HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 31 MARCH 2014

Highlights

- Total income of USD 51.3 million, up from USD 20.1 million in the first quarter 2013
- Operating profit before depreciation negative by USD 1.0 million, an improvement from a negative USD 2.2 million in the first quarter 2013
- Loss before tax of USD 4.5 million, an improvement from a loss of USD 7.9 million in the first quarter 2013
- Commitment letters obtained for a USD 400 million Senior Secured Credit Facility for the financing of Höegh Gallant and FSRU #4
- Mandatory change in the accounting standard for recognition of joint venture investments from proportionate consolidation to the equity method

Subsequent Events

- The Senior Secured Credit Facility for the financing of Höegh Gallant and FSRU #4 increased to USD 412 million and signed
- Installation of the offshore mooring system for the PGN FSRU project in Indonesia completed
- The PGN FSRU Lampung delivered from the yard and hooked up to the mooring system in Indonesia
- The Independence delivered from the yard and entering the short term market before starting its long – term contract with Klaipedos Nafta
- Signed a Letter of Intent with Egyptian Natural Gas Holding Company for a 5 year FSRU contract
- Höegh LNG Partners LP (the "MLP"), a subsidiary of Höegh LNG, made a confidential submission to the United States Securities and Exchange Commission of an initial draft registration statement for an initial public offering of common units of the MLP

Group Financial review

On 1 January 2014 a mandatory change in the accounting regime was implemented, whereby IFRS 11 replaced IAS 31 as the accounting standard for the recognition of joint venture investments. From this date, Höegh LNG ("Höegh LNG" or the "Company") is recognising investments in joint venture companies according to the equity method, as opposed to according to the proportionate consolidation method under IAS 31. The annual and interim statements for 2013 have been restated as the standard became effective 1 January 2013. The mandatory change in the accounting standard impacts the equity ratio of the Company positively as the equity level remains unchanged while liabilities and total assets are reduced. The net profit remains unchanged, while income, operating profit and net financials are reduced.

The Company will continue to report segments based on a proportionate consolidation of joint venture companies for the purpose of monitoring the underlying operating performance. The table below presents selected items of the consolidated accounts according to the two methods of consolidating.

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Table: Selected financial items based on equity and proportionate consolidation of joint venture companies

	Consolidated by the equity method		Consolidated by the proportionate method	
USD'000	1Q2014	1Q2013	1Q2014	1Q2013
Total income	51 280	20 735	59 255	29 481
Operating profit before depreciation	(1 006)	(2 248)	8 419	7 465
Operating profit	(3 870)	(6 179)	2 139	143
Profit (loss) for the year	(4 503)	(7 939)	(4 503)	(7 939)
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Total assets	739 219	684 079	1 160 334	1 100 998
Equity adjusted for hedging reserves	453 248	457 329	453 248	457 329
Net interest bearing debt	145 536	90 027	526 524	473 193
Equity ratio adjusted for hedging reserves	61%	67%	39%	42%

Consolidated results (joint venture investments consolidated by the equity method))

The Company reports USD 51.3 million in total income in the first quarter 2014, up from USD 20.7 million in the first quarter 2013. The increase is mainly due to the recognition of construction contract revenues related to the mooring contract with PGN, which was recognized for the first time in the second quarter 2013.

The Company's consolidated operating loss before depreciation was USD 1.0 million in the quarter compared to a loss of USD 2.2 million in the same period last year. The improvement is due to revenue recognition of the mooring construction contract (USD 4.3 million) and higher contribution from LNG Libra (USD 1.7 million), offset by costs associated with the potential US listing of an MLP (USD 2.0 million), cost associated with the preparation for delivery of the newbuild FSRUs and lower share of net profit in joint venture companies. The share of net profit in joint venture companies is lower in the quarter due to the green recycling sale of Norman Lady in the fourth quarter 2013.

The loss before tax was USD 4.5 million in the quarter compared to a loss of USD 7.9 million in the same period last year. The improvement is due to reasons mentioned above in addition to lower depreciation on LNG Libra (USD 0.9 million), capitalization of USD 2.4 million of bond interest in the first quarter 2014 versus no capitalization in the first quarter 2013, offset by higher net other financial expenses in the quarter (USD 1.2 million).

Total cash flow in the quarter was positive by USD 15.9 million compared to negative USD 81.7 million in the first quarter 2013. The cash flow in the quarter includes net proceeds from borrowings (USD 78 million), investments in newbuildings and mooring costs (USD 51.9 million), and payment of debt issuance cost (USD 8.3 million). During the first quarter 2013 net proceeds from borrowings were USD 18.5 million while investments in newbuildings and mooring costs totalled USD 90.9 million.

At the end of the first quarter 2014, Höegh LNG held USD 81.5 million in restricted and unrestricted cash and marketable securities (USD 74.5 million at 31 December 2013). The book equity after adjusting for mark-to-market of hedging reserves was USD 453.2 million, equivalent to an adjusted book equity ratio of 61% compared to an adjusted equity ratio of 67% on 31 December 2013. On 31 March 2014 net interest bearing debt was USD 145.5 million compared to USD 90.0 million at 31 December 2013.

On 31 March 2014, the Company recognized its investments in joint ventures as non-current assets and liabilities in an amount of USD 0.2 million and USD 89.0 million, respectively. Some joint ventures are recognized as liabilities in the financial position mainly due to the impact caused by negative mark-to-market valuations of cash flow hedges, totalling USD 83.9 million at the end of the first quarter 2014.

Sum of segments (proportionate consolidation of joint venture investments)

Based on the proportionate consolidation of joint venture companies, the operating profit before depreciation was USD 8.4 million in the quarter, up from USD 7.4 million in the same quarter last year. The improvement is due to the same reasons explaining the improvement in the consolidated operating profit before depreciation according to statutory requirements.

Corporate matters

On 3 February 2014 and 27 February 2014, Höegh LNG granted 1,290,000 and 100,000 options, respectively, to senior management and other key employees of the Company at a strike price of NOK 47 per share. The options will vest with one third on 31 December 2015, 2016 and 2017, respectively, and will elapse on 31 December 2018. The options are granted as part of the share option program introduced by the

Company in 2012 for senior management and other key employees. The total number of options granted in Höegh LNG after this issue of grants is 2,172,000. The Company has expensed USD 0.4 million in the quarter relating to the option scheme (USD 0.3 million in the same quarter last year).

On 27 January 2014, Höegh LNG received commitment letters from seven international banks for a USD 400 million Senior Secured Credit Facility for the financing of Höegh Gallant and FSRU #4. The financing is available for pre- and post delivery financing, has a five year post delivery tenor and a fifteen years repayment profile. Banks participating in the financing are ABN Amro, Citibank, Crédit Agricole, Danske Bank, DNB, Nordea and Swedbank. In a subsequent event, the facility was increased to USD 412 million and signed. With this facility in place the long term financing of the FSRU newbuilding program is secured.

In a subsequent event, Höegh LNG Partners LP (the "MLP"), a subsidiary of the Company, made a confidential submission to the United States Securities and Exchange Commission ("SEC") of an initial draft registration statement for an initial public offering ("IPO") of common units of the MLP. The IPO of the common units is expected to commence after the SEC completes its review process. Upon completion of the IPO, the MLP is expected to own Höegh LNG's interests in three floating storage and regasification units.[1]

The Company is in the process of formulating its dividend strategy with an expected first pay out during 2015. Details of the dividend strategy will be communicated in the second half of 2014. Business review

Commercial

On 12 May 2014 the Company entered into a Letter of Intent (LOI) with Egyptian Natural Gas Holding Company (Egas) for the use of one of its newbuild FSRUs at Ain Sokhna port located on the Red Sea’s Gulf of Suez in Egypt. The LOI is for a 5 year contract expected to generate an average annual Earnings before Interest, Depreciation and Amortisation (EBIDA) of around USD 40 million. EBIDA is after local taxes expected to incur under the contract. The Company will use Höegh Gallant for the project with FSRU operations expected to start during the third quarter of 2014. The LOI is subject to board approval on both sides, approval of the Egyptian competent authorities and the negotiation and signing of a final Time Charter Agreement.

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

The Company continues to receive many requests for proposal for FSRU projects from around the world. While the Middle East and South America represent important geographical markets and several prospects recently have emerged in Africa, the European market is expected to gain importance. The Company sees natural gas supply security and diversification becoming increasingly important within Western Europe, dependant on pipeline gas from only three major suppliers.

The Company is currently bidding on two FSRU projects with an expected contract award by the end of the year. Furthermore, during the quarter, the Company submitted one initial bid for a newbuild FSRU project with a start up during the second half of 2017, and was prequalified for bidding on two projects with an expected start up within a similar timeframe. The Company currently has one open FSRU, which is under construction and scheduled to be delivered in March 2015, and is in the process of evaluating its alternatives for the next round of expansion in the FSRU segment.

Technical

The preparations for PGN’s Lampung FSRU project in Indonesia are progressing well. During the quarter the mooring system was installed at the site in Lampung, ahead of schedule, and on 17 April 2014 the PGN

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1 This statement is being made pursuant to, and in accordance with, Rule 135 under the U.S. Securities Act of 1933, as amended. This statement does not constitute an offer to sell or the solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

FSRU Lampung was delivered from the yard. The vessel has now arrived at the site in Lampung and been hooked up to the mooring system. The Company is pleased with the performance of the project and is planning to commence operation under the 20 year contract with PGN in June 2014 according to schedule and budget.

The preparations for Klaipedos Nafta's FSRU project in Lithuania are also progressing well. The Independence was delivered from the yard 11 May 2014 and is scheduled to start operations under the contract with Klaipedos Nafta no later than by the end of 2014. The Company is currently working on several alternative options for interim employment of the vessel before sailing west for start up under the 10 year contract with Klaipedos Nafta. The jetty and the pipeline for the FSRU, which are part of the client's scope of work, are on schedule to be completed during the third quarter 2014.

The construction of the third FSRU, Höegh Gallant, is progressing well and was by the end of the quarter 95% completed. The vessel is scheduled to be delivered in August 2014, upon which it will move to Egypt for the contract with Egas. Steel cutting of the fourth FSRU was done in March in accordance with the schedule and by the end of the quarter the vessel was 38% completed. The vessel is scheduled to be delivered in March 2015.

Floating production

During the quarter the Company continued to pursue its FLNG strategy and made important progress by awarding pre-FEED contracts to one major shipyard and one major EPC contractor for the initial work on Höegh FLNG's proprietary FLNG Barge design. The initial result of this engineering work confirms the Company's expectations on both the competitive cost level and the schedule to first gas. The Company will make a decision on how to proceed into the FEED stage shortly with the target to place an order for an FLNG Barge during the second half of 2014.

Furthermore, the Company signed a Letter of Intent for the joint development of a non-disclosed North American barge based FLNG project during the quarter, and will during the second quarter of 2014 make a decision on whether to proceed to the next stage with this project. Due to the strong interest from the market in general for floating LNG solutions, the Company will re-evaluate its current capitalization plan for Höegh FLNG to potentially also include continued funding from, and retained full ownership by, Höegh LNG Holdings.

Market

The LNG market has continued to be tight and marked by unplanned outages in Nigeria and delayed start-up on project expansions in Angola and Algeria. It is expected that the world-wide production of LNG will increase in the second half of 2014 when the African projects mentioned above start producing and one new project, PNG LNG, commences operation. Significant incremental LNG supply is expected from next year when export projects under construction, mainly in the US and Australia, will boost production by around 100 MTPA. Demand is expected to continue to outpace supply in the coming years, to a high extent driven by continued increased demand in Asia.

The increased global LNG production volume is an important factor driving demand for new FSRU projects. While South America and the Middle East have been important markets in recent years, the Company sees increased interest for FSRU projects in Africa and Western Europe. Currently, seven FSRUs are under construction with delivery by 2016, of which four are uncommitted.

The spot market for conventional LNG carriers is expected to remain challenging for the next one to two years. In parallel with only a small increase in LNG supply, approximately 30 new LNG carriers are scheduled for delivery by the end of 2014. The current order book for LNG carriers is 106 vessels, which represents approximately 30% of the world LNG carrier fleet. Approximately 35% of the current order book is without a firm contract.

The activity in the FLNG market remains high. Four FLNGs are currently under construction. Projects in the Timor Sea and British Columbia are expected to reach a FEED stage soon, while several other projects are entering pre-FEED.

Outlook

Over the next three years it is expected that approximately 100 MTPA of additional LNG supply will be added to the market, underpinning the high number of FSRU projects that are being planned world-wide.

With a strong position in this market and a top modern FSRU available, Höegh LNG is well positioned to take advantage of this growth. In the short term, the LNG transportation market looks challenging, but in the longer term, incremental LNG supply from North America and Australia is expected to require LNG carriers beyond the current order book. The results of the Pre-FEED for its Barge FLNG confirm the competitive cost level and schedule of this technical solution. The company is focusing on further developing the undisclosed North American project where it recently signed an LOI.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	Unaudited[1]	Restated[1]
USD'000	**Note**	**1Q2014**	**1Q2013**	**2013**
Freight revenues		17 234	16 754	66 878
Voyage expenses		(8)	(1 195)	(5 040)
Income on T/C basis		**17 225**	**15 559**	**61 837**
Construction contract revenue		28 248	-	52 672
Management and other income		3 589	1 670	16 051
Share of results from investments in joint ventures		2 217	3 506	15 061
Total income		**51 280**	**20 735**	**145 621**
Charterhire expenses		(8 725)	(8 731)	(35 409)
Construction contract expenses		(23 965)	-	(45 645)
Operating expenses		(6 360)	(5 839)	(23 637)
Administrative expenses		(6 204)	(3 907)	(17 182)
Business development expenses		(7 032)	(4 506)	(25 628)
Operating profit before depreciation		**(1 006)**	**(2 248)**	**(1 880)**
Depreciation		(2 864)	(3 931)	(17 169)
Operating profit		**(3 870)**	**(6 179)**	**(19 049)**
Interest income		475	663	2 287
Interest expenses		(363)	(2 521)	(3 315)
Income from other financial items		19	620	(240)
Expenses from other financial items		(749)	(136)	-
Net financial items		**(618)**	**(1 375)**	**(1 268)**
Ordinary profit or loss before tax		**(4 488)**	**(7 554)**	**(20 317)**
Tax		(15)	(385)	(486)
Profit (loss) for the period		**(4 503)**	**(7 939)**	**(20 803)**
Other comprehensive income				
Items that will not be reclassified to profit or (loss)				
Net gain (loss) on other capital reserves		-	(335)	(103)
Items that may be subsequently reclassified to profit or (loss)				
Net gain (loss) on hedging reserves	6	(6 343)	1 530	14 274
Share of OCI from joint ventures	6	(4 203)	11 243	50 461
Other comprehensive income/(loss) for the period net of tax		**(10 546)**	**12 438**	**64 632**
Total comprehensive income/(loss)		**(15 049)**	**4 499**	**43 825**
Profit /(loss) of the period attributable to (from):				
Equity holders of the parent		(4 503)	(7 939)	(20 803)
Non-controlling interests		-	-	-
		(4 503)	**(7 939)**	**(20 803)**
Total comprehensive income attributable to (from):				
Equity holders of the parent		(15 049)	4 499	43 825
Non-controlling interests		-	-	-
		(15 049)	**4 499**	**43 825**
Earnings per share attributable to owners of the parent during the period:				
> basic and diluted earnings per share (loss):		(0,07)	(0,12)	(0,30)

1) Restated due to implementation of IFRS 11. See Note 2 for further description.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Notes	Unaudited 2014 31 March	*Restated*[1] 2013 31 December	*Restated*[1] 2013 1 January
ASSETS				
Non-current assets				
Intangible assets				
Deferred tax assets		646	772	789
Licenses, design and other intangibles	3	73 377	73 321	73 237
Tangible assets				
Investments in vessels		34 188	36 794	49 279
Investments in new buildings under construction	3	420 781	384 272	225 716
Investments in joint ventures		168	223	4 365
Other non-current financial assets	6	14 304	17 970	1 649
Other non-current assets		2 272	10 933	11 628
Shareholder loans		16 411	17 848	22 446
Restricted cash		-	-	10 701
Total non-current assets		**562 148**	**542 133**	**399 810**
Current assets				
Inventories		89	73	64
Unbilled construction contract receivable		80 920	52 672	-
Trade and other receivables		7 531	7 549	5 358
Shareholder loans		6 983	7 113	6 675
Marketable securities	4	13 811	13 794	113 877
Restricted cash		4 694	13 595	1 800
Cash and cash equivalents		63 044	47 151	117 127
Total current assets		**177 072**	**141 946**	**244 901**
TOTAL ASSETS		**739 219**	**684 080**	**644 711**
EQUITY AND LIABILITES				
Equity				
Share capital		699	699	699
Other paid-in capital		338 220	337 797	336 371
Capital reserves		(81 212)	(70 666)	(135 297)
Retained earnings		116 773	121 276	142 079
Total equity attributable to owners of the parent		**374 479**	**389 106**	**343 851**
Non-current liabilities				
Non-current interest-bearing debt		192 116	143 722	132 788
Investments in joint ventures	6	88 955	86 208	141 996
Other non-current financial liabilities	6	8 558	10 409	857
Total non-current liabilities		**289 629**	**240 339**	**275 641**
Current liabilities				
Current interest bearing debt		34 970	20 844	6 997
Trade and other payables		9 215	11 098	10 070
Other current financial liabilities	6	13 998	11 424	2 473
Provisions and accruals		16 928	11 269	5 679
Total current liabilities		**75 111**	**54 635**	**25 219**
TOTAL EQUITY AND LIABILITIES		**739 219**	**684 080**	**644 711**

1) Restated due to implementation of IFRS 11. See Note 2 for further description.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	Unaudited[1]	Restated[1]
USD'000	**1Q2014**	**1Q2013**	**2013**
Operating activities:			
Profit /(loss) before tax for the period	(4 488)	(7 553)	(20 317)
Non-cash adjustment to reconcile profit before tax to net operational cash flow			
Depreciation vessels, drydocking and equipment	2 864	3 931	17 169
Fair value adjustments on marketable securities	(17)	(459)	(917)
Interest income	(475)	(663)	(2 287)
Interest cost	363	2 521	3 315
Deviation betw een paid and expensed pension cost	-	-	189
Share-base payment cost and BoD remuneration not paid-out	423	308	1 426
Share of profits from investments in joint ventures	(2 217)	(3 506)	(15 061)
Construction contract revenue not received	(4 283)	-	(7 027)
Working capital adjustments			
Change in inventories, receivables and payables	5 772	2 145	(224)
Dividend received from joint ventures	814	722	13 878
Interest received	-	99	103
Payment of income tax	-	-	(531)
i) Net cash generated from operating activities	**(1 244)**	**(2 455)**	**(10 284)**
Investing activites:			
Proceeds from sale of marketable securities	-	-	101 000
Investments in vessels, drydocking, new buildings and mooring	(51 920)	(89 721)	(185 999)
Investment in intangibles, equipment and other	(219)	(2 894)	(4 144)
Repayment of shareholder loans	2 033	1 700	6 283
ii) Net cash used in investing activities	**(50 106)**	**(90 915)**	**(82 861)**
Financing activites:			
Proceeds from borrow ings	108 000	18 500	44 500
Repayment of borrow ings	(30 000)	-	-
Interest paid	(2 441)	(2 441)	(9 684)
Payment of debt issuance cost	(8 315)	(4 404)	(11 648)
iii) Net cash flows from financing activities	**67 244**	**11 655**	**23 168**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**15 894**	**(81 715)**	**(69 976)**
Current cash, cash equivalents at the beginning of the period	47 151	117 127	117 127
Current cash and cash equivalents at the end of the period	**63 044**	**35 412**	**47 151**

1) *Restated due to implementation of IFRS 11. See Note 2 for further description.*

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014

			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 (Note 7)	Other capital reserves	Retained earnings	**Total**	**Total equity**
At 31 December 2013 [1]	**699**	**344 258**	**(12)**	**(6 449)**	**(68 223)**	**(2 443)**	**121 276**	**389 106**	**389 106**
Profit (loss) for the period	-	-	-	-	-	-	(4 503)	(4 503)	(4 503)
Other comprehensive income / (loss)		-	-	-	(10 546)	-	-	(10 546)	(10 546)
Total comperehensive income	-	-	-	-	*(10 546)*	-	*(4 503)*	*(15 049)*	*(15 049)*
Share-based payment costs	-	-	-	423	-	-	-	423	423
At 31 March 2014 (unaudited)	**699**	**344 258**	**(12)**	**(6 026)**	**(78 769)**	**(2 443)**	**116 773**	**374 479**	**374 479**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2013

			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 (Note 7)	Other capital reserves	Retained earnings	**Total**	**Total equity**
At 1 January 2013 [1]	**699**	**344 198**	**(12)**	**(7 815)**	**(132 957)**	**(2 341)**	**142 079**	**343 850**	**343 850**
Profit (loss) for the period	-	-	-	-	-	-	(7 939)	(7 939)	(7 939)
Other comprehensive income / (loss)		-	-	-	12 772	(335)	-	12 437	12 437
Total comperehensive income	-	-	-	-	*12 772*	*(335)*	*(7 939)*	*4 499*	*4 499*
Share-based payment costs	-	-	-	308	-	-	-	308	308
At 31 March 2013 (unaudited)[1]	**699**	**344 198**	**(12)**	**(7 507)**	**(120 185)**	**(2 676)**	**134 141**	**348 658**	**348 658**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

			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 (Note 7)	Other capital reserves	Retained earnings	**Total**	**Total equity**
At 1 January 2013 [1]	**699**	**344 198**	**(12)**	**(7 815)**	**(132 957)**	**(2 340)**	**142 079**	**343 851**	**343 851**
Profit (loss) for the period	-	-	-	-	-	-	(20 803)	(20 803)	(20 803)
Other comprehensive income / (loss)		-	-	-	64 734	(103)	-	64 632	64 632
Total comperehensive income	-	-	-	-	*64 734*	*(103)*	*(20 803)*	*43 829*	*43 829*
Issue of share capital (7 June 2013)	0	60		-	-	-	-	60	60
Share-based payment costs	-	-	-	1 366	-	-	-	1 366	1 366
At 31 December 2013 [1]	**699**	**344 258**	**(12)**	**(6 449)**	**(68 223)**	**(2 443)**	**121 276**	**389 106**	**389 106**

1. Restated due to implementation of IFRS 11. See Note 2 for further description

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ended 31 March 2014 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 Company's annual financial statements as at 31 December 2013.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2013, except for the adoption of new standards, amendments and interpretations effective and adopted as of 1 January 2014.

On 1 January 2014, the Company implemented IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, and the amended IAS 28 Investments in Associates and Joint Ventures with retrospective application to 1 January 2013. A third balance sheet setting out the opening balance at 1 January 2013 is therefore presented in the statement of financial position.

IFRS 11 eliminates the choice of accounting treatments for interests in joint ventures. As a result, the Company's accounting for its investments in the joint ventures changed from the proportionate consolidation method to the equity method. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, the investment in joint venture companies is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the joint venture companies since the acquisition date in one line called "Investments in joint ventures" in the consolidated statement of financial position. The consolidated statement of comprehensive income reflects the Company's share of the results of operations of the joint venture on a single line called "Share of results from investments in joint ventures" after the line item "Income on T/C basis." This differs from the proportional consolidation method where the Company's share of each line included in the assets, liabilities, revenue, income and expenses from these investments was proportionately consolidated in the consolidated financial statements.

Any change in other comprehensive income ("OCI") of those investees is presented as part of the Company's OCI under both methods.

The application of IFRS 11 impacted the Company's accounting of its interest in its joint venture for its 50% interests in Methane Carriers Ltd, Joint Gas Two Ltd, SRV Joint Gas Ltd, SRV Joint Gas Two Ltd, 34% interest in Joint Gas Ltd and 33% interest in PNG Floating LNG Holding Ltd. The effect of converting from proportionate consolidation to consolidating by the equity method in the statement of comprehensive income and statement of financial position is set out in Appendix A and B.

3. SEGMENT INFORMATION

Management monitors the operating results of Höegh LNG'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.

The performance of the Company's joint ventures is evaluated using the proportionate consolidation method rather than the equity method used in the consolidated statement of comprehensive income.

Commercial segment

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

In the segment report income is recorded 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%), and the RoRo vessel Höegh Treasure. It records management income for commercial management services paid by the external owners of the Company’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.

For the vessels GDF Suez Neptune, GDF Suez Cape Ann, Arctic Princess and Arctic Lady the Company’s share of the results of operations is included in the line “share of results from investments in joint ventures” in the statement of comprehensive income.

The capitalised costs attributable to the segment relate to investments in licences and permits obtained for the Company’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 Company’s fleet of regasification and transportation vessels. In addition, the segment is responsible for the execution of new regasification and transportation projects up until delivery. .

The segment records management income paid for technical management services by the external owners of the Company’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 Company'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 Company’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 table below sets out the Company's operating segments for the three months ended 31 March for 2014 and 2013, respectively.

Table: Segment information

Quarterly segment information USDm	Commercial		FLNG		Technical		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
Income statement	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Freight revenue	27,4	29,2	0,0	0,0	0,0	0,0	0,0	0,0	27,4	29,2	(10,1)	(12,4)	17,2	16,8
Voyage expenses	0,0	(1,2)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	(1,2)	0,0	0,0	0,0	(1,2)
Income on T/C basis	**27,4**	**28,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**27,4**	**28,0**	**(10,1)**	**(12,4)**	**17,2**	**15,6**
Construction contract revenue	0,0	0,0	0,0	0,0	28,2	0,0	0,0	0,0	28,2	0,0	0,0	0,0	28,2	0,0
Management and other income	0,4	0,5	2,7	0,3	0,6	0,7	0,0	0,0	3,6	1,5	(0,1)	0,1	3,6	1,7
Share of results from inv. in JVs	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,2	3,5	2,2	3,5
TOTAL INCOME	**27,8**	**28,4**	**2,7**	**0,3**	**28,8**	**0,7**	**0,0**	**0,0**	**59,3**	**29,5**	**(8,0)**	**(8,7)**	**51,3**	**20,7**
Charter hire expenses	(5,1)	(5,1)	0,0	0,0	0,0	0,0	0,0	0,0	(5,1)	(5,1)	(3,7)	(3,7)	(8,7)	(8,7)
Operating expenses	(8,3)	(8,4)	0,0	0,0	0,0	0,0	0,0	0,0	(8,3)	(8,4)	1,9	2,6	(6,4)	(5,8)
Construction contract expenses	0,0	0,0	0,0	0,0	(24,0)	0,0	0,0	0,0	(24,0)	0,0	0,0	0,0	(24,0)	0,0
Administrative expenses	(0,8)	(0,9)	0,0	0,0	(1,1)	(1,2)	(4,6)	(1,9)	(6,5)	(3,9)	0,3	0,0	(6,2)	(3,9)
Business development expenses	(1,5)	(1,3)	(3,3)	(2,4)	(2,2)	(0,9)	0,0	0,0	(7,0)	(4,6)	0,0	0,1	(7,0)	(4,5)
EBITDA	**12,1**	**12,7**	**(0,7)**	**(2,1)**	**1,5**	**(1,3)**	**(4,6)**	**(1,9)**	**8,4**	**7,5**	**(9,4)**	**(9,7)**	**(1,0)**	**(2,2)**
Gain/(loss) on sale on assets	0,0								0,0	0,0	0,0	0,0	0,0	0,0
Depreciation vessel/shipyard	(6,0)	(7,0)	0,0	0,0	0,0	0,0	0,0	0,0	(6,0)	(7,0)	3,2	3,1	(2,9)	(3,9)
Depreciation other assets	(0,1)	(0,1)	0,0	0,0	(0,0)	0,0	(0,2)	(0,2)	(0,2)	(0,3)	0,2	0,3	0,0	0,0
EBIT	**6,0**	**5,6**	**(0,7)**	**(2,1)**	**1,5**	**(1,3)**	**(4,7)**	**(2,1)**	**2,1**	**0,1**	**(6,0)**	**(6,3)**	**(3,9)**	**(6,2)**
Interest expenses	(5,5)	(5,7)	0,0	0,0	0,0	0,0	(0,4)	(2,5)	(5,9)	(8,3)	5,5	5,7	(0,4)	(2,5)
Interest income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0	0,1	0,5	0,6	0,5	0,7
Other financial items	(0,3)	0,0	0,0	0,1	(0,0)	0,0	(0,4)	0,3	(0,7)	0,5	(0,0)	0,0	(0,7)	0,5
Net financials	**(5,9)**	**(5,7)**	**0,0**	**0,1**	**(0,0)**	**0,0**	**(0,8)**	**(2,1)**	**(6,6)**	**(7,7)**	**6,0**	**6,3**	**(0,6)**	**(1,4)**
Profit before tax	**0,2**	**(0,1)**	**(0,6)**	**(2,0)**	**1,5**	**(1,3)**	**(5,5)**	**(4,2)**	**(4,5)**	**(7,6)**	**(0,0)**	**(0,0)**	**(4,5)**	**(7,6)**
Tax	0,0	(0,4)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	(0,4)	(0,0)	(0,0)	(0,0)	(0,4)
Profit after tax	**0,2**	**(0,4)**	**(0,6)**	**(2,0)**	**1,5**	**(1,3)**	**(5,5)**	**(4,2)**	**(4,5)**	**(7,9)**	**(0,0)**	**(0,0)**	**(4,5)**	**(7,9)**

Selected items in Financial Position	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Intangible assets														
Licenses, design and other intangibles	36,4	36,3	37,0	37,0	0,0	0,0	0,0	0,0	73,4	73,3	0,0	0,0	73,4	73,3
Tangible assets														
Vessels and new buildings	449,0	477,2	0,0	0,0	420,8	319,4	0,0	0,0	869,8	796,6	(414,8)	(431,0)	455,0	365,6
Current assets														
Unbilled construction contract receivable	0,0	0,0	0,0	0,0	80,9	0,0	0,0	0,0	80,9	0,0	0,0	0,0	80,9	0,0

The table shows the Company's operating segments under the proportionate consolidation method which is reconciled to the equity method used in the Company's consolidated accounts.

4. RELATED PARTY TRANSACTIONS

Höegh LNG provides various management services to the Company'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 first quarter 2014 and USD 0.4 million in first quarter 2013.

For more detailed description of recurring related parties' transactions, see information disclosed in Note 31 of the 2013 annual report.

5. COMMITMENTS AND FINANCING

The Company 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. As of 31 March 2014, total remaining capital expenditures relating to these commitments are approximately USD 827 million including yard payments, project expenses and finance costs. Remaining capital expenditure will be payable through April 2015.

On 31 March 2014, Höegh LNG had USD 81.6 million in current restricted and un-restricted cash and marketable securities.

The Company has in place a USD 250 million senior secured corporate credit -facility for the financing of the FSRU for Klaipedos Nafta in Lithuania. As of 31 March 2014, USD 26.5 million was drawn under the facility.

Höegh LNG has in place a USD 310 million Limited Recourse Facility for the financing of its PGN FSRU and mooring project in Indonesia. As of 31 March 2014, USD 96 million has been drawn under this facility.

On 27 January 2014, Höegh LNG received commitment letters from seven international banks for a USD 400 million long-term Senior Secured Credit Facility for the financing of Höegh Gallant and FSRU #4. The financing is available for pre- and post delivery financing, has a five year post delivery tenor and a fifteen years repayment profile. Banks participating in the financing are ABN Amro, Citibank, Crédit Agricole, Danske Bank, DNB, Nordea, and Swedbank. The financing was subsequently increased to USD 412 million and signed. With this facility in place the long term financing of all four newbuilding FSRUs under construction is secured. The USD 412 million facility replaces the USD 288 million facility which was cancelled in connection with the signing of the former.

6. HEDGING RESERVES

Interest rate swaps have been entered into relating to the financing of Arctic Princess, Arctic Lady, GDF Suez Neptune, GDF Suez Cape Ann, Independence and PGN FSRU Lampung. In addition, the Company has entered into a cross currency interest rate swap ("CCIRS") relating to the bond issue.

At 31 March 2014, the mark-to-market valuation of the interest rate swaps was recognised in the financial position as financial liabilities (USD 98.1 million) and non-current financial assets (USD 14.4 million). The financial liabilities were classified as non-current (USD 91.3 million) and current (USD 6.8 million). The mark-to-market valuations of the cash flow hedges in the Company's joint ventures are all recorded as part of investments in joint ventures which results in the investments being net liabilities. The negative valuations of the hedges in the joint ventures amounted to USD 83.9 million on 31 March 2014.

As of 31 March 2014, the net mark-to-market valuation of the swaps entered into was recognized at a negative USD 81.2 million in the book equity of the Company.

In the first quarter 2014, USD 11.5 million relating to the swaps entered into by the Company was recorded as a loss in other comprehensive income (OCI), down from a positive OCI USD 12.8 million in the same period last year.

7. SUBSEQUENT EVENTS

On 27 January 2014, Höegh LNG received commitment letters from seven international banks for a USD 400 million Senior Secured Credit Facility for the financing of Höegh Gallant and FSRU #4. In a subsequent event, the facility was increased to USD 412 million and signed.

On 12 May 2014 the Company entered into a Letter of Intent (LOI) with Egyptian Natural Gas Holding Company (Egas) for the use of one of its newbuild FSRUs at Ain Sokhna port located on the Red Sea's Gulf of Suez in Egypt. The LOI is for a 5 year contract expected to generate an average annual Earnings before Interest, Depreciation and Amortisation (EBIDA) of around USD 40 million. EBIDA is after local taxes expected to incur under the contract. The Company will use Höegh Gallant for the project with FSRU operations expected to start during the third quarter of 2014. The LOI is subject to board approval on both sides, approval of the Egyptian competent authorities and the negotiation and signing of a final Time Charter Agreement.

In April 2014, the PGN FSRU Lampung was delivered from Hyundai Heavy Industries. The vessel will serve as the FSRU for the PGN FSRU project in Lampung, Indonesia.

In May 2014, the Independence was delivered from Hyundai Heavy Industries. The vessel will serve as the FSRU for Klaipedos Nafta's FSRU project in Lithuania.

In April 2014, Höegh LNG Partners LP (the "MLP"), a subsidiary of the Company, made a confidential submission to the United States Securities and Exchange Commission ("SEC") of an initial draft registration statement for an initial public offering ("IPO") of common units of the MLP. The IPO of the common units is expected to commence after the SEC completes its review process. Upon completion of the IPO, the MLP is expected to own Höegh LNG's interests in three floating storage and regasification units.

8. 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 Company 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; 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.

APPENDIX A

INCOME STATEMENT CONSOLIDATED BY PROPORTIONATE AND EQUITY METHODS

	1Q2014			2013		
	Proportionate method	Adjustment	Equity method	Proportionate method	Adjustment	Equity method
Freight revenues	27 391	(10 157)	17 234	115 034	(48 156)	66 878
Voyage expenses	(8)	(0)	(8)	(5 146)	105	(5 040)
Income on T/C basis	**27 383**	**(10 158)**	**17 225**	**109 888**	**(48 051)**	**61 837**
Construction contract revenue	28 248	-	28 248	52 672	-	52 672
Management and other income	3 648	(59)	3 589	15 453	598	16 051
Share of results from investments in joint ventures	-	2 217	2 217		15 061	15 061
Total income	**59 279**	**(8 000)**	**51 280**	**178 013**	**(32 392)**	**145 621**
Charterhire expenses	(5 068)	(3 657)	(8 725)	(20 568)	(14 841)	(35 409)
Construction contract expenses	(23 965)	-	(23 965)	(45 645)	-	(45 645)
Operating expenses	(8 280)	1 920	(6 360)	(33 789)	10 152	(23 637)
Administrative expenses	(6 508)	304	(6 204)	(17 709)	527	(17 182)
Business development expenses	(7 038)	6	(7 032)	(25 683)	55	(25 628)
Operating profit before depreciation	**8 420**	**(9 426)**	**(1 006)**	**34 618**	**(36 498)**	**(1 880)**
Gain/(loss) on sale of assets	(9)	9	-	2 226	(2 226)	-
Depreciation	(6 272)	3 408	(2 864)	(30 715)	13 546	(17 169)
Operating profit	**2 139**	**(6 009)**	**(3 870)**	**6 130**	**(25 179)**	**(19 049)**
Interest income	15	460	475	161	2 126	2 287
Interest expenses	(5 886)	5 523	(363)	(26 346)	23 031	(3 315)
Income from other financial items	19	-	19	1 041	(1 281)	(240)
Expenses from other financial items	(775)	27	(749)	(1 303)	1 303	-
Net financial items	**(6 627)**	**6 010**	**(618)**	**(26 447)**	**25 178**	**(1 268)**
Ordinary profit or loss before tax	**(4 488)**	**0**	**(4 488)**	**(20 317)**	**(0)**	**(20 317)**
Tax	(15)	-	(15)	(486)	0	(486)
Profit (loss) for the period	**(4 503)**	**0**	**(4 503)**	**(20 803)**	**(0)**	**(20 803)**
Other comprehensive income						
Items that will not be reclassified to profit or (loss)						
Net gain (loss) on other capital reserves	-	-	-	(103)	-	(103)
Items that may be subsequently reclassified to profit or (loss)						
Net gain (loss) on hedging reserves	(10 546)	4 203	(6 343)	64 735	(50 460)	14 274
Share of OCI from joint ventures	-	(4 203)	(4 203)	-	50 460	50 460
Other comprehensive income/(loss) for the period net of t	**(10 546)**	**0**	**(10 546)**	**64 632**	**(0)**	**64 632**
Total comprehensive income/(loss)	**(15 049)**	**0**	**(15 049)**	**43 829**	**(0)**	**43 829**

APPENDIX B

FINANCIAL POSITION CONSOLIDATED BY PROPORTIONATE AND EQUITY METHODS

	31 March 2014			31 December 2013		
USD'000	Proportionate method	Adjustment	Equity method	Proportionate method	Adjustment	Equity method
ASSETS						
Non-current assets						
Intangible assets						
Deferred tax assets	646	-	646	772	-	772
Licenses, design and other intangibles	73 377	-	73 377	73 321	-	73 321
Tangible assets						
Vessels	449 334	(415 146)	34 188	455 097	(418 303)	36 794
New buildings	420 781	0	420 781	379 119	5 153	384 272
Interest in joint ventures	-	168	168	-	223	223
Non-current financial assets	14 304	(0)	14 304	20 270	(2 300)	17 970
Other non-current assets	2 272	0	2 272	13 785	(2 852)	10 933
Shareholder loans	-	16 411	16 411	-	17 848	17 848
Restricted cash	12 552	(12 552)	-	12 552	(12 552)	-
Total non-current assets	**973 266**	**(411 118)**	**562 148**	**954 916**	**(412 783)**	**542 133**
Current assets						
Inventories	100	(11)	89	87	(14)	73
Unbilled construction contract receivable	80 920	(0)	80 920	52 672	-	52 672
Trade and other receivables	8 473	(942)	7 531	8 460	(912)	7 549
Shareholder loans	-	6 983	6 983	-	7 113	7 113
Marketable securities	13 811	(0)	13 811	13 794	-	13 794
Restricted cash	4 694	0	4 694	13 595	0	13 595
Cash and cash equivalents	72 085	(9 041)	63 044	57 474	(10 323)	47 151
Total current assets	**180 083**	**(3 011)**	**177 072**	**146 082**	**(4 135)**	**141 946**
TOTAL ASSETS	**1 153 349**	**(414 130)**	**739 219**	**1 100 998**	**(416 918)**	**684 080**
EQUITY AND LIABILITES						
Equity						
Share capital	699	-	699	699	-	699
Other paid-in capital	338 220	-	338 220	337 797	-	337 797
Capital reserves	(81 212)	-	(81 212)	(70 666)	-	(70 666)
Retained earnings	116 773	-	116 773	121 276	-	121 276
Total equity	**374 479**	**-**	**374 479**	**389 106**	**-**	**389 106**
Non-current liabilities						
Non-current interest-bearing debt	579 983	(387 867)	192 116	535 298	(391 576)	143 722
Investment in joint ventures	-	88 955	88 955	-	86 208	86 208
Other non-current financial liabilities	73 705	(66 210)	7 495	71 114	(61 594)	9 520
Other long-term debt	11 386	(10 323)	1 063	11 386	(10 497)	889
Total non-current liabilities	**665 074**	**(375 445)**	**289 629**	**617 798**	**(377 459)**	**240 339**
Current liabilities						
Current interest bearing debt	49 683	(14 713)	34 970	35 310	(14 466)	20 844
Trade and other payables	10 137	(922)	9 215	12 432	(1 334)	11 098
Other current financial liabilities	35 537	(21 539)	13 998	33 912	(22 488)	11 424
Provisions and accruals	18 439	(1 511)	16 928	12 441	(1 172)	11 269
Total current liabilities	**113 796**	**(38 685)**	**75 111**	**94 095**	**(39 460)**	**54 635**
TOTAL EQUITY AND LIABILITIES	**1 153 349**	**(414 130)**	**739 219**	**1 100 998**	**(416 919)**	**684 080**