HÖEGH LNG

INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2011

Highlights

- Höegh LNG reports operating profit before depreciation of USD 7.3 million and a net loss before tax of USD 3.0 million for the second quarter 2011
- Firm orders placed for two Floating Storage and Regasification Units (FSRU) with options for 1+1+2
- Firm financing offers received for a USD 272 million debt facility for the financing of two FSRUs
- Höegh LNG selected the preferred bidder for the Medan FSRU project in North Sumatra, Indonesia. Exclusive negotiations with the project owner, Perusahaan Gas Negara (PGN), on-going
- USD 132 million in new equity raised and the Company's shares listed on the Oslo Stock Exchange
- Agreement to purchase the LNG carrier "LNG Libra" entered into
- Pre-qualified for the next FSRU project in Indonesia (Central Java)

Financial review

Höegh LNG Holdings Ltd. ("Höegh LNG" or the "Company") reports USD 26.5 million in total consolidated income for the second quarter 2011, up from USD 23.2 million in the same quarter last year. The increase is mainly due to higher time-charter income following delivery of GDF Suez Cape Ann and higher management income following delivery of STX Frontier, both in June 2010.

Operating expenses increased to USD 7.3 million in the second quarter 2011 from USD 6.2 million in the same period last year. The increase is mainly due to the delivery of GDF Suez Cape Ann. Operating expenses are covered by the charterer on a pass-through basis for all but one vessel.

Administrative expenses totalled USD 3.7 million in the second quarter 2011, compared to USD 2.4 million in the second quarter 2010. The increase reflects a decline in the USD/NOK exchange rate increasing the cost of administrative expenses paid in NOK, expensed transaction costs relating to the initial public offering ("IPO") of the shares in the Company, and additions of resources in particular in the regasification area in order to facilitate further growth.

Project development expenses were USD 3.2 million in the second quarter 2011, up from USD 2.1 million in the same quarter last year. The increase mainly reflects the transition from a technical to a commercial stage in the various development projects, whereby costs relating to commercial activities are expensed. The total amount spent on project development (expensed and capitalized) is lower in the second quarter 2011 compared to the same period last year.

Interest expenses totalled USD 6.1 million for the second quarter, compared to USD 5.0 million in the same quarter last year. The increase reflects interest expenses relating to the financing of GDF Suez Cape Ann from its delivery.

For the first half of 2011, total income was USD 52.5 million, an increase from USD 43.8 million in the first half of 2010. Net loss before tax was USD 7.3 million in the first half of 2011, compared to a net loss of USD 3.1 million in the first half of 2010.

Corporate matters

Initial public offering and share capital increase

Höegh LNG raised USD 132 million in new equity in the IPO in June 2011. USD 120 million of this is recognised as equity in the statement of financial position as at 30 June 2011. The remaining USD 12 million was recognised as equity when the over-allotment option was exercised in August 2011. The Board is pleased that a successful listing of the Company was achieved despite the challenging equity market conditions. The listing will facilitate the materialisation of Höegh LNG's growth strategy in the years to come.

Newbuildings

In June 2011, the Group entered into Shipbuilding contracts for the construction of two FSRUs with Hyundai Heavy Industries Co. Limited (Hyundai). These are the first orders ever for purpose built FSRUs. Each vessel will have a storage capacity of 170 000 cubic meter LNG and technical specifications suitable to most floating regasification projects world-wide. The payment terms and delivery schedule under the contracts are regarded as favourable in today's market. Yard payments are back-ended with 60 % payable upon delivery, scheduled for the fourth quarter 2013 and first quarter 2014, respectively.

The newbuilding orders were made without employment being secured. However, given the strong fundamentals within the floating regasification market, the Board is confident that employment will be secured. With early delivery slots at favourable prices, the Company is well positioned to take advantage of the growing demand for floating regasification terminals.

The Group has entered into an option agreement with Hyundai for the construction of up to four additional FSRUs, with delivery of the first two optional vessels in the second and fourth quarter 2014. It is the Company's intention to declare the two options depending on the employment situation for the two firm FSRUs.

LNG Libra

In August 2011, Höegh LNG agreed to purchase "LNG Libra", a 126 400 cubic meter LNG carrier with spherical tanks built in 1979. The vessel will be purchased from Höegh LNG's long standing partner, Mitsui OSK Lines (MOL), with delivery in the first half of 2012. The acquisition opens attractive commercial opportunities for the Company. LNG Libra is ideal for conversion and utilisation in medium sized floating regasification projects. The vessel has a CAP1 classification and is currently operating on a short-term time-charter and can continue trading in the spot market until a suitable regasification project is identified.

Financing

Firm financing offers for a USD 272 million debt facility covering approximately 50 % of delivered costs of the new FSRUs have been obtained and accepted. The facility will be available to fund supervision and financing costs pre-delivery and yard payments on delivery. Long-term financing will be raised once employment is secured.

If the Medan project decides to use one of the newbuild FSRUs, most of the capital expenditure relating to the project will be part of the existing capital expenditure relating to the firm FSRU newbuilding contracts. If it is decided to convert an existing LNG carrier for the Medan project, the capital need for Medan will be added to the newbuilding programme. The Company is in dialogue with a group of international banks in order to provide financing for the Medan project and expects that the majority of the capital expenditure relating to this project and the LNG Libra acquisition will be financed by debt.

Shares

In connection with the IPO, the Company issued 17 087 684 new shares in June 2011, resulting in 45 301 811 shares outstanding as at 30 June 2011. Following of the over-allotment option being exercised in August 2011, the Company issued another 1 708 768 shares bringing the total number of shares outstanding to 47 010 579.

Key events during the first half of 2011 and the consequences for the Company's financial position

There were no significant changes in the existing fleet or in the contract portfolio of the Company during the first half of 2011. The Company entered into Shipbuilding contracts with Hyundai and was selected as the preferred bidder for the Medan project in Indonesia. The first instalment of USD 25.3 million was paid to Hyundai. The new equity raised through the IPO in June 2011 strengthened the book equity of the Company and secured, along with the offers for the USD 272 million debt financing, part of the funding for the two FSRUs on order.

Operational review

All existing vessels performed according to expectations and to the satisfaction of the charterers during the quarter. No unscheduled off-hire occurred, and no vessels were in dry dock during the second quarter. Arctic Lady was in dry dock during the first quarter 2011, and Matthew is scheduled for a dry-docking during the third quarter 2011.

Höegh LNG was in June 2011 selected as the preferred bidder for the Medan LNG Floating Storage and Regasification Facilities located in North Sumatra in Indonesia. The project consists of an FSRU, subsea and onshore pipelines and onshore facilities. The Company was selected the preferred bidder in consortium with Rekayasa Industries of Indonesia. Höegh LNG will be responsible for delivering the FSRU, while Rekayasa will be responsible for delivering all pipeline and onshore facilities. Exclusive negotiations are currently on-going with PGN in order to conclude all project agreements. Höegh LNG has offered both a conversion and a newbuilt vessel to the project.

During the second quarter, Höegh LNG submitted a bid for Petrobras' VT3 FSRU in Brazil, but was not selected the preferred bidder for the project. As the FSRU newbuilding program progresses, the Company will to an increasing extent be able to meet early start-up requirements.

In July 2011, Höegh LNG submitted an offer for an FSRU project in Chile. The client plans to select and negotiate with two potential partners to develop the project before a final partner selection is made at the beginning of 2012. The Company is further pre-qualified for the next FSRU project in Indonesia located at Central Java, and is currently in the process of preparing a bid submission.

In May 2011, an agreement was signed with Petromin PNG Holdings Limited (Petromin) and DSME E&R, establishing PNG FLNG Limited as the holding company for the Partners' LNG FPSO project in Papua New Guinea. The company, which will be owned approximately one third by each partner, is under incorporation in Singapore. Progress has also been made on other potential LNG FPSO projects where the Company is working on a bi-lateral basis with upstream operators in developing their respective gas reserves. Höegh LNG is further evaluating alternatives for optimising the structure of its LNG FPSO business activities, both commercially and financially, in order to facilitate the realisation of the LNG FPSO project portfolio.

Market update

The LNG shipping market tightened considerably during the first half of 2011. Several factors are causing the increase in demand, including; increased production, increased demand from Japan due to the March earthquake and subsequent nuclear shut down, FSRU projects in niche markets such as Brazil, Argentina and Kuwait absorbing cargoes in off season market and an increase in ton miles due to cargo diversions from the Atlantic to the Pacific market and a changing trading pattern in general. Rates for short-term employment of large, modern tonnage have been reported to be in excess of USD 100 000 per day on a time charter basis. The shipping market is expected to remain tight for the next few years although the degree will depend on the global economic development. Ship owners with available capacity should therefore be able to earn strong returns going forward, in particular on short and medium-term charters. Given the increasing demand for LNG transportation capacity, the Group will consider new LNG transportation opportunities going forward, subject to attractive returns.

Demand for regasification services increases as more users turn to natural gas as a cleaner and less expensive source of energy compared to oil or coal. The number of LNG importing countries has more than doubled over the last decade, from 10 countries in 2000 to 23 in 2010. The number of LNG importing countries is expected to reach 30-40 by 2015. Countries like Bahrain, Bangladesh, Jamaica, Pakistan, and Vietnam are expected to be added to the list of countries importing LNG and thus requiring LNG regasification facilities. In addition, countries that have floating facilities under construction, like Indonesia and Argentina, and existing LNG importing countries, such as China, Brazil, Chile, Italy and the UK, are expected to need additional regasification capacity due to increasing demand for natural gas. Floating regasification terminals offer cost effective and flexible regasification capacity with short construction time compared to traditional land based terminals. In many instances a floating terminal is the only viable solution due to security issues and lead-time constraints. Höegh LNG has identified about 30 potential floating regasification projects on a global basis. About ten projects are expected to come to market over the next six to twelve months. The Company has observed an emerging trend towards segmentation in the market between high-end newbuilding projects and less complex projects for which conversions are more suitable.

A substantial increase in liquefaction capacity is needed to meet the expected LNG demand going forward. Although new liquefaction capacity is under construction, more projects will have to be realised. The LNG FPSO technology offers a quick, low cost and flexible way of developing liquefaction capacity, compared to traditional land-based liquefaction plants. Shell has made a final investment decision to develop the Prelude field offshore Australia with an LNG FPSO. This is the first gas field ever to be developed using LNG FPSO technology, and is likely to be a game changer for the floating liquefaction industry. It is expected that an increased share of the proven gas reserves will be developed using this technology. Shell and Woodside are considering developing the Sunrise field offshore Australia using an LNG FPSO, while Inpex of Japan is planning for two LNG FPSOs for its Masela field located offshore Indonesia. Other field owners are also considering using the LNG FPSO technology.

Outlook

The company's near term focus will be to secure employment for the two FSRUs on order at Hyundai. Given the strong regasification market, Höegh LNG's proven track record in providing regasification services and the competitive advantage embedded in the early delivery slots, the Company should be well positioned to win upcoming FSRU tenders. This also applies for medium sized conversion projects, following the acquisition of LNG Libra. In addition to participating in a number of tenders, the Company is continuing to develop the FSRU and LNG FPSO projects under development by the Company. The Company will also consider new LNG transportation opportunities given the strong underlying fundamentals within the sector, subject to acceptable returns.

Providing funding for existing and upcoming capital expenditure commitments will be another near term priority. Partial financing for the two FSRUs on order has been obtained but additional financing is needed for these vessels, the Medan project and the acquisition of LNG Libra. The Company believes funding can be obtained despite the current turbulence in the financial markets.

While the administrative and project development cost base has increased during the first half of the year compared to the same period last year, the clear objective is for these costs to level out and decline over time as part of such costs will be capitalised as new projects materialise. The Board is paying attention to the development of the cost base on an on-going basis.

Forward looking statements

This interim report contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including examination of historical operating trends made by the management of Höegh LNG. Although the Group believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Höegh LNG cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in LNG transportation and regasification market trends; changes in the supply and demand for LNG; changes in trading patterns; changes in applicable maintenance and regulatory standards; political events affecting production and consumption of LNG and Höegh LNG's ability to operate and control its vessels; change in the financial stability of clients of the Company; Höegh LNG's ability to win upcoming tenders and securing employment for the FSRUs on order; changes in Höegh LNG's ability to convert LNG carriers to FSRUs including the cost and time of completing such conversions; changes in Höegh LNG's ability to complete and deliver projects awarded; increases in the Company's cost base; changes in the availability of vessels to purchase; failure by yards to comply with delivery schedules; changes to vessels' useful lives; changes in the ability of Höegh LNG to obtain additional financing, in particular, currently, in connection with the turmoil in financial markets; the success in achieving commercial success for the projects being developed by the Company; changes in applicable regulation and laws. Unpredictable or unknown factors herein also could have material adverse effects on forward-looking statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2011

USD'000	Notes	Unaudited 2Q2011	Unaudited 2Q2010	Unaudited 1H2011	Unaudited 1H2010	Audited 2010
Freight revenues		25 699	22 634	50 875	42 888	91 975
Voyage expenses		(18)	(47)	(93)	(364)	(530)
Income on T/C basis		**25 681**	**22 586**	**50 781**	**42 523**	**91 445**
Management income		831	637	1 673	1 284	3 484
Total income		**26 511**	**23 223**	**52 454**	**43 807**	**94 928**
Charterhire expenses		(5 019)	(4 798)	(9 982)	(9 543)	(19 244)
Operating expenses		(7 260)	(6 180)	(14 594)	(12 128)	(27 076)
Administrative expenses		(3 704)	(2 427)	(7 419)	(5 249)	(13 549)
Project development expenses		(3 245)	(2 088)	(6 440)	(4 396)	(11 076)
Operating profit before depreciation	3	**7 284**	**7 730**	**14 019**	**12 491**	**23 983**
Gain/(loss) on sale of assets		-	-	(16)	-	(3)
Depreciation		(4 543)	(3 318)	(9 060)	(5 388)	(13 811)
Operating profit		**2 741**	**4 412**	**4 943**	**7 103**	**10 169**
Interest income		180	11	551	24	223
Interest expenses		(6 089)	(4 963)	(12 409)	(9 364)	(22 435)
Income from other financial items		375	-	-	-	908
Expenses from other financial items		(237)	(787)	(405)	(885)	(47)
Ordinary profit or loss before tax		**(3 030)**	**(1 327)**	**(7 320)**	**(3 122)**	**(11 183)**
Tax		312	(197)	312	(394)	(787)
Profit for the period		**(2 718)**	**(1 524)**	**(7 009)**	**(3 516)**	**(11 970)**
Other comprehensive income						
Net gain (loss) on hedging reserves		(9 910)	(34 509)	(3 799)	(39 137)	(19 725)
Total comprehensive income/(loss)		**(12 628)**	**(36 032)**	**(10 808)**	**(42 652)**	**(31 694)**
Profit /(loss) of the year attributable to (from):						
Equity holders of the parent		(2 855)	(1 475)	(6 922)	(3 356)	(11 357)
Non-controlling interests		137	(49)	(86)	(160)	(613)
		(2 718)	**(1 524)**	**(7 009)**	**(3 516)**	**(11 970)**
Total comprehensive income attributable to (from):						
Equity holders of the parent		(12 500)	(34 862)	(10 674)	(41 221)	(30 441)
Non-controlling interests		(128)	(1 170)	(134)	(1 431)	(1 253)
		(12 628)	**(36 032)**	**(10 808)**	**(42 652)**	**(31 694)**
Earnings per share attributable to ordinary equity holders of Höegh LNG Holdings Ltd:						
> basic, profit for the year		(0,10)	(0,06)	(0,25)	(0,13)	(0,42)
> diluted, profit for the year		(0,10)	(0,06)	(0,25)	(0,13)	(0,42)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

USD'000	Notes	Unaudited 2011 30-Jun	Unaudited 2011 31-Mar	Unaudited 2010 30-Jun	Audited 2010 31-Dec
ASSETS					
Non-current assets					
Intangible assets					
Deferred tax assets		557	221	183	210
Licenses, design and other intangibles	3	83 024	81 930	79 698	80 058
Tangible assets					
Vessels		457 570	461 877	468 954	466 203
Newbuildings		25 647	-	-	-
Equipment		1 823	1 442	489	1 382
Non-current financial assets		122	479	507	487
Other non-current assets		1 181	1 295	1 635	1 412
Restricted cash		11 888	10 848	3 389	10 216
Total non-current assets		**581 813**	**558 092**	**554 855**	**559 968**
Current assets					
Bunkers and other inventories		174	165	145	129
Interest bearing receivables		-	51 891	1 404	52 628
Marketable securities		-	-	51 571	-
Trade and other receivables		120 079	6 032	2 193	7 215
Cash and other short-term deposits		41 610	19 995	31 657	28 779
Total current assets		**161 863**	**78 083**	**86 970**	**88 752**
TOTAL ASSETS		**743 675**	**636 174**	**641 825**	**648 720**
EQUITY AND LIABILITES					
Equity					
Issued capital		453	271	271	271
Share premium reserve		130 891	3 560	365	3 560
Treasury shares		(12)	(1)	(4)	(1)
Other reserves		(86 737)	(75 225)	(99 901)	(81 120)
Retained earnings		132 665	146 980	158 801	150 800
Equity attributable to equity holders of the parent		**177 260**	**75 584**	**59 532**	**73 510**
Non-controlling interest		0	(525)	(653)	(475)
Total equity		**177 260**	**75 059**	**58 879**	**73 035**
Non-current liabilities					
Pension liabilities		8 838	8 107	5 602	7 293
Other long-term debt		9 040	9 160	8 936	9 280
Other non-current financial liabilities		63 901	55 512	71 645	60 164
Long-term interest bearing debt		432 669	435 813	440 289	438 880
Total non-current liabilities		**514 448**	**508 591**	**526 472**	**515 617**
Current liabilities					
Trade and other payables		5 519	6 249	4 279	8 334
Short-term interest bearing debt		12 443	12 307	11 401	12 131
Other current financial liabilities		28 756	28 669	39 786	30 727
Income tax payable		739	739	182	712
Provisions and accruals		4 510	4 560	826	8 165
Total current liabilities		**51 967**	**52 524**	**56 474**	**60 068**
TOTAL EQUITY AND LIABILITIES		**743 675**	**636 174**	**641 825**	**648 720**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2011

USD'000		Attributable to the owners of the parent							
		Issued capital	Share premium	Treasury shares	Hedging reserves	Retained earnings	Total	Non-controlling interest	**Total equity**
At 31 December 2010		**271**	**3 560**	**(1)**	**(81 120)**	**150 800**	**73 510**	**(475)**	**73 035**
Profit (loss) for the period		-	-	-	-	(6 922)	(6 922)	(86)	(7 009)
Other comprehensive income / (loss)			-	-	(3 751)	-	(3 751)	(48)	(3 799)
Total comperehensive income		-	-	-	*(3 751)*	*(6 922)*	*(10 674)*	*(134)*	*(10 808)*
Cancellation of shares held in treasury	*1)*	(1)	-	1	-	-	-	-	-
Acquisition of non-controlling interest		-	-	-	-	(58)	(58)	11	(47)
Sale of non-controlling interest		-	-	-	-	290	290	(51)	239
Issue of share capital (17 June 2011)	*2)*	12	12 687	-	-	-	12 699	-	12 699
Shares' swap (17 June 2011)	*2)*	-	-	(12)	(1 866)	(11 444)	(13 322)	650	(12 673)
Issue of share capital (30 June 2011)	*3)*	171	119 829	-	-	-	120 000	-	120 000
Transaction costs	*3)*	-	(5 185)	-	-	-	(5 185)	-	(5 185)
At 30 June 2011 (unaudited)		**453**	**130 891**	**(12)**	**(86 737)**	**132 665**	**177 260**	**0**	**177 260**

On 3 May 2011 HLNG cancelled 55 270 shares held in treasury.

The Company issued 1 211 738 shares on 17 June 2011 as consideration in a shares swap, in which the Company acquired from Methane Ventures Limited the remaining 7.5% of the shares in Höegh LNG Limited. The Company holds 53.05% of the shares in Methane Ventures Limited.

HLNG issued 17 087 684 shares on 30 June 2011 at a consideration of USD 7.02 (NOK 38) per share fully paid at the date of issue. The Company received funds from the share issue on 5 July 2011. The shares in the Company became listed at the Oslo Stock Exchange 5 July 2011.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2010

USD'000	Attributable to the owners of the parent							
	Issued capital	Share premium	Treasury shares	Hedging reserves	Retained earnings	Total	Non-controlling interest	**Total equity**
At 31 December 2009	**271**	**365**	**(4)**	**(62 036)**	**162 248**	**100 845**	**861**	**101 706**
Profit (loss) for the period	-	-	-	-	(3 356)	(3 356)	(160)	(3 516)
Other comprehensive income / (loss)	-	-	-	(37 865)	-	(37 865)	(1 271)	(39 137)
Total comperehensive income	-	-	-	*(37 865)*	*(3 356)*	*(41 221)*	*(1 431)*	*(42 652)*
Acquisition of non-controlling interest	-	-	-	-	(92)	(92)	(83)	(175)
At 30 June 2010 (unaudited)	**271**	**365**	**(4)**	**(99 901)**	**158 801**	**59 532**	**(653)**	**58 879**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE

USD'000	Unaudited 2Q2011	Unaudited 2Q2010	Unaudited 1H2011	Unaudited 1H2010	Audited 2010
Operating activities:					
Profit /(loss) before tax for the period	(3 030)	(1 327)	(7 320)	(3 122)	(11 183)
Non-cash adjustment to reconcile profit before tax to net operational cash flow					
Loss/ (gain) sale of assets	-	-	16	-	3
Depreciation vessels, drydocking and equipment	4 543	3 318	9 060	5 388	13 811
Impairment (reversal impairment)	-	-	-	-	-
Fair value adjustments on marketable securities	-	1 488	-	1 625	-
Realized (gains) losses from marketable securities	-	-		-	(553)
Interest income	(180)	(11)	(551)	(24)	(223)
Interest cost	6 089	4 963	12 409	9 364	22 435
Working capital adjustments					
Change in inventories, receivables and accounts payables	(1 455)	(4 351)	(5 133)	(4 925)	(7 727)
Interest received	7	69	7	69	199
Payment of income tax	-	(606)	-	(606)	(530)
i) Net cash flow operating activities	**5 975**	**3 544**	**8 489**	**7 769**	**16 233**
Investing activites:					
Proceeds from sale of marketable securities	-	4 000	-	13 000	19 000
Proceeds from settlement of interest bearing receivables	51 946	1 207	51 946	-	-
Investments in vessels and newbuildings	(25 647)	(49 298)	(25 647)	(51 885)	(57 135)
Investments in intangibles	(1 102)	(5 224)	(2 982)	(5 224)	(5 702)
Proceeds from sale of equipment	-	-	67	-	267
Investment in equipment	(442)	153	(647)	-	(968)
ii) Net cash flow investing activities	**24 755**	**(49 162)**	**22 737**	**(44 109)**	**(44 538)**
Financing activites:					
Proceeds from borrowings	-	49 826	-	49 826	55 207
Repayment of borrowings	(3 071)	(966)	(6 027)	(1 872)	(5 664)
Prepaid charter hire	-	6 763	-	6 763	6 763 [1]
Interest paid	(6 031)	(4 249)	(12 560)	(8 542)	(21 044)
Acquisition of non-controlling interest	(13)	-	(47)	(175)	(175)
Sale of non-controlling interest	-	-	239	-	-
iii) Net cash flow financing activities	**(9 115)**	**51 374**	**(18 395)**	**46 000**	**35 087**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**21 615**	**5 755**	**12 831**	**9 659**	**6 782**
Current cash and cash equivalents at the beginning of the period	19 995	25 902	28 779	21 998	21 998
Current cash and cash equivalents at the end of the period	**41 610**	**31 657**	**41 610**	**31 657**	**28 779**

[1] Prepaid charter hire is presented as part of changes in working capital in operating activities for the audited Cash flow statement of 2010.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Höegh LNG Holdings Ltd. is a limited company domiciled and incorporated under the laws of the Islands of Bermuda on 6 November 2006. Its registered address is Canon's Court, 22 Victoria Street, Hamilton HM12 Bermuda. On 9 June 2010 the Company's name was changed from Leif Höegh & Co. Limited to Höegh LNG Holdings Ltd.

The consolidated financial statements of the Company comprise the Company and its subsidiaries, and joint ventures (together referred to as the "Group"). Höegh LNG is a fully integrated ship owning Group, managing and operating a fleet of seven LNG carriers, of which five are partly owned.

In addition to transporting LNG, the SRVs act as floating terminals while delivering natural gas to the market. Höegh LNG also operates two regular LNG carriers on management agreements. Höegh LNG's strategy is to add value to its customers by broadening its scope of business beyond conventional LNG transportation services, to include a wider range of value chain services, such as LNG production, transportation, storage, regasification and market access services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34.

The interim condensed consolidated financial 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 2010.

Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of new standards, amendments and interpretations effective and adopted as of 1 January 2011. None of them had a material impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group's reporting structure is divided into the following three operating segments:

LNG transportation

The Group operates a fleet of five regular LNG carriers. Arctic Princess and Arctic Lady are on long term time charter with Statoil ASA and Total E&P Norge AS, respectively. Norman Lady is on a time charter with Gas Natural Aprovisionamientos SDG. S.A. STX Frontier is chartered from STX Pan Ocean and re-let on a time charter basis to Repsol Comercializadora de Gas S.A., the net revenue is recognised as management income.

Höegh LNG benefits from several long-term agreements with strong charterers and correspondingly stable cash flows.

Floating Regasification

The Group operates two Shuttle and Regasification Vessels ("SRVs"). The vessels are flexible in use and capable of both transporting LNG and acting as floating regasification terminals. The two vessels – GDF Suez Neptune and GDF Suez Cape Ann – are on long-term charter agreements with GDF Suez, and have been built to a high specification to comply with client needs. The regasification vessels operated by the Group are equipped with dual fuel diesel electric machinery, reducing fuel costs and increasing flexibility compared to conventional steam turbine installations.

Project Development

In addition to serving the LNG transportation and regasification markets, the Group has a strong commitment to business innovation. Approximately USD 100 million has been invested in project development to date, with focus on proprietary LNG projects.

The Group has obtained all major approvals required for the development of two floating regasification terminals, one located in Florida, USA, and one located in the Morecombe Bay, West Coast UK. Each project comprises an FSRU and associated deep-water port facilities as well as off- and onshore pipelines for connections to existing grids in the respective markets. The Group has also developed its own design for an LNG FPSO solution, which is expected to become the next growth segment within floating LNG services.

In 2010, Höegh LNG together with Petromin PNG Holdings Limited (Petromin), the State Oil & Gas Company of Papua New Guinea, and DSME E&R, a subsidiary of Daewoo Shipbuilding & Marine Engineering Co., Ltd, received cabinet approval for an LNG FPSO project located offshore Papua New Guinea. The FLNG is intended to collect feed gas from gas fields located onshore Papua New Guinea and produce LNG for export.

Other segments / Administrative expenses

The Group has segments that do not individually meet the quantitative threshold to report segment information. Further, administrative costs are managed on a group basis and are not allocated to operating segments. Such segments and administrative expenses are aggregated to form “Other segments/ Administrative expenses”. Please also refer to Note 4 regarding two car carriers included in this segment.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on “Operating profit before depreciation” and is measured consistently with the consolidated financial statements. No segment assets or segment liabilities are part of the information.

The following table presents revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2011 and 30 June 2010, respectively.

Period ended 30 June 2011	LNG transportation	Floating Regas	Project Development	Other segments/ Administrative expenses	Consolidated
Income on T/C basis	27 772	20 181	-	2 828	50 781
Management income	362	-	-	1 311	1 673
Total income	**28 134**	**20 181**	**-**	**4 139**	**52 454**
Charterhire expenses	(9 982)	-	-		(9 982)
Operating expenses	(8 165)	(3 614)	-	(2 815)	(14 594)
Administrative expenses	-	-	-	(7 419)	(7 419)
Project development expenses	-	-	(6 440)		(6 440)
Operating profit before depreciation	**9 987**	**16 567**	**(6 440)**	**(6 095)**	**14 019**
Capitalized project development costs	**-**	**-**	**83 024**	**-**	**83 024**

Period ended 30 June 2010	LNG transportation	Floating Regas	Project Development	Other segments/ Administrative expenses	Consolidated
Income on T/C basis	28 108	11 485	-	2 930	42 523
Management income	-	-	-	1 284	1 284
Total income	**28 108**	**11 485**	**-**	**4 213**	**43 807**
Charterhire expenses	(9 543)	-	-	-	(9 543)
Operating expenses	(7 251)	(2 091)	-	(2 786)	(12 128)
Administrative expenses	-	-	-	(5 249)	(5 249)
Project development expenses	-	-	(4 396)	-	(4 396)
Operating profit before depreciation	**11 314**	**9 395**	**(4 396)**	**(3 821)**	**12 491**
Capitalized project development costs	**-**	**-**	**79 698**	**-**	**79 698**

A reconciliation of “operating profit before depreciation” to “ordinary profit before tax” is provided in the following table:

	Period ended 30.jun.11	Period ended 30.jun.10
Operating profit before depreciation	**14 019**	**12 491**
Gain / (loss) on sale of asset	(16)	-
Depreciation	(9 060)	(5 388)
Operating profit	**4 943**	**7 103**
Interest income	551	24
Interest expense	(12 409)	(9 364)
Expenses from other financial items	(405)	(885)
Ordinary profit before tax for the period	**(7 320)**	**(3 122)**

The Company is domiciled in Bermuda. The Group revenue from external customers in Bermuda is zero. The breakdown of the major components of the total revenue from external customers from other countries is disclosed above. In the period ended June 2011 and 2010 respectively, three customers represented income that amounted to 10 % of more of total income:

Income on T/C basis	Period ended 30-Jun-11	Period ended 30-Jun-10
Statoil ASA	13 216	12 710
Total E&P Norge AS	11 379	12 320
GDF Suez Global LNG Supply SA	20 181	11 485
Other customers	6 006	6 007
Total	**50 781**	**42 523**

Statoil ASA, Total E&P Norge AS and other customers represent both the LNG transportation and the other segment. GDF Suez Global LNG Supply SA represents the segment of Floating Regasification.

4. RELATED PARTY TRANSACTIONS

Transactions with joint venture companies

Höegh LNG receives management income from external ship owners for services performed by entities within the Group. These revenues are recognised in the relevant period for providing the service. Höegh LNG also provides various management services to the Group's joint venture companies and receives management income related to technical, commercial and administrative services. The wholly owned subsidiary Höegh LNG AS provides commercial and administrative management services whereas it's wholly owned subsidiary, Höegh LNG Fleet Management AS, provides technical and crewing management services. The following table shows the total amount recognized as revenue in Höegh LNG as revenue for management services provided by the Group to the joint venture companies. Höegh LNG recognises its interest in joint ventures by proportional shares and amounts listed below are thus external owners' shares of such management services.

Joint venture in which the Group is a venturer	Period ended 30 June 2011	Period ended 30 June 2010
Joint Gas Ltd	20	20
Joint Gas Two Ltd	16	15
SRV Joint Gas Ltd	240	378
SRV Joint Gas Two Ltd	240	240
Methane Carriers Ltd	220	196
Total	**736**	**849**

Fees relating to the Group's shuttle and regasification vessels (SRV) are higher in the first half of 2010 than in the corresponding period in 2011, as Höegh LNG received project and supervision fees during the constructions of the SRVs until the delivery of GDF Suez Cape Ann on 1 June 2010.

Transactions with other related parties

Höegh LNG has entered into an agreement with Höegh Autoliners Management AS relating to the purchase of administrative services and leasing of office space. Both Höegh Autoliners and Höegh LNG are majority owned by the Høegh family. A separate service agreement is further entered into between Höegh LNG and Höegh Fleet Services AS (HFS), a wholly owned subsidiary of Höegh Autoliners Management AS, regarding administrative services.

The Group's wholly owned subsidiary Leif Höegh (UK) Limited operates two car carriers through a risk/benefit agreement with Höegh Autoliners Management AS, whereby Höegh LNG's financial results from the activity are stable. The related financials are shown under “Other segments/Administrative expenses” in Note 3. The following table sets out the total amount of transactions that have been entered into with other related parties for the quarters ending 30 June 2011 and 2010, respectively.

Administrative services from related parties	Period ended 30 June 2011	Period ended 30 June 2010
Höegh Autoliners Management AS	1 583	1 687
Höegh Fleet Services AS	-	239
Total	**1 583**	**1 926**

The following table sets out the outstanding amounts owed by or to related parties for the periods ending 30 June 2011 and 31 December 2010, respectively:

Related party transactions for		Amounts owed by related parties	Amounts owed to related parties
Höegh Autoliners Management AS	30.06.2011	-	15
(Administrative services)	31.12.2010	7	-
Höegh Fleet Services AS	30.06.2011	5	-
(Administrative services)	31.12.2010	32	-
Höegh Autoliners Shipping AS	30.06.2011	294	-
(Trader and Treasure freight)	31.12.2010	1 473	-

The promissory note against the related party, Aequitas Investments Limited, was received including interest by Höegh LNG in two payments during April and May 2011.

Loans to related party		Interest accumulated for the period	Amounts owed by related party	Amounts owed to related party
Aequitas Investments Limited	30.06.2011	530	-	-
	31.12.2010	121	51 068	-

Höegh LNG has entered into an agreement with the related party Höegh Capital Partners AS for the management of excess liquidity in the form of marketable securities.

Key Management holds 46.95 % of the shares in Methane Ventures Limited, a company owning 1 211 738 shares in Höegh LNG. The remaining shares in Methane Ventures Limited are held by Höegh LNG.

Leif Höegh & Co Ltd. purchased 4 983 900 shares of the shares issued 30 June 2011.

As a result of the share capital increase on 9 August 2011, Leif Höegh & Co Ltd.'s ownership in Höegh LNG was reduced from 68.2 % to 65.7 %. Leif Höegh & Co Ltd. holds in total 30 907 210 shares in Höegh LNG.

5. SUBSEQUENT EVENTS

On 5 July 2011, the shares in Höegh LNG were listed on the Oslo Stock Exchange.

In July 2011, Höegh LNG made an indicative offer for providing FSRU services to Chile.

In August 2011, Höegh LNG entered into an agreement to purchase “LNG Libra”, a 126 400 cubic meter Moss type LNG carrier built in 1979 for a consideration of USD 53 million.

On 9 August 2011, 1 708 768 shares were issued pursuant to the over-allotment facility of the IPO, raising USD 12 million and bringing the total number of shares to 47 010 579.

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 2011 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 for the remaining six months of the financial year.

Hamilton, Bermuda, 30 August 2011

The Board of Directors of Höegh LNG Holdings Ltd.

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

Ditlev Wedell-Wedellsborg

Andrew Jamieson

Jon Erik Reinhardsen

Cameron E. Adderley

Guy D. Lafferty

Timothy J. Counsell