

Edgar Filing: GOLAR LNG LTD - Form 6-K

GOLAR LNG LTD
Form 6-K
December 01, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of November , 2005

Golar LNG Limited
(Translation of registrant's name into English)

Par-la-Ville Place, 14 Par-la-Ville Road,
Hamilton, HM 08, Bermuda (Address
of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes_____ No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Item 1. INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Attached as Exhibit 99.1 is a copy of the press release of Golar LNG Limited (the "Company"), dated November 29, 2005.

Exhibit 99.1

Golar LNG

INTERIM REPORT SEPTEMBER 2005

Third Quarter and Nine Months Results

Golar LNG reports net income of \$11.0 million for the three months ended September 30, 2005 and operating income of \$17.0 million as compared to a net loss of \$4.4 million and operating income of \$11.6 million for the second quarter of 2005. Net cash provided by operating activities was \$19.8 million for the quarter, which has increased from \$11.5 million for the second quarter of 2005.

The results for the third quarter have been positively impacted by the

Edgar Filing: GOLAR LNG LTD - Form 6-K

mark-to-market revaluation of interest rate swaps, which has resulted in a net gain (after minority interests) of \$8.8 million and foreign exchange and currency swap gains in respect of the Company's leases of \$0.3 million. Both these items, which total an income for the quarter of \$9.1 million (net charge of \$10.2 million for last quarter), are unrealised and therefore have no cash impact. Interest rate swap gains were impacted during the third quarter of 2005 due to an increase in long-term interest rates between June 2005 and September 2005.

The Company's share of Korea Line Corporation's ("Korea Line") net loss for the three months to September 30, 2005, is \$0.3 million as compared to last quarter's net income of \$7.4 million in respect of Golar's 21% shareholding. Korea Line's loss this quarter is largely due to the impact of falling rates in the drybulk market on their operating income.

The increase in operating revenues for the third quarter of 2005 to \$42.8 million, up from \$38.9 million last quarter is primarily due to the increased utilisation of vessels in the Golar-Exmar joint spot market pool arrangement. Out of the four vessels involved in this pool (three Golar and one Exmar) effectively two were fully employed during the third quarter of 2005 as opposed to effectively only one during the second quarter of 2005. Average daily time charter equivalents (TCEs) for the total fleet were \$45,460 for the third quarter of 2005 compared to \$41,200 for the second quarter of 2005.

Vessel operating and administrative expenses were down this quarter as compared to last quarter. Vessel operating expenses were \$9.3 million for this quarter compared to \$9.6 million for the second quarter of 2005, and administration costs were \$2.7 million this quarter compared to \$3.5 million last quarter. These reductions are in a large part due to the vessel management reorganisation which the Company undertook earlier in 2005.

Net interest expense for the third quarter of 2005 was \$12.4 million, which compares to \$11.4 million last quarter. The increase over last quarter is largely due to the impact of higher interest rates on floating rate debt and the effect of additional interest rate swaps entered into during the second quarter of 2005. Interest expense and interest income includes \$9.8 million and \$8.0 million respectively relating to the Company's lease finance transactions.

Other financial income for the third quarter of 2005 of \$9.0 million includes a gain of \$9.5 million associated with the movement in fair value of interest rate swaps. This compares to a loss of \$7.8 million last quarter. Other financial items also include net foreign exchange translation and currency swap gains of \$0.3 million in respect of its leases during the third quarter of 2005, as compared to a \$2.2 million loss last quarter.

Earnings per share for the quarter was \$0.17 as compared to a loss per share of \$0.07 for the second quarter of 2005.

For the nine months ended September 30, 2005 the Company reports revenues of \$125.9 million, operating income of \$46.8 million and net income of \$23.9 million as compared to \$118 million, \$55.0 million and \$38.1 million respectively, for the same period last year. Revenues for the nine months ended September 30, 2005 have increased due to the addition to the fleet of the Golar Winter and the Golar Frost during 2004 and the Golar Viking in January 2005. However, operating income and net income have been negatively impacted as a result of the low levels of utilization of these vessels which has meant they have traded at a loss during 2005.

The number of shares outstanding as of September 30, 2005 was 65,562,000 (June 30, 2005: 65,562,000). The weighted average number of shares outstanding for the third quarter of 2005 was 65,562,000 and 65,612,000 for the twelve months ended December 31, 2004.

Edgar Filing: GOLAR LNG LTD - Form 6-K

Corporate and Other Matters

As announced in October 2005, the Board of Golar LNG has approved a share buy back scheme and in connection with this has entered into a 12 month equity swap agreement with the Bank of Nova Scotia under which Scotia may acquire an amount of up to 3.2 million Golar LNG shares. The agreement is structured so that upon termination Scotia will pay to or receive from Golar an amount equal to the movement in Golar's share price times the number of shares acquired by Scotia. In consideration of this Golar will pay to Scotia compensation based upon a floating rate of interest plus a margin on the purchase price paid by Scotia. Golar is therefore effectively exposed to fluctuations in its share price, and will have a right to terminate the agreement during the 12-month period.

In connection with this equity swap as at November 29, 2005 Scotia have acquired 600,000 Golar LNG shares at an average price of \$11.04.

The Company continues to focus on floating energy solutions as a major area for business development and throughout the quarter has progressed its portfolio of terminal related projects. The Livorno FSRU project has completed all necessary approvals/permits and is now waiting for the Ministerial decree to be issued; a process which takes a little time and which may not be complete before the end of the year. The Spanish Energy Company Endesa has, together with the Tuscany based energy company Amga, effectively taken over the majority control in the project. This should be seen as a positive development and one which reduces the operational and completion risk of the project.

The Cyprus FPGP licence application is progressing well with regular clarification meetings taking place between Golar, Saipem (our partners) and the Cyprus Electricity Regulatory Authority (CERA). As reported last quarter, significant progress has been made in developing an engineering specification for conversion of an existing Golar vessel to an FSRU at an Asian shipyard and this process is nearing completion. The target would be to make available a 2.0 mtpa FSRU within 12 to 16 months of building contract award. A final investment decision in respect of this project should be expected shortly.

The Board and management have spent considerable time during the past year on developing relationships with several major LNG players. The aim has been to increase the utilisation of the Company's spot vessels and to develop a more integrated business. The Board is pleased that these efforts now seem to be showing some results.

The Company's next newbuilding will be delivered in January 2006. This ship has been financed through a lease financing which is providing funding of \$105 million.

The Board is disappointed by the fact that the Company has not so far been in position to develop any joint business with Korea Line. The Board is continuously evaluating this investment and may consider changing the level of investment in order to meet the Company's objectives. The Korea Line stock is currently trading at a substantial discount to book value and an even larger discount to the underlying net asset value.

The technical management organisational changes which were initiated during the first quarter of 2005 are now fully implemented and the introduction of the new managers has been completed to the full satisfaction of our customers. The new structure has also lead to reduced costs both onshore and offshore.

Market

With Egypt, albeit intermittently, now coming on stream and with Trinidad and other contracts also supplying additional LNG into the market, the short-term

Edgar Filing: GOLAR LNG LTD - Form 6-K

transportation market has undergone something of a transformation. Operators in the Atlantic area are now in transportation balance, or even, depending on the US/European gas pricing balance, in potential shortfall of vessels. The result of this is improved utilization for all vessels including Golar's during the fourth quarter. We are just entering the winter season for the Far East where historically Korea and Japan have considerable short-term swings depending on the weather. This should ensure that all tonnage currently idle will be employed during the next few months. The prospects beyond then for transportation remain unclear as the temporarily unemployed Snohvit vessels and other tonnage comes into the market during next year. Rates have moved upwards but are still very susceptible to any competition from project vessels competing in the spot market prior to their long-term projects commencing.

The level of LNG transported has increased markedly with Spain and France now taking more quantities. High prices in the US has meant a number of cargoes have been delivered there as well, with producers once again taking by far the largest benefit. However the recent decline in Henry Hub prices has seen a swing back to European destinations as the winter sets in.

Long-term contracts continue to be developed, the latest of which is Qatargas next phase for the large vessels of over 200,000 m3. In the Company's view extraordinarily low charter hire rates have been accepted by ship owners for both capital and operating cost elements. Qatargas and other projects like Brass River, Shell's Qatar project, and Angola's activity will result in a requirement for at least 50 to 60 ship orders over the next few years. However, shipyards have now expanded their capacity to 40 ships per year or more thus largely eliminating any potential for price pressures.

Global LNG trade rose to close to 70 million tonnes in the first six months of the year, a 7% rise over the same period of 2004. The expected extra production this year of approximately 23 million tonnes has by and large reached the market after a number of delays affected almost all of the projects. A further 11.5 mmta is scheduled for 2006.

Currently there are 187 existing LNG carriers with around 130 more on order (including 3 vessels of 74,000 m³) but excluding smaller vessels)

However, whilst the Board remains of the view that there will be more opportunities for spot vessels to obtain business moving forward, and some marked improvement in utilisation and earnings, the margins available for transportation will remain relatively small with producers able to take the major benefit of high spot sales prices. In the medium term therefore shipping rates are likely to remain under pressure. However, debottlenecking of production capacity and technical problems experienced on certain vessels together with strong US gas prices might change a slightly oversupplied market to a balanced or even tight shipping market.

Outlook

The Board expects that the earnings from the Company's spot vessels will increase in the fourth quarter. With this improvement and with stable underlying earnings, shareholders should expect slightly improved operating results in the fourth quarter. Net income for the fourth quarter will be further influenced by the results from Korea Line and the development in long-term interest rates and their impact on the Company's interest rate swaps.

The progress made on the project portfolio and the positive development in the spot market leads to an improved overall outlook for our Company.

Forward Looking Statements

This press release contains forward looking statements. These statements are

Edgar Filing: GOLAR LNG LTD - Form 6-K

based upon various assumptions, many of which are based, in turn, upon further assumptions, including examination of historical operating trends made by the management of Golar LNG. Although Golar LNG 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, Golar LNG cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Included among the factors that, in the Company's view, could cause actual results to differ materially from the forward looking statements contained in this press release are the following: inability of the Company to obtain financing for the new building vessels at all or on favourable terms; changes in demand; a material decline or prolonged weakness in rates for LNG carriers; political events affecting production in areas in which natural gas is produced and demand for natural gas in areas to which our vessels deliver; changes in demand for natural gas generally or in particular regions; changes in the financial stability of our major customers; adoption of new rules and regulations applicable to LNG carriers; actions taken by regulatory authorities that may prohibit the access of LNG carriers to various ports; our inability to achieve successful utilisation of our expanded fleet and inability to expand beyond the carriage of LNG; increases in costs including: crew wages, insurance, provisions, repairs and maintenance; changes in general domestic and international political conditions; changes in applicable maintenance or regulatory standards that could affect our anticipated dry-docking or maintenance and repair costs; failure of shipyards to comply with delivery schedules on a timely bases and other factors listed from time to time in registration statements and reports that we have filed with or furnished to the Securities and Exchange Commission, including our Registration Statement on Form 20-F and subsequent announcements and reports.

November 29, 2005
The Board of Directors
Golar LNG Limited
Hamilton, Bermuda

Questions should be directed to:

Tor Olav Tr0im: Director and Chief Executive Officer +44 7734 976 575
Charlie Peile: Executive Vice President, Head of Commercial +44 207 517 8600
Graham Robjohns: Chief Financial Officer +44 207 517 8600

GOLAR LNG LIMITED THIRD QUARTER 2005 REPORT (UNAUDITED)

INCOME STATEMENT (in thousands of \$)	2005 Jul- Sep unaudited	2004 Jul- Sep unaudited (restated)	2005 Jan - Sep unaudited	20 Jan - unaud (rest
Operating revenues	42,787	43,524	125,891	
Vessel operating expenses	9,253	9,673	28,470	
Voyage expenses	967	988	3,413	
Administrative expenses	2,658	1,812	9,295	
Depreciation and amortisation	12,913	11,356	37,869	
Total operating expenses	25,791	23,829	79,047	
Operating income	16,996	19,695	46,844	
Interest income	8,752	8,466	26,941	

Edgar Filing: GOLAR LNG LTD - Form 6-K

Interest expense	(21,151)	(17,151)	(61,544)
Other financial items	8,963	(6,860)	1,498
Income before taxes and minority interest	13,560	4,150	13,739
Minority interest	(2,164)	355	(5,947)
Taxes	(152)	(132)	(571)
Equity in net earnings of investee	(283)	723	16,711
Net income	10,961	5,096	23,932
Basic earnings per share (\$)	\$0.17	\$0.08	\$0.37

BALANCE SHEET

(in thousands of \$)

	2005 Sep 30 unaudited	2004 Sep 30 unaudited (restated)
ASSETS		
Short term		
Cash and cash equivalents	77,710	101,5
Restricted cash and short-term investments	43,703	46,4
Other current assets	17,194	18,2
Amounts due from related parties	28	2
Long term		
Restricted cash	708,623	668,0
Equity in net assets of non-consolidated associate	65,380	44,5
Newbuildings	109,248	95,6
Vessels and equipment, net	1,224,299	1,086,7
Other long term assets	10,885	6,9
Total assets	2,257,070	2,068,4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short term		
Current portion of long-term debt	65,822	65,2
Current portion of capital lease obligations	2,537	2,4
Other current liabilities	53,158	63,1
Amounts due to related parties	397	5
Long term		
Long term debt	780,622	657,6
Long term capital lease obligations	818,671	786,1
Other long term liabilities	83,457	92,5
Minority interest	25,028	23,5
Stockholders' equity	427,378	376,9
Total liabilities and stockholders' equity	2,257,070	2,068,4

STATEMENT OF CASH FLOWS

(in thousands of \$)

	2005 Jul - Sep unaudited	2004 Jul- Sep unaudited (restated)	2005 Jan - Se unaudite
OPERATING ACTIVITIES			
Net income	10,961	5,096	23,
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortisation	12,913	11,356	37,
Amortisation of deferred charges	348	365	2,
Income/(loss) attributable to minority interests	2,164	(355)	5,
Undistributed net loss/(earnings) of non-consolidated investee	283	(723)	(15,1
Drydocking expenditure	145	(1,886)	(9,2

Edgar Filing: GOLAR LNG LTD - Form 6-K

Change in market value of interest rate and currency derivatives	(6,650)	7,050	8,
Interest element included in capital lease obligations	1,706	1,209	5,
Unrealised foreign exchange (gain) / loss	(3,221)	(780)	(12,5
Change in operating assets and liabilities	1,186	(625)	4,
Net cash provided by operating activities	19,835	20,707	52,
 INVESTING ACTIVITIES			
Additions to newbuildings	(1,246)	(415)	(137,7
Additions to vessels and equipment	(312)	(534)	(3,8
Long-term restricted cash	(5,974)	(845)	(53,8
Purchase of unlisted investments	-	-	(3,0
Short-term restricted cash and investments	(2,572)	(8,013)	(1,7
Net cash used in investing activities	(10,104)	(9,807)	(200,0
 FINANCING ACTIVITIES			
Proceeds from long-term debt	-	-	420,
Proceeds from long-term capital lease obligation	-	-	44,
Repayments of long-term capital lease obligation	(529)	-	(2,4
Repayments of long-term debt	(11,969)	(12,071)	(276,5
Financing costs paid	(117)	(13)	(3,7
Dividends paid to minority shareholders	(7,200)	-	(7,2
Payments to repurchase equity	-	-	(6
Net cash (used in) / provided by financing activities	(19,815)	(12,084)	174,
Net (decrease) / increase in cash and cash equivalents	(10,084)	(1,184)	26,
Cash and cash equivalents at beginning of period	87,794	102,687	51,
Cash and cash equivalents at end of period	77,710	101,503	77,

Notes

1. The financial information included in this interim report has been derived from information prepared by the Company in accordance with accounting principles generally accepted in the United States of America.
2. The comparative financial information for the three months and nine months ended September 30, 2004 reflect adjustments from the Company's previously reported results for those periods which relate to the Company's equity in net earnings of Korea Line Corporation and which were reported at the time Golar's audited financial statements were filed in June 2005. The adjustments reduce the reported net income for the three months and nine months ended September 30, 2004 by \$0.4 million and \$4.6 million respectively, or on an earnings per share basis by \$nil and \$0.07 respectively.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Golar LNG Limited
(Registrant)

Edgar Filing: GOLAR LNG LTD - Form 6-K

Date November 29, 2005

By /s/ Graham Robjohns

Graham Robjohns
Chief Financial Officer

03849.0004 #621941