HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 31 MARCH 2012

Highlights

- Total income of USD 27.7 million, up 7 % from the first quarter 2011
- Operating profit before depreciation of USD 5.8 million, down from 6.7 million in the first quarter 2011
- Signed 20 year FSRU charter agreement with Perusahaan Gas Negara
- Signed 10 year FSRU charter agreement with Klaipedos Nafta
- Signed six month LNG carrier charter agreement for LNG Libra
- Raised USD 208 million in gross new equity

Financial review

Höegh LNG Holdings Ltd. ("Höegh LNG" or the "Company") reports USD 27.7 million in total consolidated income for the first quarter 2011, up from USD 25.9 million in the same quarter last year. The income includes USD 1.5 million of revenue from engineering work relating to a floating production solution for the Tamar gas field offshore Israel. The increase in income is also affected by the dry docking of Arctic Lady in February 2011 with USD 1.1 million in off-hire and by the replacement of the propeller shaft seal of the same vessel in the first quarter 2012 with a net negative effect on total income of USD 0.8 million.

Operating profit before depreciation was USD 5.8 million in the quarter, down from 6.7 million in the first quarter 2011, while ordinary loss before tax was USD 3.9 million, compared to a loss of 4.3 million in the same quarter in 2011. The quarterly figures include a non-recurring negative effect of USD 1.2 million, which was the net financial effect of changing the propeller shaft seals on Arctic Lady. An employee bonus provision and a stock option programme cost totalling USD 0.4 million are also included in the expenses in the first quarter of 2012, compared to nil in the same period last year. The useful life for accounting purposes for the Group's vessels has been reviewed, and from 1 January 2012 it has been changed from 30 to 35 years. Depreciation cost relating the Group's vessels is therefore lower by USD 0.6 million in the first quarter of 2012 compared to the same period last year.

Net cash flow from operating activities was negative by USD 6.9 million in the quarter due to the payment of cash collateral relating to project guarantees, down from a positive USD 2.5 million in the same quarter last year. Net cash flow to investing activities was USD 181.6 million, notably consisting of net investments in marketable securities of USD 95.0 million and investments in vessels and newbuildings of USD 79.4 million. Net cash flows from financing activities was USD 190.0 million, including USD 202.0 million of net share issue proceeds. The net decrease in cash and cash equivalents for the period was therefore USD 1.6 million.

The Group's financial position has strengthened during the first quarter due to new equity raised. At the end of the first quarter 2012, the group held USD 38.2 million in cash and cash equivalents, up from USD 20.0 million as at 31 March 2011, as well as USD 185.6 million in marketable securities, up from USD 51.9 million in promissory note at the end of the first quarter 2011. The equity has increased from USD 75.0 million at the end of the first quarter 2011 to USD 343.0 million one year later, mainly due to share capital increases during the period.

Corporate matters

Share capital

Höegh LNG raised USD 208 million in gross issue proceeds from a private placement and a subsequent offering in the first quarter 2012, increasing the number of shares to 69 877 215. The subscription price in both share issues was NOK 53 per share. The Company also established a stock option programme for its senior management. The strike price of the 752 000 options is NOK 53 per share. The options will vest with one third on 31 December 2013, 2014 and 2015, respectively, and expire at the end of 2016.

Business review

Regasification

In the first quarter 2012, Höegh LNG signed a final agreement with Perusahaan Gas Negara ("PGN") to provide an FSRU for a new LNG import terminal in North Sumatra, Indonesia. The agreement is a firm 20 year time charter party with two five year options to extend to a total period of up to 30 years. In March, PGN was requested by the Indonesian government to move the terminal to South Sumatra, where it will be moored offshore Labuhan Maringgai in the Lampung province and be connected to the existing gas distribution grid via subsea pipelines. From its new location, the FSRU will serve a large market of industrial gas consumers located in and around Jakarta, where there is a shortage of natural gas. Höegh LNG is currently working on the technical and commercial implications of the change of location. This includes modifications of the mooring system, which necessitates modest modifications of the FSRU. Any increases in costs and risks relating to the relocation are for the client's account. The commercial agreement with PGN is in full force and the planned start-up is in the first quarter of 2014.

In the reporting quarter, Höegh LNG also signed a final ten year time charter with Klaipedos Nafta for a new floating LNG import terminal in Lithuania, and the last subject was lifted on 26 March 2012. In 2011, the Lithuanian Parliament adopted a bill on implementation of the EU's third energy package, which aims to ensure competition by unbundling gas supply, distribution and transmission operations. The terminal is a key element in the implementation of the energy package and of strategic importance to the nation as it will provide a second source of natural gas supply to the country. The new import terminal is expected to commence operation according to schedule in the second half of 2014.

The Company has three floating storage and regasification units ("FSRU") under construction at Hyundai Heavy Industries in Korea for delivery in 2013 and 2014, of which one is currently open. The work on the new vessels is progressing according to plan, with steel cutting for the first vessel scheduled for July 2012. Höegh LNG also has options for two additional FSRUs for delivery in 2014 and 2015. New options will be granted if and when existing options are exercised.

The process of establishing project financing for each of the two FSRU projects is progressing according to plan. For the Indonesian FSRU project, the Company has engaged Bank of Tokyo-Mitsubishi UFJ and Standard Chartered Bank as lead-banks, and discussions with commercial banks and export credit agencies are on-going. The plan is to have the financing signed up by year-end 2012. For the Lithuanian FSRU project, DNB is the structuring bank. Höegh LNG is currently working with commercial banks and export credit agencies with the target to have the financing signed in the third quarter 2012.

Höegh LNG is involved in tender processes and bi-lateral discussions for new FSRU projects in Indonesia, Chile, the Middle East, and elsewhere in Asia. Four of these processes are expected to conclude selection by the end of 2012.

One of Höegh LNG's existing regasification vessels on time charter to GDF Suez, "GDF Suez Cape Ann", will be employed as an FSRU in the People's Republic of China, sub-chartered to CNOCC. This will be the first FSRU in China, which represents a potential new market for floating LNG import terminals going forward.

Transportation

The Company operated its fleet of LNG vessels safely and without incidents in the quarter.

A six month time charter agreement for the LNG carrier "LNG Libra" was concluded in the quarter, with start-up when Höegh LNG takes delivery of the vessel in June or July 2012. The Company will consider continued short term employment unless a decision is made to convert the vessel to an FSRU. The vessel has been offered for a conversion project and a decision is expected soon.

Höegh LNG has an option to purchase either 50 % or 100 % of the 2010 built LNG carrier “STX Frontier” with delivery in the second half of 2013. The vessel is currently being offered in the medium and long term time charter market. If the Company is successful in chartering the vessel out on attractive terms, the intention is to exercise one of the purchase options.

In line with the Company’s preventive maintenance philosophy, it was decided to change the propeller shaft seals on “Arctic Lady” in order to avoid the problems that were experienced with the propeller shaft bearings on her sister ship, “Arctic Princess”, in the fourth quarter 2011. Although the vessel was not dry-docked, she had to be gas free before entering the yard, and she had a total of 11 days off-hire. The vessel was back in normal operation after the repair.

Floating liquefaction

The Company has continued its pre-FEED work for a floating liquefaction solution for the Tamar gas field offshore Israel. The work scope has been extended and the engineering work is still ongoing. The scope may be extended to also cover a project specific FEED based on Höegh LNG’s generic FEED. If a final investment decision is made to develop the field using an FLNG solution, the intention is that Höegh LNG and selected partners shall own and operate the FLNG. Höegh LNG has also secured a project specific engineering and cost study for an FLNG solution with a major oil and gas company for an offshore gas field it owns. If a final investment decision is made to develop the field using an FLNG solution, the intention is that the oil and gas company and Höegh LNG will enter into a lease agreement for the FLNG.

The Company’s joint venture in Papua New Guinea is working to secure feed gas and obtain Project Approval for its FLNG project in addition to the existing approval from the National Economic Committee (NEC). On the other side of the Pacific Ocean, due to the increasing shale gas production and ample natural gas supplies in the USA, a number of North American energy companies are looking into ways to export natural gas in the form of LNG. Höegh LNG is working with one of these to evaluate the feasibility of a floating liquefaction solution for such exports.

As previously stated, the Company believes the long term ownership of the FLNG business area should be structured and financed separately from Höegh LNG’s other businesses. The Company has therefore engaged J.P. Morgan as its financial advisor to structure this process, including seeking potential partners to its FLNG business area. The first step in the process is to establish the FLNG business as a separate legal entity, wholly owned by Höegh LNG initially, and to select a shortlist of potential partners/investors. This is well underway and will be completed shortly. The plan is to have the overall process completed by year end 2012.

Market

Over the next decade, global demand for LNG is expected to increase at an annualised rate of about 6 %, with much of the growth occurring in the Asia Pacific region. Global liquefaction capacity is expected to rise by 5-6 % annually over the same period, driven mostly by increased production in Australia and North America. The expected growth in demand and supply of LNG has created a strong market and good prospects for companies providing floating LNG services, like Höegh LNG.

Short term charter rates are still at high levels due to high transportation demand and a shortage of available LNG carriers. The worldwide fleet of LNG carriers currently stands at about 364 vessels, with 72 new carriers on order, mainly for delivery from the second half of 2013 and into 2015. New liquefaction capacity of more than 150 million tonnes per annum is expected to come on stream between now and 2017. These projects could require 150 – 200 new LNG carriers when they come on stream. The market for LNG transportation is therefore expected to remain strong for a long period.

Floating LNG import terminals enable fast-track regasification access for new LNG importers with lower capital investment and shorter time to market, compared to onshore facilities. The FSRU can also be relocated to accommodate seasonal or long-term demand shifts. Growing demand for natural gas as a source of energy due to economic growth, improved fuel economy and reduced emissions has led to a large number of potential FSRU projects worldwide.

Activity in the floating LNG production space has been increasing lately with Shell inviting partners into its Prelude FLNG project, Pacific Rubiales entering into an agreement for a small scale floating liquefaction plant, Petronas running a tender process for the FEED of its second FLNG for Sarawak, and Inpex about to start a FEED for its Abadi FLNG in Indonesia.

Outlook

The outlook for floating LNG services remains good. The Company sees continued strong demand for LNG shipping with attractive charter rates. The number of potential FSRU projects remains high and the Company continues its efforts to win new tenders for the employment of its third FSRU and further options. Several new awards are expected in the market during 2012. The activity level within floating liquefaction is increasing and additional orders for FLNG units are expected.

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

USD'000	Notes	Unaudited 1Q 2012	Unaudited 1Q 2011	Audited Jan Dec 2011
Freight revenues		25 484	25 176	105 133
Voyage expenses		(438)	(75)	(130)
Income on T/C basis		**25 046**	**25 101**	**105 003**
Management and other income		2 655	842	4 777
Total income		**27 701**	**25 943**	**109 780**
Charterhire expenses		(5 150)	(4 964)	(20 130)
Operating expenses		(7 684)	(7 334)	(32 433)
Administrative expenses		(3 698)	(3 715)	(16 982)
Project development expenses		(5 351)	(3 195)	(14 160)
Operating profit before depreciation		**5 818**	**6 735**	**26 075**
Gain/(loss) on sale of assets		24	(16)	(80)
Depreciation		(4 001)	(4 517)	(18 150)
Impairment		-	-	(1 363)
Operating profit		**1 841**	**2 201**	**6 482**
Interest income		35	371	669
Interest expenses		(6 113)	(6 320)	(25 200)
Income from other financial items		485	-	777
Expenses from other financial items		(114)	(543)	(611)
Net financial items		**(5 708)**	**(6 492)**	**(24 366)**
Ordinary profit or loss before tax		**(3 866)**	**(4 291)**	**(17 884)**
Tax		-	-	201
Profit (loss) for the period	3	**(3 866)**	**(4 291)**	**(17 683)**
Other comprehensive income				
Net gain (loss) on hedging reserves	7	11 549	6 111	(48 711)
Total comprehensive income/(loss)		**7 683**	**1 820**	**(66 393)**
Profit /(loss) of the year attributable to (from):				
Equity holders of the parent		(3 866)	(4 068)	(17 597)
Non-controlling interests		-	(223)	(86)
		(3 866)	**(4 291)**	**(17 683)**
Total comprehensive income attributable to (from):				
Equity holders of the parent		7 683	1 827	(66 259)
Non-controlling interests		-	(6)	(134)
		7 683	**1 820**	**(66 393)**
Earnings per share attributable to ordinary equity holders of Höegh LNG Holdings Ltd:				
> basic, profit/(loss) for the year		(0,06)	(0,15)	(0,48)
> diluted, profit/(loss) for the year		(0,06)	(0,15)	(0,48)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Notes	Unaudited 2012 31 March	Unaudited 2011 31 March	Audited 2011 31 December
ASSETS				
Non-current assets				
Intangible assets				
Deferred tax assets		779	221	740
Licenses, design and other intangibles	3	82 093	81 930	81 955
Tangible assets				
Vessels		446 115	461 877	449 754
Newbuildings	6	132 036	-	52 133
Deposit for vessel acquisition		10 600	-	5 300
Equipment		2 426	1 442	2 304
Non-current financial assets		55	479	107
Other non-current assets		9 651	1 295	8 116
Restricted cash		23 112	10 848	12 552
Total non-current assets		**706 868**	**558 092**	**612 961**
Current assets				
Bunkers and other inventories		128	165	131
Trade and other receivables		5 980	6 032	4 850
Interest bearing receivables		-	51 891	-
Marketable securities	4	185 583	-	90 098
Cash and cash equivalents		38 195	19 995	36 614
Total current assets		**229 887**	**78 083**	**131 694**
TOTAL ASSETS		**936 756**	**636 174**	**744 655**
EQUITY AND LIABILITES				
Equity				
Issued capital		699	271	470
Share premium reserve		344 186	3 560	142 487
Treasury shares		(12)	(1)	(12)
Other reserves		(120 100)	(75 225)	(131 649)
Other paid in capital		(8 707)	-	(8 849)
Retained earnings		126 974	146 980	130 840
Equity attributable to equity holders of the parent		**343 039**	**75 584**	**133 287**
Non-controlling interest		-	(525)	-
Total equity		**343 039**	**75 059**	**133 287**
Non-current liabilities				
Pension liabilities		8 296	8 107	7 986
Long-term interest bearing debt		423 070	435 813	426 269
Other non-current financial liabilities	7	101 375	55 512	113 606
Other long-term debt		9 546	9 160	9 666
Total non-current liabilities		**542 286**	**508 591**	**557 527**
Current liabilities				
Short-term interest bearing debt		13 007	12 307	12 872
Trade and other payables		8 489	6 249	6 646
Income tax payable		465	739	498
Other current financial liabilities	7	23 527	28 669	24 484
Provisions and accruals		5 942	4 560	9 340
Total current liabilities		**51 431**	**52 524**	**53 841**
TOTAL EQUITY AND LIABILITIES		**936 756**	**636 174**	**744 655**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	Notes	Unaudited 1Q2012	Unaudited 1Q2011	Audited 2011
Operating activities:				
Profit /(loss) before tax for the period		(3 866)	(4 291)	(17 884)
Non-cash adjustment to reconcile profit before tax to net operational cash flow				
Loss/ (gain) sale of assets		(24)	16	80
Depreciation vessels, drydocking and equipment		4 001	4 517	18 150
Impairment (reversal impairment)		-	-	1 363
Fair value adjustments on marketable securities		(485)	-	98
Interest income		(35)	(371)	(669)
Interest cost		6 113	6 320	25 200
Working capital adjustments				
Change in inventories, receivables and payables		(12 558)	(3 678)	(1 303)
Interest received		-	-	69
Payment of income tax		-	-	(597)
i) Net cash flow operating activities		**(6 854)**	**2 514**	**24 507**
Investing activites:				
Proceeds from sale of marketable securities	4	60 000	-	-
Proceeds from settlement of interest bearing receivables		-	-	51 295
Interest received on interest bearing receivables		-	-	651
Investments in marketable securities	4	(155 000)	-	(90 000)
Investments in vessels and newbuildings		(79 441)	-	(52 063)
Vessel acquisition deposit		(5 300)	-	(5 300)
Investments in intangibles		(160)	(1 880)	(3 412)
Proceeds from sale of equipment		103	67	83
Investment in equipment		(964)	(205)	(1 616)
Investment in pre-contract costs		(805)	-	(1 804)
ii) Net cash flow investing activities		**(181 567)**	**(2 018)**	**(102 166)**
Financing activites:				
Repayment of borrowings		(3 133)	(2 956)	(12 131)
Interest paid		(6 171)	(6 529)	(25 201)
Issue of share capital	5	208 667	-	131 813
Transaction costs of issue of shares	5	(6 740)	-	(5 385)
Acquisition of non-controlling interest		-	(34)	(47)
Sale of non-controlling interest		-	239	239
Payment of finance cost		(2 621)	-	(3 794)
iii) Net cash flow financing activities		**190 002**	**(9 280)**	**85 494**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)		**1 581**	**(8 784)**	**7 835**
Current cash, cash equivalents at the beginning of the period		36 614	28 779	28 779
Current cash and cash equivalents at the end of the period		**38 195**	**19 995**	**36 614**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2012

		Attributable to the owners of the parent							
USD'000	**Notes**	Issued capital	Share premium	Treasury shares	Hedging reserves	Other paid in capital	Retained earnings	**Total**	**Total equity**
At 31 December 2011 (audited)		**470**	**142 487**	**(12)**	**(131 649)**	**(8 849)**	**130 840**	**133 287**	**133 287**
Profit (loss) for the period		-	-	-	-	-	(3 866)	(3 866)	(3 866)
Other comprehensive income / (loss)	7		-	-	11 549	-	-	11 549	11 549
Total comperehensive income		-	-	-	*11 549*	-	*(3 866)*	*7 683*	*7 683*
Issue of share capital (3 February 2012)	5	226	206 367	-	-	-	-	206 594	206 594
Issue of share capital (22 March 2012)	5	2	2 071	-	-	-	-	2 074	2 074
Stock option cost		-	-	-	-	142		142	142
Transaction costs	5	-	(6 740)	-	-	-	-	(6 740)	(6 740)
At 31 March 2012 (unaudited)		**699**	**344 186**	**(12)**	**(120 100)**	**(8 707)**	**126 974**	**343 039**	**343 039**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2011

	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 2010 (audited)	**271**	**3 561**	**(1)**	**(81 120)**	**150 800**	**73 510**	**(475)**	**73 035**
Profit (loss) for the period	-	-	-	-	(4 068)	(4 068)	(223)	(4 291)
Other comprehensive income / (loss)	-	-	-	5 894	-	5 894	217	6 111
Total comperehensive income	-	-	-	*5 894*	*(4 068)*	*1 826*	*(6)*	*1 820*
Acquisition of non-controlling interest	-	-	-	-	(41)	(41)	7	(34)
Sale of non-controlling interest	-	-	-	-	290	290	(51)	239
At 31 March 2011 (unaudited)	**271**	**3 561**	**(1)**	**(75 225)**	**146 980**	**75 584**	**(525)**	**75 059**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Höegh LNG Holdings Ltd. is a limited company domiciled and incorporated under the laws of Bermuda on 6 November 2006. Its registered address is Canon's Court, 22 Victoria Street, Hamilton HM12 Bermuda.

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 floating storage and regasification units (FSRU) and five LNG carriers. Three of the seven vessels are partly owned by the Group and two are on UK leases. The FSRUs 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 consolidated financial statements for the three months ended 31 March 2012 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 2011.

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 2011, except for the adoption of new standards, amendments and interpretations effective and adopted as of 1 January 2012. None of these had a material impact on the Group's financial statements.

3. SEGMENT INFORMATION

Management monitors the operating results of the Group's 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 Group's reporting structure has been changed from 1 January 2012 to reflect the Group's organisation and management responsibilities. The new structure is in accordance with the Group's internal financial reporting, and is now divided into the following four segments:

Fleet and operation

The fleet and operation segment is responsible for the employment and operation of all the Group's vessels.

The fleet and operation 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 %), from the shuttle and regasification vessels GDF Suez Neptune (50 %) and GDF Suez Cape Ann (50 %) and from the pool distribution from the 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. 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 %), Norman Lady (50 %), GDF Suez Neptune (50 %) and GDF Suez Cape Ann (50 %), in addition to operating expenses relating to the pool distribution from the

Group's operation of the RoRo vessels Höegh Trader and Höegh Treasure. The capitalised costs relate to investments in the development of a containment system for compressed natural gas.

Regasification business development

The regasification segment is responsible for the marketing, sales and construction of floating regasification terminals. Terminals will be handed over to the fleet and operation segment upon commencement of operations.

The floating regasification segment contains income, expenses and capitalised costs relating to the Group's development of floating regasification terminals for LNG. The capitalised costs relate to investments in licences and permits obtained for the Group's deep water ports in England and the USA.

Floating production business development

The floating production segment is responsible for marketing, building and operating FLNGs.

The floating production segment contains income, expenses and capitalised costs relating to the Group's development of a design for floating production of LNG. The capitalised costs relate to investments in front-end engineering design of an FLNG.

General

The general segment consists of Group management, finance and corporate services, and project services. The figures contain administrative expenses, which are managed on a group basis and have not been allocated to other segments.

The following tables present revenue and profit information regarding the Group's operating segments for the 3 months ended 31 March 2012 and 31 March 2011, respectively.

1 January – 31 March 2012

Statement of income	Total Consolidated	Fleet & Operation	Regas	Floating Production	General
Freight revenue	25 484	25 484	0	0	0
Voyage expenses	(438)	(438)	0	0	0
Income on T/C basis	**25 046**	**25 046**	**0**	**0**	**0**
Management income	1 130	1 118	(55)	(13)	80
Other income	1 525	0	0	1 525	0
TOTAL INCOME	**27 701**	**26 164**	**(55)**	**1 512**	**80**
Charter hire expenses	(5 150)	(5 150)	0	0	0
Operating expenses	(7 684)	(7 684)	0	0	0
Administrative expenses	(3 698)	(1 691)	0	0	(2 008)
Business development expenses	(5 351)	(144)	(2 249)	(2 841)	(118)
EBITDA	**5 818**	**11 496**	**(2 303)**	**(1 329)**	**(2 045)**
Gain/(loss) on sale on assets	24	24	0	0	0
Depreciation vessel/shipyard	(3 700)	(3 700)	0	0	0
Depreciation other assets	(301)	(74)	0	(2)	(226)
Impairment	0	0	0	0	0
EBIT	**1 842**	**7 747**	**(2 303)**	**(1 331)**	**(2 271)**
Interest expenses	(6 113)	(6 085)	0	0	(28)
Interest income	35	0	0	0	35
Other financial items	371	43	(9)	(3)	339
Profit before tax	**(3 866)**	**1 705**	**(2 312)**	**(1 333)**	**(1 925)**
Tax	0	0	0	0	0
Profit after tax	**(3 866)**	**1 705**	**(2 312)**	**(1 333)**	**(1 925)**
Capitalized intangibles	**82 093**	**1 166**	**43 925**	**37 002**	

1 January – 31 March 2011

Statement of income	Total Consolidated	Fleet & Operation	Regas	Floating Production	General
Freight revenue	25 176	25 176	0	0	0
Voyage expenses	(75)	(75)	0	0	0
Income on T/C basis	**25 101**	**25 101**	**0**	**0**	**0**
Management income	842	842	0	0	0
Other income	0	0	0	0	0
TOTAL INCOME	**25 943**	**25 943**	**0**	**0**	**0**
Charter hire expenses	(4 964)	(4 964)	0	0	0
Operating expenses	(7 334)	(7 334)	0	0	0
Administrative expenses	(3 715)	(1 851)	0	0	(1 864)
Business development expenses	(3 195)	(201)	(1 467)	(1 527)	0
EBITDA	**6 735**	**11 593**	**(1 467)**	**(1 527)**	**(1 864)**
Gain/(loss) on sale on assets	(16)	(16)	0	0	0
Depreciation vessel/shipyard	(4 374)	(4 374)	0	0	0
Depreciation other assets	(143)	(72)	0	0	(71)
Impairment	0	0	0	0	0
EBIT	**2 202**	**7 131**	**(1 467)**	**(1 527)**	**(1 935)**
Interest expenses	(6 320)	(6 320)	0	0	0
Interest income	371	0	0	0	371
Other financial items	(543)	0	0	0	(543)
Profit before tax	**(4 291)**	**811**	**(1 467)**	**(1 527)**	**(2 108)**
Tax	0	0	0	0	0
Profit after tax	**(4 291)**	**811**	**(1 467)**	**(1 527)**	**(2 108)**
Capitalized intangibles	**81 955**	**1 186**	**43 767**	**37 002**	

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 3 month periods ended 31 March 2012 and 2011 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) Three months ended	31 March 2012	31 March 2011
Statoil ASA	6 378	6 942
Total E&P Norge AS	5 548	5 004
GDF Suez Global LNG Supply SA	10 075	9 932
Other customers	3 045	3 223
Total	**25 046**	**25 101**

Income from Statoil ASA, Total E&P Norge AS and GDF Suez Global LNG Supply SA is shown in the fleet and operation 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 management and other services.

Joint Venture in which the Group is a venturer (USD'000)		
Three months ended	31 March 2012	31 March 2011
Joint Gas Ltd	10	10
Joint Gas Two Ltd	8	8
SRV Joint Gas Ltd	125	121
SRV Joint Gas Two Ltd	125	121
Methane Carriers Ltd	121	110
Total	**389**	**370**

Transactions with other related parties

Höegh Autoliners Management AS

Höegh LNG has entered into an agreement with Höegh Autoliners Management AS relating to the purchase of administrative services and leasing of office space. Höegh Autoliners was majority owned by the Høegh family at the end of the reporting period.

The following table sets out the total amount of transactions that have been entered into with Höegh Autoliners Management AS for the three months ending 31 March 2012 and 2011, respectively.

Administrative services from related parties (USD'000)		
Three months ended	31 March 2012	31 March 2011
Höegh Autoliners Management AS	691	799
Total	**691**	**799**

Höegh Autoliners Shipping AS

The Group's wholly owned subsidiary Leif Höegh (U.K.) Limited operates two car carriers based on a risk/benefit agreement with Höegh Autoliners Shipping AS, whereby Höegh LNG's financial results from the activity are stable. In the Group's financial position for the quarters ended 31 March 2012 and 2011, the following receivables against Höegh Autoliners Shipping AS are recorded:

Receivable against related party		
	31 March 2012	31 March 2011
Höegh Autoliners Shipping AS	1 028	465
Total	**1 028**	**465**

Aequitas Investments Limited

A promissory note was issued to Aequitas Investments Limited on 1 December 2010. Settlement, including interest, was received by Höegh LNG in two payments during April and May 2011.

Loans to related party	Period commenced	Period ended	Interest for the period	Amount owed by related party at end of period
Aequitas Investments Limited	01.01.2012	31.03.2012	-	-
	01.01.2011	31.03.2011	358	51 426

Höegh Capital Partners AS

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. After the net investment in marketable securities of USD 95 million during first quarter of 2012, the portfolio's market value was USD 185.6 million as at 31 March 2012. 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 first quarter 2012 was recognised as financial income by USD 0.5 million.

Höegh Capital Partners Limited

Höegh Capital Partners Limited, a company owned by the Høegh family, provides advisory services for an annual remuneration of USD 0.1 million, the same as in 2011.

Höegh Pensjonskasse

Höegh LNG is one of five investors in Höegh Pensjonskasse, a joint pension fund. Höegh LNG contributed USD 0.6 million in the first quarter 2012, up from zero in the same period in 2011.

Methane Ventures Limited

At 31 March 2012, members of the Group management held 45.63 % 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.

5. EQUITY

On 3 February 2012 Höegh LNG Holdings Ltd. completed a private placement raising USD 206 million in gross proceeds through the issuance of 22 641 509 new shares, each at a subscription price of NOK 53 per share (USD 9.125). A subsequent offering followed on 22 March 2012 and Höegh LNG issued 226 536 new shares at NOK 53.00 per share, raising gross proceeds of USD 2.1 million. Transaction costs of USD 6.7 million, relating to these two issues, have been recorded against share premium.

6. COMMITMENTS

At the end of the reporting period, the Group had shipbuilding contracts with Hyundai Heavy Industries Co. Limited for the delivery of three FSRUs. Each vessel will have a storage capacity of 170 000 cubic meter LNG. By the end of the reporting quarter, 20 % of the contract price had been paid for each of the two first FSRUs and 10 % of the contract price for the third FSRU. Yard payments are back-ended with 60 % payable upon delivery, scheduled for the fourth quarter 2013, the first quarter 2014 and the second quarter 2014, respectively.

Höegh LNG has an agreement with PT Perusahaan Gas Negara (PGN) to provide an FSRU and a mooring system for a new floating LNG import terminal offshore Sumatra, Indonesia. PGN is the largest natural gas transportation and distribution company in Indonesia, majority owned by the state and stock listed. The project will employ the first of Höegh LNG's FSRUs under construction at Hyundai. The estimated delivered cost for this project, including the vessel, the mooring and supervision, project and financing costs, is USD 320-330 million. A letter of credit in the amount of USD 10.6 million has been issued by Standard Chartered Bank's Singapore Branch in favour of PGN, and the corresponding amount has been deposited in a pledged account in the name of Höegh LNG Limited.

Höegh LNG has an agreement to provide AB Klaipedos Nafta with an FSRU to be located in the Port of Klaipeda in Lithuania. AB Klaipedos Nafta is a stock listed oil and gas company owned 70.63 % by the government of Lithuania. The project will employ the second FSRU under construction at Hyundai. The estimated delivered cost for this project, including the vessel and supervision, project and financing costs, is USD 320-330 million.

Employment is not yet secured for the third FSRU on order. Depending on final specification of the vessel and the project for which it will be employed, it is expected that the delivered costs for the third FSRU will be in the range USD 280-330 million.

Höegh LNG has entered into a purchase agreement for "LNG Libra", a 126 400 cubic meter Moss design LNG carrier built in 1979. The vessel will be purchased from Höegh LNG's long standing partner, Mitsui OSK Lines (MOL), with delivery in June or July 2012. The purchase price is USD 53 million of which 20 % has been paid as of 31 March 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 31 December 2011, the accumulated negative mark-to-market valuation of these interest rate swaps was recognised in the financial position at USD 131.6 million. Floating interest rates are assumed to increase in the long run, hence the interest swaps as at 31 March 2012 lead to a mark-to-market gain in other comprehensive income of USD 11.5 million in the first quarter of 2012. The accumulated mark-to-market valuation of the interest rate swaps was negative by USD 120.1 million as at 31 March 2012. The maturity profile of this liability is non-current (greater than one year) by USD 101.4 million and current (within one year) by USD 18.7 million, respectively.

8. FINANCING

Höegh LNG has a USD 288 million debt facilities agreement in place providing 50 % funding for up to two FSRUs on order at Hyundai Heavy Industries Co. Limited ("Hyundai") for up to three years after delivery. The facilities agreement may be used for the three FSRUs currently on order and/or the optional vessels, but not for more than for two vessels at a time. The facilities are intended as a back-up financing should employment of the vessels not be secured before delivery. Lenders under the facility are Citibank, Credit Agricole, DNB Bank, Fokus Bank and Nordea. There are certain covenants related to the financing. With the share issue completed in February 2012, the equity requirement for drawing on the facilities is fulfilled.

Long-term project financing will be raised for the FSRU projects including the respective vessels on order at Hyundai after project award. Bank of Tokyo-Mitsubishi UFJ and Standard Chartered Bank have been mandated to assist the Company with the project financing for the Indonesian FSRU. DNB Bank has been mandated to assist the Company with the Lithuanian FSRU project financing. It is expected that 70-80 % of delivered cost of the respective projects will be funded by long-term project debt financing. The remaining amount will be funded by cash in hand.

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

In May 2012, Höegh LNG entered into an agreement with a confidential client to initiate a paid project specific engineering and cost study for an LNG FPSO solution. The study is estimated to take 3 to 4 months, at which point a decision shall be made as to whether or not a full FEED study would be undertaken.

In the same month, an agreement was made with Gas Natural Aprovisionamientos SDG for an extension of the time charter for the LNG carrier Norman Lady at improved commercial terms. The agreement is for further trading for a period of 1 + 2 years at the Charterer's option.