HÖEGH LNG

INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2013

Highlights

- Total income USD 51.3 million, up from USD 32.3 million in the second quarter 2012
- Operating profit before depreciation USD 7.3 million, down from USD 9.7 million in the second quarter 2012
- Loss before tax USD 6.0 million, compared to a gain of USD 0.6 million in the second quarter 2012
- Commitment letters received from five international banks for a USD 299 million limited recourse facility for the debt financing of the floating storage and regasification unit ("FSRU") and mooring system to be located in Lampung in Indonesia (the "Lampung FSRU Facility")
- Time charter entered into with Gas Natural for LNG Libra

Subsequent Events

- Awarded a pre-FEED study for a jetty-moored Barge FLNG solution for a North American LNG export project
- Awarded a pre-FEED study for an offshore moored FLNG project in Asia

Financial review

Höegh LNG Holdings Ltd. ("Höegh LNG" or the "Company") reports USD 51.3 million in total consolidated income for the second quarter 2013, up from USD 32.3 million in the same quarter of 2012. From the second quarter 2013, the Company has applied the "percentage of completion method" for revenue recognition for the mooring contract with Perusahaan Gas Negara ("PGN") in Indonesia (see Note 2). This contract has generated revenues of USD 26.3 million in the quarter.

Operating profit before depreciation was USD 7.3 million in the quarter, down from USD 9.7 million in the second quarter 2012. The reduction is mainly explained by LNG Libra being without employment, lack of revenues from FLNG engineering studies and costs associated with the potential establishment of a master limited partnership ("MLP") in the quarter. LNG Libra generated a negative operating result before depreciation of USD 4.4 million in the quarter (2012: NIL) as Höegh LNG has to cover fuel costs, operating expenses and positioning costs when the vessel is without employment. Höegh FLNG generated a negative USD 1.9 million in the quarter (2012: negative USD 0.6 million). The reduction is partly offset by the recognition of the mooring construction contract with PGN, contributing USD 3.8 million to the operating profit before depreciation in the quarter (2012: NIL).

The loss before tax of USD 6.0 million for the quarter compares to a profit of USD 0.6 million in the same quarter last year. The reduction is mainly due to the reasons mentioned above in addition to USD 3.7 million depreciation cost of LNG Libra in the quarter (2012: NIL). The vessel generated a net loss before taxes of USD 8.1 million in the quarter (2012: NIL).

Total cash flow was positive by USD 27.9 million in the quarter compared to USD 40.6 million in the same period last year. The cash flow in the quarter notably includes investments in new vessels of USD 37.8 million, and redemption of marketable securities of USD 80 million.

At the end of the quarter, Höegh LNG held USD 89.8 million in cash and USD 34.6 million in marketable securities. The book equity was USD 380.5 million. The book equity adjusted for mark-to-market of hedging reserves was USD 463.1 million, equivalent to an adjusted book equity ratio of 43%. Net interest bearing debt was USD 423.0 million at the end of the second quarter.

During the first half of 2013, total income was USD 80.7 million compared to USD 60.0 million in the first half of 2012. Net loss before tax was USD 13.5 million compared to a net loss of USD 3.3 million in the same period in 2012. The reduction is primarily due to LNG Libra being without employment, less income from FLNG engineering studies and bond interest costs incurred, offset by the recognition of the mooring construction contract with PGN in the period. LNG Libra generated a net loss before taxes of USD 11.8 million for the first half of 2013 (2012: NIL), while Höegh FLNG generated a net loss before taxes of USD 3.9 million, compared to a loss of USD 1.9 million in the same period in 2012. The mooring contract, which was recognized in the profit and loss account for the first time in the second quarter, contributed a profit of USD 3.8 million to the first half result (2012: NIL).

From 1 January 2014, a change in the IFRS accounting standard will require Höegh LNG to recognise joint ventures according to the equity method rather than by proportional consolidation. The change in the accounting standard will impact the equity ratio of the Group positively, as the equity will remain unchanged while total assets and liabilities will be reduced. The net profit of the Group will remain unchanged, while income and operating profit will be reduced.

Corporate matters

In May 2013, Höegh LNG received commitment letters from five international banks for a USD 299 million limited recourse facility for the debt financing of the FSRU and mooring system contracted to PGN in Indonesia. The facility includes USD 237 million in long-term financing for the FSRU, and USD 62 million in construction financing for the mooring system. Banks participating in the financing are Standard Chartered Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., DBS Bank Ltd, Korea Development Bank and Oversea-Chinese Banking Corporation Limited.75% of the FSRU loan is covered by a credit guarantee from Korea Trade Insurance Corporation ("K-Sure"). The facility is expected to be signed shortly. To prepare the Company for delivering and starting up four major FSRU projects and further growth over the next 18 months, Höegh LNG will with effect from 1 September 2013 have a new organisation in place, consisting of four main divisions, being Technical, Commercial, Financial and Administrative divisions. Höegh LNG expects its financial reporting to follow the new structure from 1 January 2014.

Business review

Regasification

The construction of the FSRU and the mooring for the floating LNG import project in Indonesia is progressing on budget and schedule for a start-up in June 2014. Höegh LNG has established an office in Jakarta and the required legal structures for local ownership and operation of the FSRU in compliance with cabotage requirements. The charterer, PGN, has been allocated LNG supplies by Indonesian authorities.

The construction of the FSRU for Lithuania is also progressing according to budget and schedule. The client, Klaipedos Nafta, is progressing with the work on the new jetty and pipeline and the related financing. The terminal is scheduled to commence operations in the third quarter of 2014. The FSRU will be delivered from the shipyard in February 2014, and the Company is pursuing alternative employment for the FSRU before delivery of the vessel to Klaipedos Nafta in the second half of 2014.

Negotiations with Colbún and AES Gener for the FSRU to be located in Chile are continuing. The contract term is 10 years, with an extension option of five years.

Höegh LNG has an exclusive right to be the supplier and operator of the FSRU for Port Meridian's planned floating LNG import terminal on the UK's west coast. Port Meridian has recently launched an "open season" in the UK to test the market demand and refine its commercial and product offering. Planned start-up is in 2016. Due to the technical specification of the project, most likely a new FSRU will be ordered if and when a final investment decision is made by the project owner.

Among the FSRU providers with newbuildings on order, Höegh LNG should have the earliest delivery position for upcoming contract awards, and therefore be in a good position to win one of the tenders scheduled for decision by year end 2013. Höegh LNG is currently participating in bidding processes or discussions for FSRU projects in Chile, India, Lebanon, Malta, the Philippines, Pakistan and Myanmar. It is expected that at least one of these projects will select a preferred FSRU supplier within 2013.

Fleet and operation

The existing fleet of LNG carriers and regas vessels has been operated safely and without incidents in the reporting period.

The LNG carrier STX Frontier will be redelivered to her owner, STX Pan Ocean, at the expiry of the present time charter party between Repsol and Höegh LNG in September/October this year, as the Company did not exercise its option to acquire the vessel.

The LNG carrier LNG Libra was without employment from January 2013 to June 2013. Following a scheduled dry-docking, she commenced a new time charter agreement with Gas Natural. The firm period of employment for the vessel is until mid-November 2013. Gas Natural has the options to extend the charter period until the end of 2014. The Company is considering different business opportunities for the vessel, including a sale.

The time charter for the LNG carrier Norman Lady with Gas Natural expires in September 2013. Höegh LNG is now considering a sale of the vessel.

GDF Suez Cape Ann, which is on a time charter to GDF Suez, will be sub-chartered to China National Offshore Oil Corporation (CNOOC) and employed as a stationary FSRU in the port of Tianjin in Northern China from the fourth quarter 2013.

Floating production

Höegh LNG's wholly owned subsidiary, Höegh FLNG Ltd., is working on several barge based floating liquefaction (FLNG) project opportunities in Asia, North America and Africa with a capacity of between 0.5 and 2 million tons of LNG per year.

On 25 July 2013, Höegh FLNG was awarded a pre-front end engineering and design (pre-FEED) study for a jetty-moored Barge FLNG solution with a production capacity of 2 million tons LNG per year for a North American LNG export project. The study will be executed in the second half of 2013 with a potential for developing into a full FEED in 2014.

On 21 August 2013, Höegh FLNG was awarded pre-FEED study for an FLNG solution with a production capacity of 2 million tons LNG per year for a gas field offshore Australia. The study will be executed in the second half of 2013 and the first quarter of 2014 with a potential for developing into a full FEED in 2014. The offshore FLNG designs will be based on the generic FLNG solution developed by HLNG in 2008 – 2009.

Höegh FLNG is in the process of developing a strategic plan based on Barge based FLNG solutions, which includes various options for capitalising Höegh FLNG, the main focus being a separate listing of the company. Höegh LNG has therefore selected an investment bank to manage this process.

Market

While total global natural gas demand is estimated to have grown by about 2.7% per year since 2000, the global LNG demand has risen by an estimated 7.6% per year over the same period, almost three times faster.[1] The strong LNG demand growth has largely been driven by (i) national energy supply security, (ii) national energy infrastructure renewal, (iii) de-carbonisation of economic growth, and (iv) rising popular opposition to nuclear power generation.

The market for floating LNG import terminals (FSRUs) remains active, with new project opportunities emerging mainly in South America, South-East Asia, the Middle East and Africa. FSRU projects in Jordan and Kuwait have recently been awarded. The FSRU Toscana conversion project was completed in June, and the vessel will be located offshore Italy. There are currently eight FSRUs on order for delivery by 2015, of which two are uncommitted.

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[1] Source: Ernst & Young / Deutsche Bank Markets Research.

The market prospects for conventional LNG carriers seem positive in the longer term due to planned increases in liquefaction capacity as well as growing demand for LNG. However, the short term prospects for this segment looks challenging due to delays in upstream liquefaction projects, whilst the vessels are delivered according to schedule. The order book now stands at 103 units, which represents 28% of the current world LNG carrier fleet. Of these newbuildings, about 40% are uncommitted, down from about 50% at the end of 2012.

The activity in the FLNG market remains high, with Woodside's recent decision to employ three FLNGs for the development of the Browse field, Petronas of Malaysia set to decide on a second FLNG for Rotan, offshore Sabah, PTTEP to decide on Cash Maple FLNG partner by next year, and GDF Suez with Bonaparte in the Timor Sea entering FEED stage in late 2013 or early 2014.

Outlook

The long-term demand for LNG is expected to remain strong. Höegh LNG sees continued growth in the FSRU market, which is and will be the Company’s main focus, and remains optimistic about winning new FSRU contracts. The Company holds a very competitive delivery slot going forward with its March 2015 FSRU delivery slot. The longer-term LNG transportation market looks promising with significant new LNG production capacity scheduled to come on stream within the next few years. Höegh FLNG Ltd. sees an increased interest for FLNG solutions, where the Barge based segment is the main focus.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000	Notes	Unaudited 2Q2013	Unaudited 2Q2012	Unaudited 1H2013	Unaudited 1H2012	Restated[1] 2012
Freight revenues		27 562	26 280	56 745	51 765	119 873
Voyage expenses		(3 820)	(173)	(5 043)	(612)	(940)
Income on T/C basis		**23 742**	**26 107**	**51 702**	**51 153**	**118 933**
				-		
Construction contract revenue	2,3	26 263	-	26 263	-	-
Management and other income		1 246	6 229	2 767	8 885	16 672
Total income		**51 251**	**32 336**	**80 732**	**60 038**	**135 605**
Charterhire expenses		(5 128)	(5 150)	(10 200)	(10 300)	(20 713)
Operating expenses		(8 483)	(7 512)	(16 879)	(15 195)	(33 106)
Construction contract expenses	2,3	(22 455)	-	(22 455)	-	-
Administrative expenses[1]	2	(3 792)	(2 857)	(7 738)	(6 555)	(5 987)
Business development expenses		(4 084)	(7 095)	(8 687)	(12 446)	(26 472)
Operating profit before depreciation		**7 309**	**9 722**	**14 774**	**15 541**	**49 328**
Gain/(loss) on sale of assets		-	-	-	24	10 405
Depreciation		(7 648)	(4 080)	(14 970)	(8 081)	(22 733)
Operating profit		**(339)**	**5 643**	**(196)**	**7 484**	**36 999**
Interest expenses	2,5	(5 894)	(6 072)	(14 164)	(12 185)	(26 770)
Interest income		16	22	125	57	93
Income from other financial items		237	1 001	857	1 486	2 255
Expenses from other financial items		-	-	(154)	(114)	(1 157)
Net financial items		**(5 640)**	**(5 050)**	**(13 336)**	**(10 756)**	**(25 579)**
Ordinary profit or loss before tax		**(5 979)**	**593**	**(13 532)**	**(3 272)**	**11 420**
Tax		(145)	-	(530)	(2)	(181)
Profit (loss) for the period	3	**(6 124)**	**593**	**(14 063)**	**(3 274)**	**11 239**
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Net gain (loss) on hedging reserves	7	37 608	(17 401)	50 380	(5 852)	(1 309)
Other comprehensive income not being reclassified to profit or loss in subsequent periods						
Actuarial gains/(losses) on defined benefit plans[1]	2	14	-	(321)	-	(1 630)
Other comprehensive income for the period net of tax		**37 622**	**(17 401)**	**50 059**	**(5 852)**	**(2 939)**
Total comprehensive income/(loss) for the period		**31 498**	**(16 807)**	**35 997**	**(9 126)**	**8 300**
Profit /(loss) of the year attributable to (from):				-		
Equity holders of the parent		(6 124)	593	(14 063)	(3 274)	11 239
Non-controlling interests		-	-	-	-	-
		(6 124)	**593**	**(14 063)**	**(3 274)**	**11 239**
Total comprehensive income attributable to (from):						
Equity holders of the parent		31 498	(16 808)	35 997	(9 127)	8 300
Non-controlling interests		-	-	-	-	-
		31 498	**(16 808)**	**35 997**	**(9 127)**	**8 300**
Earnings per share attributable to ordinary equity holders of Höegh LNG Holdings Ltd:						
> basic and diluted profit/(loss) for the period		(0,09)	0,01	(0,20)	(0,05)	0,17

1) Restated due to implementation of IAS 19R. See Note 2 for further description.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Notes	Unaudited 2013 30 June	Unaudited 2013 31 March	Unaudited 2012 30 June	Restated[1] 2012 31 December
ASSETS					
Non-current assets					
Intangible assets					
Deferred tax assets		774	754	741	789
Licenses, design and other intangibles	3	73 455	73 297	82 329	73 237
Tangible assets					
Vessels	3	472 537	477 229	453 084	483 683
New buildings under construction and contract cost	3	341 645	319 379	135 840	229 731
Other non-current financial assets	7	12 976	2 852	-	1 627
Other non-current assets		11 582	12 406	10 554	7 635
Restricted cash		13 646	12 552	23 112	23 253
Total non-current assets		**926 616**	**898 469**	**705 661**	**819 956**
Current assets					
Inventories		103	2 068	132	84
Unbilled construction contract receivable	2,3	26 263	-	-	-
Trade and other receivables		7 311	4 928	8 324	5 527
Marketable securities		34 634	114 336	143 710	113 877
Cash and cash equivalents		89 777	61 869	78 909	132 683
Total current assets		**158 088**	**183 201**	**231 074**	**252 170**
TOTAL ASSETS		**1 084 704**	**1 081 670**	**936 735**	**1 072 126**
EQUITY AND LIABILITES					
Equity					
Paid-in capital		337 753	337 378	336 367	337 070
Capital reserves		(85 239)	(122 861)	(138 211)	(135 298)
Retained earnings		128 017	134 141	127 566	142 079
Equity attributable to equity holders of the parent		**380 531**	**348 658**	**325 722**	**343 850**
Total equity		**380 531**	**348 658**	**325 722**	**343 850**
Non-current liabilities					
Long-term interest bearing debt		547 040	547 787	419 709	538 680
Other non-current financial liabilities	7	83 001	104 504	118 658	110 648
Other long-term debt		11 571	11 584	18 529	11 656
Total non-current liabilities		**641 612**	**663 874**	**556 896**	**660 984**
Current liabilities					
Short-term interest bearing debt		14 046	20 882	13 231	20 653
Trade and other payables		11 589	8 214	8 776	11 940
Income tax payable		97	265	453	112
Other current financial liabilities	7	26 885	27 013	23 798	26 606
Provisions and accruals		9 944	12 764	7 859	7 981
Total current liabilities		**62 562**	**69 138**	**54 117**	**67 292**
TOTAL EQUITY AND LIABILITIES		**1 084 704**	**1 081 670**	**936 735**	**1 072 127**

1) Restated due to implementation of IAS 19R. See Note 2 for further description.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited	Unaudited	Unaudited	Unaudited	Restated[1]
USD'000	**Notes**	**2Q2013**	**2Q2012**	**1H2013**	**1H2012**	**2012**
Operating activities:						
Profit /(loss) before tax for the period		(5 979)	593	(13 532)	(3 273)	11 420
Non-cash adjustment to reconcile profit before tax to net operational cash flow						
Loss/ (gain) sale of assets		-	-	-	(24)	(10 405)
Depreciation vessels, drydocking and equipment		7 648	4 080	14 970	8 081	22 733
Fair value adjustments (gain) on marketable securities		(299)	(525)	(758)	(1 010)	(2 178)
Interest income		(16)	(22)	(125)	(57)	(93)
Interest cost		5 894	6 072	14 164	12 185	26 770
Deviation between paid and expensed pension cost		-	-	-	-	(7 130)
Share-based payment cost and BoD remuneration not paid-out		376	-	684	-	1 094
Construction contract revenue (net) not received	2,3	(3 808)	-	(3 808)	-	-
Working capital adjustments						
Change in inventories, receivables and payables		(3 169)	1 222	8 414	(11 336)	(9 714)
Interest received		2	38	101	38	64
Payment of corporate income tax		(364)	-	(364)	-	(553)
i) Net cash flow from operating activities		**284**	**11 458**	**19 745**	**4 604**	**32 009**
Investing activites:						
Proceeds from sale of marketable securities		80 000	42 400	80 000	102 400	183 400
Investments in marketable securities		-	-	-	(155 000)	(205 000)
Investments in vessels, drydocking, new buildings and mooring		(37 823)	(2 475)	(127 544)	(87 216)	(220 820)
Investments in intangibles		(178)	(182)	(260)	(342)	(620)
Proceeds from sale of equipment and intangibles		-	-	-	103	20 090
Investment in equipment		(145)	(475)	(2 860)	(1 439)	(2 190)
Investment in pre-contract costs		(391)	-	(570)	(805)	-
ii) Net cash flow from investing activities		**41 463**	**39 268**	**(51 234)**	**(142 299)**	**(225 140)**
Financing activites:						
Proceeds from borrowings		-	-	18 500	-	130 265
Repayment of borrowings		(3 431)	(3 207)	(6 731)	(6 340)	(12 872)
Interest paid		(8 049)	(5 845)	(16 422)	(12 016)	(24 181)
Issue of share capital		-	-	-	208 667	208 667
Transaction costs of issue of shares		-	(76)	-	(6 816)	(6 728)
Payment of finance cost		(2 360)	(883)	(6 764)	(3 504)	(5 951)
iii) Net cash flow from financing activities		**(13 840)**	**(10 011)**	**(11 417)**	**179 991**	**289 200**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)		**27 907**	**40 715**	**(42 906)**	**42 296**	**96 069**
Current cash, cash equivalents at the beginning of the period		61 869	38 195	132 683	36 614	36 614
Current cash and cash equivalents at the end of the period		**89 777**	**78 909**	**89 777**	**78 909**	**132 683**

1) Restated due to implementation of IAS 19R. See Note 2 for further description.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2013

		Attributable to the owners of the parent								
					Paid-in capital	*Capital reserves*				
USD'000	**Notes**	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 7)	Other capital reserves	Retained earnings	**Total**	**Total equity**
At 31 December 2012 (restated)¹		**699**	**344 198**	**(12)**	**(7 815)**	**(132 957)**	**(2 341)**	**142 079**	**343 850**	**343 850**
Profit (loss) for the period		-	-	-	-	-	-	(14 063)	(14 063)	(14 063)
Other comprehensive income / (loss)			-	-	-	50 380	(321)	-	50 059	50 059
Total comperehensive income		-	-	-	-	*50 380*	*(321)*	*(14 063)*	*35 997*	*35 997*
Issue of share capital (7 June 2013)	4	0	60		-	-	-	-	60	60
Share-based payment costs		-	-	-	624	-	-	-	624	624
At 30 June 2013 (unaudited)		**699**	**344 258**	**(12)**	**(7 192)**	**(82 578)**	**(2 662)**	**128 017**	**380 531**	**380 531**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2012

	Attributable to the owners of the parent								
				Paid-in capital	*Capital reserves*				
USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves	Other capital reserves	Retained earnings	**Total**	**Total equity**
At 31 December 2011 (restated)¹	**470**	**142 487**	**(12)**	**(8 849)**	**(131 649)**	**(710)**	**130 840**	**132 577**	**132 577**
Profit (loss) for the period	-	-	-	-	-	-	(3 274)	(3 274)	(3 274)
Other comprehensive income / (loss)		-	-	-	(5 852)	-	-	(5 852)	(5 852)
Total comperehensive income	-	-	-	-	*(5 852)*	-	*(3 274)*	*(9 126)*	*(9 126)*
Issue of share capital (3 February 2012)	226	206 367	-	-	-	-	-	206 594	206 594
Issue of share capital (22 March 2012)	2	2 071	-	-	-	-	-	2 074	2 074
Share-based payment cost	-	-	-	419	-	-		419	419
Transaction costs	-	(6 816)	-	-	-	-	-	(6 816)	(6 816)
At 30 June 2012 (unaudited)	**699**	**344 110**	**(12)**	**(8 430)**	**(137 500)**	**(710)**	**127 566**	**325 722**	**325 722**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Attributable to the owners of the parent								
				Paid-in capital	*Capital reserves*				
USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves	Other capital reserves	Retained earnings	**Total**	**Total equity**
At 31 December 2011 (restated)¹	**470**	**142 487**	**(12)**	**(8 849)**	**(131 649)**	**(710)**	**130 840**	**132 577**	**132 577**
Profit (loss) for the period	-	-	-	-	-	-	11 239	11 239	11 239
Other comprehensive income / (loss)		-	-	-	(1 309)	(1 630)	-	(2 939)	(2 939)
Total comperehensive income	-	-	-	-	*(1 309)*	*(1 630)*	*11 239*	*8 300*	*8 300*
Issue of share capital (3 February 2012)	226	206 367	-	-	-	-	-	206 594	206 594
Issue of share capital (22 March 2012)	2	2 071	-	-	-	-	-	2 074	2 074
Share-based payment costs	-	-	-	1 034	-	-		1 034	1 034
Transaction costs	-	(6 788)	-	-	-	-	-	(6 788)	(6 788)
Issue of share capital (30 August 2012)	0	60		-	-	-	-	60	60
At 31 December 2012 (restated)¹	**699**	**344 198**	**(12)**	**(7 815)**	**(132 957)**	**(2 341)**	**142 079**	**343 850**	**343 850**

1) Restated due to implementation of IAS 19R. See Note 2 for further description.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Höegh LNG Holdings Ltd. ("Höegh LNG" or the "Company") is a limited liability company domiciled and incorporated under the laws of Bermuda. The principal activities of the Company and its subsidiaries (the "Group") are described under segment information in Note 3.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ended 30 June 2013 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 2012.

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 2012, except for the adoption of new standards, amendments and interpretations effective and adopted as of 1 January 2013 and the accounting policy for construction contracts.

With effect from 1 January 2014, IFRS 11 replaces IAS 31 as the accounting standard for recognition of joint venture investments. From this date, the Company's joint ventures will be recognised according to the equity method. When changing from proportionate consolidation to the equity method, the Company will recognise its investment in the joint venture at the beginning of the immediately preceding period. That initial investment is measured as the net asset value that the entity had previously proportionately consolidated. As the standard becomes effective on 1 January 2014, the Group's investments in joint ventures will be measured at 1 January 2013.

Revisions employee benefits:

The revised IAS 19 ("IAS 19R") (employee benefits) became effective on 1 January 2013 and due to retrospective implementation, the 2012 financials have been restated. The impact on the income statement for the full year 2012 is a reduction in administrative expenses by USD 2.3 million and a loss on other capital reserves as part of other comprehensive income by USD 1.6 million. The opening balance at 1 January 2012 is restated by increasing pension liabilities and reducing equity by USD 0.7 million. The implementation of IAS 19R has no impact on the income statement for the second quarter or first half of 2012.

Revenue and expenses for construction contracts:

As part of the agreement with Perusahaan Gas Negara ("PGN") in Indonesia, the Company will deliver a tower yoke mooring system during the second quarter of 2014. This fixed price construction contract has by the end of the period reached a stage in the development where the outcome can be estimated reliably. As defined under IAS 11 the Company applies the "percentage of completion method" for revenue recognition using the ratio of costs incurred to estimated total costs multiplied by the total estimated contract revenue.

Certain costs incurred from subcontractors may be based on the stage of completion of the work, determined by a variety of ways including efforts expended as the work progresses or as contractually agreed technical milestones are reached. As the percentage of completion method relies on the use of estimates, these projections may be revised throughout the life of the construction contract. The construction cost incurred and the estimation as to the stage of completion are reviewed on a quarterly basis, as well as the time information becomes available that would necessitate a review of the current estimate. Hence, adjustments to a construction contract's estimated costs on delivery and the contract's estimated profit or loss may be required during the construction phase when more information and experience are obtained, even if the scope of work under the contract may not have changed. The impact of such adjustments or changes to estimates is made on a cumulative basis in the period when such information has become known.

By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error. No contract revenue was recorded in the first quarter of 2013 as the construction was in the start-up phase and it was too early to determine a reliable outcome pursuant to IAS 11. Accordingly, the update to estimates in the second quarter of 2013 has been accounted for prospectively, meaning a "catch up" effect of revenue and cost recorded in the second quarter that also included the progress for the prior periods.

Construction contract expenses include direct costs on contracts, including project management, labour and materials, amounts payable to subcontractors and borrowing cost.

3. SEGMENT INFORMATION

The Group's reporting structure is in accordance with the Group's internal financial reporting, and is divided into the following four segments:

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 (time charter) basis, management income, charter hire expenses and operating expenses. The capitalised costs relate to investments in the development of a containment system for compressed natural gas.

The *regasification segment* is responsible for the marketing, sales and construction of floating storage and regasification units (FSRUs) to be used as floating LNG import terminals. The FSRUs 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 FSRUs. The capitalised costs relate to investments in licences and permits obtained for the Group's deep water port in the USA.

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 the front-end engineering design of an FLNG.

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 six months ended 30 June for 2013 and 2012, respectively.

1 January – 30 June 2013

Statement of income	Total consolidated	Fleet & operation	Regas	FLNG	General
Freight revenue	56 745	56 745	-	-	-
Voyage expenses	(5 043)	(5 043)	-	-	-
Income on T/C basis	**51 702**	**51 702**	**-**	**-**	**-**
Construction contract revenue (Note 2)	26 263	-	26 263	-	-
Management income	2 375	2 375	-	-	-
Other income	393	-	49	344	-
TOTAL INCOME	**80 733**	**54 077**	**26 312**	**344**	**-**
Charter hire expenses	(10 200)	(10 200)	-	-	-
Operating expenses	(16 879)	(16 879)	-	-	-
Construction contract expenses (Note 2)	(22 455)	-	(22 455)	-	-
Administrative expenses	(7 738)	(3 803)	-	-	(3 935)
Business development expenses	(8 687)	(249)	(4 070)	(4 340)	(28)
EBITDA	**14 774**	**22 946**	**(213)**	**(3 996)**	**(3 963)**
Gain/(loss) on sale of assets	-	-	-	-	-
Depreciation vessel/shipyard	(14 318)	(14 318)	-	-	-
Depreciation other assets	(652)	(147)	-	-	(504)
EBIT	**(196)**	**8 481**	**(213)**	**(3 996)**	**(4 467)**
Interest expenses	(14 165)	(9 098)	-		(5 067)
Interest income	125	5	-	2	118
Other financial items	702	(372)	(7)	62	1 019
Profit before tax	**(13 534)**	**(984)**	**(220)**	**(3 932)**	**(8 398)**
Tax	(530)	(498)	-	-	(32)
Profit after tax	**(14 064)**	**(1 482)**	**(220)**	**(3 932)**	**(8 430)**

1 January – 30 June 2012

Statement of income	Total consolidated	Fleet & operation	Regas	FLNG	General
Freight revenue	51 765	51 765	-	-	-
Voyage expenses	(612)	(612)	-	-	-
Income on T/C basis	**51 153**	**51 153**	**-**	**-**	**-**
Management income	2 302	2 308	-	(10)	4
Other income	6 583	-	-	6 583	-
TOTAL INCOME	**60 038**	**53 461**	**-**	**6 572**	**4**
Charter hire expenses	(10 300)	(10 300)	-	-	-
Operating expenses	(15 195)	(15 195)	-	-	-
Administrative expenses	(6 555)	(3 054)	-	-	(3 501)
Business development expenses	(12 446)	(324)	(3 886)	(8 524)	287
EBITDA	**15 541**	**24 588**	**(3 886)**	**(1 951)**	**(3 210)**
Gain/(loss) on sale on assets	24	24	-	-	-
Depreciation vessel/shipyard	(7 399)	(7 399)	-	-	-
Depreciation other assets	(681)	(149)	-	(3)	(529)
EBIT	**7 485**	**17 064**	**(3 886)**	**(1 955)**	**(3 739)**
Interest expenses	(12 186)	(12 122)	-	-	(64)
Interest income	57	9	-	0	48
Other financial items	1 371	(11)	(20)	(4)	1 405
Profit before tax	**(3 273)**	**4 940**	**(3 905)**	**(1 958)**	**(2 350)**
Tax	(2)	-	-	-	(2)
Profit after tax	**(3 275)**	**4 940**	**(3 905)**	**(1 958)**	**(2 352)**

The tables below set out selected non-current assets by segments in the financial position as at 30 June 2013 and 2012, respectively:

30 June 2013

Financial position	Total consolidated	Fleet & operation	Regas	FLNG	General
Intangible assets					
Licenses, design and other intangibles	**73 455**	**1 065**	**35 388**	**37 002**	
Additions (disposals) in the period:	259	-	259		-
Tangible assets					
Vessels and new buildings	**814 172**	**472 537**	**341 635**		**-**
Additions (disposals) in the period:	114 843	2 939	111 904		-
Current asset					
Unbilled construction contract receivable (Note 2)	26 263		26 263		-

The additional USD 114.8 million during the first six months of 2013 relate to investments in FSRUs on order (USD 111.9 million), capitalized dry docking costs on LNG Libra (USD 2.7 million) and a change order for GDF Suez Cape Ann (USD 0.3 million).

The aggregate amount of capitalised costs at 30 June 2013 for the tower yoke mooring system amounting to USD 22.5 million has been reclassified from investments in vessels and mooring into a current unbilled construction contract receivable. The operating profit during first half 2013 of USD 3.8 million from revenue recognition based on percentage of completion is presented as unbilled contract receivable which therefore totals USD 26.3 million in the financial position on 30 June 2013 (Note 2).

30 June 2012

Financial position	Total consolidated	Fleet & operation	Regas	FLNG	General
Intangible assets					
Licenses, design and other intangibles	**82 329**	**1 147**	**44 180**	**37 002**	
Additions (disposals) in the period:	414	-	414	-	
Tangible assets					
Vessels and new buildings	**713 414**	**442 484**	**135 840**	**-**	
Additions (disposals) in the period:	83 707	0	83 707	-	

4. RELATED PARTY TRANSACTIONS

Höegh LNG provides various management services to the Group's joint venture companies and receives management income from external joint venture partners related to technical, commercial and administrative services. The total management income from related parties in Höegh LNG amounted to USD 0.6 million in second quarter 2013 (USD 1.1 million 1H 2013) and USD 0.6 million second quarter 2012 (USD 1.0 million 1H 2012).

USD 0.2 million was recorded as board of directors' remuneration in this year's first half whereof a partial settlement was made through the issuance of 7 536 shares on 7 June 2013.

Höegh Trader lease terminated on 5 June 2013 when Höegh Autoliners Shipping AS acquired the vessel. This vessel contributed with an income of USD 1.2 million and an EBITDA of USD 0.2 million in the first half of 2013.

For more detailed description of related parties' transactions, see information disclosed in Note 36 of the 2012 annual report.

5. BORROWING COSTS

Borrowing costs directly attributable to the construction of vessels are added to the cost of vessels, until such time as the vessels are ready for their intended use. Borrowing costs are capitalised on general corporate borrowings until a project specific financing is secured. The amount of borrowing costs capitalised during second quarter 2013 (previously NIL) on investments in newbuildings without secured financing, equals the amount of borrowing costs equivalent to the interest on the bonds issued by Höegh LNG in the same period. The amount of USD 2.4 million is capitalised in second quarter 2013 allocated proportionally between the three FSRU's on order with the latest delivery dates.

6. COMMITMENTS AND FINANCING

The Group has shipbuilding contracts with Hyundai Heavy Industries Co. Ltd. for delivery of four new FSRUs, and a contractual obligation to pay for the construction and installation of a mooring system relating to the PGN FSRU. Total remaining capital expenditures relating to these commitments is approximately USD 961 million as of 30 June 2013, including yard payments, project expenses and finance costs. Remaining capital expenditure will be payable through April 2015.

On 30 June 2013, Höegh LNG had USD 124.4 million in current cash and marketable securities.

The Company has a USD 250 million senior secured corporate credit facility for the financing of the FSRU for Klaipedos Nafta in Lithuania. The first drawing under the facility was made in January 2013, and as at 30 June 2013, USD 231.5 million was undrawn on this facility.

Höegh LNG has received commitment letters from five international banks for a USD 299 million limited recourse facility for the debt financing of the FSRU and mooring system to be located in Indonesia. The facility includes USD 237 million in long-term financing for the FSRU (the "FSRU Loan"), and USD 62 million in construction financing for the mooring system. The FSRU loan is available for pre- and post-delivery financing. The banks participating in the financing are Standard Chartered Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd, DBS Bank Ltd, Korea Development Bank, and Oversea-Chinese Banking Corporation Limited,. 75% of the FSRU loan is covered by a credit guarantee from Korea Trade Insurance Corporation ("K-Sure"). The facility is expected to be signed shortly.

Long-term project financing will be raised for the remaining vessels on order after employment has been secured. It is expected that about 75% of the delivered cost of the respective projects will be funded by long-term debt financing.

Höegh LNG has a USD 288 million debt facility agreement in place, which may be used for two of the four FSRUs currently on order. The facility is intended as a back-up financing should long-term financing of the vessels not be secured before delivery. The facility is currently undrawn.

7. HEDGING RESERVES

Hedging reserves relate to the interest rate swaps in place for the financing of Arctic Princess, Arctic Lady, GDF Suez Neptune, GDF Suez Cape Ann and the Klaipedos Nafta facility. In addition, the Company also has a cross currency interest rate swap ("CCIRS") relating to its bond issue.

At 30 June 2013, the accumulated negative mark-to-market valuation of the cash flow hedges was recognised in the financial position by USD 101.4 million as financial liabilities and USD 13.0 million as non-current financial assets. The maturity profile of the liabilities is non-current (greater than one year) by USD 83.0 million and current (within one year) by USD 18.4 million, respectively. Due to the strengthening of USD rate against NOK during the first half of 2013, the NOK 750 million bond was re-measured by USD 5.8 million. This is recorded as a foreign exchange loss in the CCIRS and fully offset by foreign exchange gain on bonds (liability). The net hedging reserve relating to financial derivatives as of 30 June 2013 was therefore recorded in the equity by a negative USD 82.6 million.

Other comprehensive income for the first half of 2013 was USD 50.1 million from the changes in the Group's cash flow hedges, up from a negative USD 5.8 million in the same period last year. The improvement of the Company's interest rate hedges is mainly explained by the increase in USD interest rates.

8. SUBSEQUENT EVENTS

Höegh FLNG Ltd., a wholly owned subsidiary of Höegh LNG Holdings Ltd. was in July 2013 awarded a pre-FEED study for a near shore jetty-moored 2 million tons per year Barge FLNG solution for a North American LNG export project. The study will be executed in the second half of 2013.

On 21 August 2013, Höegh FLNG was awarded pre-FEED study for an FLNG solution for a gas field offshore Australia.

9. FORWARD LOOKING STATEMENTS

This interim report contains forward looking statements. The 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 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, regasification and floating production 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 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.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2013 has been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by EU, and additional requirements found in the Norwegian Securities Trading Act, and gives a true and fair view of the Höegh LNG Holding Ltd.'s consolidated assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties.

Hamilton, Bermuda, 27 August 2013

The Board of Directors of Höegh LNG Holdings Ltd.

Morten W. Høegh Chairman	Leif O. Høegh Deputy Chairman	Cameron E. Adderley
Timothy J. Counsell	Andrew Jamieson	Guy D. Lafferty
Jon Erik Reinhardsen	Ditlev Wedell-Wedellsborg	