



Golar LNG Limited Interim Report March 2002

- Golar LNG reports first quarter EBITDA of \$24.6 million
- Net income for the quarter amounts to \$9.0 million
- Golar LNG selected as a partner for the Marathon Oil operated Baja LNG import and power project. Further project participations under development.
- Total financing package arranged and drawn for first newbuilding.
- Offers for long-term charter received for the company's open tonnage in 2003.
- Market for gas including LNG shows positive development in the quarter.

THREE MONTHS TO MARCH 2002 RESULTS

Golar LNG reports a net income of \$9.0 million for the three months ended 31st March 2002, and earnings per share of \$0.16. This is after a charge of \$0.5 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 \$24.6 million.

Net operating revenues were \$32.4 million and have benefited from improved charter hire on three of the British Gas ships. Offhire during the period was a total of 8 days and average daily time charter equivalents were within expectations at \$59,600. Total vessel operating expenses were \$6.5 million for the quarter. This number is higher than the long-term operating budget for the company, but reflects an action program decided by the Board to upgrade the older vessels and strengthen the operation. It is assumed that such an action program will improve the service to our clients and show long-term cost benefits.

The action program also includes a strengthening of the land staff where several new key employees have been recruited the last six months.

Net interest expense for the quarter was \$5.8 million, which compares to \$6.6 million in the fourth quarter of 2001, the reduction resulting from lower USD LIBOR rates, which reduced

the cost of floating rate loans. The main component of other financial items of \$0.9 million was \$0.5 million associated with the fair valuing of interest rate swaps.

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

FINANCING

The company has arranged and drawn a 100 % financing facility for its first newbuilding coming in March 2003 and committed to British Gas.

Management is currently working with the banks in order to secure the financing for the three remaining newbuildings. Several proposals, which secures a total financing of the remaining yard instalments without the need for additional equity, are currently under discussion.

CORPORATE AND OTHER MATTERS

As reported on 1st March 2002 Golar LNG has been selected as a shareholder in the Marathon Oil operated Baja LNG import project. Part of the overall arrangement is that Golar will provide shipping capacity and shipping services to the project.

The on-shore facilities will consist of a port, a regasification terminal, a desalination plant and a power plant with the regasification terminal throughput being 5.5 Million Tonnes of LNG per annum. In addition there will be a requirement for up to 10 LNG carriers which will be sourced and managed by Golar LNG. The project start-up is expected to be 4th quarter of 2005. A formal decision by Mexican authorities giving the project necessary permissions for building the facility is expected within the next few months.

Golar LNG is also working with other partners in order to develop similar terminal projects in other geographic areas. Further news should be expected in the near future.

As reported last quarter the Company is proceeding with the process of obtaining a stock exchange listing in the United States of America. This process is continuing and completion is expected during June or early in the 3rd quarter of 2002.

MARKET

The reduction in drilling activity, which took place in 2001, has substantially reduced the availability of gas in the US. In the first quarter the US domestic gas production went down with approximately 8 %. The Nymex prices for gas increased in the quarter from \$2.30 Mmbtu to approximately \$3.30 at the end of March. At this level all LNG trades within the Atlantic Basin and the Middle East to the US are economic. Due to the continued high price of petroleum products, long-term contracted gas in the Far East and in Europe remained in the 3.50 to 4.50 \$/Mmbtu range

The market is tight, there are no ships available in the first half of the year, which means that these cargoes will be delivered through the use of the seller's own fleet, or ships under contract but with some available flexibility in the summer period.

In the long-term chartering market Nigeria LNG completed its tender in March and awarded a contract for 4 new ships to Bergesen, for deliveries starting in early 2005. With respect to the Rasgas tender, Golar was not able to reach an agreement with Rasgas. The actual situation with regard to the Rasgas tender appears to be somewhat unclear. It would seem that Rasgas has awarded the contract for 1 ship to a Japanese consortium, lead by Mitsui, whilst there has been no decision for the remaining 5 ships that were tendered for. In addition to the above, there are several parties in the market for long-term shipping capacity to serve gas import/export projects within their own portfolio, and these potential opportunities have not been subject to any tenders.

Due to the continued deregulation of the European market, as well as the re-bound in the US gas market, there is an increasing number of companies seeking to enter the LNG market but through shorter term contracts, both for gas purchase, time charter and gas sales, in order to have less exposure and more flexibility. Such opportunities normally also require the parties to act quickly in order for the opportunity not to be lost. Given that the existing commercial framework in the LNG industry is totally geared towards long-term agreements, the Company is in the process of developing new commercial agreements adapted to short-term trades and is in discussions with several producers and buyers of LNG to put such agreements in place. The first set of agreements will be in place shortly.

OUTLOOK

The general outlook for the gas market is positive, with continued strong demand for natural gas in all major markets both in the US and in Europe. The reduction in drilling activities in the US in 2001 has lead to lower gas production and if this situation is not rectified it is likely to lead to increased prices and increased need for imports of LNG. There are currently plans for further expansion of LNG production capacity to meet this demand underway in Qatar, Nigeria, Algeria, Oman and Trinidad, as well as green-field developments in Egypt, Nigeria and Angola. Substantial shipping capacity will be needed to service these projects.

More companies will contract for spot/short-term supplies from existing production facilities in order to fill up available regasification capacity. This will mean that the short-term market will continue to grow, which will impact the demand for shipping.

The Company has received several offers for its uncommitted newbuilding capacity, as well as for Golar Freeze which becomes available in March 2003. It is the Board's preference to commit this capacity to LNG projects where Golar can be given a wider role than just being the provider of marine transportation capacity. This can include joint ventures on physical trading of LNG as well as participation in liquification and terminal projects.

The order book for newbuildings for delivery between 2002 and 2006 has now reached approximately 60 ships, where Golar LNG is the only company with ships available in 2003, and together with AP Møller, also has ships for 2004. This should make the company an attractive partner for producers, which currently have excess production capacity, or operators with excess terminal capacity.

The Board is of the opinion that this strategic value will improve as a function of the time remaining until the ships are delivered, and will be further supported by a positive supply demand equation in the US gas market. The Board believes thereby that higher rates for

short- and long-term employment can be achieved closer to delivery of the uncommitted tonnage. The Company's first uncommitted newbuilding will come in December 2003.

The fact that the Company already has six of its ten ships fixed on long-term contracts reduces the exposure in such a strategy. The Board will, however, have to pay attention to the higher equity contribution needed for uncommitted LNG tonnage.

The Board anticipates that the results for the year will exceed \$40.0 million . The net income number can however be influenced by changes in interest rates, including the movement in market value of the Company's interest rate swaps.

The Board remains optimistic and feel that the Company is well positioned financially and strategically to act as a serious and profitable operator in the LNG market..

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.

31st May 2002
The Board of Directors
Golar LNG Limited
Hamilton, Bermuda

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GOLAR LNG LIMITED FIRST QUARTER 2002 REPORT (UNAUDITED)

INCOME STATEMENT <i>(in thousands of \$)</i>	2002 Jan – Mar	2001 Jan – Dec
Net operating revenues	32,389	114,223
Vessel operating expenses	6,542	24,537
Administrative expenses	1,249	8,232
Restructuring expenses		1,894
Operating income before depreciation and amortisation	24,598	79,560
Depreciation and amortization	8,022	31,614
Operating income after depreciation and amortization	16,576	47,946
Interest income	296	3,254
Interest expense	(6,049)	(32,508)
Other financial items	(927)	(12,363)
Income before taxes and minority interest	9,896	6,329
Minority interest	806	1,607
Taxes	45	356
Net income	9,045	4,366
Earnings per share (\$)	0.16	0.08

BALANCE SHEET <i>(in thousands of \$)</i>	2002 Mar 31	2001 Dec 31
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	74,078	71,732
Other current assets	5,904	5,440
Amounts due from related parties	125	261
<i>Long term</i>		
Newbuildings	182,993	132,856
Vessel and equipment, net	635,309	641,371
Other long term assets	5,169	4,331
Total assets	903,578	855,991
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Current portion of long-term debt	41,054	41,053
Short term interest bearing debt due to related parties	32,703	85,278
Other current liabilities	26,604	28,566
Amounts due to related parties	1,071	1,049
<i>Long term</i>		
Long term interest bearing debt	575,131	483,276
Other long term liabilities	16,947	16,552
Minority interest	26,626	25,820
Stockholders' equity	183,442	174,397
Total liabilities and stockholders' equity	903,578	855,991