CUMMINS INC
Form 8-K
October 31, 2012
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report: October 31, 2012

CUMMINS INC.
(Exact name of registrant as specified in its charter)

Indiana	**1-4949**	**35-0257090**
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

500 Jackson Street
P. O. Box 3005
Columbus, IN 47202-3005
(Principal Executive Office) (Zip Code)

Registrant's telephone number, including area code: **(812) 377-5000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On October 31, 2012, Cummins Inc. (Cummins, the Company, the registrant, we, our, or us) issued the attach release reporting its financial results for the third quarter of 2012. A copy of Cummins' press release is attached hereto as Exhibit 99 and hereby incorporated by reference.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibit is furnished pursuant to Item 2.02 herewith:

99-Press Release dated October 31, 2012

SIGNATURE

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 hereunto duly authorized.

Date: October 31, 2012

CUMMINS INC.

/s/ Marsha L. Hunt

Marsha L. Hunt
Vice President - Corporate Controller
(Principal Accounting Officer)

CUMMINS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited) (a)

In millions, except per share amounts	**Three months ended September 30, 2012**	**July 1, 2012**	**September 25, 2011**
NET SALES	**$ 4,118**	$ 4,452	$ 4,626
Cost of sales	**3,076**	3,242	3,438
GROSS MARGIN	**1,042**	1,210	1,188
OPERATING EXPENSES AND INCOME			
Selling, general and administrative expenses	**456**	487	489
Research, development and engineering expenses	**186**	187	164
Equity, royalty and interest income from investees (Note 1)	**94**	104	102
Gain on sale of businesses	**-**	6	-
Other operating income (expense), net	**(1)**	2	2
OPERATING INCOME	**493**	648	639
Interest income	**5**	7	9
Interest expense	**9**	8	11
Other income (expense), net	**(2)**	14	(8)
INCOME BEFORE INCOME TAXES	**487**	661	629
Income tax expense (Note 2)	**117**	166	157
CONSOLIDATED NET INCOME	**370**	495	472
Less: Net income attributable to noncontrolling interests	**18**	26	20
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	**$ 352**	$ 469	$ 452
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.			
Basic	**$ 1.87**	$ 2.47	$ 2.35
Diluted	**$ 1.86**	$ 2.47	$ 2.35
WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic	**188.6**	189.8	192.1
Diluted	**(87,037)**	**(94,572)**	
96,228	**16,850 98,526**	**(96,834)**	**(129,625)**

Net increase/ (decrease) in cash and cash equivalents					
Cash and cash equivalents at beginning of period	**58,412**	**72,055**	**56,114**	**185,739**	**185,739**
Cash and cash equivalents at end of period	**154,640**	**88,905**	**154,640**	**88,905**	**56,114**

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

Golar LNG Limited

THIRD QUARTER CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CHANGES IN EQUITY *(in thousands of $)*	**Share Capital**	**Treasury Shares**	**Additional Paid in Capital**	**Contributed Surplus**	**Accumulated Other Comprehensive Loss**	**Retained Earnings**	**Total Stockholders Equity**
Balance at Dec 31, 2007	**67,577**	**(8,201)**	**288,672**	**-**	**(6,902)**	**211,386**	**552,532**
Net loss	-	-	-	-	-	(9,989)	(9,989)
Cash dividends	-	348	-	-	-	(67,438)	(67,090)
Grant of share options	-	-	3,092	-	-	-	3,092
Disposal of treasury shares on exercise of share options	-	1,019	(479)	-	-	130	670
Gain on issuance of shares by investees	-	-	667	-	-	-	667
Other comprehensive loss	-	-	-	-	(27,737)	-	(27,737)
Balance at Dec 31, 2008	**67,577**	**(6,834)**	**291,952**	**-**	**(34,639)**	**134,089**	**452,145**
Net income	-	-	-	-	-	5,721	5,721
Transfer to contributed surplus			(200,000)	200,000	-	-	0
Grant of share options	-	-	1,369	-	-	-	1,369
Gain on issuance of shares by investees	-	-	890	-	-	-	890
Other comprehensive loss	-	-	-	-	8,884	-	8,884
Noncontrolling interest s purchase price paid in excess of net assets acquired from parent	-	-	3,899	-	-	-	3,899
Balance at Sept 30, 2009	**67,577**	**(6,834)**	**98,110**	**200,000**	**(25,755)**	**139,810**	**472,908**

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

Golar LNG Limited

Notes to Condensed Consolidated Interim Financial Statements

1. GENERAL

Golar LNG Limited (the Company or Golar) was incorporated in Hamilton, Bermuda on May 10, 2001 for the purpose of acquiring the liquefied natural gas (LNG) shipping interests of Osprey Maritime Limited (Osprey) and of Seatankers Management Co. Ltd (Seatankers), which were indirectly controlled by Trusts established by John Fredriksen for the benefit of his immediate family. The Company s ordinary shares are listed on Nasdaq and on the Oslo Stock Exchange.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The condensed consolidated financial statements do not include all the disclosures required in the annual financial statements, and should be read in conjunction with the Company s annual financial statements as at December 31, 2008.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company s annual consolidated financial statements for the year ended December 31, 2008, except for the adoption of following standards - SFAS No. 141(R), *Business Combinations*; SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements,* (FAS 160); SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*; SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles,* SFAS No. 165, *Subsequent Events,* and SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162* .

None of these new or revised accounting standards has had a material impact on the current or prior periods except that noncontrolling interest is now classified as a component of equity in accordance with FAS 160. The Company has evaluated subsequent events through November 27, 2009, the date of issuance of our financial position and results of operation.

3. DEBT

In June 2009, the Company entered into an $80 million revolving credit facility with World Shipholding, to provide short-term bridge financing. The facility accrues fixed interest at a rate per annum of 8% together with a commitment fee of 0.75% of any undrawn portion of the credit facility. The revolving credit facility is available for a period of two years. All amounts due under the facility must be repaid within two years from the date of the first draw down. The Company drew down an initial amount of $20 million on June 30, 2009 and a further $10 million during the quarter to September 30, 2009. The facility is currently unsecured. However, in order to draw down amounts in excess of $35 million the Company will be required to provide security to the satisfaction of World Shipholding. This is envisaged to take the form of a second priority lien over cash generating assets.

In connection with the Company s Golar LNG Partners revolving credit facility, the Company drew down a further $25.0 million in January 2009 and the remaining $10.0 million of the facility in March 2009.

4. FINANCIAL INSTRUMENTS

Fair values

The carrying value and estimated fair value of the Company s financial instruments at September 30, 2009 and December 31, 2008 are as follows:

(in thousands of $)	**Sept 30, 2009 Carrying Value**	**Sept 30 2009 Fair Value**	**Dec 31, 2008 Carrying Value**	**Dec 31, 2008 Fair Value**
Non-Derivatives:				
Cash and cash equivalents	154,640	154,640	56,114	56,114
Restricted cash and short-term investments	62,690	62,690	60,352	60,352
Long-term restricted cash	587,495	587,495	557,052	557,052
Long-term unlisted investments	10,347	N/a	10,347	N/a
Marketable Securities	-	-	360	360
Short-term debt floating	74,181	74,181	71,395	71,395
Long-term debt floating	751,673	751,673	737,226	737,226
Short-term obligations under capital leases	8,096	8,096	6,006	6,006
Long-term obligations under capital leases	837,965	837,965	784,421	784,421
Derivatives:				
Interest rate swaps liability	45,025	45,025	65,329	65,329
Foreign currency swaps liability	23,710	25,845	50,088	50,088
Equity swaps liability	-	-	8,211	8,211
Equity swaps asset	1,150	1,150	-	-

The carrying value of cash and cash equivalents, which are highly liquid, is a reasonable estimate of fair value.

The estimated fair value for restricted cash and short-term investments is considered to be equal to the carrying value since they are placed for periods of less than six months. The estimated fair value for long-term restricted cash is considered to be equal to the carrying value since it bears variable interest rates, which are reset on a quarterly basis.

The fair value of the Company s marketable securities is determined using the closing quoted market price.

As at September 30, 2009, the Company did not identify any events or changes in circumstances that would indicate the carrying value of its unlisted investments in both TORP Technology and OLT O were not recoverable. Accordingly, the Company did not estimate the fair value of these investments as at September 30, 2009.

The estimated fair value for floating long-term debt is considered to be equal to the carrying value since it bears variable interest rates, which are reset on a quarterly or six monthly basis.

The estimated fair values of long-term lease obligations under capital leases are considered to be equal to the carrying value since they bear interest at rates, which are reset on a quarterly basis.

The fair value of the Company s derivative instruments is the estimated amount that the Company would receive or pay to terminate the agreements at the reporting date, taking into account current interest rates, foreign exchange rates, closing quoted market prices and the creditworthiness of the Company and its swap counterparties.

The following table summarizes the valuation of the Company s financial instruments by the SFAS 157 pricing levels as of September 30, 2009:

(in thousands of $)	**Quoted market prices in active markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Total**
Interest rate swaps liability position	-	45,025	45,025
Foreign currency swaps liability position	-	23,710	23,710
Equity swaps asset position	-	1,150	1,150

SFAS 157 states that the fair value measurement of a liability must reflect the non-performance risk of the entity. Therefore, the impact of the Company s creditworthiness has also been factored into the fair value measurement of the derivative instruments in a liability position.

6. RELATED PARTY TRANSACTIONS

Receivables (payables) from related parties:

(in thousands of $)	**At Sept 30, 2009**	**At Dec 31, 2008**
Frontline	252	385
Ship Finance	42	(24)
Seatankers	(81)	37
	213	398

Receivables and payables with related parties comprise primarily of unpaid management fees, advisory, administrative services. In addition, certain receivables and payables arise when the Company pays an invoice on behalf of a related party and vice versa. Receivables and payables are generally settled quarterly in arrears.

During the periods ended September 30, 2009 and December 31, 2008, Faraway Maritime Shipping Company, which is 60% owned by Golar and 40% owned by China Petroleum Corporation ("CPC"), paid dividends totalling $3.4 million and $5.0 million respectively, of which 60% was paid to Golar and 40% was paid to CPC.

In September 2009, the Company entered into an $80 million revolving credit facility with World Shipholding Limited, to provide short-term bridge financing, please refer to note 3. As of September 30, 2008, World Shipholding Limited, a company indirectly controlled by Trusts established by John Fredriksen for the benefit of his immediate family owned 46.18% (2008: 45.97%) of Golar.

7. OTHER COMMITMENTS AND CONTINGENCIES

Assets Pledged

(in thousands of $)	**September 30, 2009**	**December 31, 2008**
Book value of vessels secured against long-term loans and capital leases	1,614,110	1,559,858

8. SUBSEQUENT EVENTS

The Company announced that its existing total return swap in its own shares ("TRS" or "equity swap") has terminated. The shares were originally acquired at an average price of NOK 41.00, which based on the closing price of Golar shares on November,18 2009 of NOK 73.00, will realise a gain of approximately USD1.7m after taking into account financing costs. Concurrently with the termination of the TRS, Golar has directly acquired 300,000 shares at an average price of NOK73.00 (approximately USD13.04). After this transaction the Company holds a total of 450,000 shares in its own right.

The company has sold a block of 9.6 million LNG Limited shares to institutional investors. Golar LNG Limited's holding after this sale amounts to approximately 6.3% of LNG Limited's issued share capital. The sale will realise funds of approximately USD 11 million and result in an accounting profit of approximately USD 8 million.

In November 2009 the Company repaid $20 million of the loan owed to World Shipholding. The balance remaining on this loan now amounts to $10 million.

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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: November 27, 2009

By: /s/ Graham Robjohns
Graham Robjohns
Chief Financial Officer