HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2011

Highlights

- Total income of USD 27.4 million, up 7 % from the third quarter 2010
- Operating profit before depreciation of USD 8.6 million
- Exclusive negotiations with PGN regarding the Medan FSRU project well advanced
- Submitted bids for 4 new FSRU projects
- Agreed to purchase the LNG carrier "LNG Libra"

Financial review

Höegh LNG Holdings Ltd. ("Höegh LNG" or the "Company") reports USD 27.4 million in total consolidated income for the third quarter 2011, up from USD 25.7 million in the same quarter last year. Operating profit before depreciation was USD 8.6 million in the quarter, up from 8.2 million in the third quarter 2010, while ordinary result before tax was a loss of USD 2.0 million, down from a profit of 0.1 million in the third quarter 2010. Net cash flow from operating activities was USD 6.4 million in the third quarter, up from USD 3.3 million in the same quarter last year, while net increase in cash and cash equivalents for the period was USD 2.8 million, up from a negative USD 5.9 million in the third quarter 2010.

Total income for the first nine months this year was USD 79.8 million, up from USD 69.5 million in the same period last year. The increase is mainly due to GDF Suez Cape Ann and STX Frontier commencing operations in mid 2010. Operating profit before depreciation for the first nine months was USD 22.6 million, up from USD 20.7 million in the same period 2010.

Corporate matters

Share capital increase

The Company issued 1 707 359 shares and raised USD 12 million in new equity on 9 August 2011 as the over-allotment option, which formed part of the initial public offering in June 2011, was exercised. The total number of shares outstanding as of 30 September 2011 was 47 009 170.

Financing

The loan agreement for the 50 % FSRU financing has been signed and the facility amount increased to USD 288 million. Lenders under the facility are Citibank, Credit Agricole, DNB Bank, Fokus Bank and Nordea. Long-term project financing will be raised for each FSRU once employment is secured.

Bank of Tokyo-Mitsubishi UFJ and Standard Chartered Bank have been mandated to assist the Company with the Medan FSRU project financing. Once the commercial agreement with the customer is concluded, the Company will approach a wider group of lending banks for financing commitments.

Operational review

In June 2011, Höegh LNG was selected the preferred bidder for the Medan FSRU facility located in North Sumatra in Indonesia. The project comprises an FSRU, a mooring quay and a pipeline to bring the gas on-shore. Although the Medan FSRU project in principle is a conversion project, Höegh LNG has offered both a newbuild and a conversion FSRU alternative. The exclusive negotiations with PGN to conclude commercial agreements are on-going and well advanced. Additionally, the Company has during the quarter submitted bids and is participating in tendering processes for four new FSRU projects.

The FSRU newbuilding project at Hyundai Heavy Industries Co. Limited (Hyundai) in Korea is progressing according to plan with steel cutting scheduled to start in the third quarter of 2012. An option for full trading capabilities for the second vessel has been exercised. A project team has been established and the cooperation with the shipyard is good. Höegh LNG has options for delivery of four additional FSRUs from Hyundai and will have to exercise the first two of these by mid December 2011 and January 2012, respectively.

There was no off-hire in the existing fleet during the quarter. The “Matthew”, which is owned by GDF Suez and operated under a management agreement by Höegh LNG, was dry-docked in July as planned. As previously reported, the Company has during the quarter agreed to purchased the LNG carrier “LNG Libra” from its longstanding partner Mitsui OSK Line (MOL) of Japan. The vessel will be delivered during the second quarter of 2012. The vessel was built in 1979, has a CAP1 classification and is well suited for conversion to an FSRU. The vessel will be trading in the spot market, where the rate outlook is very positive. Höegh LNG has further commenced marketing the LNG carrier “STX Frontier” for employment in the medium-term shipping market. The Company has an option to purchase the vessel on a 50 % or 100 % basis with delivery in the second half of 2013.

Höegh LNG is working actively on several LNG FPSO project opportunities. One of the opportunities is for an FPSO to be operated in Papua New Guinea. The holding company for this potential project, PNG Floating LNG Holdings Limited, was incorporated in October 2011 by Höegh LNG and its partners DSME E&R and Petromin. Höegh LNG owns 33 % of the company. Höegh LNG is further in discussions with several oil companies to conduct paid engineering work for developing their respective gas reserves. As previously reported, Höegh LNG is considering alternatives for optimising the structure, organisation and financing of its LNG FPSO activities, in order to facilitate the realisation of its LNG FPSO project portfolio.

Market update

Natural gas is the cleanest of all fossil fuels and the demand for liquefied natural gas (LNG) has increased year on year and is expected to continue increasing. Several factors are driving this development, but the main driver is demand for natural gas to fuel power plants producing electricity in growing economies in Asia and South America. There is also a strong short term effect from the Fukishima incident, as can be seen by the fact that as at November 2011, only 10 of 54 nuclear reactors were in operation in Japan. It is likely that the number of reactors in operation could decrease further.

Due to the steady growth in demand for LNG in recent years, increased average shipping distance for LNG, and limited deliveries of vessels during the same period, the demand for LNG transportation is higher than supply. Rates for spot shipping on modern tonnage, available today or in the near future, have been reported to be in the range of USD 110 000 – 125 000 per day. The market is expected to remain tight in the coming 2-3 years due to lead time of constructing new ships and the forecasted increase in demand for LNG. The changed trading pattern observed, with major volumes being moved from the Atlantic to cover strong additional demand from the Far East, is expected to continue driving the average shipping distance and thus demand for new shipping capacity.

The number of tender invitations for floating regasification projects continues to increase. It is expected that close to 30 regasification projects will be awarded within 2015. Of these projects, fifteen are located in Asia and the Middle East, six are in the Americas, five are in Europe and Africa and a handful are bilateral non-disclosed projects not in official tendering processes.

There are currently 10 existing regasification projects and 14 existing regasification vessels world-wide, including Höegh LNG’s two shuttle and regasification vessels (SRV), Golar LNG’s three converted FSRUs, Excelerate’s eight SRVs and GDF Suez’s floating storage unit (FSU). Two projects are under construction and three have been awarded.

To the Company’s knowledge, five new FSRUs have been ordered worldwide. Höegh LNG’s two FSRUs with delivery in the fourth quarter 2013 and first quarter 2014, Golar LNG’s two FSRUs with delivery in the second half of 2013 and the second quarter of 2014 and Excelerate’s new FSRU designated to Petrobras VT3 and with assumed delivery in the second quarter of 2014.

Höegh LNG sees many opportunities within the floating liquefaction segment, as demand for LNG significantly outstrips liquefaction capacity. The LNG FPSO technology offers a quick, low cost and flexible way of developing liquefaction capacity compared to traditional land-based liquefaction plants, and is a well suited technology for monetising undeveloped or stranded gas fields.

Shell has made a final investment decision to develop the Prelude field offshore Australia with an LNG FPSO. This is the first gas field ever to be developed using LNG FPSO technology, and is likely to be a game changer for the floating liquefaction industry. Other fields expected to be developed using the LNG FPSO technology include PTT's Cash/Maple field in Australia, Inpex's Masela field in Indonesia and GDF Suez's Bonaparte field in Australia.

Outlook

The Company sees good opportunities in the conventional short- and medium term shipping market for the LNG carriers LNG Libra and STX Frontier. The tight shipping market forecast in the coming years will secure strong returns for vessel owners with capacity available for short to medium term employment.

Höegh LNG can offer fast track conversion based FSRUs in addition to newbuildings with early delivery dates. This, in combination with the Company's strong in-house competence and experience, puts the Company at the forefront in the race for the continually increasing number of floating regasification tenders.

Forward looking statements

This interim report contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including examination of historical operating trends made by the management of Höegh LNG. Although the Group believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Höegh LNG cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in LNG transportation and regasification market trends; changes in the supply and demand for LNG; changes in trading patterns; changes in applicable maintenance and regulatory standards; political events affecting production and consumption of LNG and Höegh LNG's ability to operate and control its vessels; change in the financial stability of clients of the Company; Höegh LNG's ability to win upcoming tenders and securing employment for the FSRUs on order; changes in Höegh LNG's ability to convert LNG carriers to FSRUs including the cost and time of completing such conversions; changes in Höegh LNG's ability to complete and deliver projects awarded; increases in the Company's cost base; changes in the availability of vessels to purchase; failure by yards to comply with delivery schedules; changes to vessels' useful lives; changes in the ability of Höegh LNG to obtain additional financing, in particular, currently, in connection with the turmoil in financial markets; the success in achieving commercial agreements for the projects being developed by the Company; changes in applicable regulation and laws. Unpredictable or unknown factors herein also could have material adverse effects on forward-looking statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2011

		Unaudited	Unaudited	Unaudited	Unaudited	Audited
USD'000	**Notes**	**3Q2011**	**3Q2010**	**Jan Sep 2011**	**Jan Sep 2010**	**2010**
Freight revenues		26 460	24 655	77 335	67 542	91 975
Voyage expenses		(18)	(124)	(111)	(488)	(530)
Income on T/C basis		**26 442**	**24 531**	**77 223**	**67 054**	**91 445**
Management income		932	1 141	2 605	2 425	3 484
Total income		**27 374**	**25 672**	**79 828**	**69 479**	**94 928**
Charterhire expenses		(5 074)	(4 851)	(15 056)	(14 393)	(19 244)
Operating expenses		(7 206)	(6 822)	(21 800)	(18 950)	(27 076)
Administrative expenses		(3 034)	(3 158)	(10 453)	(8 407)	(13 549)
Project development expenses		(3 473)	(2 621)	(9 913)	(7 017)	(11 076)
Operating profit before depreciation	3	**8 587**	**8 221**	**22 606**	**20 712**	**23 983**
Depreciation		(4 605)	(4 107)	(13 665)	(9 495)	(13 811)
Operating profit		**3 982**	**4 114**	**8 941**	**11 217**	**10 172**
Gain/(loss) on sale of assets		**(64)**	**-**	**(80)**	**-**	**(3)**
Interest income		70	54	621	79	223
Interest expenses		(6 466)	(6 498)	(18 875)	(15 863)	(22 435)
Income from other financial items		436	2 417	478	1 532	908
Expenses from other financial items		-	-	(447)	-	(47)
Net financial items		**(5 959)**	**(4 027)**	**(18 223)**	**(14 252)**	**(21 352)**
Ordinary profit or loss before tax		**(2 041)**	**87**	**(9 362)**	**(3 035)**	**(11 183)**
Tax		(5)	(197)	306	(590)	(787)
Profit (loss) for the period		**(2 046)**	**(110)**	**(9 055)**	**(3 625)**	**(11 970)**
Other comprehensive income						
Net gain (loss) on hedging reserves	7	(44 642)	(18 028)	(48 441)	(57 165)	(19 725)
Total comprehensive income/(loss)		**(46 688)**	**(18 138)**	**(57 496)**	**(60 790)**	**(31 694)**
Profit /(loss) of the year attributable to (from):						
Equity holders of the parent		(2 046)	42	(8 969)	(3 314)	(11 357)
Non-controlling interests		-	(152)	(86)	(311)	(613)
		(2 046)	**(110)**	**(9 055)**	**(3 625)**	**(11 970)**
Total comprehensive income attributable to (from):						
Equity holders of the parent		(46 688)	(17 400)	(57 362)	(58 622)	(30 441)
Non-controlling interests		-	(737)	(134)	(2 168)	(1 253)
		(46 688)	**(18 138)**	**(57 496)**	**(60 790)**	**(31 694)**
Earnings per share attributable to ordinary equity holders of Höegh LNG Holdings Ltd:						
> basic, profit for the year		(0,04)	0,00	(0,27)	(0,12)	(0,42)
> diluted, profit for the year		(0,04)	0,00	(0,27)	(0,12)	(0,42)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011

USD'000	Notes	Unaudited 2011 30-Sep	Unaudited 2011 30-Jun	Unaudited 2010 30-Sep	Audited 2010 31-Dec
ASSETS					
Non-current assets					
Intangible assets					
Deferred tax assets		523	557	203	210
Licenses, design and other intangibles	3	82 940	83 024	78 069	80 058
Tangible assets					
Vessels		453 808	457 570	468 400	466 203
Newbuildings	6	51 061	25 647	-	-
Equipment		2 370	1 823	475	1 382
Non-current financial assets		114	122	496	487
Other non-current assets		7 059	1 181	1 526	1 412
Restricted cash		12 552	11 888	8 714	10 216
Total non-current assets		**610 427**	**581 813**	**557 883**	**559 968**
Current assets					
Bunkers and other inventories		216	174	154	129
Trade and other receivables		2 897	120 079	5 197	7 215
Interest bearing receivables		-	-	2 232	52 628
Marketable securities	4	90 104	-	54 509	-
Cash and cash equivalents		44 363	41 610	25 729	28 779
Total current assets		**137 580**	**161 863**	**87 820**	**88 752**
TOTAL ASSETS		**748 006**	**743 675**	**645 703**	**648 720**
EQUITY AND LIABILITES					
Equity					
Issued capital		470	453	271	271
Share premium reserve		142 498	130 891	365	3 560
Treasury shares		(12)	(12)	(4)	(1)
Other reserves		(131 379)	(86 737)	(117 032)	(81 120)
Retained earnings		130 618	132 665	158 843	150 800
Equity attributable to equity holders of the parent		**142 196**	**177 260**	**42 443**	**73 510**
Non-controlling interest		-	-	(1 702)	(475)
Total equity		**142 196**	**177 260**	**40 741**	**73 035**
Non-current liabilities					
Pension liabilities		8 748	8 838	6 306	7 293
Long-term interest bearing debt		429 493	432 669	439 117	438 880
Other non-current financial liabilities	7	112 785	63 901	84 265	60 164
Other long-term debt		9 488	9 040	8 817	9 280
Total non-current liabilities		**560 514**	**514 448**	**538 504**	**515 617**
Current liabilities					
Short-term interest bearing debt		12 630	12 443	10 745	12 131
Trade and other payables		4 277	5 519	5 457	8 334
Income tax payable		158	739	440	712
Other current financial liabilities	7	23 618	28 756	43 671	30 727
Provisions and accruals		4 613	4 510	6 144	8 165
Total current liabilities		**45 297**	**51 967**	**66 458**	**60 068**
TOTAL EQUITY AND LIABILITIES		**748 006**	**743 675**	**645 703**	**648 720**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER

USD'000	Notes	Unaudited 3Q2011	Unaudited 3Q2010	Unaudited Jan Sep 2011	Unaudited Jan Sep 2010	Audited 2010
Operating activities:						
Profit /(loss) before tax for the period		(2 041)	87	(9 362)	(3 035)	(11 183)
Non-cash adjustment to reconcile profit before tax to net operational cash flow						
Loss/ (gain) sale of assets		64	-	80	-	3
Depreciation vessels, drydocking and equipment		4 605	4 107	13 665	9 495	13 811
Fair value adjustments on marketable securities		(103)	(312)	(103)	1 313	-
Realized (gains) losses from marketable securities		-	-	-	-	(553)
Interest income		(70)	(54)	(621)	(79)	(223)
Interest cost		6 466	6 498	18 875	15 863	22 435
Working capital adjustments						
Change in inventories, receivables and payables		(2 532)	(7 067)	(7 664)	(11 992)	(7 727)
Interest received		514	57	521	126	199
Payment of income tax		(419)	-	(419)	(606)	(530)
i) Net cash flow operating activities		**6 483**	**3 316**	**14 972**	**11 085**	**16 233**
Investing activites:						
Proceeds from sale of marketable securities		-	-	-	13 000	19 000
Proceeds from settlement of interest bearing receivables		-	-	51 946	-	-
Investments in marketable securities	4	(90 000)	-	(90 000)	-	-
Investments in vessels and newbuildings		(30 714)	(3 403)	(56 361)	(55 288)	(57 135)
Investments in intangibles		60	1 621	(2 922)	(3 603)	(5 702)
Proceeds from sale of equipment		114	-	181	-	267
Investment in equipment		(804)	(16)	(1 451)	(16)	(968)
ii) Net cash flow investing activities		**(121 343)**	**(1 798)**	**(98 606)**	**(45 907)**	**(44 538)**
Financing activites:						
Proceeds from borrowings		-	-	-	49 826	55 207
Repayment of borrowings		(3 054)	(1 894)	(9 081)	(3 766)	(5 664)
Prepaid charter hire		508	-	508	6 763	6 763 [1]
Interest paid		(6 279)	(5 553)	(18 839)	(14 095)	(21 044)
Issue of share capital	5	131 813	-	131 813	-	-
Transaction costs of issue of shares	5	(5 374)	-	(5 374)	-	-
Acquisition of non-controlling interest		-	-	(47)	(175)	(175)
Sale of non-controlling interest		-	-	239	-	-
iii) Net cash flow financing activities		**117 613**	**(7 447)**	**99 218**	**38 553**	**35 087**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)		**2 753**	**(5 929)**	**15 584**	**3 730**	**6 782**
Current cash and cash equivalents at the beginning of the period		41 610	31 657	28 779	21 998	21 998
Current cash and cash equivalents at the end of the period		**44 363**	**25 729**	**44 363**	**25 729**	**28 779**

[1] Prepaid charter hire is presented as part of changes in working capital in operating activities for the audited Cash flow statement of 2010.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

		Attributable to the owners of the parent							
USD'000	**Notes**	Issued capital	Share premium	Treasury shares	Hedging reserves	Retained earnings	Total	Non-controlling interest	**Total equity**
At 31 December 2010 (audited)		**271**	**3 561**	**(1)**	**(81 120)**	**150 800**	**73 510**	**(475)**	**73 035**
Profit (loss) for the period		-	-	-	-	(8 969)	(8 969)	(86)	(9 055)
Other comprehensive income / (loss)	7		-	-	(48 393)	-	(48 393)	(48)	(48 441)
Total comperehensive income		-	-	-	*(48 393)*	*(8 969)*	*(57 362)*	*(134)*	*(57 496)*
Cancellation of shares held in treasury	5	(1)	-	1	-	-	-	-	-
Acquisition of non-controlling interest		-	-	-	-	(58)	(58)	11	(47)
Sale of non-controlling interest		-	-	-	-	290	290	(51)	239
Issue of share capital (17 June 2011)	5	12	12 687	-	-	-	12 699	-	12 699
Shares' swap (17 June 2011)	5	-	-	(12)	(1 866)	(11 444)	(13 322)	650	(12 673)
Issue of share capital (30 June 2011)	5	171	119 819	-	-	-	119 990	-	119 990
Issue of share capital (9 August 2011)	5	17	11 805	-	-	-	11 822	-	11 822
Transaction costs	5	-	(5 374)	-	-	-	(5 374)	-	(5 374)
At 30 September 2011 (unaudited)		**470**	**142 498**	**(12)**	**(131 379)**	**130 618**	**142 195**	**0**	**142 195**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

	Attributable to the owners of the parent							
USD'000	Issued capital	Share premium	Treasury shares	Hedging reserves	Retained earnings	Total	Non-controlling interest	**Total equity**
At 31 December 2009 (audited)	**271**	**365**	**(4)**	**(62 036)**	**162 248**	**100 845**	**861**	**101 706**
Profit (loss) for the period	-	-	-	-	(3 314)	(3 314)	(311)	(3 625)
Other comprehensive income / (loss)	-	-	-	(54 996)	-	(54 996)	(2 168)	(57 165)
Total comperehensive income	-	-	-	*(54 996)*	*(3 314)*	*(58 310)*	*(2 480)*	*(60 790)*
Acquisition of non-controlling interest	-	-	-	-	(92)	(92)	(83)	(175)
At 30 September 2010 (unaudited)	**271**	**365**	**(4)**	**(117 032)**	**158 843**	**42 443**	**(1 702)**	**40 741**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Höegh LNG Holdings Ltd. is a limited company domiciled and incorporated under the laws of the Islands of Bermuda on 6 November 2006. Its registered address is Canon's Court, 22 Victoria Street, Hamilton HM12 Bermuda. On 9 June 2010 the Company's name was changed from Leif Höegh & Co. Limited to Höegh LNG Holdings Ltd.

The consolidated financial statements of the Company comprise the Company, its subsidiaries, and joint ventures (together referred to as the "Group"). Höegh LNG is a fully integrated ship owning Group, managing and operating a fleet of two shuttle and regasification vessels (SRV) and five LNG carriers. Five of the seven vessels are partly owned by the Group. The SRVs act as floating terminals while delivering natural gas to the market.

Höegh LNG's strategy is to add value to its customers by broadening its scope of business beyond conventional LNG transportation services, to include a wider range of value chain services, such as LNG production, transportation, storage, regasification and market access services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2011 have been prepared in accordance with IAS 34. The statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of new standards, amendments and interpretations effective and adopted as of 1 January 2011. None of these had a material impact on the Group's financial statements.

3. SEGMENT INFORMATION

The Group's reporting structure is divided into the following four segments:

LNG transportation

The LNG transportation segment shows the income on T/C basis from the regular LNG carriers, Arctic Princess (on a 100 % basis), Arctic Lady (100 %), Norman Lady (50 %) and management income, which is the net revenue of USD 2 000 per day from STX Frontier. The segment contains charter hire expenses, i.e., bare boat hire paid to external owners for Arctic Princess (66 %) and Arctic Lady (50 %), as well as operating expenses for Arctic Princess (100 %), Arctic Lady (100 %) and Norman Lady (50 %).

Arctic Princess and Arctic Lady are on long-term time charter with Statoil ASA and Total E&P Norge AS, until 13 January 2026 and 13 April 2026, respectively, each with optional extension periods of five plus five years. Norman Lady is on a time charter with Gas Natural Aprovisionamientos SDG. S.A. until 22 September 2012, with a potential extension of seven years. STX Frontier is chartered from STX Pan Ocean and re-let on a time charter basis to Repsol Comercializadora de Gas S.A. until 1 April 2013 with optional extension periods of three plus three months.

Floating Regasification

The floating regasification segment shows the income on T/C basis and the operating expenses from the shuttle and regasification vessels GDF Suez Neptune (50 %) and GDF Suez Cape Ann (50 %).

The two vessels are on long-term charter agreements with GDF Suez Global LNG Supply SA until 30 November 2029 and 1 June 2030, with optional extension periods of five plus five years.

Project Development

The project development segment contains expensed and capitalised costs relating to the Group's development of floating regasification terminals and floating production vessels for LNG.

The capitalised costs relate to investments in front-end engineering and design of an LNG FPSO, licences and permits obtained for the Group's deep water ports in England and the USA, and investments in the development of a containment system for compressed natural gas.

Other

The Group has segments that do not individually meet the quantitative threshold to report segment information. Further, administrative costs are managed on a group basis and are not allocated to operating segments. Such segments and administrative expenses are aggregated to form the segment called "Other".

The segment's income on T/C basis and operating expenses relate to the pool distribution from the Group's operation of the RoRo vessels Höegh Trader and Höegh Treasure. The management income contains technical, commercial and administrative fees paid by external owners of the Group's jointly controlled companies owning the vessels Norman Lady, Arctic Princess, Arctic Lady, GDF Suez Neptune and GDF Suez Cape Ann (please also refer to Note 4) and fees received for operating and managing vessels not owned by the Group, i.e., STX Frontier and Matthew. Finally, the segment's administrative expenses contain the Group's administrative expenses excluding project development costs, which are shown in a separate segment.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on "Operating profit before depreciation" and is measured consistently with the consolidated financial statements. No segment assets or segment liabilities other than the capitalised project development costs are part of the information.

The following tables present revenue and profit information regarding the Group's operating segments for the nine months ended 30 September 2011 and 30 September 2010, respectively.

Nine months ended 30 September 2011	USD'000	LNG Transportation	Floating Regasification	Project Development	Other	Consolidated
Income on T/C basis		42 375	30 596	-	4 253	77 223
Management income		546	-	-	2 059	2 605
Total income		**42 921**	**30 596**	**-**	**6 311**	**79 828**
Charterhire expenses		(15 056)	-	-	-	(15 056)
Operating expenses		(12 181)	(5 748)	-	(3 872)	(21 801)
Administrative expenses		-	-	-	(10 453)	(10 453)
Project development expenses		-	-	(9 913)	-	(9 913)
Operating profit before depreciation		**15 684**	**24 848**	**(9 913)**	**(8 013)**	**22 605**
Capitalized project development costs		**-**	**-**	**82 940**	**-**	**82 940**

Nine months ended 30 September 2010	USD'000	LNG Transportation	Floating Regasification	Project Development	Other	Consolidated
Income on T/C basis		40 911	21 507	-	4 636	67 054
Management income		184	-	-	2 241	2 425
Total income		**41 095**	**21 507**	**-**	**6 877**	**69 479**
Charterhire expenses		(14 393)	-	-	-	(14 393)
Operating expenses		(11 371)	(3 687)	-	(3 891)	(18 950)
Administrative expenses		-	-	-	(8 407)	(8 407)
Project development expenses		-	-	(7 017)	-	(7 017)
Operating profit before depreciation		**15 331**	**17 820**	**(7 017)**	**(5 421)**	**20 712**
Capitalized project development costs		**-**	**-**	**78 069**	**-**	**78 069**

A reconciliation of “operating profit before depreciation” to “ordinary profit before tax” is provided in the following table:

Reconciliation from the Group's segment information to ordinary profit/(loss) before tax (USD'000):		
Nine months ended	30-Sep-11	30-Sep-10
Operating profit before depreciation	**22 606**	**20 712**
Depreciation	(13 665)	(9 495)
Operating profit	**8 941**	**11 217**
Gain / (loss) on sale of asset	**(80)**	**-**
Interest income	621	79
Interest expense	(18 875)	(15 863)
Income from other financial items	478	1 532
Expenses from other financial items	(447)	-
Ordinary profit before tax for the period	**(9 362)**	**(3 035)**

The Company is domiciled in Bermuda. The Group’s revenue from external customers in Bermuda is zero. The breakdown of the major components of the total revenue from external customers from other countries is disclosed below. In the nine month periods ended 30 September 2011 and 2010 respectively, each of the three customers shown in the table below represented income that amounted to 10 % or more of total income:

Income on T/C basis (USD'000)		
Nine months ended	30-Sep-11	30-Sep-10
Statoil ASA	19 829	17 956
Total E&P Norge AS	17 777	18 332
GDF Suez Global LNG Supply SA	30 596	21 507
Other customers	9 021	9 259
Total	**77 223**	**67 054**

Income from Statoil ASA, Total E&P Norge AS and other customers is shown in both the “LNG transportation” and the "Other" segment. Income from GDF Suez Global LNG Supply SA is shown in the “Regasification segment”.

4. RELATED PARTY TRANSACTIONS

Transactions with joint venture companies

Höegh LNG receives management income from external ship owners for services performed by entities within the Group. These revenues are recognised in the relevant period for providing the service. Höegh LNG also provides various management services to the Group’s joint venture companies and receives management income related to technical, commercial and administrative services. The wholly owned subsidiary Höegh LNG AS provides commercial and administrative management services whereas it’s wholly owned subsidiary, Höegh LNG Fleet Management AS, provides technical, purchasing and crewing management services. The following table shows the total amount recognised as revenue in Höegh LNG as revenue for management services provided by the Group to the joint venture companies. Höegh LNG recognises its interest in joint ventures by proportional consolidation and amounts listed below are thus the external owners’ shares of such management services.

Joint Venture in which the Group is a venturer (USD'000)		
Nine months ended	30-Sep-11	30-Sep-10
Joint Gas Ltd	30	30
Joint Gas Two Ltd	23	22
SRV Joint Gas Ltd	357	568
SRV Joint Gas Two Ltd	357	412
Methane Carriers Ltd	367	294
Total	**1 134**	**1 326**

Fees relating to the Group’s shuttle and regasification vessels (SRV) are lower in the first nine months of 2011 than in the corresponding period in 2010, as Höegh LNG received project and supervision fees during the constructions of the SRVs until the delivery of GDF Suez Cape Ann on 1 June 2010.

Transactions with other related parties

Höegh LNG has entered into an agreement with Höegh Autoliners Management AS relating to the purchase of administrative services and leasing of office space. Both Höegh Autoliners and Höegh LNG are majority owned by the Høegh family. A separate service agreement is further entered into between Höegh LNG and Höegh Fleet Services AS (HFS), a wholly owned subsidiary of Höegh Autoliners Management AS, regarding administrative services.

The Group’s wholly owned subsidiary Leif Höegh (U.K.) Limited operates two car carriers through a risk/benefit agreement with Höegh Autoliners Shipping AS, whereby Höegh LNG’s financial results from the activity are stable. The related financials are shown under “Other” in Note 3. The following table sets out the total amount of transactions that have been entered into with other related parties for the nine months ending 30 September 2011 and 2010, respectively.

Administrative services from related parties (USD'000) Nine months ended	30-Sep-11	30-Sep-10
Höegh Autoliners Management AS	2 497	3 190
Höegh Fleet Services AS	-	262
Total	**2 497**	**3 452**

The following table sets out the outstanding amounts owed by or to related parties for the periods ending 30 September 2011 and 31 December 2010, respectively:

Related party transactions for (USD'000)	Financial position as at:	Amounts owed by related parties	Amounts owed to related parties
Höegh Autoliners Management AS	30-09-11	15	-
(Administrative services)	31-12-10	7	-
Höegh Fleet Services AS	30-09-11	11	-
(Administrative services)	31-12-10	32	-
Höegh Autoliners Shipping AS	30-09-11	380	-
(Trader and Treasure freight)	31-12-10	1 473	-

Settlement, including interest for the promissory note against the related party, Aequitas Investments Limited, was received by Höegh LNG in two payments during April and May 2011.

Loans to related party (USD'000)	Period commenced	Period ended	Interest for the period	Amount owed by related party at end of period
Aequitas Investments Limited	01-01-11	30-09-11	530	-
	01-01-10	31-12-10	121	51 068

Höegh LNG has entered into an agreement with the related party Höegh Capital Partners AS for the management of excess liquidity in the form of marketable securities. The portfolio's market value was USD 90.1 million as at 30 September 2011. These financial instruments, within the scope of IAS39, are classified at fair value with recognition of changes in value through profit or loss. The changes in fair value during the third quarter 2011 was recognised as financial income and amounted to USD 0.1 million.

At 30 September 2011, members of the Group management held 46.95 % of the shares in Methane Ventures Limited, a company owning 1 211 738 shares in Höegh LNG. The remaining shares in Methane Ventures Limited were held by Höegh LNG. Leif Höegh & Co Ltd. purchased 4 983 900 of the shares in Höegh LNG issued on 30 June 2011. As a result of the share capital increase on 9 August 2011, Leif Höegh & Co Ltd.'s ownership in Höegh LNG was reduced from 68.2 % to 65.7 %. Leif Höegh & Co Ltd. subsequently holds 30 907 210 shares in Höegh LNG.

5. EQUITY

On 3 May 2011 Höegh LNG cancelled 55 270 shares held in treasury. The Company issued 1 211 738 shares on 17 June 2011 as consideration in a shares swap, in which the Company acquired from Methane Ventures Limited the remaining 7.5 % of the shares in Höegh LNG Limited. The Company held 53.05 % of the shares in Methane Ventures Limited as at 30 September 2011. Höegh LNG issued 17 087 684 shares on 30 June 2011 at a consideration of NOK 38 (USD 7.02) per share and became listed at the Oslo Stock Exchange on 5 July 2011. An over-allotment facility was utilised and on 9 August 2011 the Company issued 1 707 359 additional new shares at NOK 38 (USD 6.92) per share. Total gross issue proceeds were USD 131.8 million. Total transaction costs relating the Company's initial public offering process amounted to USD 6.5 million of which USD 1.1 million was expensed as administration costs and USD 5.4 million recognised as a reduction in the Company's share premium account.

6. COMMITMENTS

In June 2011, the Group entered into Shipbuilding contracts for the construction of two FSRUs with Hyundai Heavy Industries Co. Limited (Hyundai). Each vessel will have a storage capacity of 170 000 cubic meter LNG and technical specifications suitable to most floating regasification projects world-wide. The estimated delivered cost for the two FSRU vessels, including yard, supervision and financing costs, is USD 570 million. 10 % of the contract price has been paid. Yard payments are back-ended with 60 % payable upon delivery, scheduled for the fourth quarter 2013 and first quarter 2014, respectively.

In August 2011, Höegh LNG agreed to purchase "LNG Libra", a 126 400 cubic meter LNG carrier built in 1979 with spherical tanks. The vessel will be purchased from Höegh LNG's long standing partner, Mitsui OSK Lines (MOL), with delivery in the second quarter 2012. The purchase price is USD 53 million of which 10 % has been paid, 10 % is payable in January 2012 and the remaining amount is payable upon delivery of the vessel.

7. HEDGING RESERVES

Hedging reserves relate to the interest rate swaps in place for the two Arctic vessels and the two Neptune vessels. At 30 June 2011, the accumulated negative mark-to-market valuation of these interest rate swaps was recognised in the financial position at USD 86.7 million. The interest rates declined through the third quarter of 2011, giving a mark-to-market loss in other comprehensive income of USD 44.6 million during the period. The accumulated mark-to-market valuation of the interest rate swaps was negative by USD 131.4 million as at 30 September 2011. The maturity profile of this liability is non-current (greater than one year) by USD 112.8 million and current (within one year) by USD 18.6 million, respectively.

8. FINANCING

During the second quarter 2011, the Company received firm financing offers for a corporate debt facility covering approximately 50 % of delivered costs of the new FSRUs. The loan documentation relating to this financing has now been signed. Long-term project financing will be raised once employment is secured. It is expected that 70-80 % of delivered cost of the FSRUs on order will be funded by long-term project debt financing, depending on project specifics. The remaining amount will be funded by cash in hand or new equity if deemed necessary.

The acquisition of LNG Libra will be financed with a combination of new debt and cash at hand. It is expected that approximately 50 % of the purchase price will be financed with new debt.

9. SUBSEQUENT EVENTS

PNG Floating LNG Holdings Limited, 33 % owned by Höegh LNG Asia Pte. Ltd., was established in Singapore in October 2011.

In November 2011, Arctic Princess had an unscheduled dry docking to service its propeller shaft bearings and seals. This is expected to result in reduced revenue for Höegh LNG's wholly owned subsidiary, Leif Höegh (U.K.) Limited of about USD 1 000 000 in the fourth quarter 2011. The repair is not expected to impact Höegh LNG's operating expenses, due to operating cost pass through arrangements.

Höegh LNG Holdings Ltd. has purchased 20 000 shares in Methane Ventures Limited, corresponding to 1.3 % of its share capital. Methane Ventures Limited owns 1 211 738 shares in Höegh LNG Holdings Ltd., corresponding to 2.6 % of its share capital. Implicitly, the purchase of 20 000 shares in Methane Ventures corresponds to 16 050 shares or 0.03 % of the share capital in Höegh LNG Holdings Ltd. Methane Ventures Limited is a co-investment vehicle owned jointly by Höegh LNG Holdings Ltd. and its management.

The loan documentation relating to the 50 % FSRU financing has been signed.