GOLAR LNG LTD
Form 6-K
December 15, 2017

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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of December 2017

Commission File Number: 000-50113

GOLAR LNG LIMITED
(Translation of registrant's name into English)

2nd Floor
S.E. Pearman Building
9 Par-la-Ville Road
Hamilton HM 11
Bermuda

(Address of principal executive office)

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

Form 20-F [X]   Form 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [ ].

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [ ].

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Included is the Overview, Operating and Financial Review for the nine months ended September 30, 2017 and the unaudited condensed consolidated interim financial statements of Golar LNG Limited (the "Company" or "Golar") as of and for the nine months ended September 30, 2017.

Exhibits

The following exhibits are filed as part of this report on Form 6-K:

101 The following financial information of Golar LNG Limited formatted in Extensible Business Reporting Language (XBRL):

i. Unaudited Consolidated Statements of Income for the nine months ended September 30, 2017 and 2016;
ii. Unaudited Consolidated Statements of Comprehensive Income for the nine months ended September 30, 2017 and 2016;
iii. Unaudited Consolidated Balance Sheets as of September 30, 2017 and December 31, 2016;
iv. Unaudited Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and 2016;
v. Unaudited Consolidated Statements of Changes in Equity for the nine months ended September 30, 2017 and 2016; and
vi. Notes to the Unaudited Condensed Consolidated Financial Statements.

The information contained in this Report on Form 6-K is hereby incorporated by reference into the Company's registration statement on Form F-3 ASR (File no. 333-219095), which was filed with the U.S. Securities and Exchange Commission on June 30, 2017.

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)	
Date: December 15, 2017	By:	/s/ Brian Tienzo
	Name:	Brian Tienzo
	Title:	Chief Financial Officer

UNAUDITED CONDENSED INTERIM FINANCIAL REPORT

Forward Looking Statements

This report and any other written or oral statements made by us or on our behalf may include forward-looking statements, which reflect our current views with respect to future events and financial performance. When used in this report, the words "believe", "anticipate", "intend", "estimate", "forecast", "project", "plan", "potential", "may", "should", "expect", and similar expressions identify forward-looking statements.

The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections. As a result, you are cautioned not to rely on any forward-looking statements.

In addition to these important factors and matters discussed elsewhere herein, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include among other things:

- changes in liquefied natural gas, or LNG, carrier, floating storage and regasification unit, or FSRU, or floating liquefaction natural gas vessel, or FLNG, market trends, including charter rates, vessel values or technological advancements;
- changes in our ability to retrofit vessels as FSRUs or FLNGs and in our ability to obtain financing for such conversions on acceptable terms or at all;
- changes in the timeliness of the Hilli Episeyo (the "Hilli") commissioning and acceptance by the charterer;
- changes in our ability to close the sale of the equity interests in Hilli on a timely basis or at all;
- changes in the supply of or demand for LNG carriers, FSRUs or FLNGs;
- a material decline or prolonged weakness in rates for LNG carriers, FSRUs or FLNGs;
- changes in the performance of the pool in which certain of our vessels operate and the performance of our joint ventures;
- changes in trading patterns that affect the opportunities for the profitable operation of LNG carriers, FSRUs or FLNGs;
- changes in the supply of or demand for LNG or LNG carried by sea;
- changes in the supply of or demand for natural gas generally or in particular regions;
- failure of our contract counterparties, including our joint venture co-owners, to comply with their agreements with us;
- changes in our relationships with our counterparties, including our major chartering parties;
- changes in the availability of vessels to purchase and in the time it takes to construct new vessels;
- failures of shipyards to comply with delivery schedules or performance specifications on a timely basis or at all;
- our ability to integrate and realize the benefits of acquisitions;
- changes in our ability to sell vessels to Golar Partners, or our joint venture Golar Power Limited ("Golar Power");
- changes in our relationship with Golar Partners, Golar Power or our joint venture OneLNG S.A;
- changes to rules and regulations applicable to LNG carriers, FSRUs, FLNGs or other parts of the LNG supply chain;
- our inability to achieve successful utilization of our expanded fleet or inability to expand beyond the carriage of LNG and provisions of FSRUs particularly through our innovative FLNG strategy and our JVs;
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- actions taken by regulatory authorities that may prohibit the access of LNG carriers, FSRUs or FLNGs to various ports;
- our inability to achieve successful utilization of our expanded fleet or inability to expand beyond the carriage of LNG and provision of FSRUs, particularly through our innovative FLNG strategy, or FLNG, and our joint ventures;
- changes in our ability to obtain additional financing on acceptable terms or at all;
- our ability to make additional equity funding payments to Golar Power and OneLNG to meet our obligations under each of the respective shareholders' agreements;
- increases in costs, including, among other things, crew wages, insurance, provisions, repairs and maintenance;
- changes in general domestic and international political conditions, particularly where we operate;
- a decline or continuing weakness in the global financial markets;
- challenges by authorities to the tax benefits we previously obtained under certain of our leasing agreements; and
- other factors listed from time to time in registration statements, reports or other materials that we have filed with or furnished to the Securities and Exchange Commission, or the Commission, including our most recent annual report on Form 20-F.

We caution readers of this report not to place undue reliance on these forward-looking statements, which speak only as of their dates. These forward looking statements are not guarantees of our future performance, and actual results and future developments may vary materially from those projected in the forward looking statements.

All forward-looking statements included in this report are made only as of the date of this report and, except as required by law, we assume no obligation to update any written or oral forward-looking statements made by us or on our behalf as a result of new information, future events or other factors. If one or more forward-looking statements are updated, no inference should be drawn that additional updates will be made.

The following is a discussion of our financial condition and results of operations for the nine months ended September 30, 2017 and 2016. Unless otherwise specified herein, references to "the Company", "Golar", "we", "us", and "our" refer to Golar LNG Limited and any one or more of its consolidated subsidiaries, or to all such entities. References to “Golar Partners” or the “Partnership” refer to Golar LNG Partners LP and to any one or more of its direct and indirect subsidiaries. References to “Golar Power” refer to Golar Power Limited and to any one or more of its direct and indirect subsidiaries. References to “OneLNG” refer to OneLNG S.A. You should read the following discussion and analysis together with the financial statements and related notes included elsewhere in this report. For additional information relating to our operating and financial review and prospects, including definitions of certain terms defined herein, please see our annual report on Form 20-F for the year ended December 31, 2016, which was filed with the Commission on May 1, 2017.

Overview

We are a midstream LNG company engaged primarily in the transportation, regasification, liquefaction and trading of LNG. We are engaged in the acquisition, ownership, operation and chartering of LNG carriers and FSRUs and the development of LNG projects, such as FLNGs, through our subsidiaries, affiliates and joint ventures.

As of December 15, 2017, we, together with our affiliates Golar Partners and Golar Power, have a combined fleet of 26 vessels, comprised of seven FSRUs and 19 LNG carriers. Of these vessels, six of the FSRUs and four of the LNG carriers are owned by Golar Partners and are mostly on long-term time charters. Two of our vessels, the Gimi and the Gandria, are being contemplated for conversion into FLNGs. The FLNG Hilli conversion completed in October 2017 and she arrived in Cameroon on November 20, 2017 where she is undergoing commissioning activities. Ten of our LNG carriers (including Golar Power's two vessels) are participating in the LNG carrier pool, referred to as the Cool Pool. In addition, our affiliate Golar Power has one newbuilding commitment for the construction of a FSRU, which is scheduled for delivery in the second half of 2018.

We intend to leverage our relationships with existing customers and continue to develop relationships with other industry participants. Our goal is to earn higher margins through maintaining strong service-based relationships combined with flexible and innovative LNG shipping, FSRU and FLNG solutions. We believe customers place their confidence in our shipping, storage, regasification and liquefaction services based on the reliable and safe way we conduct our, our affiliates’ and our joint ventures’ LNG operations.

Recent Developments

Since July 1, 2017, the significant developments that have occurred are as follows:

Golar Tundra

On May 30, 2017, Golar Partners elected to exercise its Put Right to require us to repurchase Tundra Corp at a price equal to the original purchase price (the “Tundra Put Sale”) Golar Partners paid in its acquisition of Tundra Corp (the “Purchase Price”). In connection with the exercise of the Put Right, we and Golar Partners have entered into an agreement pursuant to which we have agreed to purchase Tundra Corp from Golar Partners on the date of the closing of the Tundra Put Sale (the “Put Sale Closing Date”) for an amount equal to approximately $107 million (the “Deferred Purchase Price”) plus an additional amount equal to 5% per annum of the Deferred Purchase Price (the “Additional Amount”). The Deferred Purchase Price and the Additional Amount shall be due and payable by us on the earlier of (a) the date of the closing of the Hilli Disposal and (b) March 31, 2018. Golar Partners have agreed to accept the Deferred Purchase Price and the Additional Amount in lieu of a cash payment on the Put Sale Closing Date in return for an option (which Golar Partners have exercised) to purchase an interest in the Hilli. The closing of the Tundra Put Sale occurred on October 17, 2017.

The Hilli

On August 15, 2017, we entered into a purchase and sale agreement (the “Hilli Sale Agreement”) with Golar Partners for the disposal (the “Hilli Disposal”) from Golar and affiliates of Keppel Shipyard Limited (“Keppel”) and Black and Veatch (“B&V”) of common units (the “Disposal Interests”) in Hilli LLC which will, on the closing date of the Hilli Disposal, indirectly own the Hilli. The Disposal Interests represent the equivalent of 50% of the two liquefaction trains, out of a total of four, that are contracted to Perenco Cameroon (“Perenco”) and Societe Nationale de Hydrocarbures (“SNH”) (together with Perenco, the “Customer”) under an eight-year liquefaction tolling agreement (the “Liquefaction Tolling Agreement”). The sale price for the Disposal Interests is $658 million less net lease obligations under the financing facility for the Hilli (the “Hilli Facility”), which are expected to be between $468 and $480 million. Concurrently with the execution of the Hilli Sale Agreement, we received a further $70 million deposit from Golar Partners, upon which we will pay interest at a rate of 5% per annum.

The closing of the Hilli Disposal is subject to the satisfaction of certain closing conditions which include, among others, receiving the consent of the lenders under the Hilli Facility, the delivery to and acceptance by the Customer of the Hilli, the commencement of commercial operations under the Liquefaction Tolling Agreement and the formation of Hilli LLC and the related Pre-Closing Contributions. In addition, in connection with the closing, Golar Partners expect to provide a several guarantee of 50% of Golar Hilli Corp’s ("Hilli Corp") indebtedness under the Hilli Facility.

Upon the closing of the Hilli Disposal, which is expected to occur on or before April 30, 2018, we, along with Keppel and B&V, will sell 50% of the Hilli Common Units to Golar Partners in return for the payment by Golar Partners of the net purchase price of between approximately $178 and $190 million. Golar Partners will apply the $107 million Deferred Purchase Price receivable from us in connection with the Tundra Put Sale and the $70 million deposit referred to above against the net purchase price and will pay the balance with cash on hand.

The description of the Hilli Sale Agreement contained in this report is a summary and is qualified in its entirety by reference to the terms of the Hilli Sale Agreement.

The Hilli conversion and pre-commissioning is now complete. The vessel departed Keppel Shipyard on October 1, 2017, and left Singapore for Cameroon with 108 crew on board on October 12, 2017. Shortly after arrival in Cameroon on November 20, 2017, customs clearance, mooring hook-up and connection to risers and umbilicals were completed. On December 3, 2017, the vessel tendered its notice of readiness ("NoR"). A ship-to-ship transfer of cool down LNG commenced with the Golar Bear and was completed during the first part of December 2017. Commissioning activities commenced immediately thereafter and management expect the first LNG to be produced around year end.

Payment from the customer will commence 30 days from NoR with a reduced rate being receivable during the commissioning period. Final commissioning is expected to complete by the end of the first quarter of 2018 and the project remains within budget.

Liquefaction Tolling Agreement

In October 2015, Hilli Corp entered into a binding term sheet for FLNG tolling services with the Customer for the development of the Hilli Project. The binding term sheet has been converted into a Liquefaction Tolling Agreement with the Customer and the Liquefaction Tolling Agreement was executed on November 29, 2017. Under the Liquefaction Tolling Agreement, the Hilli will provide liquefaction services for the Customer until the earlier of (i) eight years from the date the delivered Hilli is accepted by the Customer (the “Acceptance Date”), or (ii) at the time of receipt and processing by the Hilli of 500 billion cubic feet of feed gas. As discussed above, the Hilli tendered its NoR on December 3, 2017. Following the NoR, the commissioning process of testing the Hilli and preparing it for service commenced in December 2017, and, under the Liquefaction Tolling Agreement, the commercial start date to begin providing liquefaction services is the earlier of 180 days after the scheduled commissioning start date or the Acceptance Date, as may be extended by the parties. Under the terms of the Liquefaction Tolling Agreement, the Hilli is required to make available 1.2 million tonnes of liquefaction capacity per annum, which capacity will be spread evenly over the course of each contract year. The Customer will pay Hilli Corp a monthly tolling fee, which will fluctuate to a certain extent in relation to the price of Brent Crude. Under the Liquefaction Tolling Agreement, the Customer has an option to increase liquefaction capacity. The Liquefaction Tolling Agreement provides certain termination rights to the Customer and Hilli Corp. The Liquefaction Tolling Agreement provides for the payment by Hilli Corp of penalties of up to $400 million, $300 million of which is secured by a letter of credit, in the event of Hilli Corp’s underperformance or non-performance, with the penalties decreasing after the second anniversary of the Acceptance Date. If the Customer elects to terminate the Liquefaction Tolling Agreement prior to the second anniversary of the Acceptance Date, the Customer will be obligated to pay Hilli Corp $400 million, with termination payments decreasing if the Liquefaction Tolling Agreement is terminated after the second anniversary of the Acceptance Date.

Dividends

In August 2017, we declared a dividend of $0.05 per share in respect of the quarter ended June 30, 2017 to holders of record on September 14, 2017, which was paid on October 4, 2017.

In November 2017, we declared a dividend of $0.05 per share in respect of the quarter ended September 30, 2017 to holders of record on December 14, 2017, which will be paid on or about January 4, 2018.

OneLNG Joint Venture - Fortuna Project

On October 2, 2017, Fortuna Project partner Ophir Energy awarded an upstream construction contract to Subsea Integration Alliance, a partnership between OneSubsea, a Schlumberger company, and Subsea 7. The award is structured as an engineering, procurement, construction, installation and commissioning ("EPCIC") contract for the sub-sea umbilicals, risers and flowlines and for the sub-sea production systems scope of work. The EPCIC schedule is consistent with the planned delivery of first gas in 2021 and work will commence after final investment decision.

Appointment of new CEO

In September 2017, we appointed Mr. Iain Ross to replace Mr. Oscar Spieler as CEO. Mr. Spieler's main remit on becoming CEO has always been the successful delivery of Hilli and a search for his successor to follow shortly thereafter. Having substantially executed his responsibility to deliver the Hilli, Mr. Spieler will nevertheless remain with the group and fulfill the role of Executive Advisor and assist Mr. Ross until charterers Perenco and SNH accept the Hilli.

Change in chairman and directors

On September 28, 2017, at the annual general meeting, the board of directors (the "Board") nominated Mr. Tor Olav Trøim to succeed Mr. Daniel Rabun as chairman. Mr. Rabun will, however, continue to serve as a member of the Board. Mr. Trøim has served as a director of the Company since September 2011. In addition, the Board appointed Mr. Michael Ashford, the company secretary, as a director.

Earn-out Units

The Incentive Distribution Right ("IDR") Exchange Agreement required that Golar Partners issue to Golar 50% of the Earn-out Units withheld at the time of the IDR reset in October 2016 after Golar Partners paid the minimum quarterly distribution in respect of each of the four preceding quarters ended September 30, 2017. Golar Partners has satisfied the minimum quarterly distribution in respect of these quarters and, accordingly, on November 15, 2017, Golar Partners issued to Golar 374,295 common units and 7,639 General Partner units. The agreement also required Golar Partners to pay Golar the distributions that it would have been entitled to receive on these units in respect of each of those four preceding quarters. Therefore, in connection with the issuance of the above Earn-out Units, Golar also received $0.9 million in cash in the period. The Partnership will issue the remaining 50% of the Earn-out Units provided that it has paid a distribution equivalent to $0.5775 for each of the four quarters up to September 30, 2018. As of the current date, Golar owns 21,226,586 common units and 1,420,870 General Partner units in the Partnership.

Golar Grand

On October 31, 2017, Golar's obligation to sub-charter the Golar Grand from Golar Partners expired.

Operating and Financial Review

Nine Month Period Ended September 30, 2017 compared with the Nine Month Period Ended September 30, 2016

Vessels operations segment

	Nine months ended September 30,			
(in thousands of $, except average daily TCE)	2017	2016	Change	% Change
Operating revenues (including revenue from collaborative arrangement)	85,950	57,194	28,756	50 %
Vessel operating expenses	(38,870)	(41,739)	2,869	(7)%
Voyage, charterhire and commission expenses (including expenses from collaborative arrangement)	(41,828)	(34,930)	(6,898)	20 %
Administrative expenses	(33,190)	(28,841)	(4,349)	15 %
Depreciation and amortization	(59,937)	(56,146)	(3,791)	7 %
Impairment of long-term assets	—	(1,706)	1,706	(100)%
Net loss on loss of control of Golar Power	—	(12,184)	12,184	(100)%
Other non-operating gain	108	—	108	100 %
Interest income	4,704	1,527	3,177	208 %
Interest expense	(53,085)	(53,517)	432	(1)%
Other financial items, net	(3,495)	(14,979)	11,484	(77)%
Income taxes	(1,070)	1,039	(2,109)	(203)%
Equity in net (losses) earnings of affiliates	(1,359)	10,118	(11,477)	(113)%
Net loss	(142,072)	(174,164)	32,092	(18)%
Net income attributable to non-controlling interests	(23,332)	(18,775)	(4,557)	24 %
Net loss attributable to Golar LNG Ltd	(165,404)	(192,939)	27,535	(14)%
Average Daily TCE [1] (to the closest $100)	13,300	9,900	3,400	34 %

(1) Time Charter Equivalent, or TCE, is a non-GAAP financial measure. See the section of this report entitled "Non-GAAP measures" for a discussion of TCE.

Operating revenues: Total operating revenues increased by $28.8 million to $86.0 million for the nine months ended September 30, 2017 compared to $57.2 million for the same period in 2016. This was principally due to an increase of:

- $24.5 million as a result of improved utilization and daily hire rates, including repositioning fees, from our vessels participating in the Cool Pool for the nine months ended September 30, 2017 compared to the same period in 2016;
- $1.3 million in revenue from the Golar Arctic which was fully utilized for the nine months ended September 30, 2017 compared to the same period in 2016 when she was mostly off-hire during the first quarter in preparation for her floating storage unit charter on March 23, 2016 with New Fortress Energy in Jamaica; and
- $8.0 million in management fee income, from $8.9 million to $16.9 million for the nine months ended September 30, 2016 and 2017, respectively, from the provision of services to Golar Partners, Golar Power and OneLNG under our management and administrative services and fleet management agreements. The increase is primarily a result of the services provided to Golar Power and OneLNG in the nine months ended September 30, 2017, whereas, during the same period in 2016, services were only provided to Golar Power for a portion of the third quarter, and none to OneLNG.

These are partially offset by a decrease of $4.5 million in revenue in 2017 from the Golar Penguin and the Golar Celsius following the deconsolidation of Golar Power, and thus its fleet, from July 2016.

Vessel operating expenses: Vessel operating expenses decreased by $2.9 million to $38.9 million for the nine months ended September 30, 2017, compared to $41.7 million for the same period in 2016, primarily due to the following:

- a decrease of $4.5 million in relation to the Golar Penguin and the Golar Celsius following the deconsolidation of Golar Power, and thus its fleet, from July 2016;

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- a decrease of $1.2 million from the Golar Arctic and the Golar Tundra, as they incurred higher upstoring and repairs and maintenance costs in 2016 in preparation for the Fortress charter, which commenced in 2016, and the WAGL charter, which was due to commence in 2016, respectively; and
- partially offset by an increase of $2.5 million in fleet management costs due to a change in classification of fleet management related administrative costs to vessel operating costs for the nine months ended September 30, 2017, following our in-housing of technical operations.

As a result of higher revenue incurred by most of our vessels within the period, we had a higher daily TCE for the nine months ended September 30, 2017 of $13,300 compared to $9,900 for the same period in 2016. See the section of this report entitled "Non-GAAP measures" for a discussion of TCE.

Voyage, charterhire and commission expenses: Voyage, charterhire and commission expenses largely relate to charterhire expenses, fuel costs associated with commercial waiting time and vessel positioning costs. While a vessel is on-hire, fuel costs are typically paid by the charterer, whereas during periods of commercial waiting time, fuel costs are paid by us. The increase in voyage, charterhire and commission expenses of $6.9 million to $41.8 million for the nine months ended September 30, 2017 compared to $34.9 million for the same period in 2016 was primarily due to an increase of $15.3 million of voyage expenses due to repositioning fees that arose from the increased utilization of our vessels participating in the Cool Pool, which are subsequently recouped from the charterer.

This has been partially offset by:

- a decrease of $5.7 million in charterhire expense relating to the charter back of the Golar Grand from Golar Partners. This mainly comprises of a reduction of $7.0 million in amounts payable to Golar Partners under the charter back arrangement for the nine months ended September 30, 2017, as compared to 2016. The decrease is due to the Golar Grand’s drydocking from February to April 2017. No charterhire is payable during periods of drydocking. This decrease is offset by the recognition of an expense of $1.1 million, comprising of an incremental $9.0 million upon re-measurement of the existing Golar Grand guarantee obligation, net of the related amortization income recognized in the nine months ended September 30, 2017;
- a decrease of $2.0 million from the Golar Penguin and the Golar Celsius following the deconsolidation of Golar Power, and thus its fleet, from July 2016; and
- a decrease of $0.6 million from Golar Arctic as she incurred significant voyage costs prior to commencement of her two year floating storage unit charter on March 23, 2016 with New Fortress Energy in Jamaica. There was no comparable amount for the nine months ended September 30, 2017.

Administrative expenses: Administrative expenses increased by $4.3 million to $33.2 million for the nine months ended September 30, 2017 compared to $28.8 million for the same period in 2016. This was primarily due to an increase in salaries and benefits of $6.6 million, mainly as a result of an increase in headcount, and an increase in travel costs of $1.0 million in connection with the various new ventures and associated projects entered into during the second half of 2016, such as Golar Power and OneLNG. This was partially offset by (i) a decrease of $3.4 million in legal and professional fees; and (ii) a general decrease following a change in the classification of fleet management related administrative costs to vessel operating expenses as discussed under vessel operating expenses above.

Depreciation and amortization: Depreciation and amortization increased by $3.8 million to $59.9 million for the nine months ended September 30, 2017 compared to $56.1 million for the same period in 2016. This was primarily due to:

- an increase of $13.6 million in depreciation expense in 2017 relating to the Golar Tundra. This includes a $9.7 million depreciation catch up charge recognized upon the vessel ceasing to be classified as held-for-sale in March 2017;

This was partially offset by a decrease in depreciation and amortization of:

- $5.7 million from the Golar Penguin and the Golar Celsius following the deconsolidation of Golar Power, and thus its fleet, from July 2016; and
- $3.9 million from the Gimi as she reached the end of her useful life at December 31, 2016.

Impairment of long-term assets: During the nine months ended September 30, 2016, we realized an impairment charge amounting to $1.7 million related to equipment classified as "Other long-term assets" due to the uncertainty of its future usage. There was no comparable charge for the same period in 2017.

Net loss on loss of control of Golar Power: On July 6, 2016 we closed the disposal of a 50% ownership interest in Golar Power, the entity that owns and operates Golar Penguin, Golar Celsius, newbuild Golar Nanook and LNG Power Limited. On the same date, we calculated a provisional loss on loss of control of Golar Power of $12.2 million, subsequently finalized and adjusted to a $8.5 million loss in Q4 2016.

Interest income: Interest income increased by $3.2 million to $4.7 million for the nine months ended September 30, 2017 compared to $1.5 million for the same period in 2016. The increase was primarily due to the returns on our fixed deposits that had been made during the nine months ended September 30, 2017 using the proceeds from our financing activities in the first quarter.

Interest expense: Interest expense decreased by $0.4 million to $53.1 million for the nine months ended September 30, 2017 compared to $53.5 million for the same period in 2016 and is primarily due to:

- a $9.3 million decrease in interest expense arising on the loan facilities of our consolidated Lessor VIEs;
- a $5.7 million decrease from the Golar Penguin and the Golar Celsius relating to interest expense incurred prior to the deconsolidation of Golar Power in July 2016;
- a $5.6 million write off of deferred finance charges as a result of the refinancing of the Golar Seal and the Golar Tundra debt in March 2016 and February 2016, respectively. There is no comparable write off in 2017; and
- a $7.4 million decrease in relation to deemed interest that had been capitalized in relation to the investment in our affiliate Golar Power.

These are partially offset by:

- an increase of $15.0 million in interest expense, largely due to the out-of-period correction of capitalized interest on borrowing costs in respect of the Hilli FLNG conversion recognized in the nine months ended September 30, 2016;
- an increase of $6.5 million in interest expense in relation to the $402.5 million convertible bond issued in February 2017, which replaced the old $250 million convertible bond that was repaid in early March 2017;
- an increase of $4.9 million in interest expense from the $150.0 million margin loan that we entered into in March 2017; and
- an increase of $1.2 million in interest expense incurred on the amounts received from Golar Partners in relation to the Hilli disposal.

Other financial items: Other financial items decreased by $11.5 million to a loss of $3.5 million for the nine months ended September 30, 2017 compared to a loss of $15.0 million for the same period in 2016. The movement was primarily due to:

Net realized and unrealized (losses) gains on interest rate swap agreements: Net realized and unrealized losses on interest rate swaps decreased to a loss of $2.4 million for the nine months ended September 30, 2017 from a loss of $26.9 million for the same period in 2016, as set forth in the table below:

	Nine months ended September 30,			
(in thousands of $)	2017	2016	Change	% Change
Mark-to-market adjustment for interest rate swap derivatives	1,056	(18,699)	19,755	(106)%
Interest expense on undesignated interest rate swaps	(3,436)	(8,165)	4,729	(58)%
Net realized and unrealized losses on interest rate swap agreements	(2,380)	(26,864)	24,484	(91)%

As of September 30, 2017, we have an interest rate swap portfolio with a notional amount of $1.3 billion, none of which are designated as hedges for accounting purposes. The decrease in mark-to-market losses from our interest rate swaps is due to an improvement in the long-term swap rates for the nine months ended September 30, 2017, as opposed to a significant decrease in the long-term swap rates for the nine months ended September 30, 2016.

Unrealized (losses) gains on total return swap (or equity swap): In December 2014, we established a three month facility for a Stock Indexed Total Return Swap Programme or Equity Swap Line with DNB Bank ASA in connection with a share buyback scheme. The facility has been subsequently extended to March 2018. The equity swap derivatives mark-to-market adjustment resulted in a net loss of $3.8 million recognized in the nine months ended September 30, 2017 compared to a net gain of $19.9 million for the same period in 2016.

Impairment loss on loan receivable: Given the announcement of a negative Final Investment Decision from the Douglas Channel Project consortium, we reassessed the recoverability of the loan (including accrued interest receivable) previously granted by Golar to Douglas Channel LNG Assets Partnership ("DCLAP") and concluded that DCLAP would not have the means to satisfy its obligations under the loan. Accordingly, during the nine months ended September 30, 2016, we recognized an impairment charge of $7.6 million. There was no comparable amount for the nine months ended September 30, 2017.

Equity in net (losses) earnings of affiliates:

	Nine months ended September 30,			
(in thousands of $)	2017	2016	Change	% Change
Share of net (loss) earnings in Golar Partners	(1,763)	12,756	(14,519)	(114)%
Share of net loss in Golar Power	—	(2,679)	2,679	(100)%
Share of net earnings in other affiliates	404	41	363	885 %
	(1,359)	10,118	(11,477)	(113)%

Although Golar Partners reported a higher net income in the nine months ended September 30, 2017 compared to the same period in 2016, which was primarily due to recognition of the Golar Spirit termination fee, our equity in net earnings from Golar Partners resulted in a loss as this was offset by the amortization of the basis difference primarily in relation to the recognition in 2012 of a fair value gain on deconsolidation of Golar Partners. In addition, we recognized a deemed loss on disposal of $17.0 million in 2017 as a result of a dilution in our holding in Golar Partners following additional equity issuances in February 2017.

In October 2016, the Sergipe project obtained Final Investment Decision ("FID") thus differentiating Golar Power’s risks and long term business prospects from the other reporting segments. Subsequent to the project obtaining FID, our share in Golar Power's equity is recorded under the Power segment.

Net income attributable to non-controlling interests: During 2017, we were party to sale and leaseback arrangements for seven vessels (2016: six) with subsidiaries of Chinese financial institutions. Each of these lessor entities are wholly-owned, newly formed special purpose vehicles ("SPVs"). We have determined that the lessor entities, that own the vessels, are variable interest entities. We refer to these as "VIEs" or the "Lessor VIEs". While we do not hold any equity investments in these Lessor VIEs, we are the primary beneficiary. Accordingly, these Lessor VIEs are consolidated into our financial results and thus the equity attributable to the financial institutions in their respective VIEs are included in non-controlling interests in our consolidated results.

LNG trading segment

	Nine months ended September 30,			
(in thousands of $)	2017	2016	Change	% Change
Other operating gains and losses	—	16	(16)	100 %

Net income	— 16	(16)	100 %

In the nine months ended September 30, 2016, we entered into a Purchase and Sales Agreement to buy and sell LNG cargo. The LNG cargo was acquired from a third party and subsequently sold on a delivered basis to New Fortress Energy in March 2016 when the Golar Arctic was repositioning to Jamaica in preparation for her charter as a floating storage unit with New Fortress Energy. There was no LNG trading activity for the nine months ended September 30, 2017.

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FLNG segment

	Nine months ended September 30,			
(in thousands of $)	2017	2016	Change	% Change
Administrative expenses	(381)	(2,232)	1,851	(83)%
Share of net loss in OneLNG	(5,281)	—	(5,281)	100 %
Net loss	(5,662)	(2,232)	(3,430)	154 %

The net loss for FLNG for the nine months ended September 30, 2017 and 2016 amounted to $5.7 million and $2.2 million, respectively. These expenses relate to FLNG project related administrative expenses comprising of legal, professional and consultancy costs and, pursuant to the formation of OneLNG in July 2016, we account for our share of net losses in OneLNG.

FLNG conversion

In September 2014, the Hilli was delivered to Keppel Shipyard Management ("Keppel") in Singapore for commencement of her FLNG conversion. Conversion has been completed and Hilli is currently undergoing commissioning. The total estimated conversion, vessel and site commissioning cost for the Hilli, including contingency, is approximately $1.3 billion.

As of September 30, 2017, the total costs incurred and capitalized in respect of the Hilli conversion amounted to $1.0 billion.

Other FLNG conversions

In December 2014, our subsidiary that owns the Gimi entered into a contract with Keppel for the conversion of the Gimi to a FLNG, subject to certain conditions to the contract effectiveness and notice to proceed with the conversion. This agreement is similar to the agreement that we have entered into with respect to the Hilli conversion.

On December 27, 2016, the Gimi contract was extended to December 30, 2017, and all conditions to the contract's effectiveness, including payments of $30 million to Keppel, were satisfied as of January 2017. The contract requires issuing a final notice to proceed and a payment of $95 million by December 30, 2017 to proceed with the conversion.

We have negotiated and agreed a new contract for the conversion of the Gandria, which we anticipate will be executed in connection with OneLNG making a final investment decision on the Fortuna Project, expected to take place in 2018.

The total estimated conversion, vessel and site commissioning cost for the conversion of the Gimi and the Gandria, including contingency, is approximately $1.2 billion and $1.5 billion, respectively. As of September 30, 2017, we have made $31.0 million of payments relating to long lead items ordered in preparation for the conversion of the Gimi to a FLNG.

Power segment

Nine months
ended

	September 30,			
(in thousands of $)	2017	2016	Change	% Change
Share of net loss in Golar Power	(12,460)	—	(12,460)	(100)%
Net loss	(12,460)	—	(12,460)	(100)%

Since the deconsolidation of Golar Power in July 2016, we have accounted for our remaining 50% ownership interest under the equity method. Our share of net losses in Golar Power principally relates to trading activity of the Golar Celsius and the Golar Penguin operating as LNG carriers within the Cool Pool arrangement.

As discussed above, subsequent to the Sergipe project obtaining FID in October 2016, our share in Golar Power's equity is recorded under the Power segment.

Liquidity and Capital Resources

Our short-term liquidity requirements are primarily for the servicing of debt, working capital requirements, investments in Golar Power and OneLNG and conversion project related commitments due within the next 12 months. The short-term outlook in the LNG shipping market has improved over the last few months. Whilst certain challenges remain, 2017 has shown signs of recovery, as anticipated, with a general improvement in utilization and hire rates. Such improvement is forecast to continue into 2018. However, the extent and the pace of the recovery and the impact on the Company's results is unknown. Accordingly, we may require additional working capital for the continued operation of our vessels in the spot market (via the Cool Pool). The need for additional working capital is dependent upon the employment of the vessels participating in the Cool Pool and fuel costs incurred during idle time. We remain responsible for manning and technical management of our vessels in the Cool Pool. We estimate that total forecast vessel operating expenses relating to our eight vessels in the Cool Pool (excluding the two vessels that form part of the Golar Power fleet) for the next 12 months is $38.0 million, based on our historical average operating costs. Additionally, we require a small amount of working capital for our three vessels that are currently in lay-up. As previously discussed, the Hilli tendered her NoR on December 3, 2017 upon completion of pre-commissioning activities. Payment from the customer will commence 30 days from NoR with a reduced rate being receivable during the commissioning period.

As of September 30, 2017, we had cash and cash equivalents (including restricted cash and short-term deposits) of $739.1 million, of which $452.5 million is restricted cash and short-term deposits. Included within restricted cash is $231.5 million in respect of the issuance of the letter of credit to our FLNG project partners, an aggregate of $74.4 million cash collateral relating to requirements under our total return equity swap and interest rate swaps, and the balance which mainly relates to the cash belonging to our Lessor VIEs that we are required to consolidate under U.S. GAAP.

Since September 30, 2017, significant transactions impacting our cash flows include:

Receipts:

- receipt of $12.9 million in November 2017 in respect of cash distributions for the quarter ended September 30, 2017, from Golar Partners in relation to our interests in its common and general partner units held at the relevant record date, albeit $12.1 million was used to satisfy principal and interest repayments on the Margin Loan Facility (defined below) as a result of 20,852,291 of Golar Partners common units held by us being pledged as security for the obligations under the facility; and
- receipt of a cash distribution $0.9 million in aggregate from Golar Partners with respect to the issuance of Earn-out Units in November 2017.

Payments:

- payment of $5.0 million in cash distributions to our shareholders in October 2017, in respect of the quarter ended June 30, 2017; and
- payment of scheduled loan and interest repayments.

A pre-condition of the Golar Tundra lease financing with CMBL (refer to note 7 - Variable Interest Entities, to our consolidated financial statements) is for the FSRU to be employed under an effective charter. The recent delays with the WAGL charter and the recent termination of that charter by us, means that we now have to find a replacement charter by June 30, 2018 or we could be required to refinance the FSRU. A similar pre-condition also applies to the Golar Seal lease financing with CCBFL (refer to note 7 - Variable Interest Entities), whereby the vessel is to be employed under an effective charter or we could be required to refinance the LNG carrier. Accordingly, to address our anticipated working capital requirements over the next 12 months, in the event we are unable to secure a charter for the Golar Tundra or the Golar Seal, we are currently exploring our refinancing options, including extension of the lenders' deadlines for satisfaction of such. We may also look to refinance our other newbuildings. While we believe we will be able to obtain the necessary funds from these refinancings, we cannot be certain that the proposed new credit facilities will be executed in time or at all. However, we have a track record of successfully financing and refinancing our vessels, even in the absence of term charter coverage. Recent successes include the refinancing of the Golar Crystal in March 2017. In addition to vessel refinancings, if market and economic conditions are favorable, we may also consider further issuances of corporate debt or equity to increase liquidity, as demonstrated by our convertible bond offering in February 2017, which raised net proceeds of $360.2 million. We also entered into a Margin Loan Facility in March 2017, which raised proceeds of $150 million.

Furthermore, with respect to our Golar Power joint venture with Stonepeak, under the shareholders' agreement, we and Stonepeak have agreed to contribute additional funding to Golar Power, on a pro rata basis, including (i) an aggregate of approximately $150 million in the period through to the third quarter of 2018; and (ii) additional amounts as may be required by Golar Power, subject to the approval of its board of directors. In connection with Golar Power's election in October 2016 to increase its ownership interest in the Sergipe project from 25% to 50% by buying out the project developer GenPower, this is expected to result in an additional funding requirement of between $20 million to $50 million to be shared with Stonepeak, with the initial $20 million already funded. Financial close of the project financing for the power plant is expected to occur in the first half of 2018.

In connection with our joint venture OneLNG, under the joint venture and shareholders' agreement with Schlumberger, once a OneLNG project reaches final investment decision, we and Schlumberger will each be required to provide $250 million of new equity. Contributions to this new equity may include intellectual property amongst other items. As further described in the 20-F for the year ended December 31, 2016, OneLNG and Ophir Energy ("Ophir") have signed a shareholders' agreement to develop a project in Equatorial Guinea. The effectiveness of the shareholders' agreement is subject to certain conditions precedent including final investment decisions by OneLNG and Ophir, securing of financing and governmental approval which may occur in the first half of 2018. Accordingly, we anticipate, in the event of a final investment decision, to fund the estimated $2 billion project cost, assuming debt financing of $1.2 billion and Ophir's investment of $150 million, OneLNG will be expected to invest approximately $650 million (this is inclusive of the aggregate of $500 million new equity required under the OneLNG shareholders' agreement). The cash contribution from the Company to the project remains uncertain as the timing of capital expenditure for the project is not yet finalized due to the payment profile of certain contracts continuing to be negotiated. Furthermore, the amount of our contribution to the project within the next twelve months will be determined by the timing of the final investment decision, which is yet to be taken. Our recent financings will contribute towards our 51% share of the equity contribution into OneLNG in the 2017 to 2020 period. Credit can be expected for both the intellectual property and the LNG carrier Gandria contributed by Golar into the Equatorial Guinea project.

Our medium and long-term liquidity requirements are primarily for funding the investments for our conversion projects including investments into our new joint ventures, Golar Power and OneLNG, as discussed above, and repayment of long-term debt balances. Sources of funding for our medium and long-term liquidity requirements include new loans, refinancing of existing financing arrangements, public and private debt or equity offerings, potential sales of our interests in our vessel owning subsidiaries operating under long-term charters (including that of the Hilli), and potential use of our investment in the common units of Golar Partners subject to adherence to certain debt covenant requirements as to the maintenance of minimum holdings.

In connection with the conversion of the Hilli to a FLNG, we entered into the FLNG Hilli facility in September 2015. The FLNG Hilli facility is designed to fund up to 80% of the project cost and is split into two phases: a pre-delivery credit facility and post-delivery sale and leaseback financing. The first phase enables us to draw down up to 60% of the construction cost, however not more than $700 million, from the pre-delivery facility to fund the ongoing conversion. The second phase is triggered upon the delivery of the converted Hilli from Keppel and the satisfaction of certain additional performance milestones, and will allow for the aggregate draw down of up to 80% of the construction cost, however not more than an aggregate of $960 million. We expect that all remaining conversion and commissioning costs for the Hilli will be satisfied by this debt facility, but additional costs may arise. To date we have drawn down $525 million under the pre-delivery facility. As of September 30, 2017, the outstanding capital commitments in relation to the Hilli conversion were $193.4 million

We have also executed FLNG conversion contracts for both the Gimi and the Gandria. As of the current date, we have not executed notices to proceed for either vessel. As of September 30, 2017, we have made $31.0 million of advances in relation to the conversion of the Gimi, but none for the Gandria. The Gimi conversion contract provides us flexibility wherein certain beneficial cancellation provisions exist which, if exercised prior to contract expiry, will allow termination of the contracts and recovery of previous milestone payments, less cancellation fees. The Gimi contract has been extended to expire by the end of December 2017. The Gandria contract has been renegotiated in anticipation of the Fortuna Project taking final investment decision during the first half of 2018.

Borrowing activities

For the three months ended September 30, 2017, we have not entered into any new debt facilities.

Security, Debt and Lease Restrictions

Certain of our financing agreements are collateralized by vessel mortgages and, in the case of some debt, pledges of shares by each guarantor subsidiary. In addition, under certain of our financing agreements, we have provided security in the form of general assignments covering insurances and earnings, account charges, charters and related stock pledges. The existing financing agreements impose operating and financing restrictions which may significantly limit or prohibit, among other things, our ability to incur additional indebtedness, create liens, sell capital shares of subsidiaries, make certain investments, engage in mergers and acquisitions, purchase and sell vessels, enter into time or consecutive voyage charters or pay dividends without the consent of the relevant lenders. In addition, lenders may accelerate the maturity of indebtedness under financing agreements and foreclose upon the collateral securing the indebtedness upon the occurrence of certain events of default, including a failure to comply with any of the covenants contained in the financing agreements. Many of our debt agreements contain certain covenants, which require compliance with certain financial ratios. Such ratios include maintaining positive working capital ratio, tangible net worth covenant and minimum free cash restrictions. With regards to cash restrictions, Golar has covenanted to retain at least $50 million of cash and cash equivalents on a consolidated group basis. In addition, there are cross default provisions in certain of our and Golar Partners' loan and lease agreements.

Cash Flow

	Nine Months Ended September 30,			
(in thousands of $)	2017	2016	Change	% Change
Net cash used in operating activities	(40,733)	(47,062)	6,329	(13)%
Net cash (used in) provided by investing activities	(197,047)	56,547	(253,594)	(448)%
Net cash provided by financing activities	300,152	23,184	276,968	1,195 %
Net increase in cash and cash equivalents	62,372	32,669	29,703	91 %
Cash and cash equivalents at beginning of period	224,190	105,235	118,955	113 %
Cash and cash equivalents at end of period	286,562	137,904	148,658	108 %

Net cash used in operating activities was $40.7 million for the nine months ended September 30, 2017, compared to $47.1 million for the same period in 2016, representing an improvement of $6.3 million. The decrease in cash utilized in operating activities in 2017 was primarily due to (i) improved contributions, as a result of improved utilization and daily hire rates, from our vessels participating in the Cool Pool, (ii) lower charterhire payments relating to the charter-back of the Golar Grand from Golar Partners following her drydocking in 2017, (iii) lower operating costs in relation to the Golar Penguin and Golar Celsius following the deconsolidation of Golar Power, and thus its fleet, from July 2016, and (iv) the improvement on the general timing of working capital in the nine months ended September 30, 2017.

Net cash used in investing activities of $197.0 million for the nine months ended September 30, 2017 arose mainly due to:

- milestone payments of $169.5 million in respect of the conversion of the Hilli to a FLNG;
- additional capital contributions of $82.0 million to Golar Power; and
- net cash outflows of $4.8 million from restricted cash primarily due to the increase in cash collateral requirements provided against our total return equity swap.

This was partially offset by a deposit received of $70.0 million from Golar Partners in respect of the Hilli Sale Agreement in August 2017.

Net cash provided by investing activities of $56.5 million for the nine months ended September 30, 2016 arose mainly due to:

- purchase consideration received of $107.2 million from Golar Partners in respect of the sale of the Golar Tundra in May 2016;
- net purchase consideration received of $113.0 million from Stonepeak in respect of their acquisition of 50% interest in Golar Power in July 2016; and
- net cash inflows of $9.8 million from restricted cash primarily due to the decrease in cash collateral requirements provided against our total return equity swap.

This was partially offset by:

- installment payments of $19.2 million in respect of our prior newbuilding commitment for the construction of a FSRU;
- milestone payments of $129.2 million in respect of the conversion of the Hilli to a FLNG;
- payment of $10.2 million in respect of our investment in OneLNG; and
- additions to vessels and equipment of $13.9 million.

Net cash provided by financing activities is principally generated from funds from new debt, debt refinancings, debt repayments and cash dividends. Net cash provided by financing activities was $300.2 million for the nine months ended September 30, 2017 and arose primarily due to total proceeds of $778.4 million from our debt facilities, including:

- $125.0 million further drawdown on the FLNG Hilli facility in relation to the conversion of the Hilli to a FLNG;
- $112.0 million of debt proceeds in connection with our refinancing of the Golar Crystal debt facility (see note 7, "Variable Interest Entities" of our unaudited condensed consolidated financial statements contained herein);
- $150.0 million of debt proceeds from the Margin Loan Facility entered into in March 2017; and
- $391.4 million of debt proceeds from the new convertible bond which closed in February 2017.

This was partially offset by:

- loan repayments of $398.3 million, which includes the settlement of the balance outstanding on the refinanced Golar Crystal facility of $101.3 million in March 2017 as well as the buyback of the old convertible bond, which matured in March 2017, amounting to $219.7 million;
- payment of $31.2 million for capped call transactions entered into in conjunction with the issuance of the new convertible bond mentioned above;
- payment of dividends of $15.4 million; and
- net cash outflows of $32.0 million relating to restricted cash balances held by our lessor VIEs as well as the cash collateral requirements with respect to the Golar Bear and Golar Frost financing arrangements.

Net cash provided by financing activities for the nine months ended September 30, 2016 of $23.2 million arose primarily due to proceeds from our debt facilities, including:

- $150.0 million further drawdown on the FLNG Hilli facility in relation to the conversion of the Hilli to a FLNG; and
- an additional $205.8 million of debt proceeds which refers to amounts drawn down by our lessor VIEs under their respective loan arrangements, in connection with our refinancing of the Golar Seal debt facility amounting to $162.4 million, the releveraging of the Golar Tundra lease by $25.5 million and the balance of $17.9 million relating to short-term debt proceeds arising in the ICBC lessor VIEs.

This was partially offset by:

- loan repayments of $184.9 million, which includes the settlement of the balance outstanding on the refinanced Golar Seal facility of $106.6 million in March 2016;
- payment of dividends of $49.7 million;
- net cash outflows of $82.4 million relating to restricted cash balances held by our lessor VIEs as well as the cash collateral requirements with respect to the Golar Bear and Golar Crystal financing arrangements;
- purchases of our common shares (treasury shares) in the Company amounting to an aggregate cost of $8.2 million; and
- payment of $7.4 million in respect of finance costs.

Non-GAAP Measures

Time Charter Equivalent

The average time charter equivalent, or TCE, rate of our fleet is a measure of the average daily revenue performance of a vessel. For time charters, this is calculated by dividing total operating revenues (including revenue from The Cool Pool but excluding vessel and other management fee), less any voyage expenses, by the number of calendar days minus days for scheduled off-hire. Under a time charter, the charterer pays substantially all of the vessel voyage related expenses. However, we may incur voyage related expenses when positioning or repositioning vessels before or after the period of a time charter, during periods of commercial waiting time or while off-hire during drydocking. TCE rate is a standard shipping industry performance measure used primarily to compare period-to-period changes in an entity's performance despite changes in the mix of charter types (i.e. spot charters, time charters and bareboat charters) under which the vessels may be employed between the periods. We include average daily TCE, a non-GAAP measure, as we believe it provides additional meaningful information in conjunction with total operating revenues, the most directly comparable GAAP measure, because it assists our management in making decisions regarding the deployment and use of its vessels and in evaluating their financial performance. Our calculation of TCE may not be comparable to that reported by other entities. The following table reconciles our total operating revenues to average daily TCE:

	Nine months ended September 30,	
(in thousands of $ except number of days and average daily TCE)	2017	2016
Operating revenues	85,950	57,194
Less: Vessel and other management fee	(16,930)	(8,902)
Time and voyage charter revenues [(1)]	69,020	48,292
Voyage expenses [(1)] [(3)]	(30,368)	(17,574)
	38,652	30,718
Calendar days less scheduled off-hire days [(2)]	2,900	3,114
Average daily TCE (to the closest $100)	13,300	9,900

[(1)] This includes revenue and voyage expenses from the collaborative arrangement in respect of the Cool Pool amounting to $17.0 million and $21.2 million and $10.5 million and $6.4 million, respectively, for the nine months ended September 30, 2017 and 2016.
[(2)] This excludes days when vessels are in lay-up, undergoing dry dock or undergoing conversion.
[(3)] The TCE calculation excludes net charterhire expenses for the nine months ended September 30, 2017 and 2016, which arose on the charter-back of the Golar Grand from Golar Partners (see note 14).

Risk Factors

In addition to the other information set forth in this Report on Form 6-K and below, you should carefully consider the risk factors discussed in Part I, Item 3. Key Information - Risk Factors in our 2016 Annual Report, which could materially affect our business, financial condition or results of operations.

The pending Hilli Disposal may not close as anticipated or it may close with adjusted terms.
We expect the Hilli Disposal to close by April 30, 2018, subject to certain closing conditions. If these conditions are not satisfied or waived, we will not complete the Hilli Disposal. Certain of the conditions that remain to be satisfied include, but are not limited to:

- the Hilli's timely acceptance by the Customer under the Liquefaction Tolling Agreement;
- obtaining the required consents to the transaction from governmental authorities and/or third parties;
- the continued accuracy of the representations and warranties contained in the Hilli Sale Agreement;
- the performance by each party of its obligations under the sale agreement;
- the absence of any decree, order, injunction, ruling or judgment that prohibits, or other proceedings that seek to prohibit, the Hilli Disposal or makes the Hilli Disposal unlawful; and
- the execution of certain agreements related to the consummation of the Hilli Disposal.

We cannot provide assurance that the pending Hilli Disposal will close by April 30, 2018, or at all, or that the Hilli Disposal will close without material adjustments.
The operations of Hilli Corp in Cameroon under the Liquefaction Tolling Agreement will be subject to higher political and security risks than operations in other areas of the world.
The operations of Hilli Corp in Cameroon under the Liquefaction Tolling Agreement will be subject to higher political and security risks than operations in other areas of the world. Recently, Cameroon has experienced instability in its socio-political environment. Any extreme levels of political instability resulting in changes of governments, internal conflict, unrest and violence, especially from terrorist organizations prevalent in the region, such as Boko Haram, could lead to economic disruptions and shutdowns in industrial activities. In addition, corruption and bribery are a serious concern in the region. The FLNG operations of Hilli Corp in Cameroon will be subject to these risks, which could materially adversely affect our revenues, our ability to perform under the Liquefaction Tolling Agreement and our financial condition.

In addition, Hilli Corp will maintain insurance coverage for only a portion of the risks incident to doing business in Cameroon. There also may be certain risks covered by insurance where the policy does not reimburse Hilli Corp for all of the costs related to a loss. For example, any claims covered by insurance will be subject to deductibles, which may be significant. In the event that Hilli Corp incurs business interruption losses with respect to one or more incidents, they could have a material adverse effect on our results of operations.

Due to the new and sophisticated technology utilized by the Hilli, the operations of the Hilli is subject to risks that could negatively affect our earnings and financial condition.
The Hilli will be the world's first LNG carrier to have been retrofitted for FLNG service. Due to the new and sophisticated technology utilized by the Hilli, the operations of the Hilli are subject to risks that could negatively affect our earnings and financial condition. FLNG vessels are complex and their operations are technically challenging and subject to mechanical risks and problems. Unforeseen operational problems with the Hilli may lead to loss of revenue or higher than anticipated operating expenses or require additional capital expenditures. Any of these results could harm our business, financial condition, results of operations and ability to make cash distributions to our unitholders.

GOLAR LNG LIMITED
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GOLAR LNG LIMITED
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(in thousands of $, except per share amounts)	Notes	Nine months ended September 30, 2017	2016
Time and voyage charter revenues [1]		52,004	37,798
Time charter revenues - collaborative arrangement [1]	14	17,016	10,494
Vessel and other management fee [1]	14	16,930	8,902
Operating revenues	4	85,950	57,194
Vessel operating expenses		38,870	41,739
Voyage and charterhire expenses [1]		20,637	28,505
Voyage and charterhire expenses - collaborative arrangement [1]	14	21,191	6,425
Administrative expenses		33,571	31,073
Depreciation and amortization	2	59,937	56,146
Impairment of long-term assets		—	1,706
Total operating expenses		174,206	165,594
Other operating gains and losses		—	16
Operating loss		(88,256)	(108,384)
Other non-operating income			
Net loss on loss of control of Golar Power		—	(12,184)
Other		108	—
Total other non-operating income		108	(12,184)
Financial income (expenses)			
Interest income		4,704	1,527
Interest expense [1]		(53,085)	(53,517)
Other financial items, net	6	(3,495)	(14,979)
Net financial expenses		(51,876)	(66,969)
Loss before taxes and equity in net losses of affiliates		(140,024)	(187,537)
Income taxes		(1,070)	1,039
Equity in net (losses) earnings of affiliates	9	(19,100)	10,118
Net loss		(160,194)	(176,380)
Net income attributable to non-controlling interests		(23,332)	(18,775)
Net loss attributable to Golar LNG Ltd		(183,526)	(195,155)
Basic and diluted loss per share ($)	5	(1.82)	(2.10)
Cash dividends declared and paid per share ($)		$0.15	$ 0.15

[1] This includes amounts arising from transactions with related parties (see note 14).

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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GOLAR LNG LIMITED
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of $)	Notes	Nine months ended September 30, 2017	2016
Net loss		(160,194)	(176,380)
Other comprehensive income:			
Net income on qualifying cash flow hedging instruments		1,621	2,606
Other comprehensive income	12	1,621	2,606
Comprehensive loss		(158,573)	(173,774)