



# HÖEGH LNG

## INTERIM RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2015

### Highlights

- EBITDA<sup>1</sup> of USD 26.5 million, up from USD 22.6 million in the previous quarter
- Profit after tax USD 2.5 million, down from USD 6.0 million in the previous quarter
- Raised NOK 844 million (USD 103 million equivalent) in new equity
- Paid dividend of USD 0.10 per share for the third quarter 2015
- Entered into an agreement to sell the FSRU Höegh Gallant to Höegh LNG Partners LP
- Entered into an agreement to sell LNG Libra for USD 20 million
- Delivery of the FSRU Höegh Grace postponed until April 2016
- Restated financials for 2014 and the opening balance as at 1 January 2014
- Mr. Jørgen Kildahl appointed as a non-executive director at the Board of Höegh LNG Holdings Ltd.

### Subsequent events

- Completed the sale of the FSRU Höegh Gallant to Höegh LNG Partners LP
- Declared dividend of USD 0.10 per share for the fourth quarter 2015

### Group Financial Review<sup>2</sup>

#### *Restatement*

Höegh LNG Holdings Ltd. ("Höegh LNG" or the "Company") has previously reported that it was reviewing the accounting treatment for certain Indonesian withholding tax ("WHT") and value added tax ("VAT") payments for the years ended 31 December 2013 and 2014. The Company has now concluded that certain WHT and VAT in Indonesia have been incorrectly recorded and that a restatement to historical numbers is required. The net effect of the restatement to the historical figures is a cost of USD 6.1 million, of which USD 4.6 million relates to 2014 and USD 1.5 million to 2013. The historical financial statements as of 1 January 2014, for each quarter in 2014 and for the year ended 31 December 2014 disclosed in this report have consequently been restated.

Höegh LNG has indemnified Höegh LNG Partners LP (HMLP) for certain historical and non-budgeted, non-creditable Indonesian VAT and non-budgeted Indonesian WHT linked to events occurring prior to 30 June 2015. As a result, Höegh LNG has made an indemnification payment to HMLP of approximately USD 1.2 million in the fourth quarter 2015 relating to the restatement. This is in addition to indemnification payments made in 2014 for certain revenues not received under the PT Hoegh LNG Lampung time charter for September and October 2014.

There is uncertainty relating to the recovery of a USD 6.2 million VAT payable to the Indonesian tax authorities, which might have an additional adverse impact to the restated 2014 financial statements.

#### *Third quarter 2015 review*

In the third quarter 2015, Höegh LNG reports total income of USD 58.7 million, up from USD 54.6 million in the second quarter 2015 and an EBITDA of USD 26.5 million up from USD 22.6 million.<sup>3</sup> The improved

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<sup>1</sup> Earnings before interest, taxes, depreciation and amortization

<sup>2</sup> The financial statements of Höegh LNG include HMLP on a consolidated basis

<sup>3</sup> Unless otherwise stated, figures in this section are being compared to figures in the second quarter 2015

operating result is mainly due to a full quarter of commercial operations by Höegh Gallant, which started commercial operations under the time charter with Egas in April 2015. The improvement is offset by the scheduled dry docking of Arctic Lady and consequently fewer on-hire days during the quarter.

Depreciation was USD 6.9 million in the third quarter, down USD 1.7 million due to the LNG Carrier (“LNGC”) LNG Libra being reclassified to “held for sale” last quarter.

Net financial items totalled USD (17.6) million in the quarter, compared to USD (11.2) million in the previous quarter. Interest expenses was USD 3.1 million higher in the quarter due to two additional months of interest expenses on the new bond and borrowing costs relating to Höegh Grace expensed from 1 August 2015. Other financial items were USD 3.2 million higher in the quarter, mainly due to a USD (3.7) million exchange loss on proceeds from the private placement in September 2015, of which USD 2.5 million is realized. The Company has kept NOK 250 million of the private placement proceeds in NOK as a cover for its NOK denominated administrative expenses.

The Company reports a profit after tax of USD 2.5 million in the quarter, down from USD 6.0 million.

The book equity after adjusting for mark-to-market of interest rate swaps was USD 642 million at the end of the quarter, up from USD 550 million, which is equivalent to an adjusted book equity ratio of 41% and 37%, respectively. Net interest bearing debt was USD 413.1 million at the end of the quarter, down from USD 513.4 million.

**Table: Selected financial items**

USD'000	3Q2015	2Q2015	1Q2015	Restated 4Q2014	Restated 3Q2014
Total income	58 206	54 647	46 880	38 320	32 709
EBITDA	26 565	22 647	16 480	5 380	(5 518)
EBIT	16 689	17 198	8 105	(47 286)	(11 727)
Profit (loss) after tax	2 499	6 021	(2 283)	(59 263)	(18 123)
Total assets	1 548 779	1 473 396	1 348 186	1 352 154	1 260 631
Equity adjusted for hedging reserves	641 707	550 072	554 193	566 636	627 203
Net interest bearing debt	(413 051)	(513 402)	(476 719)	(460 988)	(248 405)
Equity ratio adjusted for hedging reserves	41,4 %	37,3 %	41,1 %	41,9 %	49,8 %

#### *Proportionate consolidation of joint ventures*

For the purpose of monitoring the operating performance of its underlying business, the Company also presents consolidated accounts with joint ventures recorded according to the proportionate method in the segment report in Note 3 and in appendix A and B. Based on proportionate consolidation of joint venture companies, the sum of the segment EBITDA was USD 35.8 million in the quarter, up from USD 31.7 million. The increase is explained by the same factors explaining the changes to the statutory reporting above.

**Table: Selected financial items with proportionate consolidation of joint ventures**

USD'000	3Q2015	2Q2015	1Q2015	Restated 4Q2014	Restated 3Q2014
Total income	65 861	62 931	54 264	45 832	40 280
EBITDA	35 805	31 788	25 497	14 643	3 822
EBIT	25 278	22 825	13 714	(41 490)	(5 790)
Profit (loss) after tax	2 499	6 021	(2 283)	(59 263)	(18 123)

#### **Corporate matters**

The Company issued 6,920,000 new common shares, approximately 9.9% of outstanding shares, in a private placement on 10 September 2015. The subscription price was NOK 122 (USD 14.9 equivalent) per share resulting in total gross proceeds of NOK 844 million (USD 103 million equivalent). The Company intends to use the net proceeds from the private placement to finance further FSRU growth and for general corporate purposes.

Höegh LNG is continuously evaluating sources of equity capital available to the Company with the objective to continue its growth strategy and minimize its cost of capital. While HMLP is intended to be the primary

source of equity funding, the Company will consider raising equity in HLNGH or other capital sources depending on the availability of eligible HMLP drop down candidates and/or prevailing market conditions.

In August 2015, the Company signed the agreement for the first drop-down to HMLP. The transaction was closed on 1 October 2015 and the FSRU Höegh Gallant was transferred for USD 370 million. The purchase price has been settled by HMLP assuming the existing debt related to the vessel (approximately USD 183 million), the cancellation of a USD 140 million demand note from HMLP to the Company and the issuance of a seller's credit of USD 47 million. The seller's credit has an interest rate of 8% per annum and matures in eighteen months.

During the quarter, HMLP paid USD 8.9 million in distributions, of which the Company received USD 5.2 million and the remaining USD 3.7 million was paid to non-controlling unitholders.

On 18 September 2015, the Company paid a cash dividend for the third quarter 2015 of USD 0.10 per share, equivalent to USD 6.9 million. On 27 November 2015, the Board of Directors of the Company approved a cash dividend for the fourth quarter 2015 of USD 0.10 per share, equivalent to USD 7.7 million. The Company's shares will trade ex-dividend for the fourth quarter on 7 December 2015. The shareholders entitled to the dividend for the fourth quarter will be those on record in the Norwegian Central Securities Depository ("VPS") following the close of trading at the Oslo Stock Exchange on 8 December 2015. The dividend will be payable on or around 18 December 2015.

In line with the Company's objective to strengthen its position as the leading provider of floating LNG import infrastructure, Mr. Jørgen Kildahl was appointed Director of the Board at a Special General Meeting held on 15 September 2015. Mr. Kildahl will add valuable power generation and down-stream industry expertise to the Board through his background as a member of the board of management of E.ON SE and former Executive Vice President of Statkraft AS.

## **Business review**

### *FSRU*

All five FSRUs operated without incidents and according to contract during the quarter.

The Company is currently bidding on five FSRU projects and has a shortlist of an additional five active FSRU projects at various stages of development. The number of FSRU opportunities continues to increase, driven by LNG suppliers seeking to open new markets, the availability of LNG at very competitive prices and the significant time advantage of the FSRU solution compared to land-based LNG import terminals.

To position itself for the expected strong growth in demand for FSRUs, in addition to always having at least one FSRU on order and open for new business, the Company has signed an agreement securing multiple firm priced options for additional FSRUs.

The Port Meridian LNG project, where the Company has an exclusive right to supply the FSRU/LNGC's made good progress when its U.S. LNG supplier Magnolia LNG received final environmental impact statement ("EIS") from the relevant U.S. regulatory authority, FERC, and executed a binding contract for engineering, procurement and construction of the Magnolia project. Port Meridian LNG reports to be on schedule for making a final investment decision ("FID") by mid-2016.

### *FLNG*

The FEED for the Delfin FLNG Project is still ongoing and expected to be completed by mid-2016, with a planned FID by end 2016 for the first FLNG.

The Company made important progress on its second North American FLNG project in September 2015, when Höegh LNG and Bechtel signed a pre-Front End Engineering and Design (pre-FEED) agreement with Steelhead LNG for its proposed Malahat LNG project in British Columbia. The pre-FEED work is ongoing and expected to be completed in the spring of 2016. The next step would be to enter the FEED phase, which is expected to last for approximately ten months. A final investment decision for the Malahat LNG project is expected by mid-2017.

## LNGC

Except for a scheduled dry dock of Arctic Lady, the three LNGCs in the fleet were on hire during the full quarter. In July 2015, LNG Libra was sold to a Chinese owner for approximately USD 20 million. During the fourth quarter 2015, the Company received the re-delivery notice for LNG Libra from the charterer Gas Natural and will therefore have limited contribution from the vessel during the fourth quarter 2015. LNG Libra is being prepared for delivery to its new owners in the first quarter of 2016 according to schedule.

## Market

The world-wide LNG liquefaction capacity is currently around 260 MTPA, which is set to increase by 50% over the next four to five years. In Australia, where approximately 60 MTPA of additional LNG liquefaction capacity will be installed by 2018, two of the six projects are in the start-up and commissioning phase. The second wave of LNG liquefaction capacity will come from the U.S. where approximately 45 MTPA of LNG liquefaction capacity is expected to enter the market by 2020, and the first plant at Sabine Pass in Louisiana will start operations in Q1 2016.

The additional LNG liquefaction capacity, combined with lower demand growth from large and established LNG markets in the Far East and the lower price of crude oil, has resulted in the current oversupplied market and lower LNG prices. The Company expects the LNG market to remain oversupplied for the next few years as additional LNG volumes will enter the market, including the volumes from the U.S. that have not yet been sold to the end user.

It is important to distinguish between the decrease in demand growth for LNG from the large, established LNG importers and demand for FSRUs. Typically, FSRUs are used by LNG importers in emerging markets without LNG import infrastructure in place. The strategic rationale for using FSRUs is the short time to market and lower cost compared to a land based facility, and most FSRU clients are natural gas or electric utilities. However, with the current LNG oversupply a new group of potential customer has appeared on the FSRU market; major LNG suppliers/traders that are seeking new markets for their LNG, and targeting mainly emerging markets and gas fired power plants. Therefore, the decrease in demand growth from traditional LNG importers increases the incentives for these LNG suppliers to find new markets for their volumes, which subsequently reinforces demand for FSRUs. There are currently 23 FSRU projects in operation and under construction world-wide, and the Company sees approximately 35 potential new FSRU projects in the pipeline.

As a result of LNG oversupply and significantly reduced LNG prices, the majority of LNG liquefaction projects that have not made a final investment decision have been put on hold, postponed or cancelled. The current long market means that it is more challenging to find buyers that are willing to commit to long term LNG supply contracts. This could represent an opportunity for FLNG, which has lower initial investment, shorter development schedule and increased flexibility compared to land based LNG liquefaction facilities. To the Company's knowledge, eight FLNGs are currently under construction; three of these are large offshore units with full on-board processing plants, three are conversions of old Moss type LNGCs, and two are barge FLNGs designed to liquefy pipeline specification gas.

The LNGC market remains oversupplied and approximately 9%<sup>4</sup> of the fleet, or around 35 LNG vessels, are currently without long term employment. With an order book representing 37% of the global fleet, the Company expects the short-term LNGC market to remain oversupplied for the next two to three years, until all the new LNG liquefaction capacity enters the market. With one LNGC sold and two LNGCs on long term contracts, the Company has no exposure to the LNGC spot market.

The demand for small scale LNG infrastructure is expected to increase as a consequence of new International Maritime Organization ("IMO") regulations limiting the sulphur and nitrogen emissions from ships, and the need to distribute LNG from LNG terminals (FSRUs) in smaller quantities to match local markets. There is currently a limited orderbook and a limited number of established players in this segment. The Company is evaluating opportunities in the small scale FSRU and LNG carrier market on the back of such requests from its existing FSRU clients.

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<sup>4</sup> Source: Fearnleys

## **Outlook**

The LNG market is currently oversupplied and the additional LNG volumes that will enter the market over the next four to five years, strengthens the growth prospects for the FSRU market. Further, the LNG oversupply incentivises LNG suppliers to create demand for LNG in new markets, which increases the demand for FSRUs. By strengthening its financial investment capability, having one FSRU open for bidding and securing firm priced options at the yards, the Company is well prepared to take advantage of the expected growth in the FSRU market. Within FLNG, the Company believes the limited additional liquefaction capacity in the 2020 time frame represents an opportunity for nimbler, low cost solutions such as FLNG going forward.

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000	Note	Restated		Restated		Restated
		Unaudited 3Q2015	Unaudited 3Q2014	Unaudited Jan Sep 2015	Unaudited Jan - Sep 2014	
Freight revenues		54 110	27 099	147 413	61 508	89 083
Voyage expenses		(110)	(3 888)	(970)	(3 896)	(6 320)
<b>Income on T/C basis</b>		<b>54 000</b>	<b>23 211</b>	<b>146 443</b>	<b>57 612</b>	<b>82 763</b>
Construction contract revenue		-	6 126	-	45 659	53 795
Management and other income		1 432	746	5 437	6 304	8 658
Share of results from investments in joint ventures		2 774	2 626	7 853	7 316	9 995
<b>Total income</b>		<b>58 206</b>	<b>32 709</b>	<b>159 733</b>	<b>116 891</b>	<b>155 211</b>
Charterhire expenses		(8 898)	(8 918)	(26 404)	(26 464)	(35 383)
Construction contract expenses		-	(6 801)	-	(40 276)	(39 416)
Operating expenses		(11 509)	(8 537)	(31 833)	(21 644)	(33 215)
Project administrative expenses		(2 255)	(4 238)	(9 601)	(12 170)	(16 476)
Group administrative expenses		(4 821)	(4 625)	(14 898)	(12 071)	(15 739)
Business development expenses		(4 157)	(5 107)	(11 303)	(13 375)	(18 710)
<b>Operating profit (loss) before depreciation and impairment</b>	3	<b>26 566</b>	<b>(5 517)</b>	<b>65 694</b>	<b>(9 109)</b>	<b>(3 728)</b>
Depreciation		(6 876)	(6 209)	(23 815)	(13 264)	(21 095)
Reversal of impairment (impairment)		-	-	3 115	-	(44 836)
<b>Operating profit (loss) after depreciation and impairment</b>		<b>19 690</b>	<b>(11 726)</b>	<b>44 994</b>	<b>(22 373)</b>	<b>(69 659)</b>
Interest income		390	437	1 139	1 357	1 778
Interest expenses		(12 645)	(5 513)	(31 380)	(9 567)	(18 417)
Income from other financial items		643	297	1 553	371	562
Expenses from other financial items		(6 012)	(1 248)	(10 004)	(2 824)	(5 216)
<b>Net financial items</b>		<b>(17 624)</b>	<b>(6 027)</b>	<b>(38 692)</b>	<b>(10 663)</b>	<b>(21 293)</b>
<b>Ordinary profit or (loss) before tax</b>		<b>2 066</b>	<b>(17 753)</b>	<b>6 302</b>	<b>(33 036)</b>	<b>(90 952)</b>
Corporate income tax		433	(370)	(66)	(670)	(2 018)
<b>Profit (loss) for the period</b>		<b>2 499</b>	<b>(18 123)</b>	<b>6 236</b>	<b>(33 706)</b>	<b>(92 970)</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)
<b>Items that may be subsequently reclassified to profit or (loss)</b>						
Net gain (loss) on hedging reserves		(16 371)	2 969	(16 301)	(17 282)	(29 285)
Share of OCI from joint ventures		(10 400)	2 074	(1 633)	(7 401)	(16 218)
<b>Other comprehensive income (loss) for the period net of tax</b>	7	<b>(26 771)</b>	<b>5 043</b>	<b>(17 934)</b>	<b>(24 683)</b>	<b>(45 923)</b>
<b>Total comprehensive income (loss)</b>		<b>(24 272)</b>	<b>(13 080)</b>	<b>(11 698)</b>	<b>(58 389)</b>	<b>(138 893)</b>
<b>Profit (loss) of the period attributable to (from):</b>						
Equity holders of the parent		150	(19 230)	(45)	(34 813)	(100 243)
Non-controlling interests		2 349	1 107	6 281	1 107	7 273
		<b>2 499</b>	<b>(18 123)</b>	<b>6 236</b>	<b>(33 706)</b>	<b>(92 970)</b>
<b>Total comprehensive income attributable to (from):</b>						
Equity holders of the parent		(22 029)	(14 195)	(16 178)	(59 504)	(142 360)
Non-controlling interests		(2 243)	1 115	4 480	1 115	3 468
		<b>(24 272)</b>	<b>(13 080)</b>	<b>(11 698)</b>	<b>(58 389)</b>	<b>(138 893)</b>
<b>Earnings per share attributable to equity holders of the parent during the period:</b>						
Basic and diluted earnings per share (loss)		0,00	(0,28)	(0,00)	(0,51)	(1,46)

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Note	Unaudited 2015 30 September	Unaudited 2015 30 June	Restated Unaudited 2014 30 September	Restated Unaudited 2014 31 December	Restated Unaudited 2014 1 January
<b>ASSETS</b>						
<b>Non-current assets</b>						
<b>Intangible assets</b>						
Deferred tax assets		352	354	634	374	772
Licenses, design and other intangibles		37 002	37 002	73 311	37 002	73 321
<b>Tangible assets</b>						
Investments in FSRUs and LNG Carrier		877 255	881 934	618 782	897 156	36 794
Investments in new buildings under construction		158 577	154 946	199 132	127 092	379 174
Investment in joint ventures		-	-	206	-	223
Other non-current financial assets	7	12 296	20 749	27 468	20 947	17 970
Other non-current assets		18 828	18 810	6 730	9 825	16 086
Shareholder loans		8 315	9 731	13 623	12 287	17 848
Restricted cash		16 798	15 116	-	15 184	-
<b>Total non-current assets</b>		<b>1 129 425</b>	<b>1 138 642</b>	<b>939 886</b>	<b>1 119 867</b>	<b>542 188</b>
<b>Current assets</b>						
Bunkers and inventories		1 628	1 704	3 930	968	73
Unbilled construction contract receivable		-	-	5 169	-	51 975
Trade and other receivables		22 102	21 792	18 725	17 300	6 781
Shareholder loans		6 725	6 608	6 975	6 665	7 113
Marketable securities		144 258	143 772	159 026	117 317	13 794
Other current financial assets	7	-	4 463	-	-	-
Restricted cash		16 401	11 263	1 800	23 735	13 595
Cash and cash equivalents		210 262	127 174	125 120	66 302	47 152
<b>Total current assets</b>		<b>401 376</b>	<b>316 776</b>	<b>320 745</b>	<b>232 287</b>	<b>140 482</b>
<b>Asset held for sale</b>	<b>9</b>	<b>17 978</b>	<b>17 978</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>1 548 779</b>	<b>1 473 396</b>	<b>1 260 631</b>	<b>1 352 154</b>	<b>682 670</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital		768	699	699	699	699
Other paid-in capital		522 600	422 951	420 990	422 106	337 797
Capital reserves		(102 068)	(79 889)	(68 510)	(85 935)	(70 666)
Retained earnings		(3 355)	4 092	85 000	19 570	119 817
<b>Equity attributable to equity holders of the parent</b>		<b>417 945</b>	<b>347 853</b>	<b>438 179</b>	<b>356 440</b>	<b>387 647</b>
Non-controlling interests		92 103	97 330	96 118	96 470	-
<b>Total equity</b>		<b>510 048</b>	<b>445 183</b>	<b>534 297</b>	<b>452 910</b>	<b>387 647</b>
<b>Non-current liabilities</b>						
Deferred tax liability		197	152	-	150	-
Non-current interest-bearing debt		746 256	763 737	497 923	636 704	142 911
Investment in joint ventures		90 369	82 743	88 060	95 012	86 208
Other non-current financial liabilities	7	77 148	70 365	44 585	61 964	10 409
Deferred revenue		887	899	934	983	-
<b>Total non-current liabilities</b>		<b>914 858</b>	<b>917 896</b>	<b>631 502</b>	<b>794 813</b>	<b>239 528</b>
<b>Current liabilities</b>						
Current interest bearing debt		54 514	46 990	36 428	46 822	20 844
Income tax payable		1 371	1 097	333	491	-
Trade and other payables		17 201	15 586	17 557	17 915	10 373
Other current financial liabilities	7	19 620	18 083	18 678	19 364	11 128
Provisions and accruals		31 167	28 561	21 836	19 839	13 150
<b>Total current liabilities</b>		<b>123 873</b>	<b>110 317</b>	<b>94 832</b>	<b>104 431</b>	<b>55 495</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 548 779</b>	<b>1 473 396</b>	<b>1 260 631</b>	<b>1 352 154</b>	<b>682 670</b>

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	Restated		Restated		Restated
	Unaudited 3Q2015	Unaudited 3Q2014	Unaudited Jan Sep 2015	Unaudited Jan Sep 2014	Unaudited 2014
<b>Operating activities:</b>					
Profit (loss) before tax for the period	2 066	(17 753)	6 302	(33 036)	(90 952)
<i>Non-cash adjustment to reconcile profit before tax to net operational cash flow</i>					
Depreciation vessels, drydocking and equipment	6 876	6 209	23 815	13 264	21 095
Impairment (reversal of impairment)	-	-	(3 115)	-	44 836
Fair value adjustments on marketable securities	(353)	(141)	(901)	(232)	(371)
Interest income	(390)	(437)	(1 139)	(1 357)	(1 778)
Interest cost	12 645	5 513	31 380	9 567	18 417
Share-base payment cost and BoD remuneration not paid-out	490	780	1 430	1 987	2 272
Share of profits from investments in joint ventures	(2 774)	(2 626)	(7 853)	(7 316)	(9 995)
Construction contract revenue (Mooring)	-	675	-	(5 383)	(14 379)
<i>Working capital adjustments</i>					
Change in inventories, receivables and payables	730	81	7 892	2 151	(57)
Proceeds from sale of mooring	-	-	-	96 518	107 931
Dividend received from joint ventures	-	814	1 578	2 442	3 460
Payment of income tax	-	-	-	-	(117)
<b>i) Net cash generated from operating activities</b>	<b>19 290</b>	<b>(6 885)</b>	<b>59 389</b>	<b>78 605</b>	<b>80 362</b>
<b>Investing activities:</b>					
Investment in marketable securities	-	(145 000)	(90 000)	(145 000)	(145 000)
Proceeds from sale of marketable securities	-	-	64 176	-	41 669
Investments in vessels, drydocking, new buildings and mooring	(7 603)	(8 812)	(54 205)	(429 348)	(660 757)
Investment in intangibles, equipment and other	(21)	(19)	(494)	(821)	(1 742)
Repayment of shareholder loans	1 613	915	4 921	5 221	7 276
<b>ii) Net cash used in investing activities</b>	<b>(6 011)</b>	<b>(152 916)</b>	<b>(75 603)</b>	<b>(569 948)</b>	<b>(758 554)</b>
<b>Financing activities:</b>					
Gross proceeds from equity issuance in Hoegh LNG Partners LP	-	220 800	-	220 800	220 800
Transaction cost of equity issuance in Hoegh LNG Partners LP	-	(17 333)	-	(17 333)	(17 333)
Gross proceeds from equity issuance	102 908	-	102 908	-	-
Transaction cost of equity issuance	(2 497)	-	(2 497)	-	-
Dividend paid to non-controlling interest (MLP)	(3 726)	-	(11 178)	-	(2 025)
Dividend paid to shareholders of the parent	(6 869)	-	(20 607)	-	-
Proceeds from borrowings	7 000	-	165 200	456 693	644 892
Repayment of borrowings	(11 864)	(35 600)	(35 359)	(65 600)	(88 414)
Interest paid	(9 958)	(6 695)	(30 561)	(11 552)	(20 416)
Breakage cost paid on interest rate swaps	(3 185)	-	(3 185)	-	(1 100)
(Increase) decrease in restricted cash	(2 000)	-	(1 932)	-	(25 324)
Payment of debt issuance cost	-	(606)	(2 615)	(13 697)	(13 738)
<b>iii) Net cash flows from financing activities</b>	<b>69 809</b>	<b>160 565</b>	<b>160 174</b>	<b>569 311</b>	<b>697 342</b>
<b>Net increase/(decrease) in cash and cash equivalents (i+ii+iii)</b>	<b>83 088</b>	<b>764</b>	<b>143 960</b>	<b>77 968</b>	<b>19 150</b>
Current cash, cash equivalents at the beginning of the period	127 174	124 356	66 302	47 152	47 152
<b>Current cash and cash equivalents at the end of the period</b>	<b>210 262</b>	<b>125 120</b>	<b>210 262</b>	<b>125 120</b>	<b>66 302</b>



**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

USD'000	Attributable to equity holders of the parent								Non-controlling interests (Note 7) <sup>1</sup>	Total equity
	Paid-in capital				Capital reserves					
	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 7)	Other capital reserves	Retained earnings	Total		
<b>At 1 January 2015</b>	<b>699</b>	<b>344 317</b>	<b>(12)</b>	<b>77 801</b>	<b>(83 072)</b>	<b>(2 863)</b>	<b>19 570</b>	<b>356 440</b>	<b>96 470</b>	<b>452 910</b>
Profit (loss) for the period	-	-	-	-	-	-	(45)	(45)	6 281	6 236
Other comprehensive income / (loss)	-	-	-	-	(16 133)	-	-	(16 133)	(1 801)	(17 934)
<i>Total comprehensive income</i>	-	-	-	-	(16 133)	-	(45)	(16 178)	4 480	(11 698)
Indemnification paid to MLP	-	-	-	-	-	-	(2 273)	(2 273)	2 273	-
Other changes in paid in capital	-	-	-	(869)	-	-	-	(869)	-	(869)
MLP dividend to non-controlling interest	-	-	-	-	-	-	-	-	(11 178)	(11 178)
Net proceeds of equity issuance	69	100 392	-	-	-	-	-	100 461	-	100 461
Dividend to shareholders of the parent	-	-	-	-	-	-	(20 607)	(20 607)	-	(20 607)
Share based payment- cash settled	-	-	-	(293)	-	-	-	(293)	-	(293)
Share-based payment costs	-	-	-	1 264	-	-	-	1 264	58	1 322
<b>At 30 September 2015 (unaudited)</b>	<b>768</b>	<b>444 709</b>	<b>(12)</b>	<b>77 903</b>	<b>(99 205)</b>	<b>(2 863)</b>	<b>(3 355)</b>	<b>417 945</b>	<b>92 103</b>	<b>510 048</b>

<sup>1</sup> Equity attributable to non-controlling interests at 30 September 2015 of USD 92.1 million includes negative USD 32.5 million in cash flow hedge reserves. See table in Note 7.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

USD'000	Attributable to equity holders of the parent								Non-controlling interests	Total equity
	Paid-in capital				Capital reserves					
	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves	Other capital reserves	Retained earnings	Total		
<b>At 1 January 2014 - restated</b>	<b>699</b>	<b>344 257</b>	<b>(12)</b>	<b>(6 449)</b>	<b>(68 223)</b>	<b>(2 443)</b>	<b>119 813</b>	<b>387 642</b>	<b>-</b>	<b>387 642</b>
Profit (loss) for the period	-	-	-	-	-	-	(34 813)	(34 813)	1 107	(33 706)
Other comprehensive income / (loss)	-	-	-	-	(24 691)	-	-	(24 691)	8	(24 683)
<i>Total comprehensive income</i>	-	-	-	-	(24 691)	-	(34 813)	(59 504)	1 115	(58 389)
Net proceeds of equity issuance and non-controlling interests in Hoegh LNG Partners LP	-	-	-	81 618	26 848	-	-	108 466	95 003	203 469
Other changes in other paid-in capital	-	-	-	(422)	-	-	-	(422)	-	(422)
Issue of share capital (12 June 2014)	0	60	-	-	-	-	-	60	-	60
Share-based payment costs	-	-	-	1 938	-	-	-	1 938	-	1 938
<b>At 30 September 2014 (unaudited)</b>	<b>699</b>	<b>344 317</b>	<b>(12)</b>	<b>76 685</b>	<b>(66 067)</b>	<b>(2 443)</b>	<b>85 000</b>	<b>438 179</b>	<b>96 118</b>	<b>534 297</b>

**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	Total equity
	Paid-in capital				Capital reserves				Total		
	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 7)	Other capital reserves	Retained earnings				
<b>At 1 January 2014 - restated</b>	<b>699</b>	<b>344 257</b>	<b>(12)</b>	<b>(6 449)</b>	<b>(68 223)</b>	<b>(2 443)</b>	<b>119 813</b>	<b>387 642</b>	-	<b>387 642</b>	
Profit (loss) for the period	-	-	-	-	-	-	(100 243)	(100 243)	7 273	(92 970)	
Other comprehensive income / (loss)	-	-	-	-	(41 697)	(420)	-	(42 117)	(3 806)	(45 923)	
<i>Total comprehensive income</i>	-	-	-	-	(41 697)	(420)	(100 243)	(142 360)	3 467	(138 893)	
Net proceeds of equity issuance and non-controlling interests in											
Hoegh LNG Partners LP	-	-	-	81 618	26 848	-	-	108 466	95 003	203 469	
Other changes in other paid-in capital	-	-	-	384	-	-	-	384	-	384	
Issue of share capital (12 June 2014)	-	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 - restated</b>	<b>699</b>	<b>344 317</b>	<b>(12)</b>	<b>77 801</b>	<b>(83 072)</b>	<b>(2 863)</b>	<b>19 570</b>	<b>356 440</b>	<b>96 470</b>	<b>452 910</b>	

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **1. CORPORATE INFORMATION**

Höegh LNG is an exempted limited liability company domiciled and incorporated under the laws of Bermuda. The principal activities of the Company and its subsidiaries are described under segment information in Note 3.

### **2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES**

The interim consolidated financial statements for the period ended 30 September 2015 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 2014. New and amended standards of accounting policies effective for periods beginning of after 1 January 2015 are considered to not cause material effects for the Company's financial statements.

#### **Restatement of previously issued financial statements**

Höegh LNG has previously reported that it was reviewing the accounting treatment for certain Indonesian withholding tax ("WHT") and value added tax ("VAT") payments for the years ended 31 December 2013 and 2014. The Company has now concluded that certain WHT and VAT in Indonesia have been incorrectly recorded and that a restatement to historical numbers is required. The net effect of the restatement to the historical figures is a cost of USD 6.1 million, of which USD 4.6 million relate to 2014 and USD 1.5 million to 2013. The historical financial statements as of 1 January 2014, for each quarter in 2014 and for the year ended 31 December 2014 disclosed in this report have consequently been restated.

Under terms of the time charter, PT Hoegh LNG Lampung is reimbursed by the charterer for Indonesian corporate income taxes, WHT on certain services, WHT on certain interest expenses and dividends and all Indonesian taxes, including VAT, related to the Mooring. During 2014, the charterer was invoiced for an estimate of reimbursement of applicable taxes (the "Tax element"), which is subject to a final settlement pending an audit process. The final settlement of the Tax element has not yet been completed and the revenue recognition on the Tax Element is therefore based on estimates.

Höegh LNG has indemnified Höegh LNG Partners LP (HMLP) for certain historical and non-budgeted, non-creditable Indonesian VAT and non-budgeted Indonesian WHT linked to events occurring prior to 30 June 2015. As a result, Höegh LNG has made an indemnification payment to HMLP of approximately USD 1.2 million in the fourth quarter 2015 relating to the restatement. This is in addition to indemnification payments made in 2014 for certain taxes not received under the PT Hoegh LNG Lampung time charter for September and October 2014.

There is uncertainty relating to the recovery of a USD 6.2 million VAT payable to the Indonesian tax authorities, which might have an additional adverse impact to the restated 2014 financial statements. The following table illustrates the impact of the adjustments to statement of comprehensive income for the year 2014.

**Table: Reported and restated statement of comprehensive income of the year 2014**

USD'000	Reported YE2014	Restated YE2014	Adjusted Δ USD
Freight revenues	90 001	89 083	(918)
Voyage expenses	(6 320)	(6 320)	-
<b>Income on T/C basis</b>	<b>83 681</b>	<b>82 763</b>	<b>(918)</b>
Construction contract revenue	52 479	53 795	1 316
Management and other income	8 149	8 658	509
Share of results from investments in joint ventures	9 995	9 995	-
<b>Total income</b>	<b>154 304</b>	<b>155 211</b>	<b>907</b>
Charterhire expenses	(35 383)	(35 383)	-
Construction contract expenses	(36 230)	(39 416)	(3 186)
Operating expenses	(31 827)	(33 217)	(1 391)
Project administrative expenses	(16 017)	(16 475)	(458)
Group administrative expenses	(16 574)	(15 739)	835
Business development expenses	(17 913)	(18 710)	(797)
<b>Operating profit (loss) before depreciation and impairment</b>	<b>361</b>	<b>(3 729)</b>	<b>(4 090)</b>
Depreciation	(21 068)	(21 095)	(27)
Impairment	(44 836)	(44 836)	-
<b>Operating profit (loss) after depreciation and impairment</b>	<b>(65 544)</b>	<b>(69 660)</b>	<b>(4 116)</b>
Interest income	1 778	1 778	-
Interest expenses	(18 341)	(18 416)	(76)
Income from other financial items	563	563	-
Expenses from other financial items	(4 795)	(5 217)	(422)
<b>Net financial items</b>	<b>(20 795)</b>	<b>(21 292)</b>	<b>(498)</b>
<b>Profit (loss) before tax</b>	<b>(86 339)</b>	<b>(90 952)</b>	<b>(4 614)</b>
Tax	(2 018)	(2 018)	-
<b>Profit (loss) for the year</b>	<b>(88 357)</b>	<b>(92 970)</b>	<b>(4 614)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit (loss)</b>			
Net gain (loss) on other capital reserves	(420)	(420)	-
<b>Items that may be subsequently reclassified to profit (loss)</b>			
Net gain (loss) on hedging reserves	(29 285)	(29 285)	-
Share of OCI from joint ventures	(16 218)	(16 218)	-
<b>Other comprehensive income (loss) for the year</b>	<b>(45 923)</b>	<b>(45 923)</b>	<b>-</b>
<b>Total comprehensive income (loss) for the year</b>	<b>(134 280)</b>	<b>(138 893)</b>	<b>(4 614)</b>
<b>Profit (loss) of the year attributable to (from):</b>			
Equity holders of the parent	(93 818)	(100 243)	(6 425)
Non-controlling interests	5 462	7 273	1 811
<b>Total</b>	<b>(88 356)</b>	<b>(92 971)</b>	<b>(4 614)</b>
<b>Total comprehensive income (loss) attributable to (from):</b>			
Equity holders of the parent	(135 935)	(142 360)	(6 425)
Non-controlling interests	1 656	3 468	1 812
<b>Total</b>	<b>(134 279)</b>	<b>(138 893)</b>	<b>(4 614)</b>
<b>Earnings per share attributable to equity holders of the parent during the period:</b>			
Basic and diluted earnings per share (loss)	(1,37)	(1,46)	(0,09)

Costs previously presented as project- and group administrative expenses for technical activities have been reclassified to business development expenses as this better reflects the business of the cost. The reclassification has been implemented retrospectively for 2014.

The following table illustrates the impact of the restatement adjustments to total financial position items for year ended 31 December 2014:

**Table: Reported and restated condensed financial position 31 December 2014**

USD'000	<i>Reported 2014 31 December</i>	<i>Restated 2014 31 December</i>	<i>Adjusted Δ USD</i>
<b>ASSETS</b>			
Total non-current assets	1 125 866	1 119 867	(5 999)
Total current assets	230 935	232 287	1 352
<b>TOTAL ASSETS</b>	<b>1 356 801</b>	<b>1 352 154</b>	<b>(4 647)</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity attributable to equity holders of the parent	362 056	356 501	(5 555)
Non-controlling interests	96 929	96 470	(459)
Total equity	458 985	452 971	(6 014)
Non-current liabilities			
Total non-current liabilities	794 366	794 813	447
Total current liabilities	103 450	104 370	920
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 356 801</b>	<b>1 352 154</b>	<b>(4 647)</b>

### 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. The Company's joint ventures are evaluated using the proportionate consolidation method rather than the equity method.

#### Commercial segment

The Commercial segment is responsible for the commercial management of the Company's FSRU and LNGC fleet, and tender activities for new FSRU and LNGC business.

The segment includes time charter income and operating expenses for the three LNGCs Arctic Princess, Arctic Lady and LNG Libra and the two FSRUs, Independence and Höegh Gallant. For the Arctic Princess and Arctic Lady, the segment reporting also includes bareboat hire paid to external owners, 66% and 50%, respectively as well as management income for commercial management services paid by the external owners.

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

#### 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 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. Höegh LNG is obliged to offer any FSRU or LNGC operating under a long-term charter to HMLP. The capitalised costs attributable to the MLP segment relate to the ownership of three FSRUs.

#### Technical segment

The Technical segment is responsible for the technical management of the Company's fleet of FSRUs and LNGCs. It is also responsible for the execution of new regasification and transportation projects up until delivery. The segment records income for technical management services paid by the external owners of the Company's jointly controlled vessels and by the third party owners of the Matthew. The segment further records revenue and expenses relating to new FSRU and LNGC contracts until delivery. The capitalised costs attributable to the segment relate to the FSRU newbuilding program.

## FLNG

The FLNG segment is responsible for marketing, building and operating FLNGs. The segment records income and expenses for engineering studies and expenses related to marketing of the Company's FLNG concept. The capitalised costs relate to investments in a generic FLNG FEED.

## 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 quarter and the nine months ended 30 September 2015 and 2014, respectively.

**Table: Segment information**

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014
<b>Income statement</b>																
Freight revenue	41,9	26,7	-	-	-	-	22,7	10,6	-	-	64,6	37,3	(10,4)	(10,2)	54,1	27,1
Voyage expenses	(0,1)	(3,6)	-	-	-	-	(0,0)	(0,3)	-	-	(0,1)	(3,9)	0,0	-	(0,1)	(3,9)
<b>Income on T/C basis</b>	<b>41,8</b>	<b>23,2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,6</b>	<b>10,3</b>	<b>-</b>	<b>-</b>	<b>64,4</b>	<b>33,4</b>	<b>(10,4)</b>	<b>(10,2)</b>	<b>54,0</b>	<b>23,2</b>
Construction contract revenue	-	1,5	-	-	-	-	-	4,7	-	-	-	6,1	-	-	-	6,1
Management and other income	0,2	0,3	0,5	0,0	0,7	0,4	(0,0)	(0,0)	0,0	(0,0)	1,4	0,7	(0,0)	0,0	1,4	0,7
Share of results from inv. in JVs	-	-	-	-	-	-	-	-	-	-	-	-	2,8	2,6	2,8	2,6
<b>TOTAL INCOME</b>	<b>42,0</b>	<b>24,9</b>	<b>0,5</b>	<b>0,0</b>	<b>0,7</b>	<b>0,4</b>	<b>22,6</b>	<b>14,9</b>	<b>0,0</b>	<b>(0,0)</b>	<b>65,9</b>	<b>40,3</b>	<b>(7,7)</b>	<b>(7,6)</b>	<b>58,2</b>	<b>32,7</b>
Charter hire expenses	(5,2)	(5,2)	-	-	-	-	-	-	-	-	(5,2)	(5,2)	(3,7)	(3,7)	(8,9)	(8,9)
Construction contract expenses	-	(1,2)	-	-	-	-	-	(5,6)	-	-	-	(6,8)	-	-	-	(6,8)
Operating expenses	(9,1)	(7,9)	-	-	(0,7)	(0,5)	(3,7)	(1,9)	-	-	(13,5)	(10,3)	2,0	1,8	(11,5)	(8,5)
Project administrative expenses	(1,3)	(2,6)	-	-	(0,3)	(0,4)	(0,8)	(1,4)	-	-	(2,4)	(4,4)	0,2	0,2	(2,3)	(4,2)
Group administrative expenses	-	(0,1)	-	-	-	-	(1,6)	(0,3)	(3,3)	(4,2)	(4,8)	(4,6)	-	0,0	(4,8)	(4,6)
Business development expenses	(2,0)	(1,5)	(1,9)	(3,2)	(0,3)	(0,4)	-	-	-	-	(4,2)	(5,1)	-	-	(4,2)	(5,1)
<b>EBITDA</b>	<b>24,5</b>	<b>6,4</b>	<b>(1,4)</b>	<b>(3,2)</b>	<b>(0,7)</b>	<b>(0,9)</b>	<b>16,6</b>	<b>5,7</b>	<b>(3,2)</b>	<b>(4,2)</b>	<b>35,8</b>	<b>3,8</b>	<b>(9,2)</b>	<b>(9,3)</b>	<b>26,6</b>	<b>(5,5)</b>

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2014
<b>Income statement</b>																
Freight revenue	111,2	81,3	-	-	-	-	67,7	10,6	-	-	178,9	91,9	(31,5)	(30,4)	147,4	61,5
Voyage expenses	(1,0)	(3,6)	-	-	-	-	(0,0)	(0,3)	-	-	(1,0)	(3,9)	0,0	-	(1,0)	(3,9)
<b>Income on T/C basis</b>	<b>110,2</b>	<b>77,8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,7</b>	<b>10,3</b>	<b>-</b>	<b>-</b>	<b>177,9</b>	<b>88,0</b>	<b>(31,5)</b>	<b>(30,4)</b>	<b>146,4</b>	<b>57,6</b>
Construction contract revenue	-	41,0	-	-	-	-	-	4,7	-	-	-	45,7	-	-	-	45,7
Management and other income	1,0	1,1	2,1	3,5	2,0	1,2	0,0	(0,0)	0,0	0,0	5,1	5,8	0,3	0,5	5,4	6,3
Share of results from inv. in JVs	-	-	-	-	-	-	-	-	-	-	-	-	7,9	7,3	7,9	7,3
<b>TOTAL INCOME</b>	<b>111,2</b>	<b>119,9</b>	<b>2,1</b>	<b>3,5</b>	<b>2,0</b>	<b>1,2</b>	<b>67,7</b>	<b>14,9</b>	<b>0,0</b>	<b>0,0</b>	<b>183,1</b>	<b>139,5</b>	<b>(23,3)</b>	<b>(22,6)</b>	<b>159,7</b>	<b>116,9</b>
Charter hire expenses	(15,3)	(15,4)	-	-	-	-	-	-	-	-	(15,3)	(15,4)	(11,1)	(11,1)	(26,4)	(26,5)
Construction contract expenses	-	(34,7)	-	-	-	-	-	(5,6)	-	-	-	(40,3)	-	-	-	(40,3)
Operating expenses	(25,1)	(23,6)	-	-	(1,0)	(1,6)	(12,5)	(1,9)	-	-	(38,6)	(27,1)	6,8	5,4	(31,8)	(21,6)
Project administrative expenses	(3,1)	(8,9)	-	-	(4,4)	(2,0)	(2,3)	(1,4)	-	-	(9,8)	(12,3)	0,2	0,1	(9,6)	(12,2)
Group administrative expenses	-	(0,1)	-	-	-	-	(4,0)	(0,3)	(10,9)	(11,7)	(14,9)	(12,1)	0,0	-	(14,9)	(12,1)
Business development expenses	(4,8)	(4,3)	(5,8)	(8,4)	(0,7)	(0,7)	-	-	-	-	(11,3)	(13,4)	-	0,0	(11,3)	(13,4)
<b>EBITDA</b>	<b>62,8</b>	<b>33,0</b>	<b>(3,7)</b>	<b>(4,8)</b>	<b>(4,0)</b>	<b>(3,2)</b>	<b>48,9</b>	<b>5,7</b>	<b>(10,9)</b>	<b>(11,7)</b>	<b>93,1</b>	<b>19,0</b>	<b>(27,4)</b>	<b>(28,1)</b>	<b>65,7</b>	<b>(9,1)</b>

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
	30.Sep 2015	30.Sep 2014	30.Sep 2015	30.Sep 2014	30.Sep 2015	30.Sep 2014	30.Sep 2015	30.Sep 2014	30.Sep 2015	30.Sep 2014	30.Sep 2015	30.Sep 2014	30.Sep 2015	30.Sep 2014	30.Sep 2015	30.Sep 2014
<b>Selected items in Financial Position</b>																
<b>Intangible assets</b>																
Licenses, design and other intangibles	-	36,3	37,0	37,0	-	-	-	-	-	-	37,0	73,3	-	-	37,0	73,3
<b>Intangible assets</b>																
Investments in LNGC, FSRUs and NBs	716,7	459,2	-	-	158,6	199,1	570,9	568,6	-	-	1 446,2	1 226,9	(410,3)	(409,0)	1 035,8	817,9
<b>Liabilities</b>																
Interest-bearing debt	526,6	335,5	-	-	-	-	438,8	472,8	215,7	121,4	1 181,1	929,7	(380,4)	(395,4)	800,8	534,4

<sup>1</sup> The MLP segment comprises amounts as consolidated by IFRS from the day following the closing of the Initial Public Offering of HMLP on 13 August 2014.

<sup>2</sup> HMLP granted the Company a USD 140 million demand note from the net IPO proceeds on 12 August 2014.

On 1 October 2015, the holding company of the registered owner of the FSRU Höegh Gallant was sold to HMLP for a purchase price of USD 370 million. The purchase price was settled by HMLP assuming the outstanding debt related to the vessel (approx. USD 183 million) the cancellation of the USD 140 million loan note and an issuance of a seller's credit of USD 47 million, due in 18 months carrying an interest of 8% per annum.

#### **4. RELATED PARTY TRANSACTIONS**

Höegh LNG provides various management services to the Company's joint venture companies and receives management income from external joint venture partners related to technical, commercial and administrative services. The total management income from related parties in Höegh LNG amounted to USD 0.5 million in the third quarter of 2015 (USD 1.0 million).

For more detailed description of recurring related parties' transactions, see information disclosed in Note 32 of the 2014 annual report.

#### **5. STOCK OPTIONS**

Reference is made to stock exchange notices dated 2 February 2012 and 4 February 2014 where Höegh LNG announced the introduction of a stock option program for senior management and key employees with the intention to make option grants on a bi-annual basis. A total of 2,270,000 options have been granted in the two rounds; 856,000 options in the first round and 1,414,000 shares options in the second round. Total outstanding options net of cancellations and exercised options are 2,087,012 as of 30 November 2015.

#### **6. COMMITMENTS AND FINANCING**

The Company entered into four FSRU shipbuilding contracts with HHI in 2011 and 2012, of which three have been delivered and one is expected to be delivered during the second quarter of 2016. The Company has entered into two additional FSRU shipbuilding contracts with delivery in first quarter 2017 and first quarter 2018, respectively. As of 30 September 2015, total remaining capital expenditures relating to these commitments were approximately USD 782 million including yard payments, project expenses, finance costs and contingencies, of which approximately USD 283 million is payable by year-end 2016 and the remaining through the second quarter 2018.

As of 30 September 2015, Höegh LNG had USD 371 million in current cash and marketable securities.

The remaining USD 200 million of the USD 412 million facility is expected to be drawn upon delivery of Höegh Grace, scheduled for the second quarter 2016.

The Company is planning to raise bank financing for FSRU#7 and FSRU#8 before delivery of the vessels. Scheduled delivery of the vessels is in the second quarter 2017 and 2018, respectively.

#### **7. HEDGING RESERVES**

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

At 30 September 2015, the mark-to-market valuation of the interest rate swaps was recognised in the financial position as financial liabilities (USD 171.6 million). The financial liabilities were classified as non-current (USD 157.5 million) and current (USD 14.1 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 97.5 million on 30 September 2015.

As of 30 September 2015, the net mark-to-market valuation of the interest rate swaps entered into was recognized at a negative USD 131.7 million in the equity of the Company.

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

<b>MTMs of cash flow hedges in the Financial Position (USD'000)</b>	30 September 2015	30 June 2015	31 March 2015	31 December 2014	30 September 2014
MTMs presented as financial assets	-	11 211	1 239	5 485	11 199
Total MTMs presented as financial liabilities	(74 072)	(61 732)	(66 189)	(52 957)	(31 615)
Total MTMs in the joint ventures	(97 501)	(87 101)	(101 421)	(95 869)	(87 052)
<b>Net MTMs of cash flow hedges</b>	<b>(171 573)</b>	<b>(137 622)</b>	<b>(166 371)</b>	<b>(143 341)</b>	<b>(107 468)</b>
Foreign exchange losses under cross currency sw ap included in MM	42 047	34 806	37 552	29 366	14 022
Accumulated break cost paid	(4 285)	(4 285)	(1 100)	(1 100)	-
Accumulated loss on sw ap in profit or loss	2 151	2 214	1 392	1 349	540
<b>Interest rate swaps recorded against equity</b>	<b>(131 660)</b>	<b>(104 887)</b>	<b>(128 527)</b>	<b>(113 726)</b>	<b>(92 906)</b>
<i>Attributable to non-controlling interest</i>	<i>(32 455)</i>	<i>(27 862)</i>	<i>(33 253)</i>	<i>(30 653)</i>	<i>(26 839)</i>
<i>Attributable to equity holders of the parent</i>	<i>(99 205)</i>	<i>(77 025)</i>	<i>(95 274)</i>	<i>(83 073)</i>	<i>(66 067)</i>

In the third quarter 2015, USD 26.8 million relating to the swaps entered into by the Company was recorded as a loss in other comprehensive income (OCI), compared to a gain of USD 5.0 million in the same period last year. An ineffective portion of the Company's swaps has been recorded as a financial income of USD 0.1 million in the quarter.

## 8. CLAIMS AND CONTINGENCIES

Höegh LNG has during the quarter paid an indemnification claim of USD 1.2 million to HMLP for costs relating to PT Hoegh LNG Lampung.

## 9. ASSET HELD FOR SALE

In July 2015, the Company sold the LNGC LNG Libra (built 1979) to a Chinese energy company for a gross amount of USD 20.8 million. The Company has received 15% of the purchase price and will receive the remaining 85% at delivery of the vessel to the buyer by the end of the first quarter 2016.

## 10. SUBSEQUENT EVENT

On 1 October 2015, the Company completed the drop-down of the FSRU Höegh Gallant to HMLP.

On 27 November 2015, the Board of Directors of the Company approved a cash dividend for the fourth quarter 2015 of USD 0.10 per share, equivalent to USD 7.7 million.

## 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 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; 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)

### COMPREHENSIVE INCOME STATEMENT CONSOLIDATED BY PROPORTIONATE METHOD

USD'000	3Q2015	2Q2015	1Q2015	Restated 4Q2014	Restated 3Q2014
Freight revenues	64 554	61 577	52 788	37 933	37 307
Voyage expenses	(142)	(334)	(526)	(2 424)	(3 888)
<b>Income on T/C basis</b>	<b>64 412</b>	<b>61 243</b>	<b>52 262</b>	<b>35 509</b>	<b>33 419</b>
Construction contract revenue	-	-	-	8 135	6 126
Management and other income	1 448	1 688	2 002	2 187	735
<b>Total income</b>	<b>65 861</b>	<b>62 931</b>	<b>54 264</b>	<b>45 832</b>	<b>40 280</b>
Charterhire expenses	(5 169)	(5 113)	(5 057)	(5 181)	(5 181)
Construction contract expenses	-	-	-	860	(6 801)
Operating expenses	(13 471)	(13 830)	(11 348)	(13 458)	(10 333)
Project administrative expenses	(2 436)	(3 779)	(3 552)	(4 327)	(4 411)
Group administrative expenses	(4 821)	(5 185)	(4 900)	(3 748)	(4 625)
Business development expenses	(4 157)	(3 235)	(3 911)	(5 335)	(5 107)
<b>Operating profit (loss) before depreciation and impairment</b>	<b>35 805</b>	<b>31 788</b>	<b>25 497</b>	<b>14 643</b>	<b>3 822</b>
Depreciation	(10 528)	(12 078)	(11 783)	(11 239)	(9 613)
Reversal of impairment (impairment)	-	3 115	-	(44 836)	-
<b>Operating profit (loss) after depreciation and impairment</b>	<b>25 278</b>	<b>22 825</b>	<b>13 714</b>	<b>(41 432)</b>	<b>(5 791)</b>
Interest income	77	33	22	25	16
Interest expenses	(17 920)	(14 797)	(14 485)	(14 308)	(11 027)
Net financial items	(5 367)	(2 065)	(1 012)	(2 202)	(951)
<b>Net financial items</b>	<b>(23 211)</b>	<b>(16 829)</b>	<b>(15 475)</b>	<b>(16 485)</b>	<b>(11 962)</b>
<b>Ordinary profit or (loss) before tax</b>	<b>2 066</b>	<b>5 996</b>	<b>(1 761)</b>	<b>(57 917)</b>	<b>(17 753)</b>
Corporate income tax	433	24	(523)	(1 347)	(370)
<b>Profit (loss) for the period</b>	<b>2 499</b>	<b>6 021</b>	<b>(2 284)</b>	<b>(59 264)</b>	<b>(18 123)</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)	
<b>Items that may be subsequently reclassified to profit or (loss)</b>					
Net gain (loss) on hedging reserves	(26 771)	23 639	(14 802)	(20 820)	5 043
<b>Other comprehensive income (loss) for the period net of tax</b>	<b>(26 771)</b>	<b>23 639</b>	<b>(14 802)</b>	<b>(21 240)</b>	<b>5 043</b>
<b>Total comprehensive income (loss)</b>	<b>(24 272)</b>	<b>29 660</b>	<b>(17 087)</b>	<b>(80 504)</b>	<b>(13 080)</b>

## APPENDIX B (UNAUDITED)

### FINANCIAL POSITION CONSOLIDATED BY PROPORTIONATE METHOD

USD'000	2015 30 September	2015 30 June	2015 31 March	Restated 2014 31 December	Restated 2014 30 September
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>					
Deferred tax assets	353	354	344	374	634
Licenses, design and other intangibles	37 002	37 002	37 002	37 002	73 311
<b>Tangible assets</b>					
Investments in FSRUs and LNG Carrier	1 287 590	1 281 568	1 307 362	1 303 580	1 027 808
Investments in new buildings under construction	158 577	169 007	126 931	125 576	194 470
Other non-current financial assets	12 297	20 749	15 698	20 947	27 454
Other non-current assets	18 828	18 810	17 202	13 075	12 368
Restricted cash	29 350	27 668	27 668	27 736	12 552
<b>Total non-current assets</b>	<b>1 543 998</b>	<b>1 555 159</b>	<b>1 532 208</b>	<b>1 528 290</b>	<b>1 348 597</b>
<b>Current assets</b>					
Bunkers and inventories	1 643	1 716	1 755	984	3 944
Unbilled construction contract receivable	-	-	-	-	5 169
Trade and other receivables	23 175	22 755	18 834	19 154	18 742
Marketable securities	144 258	143 772	100 627	117 317	159 026
Other current financial assets	-	4 463	-	-	-
Restricted cash	16 401	11 263	17 800	23 735	1 800
Cash and cash equivalents	220 435	136 153	90 822	75 355	135 508
<b>Total current assets</b>	<b>405 913</b>	<b>320 122</b>	<b>229 838</b>	<b>236 545</b>	<b>324 189</b>
<b>Assets held for sale</b>	<b>17 978</b>	<b>17 978</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1 967 888</b>	<b>1 893 259</b>	<b>1 762 046</b>	<b>1 764 836</b>	<b>1 672 786</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	768	699	699	699	699
Other paid-in capital	522 600	422 951	422 511	422 106	420 990
Capital reserves	(102 068)	(79 889)	(98 137)	(85 935)	(68 510)
Retained earnings	(3 355)	4 092	7 183	19 570	85 000
<b>Equity attributable to equity holders of the parent</b>	<b>417 945</b>	<b>347 853</b>	<b>332 256</b>	<b>356 440</b>	<b>438 179</b>
Non-controlling interests	92 103	97 331	93 410	96 470	96 118
<b>Total equity</b>	<b>510 048</b>	<b>445 184</b>	<b>425 666</b>	<b>452 910</b>	<b>534 298</b>
<b>Non-current liabilities</b>					
Deferred tax liability	197	152	143	151	-
Non-current interest-bearing debt	1 110 543	1 132 107	1 015 384	1 013 039	878 608
Other non-current financial liabilities	159 040	142 929	160 100	141 441	114 945
Deferred revenue	18 384	18 506	14 421	13 024	12 321
<b>Total non-current liabilities</b>	<b>1 288 165</b>	<b>1 293 694</b>	<b>1 190 047</b>	<b>1 167 655</b>	<b>1 005 874</b>
<b>Current liabilities</b>					
Current interest bearing debt	70 595	62 830	63 531	62 213	51 121
Income tax payable	1 371	1 097	775	491	333
Trade and other payables	17 817	16 337	17 329	18 892	18 167
Other current financial liabilities	38 971	36 386	38 271	39 633	39 289
Provisions and accruals	40 922	37 730	26 427	23 041	23 705
<b>Total current liabilities</b>	<b>169 676</b>	<b>154 381</b>	<b>146 333</b>	<b>144 270</b>	<b>132 615</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 967 888</b>	<b>1 893 259</b>	<b>1 762 046</b>	<b>1 764 836</b>	<b>1 672 786</b>