>	(2 399)
Repayment of obligations under finance leases		<b>(1 686)</b>	(1 612)
Repayment of long term debt		<b>(9 279)</b>	(20 552)
Stock options paid in cash		<b>(54)</b>	-
Payment of dividends		<b>(16 175)</b>	-
Proceeds from Convertible bonds		<b>200 000</b>	-
<b>Net cash (used in) / provided by financing activities</b>		<b>166 645</b>	(24 633)
<b>Net change in cash and cash equivalents</b>		<b>155 407</b>	(21 235)
<b>Cash and cash equivalents at beginning of period</b>		<b>93 881</b>	104 358
<b>Cash and cash equivalents at end of period</b>	<b>10</b>	<b>249 288</b>	83 123



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**Golden Ocean Group Limited**  
**Consolidated Statement of**  
**Changes in Equity**

**Total Attributable to equity holders of the parent**

*(in thousands of \$)*

	Share Capital	Additional paid in capital	Other Reserves	Retained Earnings	Total	Non- Controlling interests	Total Equity
Balance at January 1, 2013	44 726	99 156	16 635	377 288	537 806	491	538 296
Comprehensive income for the period	-	-	6 916	83 875	90 792	617	91 409
Dividend paid	-	-	-	(4 473)	(4 473)	-	(4 473)
Value of services under stock options scheme	-	-	-	1 132	1 132	-	1 132
Balance at December 31, 2013	44 726	99 156	23 551	457 824	625 257	1 108	626 364
Comprehensive income for the period	-	-	(597)	10 262	9 665	(115)	9 550
Equity portion Convertible Bond	-	-	28 115	-	28 115	-	28 114
Currency translation / other	-	-	-	(59)	(59)	-	(59)
Dividend paid	-	-	-	(15 654)	(15 654)	(521)	(16 175)
Value of services under stock options scheme	-	-	-	132	132	-	132
<b>Balance at March 31, 2014</b>	<b>44 726</b>	<b>99 156</b>	<b>51 069</b>	<b>452 503</b>	<b>647 454</b>	<b>472</b>	<b>647 926</b>



## 1. ACCOUNTING PRINCIPLES

The condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. A full description of the accounting principles used in preparing the consolidated financial statements for Golden Ocean Group Ltd. is included in note 2 in the annual report for 2013. The annual consolidated financial statements are prepared in accordance with IFRS as adopted by the EU. There have been no changes in the accounting principles in 2014 except as noted below.

### **Recent accounting pronouncements**

*The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014.*

IFRS 10 'Consolidated financial statements' (effective 1 January 2014). The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. The standard defines the principle of control, and establishes controls as the basis for consolidation. The standard also sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee.

IFRS 11 'Joint arrangements' (effective 1 January 2014). IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS 12 'Disclosures of interest in other entities' (effective 1 January 2014). IFRS 12 includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

The adaption of the new standards has no material affect in the 2014 financial statements.

## 2. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Preparation of the interim financial statements in accordance with IFRS implies use of estimates, which are based on judgments and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts might differ from such estimates.

The Company has not tested any of the vessels for impairment this quarter due to lack of indicators. There has been an increase in broker values and higher market rates compared to previous quarters.

### **Cancellation of vessels under construction**

In total the Company has cancelled nine newbuilding contracts from Zhoushan Jinhaiwan Shipyard Co. Ltd. The yard has referred all the matters to arbitration. The installments and accrued cost have been classified as short term receivable. Management expects refunds to exceed the recorded receivable. Debt obtained directly to fund the installments on the cancelled vessels under construction is classified as short term debt, as it falls due following the final arbitration award.

**3. OTHER REVENUE**

<i>(in thousands of \$)</i>	<b>3/31/2014</b>	<b>3/31/2013</b>
Management fee revenues	<b>391</b>	259
<b>Total other revenue</b>	<b>391</b>	259

**4. OTHER GAINS/(LOSSES) NET**

<i>(in thousands of \$)</i>	<b>3/31/2014</b>	<b>3/31/2013</b>
Gain/(loss) on Forward freight agreements	<b>2 226</b>	1 130
Gain/(loss) on bunkers derivatives	<b>(84)</b>	276
Accounting gain on purchase of JV	<b>6 200</b>	-
Income from associates / JVs	<b>1 019</b>	403
<b>Total other gains/(losses) net</b>	<b>9 360</b>	1 809

**5. INTEREST EXPENSE**

<i>(in thousands of \$)</i>	<b>3/31/2014</b>	<b>3/31/2013</b>
Interest on bank overdrafts and loans	<b>5 472</b>	3 098
Interest on obligations under finance leases	<b>1 946</b>	2 069
<b>Total interest expense</b>	<b>7 417</b>	5 167
Less amounts included in the cost of qualifying assets	<b>(292)</b>	(505)
<b>Net interest expense</b>	<b>7 125</b>	4 662

**6. OTHER FINANCIAL ITEMS**

<i>(in thousands of \$)</i>	<b>3/31/2014</b>	<b>3/31/2013</b>
Interest swap	<b>(1 712)</b>	(238)
Dividend received	<b>325</b>	-
Other financial items	<b>70</b>	(75)
<b>Total other financial items</b>	<b>(1 318)</b>	(313)

Total interest rate swap loss in the first quarter was \$1.7 million. The unrealized portion of the interest rate swap was a loss of \$0.8 million while the realized portion was a loss of \$0.9 million. The Company received dividend from Greenship Bulk Trust in the first quarter of 2014.



## 7. VESSELS AND EQUIPMENT, NET

The Group has the following owned vessels at March 31, 2014.

Vessel	Built	DWT	Flag
Channel Alliance	1996	171 978	Hong Kong
Channel Navigator	1997	172 058	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	2009	170 500	Marshall Island
Golden Strength	2009	75 745	Hong Kong
Golden Shui	2009	170 500	Marshall Island
Golden Beijing	2010	176 000	Hong Kong
Golden Eminence	2010	79 447	Hong Kong
Golden Empress	2010	79 600	Hong Kong
Golden Endeavour	2010	79 600	Hong Kong
Golden Endurer	2011	79 600	Hong Kong
Golden Enterprise	2011	79 471	Hong Kong
Golden Zhoushan	2011	175 834	Hong Kong
Golden Suek	2011	74 500	Hong Kong
Golden Bull	2012	74 500	Hong Kong
Golden Brilliant	2013	74 500	Hong Kong
Golden Pearl	2013	74 187	Hong Kong
Golden Diamond	2013	74 187	Hong Kong
Golden Magnum	2009	179 788	Hong Kong

(in thousands of \$)

<i>(in thousands of \$)</i>		<i>Docking and periodic maintenance</i>	<i>Fixtures and Equipment</i>	<i>Total</i>
	<i>Vessels</i>			
<b>Cost:</b>				
At January 1, 2013	768 452	7 482	486	776 420
Additions	51 803	3 486	10	55 299
Transferred from vessels under construction (note 9)	29 214	1 000		30 214
At December 31, 2013	849 469	11 968	496	861 932
At January 1, 2014	849 469	11 968	496	861 932
Additions	45 532	3 187	-	48 719
<b>At March 31, 2014</b>	<b>895 001</b>	<b>15 155</b>	<b>496</b>	<b>910 651</b>
<b>Accumulated depreciation and impairment:</b>				
At January 1, 2013	161 414	3 081	408	164 903
Depreciation	27 192	2 025	25	29 241
At December 31, 2013	188 606	5 106	433	194 144
At January 1, 2014	188 606	5 106	433	194 144
Depreciation	7 116	886	8	8 010
<b>At March 31, 2014</b>	<b>195 722</b>	<b>5 991</b>	<b>441</b>	<b>202 154</b>
<b>Carrying amount:</b>				
<b>At March 31, 2014</b>	<b>699 279</b>	<b>9 163</b>	<b>55</b>	<b>708 497</b>
At December 31, 2013	660 863	6 862	63	667 788

The Group has pledged all of owned vessels to secure various banking facilities (note 15).

## 8. VESSELS HELD UNDER FINANCE LEASES, NET

The Group has the following vessels on financial lease at March 31, 2014.

Vessel	Built	DWT	Flag
Golden Lyderhorn	1999	74 242	Hong Kong
Ocean Minerva	2007	75 698	Panama
Golden Heiwa	2007	76 662	Panama
Golden Eclipse	2010	79 600	Hong Kong
<b>(in thousands of \$)</b>			
<b>Cost:</b>			
At January 1, 2013			176 159
At December 31, 2013			176 159
At January 1, 2014			176 159
<b>At March 31, 2014</b>			<b>176 159</b>
<b>Accumulated depreciation:</b>			
At January 1, 2013			35 942
Depreciation			9 422
At December 31, 2013			45 364
At January 1, 2014			45 364
Depreciation			2 323
<b>At March 31, 2014</b>			<b>47 688</b>
<b>Carrying amount:</b>			
<b>At March 31, 2014</b>			<b>128 471</b>
At December 31, 2013			130 795

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

## 9. VESSELS UNDER CONSTRUCTION

<b>(in thousands of \$)</b>	
At January 1, 2013	116 082
Additions	22 288
Cancellations - transferred to short term receivables	(92 012)
Transferred to vessels and equipment (note 7)	(30 214)
At December 31, 2013	16 144
At January 1, 2014	16 144
Additions	10 550
<b>At March 31, 2014</b>	<b>26 694</b>

Additions include instalments, interest and supervision on newbuildings.





## 10. CASH AND CASH EQUIVALENTS INCLUDING RESTRICTED CASH

<i>(in thousands of \$)</i>	3/31/2014	12/31/2013
Current accounts	86 788	81 381
Short-term deposits	162 500	12 500
<b>Cash and cash equivalents, non restricted</b>	<b>249 288</b>	<b>93 881</b>
Restricted cash	15 414	4 960
<b>At March 31, 2014</b>	<b>264 701</b>	<b>98 841</b>

## 11. TRADE AND OTHER RECEIVABLES

<i>(in thousands of \$)</i>	3/31/2014	12/31/2013
Trade receivables, net	6 503	7 343
Other receivables	17 288	15 867
Prepayments	14 702	10 873
	<b>38 493</b>	<b>34 083</b>
Less non-current portion: other receivables	(8 734)	(8 588)
<b>Current portion</b>	<b>29 759</b>	<b>25 495</b>

## 12. INVESTMENT IN JOINT VENTURES

<i>(in thousands of \$)</i>	UFC	Golden Magnum Inc.	Golden Opus Inc.	Seateam	3/31/14	12/31/13
Ownership	50 %	50 %	50 %	25 %		
<b>At 1 January , 2014</b>	1921	7 184	8 200	114	17 419	1 248
Additions	-	-	-	-	-	19 675
Disposals/Dividends	(1 500)	(7 405)	-	-	(8 905)	(7 653)
Share of profit	457	221	341	-	1 019	4 148
<b>At 31 March, 2014</b>	<b>878</b>	<b>-</b>	<b>8541</b>	<b>114</b>	<b>9534</b>	<b>17419</b>

The figures reflect the Group's investment in the above companies.



<i>(in thousands of \$)</i>	UFC	Golden Magnum Inc.	Golden Opus Inc.	Seateam	3/31/14	12/31/13
Ownership	50 %	50 %	50 %	25 %		
<b>Current</b>						
Cash and cash equivalents	706	-	3 380	-	4 086	4 410
Other current assets	1 505	-	2 058	456	4 019	11 735
<b>Total current assets</b>	<b>2 211</b>	<b>-</b>	<b>5 438</b>	<b>456</b>	<b>8 105</b>	<b>16 145</b>
Financial liabilities	-	-	458		458	1 410
Other current liabilities	453	-	482		935	2984
<b>Total current liabilities</b>	<b>453</b>	<b>-</b>	<b>940</b>	<b>-</b>	<b>1 393</b>	<b>4394</b>
<b>Non-current</b>						
Assets	-	-	33 329	-	33 329	66 940
Financial liabilities	-	-	20 745	-	20 745	43 625
Other liabilities	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>20 745</b>	<b>-</b>	<b>20 745</b>	<b>43 625</b>
<b>Net total assets</b>	<b>1 758</b>	<b>-</b>	<b>17 082</b>	<b>456</b>	<b>19 296</b>	<b>35 066</b>

The table above reflects the total assets and liability for the Group's JV/associated companies.

The Group has bought the remaining 50% of Golden Magnum Inc. and it is now considered as a fully owned subsidiary where all assets and liability are consolidated into the Group's financial statement.

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

<i>(in thousands of \$)</i>	3/31/2014	12/31/2013
Interest derivatives	1 861	2 566
Bunkers derivatives	60	169
<b>Derivative financial instruments, net</b>	<b>1 921</b>	<b>2 735</b>

### 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>(in thousands of \$)</i>	3/31/14	12/31/13
At 1 January, 2014	16 916	-
Additions	-	10 000
Net gains/(losses) transfer to equity	(597)	7 255
Disposals	-	(339)
<b>At 31 March, 2014</b>	<b>16 320</b>	<b>16 916</b>

<i>(in thousands of \$)</i>	3/31/14	12/31/13
<i>Listed Equity securities:</i>		
Korea Line Corporation - Asia	3 518	4 166
Knightsbridge Tankers Limited - US	158	107
<i>Unlisted Equity securities:</i>		
Greenship Bulk Trust - Europe	12 644	12 644
<b>Total available for sale-financial assets</b>	<b>16 320</b>	<b>16 916</b>



<i>(in thousands of \$)</i>	<b>3/31/14</b>	<b>12/31/13</b>
<i>Currencies:</i>		
NOK (Norwegian kroner)	<b>12 644</b>	12 644
KRW (Korean Won)	<b>3 518</b>	4 166
US dollar	<b>158</b>	107
<b>Total available for sale-financial assets</b>	<b>16 320</b>	16 916

## 15. LONG – TERM DEBT

<i>(in thousands of \$)</i>	<b>3/31/2014</b>	<b>12/31/2013</b>
Within one year	<b>86 534</b>	84 414
Between one and two years	<b>119 942</b>	77 451
Between two and five years	<b>385 239</b>	180 172
After five years	-	67 373
<b>Total debt</b>	<b>591 715</b>	409 410
Current portion	<b>(86 534)</b>	(84 414)
<b>Long-term debt, nominal value</b>	<b>505 181</b>	324 996
Value of sellers credit	<b>(900)</b>	(1 029)
Deferred transaction costs	<b>(7 291)</b>	(4 362)
<b>Long-term debt, net</b>	<b>496 990</b>	319 605

All debt is secured by mortgages over sailing vessels and vessels under construction.

The Company issued a \$200 million Convertible Bond with a 5 year tenor and coupon of 3.07% p.a in January 2014. The conversion price is currently at 2.82 \$/share. The conversion price will be adjusted for dividend payments from the Company. There is both an asset and a liability part in the convertible bond, and \$28.1 million of the bond value has been allocated as Equity in the financial statement. The liability component of the bond is \$ 173.537 million at March 31 2014 (December 31, 2013 \$0).

All debt related to the cancelled newbuildings has been classified as short term debt as it falls due following the final arbitration award.

Long-term debt and finance lease liabilities:

<i>(in thousands of \$)</i>	<b>3/31/2014</b>	<b>12/31/2013</b>
<b>Non-current</b>		
Bank borrowings and sellers credit	<b>496 990</b>	319 605
Finance lease liabilities	<b>108 604</b>	110 416
	<b>605 594</b>	430 021
<b>Current</b>		
Bank borrowings and sellers credit	<b>86 534</b>	84 414
Finance lease liabilities	<b>7 496</b>	7 370
	<b>94 030</b>	91 784
<b>Total borrowings</b>	<b>699 624</b>	521 805

All debt is denominated in US Dollars and the bank debt has an interest rate at LIBOR plus a fixed margin of an average of 2.70 percent. The interest rate is mainly repriced on a monthly basis, while some facilities are repriced on a quarterly basis.



## 16. OBLIGATIONS UNDER FINANCE LEASE

	Within one year		2-5 years		6-10 years		Total	
(in thousands of \$)	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Minimum Lease Payments								
Interest	7 349	7 501	27 802	28 652	3 695	4 609	38 846	40 762
Purchase option	-	-	55 017	55 017	33 550	33 550	88 567	88 567
Instalments	7 496	7 370	17 592	18 852	2 445	2 996	27 533	29 218
Total Minimum Lease	14 845	14 871	100 411	102 521	39 690	41 155	154 946	158 547
<b>Present Value of Lease Obligations</b>							116 100	117 785
Current portion							7 496	7 370
Non-current portion							108 604	110 416

The Group has recorded finance leases on four vessels at March 31, 2014 (and 2013). The Group has purchase options and the exercise price of the option changes based upon the date the option is exercised.

The table below lays out the approximate latest exercisable dates and purchase option amounts based on the date the purchase options are calculated to be exercisable, and the first lease renewal date.

(in thousands of \$)	Purchase option expected exercisable date	Purchase option amount	Lease renewal date
Golden Lyderhorn	September 2016	11 500	September 2016
Ocean Minerva	January 2018	21 052	January 2015
Golden Heiwa	March 2017	22 465	March 2015
Golden Eclipse	April 2020	33 550	April 2020

The purchase option exercise prices at the final exercise date for Ocean Minerva and Golden Heiwa are denominated in JPY, and are JPY1.64 billion and JPY1.75 billion respectively. The purchase option amount in USD above is based on the exchange rate at September 30, 2012. The same purchase option exercise prices based on the exchange rate at March 31, 2014 would have been \$16.0 million related to Ocean Minerva and \$17.0 million on Golden Heiwa. In the third quarter of 2012 the Company reassessed the likelihood of exercising the purchase option denominated in JPY. The Company then assumed to be redelivering the vessels at the end of the charter period. The JPY lease liabilities relating to the purchase options are therefore considered non-monetary liabilities and are translated at the historical exchange rate at the date of reassessment was made (shown in the table above).

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.

## 17. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(in thousands of \$)	3/31/2014	12/31/2013
Trade payables	8 401	1 512
Accruals	10 634	6 273
Deferred revenue	22 742	27 540
Other current liabilities	17 261	1 858
<b>Total</b>	<b>59 038</b>	<b>37 183</b>

Deferred revenue relates to time charter revenue received in advance for future periods.

The Company received \$14.1 million dollars as income in advance during the fourth quarter of 2013. The amount relates to prepaid hire for 1 year for three vessels.



The Group has not recognized contingent liabilities in respect of legal claims arising in the ordinary course of business.

## 18. CAPITAL COMMITMENTS

<i>(in thousands of \$)</i>	Within one year		2-5 years		Total	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Vessels under construction	<b>96 726</b>	23 511	<b>87 975</b>	171 764	<b>184 701</b>	195 275
<b>Total</b>	<b>96 726</b>	23 511	<b>87 975</b>	<b>171 764</b>	<b>184 701</b>	195 275

Five of the Supramax vessels are expected to be delivered during first half of 2015 while the remaining three are expected to be delivered during first half of 2016. None of the vessels under construction are currently financed.

## 19. OPERATING LEASES

### Rental expense

The future minimum rental payments under the Group's non-cancellable operating leases as of March 31, 2014 are as follows:

<i>(in thousands of \$)</i>	3/31/2014	12/31/2013
Within one year	<b>24 446</b>	25 099
In the second to fifth years	<b>14 021</b>	17 351
<b>Total minimum lease payments</b>	<b>38 466</b>	42 450

Total rental expense for the period ended March 31, 2014 for operating leases was \$17.7 million (March 31, 2013:\$8.6 million).

### Rental income

The minimum future revenue payments (including owned vessels) to be received under the Group's non-cancellable operating leases as of March 31, 2014 are as follows:

<i>(in thousands of \$)</i>	3/31/2014	12/31/2013
Within one year	<b>92 562</b>	67 251
In the second to fifth years	<b>165 700</b>	164 207
Later than five years	<b>53 196</b>	55 918
<b>Total minimum lease revenue</b>	<b>311 458</b>	287 376

Total rental income from operating leases was \$73.8 million for the period ended March 31, 2014 (March 31, 2013:\$54.2 million).

## 20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### Financial Risk

Through its activities the Group is exposed to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group makes use of derivative financial instruments such as foreign exchange forward contracts and interest rate swaps to moderate certain risk exposures.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2013. There have been no changes in the risk management department or in any risk management policies since the prior year end.

#### Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at March 31, 2014:

<i>(in thousands of \$)</i>	Level 1	Level 2	Total
<b>At March 31, 2014</b>			
<b>Assets</b>			
Available-for-sale financial assets	3 676	12 644	16 320
Derivative financial instruments (interest swap)	-	1 921	1 921
<b>Total assets</b>	<b>3 676</b>	<b>14 565</b>	<b>18 241</b>

<i>(in thousands of \$)</i>	Level 1	Level 2	Total
<b>At December 31, 2013</b>			
<b>Assets</b>			
Available-for-sale financial assets	4 272	12 644	16 916
Derivative financial instruments (interest swap)	-	2 735	2 735
<b>Total assets</b>	<b>4 272</b>	<b>15 379</b>	<b>19 651</b>

Level 1 is the fair value of financial instruments traded in active markets based on quoted market prices at the balance sheet date. Level 2 is defined as inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair value of financial instruments that are not traded in an active (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

#### Valuation techniques used to derive Level 2 fair values.

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

#### Fair value of financial assets and liabilities measured at amortised cost.

The fair value of borrowings, trade and other receivables, other current financial assets, cash and cash equivalents (excluding bank overdrafts), and trade and other payables approximate their carrying amount.



## 21. SHARE BASED PAYMENTS

Details of the share options outstanding during the quarter are as follows:

	3/31/2014		12/31/2013	
	Number of share options	Weighted average exercise price USD	Number of share options	Weighted average exercise price USD
At the beginning of the year	4 945 000	0,74	5 000 000	0,84
Exercised year to date	(37 500)	-	(55 000)	-
Outstanding at March 31, 2014	4 907 500	0,72	4 945 000	0,74
Exercisable at March 31, 2014	1 532 500	1,00	1 570 000	0,98

Total outstanding share options relates to the program issued in 2012 (4.407.500) and the 500.000 options issued in year 2009 that will expire in November 2014.

## 22. SUBSEQUENT EVENTS

In February 2014 the Company purchased three 2012 Korean built 81,500 dwt Kamsarmax bulk carriers. The sister vessels were bought in an “enblock” transaction. The vessels have been delivered to the Company through April and May 2014.

In April the Company entered into an agreement to purchase one ice class Panamax resale built at Pipavav Defence & Offshore Engineering Company. The vessel will be named Golden Ruby and is expected to be delivered in the second quarter of 2014.