

Golar LNG



**Golar LNG
Higher Risk – Higher
Reward**

**Pareto Offshore Conference
September 1st
2004**

Q2 Major Events

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- Strong Improvement in Net Income caused by
 - Improved Operating Results
 - Korea Line Equity Accounting
 - Interest Swap Gains
- Two newbuildings delivered
 - One newbuilding delivered with yard compensation in excess of USD 9 million
- One New Tax lease arranged
- Investment in Korea Line appreciates as results of strong earnings
- Livorno Terminal received local environmental permit
- Weak Spot Market

P&L Q2 2004

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INCOME STATEMENT <i>(in thousands of \$)</i>	2004 Apr- Jun <i>Unaudited</i>	2004 Jan- Jun <i>Unaudited</i>	2003 Jan-Dec <i>Unaudited</i>
Operating revenues (net of voyage expenses)	37,899	73,603	130,578
Vessel operating expenses	8,255	16,499	30,156
Administrative expenses	1,910	3,608	7,138
Depreciation and amortisation	9,760	18,236	31,147
Total operating expenses	19,925	38,343	68,441
Operating income	17,974	35,260	62,137
Interest income	7,644	14,517	14,800
Interest expense	(14,239)	(27,169)	(37,157)
Other financial items	8,905	6,011	7,217
Income before taxes and minority interest	20,284	28,619	46,997
Minority interest	5,195	5,179	7,052
Taxes	119	216	375
Equity in net earnings of investee	7,348	13,964	-
Net income	22,318	37,188	39,570
Earnings per share (\$)	\$0.34	\$0.57	\$0.68

Balance Sheet June 30th 2004

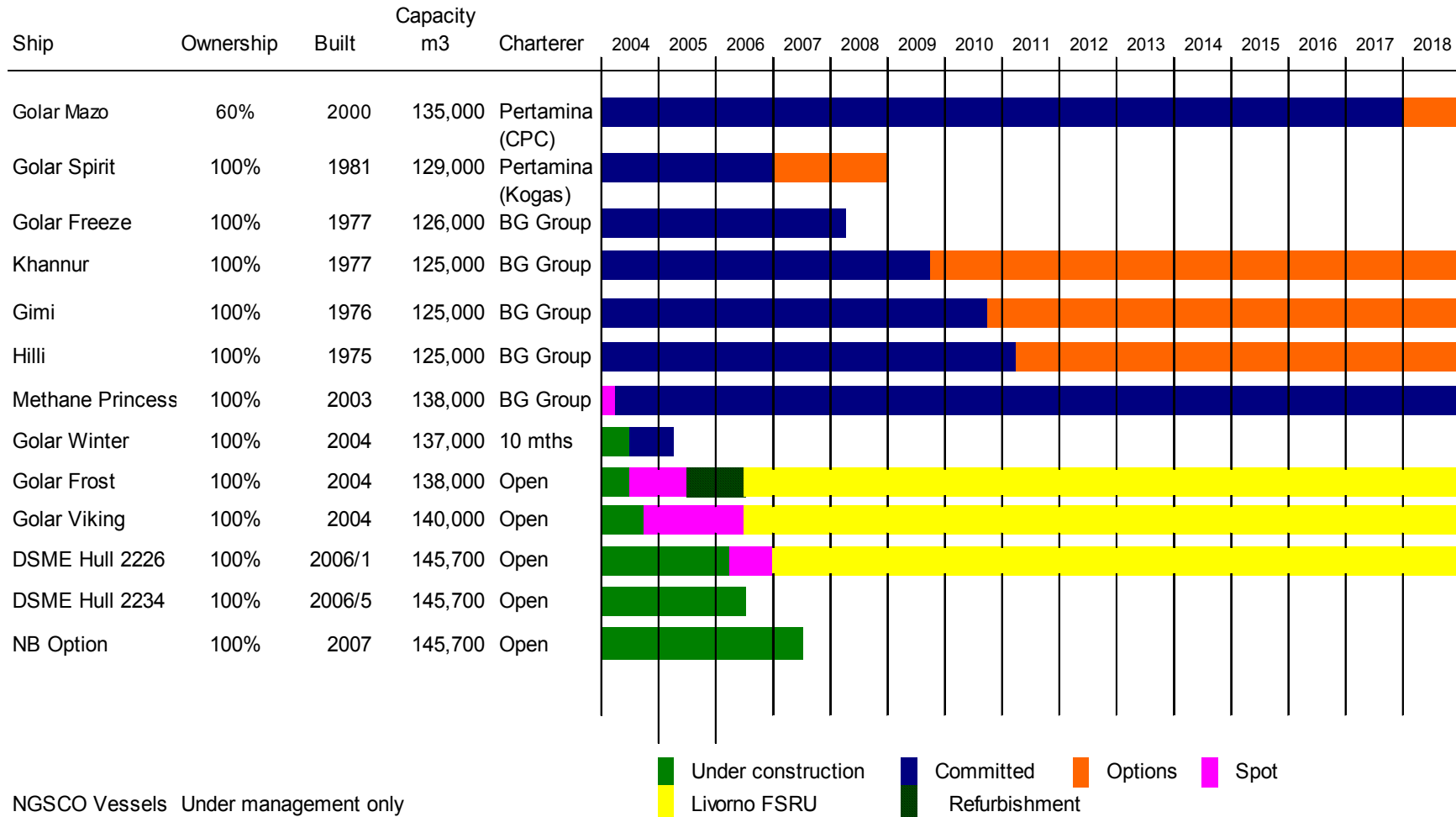
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BALANCE SHEET ASSETS <i>(in thousands of \$)</i>	Jun 30 2004	Jun 30 2003	Dec 31 2003
Short term assets			
Cash and cash equivalents	102,687	50,078	117,883
Restricted cash, short-term investment assets	58,006	33,072	52,873
Long term assets			
Restricted cash	670,069	428,829	623,179
Equity in net assets of non-consolidated associate	48,891	-	12,031
Newbuildings	94,045	308,471	207,797
Vessel and equipment, net & other long term assets	1,105,152	619,497	770,060
TOTAL ASSETS	2,078,850	1,439,947	1,783,823
Short term liabilities			
Current portion of long-term debt	64,900	56,210	61,331
Other current liabilities	61,002	77,002	60,790
Long term liabilities			
Long term debt	670,163	586,783	593,904
Long term capital lease obligations	788,832	423,886	616,210
Other long term liabilities	93,110	68,310	94,226
Minority interest	23,885	13,081	18,706
Stockholders' equity	376,958	214,675	338,656
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	2,078,850	1,439,947	1,783,823

Fleet List

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NGSCO Vessels Under management only

Cash Break Even Rates (Newbuilding Programme)

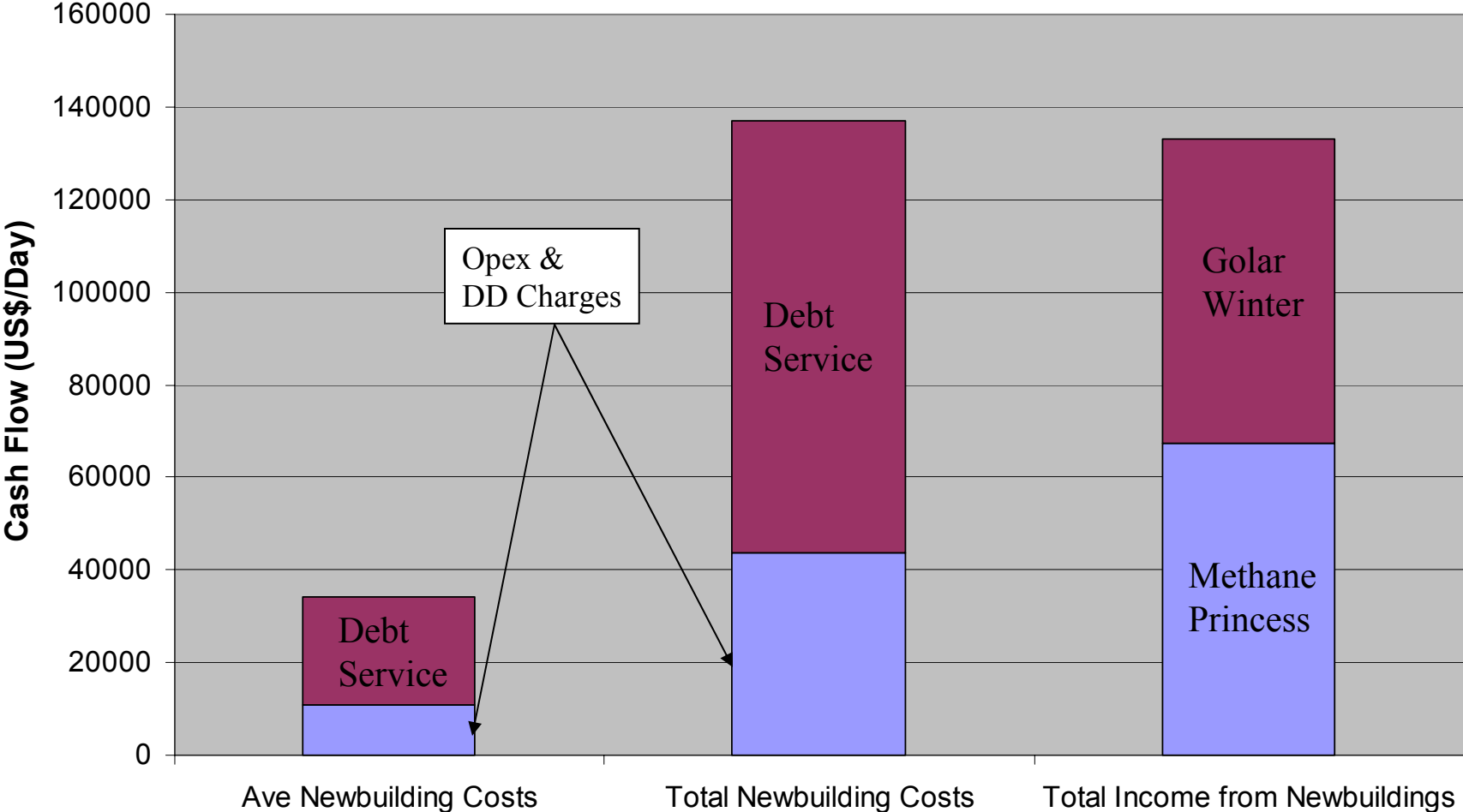
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	Total Debt US\$'000	Opex and Drydock Charges (US\$/day)	Debt Service US\$/day	TOTAL US\$/day
<i>Average</i>	130,750	10,960	23,275	34,236

Cash Break Even Rates (Newbuilding Programme)

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The LNG Problems

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- **Production**
 - Political problems
 - Partner problems
 - Oil company problem
 - Financing problems
- **Shipping**
 - Too many too keen to buy contracts
 - Not enough greed
 - Charterers focus on cost not reliability
 - Short-term over-capacity
- **Terminal**
 - Political logic –NIMBY problem
 - Conservatism against new solutions
 - Consolidation - Lack of concentration
 - Limited barriers to create a "Paper Project"
 - "Alle har et syskenbarn på Gjøvik" and most companies have an LNG terminal project in U.S.A.

The LNG Opportunity Big Money to be Made

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	FOB Breakeven (US\$/MMBtu)	CIF Prices (US\$/MMBtu)	
		Lake Charles (Physical Gas price @ Henry Hub 31 st Aug = \$5.05/MMBtu)	Tokyo Bay (c. \$4.90/MMBtu in August)
<i>Atlantic LNG</i>	1.16	1.50	3.06
<i>Nigeria LNG</i>	1.57	2.31	3.02
<i>Qatar</i>	1.47	2.78	1.16
<i>Malaysia</i>	2.41	4.40	2.78
<i>Egypt LNG</i>	1.45	2.24	2.80

Sources : **Wood MacKenzie and Golar Internal**

Break even costs stated at 12% return (upstream included) , FOB prices stated as unweighted average of existing plants (except Egypt LNG).

The Smart People Moves - Others will Follow

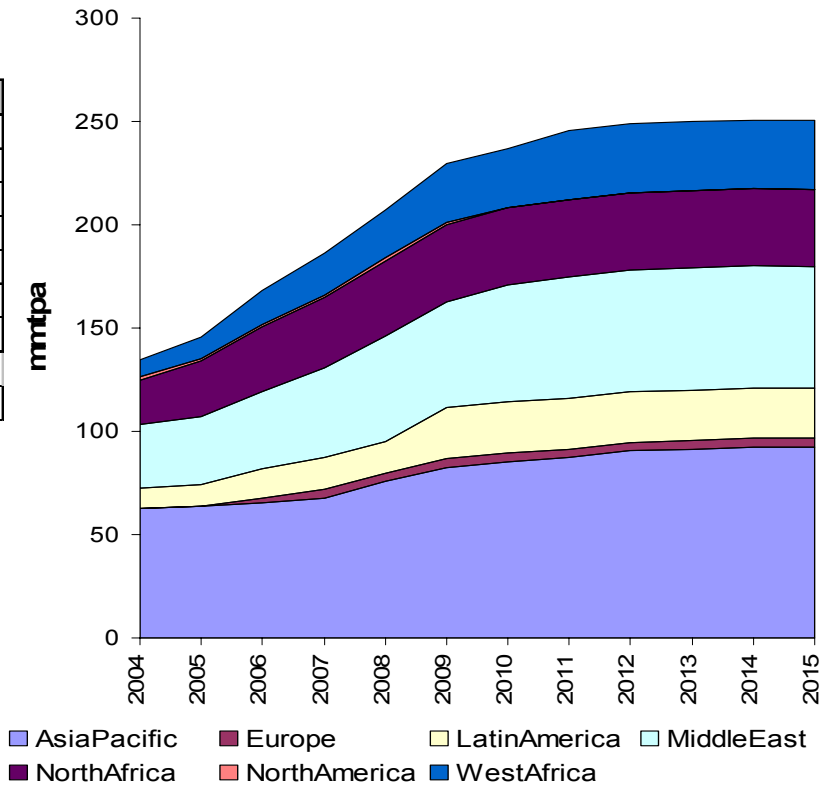
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Global LNG Output by Region - mmtpa

	2004	2005	2006	2007	2008	2009	2010
AsiaPacific	62.6	63.9	65.5	67.7	75.7	82.7	85.4
Europe	0.0	0.0	2.1	4.2	4.2	4.2	4.2
Latin America	9.9	10.1	14.0	15.3	15.3	24.4	24.4
Middle East	30.6	33.4	37.7	43.4	51.2	51.2	57.1
North Africa	21.7	26.6	31.2	34.2	36.2	37.3	37.3
North America	1.3	1.3	1.3	1.3	1.3	1.3	0.0
WestAfrica	8.7	10.4	16.4	20.0	23.4	28.4	28.4
Total	134.8	145.7	168.3	186.2	207.3	229.5	236.8

Source : Wood MacKenzie Global LNG Online



LNG Trade Movements 2003

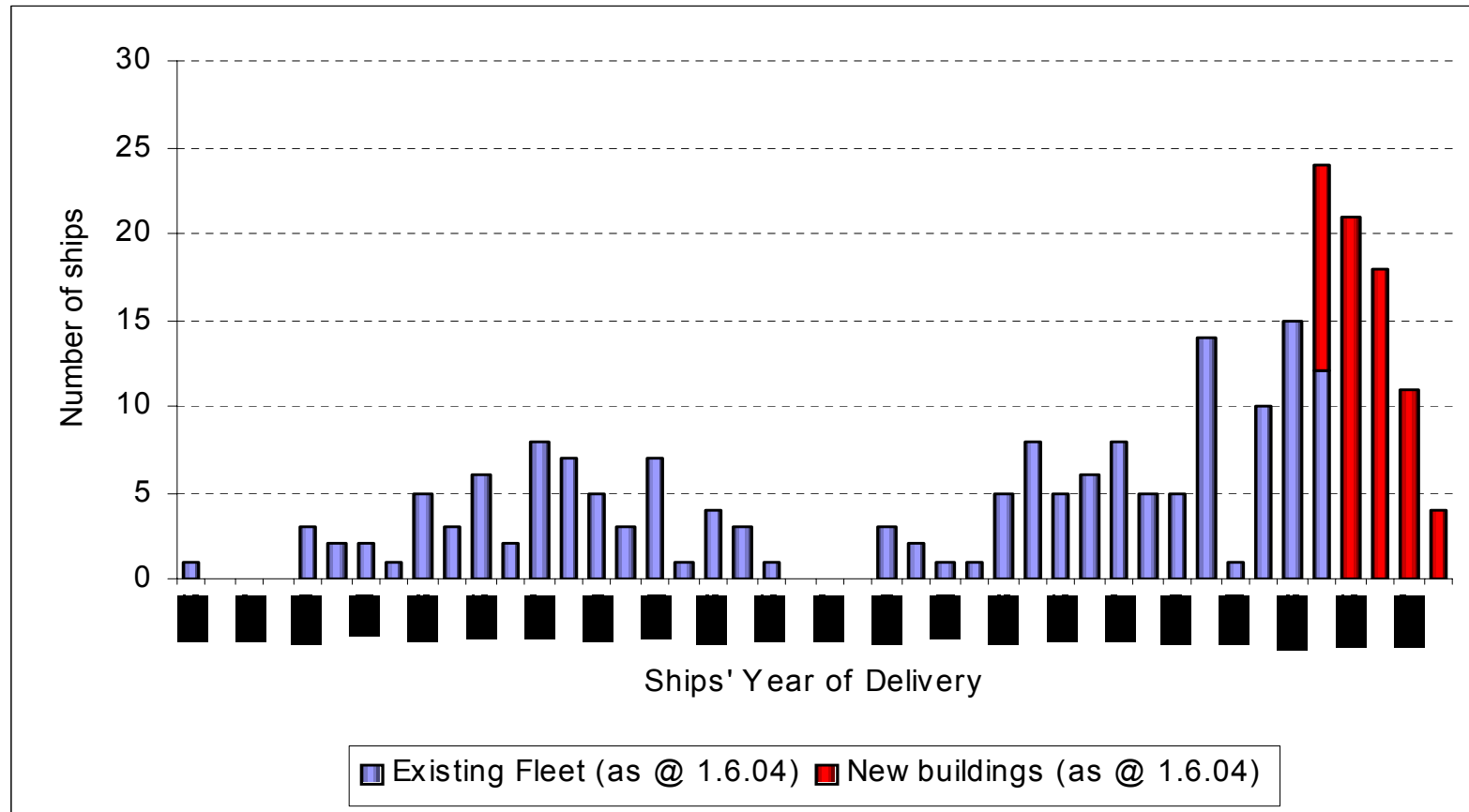
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LNG Trade Movements 2003														
Million Metric Tonnes Delivered														From
To	Abu Dhabi	Algeria	Australia	Brunei	Indonesia	Libya	Malaysia	Nigeria	Oman	Qatar	Trinidad	USA	Importer Totals	
North America														
USA		1.10					0.10	1.00	0.20	0.30	7.90			10.40
S. & Cent. America														
Puerto Rico											0.50			0.50
Dominican Rep.											0.20			0.20
Europe														
Belgium		2.60												2.60
France		5.80						2.90						8.70
Greece		0.40												0.40
Italy		2.90												2.90
Portugal								0.20						0.20
Spain	0.20	5.80	0.10			0.60		3.30	0.40	1.30	0.10			11.80
Turkey		2.70						0.80						3.50
Asia Pacific														
Japan	5.10		7.60	6.60	17.80		12.40		1.70	6.70	0.10	1.20		59.20
South Korea		0.20	0.10	0.50	5.10		2.90		4.80	5.80				19.40
Taiwan					3.40		2.10	0.10						5.60
TOTAL EXPORTS	5.30	21.50	7.80	7.10	26.30	0.60	17.50	8.30	7.10	14.10	8.80	1.20		125.60

World LNG Fleet

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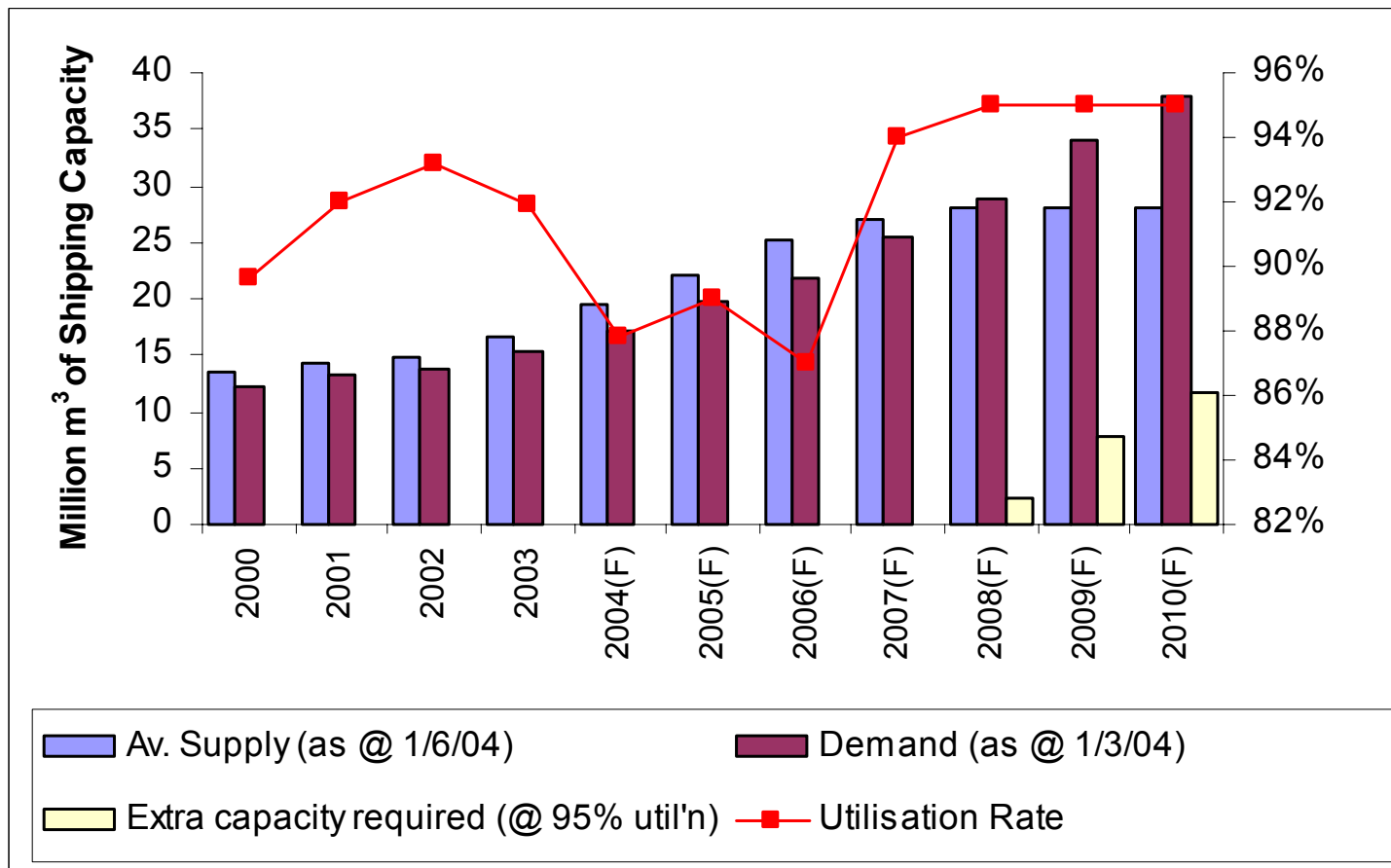


The Wood Mac Shipping Balance

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LNG Fleet Supply & Demand (Cubic Metres Capacity)





- Complete Livorno permitting process – sell part of capacity to major.
- Develop one new terminal project
- Complete the first gas purchase contract
- Reduce the financial cost through refinancing
- Fix min one ship long term
- Consider ship for shares opportunities
- Develop the relationship to Korea Line / Kogas
- Offer Off Balance sheet solutions to major clients
- Work with integrated utility solutions including development of the "Grand Idea".

The Grand Idea : The Floating Power Plant

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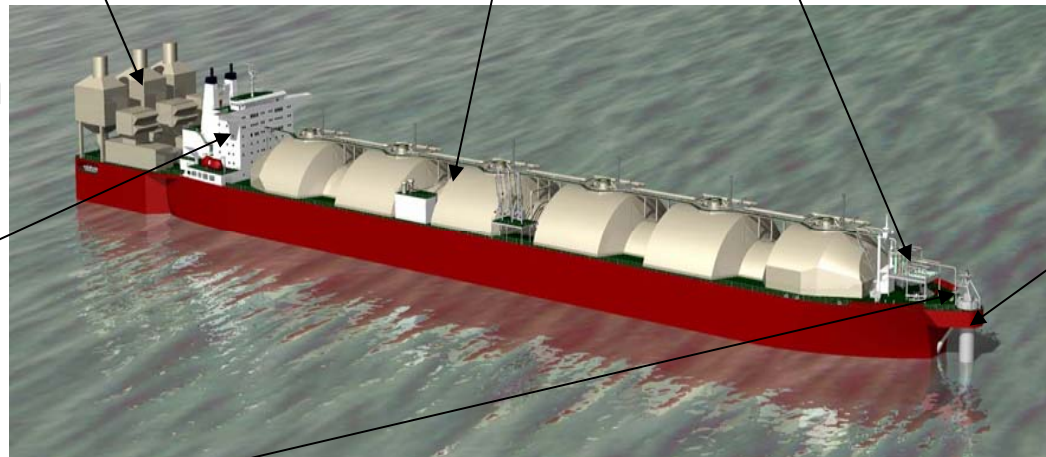


Gas turbine combined cycle power plant aft

Moss type LNG storage tanks arranged in the middle

Re-gas plant forward

Crew facilities with control room and utility machinery



Moored with an external turret arrangement for free weather-vaning

Gas send-out line and high voltage power cable through the mooring system down to the seabed and from there directly to shore

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