HÖEGH LNG

INTERIM RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2013

Highlights

- Total income of USD 45.7 million
- Operating profit before depreciation of USD 10.9 million
- Loss before tax of USD 2.6 million
- Signed the USD 310 million Limited Recourse Facility for the financing of its Lampung FSRU and mooring project in Indonesia
- 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 Australia

Subsequent Events

- The time charter for LNG Libra extended 13 months by Gas Natural
- Norman Lady sold

Group Financial review

Höegh LNG Holdings Ltd. ("Höegh LNG" or the "Company") reported USD 45.7 million in total income for the third quarter 2013, up from USD 38.0 million in the same quarter 2012.

Operating profit before depreciation was USD 10.9 million in the quarter, down from USD 13.2 million in the third quarter 2012. The reduction was mainly due to lower income generated by LNG Libra and costs associated with the potential US listing of a master limited partnership ("MLP"). The reduction was partly offset by revenue recognition relating to the mooring construction contract with PGN. LNG Libra generated an operating result before depreciation of USD 2.0 million in the quarter compared to USD 4.9 million in the same quarter last year.

The loss before tax was USD 2.6 million in the quarter compared to a profit of USD 1.1 million in the same period last year. The reduction was mainly due to the reasons mentioned above in addition to higher depreciation cost for LNG Libra. The vessel generated a net loss before taxes of USD 2.0 million in the quarter compared to a net profit of USD 2.7 million in the same quarter last year.

The total cash flow was negative USD 8.0 million in the quarter compared to negative USD 14.6 million in the same period last year. Investments in newbuildings and vessels totalled USD 13.4 million in the quarter compared to USD 97.6 million in the third quarter of 2012. Proceeds from the sale of marketable securities were zero in the quarter compared to USD 81 million in the same quarter last year.

At the end of the quarter, Höegh LNG held USD 104.1 million in unrestricted cash and marketable securities (USD 127.6 million at 30 September 2012). The equity after adjusting for mark-to-market of hedging reserves was USD 460.6 million, equivalent to an adjusted book equity ratio of 42 %. Net interest bearing debt was USD 433.0 million at the end of the third quarter (USD 273.7 million at 30 September 2012).

Corporate matters

In order to focus its resources on the FSRU market, as well as to prepare the Company for further growth, Höegh LNG implemented a new organisational structure from 1 September 2013. Höegh LNG's financial segment reporting has been adjusted to reflect the changed organizational structure and now consist of four segments; Commercial, Technical, FLNG and Administration/Other

On 11 September 2013, Höegh LNG signed a facility agreement for the USD 310 million limited recourse financing of the Lampung FSRU and mooring project in Indonesia. Mandated Lead Arrangers were DBS Bank Ltd, Oversea-Chinese Banking Corporation Ltd, Korea Development Bank, Standard Chartered Bank, and The Bank of Tokyo Mitsubishi UFJ. The facility includes long-term financing of the FSRU (the "FSRU Loan"), construction financing of the mooring and a Letter of Credit facility. The FSRU Loan will be available for pre-delivery financing and is 75 % covered by a credit guarantee from Korea Trade Insurance Corporation ("K-Sure"). The FSRU Loan has a tenor of minimum 8 years and an overall profile of 12.5 years.

On 3 October 2013, a bondholders' meeting approved amendments to the existing bond facility to allow the Company to enter into potential bareboat charters. The adjustments will allow Höegh LNG to tender for time charters of LNG carriers based on the use of a bareboat charter arrangement with an unrelated third party without this adversely impacting the FSRU investment capacity of the Company.

Business review

Commercial

On 12 November 2013, the current time charter agreement for the LNG carrier LNG Libra was extended by Gas Natural through 2014. The EBITDA contribution from the firm extended term is approximately USD 8.7 million p.a. The Company is considering a sale of the vessel and is optimistic that a transaction will be achieved. The LNG carrier STX Frontier was redelivered to her owner, STX Pan Ocean, at the expiry of the time charter party between Repsol and Höegh LNG on 2 October 2013. Finally, the LNG carrier Norman Lady was redelivered to Höegh LNG on 15 September 2013, following a successful 14 year time charter with Gas Natural. The 1973 built vessel was subsequently sold for green recycling with delivery on 29 October 2013. A gain on sale of the vessel of approximately USD 2.3 million will be recorded in the fourth quarter accounts.

The process of completing the final contract with Colbún and AES Gener for the FSRU to be located in the Quintero Bay in Chile has taken longer time than anticipated. While the project is making progress and the Company believes it is robust, the timing for final completion is uncertain. The Company is therefore pursuing alternative employment opportunities for FSRU # 3, and will most likely order a new FSRU for the Chilean project.

Höegh LNG has recently submitted several bids for FSRU projects, and it is expected that two of these projects will make selection of an FSRU provider in the near-term. The tendering activity and the number of FSRU related requests have increased in the past few months, and the Company currently has on-going discussions with several projects world-wide.

Among the FSRU providers with newbuildings on order, Höegh LNG has the earliest delivery position for upcoming contract awards. The Company is therefore in a good position to win one of the early tenders for employment of either FSRU # 3 or 4.

Technical

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

The FSRU GDF Suez Cape Ann, which is on a long-term time charter to GDF Suez, has been sub-chartered to China National Offshore Oil Corporation (CNOOC) and will be employed as a stationary FSRU in the port of Tianjin in Northern China. The vessel arrived at the location on 17 November 2013 and is currently being commissioned for its regas operations there.

The construction of the PGN 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. As at the end of the third quarter the FSRU was about 80 % completed. The construction of the mooring system was about 65 % complete, and the offshore installation in Lampung is scheduled for March 2014.

The construction of the FSRU for Lithuania is also progressing according to budget and schedule. The client, Klaipedos Nafta, is building the new jetty and pipeline, which are on schedule for completion by the third quarter 2014. The vessel is scheduled for delivery from Hyundai Heavy Industries by the end of February 2014, and the time charter with Klaipedos Nafta will commence by the end of the third quarter 2014. Höegh LNG is pursuing alternative employment for the FSRU for the intermediate period.

The construction of the third and fourth new FSRU is on schedule and on budget, with deliveries scheduled for July 2014 and March 2015, respectively.

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 capacity requirements of between 0.5 and 2 million tons of LNG per year.

On 25 July 2013, Höegh FLNG was awarded 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 Höegh LNG in 2008 – 2009. Both studies are progressing according to plan.

Höegh FLNG has developed and is executing a strategy based on barge FLNG solutions, which includes the design and potential ordering of its first wholly owned FLNG, to coincide with a separate listing of the company. Höegh LNG has selected a Norwegian investment bank to manage this process.

Market

Natural gas plays an increasingly important role in the global fuel mix. The increasing production from shale gas and associated gas from shale oil production has further strengthened this trend, along with environmental concerns favouring clean burning natural gas compared to other fossil fuels. The proportion of natural gas transported as LNG as opposed to via pipeline has increased steadily and is set to continue.

Höegh LNG has observed increased activity from potential floating LNG import terminal projects. While activity related to projects in Asia, the Middle East and South America has continued, a new trend is an increasing number of requests relating to projects in Africa. Several FSRU projects are currently in pre-tender processes, and some may select preferred bidders near-term. There are currently ten confirmed FSRUs on order for delivery by 2016, of which three are uncommitted.

The market prospects for conventional LNG carriers continues to be 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 look challenging due to the current order book. The strong LNG demand growth, particularly in Asia, continues to push new LNG production to market, in particular from the US/Canada, and subsequently from East Africa. This growth will drive the need for new FSRUs and LNGCs. The order book for LNG carriers now stands at 103 units, which represents 29 % of the current world LNG carrier fleet. Of these newbuildings, about 36 % 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 remains the Company’s main focus. The Company holds very attractive competitive position with its June 2014 and March 2015 FSRU deliveries. 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

		Unaudited	Unaudited	Unaudited	Unaudited	Restated[1]
USD'000	**Notes**	**3Q2013**	**3Q2012**	**YTD2013**	**YTD2012**	**2012**
Freight revenues		30 430	32 403	87 175	84 168	119 873
Voyage expenses		(249)	(241)	(5 291)	(853)	(940)
Income on T/C basis		**30 181**	**32 162**	**81 883**	**83 315**	**118 933**
Construction contract revenue	2,3	11 849	-	38 112	-	-
Management and other income		3 693	5 838	6 460	14 722	16 672
Total income		**45 723**	**38 000**	**126 455**	**98 037**	**135 605**
Charterhire expenses		(5 184)	(5 207)	(15 384)	(15 506)	(20 713)
Operating expenses		(8 698)	(7 764)	(25 578)	(22 959)	(33 106)
Construction contract expenses	2,3	(10 417)	-	(32 871)	-	-
Administrative expenses[1]	2	(4 557)	(3 534)	(12 295)	(10 089)	(5 987)
Business development expenses		(5 922)	(8 248)	(14 609)	(20 693)	(26 472)
Operating profit before depreciation		**10 944**	**13 247**	**25 719**	**28 789**	**49 328**
Gain/(loss) on sale of assets		-	10	-	34	10 405
Depreciation		(7 766)	(6 244)	(22 736)	(14 325)	(22 733)
Operating profit		**3 179**	**7 013**	**2 983**	**14 499**	**36 999**
Interest expenses	2,5	(5 907)	(6 086)	(20 070)	(18 271)	(26 770)
Interest income		10	5	135	61	93
Net income from other financial items		115	178	972	1 664	2 255
Expenses from other financial items		(24)	(47)	(178)	(161)	(1 157)
Net financial items		**(5 806)**	**(5 950)**	**(19 142)**	**(16 707)**	**(25 579)**
		-		-		
Ordinary profit or loss before tax		**(2 627)**	**1 063**	**(16 159)**	**(2 209)**	**11 420**
Tax		(211)	(192)	(742)	(194)	(181)
Profit (loss) for the period	3	**(2 838)**	**872**	**(16 901)**	**(2 402)**	**11 239**
Other comprehensive income						
Items that will be reclassified to income statement						
Net gain (loss) on hedging reserves	7	2 876	198	53 256	(5 654)	(1 309)
Items that will not be reclassified to income statement						
Actuarial gains/(losses) on defined benefit plans[1]	2	-	-	(321)	-	(1 630)
Other comprehensive income for the period net of tax		**2 876**	**198**	**52 935**	**(5 654)**	**(2 939)**
Total comprehensive income/(loss) for the period		**38**	**1 070**	**36 034**	**(8 056)**	**8 300**
Profit /(loss) of the year attributable to (from):						
Equity holders of the parent		(2 838)	872	(16 901)	(2 402)	11 239
Total comprehensive income attributable to (from):						
Equity holders of the parent		38	1 070	36 034	(8 056)	8 300
Earnings per share attributable to ordinary equity holders of Höegh LNG Holdings Ltd:						
> basic and diluted profit/(loss) for the period		(0,04)	0,01	(0,25)	(0,04)	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 September	Unaudited 2013 30 June	Unaudited 2012 30 September	Audited 2012 31 December
ASSETS					
Non-current assets					
Intangible assets					
Deferred tax assets		774	774	772	789
Licenses, design and other intangibles	3	73 508	73 455	73 062	73 237
Tangible assets					
Vessels	3	465 319	472 537	489 887	483 683
New buildings under construction and contract cost	3	347 369	341 645	194 630	229 731
Other non-current financial assets	7	11 828	12 976	-	1 627
Other non-current assets		20 599	11 582	3 654	7 635
Restricted cash		12 552	13 646	23 112	23 253
Total non-current assets		**931 950**	**926 616**	**785 117**	**819 956**
Current assets					
Inventories		91	103	146	84
Unbilled construction contract receivable	2,3	38 112	26 263	-	-
Trade and other receivables		5 415	7 311	4 834	5 527
Marketable securities		34 750	34 634	63 286	113 877
Restriced cash		13 595	12 501	5 300	1 800
Cash and cash equivalents		69 326	77 276	64 305	130 883
		161 289	**158 088**	**137 872**	**252 171**
Assets classified as held for sale				9 262	
Total current assets		**161 289**	**158 088**	**147 134**	**252 171**
TOTAL ASSETS		**1 093 238**	**1 084 704**	**932 252**	**1 072 127**
EQUITY AND LIABILITES					
Equity					
Paid-in capital		338 107	337 753	336 760	337 070
Capital reserves		(82 362)	(85 239)	(138 012)	(135 297)
Retained earnings		125 178	128 017	128 438	142 079
Equity attributable to equity holders of the parent		**380 922**	**380 531**	**327 185**	**343 851**
Total equity		**380 922**	**380 531**	**327 185**	**343 851**
Non-current liabilities					
Long-term interest bearing debt		548 984	547 040	409 370	538 680
Other non-current financial liabilities	7	79 530	83 001	118 355	110 648
Other long-term debt		12 140	11 571	19 816	11 656
Total non-current liabilities		**640 654**	**641 612**	**547 541**	**660 984**
Current liabilities					
Short-term interest bearing debt		14 259	14 046	20 398	20 653
Trade and other payables		12 109	11 589	6 385	11 940
Income tax payable		166	97	665	112
Other current financial liabilities	7	26 136	26 885	23 744	26 606
Provisions and accruals		18 991	9 944	6 334	7 981
Total current liabilities		**71 661**	**62 562**	**57 525**	**67 292**
TOTAL EQUITY AND LIABILITIES		**1 093 238**	**1 084 704**	**932 252**	**1 072 127**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited	Unaudited	Unaudited	Unaudited	Restated[1]
USD'000	**Notes**	**3Q2013**	**3Q2012**	**YTD2013**	**YTD2012**	**2012**
Operating activities:						
Profit /(loss) before tax for the period		(2 627)	1 063	(16 159)	(2 209)	11 420
Non-cash adjustment to reconcile profit before tax to net operational cash flow						
Loss/ (gain) sale of assets		-	(10)	-	(34)	(10 405)
Depreciation vessels, drydocking and equipment		7 766	6 244	22 736	14 325	22 733
Fair value adjustments (gain) on marketable securities		(115)	(578)	(873)	(1 588)	(2 178)
Interest income		(10)	(5)	(135)	(61)	(93)
Interest cost		5 906	6 086	20 070	18 271	26 770
Deviation betw een paid and expensed pension cost		-	-	-	-	(7 130)
Share-based payment cost and BoD remuneration not paid-out		299	367	983	785	1 094
Construction contract revenue (net) not received	2,3	(1 432)	-	(5 240)	-	-
Working capital adjustments						
Change in inventories, receivables and payables		3 213	(1 261)	(1 252)	(13 006)	(11 514)
Interest received		1	16	102	54	64
Tax paid (company income tax, w ithholding tax)		(167)	-	(531)	-	(553)
i) Net cash provided by/(used in) operating activities		**12 833**	**11 923**	**19 700**	**16 537**	**30 209**
Investing activites:						
Proceeds from sale of marketable securities		-	81 000	80 000	183 400	183 400
Investments in marketable securities		-	-	-	(155 000)	(205 000)
Investments in vessels, drydocking, new buildings and mooring		(13 414)	(97 626)	(140 958)	(189 190)	(220 820)
Investments in intangibles		(77)	(81)	(337)	(423)	(620)
Proceeds from sale of equipment and intangibles		-	29	-	132	20 090
Investment in equipment and other		(268)	(78)	(3 698)	(1 517)	(2 190)
ii) Net cash flow provided by/(used in) investing activities		**(13 759)**	**(16 756)**	**(64 993)**	**(162 598)**	**(225 140)**
Financing activites:						
Proceeds from borrow ings		5 000	-	23 500	-	130 265
Repayment of borrow ings		(3 443)	(3 241)	(10 174)	(9 581)	(12 872)
Interest paid		(8 192)	(6 183)	(24 614)	(18 199)	(24 181)
Issue of share capital		-	-	-	208 667	208 667
Transaction costs of issue of shares		-	-	-	(6 788)	(6 728)
Payment of finance cost		(389)	(347)	(4 976)	(347)	(5 951)
iii) Net cash flow provided by/(used in) financing activities		**(7 024)**	**(9 771)**	**(16 264)**	**173 752**	**289 200**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)		**(7 950)**	**(14 604)**	**(61 557)**	**27 691**	**94 269**
Current cash, cash equivalents at the beginning of the period		77 276	78 909	130 883	36 614	36 614
Current cash and cash equivalents at the end of the period		**69 326**	**64 305**	**69 326**	**64 305**	**130 883**

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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)**	**(2 340)**	**142 079**	**343 850**	**343 850**
Profit (loss) for the period		-	-	-	-	-	-	(16 901)	(16 901)	(16 901)
Other comprehensive income / (loss)			-	-	-	53 256	(321)	-	52 935	52 935
Total comperehensive income		-	-	-	-	*53 256*	*(321)*	*(16 901)*	*36 034*	*36 034*
Issue of share capital (7 June 2013	4	0	60		-	-	-	-	60	60
Share-based payment costs		-	-	-	977	-	-	-	977	977
At 30 September 2013 (unaudited)		**699**	**344 258**	**(12)**	**(6 838)**	**(79 702)**	**(2 661)**	**125 178**	**380 922**	**380 922**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	(2 402)	(2 402)	(2 402)
Other comprehensive income / (loss)		-	-	-	(5 654)	-	-	(5 654)	(5 654)
Total comperehensive income	-	-	-	-	*(5 654)*	-	*(2 402)*	*(8 056)*	*(8 056)*
Issue of share capital (3 Feb. 2012)	226	206 367	-	-	-	-	-	206 594	206 594
Issue of share capital (22 Mar. 2012)	2	2 071	-	-	-	-	-	2 074	2 074
Share-based payment cost	-	-	-	725	-	-		725	725
Issue of shares	-	60						60	60
Transaction costs	-	(6 788)	-	-	-	-	-	(6 788)	(6 788)
At 30 September 2012 (unaudited)	**699**	**344 198**	**(12)**	**(8 125)**	**(137 302)**	**(710)**	**128 438**	**327 185**	**327 185**

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 Feb. 2012)	226	206 367	-	-	-	-	-	206 594	206 594
Issue of share capital (22 Mar. 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 Aug. 2012)	0	60		-	-	-	-	60	60
At 31 December 2012 (restated)¹	**699**	**344 198**	**(12)**	**(7 815)**	**(132 957)**	**(2 340)**	**142 079**	**343 851**	**343 851**

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 September 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. The Company will report according to the new accounting standard for the first time in the first quarter of 2014.

Revisions employee benefits:

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 third quarter or first nine months 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. 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.

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

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. No segment assets or segment liabilities other than vessels, newbuildings and intangible assets are part of the information.

Höegh LNG's segment reporting structure has been changed with effect from the third quarter 2013 to reflect the Group's new organisation and management responsibilities. The new structure is in accordance with the Group's internal financial reporting (historical segment information is restated), and divided into the following four segments:

Commercial segment

The Commercial segment is responsible for the commercial management of the Group's fleet of regasification and transportation vessels and tender activities for new regasification and transportation business.

The segment records income on a time charter (T/C) basis from the regasification vessel GDF Suez Neptune (on a 50 % basis) and GDF Suez Cape Ann (50 %), the transportation vessels Arctic Princess (100 %), Arctic Lady (100 %), LNG Libra (100 %), Norman Lady (50 %), and the RoRo vessel Höegh Treasure. It records management income for commercial management services paid by the external owners of the Group's jointly controlled vessels. The segment also contains bare boat hire paid to external owners for Arctic Princess (66 %) and Arctic Lady (50 %), and operating expenses for GDF Suez Neptune (50 %), GDF Suez Cape Ann (50 %), Arctic Princess (100 %), Arctic Lady (100 %), LNG Libra (100 %), Norman Lady (50 %) and Höegh Treasure.

The capitalised costs attributable to the segment relate to investments in licences and permits obtained for the Group's deep water port in the USA and to investments in the development of a containment system for compressed natural gas.

Technical segment

The Technical segment is responsible for the technical management of the Group's fleet of regasification and transportation vessels. The segment is also responsible for the delivery of new regasification and transportation projects. Upon delivery, the commercial management of such projects will be handed over to the Commercial segment.

The segment records management income paid for technical management services by the external owners of the Group's jointly controlled vessels and by third party owners of the vessels. The segment records further revenue and expenses relating to new regasification and transportation contracts until delivery. This includes construction contracts relating to associated infrastructure.

The capitalised costs attributable to the segment relate to the FSRU newbuilding programme and the mooring system for the Group's project in Indonesia.

FLNG

The floating liquefaction (FLNG) segment is responsible for the marketing, building and operation of floating liquefaction plants for LNG. The segment records income and expenses relating to engineering studies and marketing of the Group's FLNG capabilities. The capitalised costs relate to investments in front-end engineering design of an FLNG.

Other

The Other segment consists of Group management, finance, legal and other corporate 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 nine months ended 30 September for 2013 and 2012, respectively.

1 January – 30 September 2013

Statement of income	Total	Commercial	FLNG	Technical	Other
Freight revenue	87 175	87 175	-	-	-
Voyage expenses	(5 291)	(5 291)	-	-	-
Income on T/C basis	**81 884**	**81 884**	**-**	**-**	**-**
Construction contract revenue	38 112	-	-	38 112	-
Management income	3 460	1 423	-	2 038	(1)
Other income	3 000	106	2 894	-	-
TOTAL INCOME	**126 456**	**83 413**	**2 894**	**40 150**	**(1)**
Charter hire expenses	(15 384)	(15 384)	-	-	-
Operating expenses	(25 578)	(25 578)	-	-	-
Construction contract expenses	(32 871)	-	-	(32 871)	-
Administrative expenses	(12 295)	(2 460)	-	(3 667)	(6 168)
Business development expenses	(14 609)	(3 827)	(7 843)	(2 939)	-
EBITDA	**25 719**	**36 164**	**(4 949)**	**673**	**(6 169)**
Gain/(loss) on sale on assets	-	-	-	-	-
Depreciation vessel/shipyard	(21 730)	(21 730)	-	-	-
Depreciation other assets	(1 005)	(264)	-	(15)	(726)
Interest expenses	(20 070)	(17 315)	-	-	(2 755)
Interest income	134	-	3	7	124
Other financial items	794	(384)	38	(11)	1 151
Profit before tax	**(16 158)**	**(3 529)**	**(4 908)**	**654**	**(8 375)**
Tax	(743)	(610)	-	-	(133)
Profit after tax	**(16 901)**	**(4 139)**	**(4 908)**	**654**	**(8 508)**

1 January – 30 September 2012

Statement of income	Total	Commercial	FLNG	Technical	Other
Freight revenue	84 168	84 168	-	-	-
Voyage expenses	(853)	(853)	-	-	-
Income on T/C basis	**83 315**	**83 315**	**-**	**-**	**-**
Construction contract revenue	-	-	-	-	-
Management income	3 205	1 448	-	1 754	2
Other income	11 517	49	11 469	-	-
TOTAL INCOME	**98 037**	**84 866**	**11 469**	**1 754**	**2**
Charter hire expenses	(15 506)	(15 506)	-	-	-
Operating expenses	(22 959)	(22 959)	-	-	-
Administrative expenses	(10 089)	(2 461)	-	(2 965)	(4 663)
Business development expenses	(20 694)	(3 555)	(14 242)	(2 897)	-
EBITDA	**28 788**	**40 921**	**(2 774)**	**(4 107)**	**(4 661)**
Gain/(loss) on sale on assets	34	17	10	7	-
Depreciation vessel/shipyard	(13 233)	(13 233)	-	-	-
Depreciation other assets	(1 092)	(229)	(3)	-	(860)
Impairment	-	-	-	-	-
EBIT	**14 497**	**27 446**	**(2 767)**	**(4 100)**	**(5 521)**
Interest expenses	(18 271)	(18 183)	-	-	(88)
Interest income	61	0	0	5	56
Other financial items	1 503	-	(4)	119	1 388
Profit before tax	**(2 209)**	**9 098**	**(2 770)**	**(3 977)**	**(4 165)**
Tax	(193)	(193)	-	-	-
Profit after tax	**(2 402)**	**8 904**	**(2 770)**	**(3 977)**	**(4 165)**

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

30 September 2013

Financial position (USD'000)	Total consolidated	Commercial	FLNG	Technical	Other
Intangible assets					
Licenses, design and other intangibles	**73 508**	36 506	37 002	-	
Additions (disposals) in the period:	53	53	-	-	
Tangible assets					
Vessels and new buildings	**812 688**	465 319	-	347 369	
Additions (disposals) in the period:	172 893	3 122	-	169 771	
Current asset					
Reclassified from investment in new buildings to current receivable	**32 076**	-	-	32 076	

The additional USD 172.9 million during the first nine months of 2013 relate to investments in FSRUs on order (USD 169.8 million), capitalized dry docking costs on LNG Libra (USD 2.9 million) and a change order for GDF Suez Cape Ann (USD 0.2 million).

The aggregate amount of capitalised costs at 30 September 2013 for the tower yoke mooring system amounting to USD 32.9 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 5.2 million from revenue recognition based on percentage of completion is presented as unbilled contract receivable, which totals USD 38.1 million in the financial position on 30 September 2013 (Note 2).

30 September 2012

Financial position (USD'000)	Total consolidated	Commercial	FLNG	Technical	Other
Intangible assets					
Licenses, design and other intangibles	**73 062**	36 060	37 002	-	-
Reclassified to assets held for sale	(9 246)	(9 246)	-	-	
Tangible assets					
Vessels and new buildings	**684 517**	489 887	-	194 630	-
Additions (disposals) in the period:	184 863	47 700	-	137 163	

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 0.4 million in third quarter 2013 (USD 1.4 million first nine months of 2012) and USD 0.4 million in third quarter 2012 (USD 1.4 million first nine months of 2012).

For more detailed description of recurring 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 being utilized. The amount of borrowing costs capitalised during third quarter 2013 on investments on newbuildings without secured and drawn borrowings 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 therefore capitalised in third quarter 2013 (USD 4.9 million year to date) and 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 are approximately USD 939 million as of 30 September 2013, including yard payments, project expenses and finance costs. Remaining capital expenditure will be payable through April 2015.

On 30 September 2013, Höegh LNG had USD 117.7 million in current restricted and un-restricted 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 September 2013, USD 226.5 million was undrawn on this facility.

Höegh LNG has signed a USD 310 million Limited Recourse Facility for the financing of its Lampung FSRU and mooring project in Indonesia. The facility agreement has been entered into with five banks for the USD 310 million limited recourse financing of the Project. Mandated Lead Arrangers are DBS Bank Ltd, Oversea-Chinese Banking Corporation Ltd, Korea Development Bank, Standard Chartered Bank, and The Bank of Tokyo Mitsubishi UFJ. The Facility includes long-term financing of the FSRU (the "FSRU Loan"), construction financing of the mooring and a Letter of Credit facility. The FSRU Loan will be available for pre-delivery financing and is 75 % covered by a credit guarantee from Korea Trade Insurance Corporation ("K-Sure"). The FSRU Loan has a tenor of minimum 8 years and an overall profile of 12.5 years. As at 30 September 2013, the facility is undrawn.

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. As at 30 September 2013, the facility is 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 September 2013, the accumulated negative mark-to-market valuation of the cash flow hedges was recognised in the financial position by USD 97.2 million as financial liabilities and USD 12.0 million as non-current financial assets. The maturity profile of the liabilities is non-current (greater than one year) by USD 79.5 million and current (within one year) by USD 17.6 million, respectively. Due to the strengthening of USD rate against NOK during the first nine months of 2013, the NOK 750 million bond was re-measured by USD 5.4 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 September 2013 was therefore recorded in the equity by a negative USD 79.7 million.

Other comprehensive income for the third quarter 2013 was USD 2.9 million from the changes in the Group's cash flow hedges (USD 53.3 million year to date), up from USD 0.2 million in the same period last year (negative OCI YTD 2012 USD 5.7 million).

8. SUBSEQUENT EVENTS

The LNG carrier Norman Lady was redelivered to Höegh LNG on 15 September 2013, following a successful 14 year time charter with Gas Natural. The 1973 built vessel was subsequently sold for green recycling with delivery on 29 October 2013. A gain on sale of the vessel of approximately USD 2.3 million will be recorded in the fourth quarter accounts.

On 13 November 2013, Gas Natural exercised its option to extend the charter period for LNG Libra with redelivery by year end 2014, a total period of around 13 months. In addition, Gas Natural has an option to extend the charter period with up to an additional 12 months to end December 2015. The EBITDA contribution to Höegh LNG for the extended period is around USD 8.7 million. If the option for further extension is exercised, this will contribute around USD 6.6 million to the EBITDA.

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.