HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 30 JUNE 2016

Highlights

- EBITDA[1] of USD 27.0 million, up from USD 26.6 million in the previous quarter
- Profit after tax USD 3.5 million, down from USD 6.3 million in the previous quarter
- Dividend of USD 0.10 per share paid for the second quarter of 2016

Subsequent events

- Dividend of USD 0.10 per share declared for the third quarter of 2016
- Signed engineering agreements and ordered long lead time equipment for the first FSRU conversion project

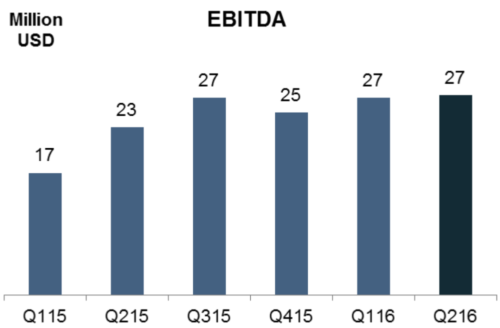
Generating value through operational excellence

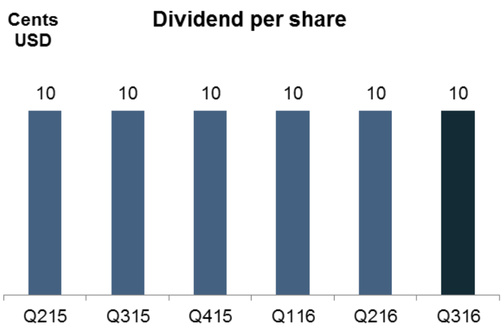
All units operated in accordance with their long-term contracts in the second quarter of 2016, evidenced by a technical availability of 99%. Höegh LNG Holdings Ltd. (the Company) and its subsidiaries (together Höegh LNG or the Group) generated stable operating results and declared a dividend of USD 0.10 per share for the third quarter of 2016. With a strategic focus on long-term contracts Höegh LNG's portfolio currently has an average remaining contract length of 13 years.

Höegh LNG is currently preparing for the start-up of the Colombian FSRU project, which is on schedule to start commercial operations at the beginning of the fourth quarter of 2016. The project will strengthen the Group's operating results and create opportunities for an accretive drop-down to Höegh LNG Partners LP (HMLP), assuming the MLP market is available.

To meet the early start-up date required by several of the FSRU projects currently being pursued by the Group, Höegh LNG has put in motion the necessary activities for its first FSRU conversion project, including the ordering of long lead time equipment. By leveraging its in-house execution expertise and ongoing newbuilding programme, the Group has placed this order with limited capital at risk. The planned delivery date for the conversion project is at the end of 2017.

Table: reported EBITDA and declared dividend per share





[1] Earnings before interest, taxes, depreciation and amortisation.

Group financial review[2]

Höegh LNG reported an EBITDA of USD 27.0 million for the second quarter of 2016 compared with USD 26.6 million in the previous quarter. The contribution from Höegh Gallant improved owing to planned maintenance in the previous quarter. This was offset by the adverse operating result for Höegh Grace, which is balanced by the positioning payment earned under the spot charter with Trafigura which will be reflected in the balance sheet as a reduction in the delivered cost of the FSRU.

Net financial expense totalled USD 13.7 million and depreciation came to USD 9.2 million for the quarter, up by USD 1.2 million and USD 1.9 million respectively, owing to the delivery of Höegh Grace on 30 March 2016. Profit after tax was USD 3.5 million for the period, down from USD 6.3 million in the previous quarter.

Net cash flows for the quarter were negative at USD 41.8 million, mainly due to yard instalment, compared with a positive USD 13.3 million in the previous period. Uses during the quarter primarily comprised capital expenditure, debt service and dividend payments, while sources consisted mainly of net cash generated from operating activities as well as the redemption of marketable securities.

As of 30 June 2016, Höegh LNG had USD 294.7 million in current cash and marketable securities (USD 343.5 million) and a net interest-bearing debt of USD 650.5 million (USD 615.8 million). Book equity after adjusting for mark-to-market of interest rate swaps was USD 584.4 million as of 30 June 2016 (USD 592.4 million), which is equivalent to an adjusted book equity ratio of 35.6% (35.5%).

During the first half of 2016, EBITDA was USD 53.6 million and net profit after taxes came to USD 9.9 million, compared with USD 39.1 million and USD 3.7 million respectively for the first half of 2015. The improvements in the results are mainly due to Höegh Gallant being in operation during the full first half of 2016 (commenced commercial operations in April 2015) and lower business development costs, in part because FLNG activities ceased in February 2016. This is offset by last year’s charter of LNG Libra and the negative contribution from Höegh Grace’s spot charter.

Table: selected financial items

USD'000	2Q2016	1Q2016	4Q2015	3Q2015	2Q2015
Total income	57 142	55 439	58 668	58 316	54 981
EBITDA	26 985	26 620	24 599	26 565	22 648
(Impairment) / reversal of impairment	-	-	(37 002)	-	3 115
EBIT	17 757	19 342	(19 305)	16 689	17 198
Profit (loss) after tax	3 550	6 302	(32 993)	2 499	6 017
Total assets	1 643 546	1 667 495	1 502 280	1 548 779	1 473 396
Equity adjusted for hedging reserves	584 661	592 432	597 834	641 707	550 072
Net interest bearing debt	(650 476)	(615 837)	(423 155)	(413 051)	(513 402)
Equity ratio adjusted for hedging reserves	35,6 %	35,5 %	39,8 %	41,4 %	37,3 %

Corporate/other activities

Dividend payment of USD 0.10 per share

The Company paid a cash dividend of USD 0.10 per share in the second quarter of 2016, which is equivalent to USD 7.7 million.

For the seventh consecutive quarter, the board of directors of the Group declared a cash dividend on 24 August 2016 of USD 0.10 per share for the third quarter of 2016. The Company’s shares will trade ex-dividend on 8 September 2016. Shareholders recorded in the Norwegian Central Securities Depository (VPS) following the close of trading on Oslo Børs on 9 September 2016 will be entitled to the dividend. The dividend will be payable on or around 21 September 2016.

Distributions received from HMLP

Höegh LNG received USD 6.3 million in distributions and USD 0.1 million in Incentive Distribution Rights from HMLP in the second quarter of 2016.

Refinancing of outstanding bond

Höegh LNG has two bonds outstanding, HLNG01 and HLNG02, with maturity in October 2017 and June 2020 respectively. The Group plans to refinance HLNG01 in advance of its maturity next year.

[2] The financial statements for Höegh LNG include HMLP on a consolidated basis and unless otherwise stated, figures in this section are being compared with figures for the first quarter of 2016.

Business review

FSRU

All the FSRUs in Höegh LNG's fleet operated in accordance with contract during the quarter.

Höegh Grace has been employed as an LNG carrier (LNGC) under a contract with Trafigura for the full quarter. The intermediate employment lasts until September 2016 after which Höegh Grace will proceed to Cartagena, Colombia, to prepare for commissioning and start-up of the long term FSRU contract with SPEC. The Trafigura charter covers positioning costs to Cartagena, resulting in a lower capex and consequently in a lower delivered cost for Höegh Grace. In addition, all fuel expenses are covered in the charter period and the vessel earns charter hire when loaded.

The FSRU project in Colombia is on schedule and expected to commence commercial operations in the fourth quarter of 2016. A local office has been established in Cartagena and Höegh LNG's key focus is on executing the start-up and ensuring a smooth transition to the operations phase for the Group's sixth FSRU project. According to the contract with SPEC, Höegh LNG will be paid50 % of the charter hire from June 2016 until the regas trial starts in the fourth quarter. This charter hire will be recognised over the first ten years of the contract.

The Penco LNG FSRU project in Chile, previously named Octopus, reached important milestones when all permits were issued by the regulatory authorities in July and August. The permits were issued after a unanimous vote in favour of the project.

Höegh LNG is pursuing several FSRU projects with expected start-up dates which match the delivery of FSRU#7. The Group is currently in a tender process for an FSRU project expected to be finalised shortly, according to the client's schedule. Höegh LNG is also in bilateral discussions on a second and participating in a tender process on a third project, which both plan on making an investment decision in the near future.

In preparations for the next FSRU newbuilding order, Höegh LNG issued a tender in June and expects to receive bids on an early 2019 delivery from six international ship-yards. Assuming that a contract for FSRU#7 is secured, the Group will evaluate and make a decision on the bids in the second half of this year. Höegh LNG expects competitive prices and is considering being opportunistic by taking advantage of the favourable yard and FSRU market.

To capture additional business opportunities with a start-up at the end of 2017 and in 2018, Höegh LNG has ordered long lead time equipment and signed engineering agreements with Wärtsilä and Moss Maritime for its FSRU conversion project. By starting preliminary engineering work before the summer and ordering equipment on the critical timeline in advance, Höegh LNG will reduce the conversion schedule by six months- from 18 to 12 months. The conversion design is in line with several of the Group's short-listed projects, and since the equipment can also be used for the Group's ongoing FSRU newbuilding programme, the investment poses limited capital risk to Höegh LNG.

LNGC

The two Arctic LNGCs were operated in accordance with their long-term contracts. Höegh LNG ceased to operate the LNGC Matthew in July 2016, when Engie sold the vessel to a third party.

Market

The LNG market is oversupplied, a consequence of new LNG liquefaction projects having started operations and lower demand from some established markets. Current market fundamentals have been an important driver of demand for FSRUs in markets which have previously been unwilling or unable to buy LNG. Once FSRUs have unlocked access to LNG in new markets, the availability of the commodity has enabled these markets to utilise the units at their peak capacity. Good examples of this are Egypt, Pakistan and Jordan.

So far, only 10% of the 150 million tonnes per annum (MTPA) of additional LNG liquefaction capacity coming on-stream between 2016 and 2020 has entered the market. The LNG market should therefore see ample additional supplies as the remaining LNG liquefaction projects commence operations. This, coupled with the expectations of continued low LNG prices, is supportive for continued growth in the FSRU segment.

The LNGC spot and short-term market remains weak but with some signs of improvements from a very low base. With both LNGCs on long-term contracts, Höegh LNG currently has no exposure to the LNGC spot market.

Outlook

Having built a strong FSRU platform, Höegh LNG's attention is focused on upholding its strong performance in operations and project execution and thereby continuing to deliver stable and growing operating results. At the same time, the Group is determined to maintain its position in the growing FSRU segment. Favourable market fundamentals, Höegh LNG's expertise and its financial position provide the basis for maintaining the ambition of 12 FSRUs by 2019.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000	Note	*Unaudited* 2Q 2016	*Unaudited* 1Q 2016	*Unaudited* 2Q 2015	*Unaudited* 1H2016	*Unaudited* 1H2015
Freight revenues		52 320	51 150	50 520	103 470	93 303
Management and other income		1 482	990	1 985	2 472	4 006
Share of results from investments in joint ventures		3 340	3 299	2 476	6 640	5 079
Total income		**57 142**	**55 439**	**54 981**	**112 582**	**102 388**
Charterhire expenses		(8 792)	(8 792)	(8 801)	(17 583)	(17 506)
Bunker expenses		(60)	(37)	(334)	(97)	(860)
Operating expenses		(11 705)	(9 349)	(10 875)	(21 054)	(20 324)
Project administrative expenses		(2 902)	(2 960)	(3 903)	(5 862)	(7 346)
Group administrative expenses		(4 864)	(4 765)	(5 185)	(9 629)	(10 077)
Business development expenses		(1 834)	(2 916)	(3 235)	(4 750)	(7 146)
Operating profit (loss) before depreciation and impairment	3	**26 985**	**26 620**	**22 648**	**53 607**	**39 129**
Depreciation		(9 228)	(7 278)	(8 564)	(16 506)	(16 939)
(Impairment) / reversal of impairment		-	-	3 115	-	3 115
Operating profit (loss) after depreciation and impairment		**17 757**	**19 342**	**17 199**	**37 101**	**25 305**
Interest income		362	452	369	813	749
Interest expenses		(14 649)	(12 939)	(9 483)	(27 588)	(18 735)
Income from other financial items		1 619	1 591	30	3 210	607
Expenses from other financial items		(1 055)	(1 335)	(2 122)	(2 391)	(3 690)
Net financial items		**(13 723)**	**(12 231)**	**(11 206)**	**(25 956)**	**(21 069)**
Ordinary profit or (loss) before tax		**4 034**	**7 111**	**5 993**	**11 145**	**4 236**
Corporate income tax		(484)	(809)	24	(1 292)	(499)
Profit (loss) for the period		**3 550**	**6 302**	**6 017**	**9 853**	**3 737**
Other comprehensive income						
Items that will not be reclassified to profit or (loss)						
Net gain (loss) on other capital reserves		-	-	-	-	-
Items that may be subsequently reclassified to profit or (loss)						
Net gain (loss) on hedging reserves		(8 430)	(16 987)	9 319	(25 417)	70
Share of OCI from joint ventures		(5 777)	(12 716)	14 320	(18 493)	8 767
Other comprehensive income (loss) for the period net of tax	6	**(14 207)**	**(29 703)**	**23 639**	**(43 910)**	**8 837**
Total comprehensive income (loss)		**(10 657)**	**(23 401)**	**29 656**	**(34 057)**	**12 574**
Profit (loss) of the period attributable to (from):						
Equity holders of the parent		766	3 728	4 022	4 541	(194)
Non-controlling interests		2 784	2 574	1 995	5 312	3 931
		3 550	**6 302**	**6 017**	**9 853**	**3 737**
Total comprehensive income attributable to (from):						
Equity holders of the parent		(10 802)	(19 764)	22 269	(30 518)	5 801
Non-controlling interests		145	(3 637)	7 387	(3 539)	6 773
		(10 657)	**(23 401)**	**29 656**	**(34 057)**	**12 574**
Earnings per share attributable to equity holders of the parent during the period:						
Basic and diluted earnings per share (loss)		0,01	0,05	0,05	0,05	0,00

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	*Unaudited*	*Audited*
		2016	**2016**	**2015**
USD'000	Note	30 June	31 March	31 December
ASSETS				
Non-current assets				
Intangible assets				
Deferred tax assets		378	384	363
Tangible assets				
Investments in FSRUs		1 155 386	1 163 148	871 353
Investments in new buildings under construction		91 596	61 810	161 198
Other non-current financial assets	6	8 423	9 576	12 960
Other non-current assets		24 155	24 509	25 539
Shareholder loans		3 598	4 787	6 861
Restricted cash	7	20 290	20 346	19 648
Total non-current assets		**1 303 826**	**1 284 560**	**1 097 922**
Current assets				
Bunkers and inventories		806	1 406	1 684
Trade and other receivables		37 503	30 345	33 307
Shareholder loans		6 725	7 715	7 130
Marketable securities		212 999	221 090	231 094
Restricted cash		12 531	11 420	15 542
Cash and cash equivalents		69 156	110 959	97 623
Total current assets		**339 720**	**382 935**	**386 380**
Asset held for sale		**-**	**-**	**17 978**
TOTAL ASSETS		**1 643 546**	**1 667 495**	**1 502 280**
EQUITY AND LIABILITES				
Equity				
Share capital		769	769	768
Other paid-in capital		524 006	523 356	522 954
Capital reserves		(116 478)	(104 930)	(81 438)
Retained earnings		(31 042)	(24 167)	(19 927)
Equity attributable to equity holders of the parent		**377 255**	**395 028**	**422 357**
Non-controlling interests		57 229	61 434	69 208
Total equity		**434 484**	**456 462**	**491 565**
Non-current liabilities				
Deferred tax liability		2 946	1 496	358
Non-current interest bearing debt		904 746	911 320	732 026
Investment in joint ventures		85 355	82 919	73 502
Other non-current financial liabilities	6	89 098	79 470	70 699
Deferred revenue		6 681	7 233	7 699
Total non-current liabilities		**1 088 826**	**1 082 438**	**884 284**
Current liabilities				
Current interest bearing debt		60 706	68 332	55 036
Income tax payable		548	1 881	2 218
Trade and other payables		14 542	17 116	18 706
Other current financial liabilities	6	18 713	18 884	18 372
Other current liabilities		25 727	22 382	32 099
Total current liabilities		**120 236**	**128 595**	**126 431**
TOTAL EQUITY AND LIABILITIES		**1 643 546**	**1 667 495**	**1 502 280**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	*Unaudited* **2Q2016**	*Unaudited* **1Q2016**	*Unaudited* **2Q2015**	*Unaudited* **1H2016**	*Unaudited* **1H2015**
Operating activities:					
Profit (loss) before tax for the period	4 034	7 111	5 993	11 145	4 235
Non-cash adjustment to reconcile profit before tax to net operational cash flow					
Depreciation FSRUs, drydocking and equipment	9 228	7 278	8 564	16 506	16 939
Impairment (reversal of impairment)	-	-	(3 115)	-	(3 115)
Fair value adjustments on marketable securities	(1 664)	(1 397)	(15)	(3 061)	(548)
Interest income	(167)	(452)	(369)	(619)	(749)
Interest cost	14 649	12 939	9 483	27 588	18 735
Net loss (income) on interest rate hedges	45	(194)	822	(149)	865
Share based payment cost and BoD remuneration not paid-out	607	414	505	1 021	940
Share of profits from investments in joint ventures	(3 340)	(3 299)	(2 476)	(6 639)	(5 078)
Working capital adjustments					
Change in inventories, receivables and payables	(4 351)	(7 149)	5 696	(11 546)	6 297
Dividend received from joint ventures	-	-	789	-	1 578
Payment of income tax	(333)	-	-	(333)	-
i) Net cash generated from operating activities	**18 708**	**15 251**	**25 877**	**33 958**	**40 098**
Investing activites:					
Investment in marketable securities	-	-	(90 000)	-	(90 000)
Proceeds from sale of marketable securities	9 756	11 514	47 000	21 269	64 176
Investments in FSRUs, drydocking and new buildings	(30 051)	(199 092)	(33 722)	(229 143)	(46 602)
Net proceeds from sale of LNG Libra	-	17 978	-	17 978	-
Investment in intangibles, equipment and other	(133)	-	(134)	(133)	(474)
Repayment of shareholder loans	2 400	1 750	1 583	4 150	3 308
ii) Net cash used in investing activities	**(18 029)**	**(167 850)**	**(75 273)**	**(185 879)**	**(69 592)**
Financing activites:					
Dividend paid to non-controlling interest (MLP)	(4 554)	(4 554)	(3 726)	(9 108)	(7 452)
Dividend paid to shareholders of the parent	(7 567)	(7 562)	(6 869)	(15 129)	(13 738)
Proceeds from borrowings	-	200 000	130 000	200 000	158 200
Payment of debt issuance cost	(109)	(2 310)	(1 766)	(2 419)	(2 615)
Repayment of borrowings	(15 177)	(11 864)	(11 747)	(27 041)	(23 495)
Interest paid	(13 965)	(11 896)	(9 958)	(25 861)	(20 603)
(Increase) decrease in restricted cash	(1 110)	4 122	-	3 012	68
iii) Net cash flows from financing activities	**(42 482)**	**165 936**	**95 934**	**123 454**	**90 366**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**(41 803)**	**13 336**	**46 538**	**(28 467)**	**60 872**
Current cash, cash equivalents at the beginning of the period	110 959	97 623	80 636	97 623	66 302
Current cash and cash equivalents at the end of the period	**69 156**	**110 959**	**127 174**	**69 156**	**127 174**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 6)	Other capital reserves	Retained earnings	Total	Non-controlling interests (Note 6) [1]	Total equity
	Paid-in capital				*Capital reserves*					
	Attributable to equity holders of the parent									
At 1 January 2016	**768**	**444 740**	**(12)**	**78 226**	**(78 622)**	**(2 816)**	**(19 927)**	**422 357**	**69 208**	**491 565**
Profit (loss) for the period							4 541	4 541	5 312	9 853
Other comprehensive income / (loss)					(35 059)			(35 059)	(8 851)	(43 910)
Total comperehensive income	-	-	-	-	*(35 059)*	-	*4 541*	*(30 518)*	*(3 539)*	*(34 057)*
Capital contribution to MLP							(527)	(527)	527	-
MLP dividend to non-controlling interest								-	(9 108)	(9 108)
Net proceeds of equity issuance	1	338		(252)				87	-	87
Units granted to BoD of MLP				56	19			75	114	189
Dividend to shareholders of the parent							(15 129)	(15 129)	-	(15 129)
Share-based payment costs				910				910	27	937
At 30 June 2016 (unaudited)	**769**	**445 078**	**(12)**	**78 940**	**(113 662)**	**(2 816)**	**(31 042)**	**377 255**	**57 229**	**434 484**

[1] *Equity attributable to non-controlling interests at 30 June 2016 of USD 57.3 million includes negative USD 36.5 million in cash flow hedge reserves*. See table in Note 6.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 6)	Other capital reserves	Retained earnings	Total	Non-controlling interests (Note 6) [1]	Total equity
	Paid-in capital				*Capital reserves*					
	Attributable to equity holders of the parent									
At 1 January 2015	**699**	**344 317**	**(12)**	**77 801**	**(83 072)**	**(2 863)**	**19 570**	**356 440**	**96 470**	**452 910**
Profit (loss) for the period							(37 737)	(37 737)	10 979	(26 758)
Other comprehensive income / (loss)					2 906	47		2 953	4 552	7 505
Total comperehensive income	-	-	-	-	*2 906*	*47*	*(37 737)*	*(34 784)*	*15 531*	*(19 253)*
Capital contribution to MLP							(2 768)	(2 768)	2 768	-
Other changes in paid in capital				(869)				(869)		(869)
MLP dividend to non-controlling interest								-	(14 904)	(14 904)
Sale of subsidiary to MLP					1 544		29 177	30 721	(30 721)	-
Net proceeds of equity issuance	69	100 423		(41)				100 451	-	100 451
Dividend to shareholders of the parent							(28 169)	(28 169)	-	(28 169)
Share based payment- cash settled				(293)				(293)	-	(293)
Share-based payment costs				1 628				1 628	64	1 692
At 31 December 2015 (audited)	**768**	**444 740**	**(12)**	**78 226**	**(78 622)**	**(2 816)**	**(19 927)**	**422 357**	**69 208**	**491 565**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ended 30 June 2016 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 2015. New and amended standards effective for periods beginning at or after 1 January 2016 are considered not to have material effects on the Group's financial statements.

3. SEGMENT INFORMATION

For the purpose of making decisions about resource allocation and performance assessment, management monitors the operating results of Höegh LNG's operating segments separately. The only assets and liabilities included in the segment report are vessels, newbuildings, interest-bearing debt and intangible assets. In segment reporting, the Group's joint ventures are evaluated using the proportionate consolidation method rather than the equity method.

Commercial

The commercial segment is responsible for the commercial management of the Group's FSRU and LNGC operations and for tendering activities related to new FSRU business. The segment includes time-charter income and operating expenses for the FSRU Independence and the LNGCs Arctic Princess and Arctic Lady. The LNGC LNG Libra was included until the delivery of this vessel to its new owners in the first quarter of 2016. The segment includes bareboat hire for Arctic Princess and Arctic Lady and management income for commercial management services paid by external owners. Höegh Gallant was transferred from the commercial segment to HMLP with effect from 1 October 2015.

MLP

The MLP segment includes activities related to HMLP, which was formed to own, operate and acquire FSRUs, LNGCs and other LNG infrastructure assets under long-term charters, defined as five years or more. HMLP's fleet comprises ownership interests in four FSRUs, namely (i) a 50% interest in the GDF Suez Neptune, (ii) a 50% interest in the GDF Suez Cape Ann, (iii) a sole economic interest in the PGN FSRU Lampung and (iv) a 100% interest in Höegh Gallant, which was transferred to the segment with effect from 1 October 2015. Capitalised costs within the segment relate to the ownership of FSRUs.

Technical

The technical segment is responsible for technical management of the Group's FSRUs and LNGCs and for the execution of new regasification and transport projects until delivery. The segment records income for technical management services paid by external owners in the Group's jointly controlled vessels and by the third-party owners of Matthew, the latter until it was sold in July 2016. The segment furthermore records revenue and expenses relating to new FSRU and LNGC contracts until delivery. Capitalised costs in the segment relate to the FSRU newbuilding programme.

FLNG

The FLNG segment has been responsible for developing and marketing the FLNG concept developed by the Group. It has recorded income and expenses for engineering studies and expenses related to the marketing of the concept. Capitalised costs within the segment relate to investment in a generic FLNG front-end engineering and design (FEED), which was impaired following a decision on 16 February 2016 to cease all FLNG activities.

Other

The other segment consists of the Group's 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 Group's operating segments for the second quarter and first half ending 30 June 2016 and 2015, respectively.

Table: segment information

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
Income statement	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015
Freight revenue	28,1	38,7	-	-	-	-	34,5	22,9	-	-	62,6	61,6	(10,3)	(11,1)	52,3	50,5
Management and other income	0,6	0,5	-	0,4	0,6	0,8	-	(0,0)	0,1	(0,0)	1,2	1,7	0,3	0,3	1,5	2,0
Share of results from inv. in JVs	-	-	-	-	-	-	-	-	-	-	-	-	3,3	2,5	3,3	2,5
TOTAL INCOME	**28,7**	**39,2**	**-**	**0,4**	**0,6**	**0,8**	**34,5**	**22,9**	**0,1**	**(0,0)**	**63,8**	**63,3**	**(6,7)**	**(8,3)**	**57,1**	**55,0**
Charter hire expenses	(5,1)	(5,1)	-	-	-	-	-	-	-	-	(5,1)	(5,1)	(3,7)	(3,7)	(8,8)	(8,8)
Bunker expenses	(0,0)	(0,3)	-	-	-	-	(0,0)	-	-	-	(0,1)	(0,3)	-	-	(0,1)	(0,3)
Operating expenses	(6,8)	(9,0)	-	-	(0,3)	(0,2)	(6,3)	(4,7)	-	-	(13,4)	(13,8)	1,7	3,0	(11,7)	(10,9)
Project administrative expenses	(1,4)	(1,2)	-	-	(0,7)	(1,9)	(0,8)	(0,8)	-	-	(2,8)	(3,8)	(0,1)	(0,1)	(2,9)	(3,9)
Group administrative expenses	-	-	-	-	-	-	(1,4)	(1,2)	(3,4)	(4,0)	(4,9)	(5,2)	0,0	-	(4,9)	(5,2)
Business development expenses	(1,7)	(1,3)	0,2	(1,7)	(0,3)	(0,2)	-	-	-	-	(1,8)	(3,2)	-	-	(1,8)	(3,2)
EBITDA	**13,7**	**22,3**	**0,2**	**(1,3)**	**(0,7)**	**(1,5)**	**25,9**	**16,3**	**(3,4)**	**(4,0)**	**35,7**	**31,8**	**(8,7)**	**(9,1)**	**27,0**	**22,6**

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
Income statement	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015
Freight revenue	56,2	69,3	-	-	-	-	68,1	45,1	-	-	124,4	114,4	(20,9)	(21,1)	103,5	93,3
Construction contract revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management and other income	0,8	(0,5)	0,1	1,6	1,1	1,3	-	(0,0)	0,2	(0,0)	2,2	2,4	0,3	1,6	2,5	4,0
Share of results from inv. in JVs	-	-	-	-	-	-	-	-	-	-	-	-	6,6	5,1	6,6	5,1
TOTAL INCOME	**57,0**	**68,7**	**0,1**	**1,6**	**1,1**	**1,3**	**68,1**	**45,1**	**0,2**	**(0,0)**	**126,6**	**116,7**	**(14,0)**	**(14,4)**	**112,6**	**102,4**
Charter hire expenses	(10,2)	(10,2)	-	-	-	-	-	-	-	-	(10,2)	(10,2)	(7,4)	(7,3)	(17,6)	(17,5)
Bunker expenses	(0,1)	(0,9)	-	-	-	-	(0,0)	0,0	-	-	(0,1)	(0,9)	(0,0)	0,0	(0,1)	(0,9)
Operating expenses	(12,1)	(16,1)	-	-	(0,5)	(0,3)	(12,2)	(8,8)	-	-	(24,8)	(25,2)	3,8	4,9	(21,0)	(20,3)
Project administrative expenses	(2,6)	(1,8)	-	-	(1,6)	(4,0)	(1,8)	(1,6)	-	-	(6,0)	(7,3)	0,1	(0,0)	(5,9)	(7,3)
Group administrative expenses	-	-	-	-	-	-	(2,8)	(2,5)	(6,8)	(7,6)	(9,6)	(10,1)	0,0	0,0	(9,6)	(10,1)
Business development expenses	(3,0)	(2,8)	(1,2)	(3,9)	(0,5)	(0,4)	-	-	-	-	(4,8)	(7,1)	-	0,0	(4,8)	(7,1)
EBITDA	**29,0**	**37,1**	**(1,1)**	**(2,3)**	**(1,5)**	**(3,4)**	**51,3**	**32,2**	**(6,6)**	**(7,6)**	**71,2**	**56,0**	**(17,5)**	**(16,8)**	**53,6**	**39,1**

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
Selected items in Financial Position	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Intangible assets																
Licenses, design and other intangibles	-	-	-	37,0	-	-	-	-			-	37,0	-	-	-	37,0
Tangible assets											-	-	-	-		
Investments in LNGC, FSRUs and NBs	707,0	720,8	-	-	91,6	169,0	847,9	560,7	-	-	1 646,5	1 450,6	(399,5)	(416,1)	1 247,0	1 034,5
Liabilities											-	-	-	-		
Interest-bearing debt	526,0	527,3	-	-	-	-	589,9	445,6	218,1	222,0	1 334,0	1 194,9	(368,5)	(384,2)	965,5	810,7

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. Total management income from related parties in Höegh LNG amounted to USD 1.0 million in the second quarter of 2016 (USD 0.7 million). For a more detailed description of recurring related party transactions, see information disclosed in Note 32 of the 2015 annual report.

5. COMMITMENTS AND FINANCING

The Group entered into four FSRU shipbuilding contracts with HHI in 2011 and 2012, all of which have been delivered. They include Höegh Grace, which was delivered in the first quarter 2016. To finance the delivery of Höegh Grace, the remaining USD 200 million available under the USD 412 million bank debt facilities was drawn down. The Group entered into two additional FSRU shipbuilding contracts with HHI in 2014 and 2015 respectively, with expected delivery during the first quarter of 2017 and 2018 respectively. As of 30 June 2016, total remaining capital expenditures relating to these commitments were approximately USD 513 million, including yard payments, project expenses, finance costs and contingencies. Approximately USD 294 million of this is payable by March 2017, with the remainder falling due through the second quarter of 2018.

Total liquidity available is USD 489 million, which includes USD 295 million in current cash and marketable securities and an undrawn bank loan facility on USD 194 million. In addition, the Group is planning to raise bank financing for FSRU#8 before delivery of this vessel, for which a 20-year time charter has been secured.

6. HEDGING RESERVES

Interest-rate swaps have been entered into in relation to the financing of the Group's vessels. The Group has also entered into a cross-currency interest-rate swap relating to the NOK bond and an interest-rate swap on the USD bond.

As of 30 June 2016, the mark-to-market valuation of the interest-rate swaps was recognised in the financial position with a net liability of USD 188 million, of which USD 175.2 million was classified as non-current liabilities and USD 13.1 million as current liabilities. USD 150 million of the mark-to-market valuation of the interest rate swaps was recognised as hedge reserves in consolidated equity as of 30 June 2016.

The mark-to-market valuations of the interest-rate swaps in the Group's joint ventures are recorded as part of investments in joint ventures, which results in the investments being treated as net liabilities. The negative valuations of the interest-rate swaps in the joint ventures represent USD 102.6 million of the below.

In the second quarter of 2016, USD 14.2 million relating to the interest rate swaps was recorded as a loss under other comprehensive income (OCI), compared with a loss of USD 29.7 million in the previous quarter.

Table: Interest rate swaps in Financial Position

MTMs of cash flow hedges in the Financial Position (USD'000)	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015
MTMs presented as financial assets	-	98	2 800	-	11 211
Total MTMs presented as financial liabilities	(85 770)	(76 219)	(67 687)	(74 072)	(61 732)
Total MTMs in the joint ventures	(102 634)	(96 857)	(84 141)	(97 501)	(87 101)
Net MTMs of cash flow hedges	**(188 404)**	**(172 978)**	**(149 028)**	**(171 573)**	**(137 622)**
Foreign exchange losses under cross currency swap included in MtM	40 741	39 567	45 125	42 047	34 806
Accumulated break cost paid	(4 285)	(4 285)	(4 285)	(4 285)	(4 285)
Accumulated loss on swap in profit or loss	1 771	1 726	1 920	2 151	2 213
Interest rate swaps recorded against equity	**(150 177)**	**(135 970)**	**(106 269)**	**(131 660)**	**(104 888)**
Attributable to non-controlling interest	(36 515)	(33 857)	(27 646)	*(32 455)*	*(27 862)*
Attributable to equity holders of the parent	(113 662)	(102 113)	(78 622)	*(99 204)*	*(77 026)*

7. NON-CURRENT RESTRICTED CASH

Restricted cash of USD 20.3 million as of 30 June 2016 included USD 5.9 million relating to cash denominated in EGP owing to current restrictions on foreign exchange.

USD '000	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015
Debt service	14 440	14 596	14 798	14 798	15 116
Foreign currency	5 850	5 750	4 850	2 000	-
Total non-current restricted cash	**20 290**	**20 346**	**19 648**	**16 798**	**16 798**

8. SUBSEQUENT EVENTS

The Company declared a cash dividend on 24 August 2016 of USD 0.10 per share for the third quarter of 2016.

The Company has during third quarter of 2016 paid an indemnification claim of USD 1.8 million to HMLP for non-budgeted expenses.

Höegh LNG has signed engineering agreements and ordered long lead time equipment for the first FSRU conversion project.

9. FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements. The statements are based on 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 which could cause actual results to differ materially from those in the forward-looking statements are: changes in LNG transportation, regasification and floating liquefaction 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; changes in the financial stability of clients of the Group; Höegh LNG's ability to win upcoming tenders and to secure employment for the FSRUs on order; changes in Höegh LNG's ability to complete and deliver projects awarded; increases in the Group's cost base; changes in the availability of vessels to purchase; failure by yards to comply with delivery schedules; changes in 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 Group; changes in applicable regulation and laws. Unpredictable or unknown factors herein could also have material adverse effects on forward-looking statements.

APPENDIX A (UNAUDITED)

COMPREHENSIVE INCOME STATEMENT CONSOLIDATED BY PROPORTIONATE METHOD

USD'000	2Q2016	1Q2016	4Q2015	3Q2015	2Q2015
Freight revenues	62 606	61 775	61 928	64 554	61 577
Management and other income	1 217	986	3 750	1 448	1 688
Total income	**63 823**	**62 761**	**65 678**	**66 003**	**63 265**
Charterhire expenses	(5 107)	(5 107)	(5 169)	(5 169)	(5 113)
Bunker expenses	(60)	(5)	(1 789)	(142)	(334)
Operating expenses	(13 413)	(11 385)	(11 771)	(13 471)	(13 830)
Project administrative expenses	(2 838)	(3 127)	(3 248)	(2 436)	(3 779)
Group administrative expenses	(4 864)	(4 765)	(4 141)	(4 821)	(5 185)
Business development expenses	(1 834)	(2 916)	(5 982)	(4 157)	(3 235)
Operating profit (loss) before depreciation and impairment	**35 707**	**35 456**	**33 578**	**35 805**	**31 788**
Depreciation	(12 690)	(10 737)	(10 378)	(10 528)	(12 078)
Reversal of impairment (impairment)	-		(37 002)	-	3 115
Operating profit (loss) after depreciation and impairment	**23 017**	**24 719**	**(13 802)**	**25 278**	**22 825**
Interest income	140	191	65	77	33
Interest expenses	(19 687)	(18 036)	(17 826)	(17 920)	(14 797)
Net financial items	565	238	(441)	(5 367)	(2 065)
Net financial items	**(18 982)**	**(17 607)**	**(18 202)**	**(23 211)**	**(16 829)**
Ordinary profit or (loss) before tax	**4 035**	**7 112**	**(32 004)**	**2 066**	**5 996**
Corporate income tax	(484)	(809)	(989)	433	24
Profit (loss) for the period	**3 550**	**6 302**	**(32 993)**	**2 499**	**6 021**
Other comprehensive income					
Items that will not be reclassified to profit or (loss)					
Net gain (loss) on other capital reserves	-	-	47	-	-
Items that may be subsequently reclassified to profit or (loss)					
Net gain (loss) on hedging reserves	(14 207)	(29 703)	25 391	(26 771)	23 639
Other comprehensive income (loss) for the period net of tax	**(14 207)**	**(29 703)**	**25 438**	**(26 771)**	**23 639**
Total comprehensive income (loss)	**(10 657)**	**(23 401)**	**(7 555)**	**(24 272)**	**29 660**

APPENDIX B (UNAUDITED)

FINANCIAL POSITION CONSOLIDATED BY PROPORTIONATE METHOD

USD'000	2016 30 June	2016 31 March	2015 31 December	2015 30 September	2015 30 June
ASSETS					
Non-current assets					
Intangible assets					
Deferred tax assets	378	384	364	353	354
Licenses, design and other intangibles	-	-	-	37 002	37 002
Tangible assets					
Investments in FSRUs and LNG Carrier	1 554 907	1 566 116	1 277 559	1 287 590	1 281 568
Investments in new buildings under construction	91 596	61 810	161 198	158 577	169 007
Other non-current financial assets	8 423	9 576	12 960	12 297	20 749
Other non-current assets	24 161	24 509	25 539	18 828	18 810
Restricted cash	32 841	32 898	32 200	29 350	27 668
Total non-current assets	**1 712 306**	**1 695 293**	**1 509 820**	**1 543 998**	**1 555 159**
Current assets					
Bunkers and inventories	820	1 420	1 698	1 643	1 716
Trade and other receivables	38 214	31 463	34 232	23 175	22 755
Marketable securities	212 999	221 090	231 094	144 258	143 772
Other current financial assets	-	-	-	-	4 463
Restricted cash	16 751	15 593	15 542	16 401	11 263
Cash and cash equivalents	77 590	119 130	109 449	220 435	136 153
Total current assets	**346 374**	**388 696**	**392 015**	**405 913**	**320 122**
Assets held for sale	**-**	**-**	**17 978**	**17 978**	**17 978**
TOTAL ASSETS	**2 058 680**	**2 083 989**	**1 919 813**	**1 967 888**	**1 893 259**
EQUITY AND LIABILITES					
Equity					
Share capital	769	769	768	768	699
Other paid-in capital	524 006	523 356	522 954	522 600	422 951
Capital reserves	(116 478)	(104 930)	(81 438)	(102 068)	(79 889)
Retained earnings	(31 042)	(24 167)	(19 927)	(3 355)	4 092
Equity attributable to equity holders of the parent	**377 255**	**395 028**	**422 357**	**417 945**	**347 853**
Non-controlling interests	57 229	61 434	69 208	92 103	97 331
Total equity	**434 484**	**456 462**	**491 565**	**510 048**	**445 184**
Non-current liabilities					
Deferred tax liability	2 946	1 496	358	197	152
Non-current interest-bearing debt	1 256 450	1 267 304	1 092 208	1 110 543	1 132 107
Other non-current financial liabilities	180 476	164 960	140 804	159 040	142 929
Deferred revenue	28 658	29 667	30 434	18 384	18 506
Total non-current liabilities	**1 468 530**	**1 463 427**	**1 263 804**	**1 288 165**	**1 293 694**
Current liabilities					
Current interest bearing debt	77 523	84 890	71 339	70 595	62 830
Income tax payable	527	1 881	2 218	1 371	1 097
Trade and other payables	15 212	17 963	19 533	17 817	16 337
Other current financial liabilities	33 638	33 925	36 147	38 971	36 386
Provisions and accruals	28 767	25 442	35 208	40 922	37 730
Total current liabilities	**155 667**	**164 101**	**164 445**	**169 676**	**154 381**
TOTAL EQUITY AND LIABILITIES	**2 058 680**	**2 083 989**	**1 919 813**	**1 967 888**	**1 893 259**

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 2016 have 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 Holdings 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 which have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties.

Hamilton, Bermuda, 24 August 2016

The Board of Directors of Höegh LNG Holdings Ltd.

Morten W. Høegh Chairman	Leif O. Høegh Deputy Chairman
Ditlev Wedell-Wedellsborg	Andrew Jamieson
Christopher G. Finlayson	Jørgen Kildahl
Cameron E. Adderley	