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LNG FPSO—Solving the Supply Shortfall

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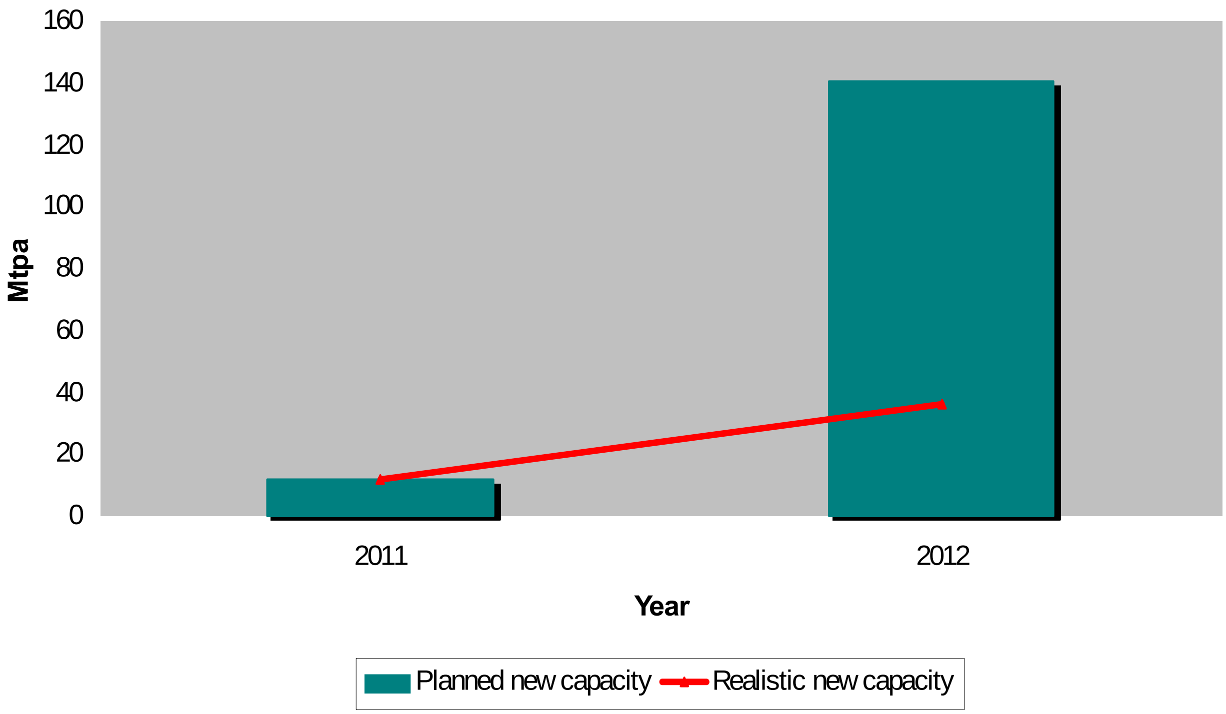
1. Market

Four years ago liquefaction capacity was considered to be the bottleneck in the LNG market. This unbalance in supply/demand of LNG led to huge investments in new liquefaction capacity and in 2009 and 2010 there is 45 and 30 mtpa respectively of new liquefaction capacity that is scheduled to come on stream. Roughly half of these volumes are not yet sold to a specific customer and HLNG expects that the new capacity, combined with the challenging economic environment, will lead to a slight change in the shortage of liquefaction capacity that we have seen these last years. For the liquefaction projects with planned start-up from 2011 and onwards HLNG expects that there will be severe delays because of the increasing construction costs we have seen the last years, the decrease in oil and gas price and difficulties to obtain financing.



Figur 1