



HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2015

Highlights

- EBITDA¹ of USD 24.6 million, compared to USD 26.6 million in the previous quarter
- Profit after tax USD (33.0) million after a USD 37.0 million impairment of FLNG investments
- Paid dividend of USD 0.10 per share for the fourth quarter 2015
- Completed the sale of the FSRU Höegh Gallant to Höegh LNG Partners LP

Subsequent events

- Received firm commitments for the debt financing of FSRU#7
- Declared dividend of USD 0.10 per share for the first quarter 2016
- Decided to put FLNG activities on hold and allocate its FLNG resources to the FSRU segment

Group Financial Review²

Stable operating performance

In the fourth quarter 2015, Höegh LNG Holdings Ltd. ("Höegh LNG or the "Company") reports an EBITDA of USD 24.6 million slightly down from USD 26.6 million in the previous quarter. The operating result was impacted by the LNGC LNG Libra generating limited income following the re-delivery from its charterer. The vessel has been sold and is scheduled to be delivered to its new owner during the first quarter of 2016. Lower contribution from LNG Libra was offset by a reversal of provisions related to certain import duties in Egypt made over the previous two quarters (USD 1.8 million).

Net financial items totalled USD (12.7) million in the quarter, compared to USD (17.6) million in the previous quarter. Interest expenses were stable whereas other financial items improved by USD 4.9 million.

Following the decision to put the FLNG activities on hold, the Company's intangible FLNG assets were impaired in full by USD 37.0 million in the quarter, resulting in the Company reporting a profit after tax of USD (33.0) million in the quarter, down from USD 2.5 million. Profit after tax adjusted for the impairment improved by USD 1.5 million in the quarter.

Net cash flows in the quarter were negative USD 112.6 million (positive USD 83.1 million). Uses during the quarter relate mainly to investments in marketable securities from proceeds of the equity issuance in September 2015, debt service and dividend payments.

At the end of the fourth quarter 2015, Höegh LNG had USD 344.3 million in current cash and marketable securities (end of third quarter 2015: USD 370.9 million). The book equity after adjusting for mark-to-market of interest rate swaps was USD 597.8 million at the end of the quarter (USD 641.7 million), which is equivalent to an adjusted book equity ratio of 39.8% (41.4%). Net interest bearing debt was USD 423.2 million at the end of the quarter (USD 413.1 million).

For the full year 2015, total income was USD 219.4 million (USD 161.5 million), EBITDA was USD 90.3 million (negative USD 3.7 million) and net loss after tax was USD (26.8) million (loss USD 93.0 million).

¹ Earnings before interest, taxes, depreciation and amortization

² The financial statements of Höegh LNG include Höegh LNG Partners LP on a consolidated basis and unless otherwise stated, figures in this section are being compared to figures in the third quarter 2015

Table: Selected financial items

USD'000	<i>Restated</i>				
	Q42015	3Q2015	2Q2015	1Q2015	4Q2014
Total income	58 668	58 316	54 981	47 406	40 745
EBITDA	24 599	26 565	22 647	16 480	5 380
EBIT	(19 305)	16 689	17 198	8 105	(47 286)
Profit (loss) after tax	(32 993)	2 499	6 021	(2 283)	(59 263)
Total assets	1 502 281	1 548 779	1 473 396	1 348 186	1 352 154
Equity adjusted for hedging reserves	597 834	641 707	550 072	554 193	566 636
Net interest bearing debt	(423 155)	(413 051)	(513 402)	(476 719)	(460 988)
Equity ratio adjusted for hedging reserves	39,8 %	41,4 %	37,3 %	41,1 %	41,9 %

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, EBITDA was USD 33.6 million in the quarter, down from USD 35.8 million. The decrease is explained by the same factors explaining the changes to the statutory reporting above. For the full year 2015, EBITDA was USD 126.7 million.

Table: Selected financial items with proportionate consolidation of joint ventures

USD'000	<i>Restated</i>				
	Q42015	3Q2015	2Q2015	1Q2015	4Q2014
Total income	65 678	66 003	63 265	54 791	48 256
EBITDA	33 578	35 805	31 788	25 497	14 643
EBIT	(13 802)	25 278	22 825	13 714	(41 490)
Profit (loss) after tax	(32 993)	2 499	6 021	(2 283)	(59 263)

Corporate / other activities*Putting FLNG activities on hold*

The current LNG market outlook, with plenty of LNG supply available at low prices, creates a strong foundation for continued growth and high risk adjusted returns within the FSRU segment. The same market conditions are adversely impacting the likelihood for investment decisions for new LNG liquefaction facilities for the foreseeable future. Consequently, Höegh LNG has decided to put its FLNG activities on hold and allocate its FLNG resources to the FSRU segment. The decision is expected to result in lower net SG&A expenses of approximately USD 3 million per year going forward.

Raised new debt financing

Höegh LNG has received commitment letters for a USD 223 million bank financing for FSRU#7, which is scheduled to be delivered at the end of the first quarter 2017. The financing is available to fund 65% of the delivered cost of the FSRU with a 15 year amortization profile increasing to 75% and 20 years, respectively, upon securing a long term contract. The structure has a 5 year post-delivery tenor and the flexibility of being dropped down to Höegh LNG Partners LP ("HMLP") together with the FSRU. The interest rate will be swapped and is expected to be fixed at around 3.8%, which is the lowest financing cost ever achieved by the Company. The financing is subject to final documentation.

The Company has a strong balance sheet with sufficient cash to fund the equity portion of its current capex program and one additional FSRU. For equity funding of further FSRUs, the Company has access to a number of funding sources and will evaluate these based on the most competitive conditions in advance of any further capital commitment, in line with its model to have the equity portion available before new capital commitments are made.

Dividend payments of USD 0.10 per share

The Board of Directors of the Company (the "Board") declared a cash dividend for the first quarter 2016 of USD 0.10 per share, equivalent to USD 7.7 million. The Company's shares will trade ex-dividend on 8 March 2016. 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 9 March 2016. The dividend will be payable on or around 21 March 2016.

On 18 December 2015, the Company paid a cash dividend for the fourth quarter 2015 of USD 0.10 per share, equivalent to USD 7.7 million.

Following the sale of the FSRU Höegh Gallant from Höegh LNG to HMLP, the MLP increased distributions by 22% to USD 0.4125 per unit for the fourth quarter 2015. The distributions were paid on 15 February 2016, of which USD 6.3 million was paid to the Company and USD 4.6 million to non-controlling unitholders. In addition, the Company received USD 0.1 million under its Incentive Distribution Rights.

Allocation of third round of stock options

On 29 January 2016, the Board approved the award of 820,000 stock options to senior management and key employees at a fixed strike price of NOK 88.5, which is equal to the average closing price of the Höegh LNG share over the last five trading days prior to the award. The options will vest in equal proportions on 31 December 2017, 2018 and 2019. The options are non-tradable and conditional on the continued employment of the beneficiary by the Company or its subsidiaries at the vesting date. This is the third round of option awards under the Company’s stock option program bringing the total number of options outstanding to 2,916,012.

Business review

FSRU

All five FSRUs have operated according to contract and without incidents during the quarter. The FSRUs owned by the Company provides its clients with access to an LNG market with abundant supplies, enabling them to replace liquid fuels or cover energy deficits at increasingly lower LNG prices.

The Company’s next FSRU project, for SPEC in Colombia, is proceeding according to schedule, with all the required permits being obtained and the construction of the associated infrastructure in the port of Cartagena in line with plans. The FSRU Höegh Grace is due to be delivered from the yard at the end of first quarter 2016, and to arrive in Cartagena in the third quarter 2016. Commercial operations are expected to commence in the fourth quarter 2016.

Höegh LNG is currently pursuing three FSRU projects that have an expected start-up date matching the delivery of FSRU#7 in the first quarter of 2017. In addition, the Company is pursuing several FSRU projects for growth beyond the current firm newbuilding program, and in line with its option arrangements with shipyards.

LNGC

Except for a scheduled dry dock of Arctic Princess, both LNGCs on long term contracts in the fleet were on hire during the full quarter. LNG Libra was re-positioned and prepared for delivery to its new owners during the first quarter of 2016.

Market

As a consequence of the large number of new LNG liquefaction projects commencing operations in the coming years, it is forecasted that global LNG liquefaction capacity will increase by 10-15% in 2016 and by 40-45% by 2020, reaching around 400 million tons per year in 2020. This additional LNG liquefaction capacity combined with lower demand growth from large and established LNG markets in the Far East, has resulted in an oversupplied LNG market at increasingly lower prices. Surplus LNG volumes, including U.S. LNG without contracted off take, significantly increases the quantities of LNG available for spot, short and medium term business. The increased flexibility from shorter term contracts attracts additional FSRU importers; including clients and countries that would not have been willing to or able to enter into the traditional long term LNG supply contracts. The current buyers’ market for LNG is positive for the FSRU segment since the FSRU solution offers new buyers clear advantages in terms of time, cost and flexibility compared to land based LNG receiving terminals.

The LNGC market remains oversupplied and the Company expects the short-term LNGC market to remain weak for the next three years, until all the new LNG liquefaction capacity volumes have entered the market. With two LNGCs on long term contracts, the Company has no exposure to the LNGC spot market.

Outlook

Current LNG market conditions, with plenty of LNG supply being available at low prices, create a strong foundation for further growth in the FSRU segment. As a consequence, Höegh LNG is focusing all its resources and capital on the FSRU business, with an aim to strengthen its leading position and carry out its plans to reach a fleet of 12 FSRUs by 2019. The Company has a strong balance sheet, with confirmed access to competitive debt and equity funding sources and therefore expects to be able to raise the funding necessary to facilitate its long term growth plan.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000	Note	Restated		Restated	
		Unaudited Q42015	Unaudited Q42014	Unaudited YE2015	Unaudited YE2014
Freight revenues		51 271	27 575	198 684	89 083
Construction contract revenue		-	8 135	-	53 795
Management and other income		3 890	2 355	9 328	8 658
Share of results from investments in joint ventures		3 507	2 680	11 359	9 995
Total income		58 668	40 745	219 371	161 531
Charterhire expenses		(8 898)	(8 918)	(35 302)	(35 383)
Construction contract expenses		-	860	-	(39 416)
Voyage expenses		(1 789)	(2 424)	(2 759)	(6 320)
Operating expenses		(10 037)	(11 585)	(41 870)	(33 215)
Project administrative expenses		(3 222)	(4 306)	(12 824)	(16 476)
Group administrative expenses		(4 141)	(3 654)	(19 039)	(15 739)
Business development expenses		(5 982)	(5 335)	(17 285)	(18 710)
Operating profit (loss) before depreciation and impairment	3	24 599	5 383	90 292	(3 728)
Depreciation		(6 902)	(7 831)	(30 717)	(21 095)
Impairment	9	(37 002)	(44 836)	(33 887)	(44 836)
Operating profit (loss) after depreciation and impairment		(19 305)	(47 284)	25 688	(69 659)
Interest income		356	421	1 495	1 778
Interest expenses		(12 609)	(8 849)	(43 990)	(18 417)
Income from other financial items		230	190	423	562
Expenses from other financial items		(676)	(2 392)	(9 318)	(5 216)
Net financial items		(12 699)	(10 630)	(51 390)	(21 293)
Ordinary profit or (loss) before tax		(32 004)	(57 914)	(25 702)	(90 952)
Corporate income tax		(989)	(1 347)	(1 056)	(2 018)
Profit (loss) for the period		(32 993)	(59 261)	(26 758)	(92 970)
Other comprehensive income					
Items that will not be reclassified to profit or (loss)					
Net gain (loss) on other capital reserves		47	(420)	47	(420)
Items that may be subsequently reclassified to profit or (loss)					
Net gain (loss) on hedging reserves		12 031	(12 004)	(4 270)	(29 285)
Share of OCI from joint ventures		13 360	(8 816)	11 728	(16 217)
Other comprehensive income (loss) for the period net of tax	6	25 438	(21 240)	7 505	(45 922)
Total comprehensive income (loss)		(7 555)	(80 501)	(19 253)	(138 892)
Profit (loss) of the period attributable to (from):					
Equity holders of the parent		(37 691)	(65 426)	(37 737)	(100 243)
Non-controlling interests		4 698	6 165	10 979	7 273
		(32 993)	(59 261)	(26 758)	(92 970)
Total comprehensive income attributable to (from):					
Equity holders of the parent		(18 606)	(82 852)	(34 784)	(142 360)
Non-controlling interests		11 051	2 351	15 531	3 468
		(7 555)	(80 501)	(19 253)	(138 892)
Earnings per share attributable to equity holders of the parent during the period:					
Basic and diluted earnings per share (loss)		(0,50)	(0,95)	(0,53)	(1,46)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Note	Unaudited 2015 31 December	Unaudited 2015 30 September	Restated Unaudited 2014 31 December	Restated Unaudited 2014 1 Januar
ASSETS					
Non-current assets					
Intangible assets					
Deferred tax assets		364	352	374	772
Licenses, design and other intangibles	9	-	37 002	37 002	73 321
Tangible assets					
Investments in FSRUs		871 353	877 255	897 156	36 794
Investments in new buildings under construction		161 198	158 577	127 092	379 174
Investment in joint ventures		-	-	-	223
Other non-current financial assets	6	12 960	12 296	20 947	17 970
Other non-current assets		25 539	18 828	9 825	16 086
Shareholder loans		6 861	8 315	12 287	17 848
Restricted cash	7	19 648	16 798	15 184	-
Total non-current assets		1 097 923	1 129 423	1 119 867	542 188
Current assets					
Bunkers and inventories		1 684	1 628	968	73
Unbilled construction contract receivable		-	-	-	51 975
Trade and other receivables		33 307	22 103	17 300	6 781
Shareholder loans		7 130	6 725	6 665	7 113
Marketable securities		231 094	144 258	117 317	13 794
Restricted cash		15 542	16 401	23 735	13 595
Cash and cash equivalents		97 623	210 262	66 302	47 152
Total current assets		386 380	401 377	232 287	140 482
Asset held for sale	8	17 978	17 978	-	-
TOTAL ASSETS		1 502 281	1 548 778	1 352 154	682 670
EQUITY AND LIABILITIES					
Equity					
Share capital		768	768	699	699
Other paid-in capital		522 954	522 600	422 106	337 797
Capital reserves		(81 438)	(102 068)	(85 935)	(70 666)
Retained earnings		(19 927)	(3 355)	19 570	119 817
Equity attributable to equity holders of the parent		422 357	417 945	356 440	387 647
Non-controlling interests		69 208	92 103	96 470	-
Total equity		491 565	510 048	452 910	387 647
Non-current liabilities					
Deferred tax liability		358	197	150	-
Non-current interest-bearing debt		732 026	746 256	636 704	142 911
Investment in joint ventures		73 502	90 369	95 012	86 208
Other non-current financial liabilities	6	70 699	77 148	61 964	10 409
Deferred revenue		7 699	887	983	-
Total non-current liabilities		884 284	914 857	794 813	239 528
Current liabilities					
Current interest bearing debt		55 036	54 514	46 822	20 844
Income tax payable		2 218	1 371	491	-
Trade and other payables		18 706	17 201	17 915	10 373
Other current financial liabilities	6	18 372	19 620	19 364	11 128
Provisions and accruals		32 100	31 167	19 839	13 150
Total current liabilities		126 432	123 873	104 431	55 495
TOTAL EQUITY AND LIABILITIES		1 502 281	1 548 778	1 352 154	682 670

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	Unaudited 4Q2015	Restated Unaudited 4Q2014	Unaudited 2015	Restated Unaudited 2014
Operating activities:				
Profit (loss) before tax for the period	(32 004)	(57 912)	(25 702)	(90 952)
<i>Non-cash adjustment to reconcile profit before tax to net operational cash flow</i>				
Depreciation vessels, drydocking and equipment	6 902	7 831	30 717	21 095
Impairment	37 002	44 836	33 887	44 836
Fair value adjustments on marketable securities	539	(139)	(362)	(371)
Interest income	(356)	(421)	(1 495)	(1 778)
Interest cost	12 609	8 849	43 990	18 417
Share-base payment cost and BoD remuneration not paid-out	370	285	1 742	2 272
Share of profits from investments in joint ventures	(3 498)	(2 680)	(11 351)	(9 995)
Construction contract revenue (Mooring)	-	(8 995)	-	(14 379)
<i>Working capital adjustments</i>				
Change in inventories, receivables and payables	(7 941)	(2 212)	2 225	(57)
Proceeds from sale of mooring	-	11 413	-	107 931
Dividend received from joint ventures	-	1 018	1 578	3 460
Payment of income tax	(37)	(117)	(37)	(117)
i) Net cash generated from operating activities	13 586	1 756	75 191	80 362
Investing activities:				
Investment in marketable securities	(94 230)	-	(184 230)	(145 000)
Proceeds from sale of marketable securities	7 015	41 669	71 191	41 669
Investments in vessels, drydocking, new buildings and mooring	(2 224)	(231 409)	(56 429)	(660 757)
Investment in intangibles, equipment and other	(223)	(921)	(717)	(1 742)
Repayment of shareholder loans	1 340	2 055	6 261	7 276
ii) Net cash used in investing activities	(88 322)	(188 606)	(163 924)	(758 554)
Financing activities:				
Gross proceeds from equity issuance in Hoegh LNG Partners LP	-	-	-	220 800
Transaction cost of equity issuance in Hoegh LNG Partners LP	-	(0)	-	(17 333)
Gross proceeds from equity issuance	-	-	102 908	-
Transaction cost of equity issuance	(13)	-	(2 509)	-
Dividend paid to non-controlling interest (MLP)	(3 725)	(2 025)	(14 903)	(2 025)
Dividend paid to shareholders of the parent	(7 562)	-	(28 169)	-
Proceeds from borrowings	-	188 199	165 200	644 892
Repayment of borrowings	(11 864)	(22 814)	(47 223)	(88 414)
Interest paid	(12 733)	(8 864)	(45 511)	(20 416)
Breakage cost paid on interest rate sw aps	-	(1 100)	(3 185)	(1 100)
(Increase) decrease in restricted cash	(1 991)	(25 324)	(3 923)	(25 324)
Payment of debt issuance cost	(16)	(41)	(2 630)	(13 738)
iii) Net cash flows from financing activities	(37 903)	128 032	120 054	697 342
Net increase/(decrease) in cash and cash equivalents (i-ii+iii)	(112 639)	(58 818)	31 321	19 150
Current cash, cash equivalents at the beginning of the period	210 262	125 120	66 302	47 152
Current cash and cash equivalents at the end of the period	97 623	66 302	97 623	66 302

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

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

¹ Equity attributable to non-controlling interests at 31 December 2015 of USD 69.2 million includes negative USD 27.6 million in cash flow hedge reserves. See table in Note 6.

**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	Other capital reserves	Retained earnings				
At 1 January 2014 - restated	699	344 257	(12)	(6 449)	(68 223)	(2 443)	119 813	387 642	-	387 642	
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	
At 31 December 2014 - restated	699	344 317	(12)	77 801	(83 072)	(2 863)	19 570	356 440	96 470	452 910	

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 31 December 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

In the third quarter 2015, Höegh LNG reported a restatement of its historical 2014 figures. 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. Reference is made to the Company's interim results for the quarter ended 30 September 2015 for further information.

There is remaining uncertainty related to some VAT and tax related matters towards PGN as at 31 December 2015. In accordance with IFRS, Management's best estimate has been applied, and the final outcome of the matters is not expected to materially impact the financials.

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

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 LNGCs Arctic Princess, Arctic Lady and LNG Libra and the FSRU Independence. 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.

GDF Suez Neptune, GDF Suez Cape Ann and PGN FSRU Lampung were transferred from the Commercial segment to HMLP from 13 August 2014, and Höegh Gallant was transferred from 1 October 2015.

MLP

The MLP segment includes activities related to HMLP, which was formed to own, operate and acquire FSRUs, LNGCs and other LNG infrastructure assets under long-term charters, defined as five years or more. HMLP's fleet consists of the following vessels: (i) a 50% interest in the GDF Suez Neptune; (ii) a 50% interest in the GDF Suez Cape Ann; (iii) a 100% economic interest in the PGN FSRU Lampung and (iv) a 100% interest in Höegh Gallant. 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 four FSRUs.

Technical

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 has been 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. On 16 February 2016, the Company announced its decision to put its FLNG activities on hold and allocate its FLNG resources to the FSRU segment

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 twelve months ended 31 December 2015 and 2014, respectively.

Table: Segment information

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014
Income statement																
Freight revenue	26,5	23,4	-	-	-	-	35,5	14,5	-	-	61,9	37,9	(10,6)	(10,4)	51,3	27,6
Construction contract revenue	-	-	-	-	-	-	-	8,1	-	-	-	8,1	-	(0,0)	-	8,1
Management and other income	0,9	0,9	2,7	0,2	0,2	1,1	0,0	(0,0)	(0,0)	0,0	3,8	2,2	0,1	0,2	3,9	2,4
Share of results from inv. in JVs	-	-	-	-	-	-	-	-	-	-	-	-	3,5	2,7	3,5	2,7
TOTAL INCOME	27,3	24,3	2,7	0,2	0,2	1,1	35,5	22,6	(0,0)	0,0	65,7	48,3	(7,0)	(7,5)	58,7	40,7
Charter hire expenses	(5,2)	(5,2)	-	-	-	-	-	-	-	-	(5,2)	(5,2)	(3,7)	(3,7)	(8,9)	(8,9)
Construction contract expenses	-	-	-	-	-	-	-	0,9	-	-	-	0,9	-	0,0	-	0,9
Voyage expenses	(1,5)	(1,7)	-	-	-	-	(0,3)	(0,7)	-	-	(1,8)	(2,4)	0,0	0,0	(1,8)	(2,4)
Operating expenses	(6,4)	(7,7)	-	-	0,2	(0,4)	(5,6)	(5,4)	-	-	(11,8)	(13,5)	1,7	1,9	(10,0)	(11,6)
Project administrative expenses	(0,8)	(1,5)	-	-	(1,4)	(1,1)	(1,1)	(1,8)	-	-	(3,2)	(4,3)	0,0	0,0	(3,2)	(4,3)
Group administrative expenses	-	-	-	-	-	-	(1,4)	(1,4)	(2,8)	(2,3)	(4,1)	(3,7)	(0,0)	0,0	(4,1)	(3,7)
Business development expenses	(1,3)	(2,3)	(4,5)	(2,9)	(0,1)	(0,1)	-	-	-	-	(6,0)	(5,3)	(0,0)	(0,0)	(6,0)	(5,4)
EBITDA	12,2	5,9	(1,9)	(2,7)	(1,1)	(0,4)	27,2	14,2	(2,8)	(2,3)	33,6	14,7	(9,0)	(9,3)	24,6	5,4

YTD segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Income statement																
Freight revenue	137,6	104,8	-	-	-	-	103,2	25,1	-	-	240,8	129,9	(42,1)	(40,8)	198,7	89,1
Construction contract revenue	-	41,0	-	-	-	-	-	12,8	-	-	-	53,8	-	0,0	-	53,8
Management and other income	1,9	1,9	4,8	3,7	2,2	2,3	(0,0)	0,0	0,0	0,0	8,9	8,0	0,4	0,6	9,3	8,7
Share of results from inv. in JVs	-	-	-	-	-	-	-	-	-	-	-	-	11,4	10,0	11,4	10,0
TOTAL INCOME	139,6	147,7	4,8	3,7	2,2	2,3	103,2	37,9	0,0	0,0	249,7	191,7	(30,3)	(30,2)	219,4	161,5
Charter hire expenses	(20,5)	(20,6)	-	-	-	-	-	-	-	-	(20,5)	(20,6)	(14,8)	(14,8)	(35,3)	(35,4)
Construction contract expenses	-	(34,7)	-	-	-	-	-	(4,7)	-	-	-	(39,4)	-	0,0	-	(39,4)
Voyage expenses	(2,5)	(5,3)	-	-	-	-	(0,3)	(1,0)	-	-	(2,8)	(6,3)	0,0	0,0	(2,8)	(6,3)
Operating expenses	(31,5)	(31,3)	-	-	(0,8)	(1,9)	(18,1)	(7,3)	-	-	(50,4)	(40,6)	8,6	9,3	(41,9)	(31,3)
Project administrative expenses	(3,9)	(10,4)	-	-	(5,7)	(3,1)	(3,4)	(3,1)	-	-	(13,0)	(16,6)	0,2	(1,8)	(12,8)	(18,4)
Group administrative expenses	-	(0,1)	-	-	-	-	(5,4)	(1,7)	(13,6)	(14,0)	(19,0)	(15,8)	0,0	0,0	(19,0)	(15,7)
Business development expenses	(6,1)	(6,6)	(10,3)	(11,3)	(0,8)	(0,8)	-	-	-	-	(17,3)	(18,7)	0,0	0,0	(17,3)	(18,7)
EBITDA	75,0	38,7	(5,6)	(7,5)	(5,0)	(3,6)	75,9	20,0	(13,6)	(14,0)	126,7	33,7	(36,4)	(37,4)	90,3	(3,7)

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Selected items in Financial Position																
Intangible assets																
Licenses, design and other intangibles	-	-	-	37,0	-	-	-	-	-	-	-	37,0	-	-	-	37,0
Tangible assets																
Investments in LNGC, FSRUs and NBs	416,6	735,2	-	-	161,2	128,8	861,0	568,4	-	-	1 438,8	1 432,4	(406,2)	(408,2)	1 032,6	1 024,2
Liabilities																
Interest-bearing debt	340,7	514,7	-	-	-	-	609,6	459,6	213,2	103,3	1 163,5	1 077,6	(376,5)	(394,5)	787,1	683,1

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. 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 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 (USD 183 million) the cancellation of the USD 140 million loan note and the issuance of a seller's credit of USD 47 million, due in 18 months carrying an interest of 8% per annum. The MLP segment includes activities related to the Company's 58.04% ownership interest in HMLP which is consolidated in the Company's financials.

The sale of Höegh LNG FSRU III Ltd. to HMLP only impacted the allocation of equity between majority and minority interests.

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 0.7 million in the fourth quarter of 2015 (USD 0.6 million).

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

5. 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 at the end of first quarter 2016. The Company has entered into two additional FSRU shipbuilding contracts with delivery in first quarter 2017 and first quarter 2018, respectively. As of 31 December 2015, total remaining capital expenditures relating to these commitments were approximately USD 750 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 31 December 2015, Höegh LNG had USD 344 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 end of first 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. The Company has received commitment letters from banks for the financing of FSRU#7, which are subject to documentation.

6. 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 31 December 2015, the mark-to-market valuation of the interest rate swaps was recognised in the financial position with net (USD 149.0 million). The financial liabilities were classified as non-current (USD 139.1 million) and current (USD 12.7 million). USD 2.8 million was recognised as non-current financial assets. 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 84.1 million on 31 December 2015.

As of 31 December 2015, the net mark-to-market valuation of the interest rate swaps entered into was recognized at a negative USD 106.3 million in the equity of the Company.

Table: Interest rate swaps in Financial Position

MTMs of cash flow hedges in the Financial Position (USD'000)	31 December 2015	30 September 2015	30 June 2015	31 March 2015	31 December 2014
MTMs presented as financial assets	2 800	-	11 211	1 239	5 485
Total MTMs presented as financial liabilities	(67 687)	(74 072)	(61 732)	(66 189)	(52 957)
Total MTMs in the joint ventures	(84 141)	(97 501)	(87 101)	(101 422)	(95 869)
Net MTMs of cash flow hedges	(149 028)	(171 573)	(137 622)	(166 372)	(143 341)
Foreign exchange losses under cross currency sw ap included in MTM	45 125	42 047	34 806	37 552	29 366
Accumulated break cost paid	(4 285)	(4 285)	(4 285)	(1 100)	(1 100)
Accumulated loss on sw ap in profit or loss	1 920	2 151	2 213	1 391	1 349
Interest rate swaps recorded against equity	(106 269)	(131 660)	(104 888)	(128 529)	(113 726)
<i>Attributable to non-controlling interest</i>	(27 646)	(32 455)	(27 862)	(33 253)	(30 653)
<i>Attributable to equity holders of the parent</i>	(78 622)	(99 204)	(77 026)	(95 274)	(83 073)

In the fourth quarter 2015, USD 25.4 million relating to the swaps entered into by the Company was recorded as a gain in other comprehensive income (OCI), compared to a loss of USD 26.8 million in the

same period last year. An ineffective portion of the Company's swaps has been recorded as a financial income of USD 0.2 million in the quarter.

7. NON-CURRENT RESTRICTED CASH

USD '000	31 December 2015	30 September 2015	31 December 2014
Debt service	14 798	14 798	15 184
Foreign currency	4 850	2 000	-
Total non-current restricted cash	19 648	16 798	15 184

Restricted cash includes USD 4.9 million relating to cash denominated in EGP due to current restrictions on foreign exchange.

8. 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 30% of the purchase price and will receive the remaining 70% at delivery of the vessel to the buyer by the end of the first quarter 2016.

9. IMPAIRMENT

As the Company has decided to put FLNG activities on hold and to allocate its resources and capital to the FSRU segment, the intangible asset related to FLNG FEED studies have been fully impaired by USD 37.0 million in the fourth quarter.

10. SUBSEQUENT EVENTS

- Received firm commitments for the debt financing of FSRU#7, subject to documentation
- Declared dividend of USD 0.10 per share for the first quarter 2016
- Decided to put FLNG activities on hold and allocate its resources and capital to the FSRU business
- Höegh LNG has during first quarter 2016 paid an indemnification claim of USD 1.0 million to HMLP for non-budgeted costs in PT Hoegh LNG Lampung and incurred legal and audit costs for restating the historical MLP financials.
- On 29 January 2016, the Board approved the award of 820,000 stock options to senior management and key employees at a fixed strike price of NOK 88.5, which is equal to the average closing price of the Höegh LNG share over the last five trading days prior to the award. The options will vest in equal proportions on 31 December 2017, 2018 and 2019. The options are non-tradable and conditional on the continued employment of the beneficiary by the Company or its subsidiaries at the vesting date. This is the third round of option awards under the Company's stock option program bringing the total number of options outstanding to 2,916,012.

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	4Q2015	3Q2015	2Q2015	1Q2015	<i>Restated</i> 4Q2014
Freight revenues	61 928	64 554	61 577	52 788	37 933
Construction contract revenue	-	-	-	-	8 135
Management and other income	3 750	1 448	1 688	2 002	2 187
Total income	65 678	66 003	63 265	54 791	48 256
Charterhire expenses	(5 169)	(5 169)	(5 113)	(5 057)	(5 181)
Construction contract expenses	-	-	-	-	860
Voyage expenses	(1 789)	(142)	(334)	(526)	(2 424)
Operating expenses	(11 771)	(13 471)	(13 830)	(11 348)	(13 458)
Project administrative expenses	(3 248)	(2 436)	(3 779)	(3 552)	(4 327)
Group administrative expenses	(4 141)	(4 821)	(5 185)	(4 900)	(3 748)
Business development expenses	(5 982)	(4 157)	(3 235)	(3 911)	(5 335)
Operating profit (loss) before depreciation and impairment	33 578	35 805	31 788	25 497	14 643
Depreciation	(10 378)	(10 528)	(12 078)	(11 783)	(11 239)
Reversal of impairment (impairment)	(37 002)	-	3 115	-	(44 836)
Operating profit (loss) after depreciation and impairment	(13 802)	25 278	22 825	13 714	(41 432)
Interest income	65	77	33	22	25
Interest expenses	(17 826)	(17 920)	(14 797)	(14 485)	(14 308)
Net financial items	(441)	(5 367)	(2 065)	(1 012)	(2 199)
Net financial items	(18 202)	(23 211)	(16 829)	(15 475)	(16 482)
Ordinary profit or (loss) before tax	(32 004)	2 066	5 996	(1 761)	(57 914)
Corporate income tax	(989)	433	24	(523)	(1 347)
Profit (loss) for the period	(32 993)	2 499	6 021	(2 284)	(59 261)
Other comprehensive income					
Items that will not be reclassified to profit or (loss)					
Net gain (loss) on other capital reserves	47	-	-	-	(420)
Items that may be subsequently reclassified to profit or (loss)					
Net gain (loss) on hedging reserves	25 391	(26 771)	23 639	(14 802)	(20 820)
Other comprehensive income (loss) for the period net of tax	25 438	(26 771)	23 639	(14 802)	(21 240)
Total comprehensive income (loss)	(7 555)	(24 272)	29 660	(17 087)	(80 501)

APPENDIX B (UNAUDITED)

FINANCIAL POSITION CONSOLIDATED BY PROPORTIONATE METHOD

USD'000	<i>Restated</i>				
	2015 31 December	2015 30 September	2015 30 June	2015 31 March	2014 31 December
ASSETS					
Non-current assets					
Intangible assets					
Deferred tax assets	364	353	354	344	374
Licenses, design and other intangibles	-	37 002	37 002	37 002	37 002
Tangible assets					
Investments in FSRUs and LNG Carrier	1 277 559	1 287 590	1 281 568	1 307 362	1 303 580
Investments in new buildings under construction	161 198	158 577	169 007	126 931	128 826
Other non-current financial assets	12 960	12 297	20 749	15 698	20 947
Other non-current assets	25 539	18 828	18 810	17 202	9 825
Restricted cash	32 200	29 350	27 668	27 668	27 736
Total non-current assets	1 509 820	1 543 998	1 555 159	1 532 208	1 528 290
Current assets					
Bunkers and inventories	1 698	1 643	1 716	1 755	984
Unbilled construction contract receivable	-	-	-	-	-
Trade and other receivables	34 232	23 175	22 755	18 834	19 154
Marketable securities	231 094	144 258	143 772	100 627	117 317
Other current financial assets	-	-	4 463	-	-
Restricted cash	15 542	16 401	11 263	17 800	23 735
Cash and cash equivalents	109 449	220 435	136 153	90 822	75 355
Total current assets	392 015	405 913	320 122	229 838	236 545
Assets held for sale	17 978	17 978	17 978	-	-
TOTAL ASSETS	1 919 813	1 967 888	1 893 259	1 762 046	1 764 836
EQUITY AND LIABILITIES					
Equity					
Share capital	768	768	699	699	699
Other paid-in capital	522 954	522 600	422 951	422 511	422 106
Capital reserves	(81 438)	(102 068)	(79 889)	(98 137)	(85 935)
Retained earnings	(19 927)	(3 355)	4 092	7 183	19 570
Equity attributable to equity holders of the parent	422 357	417 945	347 853	332 256	356 440
Non-controlling interests	69 208	92 103	97 331	93 410	96 470
Total equity	491 565	510 048	445 184	425 666	452 910
Non-current liabilities					
Deferred tax liability	358	197	152	143	151
Non-current interest-bearing debt	1 092 208	1 110 543	1 132 107	1 015 384	1 013 039
Other non-current financial liabilities	140 804	159 040	142 929	160 100	141 441
Deferred revenue	30 434	18 384	18 506	14 421	13 024
Total non-current liabilities	1 263 804	1 288 165	1 293 694	1 190 047	1 167 655
Current liabilities					
Current interest bearing debt	71 339	70 595	62 830	63 531	62 213
Income tax payable	2 218	1 371	1 097	775	491
Trade and other payables	19 533	17 817	16 337	17 329	18 892
Other current financial liabilities	36 147	38 971	36 386	38 271	39 633
Provisions and accruals	35 208	40 922	37 730	26 427	23 041
Total current liabilities	164 445	169 676	154 381	146 333	144 270
TOTAL EQUITY AND LIABILITIES	1 919 813	1 967 888	1 893 259	1 762 046	1 764 836