

Edgar Filing: GOLAR LNG LTD - Form 6-K

GOLAR LNG LTD
Form 6-K
December 12, 2006

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 August, 2006

Golar LNG Limited

(Translation of registrant's name into English)

Commission File Number: 000-50113

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

Indicate by check mark if the registrant is submitting the Form 6-K in paper by
Regulations S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper by
Regulations S-T Rule 101(b)(1):

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

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 August 25, 2006.

Exhibit 99.1
[LOGO]
[GRAPHIC OMITTED]

Edgar Filing: GOLAR LNG LTD - Form 6-K

SECOND QUARTER INTERIM REPORT

April - June 2006

Highlights

- o Net income of \$17.3 million for the quarter and \$45.3 million for six months
- o Delivery of latest newbuilding Granosa into time charter with Shell
- o Improved spot market rate outlook for the coming winter period
- o LNG storage and forward sale provides earnings opportunities
- o Completed acquisition of a 19.8% stake in LNG Limited

Results

Golar LNG reports net income of \$17.3 million for the second quarter of 2006. This is a significant improvement on the loss of \$4.4 million reported for the second quarter of 2005 although down from net income of \$27.9 million reported last quarter mainly as a result of lower spot vessel utilisation and reduced contribution from Korea Line.

Operating income for the quarter at \$22.3 million has virtually doubled from the same period in 2005 but is down from \$28.5 million reported last quarter. The significant improvement from the same period last year has been driven by improved spot charter rates, improved utilisation and the addition of the Grandis to the fleet in January 2006. Although the daily charter rates our vessels earned in the second quarter were reasonably consistent with the first quarter of 2006, utilisation was down particularly as a result of waiting and positioning time between charters for one of the spot traded ships. This has affected average daily time charter equivalents (TCE's) for the fleet, which were \$49,700 for the second quarter as compared to \$55,100 for the first quarter of 2006 and \$41,200 for the second quarter of 2005.

Vessel operating expenses at \$10.0 million for the quarter were only marginally increased from the same period last year despite the addition of the Grandis to the fleet. Administrative expenses were \$3.8 million, which although consistent with last year were increased from \$2.3 million in the first quarter of 2006. The increase is mainly due to an increase in the charge in respect of share options issued during the first half of 2006 of \$0.7m.

Net interest expense for the second quarter was \$14.1 million, slightly up from \$13.8 million for the first quarter of 2006 as a result of a marginal increase in interest rates and the addition of the \$120 million Granosa facility upon delivery of the vessel in June 2006.

Other financial items was a gain in the second quarter of \$11.7 million as compared to a gain of \$9.9 million for the first quarter of 2006 and a loss of \$10.1 million for the second quarter of 2005. The main component of other financial items is interest rate swap valuation movements. The continued increase in long-term interest rates has resulted in valuation gains of \$9.3 million for the second quarter and \$8.5 million for the first quarter of 2006. Long-term rates declined during the second quarter of 2005, which resulted in a valuation loss of \$7.8 million. Other financial items for the second quarter of 2006 also includes a realised gain of \$2.0 million in respect of a natural gas future trade. In June 2006 the Company entered into a charter, the rate for which was linked to the forward price of natural gas. The transaction was designed to hedge the Company's expected exposure to the movement in this forward price and the gas trade was closed once the charter rate was fixed.

The Company's share of Korea Line's net income for the second quarter is \$0.2 million as compared to \$5.6 million for the first quarter of 2006. Korea Line's results for the first quarter of 2006 were significantly boosted by income

Edgar Filing: GOLAR LNG LTD - Form 6-K

received as a result of the early termination of three charters and would be comparable to the second quarter were it not for this additional income. The Company has determined that it should equity account for its investment in Liquefied Natural Gas Limited ("LNG Ltd"). As a result equity in net earnings of associates for the quarter also includes a loss of \$0.1 million in respect of our share of LNG Ltd's loss for the quarter.

Corporate and Other Matters

The Company completed its investment in LNG Ltd having received LNG Ltd's shareholder approval for the second tranche of shares at a cost of \$8.6 million. This makes Golar the largest shareholder in LNGL with a 19.7% shareholding. Golar have signed a collaboration agreement with LNGL, which provides a framework for joint project development and the Board is pleased with the progress that is being made with LNGL's project portfolio, particularly the new Padang LNG project planned to be built in Central Sulawesi, Indonesia.

The Company took delivery of the Granosa on June 16, 2006 and she immediately joined the Gracilis and the Grandis on charter to Shell.

The Company's relationship with Shell has been extended to include a time charter for the Golar Winter for the coming months. This is a particularly innovative commercial agreement in which the charter rate is linked to future gas prices. The LNG cargo will be sold at a price that makes storing the LNG onboard the vessel for delivery at a later date economically attractive.

During the last few years the Company has spent a considerable amount of time developing LNG infrastructure projects. This has been done in order to increase the expected return from the Company's assets and the project portfolio is currently developing in a positive direction.

The Livorno FSRU project, the longest running project, is progressing well. All necessary regulatory and government permits have now been received. Golar is currently having ongoing discussions with the terminal company (OLT-O) shareholders, which include Endesa and Amga about the future operational structure of the project. Agreement on the final shareholding of OLT-O is expected during the third quarter 2006 with project FID expected by year-end. The Livorno terminal may well be the first new LNG terminal in operation in Italy.

The FSRU conversion project at Keppel Shipyard is progressing well with the procurement of long lead-time items such as loading arms, process equipment and mooring turret substantially completed. Due to the increased demand in both the offshore and cryogenic industries the lead times for this particular equipment is now around 12 months and therefore the entry of the vessel into the shipyard for conversion will not be until mid 2007.

The Floating Power Generation Plant (FPGP) project in Cyprus is progressing again after a short delay incurred whilst waiting for a new Natural Gas Market Regulation Law to come into force. The law was passed by the relevant authorities in July 2006 and in addition to our initial application for a license to construct and to operate a FPGP, Golar has applied for a license to construct and operate LNG facilities for the use of natural gas. Furthermore a hearing at the Cyprus Environmental Service has been scheduled for October 2006 to review the Environmental Impact Assessment Study submitted by Golar in relation to the FPGP.

The Company drew down on a \$120 million bank loan facility in connection with the delivery of the Granosa on June 16, 2006. As at June 30, 2006 the Company had total outstanding debt and net capital lease obligations of \$1,107 million of which \$485 million accrued interest at a floating rate and \$622 million, or 56%, accrued interest at a fixed rate.

Edgar Filing: GOLAR LNG LTD - Form 6-K

Market

The second quarter was not able to sustain quite the high level of activity and market rates of the first quarter. Spot rates fell to the low \$50,000's per day early in the period before recovering to above \$60,000 by the end. The market was dominated by the irregularity of available cargoes. The number of 'unallocated' ships did not rise materially during the quarter, as most of the new buildings have been absorbed into the Oil Majors trading structures or into new projects. The price for LNG in the Far East finally came down during the period but the continuing relative price weakness in the US meant that available tonnage continued to be fixed to the Far East, with very little going to the US. As the period progressed storage throughout Europe, principally Spain, neared capacity and by the end of the period relative pricing now means that the US is once again a destination for LNG cargoes. The resulting relatively shorter trade routes have had a limiting effect on demand for shipping.

From Golar's point of view the improved utilisation of the fleet continued, albeit not as good as the first quarter of 2006. Gracilis and Granosa both delivered to Shell in the second quarter under arrangements previously announced and there was some associated 'off hire' for these ships during positioning periods.

Project slippage has eased any apparent pressure on the Shipyards as berths assigned for projects in Qatar, Russia, and Nigeria have become free. However so far the yards have been able to maintain prices and a standard 155,000-m³ vessel is still priced at \$215-220 million.

Escalating LNG project construction costs and project complexities are slowing the rate of development of the industry. Raw material price increases ranging from 25% to 100% have been experienced in several liquefaction projects and many US and Canadian import projects are also suffering higher EPC costs than previously anticipated.

A further 11.5 MTPA (million tonnes per annum) is scheduled for commissioning in 2007, however there is an estimated decline in output from Arun and now Bontang amounting to nearly 3.5 MTPA.

Currently there are 201 existing LNG carriers above 70,000 m³ with around 143 more on order.

An interesting trend in the LNG market over recent years has been the differential in the price of LNG between the different geographical markets and the strong seasonal difference between spot and forward gas prices. These two factors create an interesting environment for trading and also the use of ships as floating storage. Golar is looking to capitalise on the opportunities that these market trends create and has already benefited from net income in the second quarter linked to this type of activity.

Outlook

The LNG shipping market is currently well balanced. Delays in the construction and commissioning of new LNG capacity may influence this balance negatively whilst geographical market price differentials, general seasonality and technical inefficiencies may well have a positive impact. It is likely therefore that the 'spot' market will remain volatile for some time yet.

The Board expects that earnings in the third quarter from the Company's spot vessels and those under charter to Shell will show some improvement as the winter season approaches. Some improvement in rates is anticipated but these and levels of utilisation will remain highly sensitive to the development in global gas prices and the price differences between the various markets for LNG as

Edgar Filing: GOLAR LNG LTD - Form 6-K

these impact on the requirement for shipping. One of our vessels on long-term contract commenced dry-docking during the later part of June and a second vessel entered dry-dock in August, which will result in reduced earnings for these vessels during the third quarter.

The Board remains of the opinion that several of the Company's projects currently under development continue to have promising prospects. In particular the Livorno FSRU conversion project is now entering a critical phase ahead of taking financial close later this year. In addition to the existing portfolio of regasification projects the Board is looking to develop new project ideas with the focus on LNG liquefaction projects and LNG trading where the profitability is expected to be higher due to the current shortage of supply and volatility in the market.

The Board feels that overall progress has been made and is increasingly optimistic about the future. The ships on fixed time charter, together with the ships on charter to Shell form a solid basis for the Company, while the development of new projects and open tonnage has good potential to create upside for shareholders

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 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.

August 25, 2006
The Board of Directors
Golar LNG Limited
Hamilton, Bermuda

Questions should be directed to:

Tor Olav Troim - +44 7734 976 575
Golar Management (UK) Ltd - +44 207 517 8600:

Edgar Filing: GOLAR LNG LTD - Form 6-K

Gary Smith: Chief Executive Officer
 Charlie Peile: Executive Vice President, Head of Commercial
 Graham Robjohns: Chief Financial Officer

GOLAR LNG LIMITED SECOND QUARTER 2006 REPORT (UNAUDITED)

INCOME STATEMENT (in thousands of \$)	2006 Apr - June unaudited	2005 Apr - June unaudited	2006 Jan- June unaudited	2005 Jan- June unaudited
Operating revenues	53,682	38,907	111,022	83,115
Vessel operating expenses	9,972	9,645	20,363	19,850
Voyage expenses	3,918	1,402	6,692	2,500
Administrative expenses	3,805	3,452	6,119	5,600
Depreciation and amortisation	13,669	12,821	26,990	25,800
Total operating expenses	31,364	27,320	60,164	55,550
Operating income	22,318	11,587	50,858	27,565
Interest income	9,941	9,479	19,054	18,800
Interest expense	(24,016)	(20,913)	(46,961)	(40,000)
Other financial items	11,732	(10,107)	21,650	(10,000)
Income/(loss) before taxes and minority interest	19,975	(9,954)	44,601	(5,635)
Minority interest	(2,501)	(1,504)	(4,551)	(2,000)
Taxes	(215)	(295)	(406)	(300)
Equity in net earnings of investee	84	7,403	5,644	10,000
Net income/(loss)	17,343	(4,350)	45,288	12,000
Basic earnings/(loss) per share (\$)	\$0.26	(\$0.07)	\$0.69	\$0.20

BALANCE SHEET (in thousands of \$)	2006 June 30 unaudited	2005 June 30 unaudited
ASSETS		
Short term		
Cash and cash equivalents	65,532	58,000
Restricted cash and short-term investments	47,546	47,500
Other current assets	20,427	20,000
Amounts due from related parties	2,271	2,000
Long term		
Restricted cash	729,807	729,000
Equity in net assets of non-consolidated associate	78,941	78,000
Newbuildings	32,381	32,000
Vessels and equipment, net	1,487,495	1,487,000
Other long term assets	41,103	41,000
Total assets	2,505,503	2,505,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short term		
Current portion of long-term debt	73,048	73,000

Edgar Filing: GOLAR LNG LTD - Form 6-K

Current portion of capital lease obligations	4,962
Other current liabilities	43,563
Amounts due to related parties	71
Long term	
Long term debt	839,606
Long term capital lease obligations	947,949
Other long term liabilities	83,703
Minority interest	32,138
Stockholders' equity	480,463
Total liabilities and stockholders' equity	2,505,503

STATEMENT OF CASH FLOWS (in thousands of \$)	2006 Apr - June unaudited	2005 Apr - June unaudited	2006 Jan - June unaudited	2005 Jan - June unaudited
OPERATING ACTIVITIES				
Net income/(loss)	17,343	(4,350)	45,288	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortisation	13,669	12,821	26,990	
Amortisation of deferred charges	383	323	741	
Income attributable to minority interests	2,501	1,504	4,551	
Undistributed net earnings of non-consolidated investee	1,095	(5,856)	(4,465)	
Drydocking expenditure	(349)	(508)	(650)	
Stock-based compensation	1,029	-	1,349	
Change in market value of equity, interest rate and currency derivatives	(15,824)	15,950	(28,091)	
Interest element included in capital lease obligations	1,302	1,527	3,266	
Unrealised foreign exchange loss/(gain)	5,594	(5,605)	7,351	
Change in operating assets and liabilities	(7,938)	(4,261)	(1,633)	
Net cash provided by operating activities	18,805	11,545	54,697	
INVESTING ACTIVITIES				
Additions to newbuildings	(119,052)	(31,013)	(223,574)	
Additions to vessels and equipment	(8,183)	(1,916)	(9,193)	
Long-term restricted cash	1,122	(46,586)	1,144	
Purchase of unlisted investments	-	-	(500)	
Purchase of marketable securities	(10,386)	-	(10,386)	
Proceeds from disposal of marketable securities	2,248	-	2,248	
Short-term restricted cash and investments	(2,363)	5,815	1,902	
Net cash used in investing activities	(136,614)	(73,700)	(238,359)	
FINANCING ACTIVITIES				
Proceeds from long-term debt	120,000	-	120,000	
Proceeds from long-term capital lease obligation	-	44,800	102,983	
Repayments of long-term capital lease obligation	(1,098)	(544)	(1,556)	
Repayments of long-term debt	(21,066)	(9,763)	(33,094)	
Financing costs paid	(1,353)	(916)	(1,366)	
Dividends paid to minority shareholders	-	-	-	
Payments to repurchase equity	-	-	-	

Edgar Filing: GOLAR LNG LTD - Form 6-K

Net cash provided by financing activities	96,483	33,577	186,967
Net (decrease)/increase in cash and cash equivalents	(21,326)	(28,578)	3,305
Cash and cash equivalents at beginning of period	86,858	116,372	62,227
Cash and cash equivalents at end of period	65,532	87,794	65,532

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 number of shares outstanding as of June 30, 2006 was 65,562,000 (March 31, 2006: 65,562,000). The weighted average number of shares outstanding for the second quarter and first half of 2006 was 65,562,000 and was 65,567,616 for the twelve months ended December 31, 2005.

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)

By /s/ Graham Robjohns

Graham Robjohns
Chief Financial Officer

Dated: December 11, 2006

SK 03849 0004 729844