



# HÖEGH LNG

## INTERIM RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2014

### Highlights

- Total income USD 45.3 million and operating profit before depreciation of USD 6.8 million
- Loss before tax USD 56.4 million, mainly due to impairment of intangible assets capitalized in 2008 and 2009
- FSRU Independence started generating income under the ten year contract with Klaipėdos Nafta
- Höegh LNG signed a contract with Sociedad Portuaria El Cayao S.A. E.S.P. (SPEC) for a new FSRU import terminal in Colombia
- Höegh LNG signed a five year FSRU contract with the government owned EGAS of Egypt
- Höegh Gallant delivered from Hyundai Heavy Industries and directly employed on a short term charter as an LNG carrier
- The Company placed an order for its 7<sup>th</sup> FSRU with delivery first quarter 2017, in line with its business model and expansion plan
- The Company signed a Joint Development Agreement with the project sponsor for a second North American FLNG project
- Bondholders approved all proposed amendments to the NOK 750 million bond agreement (the "Bond Agreement"), giving the Company increased flexibility in executing its growth strategy and dividend policy

### Subsequent Events

- The Board of Directors of Höegh LNG approved the Company's first quarterly dividend payment of USD 0.10 per share to be paid on or around 20 March 2015. The HLNG share will be trading ex-dividend from 5 March 2015

### Group Financial review

As required by IFRS 11, Höegh LNG is recognising investments in joint venture companies according to the equity method. However, for the purpose of monitoring the operating performance of its underlying business, the Company reports segments based on proportionate consolidation of joint venture companies.

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

For the fourth quarter 2014, the Company reported USD 45.3 million in total income (USD 45.5 million<sup>1</sup>) and operating profit before depreciation ("EBITDA") of USD 6.8 million (USD 1.5 million). EBITDA increased compared to fourth quarter 2013 mainly due to PGN FSRU Lampung and Independence now being in operation.

Operating profit after amortization and depreciation was negative USD 45.8 million for the fourth quarter 2014 (negative USD 3.1 million) due to impairment charges for the Port Dolphin project of USD 35.3 million, Compressed Natural Gas technology of USD 1.0 million and the LNG carrier Libra of USD 8.5 million. Depreciation in the fourth quarter was USD 7.8 million (USD 4.6 million), an increase from the same quarter last year due to delivery of Independence, PGN FSRU Lampung and Höegh Gallant during 2014.

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<sup>1</sup> Figures for the corresponding period in 2013 are shown in brackets

Net financial items amounted to a negative USD 10.6 million in the fourth quarter 2014 (USD 1.1 million). The increase is mainly due to higher interest expenses following the expansion of the fleet and expensed losses on interest rate swaps.

The loss after tax was USD 57.7 million in the quarter (USD 3.9 million).

Total cash flow in the quarter was negative USD 58.8 million (negative USD 5.8 million). The uses during the quarter are mainly capital expenditures, debt service and an increase in restricted cash, while proceeds from borrowings, sale of marketable securities and sale of the Tower Yoke Mooring System (TYMS) to PGN represent the largest sources.

At the end of the fourth quarter 2014, Höegh LNG had USD 207.4 million in current cash and marketable securities (end third quarter 2014: USD 285.9 million). The book equity after adjusting for mark-to-market of interest rate swaps was USD 574.0 million (end third quarter 2014: USD 633.1 million), equivalent to an adjusted book equity ratio of 42% (end third quarter 2014: 50.9%), while net interest bearing debt was USD 475.7 million (end third quarter 2014: USD 248.4 million).

For the full year 2014, total income was USD 162.7 million (USD 145.6 million), EBITDA was USD 1.6 million (negative USD 1.9 million) and net loss after tax was USD 87.1 million (USD 20.8 million).

*Sum of segments (proportionate consolidation of joint venture investments)*

Based on proportionate consolidation of joint venture companies, the operating profit before depreciation was USD 16.1 million in the quarter (USD 8.9 million). The increase during this year's fourth quarter is explained by the commercial start-up of FSRU Independence and the income from PGN FSRU Lampung.

**Table: Selected financial items based on equity and proportionate consolidation**

USD'000	Consolidated by the equity method		Consolidated by the proportionate method	
	4Q2014	Jan-Dec 2014	4Q2014	Jan-Dec 2014
Total income	45 331	162 679	52 842	192 827
Operating profit (loss) before depreciation	6 849	1 621	16 109	39 001
Operating profit	(45 804)	(64 283)	(39 952)	(40 529)
Profit (loss) for the period	(57 747)	(87 096)	(57 747)	(87 096)
		31 December 2014		31 December 2014
Total assets		1 368 863		1 781 543
Equity		460 245		460 245
Equity adjusted for hedging reserves		573 971		573 971
Net interest bearing debt		475 725		858 398
Equity ratio adjusted for hedging reserves		42 %		32 %

**Corporate matters**

On 25 February 2015, the Board of Directors of the Company approved the distribution of the Company's first quarterly cash dividend of USD 0.10 per share. The last day the shares of the Company will be traded inclusive of dividend on Oslo Børs is 4 March 2015 and the shares will consequently be traded ex dividend as of 5 March 2015. The shareholders entitled to the dividend will be those on record in VPS following the close of trading on Oslo Børs on 6 March 2015. The expected date for the payment is 20 March 2015. The Company intends to pay out quarterly dividends which over times equals distributions received from Höegh LNG Partners LP, capped at the limitations set out in the Bond Agreement. The Bond Agreement caps yearly dividend distributions at USD 0.40, USD 0.50 and USD 0.60 per share in 2015, 2016 and 2017, respectively.

During the quarter, the Company re-purchased its own bonds with a carrying value of USD 4.9 million, equivalent to 4.933% of bonds outstanding. The Company did not hold any own bonds prior to the re-purchase.

**Business review**

*The FSRU and LNG carrier segment*

The Company's fleet was operated safely and without incidents in the reporting period.

On 30 October 2014, PGN FSRU Lampung completed its commissioning phase and has since start of operations delivered gas according to contract and to the satisfaction of the client. Since commercial operations started somewhat later than contractually agreed, the Company is potentially exposed to liquidated damages, for which provisions totalling USD 7.2 million have been made, of which USD 1.1 million relates to the fourth quarter. Discussions are on-going between the Company, PGN, the yard and the pipeline contractor to assess each party's responsibility for the delay.

During the quarter, PGN paid the final 10% instalment on the TYMS, equivalent to USD 9 million, and the ownership of the TYMS was transferred from the Company to PGN.

Independence arrived in Klaipeda on 27 October 2014 for start of commissioning and started generating income according to schedule, end November 2014. The Independence has since start of operations taken delivery of one cargo of LNG and delivered natural gas into the market according to contract.

On 1 November 2014, the Company signed a contract with Sociedad Portuaria El Cayao S.A. E.S.P. (SPEC) for a new LNG import terminal in Cartagena, on the Atlantic coast of Colombia. The FSRU contract is for twenty years, but includes options for SPEC to reduce the term to five, ten or fifteen years. SPEC will confirm the initial contract term before start of operations, which is expected mid-2016. The Company plans to employ FSRU#6 / HN2551 for the project.

On 3 November 2014, the Company signed a five year contract with the government owned Egyptian Natural Gas Holding Company (Egas) for the supply of an FSRU as an LNG import terminal at Ain Sokhna port, located on the Red Sea in Egypt. The Company will employ the FSRU Höegh Gallant for this contract. The FSRU was delivered from the yard early November 2014 and employed as an LNG carrier until mid-January 2015 when entering a yard for minor modifications required for the Egas contract. The FSRU project with EGAS is on schedule for start of operations by the end of the first quarter 2015.

As a consequence of the strong increase in North American shale gas production, which has changed the market dynamics for LNG in the U.S., the Company has decided to write off the value of its floating LNG import terminal offshore Florida in the US (Port Dolphin), which received FERC and MARAD approval in 2009. The U.S. has historically been an importer of LNG, but is today self-sufficient in natural gas and will this year actually become a large exporter of LNG. As a consequence of this change in market fundamentals, the Company has concluded that there are limited commercial prospects for the Port Dolphin project.

#### *The FLNG segment*

The Company's main focus is to continue the development of the two North American FLNG projects for which it has entered into exclusive development agreements. For one of the projects, the fall in the energy prices has had a negative impact on the project schedule, as potential capacity off-takers have requested more time before committing to the project. Discussions are, however, ongoing and moving forward. For the second FLNG project, the Company is currently finalizing a concept study and it is expected that the project owner will make a decision on whether to enter into a combined pre-FEED / FEED agreement with the Company during the second quarter of this year.

In addition to the above projects the Company is working on two to three projects at an early stage of the business development phase.

#### **Market**

Over the last six months the oil price in USD has dropped approximately 50%, a result of increased supply and reduced demand, and naturally this has been the main focus within the energy markets in this period. LNG prices in Asia and Europe are generally linked to the oil price by being indexed to refined oil products, and have consequently also been falling. In addition, the mild winter and full storage facilities in high LNG demand areas, such as north-east Asia, has put further downward pressure on LNG prices, and especially the short term or spot LNG prices. At the time of writing, LNG spot prices in USD in Asia are down more than 50% year-on-year.

Should oil prices establish themselves at a new and lower level compared to the previous five years, LNG prices will also remain low. In general, lower LNG prices will normally lead to higher demand for LNG, especially in price sensitive markets such as India and China, and this should increase demand for new LNG import capacity. The Company has the only FSRU currently in operation in China and is positioning itself for new FSRU opportunities arising from the strong expected increase in LNG imports in China over the coming years. Compared to land based import terminals, FSRUs are less capital intensive, quicker to build and more flexible and have therefore become the preferred solution for new importers and countries without required LNG import infrastructure in place. As a result, it is expected that the low LNG price will lead to an increased demand for FSRUs. The Company has identified around 30 potential FSRU projects world-wide, against four uncommitted FSRUs under construction, of which the Company has one. Over the next five years the Company expects an average of two to four FSRU contracts to be signed per year.

On the LNG supply side, the world-wide LNG production capacity is currently around 260 MTPA, which is expected to increase by approximately 120 MTPA over the next three years from projects under various stages of construction, mainly in Australia and the U.S. Beyond that there is a long list of potential projects, representing an additional capacity of 150 MTPA, that have not yet reached an investment decision. However, many of these projects will, in the current low energy price environment, be too expensive to be commercialized and therefore be delayed and redesigned in order to reduce project costs. Going forward,

this could create additional opportunities for FLNG solutions, since FLNG normally has a lower initial investment and a shorter development schedule than land based LNG production facilities. Seven FLNGs are currently under construction; three of these are large offshore units with full on-board processing plants whereas the remaining four are in the low cost end of the FLNG segment which is based on liquefaction of pipeline specification gas, the same design as the one the Company has developed.

The current world fleet of LNG carriers counts 379 vessels and the order book stands at 139 vessels, which is equivalent to 37% of the current fleet. At the time of writing there are approximately 40 LNG carriers without employment, which means that the short term LNG shipping market remains oversupplied, leading to very soft charter rates. Another 24 LNG carriers are scheduled to be delivered this year; seven does not have a contract and in addition, many of the contracted LNG carriers will be available in the spot market before entering into service for new liquefaction projects. The short term market for LNG carriers is consequently expected to remain oversupplied until 2016-2017.

## **Outlook**

The drop in the oil price has led to lower energy and LNG prices, which is expected to lead to higher demand for LNG. Together with a significant increase in LNG supply over the next three years, the increased LNG demand creates a solid foundation for continued growth in demand for FSRUs, which has become the preferred solution for new importers of LNG. With the leading position in the FSRU market and a strong track-record of securing new contracts, the Company is well positioned to succeed with its stated growth strategy for the FSRU segment and to have doubled its FSRUs fleet on the water and on order to 12 units by 2019. Within FLNG, the Company will continue to focus on its North American projects, and will only order when a commercial agreement with the client has been secured.

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000	Note	Unaudited	Unaudited	Unaudited	Restated <sup>1</sup>
		4Q2014	4Q2013	Jan-Dec 2014	Jan-Dec 2013
Freight revenues		34 620	17 653	98 376	66 878
Voyage expenses		(2 424)	146	(6 320)	(5 040)
<b>Income on T/C basis</b>		<b>32 196</b>	<b>17 799</b>	<b>92 056</b>	<b>61 838</b>
Construction contract revenue		8 100	14 560	52 479	52 672
Management and other income		2 355	8 944	8 149	16 051
Share of results from investments in joint ventures		2 680	4 177	9 995	15 061
<b>Total income</b>		<b>45 331</b>	<b>45 480</b>	<b>162 679</b>	<b>145 622</b>
Charterhire expenses		(8 918)	(8 925)	(35 383)	(35 409)
Construction contract expenses		(6 012)	(12 774)	(43 345)	(45 645)
Operating expenses		(10 293)	(6 179)	(31 783)	(23 637)
Project administrative expenses	9	(4 516)	(4 882)	(16 336)	(13 070)
Group administrative expenses	9	(3 474)	(2 526)	(16 298)	(9 146)
Business development expenses	9	(5 269)	(8 669)	(17 913)	(20 594)
<b>Operating profit (loss) before depreciation</b>		<b>6 849</b>	<b>1 525</b>	<b>1 621</b>	<b>(1 879)</b>
Depreciation		(7 817)	(4 608)	(21 068)	(17 169)
Impairment	8	(44 836)	-	(44 836)	-
<b>Operating profit (loss) after depreciation</b>		<b>(45 804)</b>	<b>(3 083)</b>	<b>(64 283)</b>	<b>(19 048)</b>
Interest income		421	531	1 778	2 286
Interest expenses		(8 901)	(555)	(18 341)	(3 315)
Income from other financial items		188	52	562	1 084
Expenses from other financial items		(2 304)	(1 106)	(4 795)	(1 323)
<b>Net financial items</b>		<b>(10 596)</b>	<b>(1 078)</b>	<b>(20 796)</b>	<b>(1 268)</b>
<b>Ordinary profit or (loss) before tax</b>		<b>(56 400)</b>	<b>(4 161)</b>	<b>(85 079)</b>	<b>(20 316)</b>
Tax		(1 347)	256	(2 017)	(486)
<b>Profit (loss) for the period</b>		<b>(57 747)</b>	<b>(3 905)</b>	<b>(87 096)</b>	<b>(20 802)</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or (loss)</b>					
Net gain (loss) on other capital reserves		(420)	218	(420)	(103)
<b>Items that may be subsequently reclassified to profit or (loss)</b>					
Net gain (loss) on hedging reserves		(12 003)	2 124	(29 285)	14 274
Share of OCI from joint ventures		(8 816)	9 354	(16 218)	50 461
<b>Other comprehensive income (loss) for the period net of tax</b>		<b>(21 239)</b>	<b>11 696</b>	<b>(45 923)</b>	<b>64 632</b>
<b>Total comprehensive income (loss)</b>		<b>(78 986)</b>	<b>7 791</b>	<b>(133 019)</b>	<b>43 830</b>
<b>Profit (loss) of the period attributable to (from):</b>					
Equity holders of the parent		(59 140)	(3 905)	(89 573)	(20 802)
Non-controlling interests		1 393	-	2 477	-
		<b>(57 747)</b>	<b>(3 905)</b>	<b>(87 096)</b>	<b>(20 802)</b>
<b>Total comprehensive income attributable to (from):</b>					
Equity holders of the parent		(76 565)	7 791	(131 690)	43 830
Non-controlling interests		(2 421)	-	(1 329)	-
		<b>(78 986)</b>	<b>7 791</b>	<b>(133 019)</b>	<b>43 830</b>
<b>Earnings per share attributable to equity holders of the parent during the period:</b>					
Basic and diluted earnings per share (loss)		(0,86)	(0,06)	(1,30)	(0,30)

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

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Notes	Unaudited 2014 31 December	Unaudited 2014 30 September	Restated <sup>1</sup> 2013 31 December	Restated <sup>1</sup> 2013 1 January
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>					
Deferred tax assets		374	634	772	789
Licenses, design and other intangibles	8	37 002	73 311	73 321	73 237
<b>Tangible assets</b>					
Investments in vessels	8	896 978	618 589	36 794	49 279
Investments in new buildings and installations under construction	3	132 469	199 132	384 272	225 716
Investment in joint ventures		-	206	223	4 365
Other non-current financial assets	6	27 124	37 615	17 970	1 649
Other non-current assets		4 448	6 730	10 933	11 628
Shareholder loans		12 287	13 623	17 848	22 446
Restricted cash		15 184	-	-	10 701
<b>Total non-current assets</b>		<b>1 125 866</b>	<b>949 840</b>	<b>542 133</b>	<b>399 810</b>
<b>Current assets</b>					
Bunkers and inventories		968	3 930	73	64
Unbilled construction contract receivable		-	5 169	52 672	-
Trade and other receivables		28 010	12 447	7 548	5 358
Shareholder loans		6 665	6 975	7 113	6 675
Marketable securities		117 317	159 026	13 794	113 877
Restricted cash		23 735	1 800	13 595	1 800
Cash and cash equivalents		66 302	125 120	47 152	117 127
<b>Total current assets</b>		<b>242 997</b>	<b>314 467</b>	<b>141 947</b>	<b>244 901</b>
<b>TOTAL ASSETS</b>		<b>1 368 863</b>	<b>1 264 307</b>	<b>684 080</b>	<b>644 711</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital		699	699	699	699
Other paid-in capital		419 835	418 719	337 797	336 371
Capital reserves		(85 936)	(68 509)	(70 666)	(135 297)
Retained earnings		31 703	90 842	121 276	142 078
<b>Equity attributable to equity holders of the parent</b>		<b>366 301</b>	<b>441 751</b>	<b>389 106</b>	<b>343 851</b>
Non-controlling interests		93 944	98 365	-	-
<b>Total equity</b>		<b>460 245</b>	<b>540 116</b>	<b>389 106</b>	<b>343 851</b>
<b>Non-current liabilities</b>					
Deferred tax liability		150	-	-	-
Non-current interest-bearing debt		636 257	497 910	143 722	132 788
Investment in joint ventures	6	95 012	88 061	86 208	141 996
Other non-current financial liabilities	6	61 964	44 585	10 409	857
Deferred revenue		983	934	-	-
<b>Total non-current liabilities</b>		<b>794 366</b>	<b>631 490</b>	<b>240 339</b>	<b>275 641</b>
<b>Current liabilities</b>					
Current interest bearing debt		46 822	36 428	20 844	6 997
Income tax payable		491	-	-	-
Trade and other payables		21 046	15 880	11 098	10 070
Other current financial liabilities	6	31 398	19 467	11 424	2 473
Provisions and accruals		14 495	20 926	11 269	5 679
<b>Total current liabilities</b>		<b>114 252</b>	<b>92 701</b>	<b>54 635</b>	<b>25 219</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 368 863</b>	<b>1 264 307</b>	<b>684 080</b>	<b>644 711</b>

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

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	Note	Unaudited	Unaudited	Unaudited	Restated <sup>1</sup>
		4Q2014	4Q2013	Jan-Dec 2014	Jan-Dec 2013
<b>Operating activities:</b>					
Profit/(loss) before tax for the period		(56 400)	(4 161)	(85 079)	(20 317)
<i>Non-cash adjustment to reconcile profit before tax to net operational cash flow</i>					
Depreciation vessels, drydocking and equipment		7 817	4 608	21 068	17 169
Impairment	8	44 836	-	44 836	-
Fair value adjustments on marketable securities		(139)	(44)	(371)	(917)
Interest income		(421)	(531)	(1 778)	(2 287)
Interest cost		8 901	555	18 341	3 315
Share-base payment cost and BoD remuneration not paid-out		285	443	2 272	1 426
Share of profits from investments in joint ventures		(2 680)	(4 177)	(9 996)	(15 061)
Construction contract revenue not received		(2 088)	(1 786)	(9 135)	(7 027)
<i>Working capital adjustments</i>					
Change in inventories, receivables and payables		1 126	321	726	(35)
Proceeds from sale of mooring		11 413	-	107 931	-
Dividend received from joint ventures		1 018	9 462	3 460	13 878
Interest received		-	-	-	103
Payment of income tax		(117)	-	(117)	(531)
<b>i) Net cash generated from operating activities</b>		<b>13 551</b>	<b>4 690</b>	<b>92 158</b>	<b>(10 284)</b>
<b>Investing activities:</b>					
Investment in marketable securities		-	-	(145 000)	-
Proceeds from sale of marketable securities		41 669	21 000	41 669	101 000
Investments in vessels, drydocking, new buildings and mooring		(231 409)	(45 041)	(660 757)	(185 999)
Investment in intangibles, equipment and other		(921)	(109)	(1 742)	(4 144)
Repayment of shareholder loans		2 055	1 758	7 276	6 283
<b>ii) Net cash used in investing activities</b>		<b>(188 606)</b>	<b>(22 392)</b>	<b>(758 554)</b>	<b>(82 860)</b>
<b>Financing activities:</b>					
Gross proceeds from equity issuance in Hoegh LNG Partners LP		-	-	220 800	-
Transaction cost of equity issuance		-	-	(17 333)	-
Dividend paid to non-controlling interest (MLP)		(2 025)	-	(2 025)	-
Proceeds from borrowings		188 200	21 000	644 892	44 500
Repayment of borrowings		(22 814)	-	(88 414)	-
Interest paid		(8 864)	(2 441)	(20 416)	(9 684)
Breakage cost paid on interest rate sw aps		(1 100)	-	(1 100)	-
(Increase) in restricted cash		(37 119)	-	(37 119)	-
Payment of debt issuance cost		(41)	(6 673)	(13 738)	(11 648)
<b>iii) Net cash flows from financing activities</b>		<b>116 237</b>	<b>11 886</b>	<b>685 547</b>	<b>23 168</b>
<b>Net increase/(decrease) in cash and cash equivalents (i+ii+iii)</b>		<b>(58 818)</b>	<b>(5 816)</b>	<b>19 151</b>	<b>(69 976)</b>
Current cash, cash equivalents at the beginning of the period		125 120	52 967	47 151	117 127
<b>Current cash and cash equivalents at the end of the period</b>		<b>66 302</b>	<b>47 151</b>	<b>66 302</b>	<b>47 151</b>

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

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

USD'000	Attributable to equity holders of the parent									Non-controlling interests <sup>2</sup>	Total equity
	Paid-in capital				Capital reserves				Total		
	Issued capital	Share premium	Treasury shares	Other paid-in capital (Note 7)	Cash flow hedge reserves (Note 6)	Other capital reserves	Retained earnings				
<b>At 31 December 2013<sup>1</sup></b>	<b>699</b>	<b>344 258</b>	<b>(12)</b>	<b>(6 449)</b>	<b>(68 223)</b>	<b>(2 443)</b>	<b>121 276</b>	<b>389 106</b>	<b>-</b>	<b>389 106</b>	
Profit (loss) for the period	-	-	-	-	-	-	(89 573)	(89 573)	2 477	(87 096)	
Other comprehensive income / (loss)	-	-	-	-	(41 697)	(420)	-	(42 117)	(3 806)	(45 923)	
<i>Total comprehensive income</i>	-	-	-	-	(41 697)	(420)	(89 573)	(131 690)	(1 329)	(133 019)	
Net proceeds of equity issuance and non-controlling interests in Hoegh LNG Partners LP	-	-	-	79 346	26 848	-	-	106 194	97 273	203 467	
Other changes in other paid-in capital	-	-	-	384	-	-	-	384	-	384	
Issue of share capital (12 June 2014)	0	60	-	-	-	-	-	60	-	60	
MLP dividend to non-controlling interest	-	-	-	-	-	-	-	-	(2 025)	(2 025)	
Share-based payment costs	-	-	-	2 248	-	-	-	2 248	25	2 273	
<b>At 31 December 2014 (unaudited)</b>	<b>699</b>	<b>344 318</b>	<b>(12)</b>	<b>75 529</b>	<b>(83 072)</b>	<b>(2 863)</b>	<b>31 703</b>	<b>366 301</b>	<b>93 944</b>	<b>460 245</b>	

<sup>2</sup> Equity attributable to non-controlling interests at 31 December 2014 of USD 93.9 million includes negative USD 30.7 million in cash flow hedge reserves.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2014**

USD'000	Attributable to equity holders of the parent									Non-controlling interests (Note 7) <sup>1</sup>	Total equity
	Paid-in capital				Capital reserves				Total		
	Issued capital	Share premium	Treasury shares	Other paid-in capital (Note 7)	Cash flow hedge reserves (Note 6)	Other capital reserves	Retained earnings				
<b>At 30 September 2014<sup>1</sup></b>	<b>699</b>	<b>344 318</b>	<b>(12)</b>	<b>74 413</b>	<b>(66 067)</b>	<b>(2 442)</b>	<b>90 842</b>	<b>441 751</b>	<b>98 365</b>	<b>540 116</b>	
Profit (loss) for the period	-	-	-	-	-	-	(59 140)	(59 140)	1 393	(57 747)	
Other comprehensive income / (loss)	-	-	-	-	(17 005)	(420)	-	(17 425)	(3 814)	(21 239)	
<i>Total comprehensive income</i>	-	-	-	-	(17 005)	(420)	(59 140)	(76 565)	(2 421)	(78 986)	
Other changes in other paid-in capital	-	-	-	806	-	-	-	806	-	806	
MLP dividend to non-controlling interest	-	-	-	-	-	-	-	-	(2 025)	(2 025)	
Share-based payment costs	-	-	-	310	-	-	-	310	25	335	
<b>At 31 December 2014 (unaudited)</b>	<b>699</b>	<b>344 318</b>	<b>(12)</b>	<b>75 529</b>	<b>(83 072)</b>	<b>(2 863)</b>	<b>31 703</b>	<b>366 301</b>	<b>93 944</b>	<b>460 245</b>	



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

USD'000	Attributable to equity holders of the parent									Non-controlling interests	Total equity
	Paid-in capital				Capital reserves			Retained earnings	Total		
	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves	Other capital reserves					
<b>At 1 January 2013 <sup>1</sup></b>	<b>699</b>	<b>344 198</b>	<b>(12)</b>	<b>(7 815)</b>	<b>(132 957)</b>	<b>(2 340)</b>	<b>142 079</b>	<b>343 851</b>	-	<b>343 851</b>	
Profit (loss) for the period	-	-	-	-	-	-	(20 803)	(20 803)	-	(20 803)	
Other comprehensive income / (loss)	-	-	-	-	64 734	(103)	-	64 632	-	64 632	
<i>Total comprehensive income</i>	-	-	-	-	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	
<b>At 31 December 2013 <sup>1</sup></b>	<b>699</b>	<b>344 258</b>	<b>(12)</b>	<b>(6 449)</b>	<b>(68 223)</b>	<b>(2 443)</b>	<b>121 276</b>	<b>389 106</b>	-	<b>389 106</b>	

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 an exempted 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 December 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 10 outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee.

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 as of 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 joint venture for its 50% interests in Joint Gas Two Ltd., SRV Joint Gas Ltd., SRV Joint Gas Two Ltd. and its 34% interest in Joint Gas 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.

IFRS 10 *Consolidated Financial Statements* outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee.

### **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 liabilities other than vessels, newbuildings, interest bearing debt and intangible assets are part of the information. On 12 August 2014, the initial public offering of Höegh LNG Partners LP was closed (“HMLP” or the “MLP”). HMLP is a master limited partnership listed on the New York Stock Exchange with its own CEO/CFO. Management will monitor the results of HMLP as a separate segment. As a result, a new operating segment was formed as of 12 August 2014. Segment results have not been restated since the information is not necessarily comparable to the new legal entity and the IFRS information is not available.

HMLP is consolidated into Höegh LNG as it is assessed that the MLP is de facto controlled by the Company. The conclusion of de facto control is reached taking all relevant facts and circumstances into consideration, including the process of nominating and electing members to the Board of Directors of the MLP.

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 transportation vessels Arctic Princess (100%), Arctic Lady (100%) and LNG Libra (100%) and the two FSRUs Independence and Höegh Gallant. 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 Arctic Princess (100%), Arctic Lady (100%), LNG Libra (100%), and the car carrier Höegh Treasure, which was sold in October 2014.

From 13 August 2014, GDF Suez Neptune, GDF Suez Cape Ann and PGN FSRU Lampung were transferred to a new operating segment arising from listing the MLP.

#### **MLP**

The MLP was formed to own, operate and acquire FSRUs, LNG carriers and other LNG infrastructure assets under long-term charters, which is defined as charters of five or more years. The interests in the MLP’s initial fleet of FSRUs were contributed to the MLP by Höegh LNG. The initial fleet consists of the following vessels: (i) a 50% interest in the GDF Suez Neptune; (ii) a 50% interest in the GDF Suez Cape Ann; and (iii) a 100% economic interest in the PGN FSRU Lampung. Under terms of agreements with Höegh LNG, the Company is obliged to offer to the MLP any FSRU or LNG carrier operating under a charter of five or more years. The capitalised costs attributable to the MLP segment relate to the ownership of three FSRU’s

#### **Technical segment**

The Technical segment is responsible for the technical management of the Company’s fleet of regasification (FSRUs) and transportation vessels. In addition, it is responsible for the execution of new regasification and transportation projects up until delivery. The segment records 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 further records revenue and expenses relating to new regasification

and transportation contracts until delivery. The capitalised costs attributable to the segment relate to the FSRU newbuilding programme.

## 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 fourth quarter ended 31 December for 2014 and 2013, respectively.

**Table: Segment information**

Quarterly segment information USDm	Commercial		FLNG		Technical		MLP <sup>1</sup>		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013
<b>Income statement</b>																
Freight revenue	23,4	27,9	0,0	0,0	0,0	0,0	21,6	0,0	0,0	0,0	45,0	27,9	(10,4)	(10,2)	34,6	17,7
Voyage expenses	(1,7)	0,1	0,0	0,0	0,0	0,0	(0,7)	0,0	0,0	0,0	(2,4)	0,1	(0,0)	0,0	(2,4)	0,1
<b>Income on T/C basis</b>	<b>21,7</b>	<b>28,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>20,8</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>42,6</b>	<b>28,0</b>	<b>(10,4)</b>	<b>(10,2)</b>	<b>32,2</b>	<b>17,8</b>
Construction contract revenue	0,0	0,0	0,0	0,0	0,0	14,6	8,1	0,0	0,0	0,0	8,1	14,6	0,0	0,0	8,1	14,6
Management and other income	1,6	0,9	0,2	7,1	1,1	1,0	(0,8)	0,0	0,0	0,0	2,1	9,0	0,2	(0,0)	2,4	8,9
Share of results from inv. in JVs											0,0	0,0	2,7	4,2	2,7	4,2
<b>TOTAL INCOME</b>	<b>23,3</b>	<b>28,9</b>	<b>0,2</b>	<b>7,1</b>	<b>1,1</b>	<b>15,6</b>	<b>28,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>52,8</b>	<b>51,5</b>	<b>(7,5)</b>	<b>(6,1)</b>	<b>45,3</b>	<b>45,5</b>
Charter hire expenses	(5,2)	(5,2)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	(5,2)	(5,2)	(3,7)	(3,7)	(8,9)	(8,9)
Operating expenses	(7,8)	(8,2)	0,0	0,0	(0,3)	0,0	(4,1)	0,0	0,0	0,0	(12,2)	(8,2)	1,9	2,0	(10,3)	(6,2)
Construction contract expenses	0,0	0,0	0,0	0,0	0,0	(12,8)	(6,0)	0,0	0,0	0,0	(6,0)	(12,8)	(0,0)	(0,0)	(6,0)	(12,8)
Project administration expenses	(1,7)	(1,4)	0,0	0,0	(1,8)	(3,8)	(0,7)	0,0	0,0	0,0	(4,2)	(5,2)	(0,4)	0,3	(4,5)	(4,9)
Group administrative expenses	0,0	0,0	0,0	0,0	(0,2)	(0,3)	(1,5)	0,0	(2,2)	(2,3)	(3,9)	(2,5)	0,4	(0,0)	(3,5)	(2,5)
Business development expenses	(2,4)	(1,5)	(2,9)	(7,4)	0,0	0,0	0,0	0,0	0,0	0,0	(5,3)	(8,8)	(0,0)	0,1	(5,3)	(8,7)
<b>EBITDA</b>	<b>6,4</b>	<b>12,6</b>	<b>(2,7)</b>	<b>(0,3)</b>	<b>(1,2)</b>	<b>(1,2)</b>	<b>15,8</b>	<b>0,0</b>	<b>(2,2)</b>	<b>(2,3)</b>	<b>16,1</b>	<b>8,9</b>	<b>(9,2)</b>	<b>(7,4)</b>	<b>6,8</b>	<b>1,5</b>
Gain/(loss) on sale on assets	0,0	2,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,2	0,0	(2,2)	0,0	0,0
Depreciation	(6,7)	(7,6)	0,0	0,0	0,0	(0,0)	(4,3)	0,0	(0,2)	(0,4)	(11,2)	(8,0)	3,4	3,4	(7,8)	(4,6)
Impairment charge	(44,8)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	(44,8)	0,0	0,0	0,0	(44,8)	0,0
<b>EBIT</b>	<b>(45,2)</b>	<b>7,3</b>	<b>(2,7)</b>	<b>(0,3)</b>	<b>(1,2)</b>	<b>(1,2)</b>	<b>11,5</b>	<b>0,0</b>	<b>(2,4)</b>	<b>(2,6)</b>	<b>4,9</b>	<b>3,2</b>	<b>(5,8)</b>	<b>(6,2)</b>	<b>(45,8)</b>	<b>(3,1)</b>
Interest expenses	(3,6)	(7,9)	0,0	0,0	0,0	4,2	(8,0)	0,0	(2,7)	(2,6)	(14,4)	(6,3)	5,5	5,7	(8,9)	(0,6)
Interest income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,1	0,4	0,4	0,4	0,5
Other financial items	0,0	(1,1)	0,0	(0,0)	0,0	0,0	(1,2)	0,0	(0,9)	(0,1)	(2,1)	(1,2)	(0,0)	0,1	(2,1)	(1,1)
<b>Net financials</b>	<b>(3,6)</b>	<b>(8,9)</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>4,2</b>	<b>(9,2)</b>	<b>0,0</b>	<b>(3,6)</b>	<b>(2,7)</b>	<b>(16,4)</b>	<b>(7,3)</b>	<b>5,8</b>	<b>6,3</b>	<b>(10,6)</b>	<b>(1,1)</b>
<b>Profit before tax</b>	<b>(48,8)</b>	<b>(1,6)</b>	<b>(2,7)</b>	<b>(0,3)</b>	<b>(1,2)</b>	<b>3,0</b>	<b>2,3</b>	<b>0,0</b>	<b>(5,9)</b>	<b>(5,3)</b>	<b>(56,4)</b>	<b>(4,2)</b>	<b>(0,0)</b>	<b>0,0</b>	<b>(56,4)</b>	<b>(4,2)</b>
Tax	(0,7)	0,8	0,0	0,0	0,0	0,0	(0,1)	0,0	(0,5)	(0,6)	(1,3)	0,3	0,0	0,0	(1,3)	0,3
<b>Profit (loss) after tax</b>	<b>(49,5)</b>	<b>(0,8)</b>	<b>(2,7)</b>	<b>(0,3)</b>	<b>(1,2)</b>	<b>3,0</b>	<b>2,1</b>	<b>0,0</b>	<b>(6,4)</b>	<b>(5,9)</b>	<b>(57,7)</b>	<b>(3,9)</b>	<b>(0,0)</b>	<b>0,0</b>	<b>(57,7)</b>	<b>(3,9)</b>

Profit (loss) after tax attributable to:

Equity holders of the parent	(49,5)	(0,8)	(2,7)	(0,3)	(1,2)	3,0	0,7	0,0	(6,4)	(5,9)	(59,1)	(3,9)	(0,0)	0,0	(59,1)	(3,9)
Non-controlling interests	0,0	0,0	0,0	0,0	0,0	0,0	1,4	0,0	0,0	0,0	1,4	0,0	0,0	0,0	1,4	0,0

Selected items in Financial Position	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13
<b>Intangible assets</b>																
Licenses, design and other intangibles	0,0	36,3	37,0	37,0	0,0	0,0	0,0	0,0	0,0	0,0	37,0	73,3	0,0	0,0	37,0	73,3
<b>Tangible assets</b>																
Vessels and new buildings	735,2	455,1	0,0	0,0	132,5	384,3	568,2	0,0	0,0	0,0	1 435,9	839,4	(406,4)	(418,3)	1 029,4	421,1
<b>Current assets/ (current liabilities)</b>																
Unbilled construction contract receivable	0,0	0,0	0,0	0,0	0,0	52,7	0,0	0,0	0,0	0,0	0,0	52,7	0,0	0,0	0,0	52,7
<b>Liabilities</b>																
External interest-bearing debt	514,7	442,1	0,0	0,0	0,0	0,0	459,6	0,0	100,6	128,5	1 074,8	570,6	(391,7)	(406,0)	683,1	164,6

The table above 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.

<sup>1</sup> The MLP segment comprises amounts (IFRS) for the period 13 August 2014 – 31 December 2014.

The table below sets out the Company's operating segments for years ended 31 December for 2014 and 2013, respectively.

**Table: Segment information**

Segment information USD million	Commercial		FLNG		Technical		MLP <sup>2</sup>		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Income statement</b>																
Freight revenue	104,9	115,0	0,0	0,0	0,0	0,00	34,3	0,00	0,0	0,0	139,2	115,0	(40,8)	(48,2)	98,4	66,9
Voyage expenses	(5,3)	(5,2)	0,0	0,0	0,0	0,00	(1,0)	0,00	0,0	0,0	(6,3)	(5,2)	0,0	0,1	(6,3)	(5,0)
<b>Income on T/C basis</b>	<b>99,6</b>	<b>109,9</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,00</b>	<b>33,3</b>	<b>0,00</b>	<b>0,0</b>	<b>0,0</b>	<b>132,8</b>	<b>109,9</b>	<b>(40,8)</b>	<b>(48,0)</b>	<b>92,1</b>	<b>61,8</b>
Construction contract revenue	0,0	0,0	0,0	0,0	39,7	52,7	12,8	0,00	0,0	0,0	52,5	52,7	0,0	0,0	52,5	52,7
Management and other income	2,5	2,4	3,7	10,0	3,0	3,1	(1,8)	0,00	0,0	0,0	7,5	15,5	0,7	0,6	8,1	16,1
Share of results from inv. in JVs	0,0										0,0	0,0	10,0	15,1	10,0	15,1
<b>TOTAL INCOME</b>	<b>102,1</b>	<b>112,3</b>	<b>3,7</b>	<b>10,0</b>	<b>42,7</b>	<b>55,7</b>	<b>44,2</b>	<b>0,00</b>	<b>0,0</b>	<b>0,0</b>	<b>192,8</b>	<b>178,0</b>	<b>(30,1)</b>	<b>(32,4)</b>	<b>162,7</b>	<b>145,6</b>
Charter hire expenses	(20,6)	(20,6)	0,0	0,0	0,0	0,00	0,0	0,00	0,0	0,0	(20,6)	(20,6)	(14,8)	(14,8)	(35,4)	(35,4)
Operating expenses	(31,2)	(33,8)	0,0	0,0	(0,3)	0,00	(6,0)	0,00	0,0	0,0	(37,6)	(33,8)	5,8	(11,9)	(31,8)	(45,6)
Construction contract expenses	0,0	0,0	0,0	0,0	(32,0)	(45,7)	(11,3)	0,00	0,0	0,0	(43,3)	(45,7)	(0,1)	22,0	(43,3)	(23,6)
Project administration expenses	(4,1)	(3,9)	0,0	0,0	(10,0)	(9,6)	(2,0)	0,00	0,0	0,0	(16,1)	(13,5)	(0,2)	0,4	(16,3)	(13,1)
Group administrative expenses	0,0	0,0	0,0	0,0	(3,3)	(0,7)	(1,5)	0,00	(13,5)	(8,4)	(18,3)	(9,2)	2,0	0,0	(16,3)	(9,1)
Business development expenses	(6,7)	(4,6)	(11,3)	(16,1)	0,0	0,0	0,0	0,00	0,0	0,0	(17,9)	(20,7)	0,0	0,1	(17,9)	(20,6)
<b>EBITDA</b>	<b>39,6</b>	<b>49,4</b>	<b>(7,6)</b>	<b>(6,1)</b>	<b>(2,9)</b>	<b>(0,2)</b>	<b>23,4</b>	<b>0,00</b>	<b>(13,5)</b>	<b>(8,4)</b>	<b>39,0</b>	<b>34,6</b>	<b>(37,4)</b>	<b>(36,5)</b>	<b>1,6</b>	<b>(1,9)</b>
Gain/(loss) on sale on assets	0,0	2,2	0,0	0,0	0,0	0,00	0,0	0,00	0,0	0,0	0,0	2,2	0,0	(2,2)	0,0	0,0
Depreciation	(27,3)	(29,6)	0,0	0,0	(0,1)	0,00	(6,5)	0,00	(0,8)	(1,1)	(34,7)	(30,7)	13,6	13,5	(21,1)	(17,2)
Impairment charge	(44,8)	0,0	0,0	0,0	0,0	0,0	0,0	0,00	0,0	0,0	(44,8)	0,0	0,0	0,0	(44,8)	0,0
<b>EBIT</b>	<b>(32,6)</b>	<b>22,0</b>	<b>(7,6)</b>	<b>(6,1)</b>	<b>(3,0)</b>	<b>(0,2)</b>	<b>16,8</b>	<b>0,00</b>	<b>(14,2)</b>	<b>(9,5)</b>	<b>(57,3)</b>	<b>6,2</b>	<b>(23,8)</b>	<b>(25,2)</b>	<b>(64,3)</b>	<b>(19,0)</b>
Interest expenses	(23,3)	(20,3)	0,0	0,0	(4,0)	4,2	(11,1)	0,00	(2,9)	(10,3)	(41,3)	(26,4)	23,0	23,0	(18,3)	(3,3)
Interest income	0,0	0,2	0,0	0,0	0,0	0,0	1,0	0,00	0,0	0,0	1,0	0,2	0,8	2,1	1,8	2,3
Other financial items	(1,0)	(0,3)	0,0	0,1	(0,1)	0,0	(1,6)	0,00	(1,6)	(0,1)	(4,3)	(0,3)	0,0	0,0	(4,2)	(0,2)
<b>Net financials</b>	<b>(24,2)</b>	<b>(20,4)</b>	<b>0,0</b>	<b>0,1</b>	<b>(4,1)</b>	<b>4,20</b>	<b>(11,8)</b>	<b>0,00</b>	<b>(4,5)</b>	<b>(10,4)</b>	<b>(44,6)</b>	<b>(26,5)</b>	<b>23,8</b>	<b>25,2</b>	<b>(20,8)</b>	<b>(1,3)</b>
<b>Profit before tax</b>	<b>(56,8)</b>	<b>1,6</b>	<b>(7,5)</b>	<b>(6,1)</b>	<b>(7,1)</b>	<b>4,0</b>	<b>5,1</b>	<b>0,00</b>	<b>(18,7)</b>	<b>(19,9)</b>	<b>(85,1)</b>	<b>(20,3)</b>	<b>(0,0)</b>	<b>(0,0)</b>	<b>(85,1)</b>	<b>(20,3)</b>
Tax	(1,2)	0,0	0,0	0,0	0,0	0,0	(0,3)	0,00	(0,5)	(0,5)	(2,0)	(0,5)	(0,0)	0,0	(2,0)	(0,5)
<b>Profit after tax</b>	<b>(58,0)</b>	<b>1,6</b>	<b>(7,5)</b>	<b>(6,1)</b>	<b>(7,1)</b>	<b>4,0</b>	<b>4,79</b>	<b>0,00</b>	<b>(19,2)</b>	<b>(20,4)</b>	<b>(87,1)</b>	<b>(20,8)</b>	<b>(0,0)</b>	<b>(0,0)</b>	<b>(87,1)</b>	<b>(20,8)</b>

Profit (loss) after tax attributable to:

Equity holders of the parent	(58,0)	1,6	(7,5)	(6,1)	(7,1)	4,0	2,3	0,0	(19,2)	(20,4)	(89,5)	(20,8)	(0,0)	(0,0)	(89,6)	(20,8)
Non-controlling interests	0,0	0,0	0,0	0,0	0,0	0,0	2,5	0,0	0,0	0,0	2,5	0,0	0,0	0,0	2,5	0,0

Selected items in Financial Position	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13
<b>Intangible assets</b>																
Licenses, design and other intangibles	0,0	36,3	37,0	37,0	0,0	0,0	0,0	0,0	0,0	0,0	37,0	73,3	0,0	0,0	37,0	73,3
<b>Tangible assets</b>																
Vessels and new buildings	735,2	455,1	0,0	0,0	132,5	384,3	568,2	0,0	0,0	0,0	1 435,9	839,4	(406,4)	(418,3)	1 029,4	421,1
<b>Current assets/ (current liabilities)</b>																
Unbilled construction contract receivable	0,0	0,0	0,0	0,0	0,0	52,7	0,0	0,0	0,0	0,0	0,0	52,7	0,0	0,0	0,0	52,7
<b>Liabilities</b>																
External interest-bearing debt	514,7	442,1	0,0	0,0	0,0	0,0	459,6	0,0	100,6	128,5	1 074,8	570,6	(391,7)	(406,0)	683,1	164,6

<sup>2</sup> The MLP provided the Company with a USD 140 million loan from the net IPO proceeds. The loan note is repayable on demand and bears interest at a rate of 5.88% per annum. As of 31 December 2014, USD 142.2 million was outstanding under the loan note including accrued interest.

#### 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 1.3 million in the fourth quarter of 2014 and USD 0.6 million in the fourth quarter of 2013.

The Company received USD 1.0 million in dividend from joint ventures during fourth quarter 2014 (USD 9.5 million).

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 entered into four FSRU shipbuilding contracts with Hyundai Heavy Industries Co. Ltd. in 2011 and 2012, of which three have been delivered, including the delivery of Höegh Gallant during the quarter, and one is expected to be delivered during the first half of 2015. The Company has entered into one additional FSRU shipbuilding contract with delivery in first quarter 2017. As of 31 December 2014, total remaining capital expenditures relating to these commitments were approximately USD 515 million

including yard payments, project expenses, finance costs and contingencies. The said remaining capital expenditure will be payable through 2Q 2017.

As of 31 December 2014, Höegh LNG had USD 207.4 million in current cash and marketable securities.

On 11 April 2014, Höegh LNG entered into a USD 412 million Senior Secured Credit facility for the financing of Höegh Gallant and FSRU #6. The facility is available for pre-and post-delivery financing, has a five year post-delivery tenor and a fifteen years repayment profile. A draw-down of USD 188.2 million was made when Höegh Gallant was delivered during the quarter.

## 6. HEDGING RESERVES

Interest rate swaps have been entered into in relation to the financing of the Group's vessels. In addition, the Company has entered into a cross currency interest rate swap relating to the bond issue.

At 31 December 2014, the mark-to-market valuation of the interest rate swaps was recognised in the financial position as financial liabilities (USD 148.8 million) and financial assets (USD 5.5 million). The financial liabilities were classified as non-current (USD 134.3 million) and current (USD 14.5 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 95.9 million on 31 December 2014.

As of 31 December 2014, the net mark-to-market valuation of the interest rate swaps entered into was recognized at a negative USD 113.7 million in the book equity of the Company.

**Table: Interest rate swaps in Financial Position**

<b>MTMs of cash flow hedges in the Financial Position (USD'000)</b>	<b>31 December 2014</b>	<b>30 September 2014</b>	<b>31 December 2013</b>
MTMs presented as financial assets	5 485	11 199	17 970
Total MTMs presented as financial liabilities	(52 957)	(31 615)	(13 527)
Total MTMs in the joint ventures	(95 869)	(87 052)	(79 651)
<b>Net MTMs of cash flow hedges</b>	<b>(143 341)</b>	<b>(107 468)</b>	<b>(75 208)</b>
Foreign exchange losses under CCIRS recorded against bond	29 366	14 022	6 985
Breakage cost on IRS paid	(1 100)	-	-
Loss on swap in profit or loss	1 349	540	-
<b>Interest rate swaps recorded against equity</b>	<b>(113 726)</b>	<b>(92 906)</b>	<b>(68 223)</b>
<i>Attributable to non-controlling interest</i>	<i>(30 653)</i>	<i>(26 839)</i>	<i>-</i>
<i>Attributable to equity holders of the parent</i>	<i>(83 073)</i>	<i>(66 067)</i>	<i>(68 223)</i>

In the fourth quarter 2014, USD 20.8 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 of USD 11.5 million in the same period last year. An ineffective portion of the Company's swaps has been recorded as a financial cost of USD 0.9 million in the quarter (NIL in same quarter last year).

## 7. CLAIMS AND CONTINGENCIES

According to an omnibus agreement made between Höegh LNG Partners LP ("HMLP") and the Company, the Company has agreed to indemnify HMLP against certain losses related to the assets contributed by any of its subsidiaries to the HMLP group. Such losses include (i) losses arising from violations of environmental laws or events relating to environmental or human health and safety matters (to the extent that the Company is notified of such losses within 12 August 2019 and such liability not to exceed USD 5 million), (ii) losses by the HMLP group arising from the failure of the HMLP group to be the owner of valid leasehold interests or fee ownership interests in and to the contributed assets or the failure of the HMLP group to have the necessary governmental or third-party consent or permit to allow the HMLP group to own or operate the contributed asset (to the extent that the Company is notified of such losses within 12 August 2017), (iii) all federal, state, foreign and local income tax liabilities attributable to the operation of the contributed asset prior to 12 August 2014, including any such income tax liabilities of the Höegh entities that may result from the consummation of the formation transactions for the HMLP Group and (iv) losses (a) in the event hire rate payments under the PGN lease, operation and management agreement (the "LOM") are not received from PGN for a certain period following 12 August 2014, (b) with respect to the obligation to pay delay liquidated damages to PGN and (iii) with respect to any non-budgeted expenses (including

repair costs) incurred in connection with the PGN FSRU Lampung project occurring prior to the date of acceptance of the PGN FSRU Lampung pursuant to the LOM.

Höegh LNG Ltd. entered into an agent agreement for the provision of certain services related to Indonesia including the PGN project. The PGN project sold to HMLP in August 2014, but Höegh LNG Ltd. retained all obligations for the agent agreement, including payment obligations, under this agreement. Payment obligations amount to maximum USD 365,000 per year.

On 22 July 2014, the Company served the Notice of Readiness for PGN FSRU Lampung to PGN, triggering the start of time charter hire payments and the commissioning phase. During commissioning of the PGN FSRU Lampung project (comprising the FSRU, the Mooring and the pipeline), the FSRU experienced problem with the regasification system and had to temporarily cease operations. Commissioning was resumed and all performance testing completed on 30 October 2014. PGN FSRU Lampung has subsequently obtained the Certificate of Acceptance from PGN and is now in full operation.

Subject to conditions caused by PGN, the Company is committed to pay a day rate for delay liquidated damages to PGN up to a maximum amount of USD 10.7 million if PGN FSRU Lampung is not connected to the Mooring and ready to deliver LNG by the scheduled arrival date or acceptance is not achieved by the scheduled delivery date. PGN believes it has claims for delays in the scheduled arrival date and the acceptance date and has issued invoices for delay liquidated damages for September and October 2014. PGN has not paid its time charter hire for September or October 2014.

The Company has included potential delay liquidated damages in its project contingencies as part of estimated total construction contract costs for the Mooring as the basis for computing the percentage of completion at year end. The total for actual and potential claims for delay liquidated damages included in the estimated total costs is approximately USD 7.2 million.

The Company is jointly and severally liable for the delay liquidated damages of the pipeline contractor to the extent the required bank letter of credit of the pipeline contractor or the contractor itself fails to perform. Similarly, the pipeline contractor is jointly and severally liable for the Company's delay liquidated damages. The maximum exposure for the pipeline contractor delay liquidated damages is approximately USD 11.5 million. Further, the Company and the pipeline contractor have an agreement to cover the other party's delay liquidated damages to the extent caused by the other party's scope of work. The Company has not received any notification relating to potential pipeline contractor delay liquidated damages.

## 8. IMPAIRMENT OF ASSETS

The Company has carried out impairment testing in accordance with IAS 36 of its tangible and intangible non-current assets as at 31 December 2014. For the below assets the assessments have lead to the recognition of impairment losses as the carrying amounts were higher than the recoverable values. The impairment charges are recorded as an impairment expense in the income statement.

Cash Generating Unit (CGU)	Operating Segment	Classification in Financial Position	Impairment loss 4Q 2014	Value in use (VIU) 31 December 2014
LNG Libra	Commercial	Tangible assets	8 534	18 260
Port Dolphin permits	Commercial	Intangible assets	35 345	-
Compressed Energy Technology patents	Commercial	Intangible assets	957	-
<b>Total in USD'000</b>			<b>44 836</b>	<b>18 260</b>

### Tangible assets

The LNG carrier LNG Libra, which is a part of the Commercial segment, is on a time charter party ("TCP") with Gas Natural until 31 December 2015 has been assessed to be impaired by USD 8.5 million. The recoverable amount is based on a Value in Use ("VIU") calculation in which it has been assumed that the vessel will be sold to green recycling at the end of the TCP. However, the Company is not committed to this plan, and will consider other business opportunities for the vessel if they arise. The VIU calculation includes assumptions of future steel prices, fuel cost to destination, and external fees. A discount rate of 6.2 % have been applied when calculating the residual value at the end of the TCP with Gas Natural, but given the short timeframe, the effect on the recoverable amount is minimal.

### Intangible assets

*Port Dolphin permits:* The intangibles relating to Port Dolphin comprises licenses and permits and expenses incurred in obtaining these. The project has not progressed as expected, and developing a floating LNG receiving terminal in the U.S. is not deemed to be economically viable since the increase in

shale gas production has made the country self-sufficient in gas. Efforts to sell the licences to a third party have also proven unsuccessful resulting in an impairment loss of USD 35.3 million.

*Compressed Natural Gas technology:* The development of a viable tank concept for storage of large volume CNG was under development and completion of testing and technical qualification would only be done in cooperation with a partner. CETech's objective to develop and commercialise technology for marine transportation of CNG has not been achieved. The Group's assessment of the fair value less costs to sell of the patents is NIL. An impairment loss has been recorded by USD 1 million.

*FLNG front-end engineering and design:* The FEED for an FLNG has a carrying amount of USD 37 million. An assessment of the carrying value of the FEED has been made, but since the VIU exceeds the book value, no impairment has been recorded.

## 9. PROJECT ADMINISTRATIVE EXPENSES

The Company has decided to present expenses on a more segregated level. Administrative expenses relating to newbuildings, project set-ups and vessels in operation, including the cost of local offices, is presented by a new line labelled project administrative expenses. These costs are separated from costs related to business development and group administrative activities. The reclassification has been implemented retrospectively effective for all periods presented. The table below illustrates the impact to the financial statements' line items. There are no changes to reported profit or earnings per share.

USD '000	YE2013 As previously reported	Reclassification	YE 2013 As restated
<b>Interim consolidated statement of comprehensive income</b>			
Project administrative expenses	-	(13 070)	(13 070)
Group administrative expenses	(17 182)	8 036	(9 146)
Business development expenses	(25 628)	5 034	(20 594)
<b>Total</b>	<b>(42 810)</b>	-	<b>(42 810)</b>

## 10. SUBSEQUENT EVENTS

On 25 February 2015, Höegh LNG announced its first quarterly dividend payment of USD 0.1 per share to be paid on or about 20 March 2015. The HLNG share will be trading ex-dividend from 5 March 2015.

## 11. 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 (UNAUDITED)**
**INCOME STATEMENT CONSOLIDATED BY PROPORTIONATE AND EQUITY METHODS**

	4Q2014		Jan Dec 2014	
	Proportionate method	Equity method	Proportionate method	Equity method
Freight revenues	44 979	34 620	139 156	98 376
Voyage expenses	(2 424)	(2 424)	(6 320)	(6 320)
<b>Income on T/C basis</b>	<b>42 555</b>	<b>32 196</b>	<b>132 836</b>	<b>92 056</b>
Construction contract revenue	8 100	8 100	52 479	52 479
Management and other income	2 187	2 355	7 512	8 149
Share of results from investments in joint ventures	-	2 680	-	9 995
<b>Total income</b>	<b>52 842</b>	<b>45 331</b>	<b>192 827</b>	<b>162 679</b>
Charterhire expenses	(5 181)	(8 918)	(20 554)	(35 383)
Construction contract expenses	(6 012)	(6 012)	(43 345)	(43 345)
Operating expenses	(11 884)	(10 293)	(39 206)	(31 783)
Project administrative expenses	(4 615)	(4 516)	(16 174)	(16 336)
Group administrative expenses	(3 785)	(3 474)	(16 596)	(16 298)
Business development expenses	(5 256)	(5 269)	(17 951)	(17 913)
<b>Operating profit before depreciation</b>	<b>16 109</b>	<b>6 849</b>	<b>39 001</b>	<b>1 621</b>
Gain/(loss) on sale of assets	-	-	1	-
Depreciation	(11 225)	(7 817)	(34 695)	(21 068)
Impairment	(44 836)	(44 836)	(44 836)	(44 836)
<b>Operating profit</b>	<b>(39 952)</b>	<b>(45 804)</b>	<b>(40 529)</b>	<b>(64 283)</b>
Interest income	16	421	60	1 779
Interest expenses	(14 351)	(8 901)	(40 358)	(18 341)
Income from other financial items	188	188	558	562
Expenses from other financial items	(2 301)	(2 304)	(4 809)	(4 795)
<b>Net financial items</b>	<b>(16 448)</b>	<b>(10 596)</b>	<b>(44 549)</b>	<b>(20 795)</b>
<b>Ordinary profit or loss before tax</b>	<b>(56 400)</b>	<b>(56 400)</b>	<b>(85 078)</b>	<b>(85 078)</b>
Tax	(1 347)	(1 347)	(2 018)	(2 018)
<b>Profit (loss) for the period</b>	<b>(57 747)</b>	<b>(57 747)</b>	<b>(87 096)</b>	<b>(87 096)</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or (loss)</b>				
Net gain (loss) on other capital reserves	(420)	(420)	(420)	(420)
<b>Items that may be subsequently reclassified to profit or (loss)</b>				
Net gain (loss) on hedging reserves	(12 003)	(12 003)	(29 285)	(29 285)
Share of OCI from joint ventures	(8 815)	(8 815)	(16 217)	(16 217)
<b>Other comprehensive income/(loss) for the period net of tax</b>	<b>(21 238)</b>	<b>(21 238)</b>	<b>(45 923)</b>	<b>(45 923)</b>
<b>Total comprehensive income/(loss)</b>	<b>(78 985)</b>	<b>(78 985)</b>	<b>(133 019)</b>	<b>(133 019)</b>
<b>Profit /(loss) of the period attributable to (from):</b>				
Equity holders of the parent	(59 140)	(59 140)	(89 573)	(89 573)
Non-controlling interests	1 393	1 393	2 477	2 477
	<b>(57 747)</b>	<b>(57 747)</b>	<b>(87 096)</b>	<b>(87 096)</b>
<b>Total comprehensive income attributable to (from):</b>				
Equity holders of the parent	(76 564)	(76 564)	(131 690)	(131 690)
Non-controlling interests	(2 421)	(2 421)	(1 329)	(1 329)
	<b>(78 985)</b>	<b>(78 985)</b>	<b>(133 019)</b>	<b>(133 019)</b>



## APPENDIX B (UNAUDITED)

### FINANCIAL POSITION CONSOLIDATED BY PROPORTIONATE AND EQUITY METHODS

USD'000	31 December 2014		31 December 2013	
	Proportionate method	Equity method	Proportionate method	Equity method
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Deferred tax assets	374	374	772	772
Licenses, design and other intangibles	37 002	37 002	73 321	73 321
<b>Tangible assets</b>				
Investments in vessels	1 303 401	896 978	455 097	36 794
Invest. in new builds and installations under construction	134 203	132 469	379 119	384 272
Investment in joint ventures	-	-	-	223
Non-current financial assets	27 124	27 124	20 270	17 970
Other non-current assets	4 448	4 448	13 785	10 933
Shareholder loans	-	12 287	-	17 848
Restricted cash	27 736	15 184	12 552	-
<b>Total non-current assets</b>	<b>1 534 288</b>	<b>1 125 866</b>	<b>954 916</b>	<b>542 133</b>
<b>Current assets</b>				
Bunkers and inventories	984	968	87	73
Unbilled construction contract receivable	-	-	52 672	52 672
Trade and other receivables	29 864	28 010	8 460	7 549
Shareholder loans	-	6 665	-	7 113
Marketable securities	117 317	117 317	13 794	13 794
Restricted cash	23 735	23 735	13 595	13 595
Cash and cash equivalents	75 355	66 302	57 474	47 151
<b>Total current assets</b>	<b>247 255</b>	<b>242 997</b>	<b>146 082</b>	<b>141 946</b>
<b>TOTAL ASSETS</b>	<b>1 781 543</b>	<b>1 368 863</b>	<b>1 100 998</b>	<b>684 080</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	699	699	699	699
Other paid-in capital	419 835	419 835	337 797	337 797
Capital reserves	(85 936)	(85 936)	(70 666)	(70 666)
Retained earnings	31 703	31 703	121 276	121 276
<b>Equity attributable to equity holders of the parent</b>	<b>366 301</b>	<b>366 301</b>	<b>389 106</b>	<b>389 106</b>
Non-controlling interests	93 944	93 944	-	-
<b>Total equity</b>	<b>460 245</b>	<b>460 245</b>	<b>389 106</b>	<b>389 106</b>
<b>Non-current liabilities</b>				
Deferred tax liability	150	150	-	-
Non-current interest-bearing debt	1 012 592	636 257	535 298	143 722
Investment in joint ventures	-	95 012	-	86 208
Other non-current financial liabilities	141 441	61 964	71 114	9 520
Deferred revenue	13 024	983	11 386	889
<b>Total non-current liabilities</b>	<b>1 167 207</b>	<b>794 366</b>	<b>617 798</b>	<b>240 339</b>
<b>Current liabilities</b>				
Current interest bearing debt	62 213	46 822	35 310	20 844
Income tax payable	491	491	-	-
Trade and other payables	22 023	21 046	12 432	11 098
Other current financial liabilities	52 514	31 398	33 912	11 424
Provisions and accruals	16 851	14 495	12 440	11 269
<b>Total current liabilities</b>	<b>154 092</b>	<b>114 252</b>	<b>94 094</b>	<b>54 635</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 781 543</b>	<b>1 368 863</b>	<b>1 100 998</b>	<b>684 080</b>

## RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 31 December 2014 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 Høegh 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 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, 25 February 2015

The Board of Directors of Høegh LNG Holdings Ltd.

Morten W. Høegh  
Chairman

Leif O. Høegh  
Deputy Chairman

Ditlev Wedell-Wedellsborg

Andrew Jamieson

Guy D. Lafferty

Cameron E. Adderley

Timothy J. Counsell