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COMPANY REGISTRATION NUMBER FC024510

0017101240

GOLAR HILLI LIMITED

NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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GOLAR HILLI LIMITED
NON-STATUTORY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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GOLAR HILLI LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Company registration number FC024510

The board of directors D Arnell
R Swan
B Tienzo

Company secretary B Tienzo

Registered office Par- la- Ville Place
14 Par- la-Ville Road
Hamilton HM08
Bermuda

GOLAR HILI LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 December 2013

The directors submit their non-statutory Report on the affairs of Golar Hili Limited, company registration number FC024510 (the "Company"), together with the non-statutory financial statements for the period ended 31 December 2013

The financial statements on pages 5 to 18 are not the Company's statutory financial statements

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is that of lessors and financiers of its sole vessel, the Hili, for the corporate sector, which, since the Company's change in ownership on 19 October 2010 is a related group company

The Business Review has been prepared solely to provide additional information to the members to assess the Company's strategies and the potential for those strategies to succeed

The Business Review contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this Report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information

As shown in the Company's income statement on page 5, the Company made a profit from operations of £242,196 during the year (14 months ended 31 December 2012 £430,155)

The balance sheet on page 7 shows that the net assets of the Company increased during the period. Details of amounts owed to fellow group undertakings at 31 December 2013 are shown in note 12 to the financial statements

RESULTS AND DIVIDENDS

The profit for the period on ordinary activities after taxation amounted to £166,194 (2012 £104,001)

No Dividends were paid to shareholders during the year (2012 £nil)

DIRECTORS

The directors who served throughout the period and to the date of this report, except as noted, were as follows

D Arnell
R Swan
B Tienzo

No director had a material interest at any time during the year in any contract of significance with the Company (2012 none)

GOLAR HILI LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 December 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing these non-statutory financial statements

The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The directors' fiduciary duties require that the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the provisions of the Companies Act 2006 which would have applied if the financial statements were statutory financial statements. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

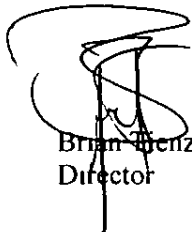
STATEMENT OF GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Since 19 October 2010 the Company has been a wholly owned subsidiary of Golar GHK Lessors Limited, a company incorporated in the Republic of the Marshall Islands, which is a subsidiary of Golar LNG Limited, the ultimate parent company. Risks are principally managed by Golar LNG Limited for the group as a whole.

By Order of the Board,



Brian Benzo
Director

GOLAR HILLI LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 December 2013

	Notes	Year ended 31 Dec 13 £	Period from 19 Oct 11 to 31 Dec 12 £
Gross rental earnings		242,196	430,155
PROFIT FROM OPERATIONS	6	242,196	430,155
Finance costs	7	(25,666)	(291,947)
PROFIT BEFORE TAX		216,530	138,208
Tax	8	(50,336)	(34,207)
PROFIT FOR THE YEAR/PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF GOLAR HILLI LIMITED		166,194	104,001

The notes on pages 9 to 18 form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 December 2013

The Company has no comprehensive income or expenses attributable to the equity holders other than the profit for the current year and the previous period as set out in the Income Statement

The notes on pages 9 to 18 form part of these financial statements

GOLAR HILLI LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 December 2013

	Issued capital £	Share Premium £	Retained earnings £	Total equity £
Balance at 19 October 2011	12,000	-	99,476	111,476
Profit for the period	-	-	104,001	104,001
Share issue (note 15)	1	20,951,006	-	20,951,007
Balance at 31 December 2012	<u>12,001</u>	<u>20,951,006</u>	<u>203,477</u>	<u>21,166,484</u>
Profit for the period	-	-	166,194	166,194
Balance at 31 December 2013	<u>12,001</u>	<u>20,951,006</u>	<u>369,671</u>	<u>21,332,678</u>

The notes on pages 9 to 18 form part of these financial statements

GOLAR HILLI LIMITED
(COMPANY REGISTRATION NUMBER FC024510)

BALANCE SHEET

AS AT 31 December 2013

	Notes	31 Dec 13 £	31 Dec 12 £
ASSETS			
NON CURRENT ASSETS			
Trade and other receivables	10	<u>22,549,725</u>	<u>25,381,693</u>
		22,549,725	25,381,693
CURRENT ASSETS			
Trade and other receivables	10	<u>2,874,403</u>	<u>2,840,818</u>
TOTAL ASSETS		<u>25,424,128</u>	<u>28,222,511</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	<u>(4,091,450)</u>	<u>(7,056,027)</u>
TOTAL NET ASSETS		<u>21,332,678</u>	<u>21,166,484</u>
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	15	12,001	12,001
Share premium	15	20,951,006	20,951,006
Retained profit		369,671	203,477
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF GOLAR HILLI LIMITED		<u>21,332,678</u>	<u>21,166,484</u>

The notes on pages 9 to 18 form part of these financial statements

The financial statements were approved by the board of directors and authorised for issue on
They were signed on its behalf by


Brian Tienzo
Director

GOLAR HILLI LIMITED

FUNDS FLOW STATEMENT

FOR THE YEAR ENDED 31 December 2013

	Notes	Year ended 31 Dec 13 £	Period from 19 Oct 11 to 31 Dec 12 £
Total profit for the year/period		166,194	104,001
Decrease in trade and other receivables		2,798,384	2,704,702
(Decrease)/increase in corporation tax		(49,664)	14,207
(Decrease)/increase in Accruals		(1,788)	6,178
NET FUND FLOWS FROM OPERATING ACTIVITIES		<u>2,913,126</u>	<u>2,829,088</u>
FUND FLOWS FROM INVESTING ACTIVITIES			
Inflow from issue of share capital (note 15)		-	20,951,007
NET FUND FLOWS USED IN INVESTING ACTIVITIES		<u>-</u>	<u>20,951,007</u>
FUND FLOWS FROM FINANCING ACTIVITIES			
Net payment of cash advances from fellow group undertakings		(2,913,126)	(23,780,095)
NET FUND FLOWS USED IN FINANCING ACTIVITIES		<u>(2,913,126)</u>	<u>(23,780,095)</u>
NET INCREASE IN FUNDS		-	-
Cash and cash equivalents as at beginning of year/period		-	-
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	14	<u>-</u>	<u>-</u>

The notes on pages 9 to 18 form part of these financial statements

GOLAR HILLI LIMITED

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The non-statutory financial statements for Golar Hilli Limited, Company registration number FC024510 (the "Company"), for the year ended 31 December 2013 were authorised for issue on and the Balance Sheet signed on the Board's behalf by Brian Tienzo. The Company is incorporated in Bermuda and registered in England and Wales as an overseas branch. The Company's registered office is shown on page 2.

The principal accounting policies adopted by the Company are set out in note 2.

Results and disclosures for the comparative year are on the same basis as the 2013 results.

2. ACCOUNTING POLICIES

Basis of accounting

The Company's non-statutory financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and adopted for use by the European Union. None of the new or revised standards or interpretations becoming effective for the period were relevant to the Company.

The Company prepares its financial statements under the historical cost convention and on the going concern basis. The directors continue to adopt the going concern basis as disclosed in the Report of the Directors - Statement of Going Concern. The principal policies adopted are set out below.

Revenue recognition

Revenue from finance leases is recognised in accordance with the Company's policy on Finance Lease Receivables (see below).

Upfront arrangement fees on financing agreements with customers are spread on an effective interest rate basis over the expected life of those agreements.

Finance lease agreements

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease receivables

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Company's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

GOLAR HILLI LIMITED

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

2. ACCOUNTING POLICIES (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'Profit before tax' as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Balance Sheet date

Deferred tax is the tax expected to be payable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Cash and cash equivalents

The Company does not hold cash or cash equivalents and accordingly, no cash flow statement is prepared. The Company funds its working capital movements through its intercompany accounts. Movements in the intercompany accounts are considered significant non-cash transactions. The Company has chosen to present these non-cash transactions in a funds flow statement, showing movements on the intercompany accounts

Financial instruments

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument

Financial assets

The Company classifies all its financial assets, as determined at initial recognition, as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market

'Loans and advances to customers' are classed as Loans and Receivables. 'Net investment in finance leases' are treated in accordance with the Company's policy on finance lease agreements

Loans and receivables are carried at amortised cost using the effective interest rate method, less any impairment. Interest calculated using the effective interest rate method is recognised in the income statement

GOLAR HILLI LIMITED

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

2. ACCOUNTING POLICIES (continued)

Financial liabilities

Non-trading financial liabilities are held at amortised cost. Finance costs are charged to the Income Statement using the effective interest rate method.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Effective interest method

Interest expense on financial assets and liabilities held at amortised cost is measured using the effective interest rate method, which allocates the interest income or interest expense over the expected life of the lease agreements. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For finance lease receivables objective evidence of impairment could include

- a) significant financial difficulty of the issuer or counterparty, or
- b) default or delinquency in interest or principal payments, or
- c) it becoming probable that the borrower will enter bankruptcy or financial re-organisation

The amount of the impairment is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

GOLAR HILLI LIMITED

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

2. ACCOUNTING POLICIES (continued)

Changes to IFRS not adopted in the 2013 accounts

The International Accounting Standards Board has published various IAS, IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations which are not yet effective

The Company has not elected to adopt these standards and Interpretations early in these financial statements. The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF SIGNIFICANT MANAGEMENT JUDGEMENT

Some asset and liability amounts reported in the financial statements are based on management judgement, estimates and assumptions. There is a risk of significant changes to the carrying amounts for these assets and liabilities within the next financial year.

Impairment Provisions

Individual provisions are made in respect of finance and rental agreements where recovery is considered doubtful. The provisions are deducted from the net investment in finance agreements. The charge in the Income Statement comprises write offs, recoveries and the net movement in provisions in the period.

Effective interest rate calculations

IAS 39 "Financial Instruments: Recognition and Measurement" requires certain financial assets and liabilities to be held at amortised cost, with income recognised using the effective interest rate (EIR) methodology. In order to calculate EIR, the contracted repayment profile is used. If customers repay earlier than anticipated, this will generally lead to a reduction in the Balance Sheet carrying value and a gain in the Income Statement.

4. RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are credit risk, market risk, interest rate risk and liquidity risk. The Company manages its risk in line with the central risk management function outlined in the annual report and financial statements of Golar LNG Limited.

GOLAR HILLI LIMITED

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

5. RISK MANAGEMENT DISCLOSURES

Credit risk

Credit risk is the risk of loss arising from a customer or counterparty failing to meet their financial obligations to the Company as and when they fall due. Since the Company's change in ownership the Company's sole activity has been that of lessor of the sole asset to a related group Company.

The class of financial instrument that is most exposed to credit risk in the Company is net investment in finance leases (note 11). The net investment in finance leases at 31 December 2013 was £25,381,797 (18 October 2012: £28,174,460).

Arrears and impairment

Asset quality remains good with no lending balances in arrears at 31 December 2013 (2012: Nil).

No financial assets were impaired as at 31 December 2013 (2012: £nil) and no stock has been repossessed (2012: £nil).

The portfolio is subject to regular monitoring for potential impairment under the impairment of financial assets policy set out in note 2.

At 31 December 2013 £Nil (2012: £Nil) of lending that was past due or impaired, or had their terms renegotiated.

GOLAR HILLI LIMITED

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

5. RISK MANAGEMENT DISCLOSURES (continued)

Market risk

Market risk is the potential adverse change in Company income or the value of Company net worth arising from movements in market rates, including interest rates, exchange rates, inflation rates and equity prices. The Company recognises that the effective management of market risk is essential to the maintenance of stable earnings and the preservation of shareholder value, and manages market risk accordingly.

Interest rate risk

Interest rate risk is the most significant market risk to which the Company is exposed. This risk mainly arises from mismatches between the re-pricing dates of the interest bearing assets and liabilities on the Company's Balance Sheet, and from the investment of the Company's reserves. Interest rate risk primarily arises in the Company's leasing trade.

Liquidity risk

Liquidity risk is the risk that the Company either does not have sufficient financial resources available to meet its obligations as they fall due, or can only secure them at excessive cost.

All liabilities were repayable on demand.

The day to day management of liquidity was the responsibility of Golar LNG limited.

6. PROFIT FROM OPERATIONS

Directors' emoluments

The directors were not remunerated for their services to the Company. During the period directors' emoluments was borne by Golar Management limited. No emoluments were paid by the Company to the directors during the year (2012: £Nil).

Auditors' remuneration

Auditors' remuneration of £Nil was charged in the year (2012: £Nil).

No non-audit fees were borne on the Company's behalf in either the current year or the preceding year.

Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year or the preceding year. The Company had no employees in either the current year or the preceding year.

7. FINANCE COSTS

	Year ended 31 Dec 13	Period from 19 Oct 11 to 31 Dec 12
	£	£
Amounts payable to group undertakings	25,666	291,947

GOLAR HILLI LIMITED

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

8. TAX

	Year ended 31 Dec 13 £	Period from 19 Oct 11 to 31 Dec 12 £
Current Tax		
Current tax expense	<u>50,336</u>	<u>34,207</u>

Corporation tax is calculated at 24% (2012 25%) of the estimated assessable profit for the period/year

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows

	Year ended 31 Dec 13 £	Period from 19 Oct 11 to 31 Dec 12 £
Profit before tax	<u>216,530</u>	<u>138,208</u>
Tax calculated at a rate of 24% (2012 25%)	<u>50,336</u>	<u>34,207</u>
Tax expense for the year	<u>50,336</u>	<u>34,207</u>

GOLAR HILLI LIMITED

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

9. DIVIDENDS

No dividends were paid to shareholders in the year (2012 £nil)

10. TRADE AND OTHER RECEIVABLES

	31 Dec 13 £	31 Dec 12 £
Current		
Finance lease receivables	2,832,072	2,792,767
Accrued income	42,331	48,051
	<u>2,874,403</u>	<u>2,840,818</u>
Non current		
Finance lease receivables	22,549,725	25,381,693
Total trade and other receivables	<u>25,424,128</u>	<u>28,222,511</u>

11. FINANCE LEASES

The finance lease receivable relates to the lease of the Company's vessel (the *Hilli*) to a fellow group company

	<i>Gross investment in the lease</i>		<i>Present value of minimum lease payments</i>	
	31 Dec 13 £	31 Dec 12 £	31 Dec 13 £	31 Dec 12 £
Less than one year	3,172,572	3,172,572	2,832,072	2,792,767
Later than one year but less than five years	12,690,289	12,690,289	11,731,760	11,568,942
Later than five years	11,104,004	14,276,576	10,817,965	13,812,751
	<u>26,966,865</u>	<u>30,139,437</u>	<u>25,381,797</u>	<u>28,174,460</u>
Less				
Unearned finance income	(1,585,068)	(1,964,977)		
Net investment in finance leases	<u>25,381,797</u>	<u>28,174,460</u>		

The directors consider that the net investment in finance leases is approximately equal to their fair value

GOLAR HILLI LIMITED

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

12. RELATED PARTY TRANSACTIONS

At the balance sheet date

Parent undertaking and controlling party

The Company's immediate parent company is Golar GHK Lessors limited, a company incorporated in the Republic of the Marshall Islands

The Company's ultimate parent undertaking and controlling party is Golar LNG limited, a company registered in Bermuda

The smallest and largest group that consolidated the results of the Company is Golar LNG limited, copies of the group financial statements can be obtained from 14 Par La Ville Place, Hamilton, Bermuda

Trading activities

Payable to related parties

	31 Dec 13	31 Dec 12
	£	£
Amounts owed to fellow group companies (1)	3,960,981	6,974,106
Amounts owed to fellow group companies	120,000	20,000
	<u>4,080,981</u>	<u>6,994,106</u>

The Company entered into transactions with other related parties as shown in the table below

Interest paid to fellow group companies	<u>25,666</u>	<u>291,947</u>
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- (1) Amounts to group undertakings are unsecured, bear interest at LIBOR plus a margin and are repayable on demand

Key management compensation

As detailed in note 6 the Company had no employees in either the current period or the preceding year and the directors up until the balance sheet date were remunerated through Golar Management Ltd therefore no key management compensation was paid by this Company

GOLAR HILLI LIMITED

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

13. TRADE AND OTHER PAYABLES

	31 Dec 13	31 Dec 12
	£	£
Payable to fellow group companies (note 12)	4,080,981	6,994,106
Corporation tax	6,080	55,740
Accruals	4,389	6,181
	<u>4,091,450</u>	<u>7,056,027</u>

The directors consider that the carrying amount of the trade and other payables approximates to their fair value

14. CASH AND CASH EQUIVALENTS

The Company does not hold cash or cash equivalents and accordingly, no cash flow statement is prepared. The Company funds its working capital movements through its intercompany accounts.

15. ISSUED SHARE CAPITAL

	31 Dec 13 No	31 Dec 13 £	31 Dec 12 No	31 Dec 12 £
Authorised issued and fully paid				
Ordinary shares of US\$1 each	<u>12,001</u>	<u>12,001</u>	<u>12,001</u>	<u>12,001</u>

On 31 October 2012 the authorised share capital of the Company was increased to US\$120,000. The company issued 1 share for £20,951,007, giving rise to a share premium of £20,951,006.

16. SUBSEQUENT EVENTS

On 16 May 2014 the Company completed the sale of the vessel at market value for £23,970,266 and the associated voluntary termination of the finance lease by the lessee, Golar Gas Holding Company Inc generating a profit of £ 207,734.