

Golar LNG Limited

Interim Report December 2001

- Golar LNG reports fourth quarter net income of \$9.1 million and full year net income of \$4.4 million.
- The fourth quarter has benefited from improved hire rates, reduced interest cost as a result of lower LIBOR and a book gain generated by the improvement in the “mark to market” value of interest rate swaps. This has been offset by a write off of expenses incurred in relation to planning of a public offering and listing of Golar in the United States.
- Golar LNG secures 100 % financing of its newbuilding due for delivery in March 2003.

THREE MONTHS TO DECEMBER 2001 RESULTS

Golar LNG reports a net income of \$9.1 million for the three months ended 31st December 2001, and earnings per share of \$0.16. This is after a gain of \$8.1 million as a result of the movement of the fair value of interest rate swaps. Earnings before interest, tax, depreciation and amortisation (EBITDA) for the quarter were \$19.8 million after a charge of \$2.4 million in respect of expenses incurred in relation to plans for a public offering and listing of Golar LNG in the United States.

Net operating revenues were \$31.8 million and have benefited from improved charter hire rates from British Gas and no offhire during the quarter. Total operating costs of \$7.5 million were particularly high this quarter and are not expected to be indicative of costs in 2002. The main reason for the increase is higher crew costs as a result of additional pension charges and restructuring of the fleet crewing arrangements which are expected to be non-recurring charges. In addition we had higher repair and survey costs this quarter. In the middle of 2001, the Company started a process to prepare for a listing and a public offering in the United States. The public offering was indefinitely postponed in the fourth quarter of 2001 and associated costs of approximately \$2.4 million are included in administrative expenses. The Company is however continuing with its plans for a listing in the US and has filed a confidential registration statement with the US Securities and Exchange Commission.

Net interest expense for the quarter was \$6.6 million, a reduction on last quarter of \$0.6 million as a result of lower USD LIBOR rates, which reduced the cost of floating rate loans. The main component of other financial items of \$7.9 million was \$8.1 million associated with the fair valuing of interest rate swaps. As was the case last quarter this is a very large quarterly movement in the valuation caused by the recovery in long-term interest rates but does not affect the cash flows of the Company.

The weighted average number of shares outstanding as of 31st December 2001 and for the quarter then ended was 56,012,000.

TWELVE MONTHS RESULTS

The financial information presented herein is unaudited. In order to prepare historical financial statements prior to 31 May 2001 the Company has had to “carve out” the LNG business results from the previous owner’s (Osprey Maritime Limited) financial statements. The twelve months results to 31 December 2001 therefore consist of five months of ‘carved out’ results plus seven months results for the new legal entity. Reflected within the twelve months results is a prior period adjustment of \$0.5 million relating to the ‘carve out’ period up to 31 May 2001.

The net income for the twelve months to 31 December 2001 of \$4.4 million is after a charge of \$6.3 million relating to the movement of the fair value of interest rate swaps, \$2.4 million of expenses incurred on the planned US public offering and \$1.9m relating to restructuring expenses. The restructuring expenses consist of employment severance costs incurred in connection with the restructuring of Osprey’s operations, which have been allocated to the Company as part of the ‘carve out’. EBITDA for the twelve months at \$79.6 million has been affected by the drydocking of three vessels during the period. The interest rate swap charge is included in and is one of the main components of other financial items, the balance relates to the amortisation of deferred financing costs and financing arrangement and other fees largely in relation to the Company’s loans prior to 31 May 2001.

CORPORATE

The Company has previously reported that it has secured a long-term charter with British Gas for its newbuilding due for delivery in March 2003. The Board is pleased to report that the Company has obtained a 100 % financing facility for pre and post delivery financing for this ship.

In the middle of 2001, the Company started a process to prepare for a listing and a public offering in the United States. The Board has considered the need for new equity, and has concluded that the Company currently has a sufficient equity base. also In addition, attention has been paid to the fact that an equity issue at current pricing levels will lead to a substantial dilution for the existing shareholders. The Board has, on this basis, decided to cancel the intended equity offering but will continue with its plans for a listing in the US in order to increase the presence of Golar in the American Capital Markets as well as in the American Gas Market. The Company has filed a confidential registration with the US Securities and the Exchange Commission and expects that a listing can be achieved within the first half of 2002. Due to the cancellation of the offering, the costs incurred in this process, including preparation of historical financial statements and the preparation of SEC documents, has been expensed in the fourth quarter.

MARKET

Gas prices in the fourth quarter remained stable around \$ 3.45 MMbtu for European market border prices and around \$ 4.44 MMbtu average for the Japanese market. Average gas prices in the US, as represented by the Nymex, were around \$ 2.45 MMbtu. Prices in the US are under pressure due to high storage numbers. It is, however, a consideration that gas drilling in the US has been substantially reduced during the last half year and is likely to lead to lower production during the next years. Combined with an economic recovery this may well lead to a new upwards pressure on US gas prices.

The price differential between US and Europe prompted spot sales of LNG to the American market to be re-directed to the European market.

The major activity in the long-term chartering market has been the significant tenders underway in Qatar (RasGas) and Nigeria. These tenders are likely to include chartering of up to ten ships from commercial ship owners, with intended startup date 2005 – 2006. The current plans are to award these contracts before the end of March 2002.

Golar LNG is short-listed in the RasGas tender, but has not participated in the Nigeria tender.

The Company has in the fourth quarter concluded the Feasibility Study for the floating regas terminal. The preliminary results indicate that project is technically viable and has solid financial returns. The project is likely to be developed further together with one or more strong strategic and industrial partners.

In line with the strategy defined when the Company went public, consideration is also being given to various investments upstream and downstream in the LNG Chain. The purpose of this will be to improve the value of the Company's strong position in the LNG shipping market. With respect to such potential investments the Board will follow a low risk strategy.

OUTLOOK

The order book for newbuildings today includes 47 ships for delivery between 2002 and 2005. It is likely that the award of the Qatar and the Nigeria business will reduce the number of uncommitted newbuildings in the LNG market down to a minimum level. The LNG shipyards are fully employed until 2005. There are today a number of parties who are seeking tonnage availability for the shorter and longer term before 2005. Golar LNG has received several enquiries for chartering of the Golar Freeze after termination of BG's existing employment of the vessel in March 2003.

Backed by these facts, the Board sees interesting opportunities for the Company's current non-committed tonnage, which becomes available from 2003 and onwards.

In addition to the committed financing for the first newbuilding, which will be chartered to British Gas, the Company has also received proposals for financing of the three so far uncommitted ships. Based on this financing situation the Board has decided to cancel the Company's plan to raise additional equity in US. In reaching this decision attention has been paid to the fact that the current market value of the stock does not represent an attractive valuation of the Company's contract portfolio.

Golar LNG's transportation capacity is fully committed for 2002. Based on the income from these contracts the Board is pleased to announce that the Company expects to earn a net result for 2002 in excess of \$40 million. The Board remains optimistic about the outlook 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 Golar LNG's management's examination of historical operating trends. 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.

February 28, 2002
The Board of Directors
Golar LNG Limited
Hamilton, Bermuda

Questions should be directed to:

Contact: Sveinung Støhle : Executive Vice President +47 906 03220
Tor Olav Trøim: Director and Chief Executive Officer +47 906 88 267
Kate Blankenship: Chief Accounting Officer +441 295 4705

GOLAR LNG LIMITED FOURTH QUARTER 2001 REPORT

INCOME STATEMENT <i>(in thousands of \$)</i>	2001 Sep – Dec <i>(unaudited)</i>	2001 Jan – Dec <i>(unaudited)</i>
Net operating revenues	31,841	114,223
Vessel operating expenses	7,486	24,537
Administrative expenses	4,560	8,232
Restructuring expenses	-	1,894
Operating income before depreciation and amortisation	19,795	79,560
Depreciation and amortisation	7,368	31,614
Operating income after depreciation and amortisation	12,427	47,946
Interest income	451	3,254
Interest expense	(7,038)	(32,508)
Other financial items	7,861	(12,363)
Loss before taxes and minority interest	13,701	6,329
Minority interest	4,418	1,607
Taxes	148	356
Net income	9,135	4,366
Earnings per share (\$)	0.16	0.08

BALANCE SHEET <i>(in thousands of \$)</i>	2001 Dec 31 <i>(unaudited)</i>
ASSETS	
<i>Short term</i>	
Cash and cash equivalents	71,732
Other current assets	5,485
Amounts due from related parties	214
<i>Long term</i>	
Newbuildings	132,856
Vessel and equipment, net	641,373
Other long term assets	4,331
Total assets	855,991
LIABILITIES AND STOCKHOLDERS' EQUITY	
<i>Short term</i>	
Current portion of long-term debt	41,054
Short term interest bearing debt due to related parties	85,278
Other current liabilities	29,024
Amounts due to related parties	591
<i>Long term</i>	
Long term interest bearing debt	483,276
Other long term liabilities	16,551
Minority interest	25,820
Stockholders' equity	174,397
Total liabilities and stockholders' equity	855,991