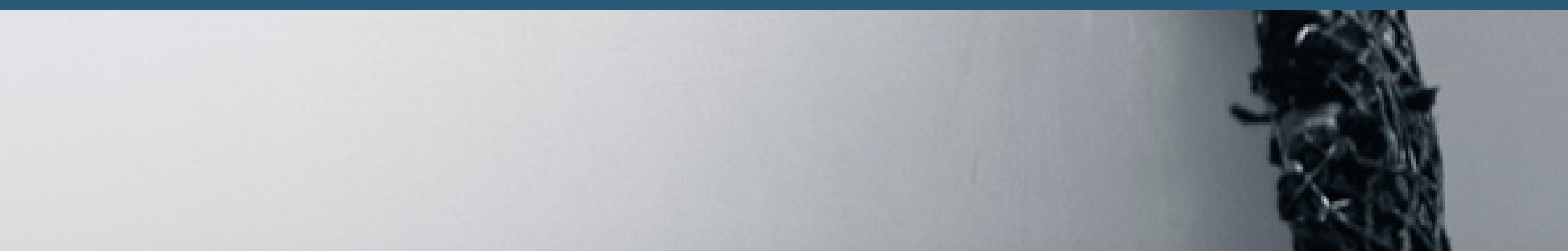
HÖEGH LNG

THE FLOATING LNG COMPANY

ANNUAL REPORT 2014



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CONTINUING WITH OUR PROVEN STRATEGY

In 2014, Höegh LNG reached significant milestones reflecting successful execution of its long-term strategy; we took delivery of three FSRUs, signed two long term FSRU contracts and established Höegh LNG Partners LP, a subsidiary listed on the New York Stock Exchange. We are now entering the next phase of growth, which is also marked by our inaugural dividend payment in the first quarter of 2015, and, more importantly, we will continue to leverage our position as the leading FSRU provider to reach our ambition to have 12 FSRUs either in operation or on order by 2019.

2014 has been a very special year for our Company as we have reached significant milestones reflecting our transformation, both with respect to size and composition, from an LNG shipping company to a leading floating LNG infrastructure provider. Having secured two FSRU contracts in 2014, we now have six long term FSRU contracts generating high and stable cash flows.

During the year, we took delivery of three new built FSRUs; PGN FSRU Lampung, Independence and Höegh Gallant. The first two have started commercial operations under their long term contracts, whereas the third is scheduled to start operations in the beginning of second quarter 2015. To mark our entry into the next growth phase we announced our dividend policy at the end of the year, and made our first dividend payment in the first quarter 2015.

In line with our business model to have at least one uncommitted FSRU under construction, we declared our option for FSRU#7/HN2552 immediately after signing long term contracts for our two open FSRUs. Throughout the year we actively participated in a growing number of FSRU tender processes worldwide, and the objective is to win a contract for FSRU#7/HN2552 during 2015, after which we plan to order additional FSRU(s). The low oil prices have resulted in lower LNG prices, which in turn increase demand for LNG and correspondingly demand for LNG import infrastructure such as FSRUs. Going forward, for the market as a whole we expect two to four FSRU contracts to be signed per year.

On FLNG, we have made significant progress by signing exclusivity agreements for two planned North American FLNG projects. For both projects we have performed concept studies/pre-FEEDs and for one of the projects we expect the project sponsor to make a decision whether to enter into a full FEED during the second quarter 2015.

Even though LNG is more environmentally friendly than most other conventional hydrocarbon energy sources, the industry does carry health, safety and environmental risks. We therefore strive consistently to minimise these risks and to ensure that the solutions we provide to our customers, do not result in harmful impact on people or the environment.

The transformation of our Company to an infrastructure provider will bring new challenges and new opportunities. We continuously work to position the Company for future growth, and in 2014 we revised our governing systems, including the approach to corporate social responsibility. The corporate responsibility section in this report outlines how we performed in 2014 and how we plan to manage environmental and social issues going forward.

Looking ahead, the Company will continue with its proven strategy to grow and further strengthen its leading position within the FSRU segment. We will also focus on continuing our progress within the FLNG business based on a strategy to place an order after we have a commercial agreement in place. As part of our long term financial strategy to fund future FSRU and FLNG expansions plans, we established Höegh LNG Partners LP LP, a Master Limited Partnership listed on the New York Stock Exchange, in August 2014. Höegh LNG Partners has traded at an attractive yield through the turbulence in the many financial markets over the last six months, and remains a strong vehicle to fund our planned FSRU growth over the next four years; 12 FSRUs by 2019.

Sveinung J.S. Støhle
President and Chief Executive Officer

DIRECTORS' REPORT FOR 2014

2014 completed the transformation of Höegh LNG from an LNG shipping company to an LNG infrastructure service provider. It was a year where several important milestones were met that significantly de-risked the Company: Höegh LNG took delivery of three FSRUs, commenced long term commercial operation of two FSRUs, signed long term FSRU contracts for two uncommitted FSRUs and listed Höegh LNG Partners LP on the New York Stock Exchange.

Corporate matters

Höegh LNG Holdings Ltd., its subsidiaries and joint ventures (referred to collectively as the "Company" or the "Group") provide floating LNG infrastructure services throughout the LNG value chain. The Company has a leading position as owner and operator of floating LNG import terminals (FSRUs), has developed low-cost solutions for floating liquefaction terminals (FLNGs), and is one of the most experienced operators of LNG transportation vessels (LNGCs). The Company operates world-wide with a customer base comprising international energy majors and domestic utilities. The Company's registered office is located in Hamilton, Bermuda, with further office presence in Oslo (Norway), Klaipeda (Lithuania), London (UK), Jakarta (Indonesia), Miami (USA), Singapore and South Korea (site team).

As of 31 December 2014, the Company operated a fleet of five FSRUs and four LNGCs. Eight of the assets were owned by the Company while one was operated on behalf of a third party. Seven of the vessels were on, or had secured, long term time charter contract with Statoil, Total, GDF Suez, PGN, Klaipedos Nafta and Egas, with an average remaining contract length of 14 years. The only vessel with a short term contract is a vintage LNGC owned by the Company and chartered to Gas Natural. The average age of the owned fleet is 7.7 years.

As of 31 December 2014, the Company had two FSRUs under construction at Hyundai Heavy Industries ("HHI") in South Korea; FSRU#6/HN2551 and FSRU#7/HN2552. FSRU#6/HN2551 is due for delivery in the second quarter 2015 and scheduled to commence operations under a long term time charter agreement with Sociedad Portuaria El Cayao S.A. E.S.P. ("SPEC") in Colombia mid-2016. For the intermediate period, the Company will offer the FSRU for short term employment as an FSRU or LNG transportation vessel. FSRU#7/HN2552 is due for delivery during the first quarter 2017, and is currently being marketed to FSRU projects world-wide.

The Company's vision is to be the industry leader of floating LNG terminal solutions. Its mission is to develop, manage and operate the Group's assets to the highest technical and commercial standards, thereby maximising benefits to its shareholders and other stakeholders. For FSRUs, the strategy to achieve these objectives is to be at the forefront of the technological development and always have at least one uncommitted FSRU under construction. This strategy has proven successful in winning high return FSRU projects and has enabled the Company to grow to become the leading provider of FSRU services. For FLNG, the Company's strategy is to offer a low cost floating liquefaction solution based on access to pipeline specification gas, making it well suited for North American export projects. Further, and as opposed to its FSRU strategy, the Company will not order an FLNG before securing a commercial contract.

Höegh LNG Holdings Ltd. is listed on the Oslo stock exchange in Norway and has established a Master Limited Partnership listed on the New York Stock Exchange. Höegh LNG Partners LP ("HMLP" or the "MLP") was established in 2014 to provide direct access to the U.S. capital market and facilitate further growth of the Company. The MLP will acquire, own and operate FSRUs, LNGCs and other LNG assets employed on long term contracts, with an initial fleet consisting of three FSRUs. The Company is obliged to offer LNG assets on long term contracts of five years or more to the MLP, and plan to use proceeds from the sale of such assets to the MLP to fund further expansion of the Company.

Market

2014 will be a year to remember in the energy markets, with increased supply and reduced demand for oil resulting in a sharp drop in the price of oil in USD during the second half of the year. Being linked to the price of oil in many markets, LNG prices in Asia and Europe have fallen similarly in the same period. Should oil prices establish themselves at a new and lower level compared to the previous five years, LNG prices will also remain at a lower level going forward. Lower LNG prices will lead to higher demand for LNG, especially in price sensitive markets such as China and India where LNG is increasingly expected to replace coal as fuel in power plants, and this in turn should increase demand for new LNG import capacity. Compared to land based import terminals, FSRUs are less capital intensive, quicker to build and more flexible, and have become the preferred solution for new importers of LNG.

According to BP's Energy Outlook, global natural gas demand is expected to grow by 1.9% annually over the next 20 years. Natural gas has significantly lower carbon intensity than coal and oil and has become the preferred fuel for power generation and domestic demand in many parts of the world. While the proportion of natural gas transported as LNG, as opposed to via pipeline, was 32% of the total natural gas traded in the world market in 2012, BP expects this share to increase up to 46% by 2035.

The Company has identified around 30 potential FSRU projects world-wide, against four uncommitted FSRUs under construction, of which the Company has one. Over the next five years the Company expects an average of two to four FSRU contracts per year to be concluded in the market. The Company is today the leading provider of FSRU services and well positioned to growing its share of the FSRU market going forward.

On the LNG supply side, the world-wide LNG production capacity is currently around 260 MTPA. This is expected to increase by approximately 120 MTPA over the next three years from projects under construction, located mainly in Australia and the U.S. While most of this production capacity already has been sold, a substantial portion has not yet found its final destination and will be made available to new importers of LNG. Beyond the incremental production capacity under construction, there are potential projects representing additional capacity of 150 MTPA, for which an investment decision has not yet been made. Many of these projects will, however, in the current low energy price environment be redesigned in order to reduce project costs, causing delays compared to the current schedule. The anticipated delay in additional production capacity could create opportunities for FLNG solutions, since FLNG has a lower initial investment and a shorter development schedule than land based LNG production facilities. Seven FLNGs are currently under construction; three of these are large offshore units with full on-board processing plants whereas four are in the low cost end of the FLNG segment and based on liquefaction of pipeline specification gas. The Company's FLNG activities are focused on the low-cost end of the market, and the Company currently has two active projects under development.

The current world fleet of LNGCs counts 379 and the order book stands at 139 vessels, equivalent to 37% of the current fleet. The short term LNG shipping market remains oversupplied, which has led to soft charter rates in this segment. At the time of writing there are approximately 40 LNGCs without employment and another 24 LNGCs scheduled to be delivered in 2015, of which seven have no contract. In addition, many of the currently contracted LNGCs will be available in the spot market before entering into service for new liquefaction projects. The short term market for LNGCs is consequently expected to remain oversupplied until 2017-2018.

Review of 2014 including subsequent events

The Company's fleet was operated safely and expanded by three new FSRUs during the year.

In 2014, the Company took delivery of three FSRUs, of which two commenced commercial operation under long term contracts, and established and listed HMLP. The Board of Directors would like to take this opportunity to express its gratitude to all employees on shore and at sea for all their efforts and hard work in 2014, resulting in the significant strategic milestones achieved and successful ramp-up of operations. In relation to this, an extraordinary bonus payment was made to all employees in the Company in 2014.

PGN FSRU Lampung was delivered from the shipyard in April 2014 and sailed straight to Lampung for commissioning. The PGN FSRU project in Indonesia comprises the FSRU, a Tower Yoke Mooring System (TYMS) and a 20 km subsea pipeline to shore. The FSRU started operations during the second quarter, completed commissioning during the third quarter, and has since delivered gas according to contract. While operations started later than contractually agreed, the Company and the customer reached, in a subsequent event, an agreement whereby they released each other from their respective claims related to the period of delay.

Independence was delivered from the shipyard in May 2014. Save for a short term charter as an LNGC, the FSRU was idle most of the intermediate period until the start-up of the Klaipeda Nafta FSRU project in the fourth quarter. Independence has since start of operations delivered natural gas to the Lithuanian market according to the 10 year contract with the customer.

Höegh Gallant was delivered from the shipyard in November 2014. The FSRU was directly employed on a short term charter as an LNGC until mid-January 2015, when she entered a yard for minor modifications required for the contract with Egas.

In November 2014, the Company signed a five year FSRU contract with Egas for employing Höegh Gallant as an LNG import terminal in Ain Sohkna. The project is on schedule for start-up in second quarter 2015.

In November 2014, the Company also signed a long term FSRU contract with SPEC for the employment of FSRU#6/HN2551 as an LNG import terminal in Cartagena, Colombia, from mid-2016. The construction of the FSRU is progressing according to plan with a scheduled delivery in the second quarter 2015.

After signing the two long term FSRU contracts in November 2014, and in line with its strategy to have at least one uncommitted FSRU under construction, the Company declared the option for FSRU#7/HN2552 at Hyundai Heavy Industries (HHI). The vessel has a scheduled delivery during the first quarter 2017.

Within FLNG, the Company made significant progress and signed exclusivity agreements for development of two North American FLNG projects during the year. The Company performed concept studies/ pre-FEEDs for both projects and is expecting the project owner of one of the projects to make a decision on whether to enter into a full FEED agreement with the Company during the second quarter of 2015.

In August 2004, the Company listed HMLP on the New York Stock Exchange. The initial public offering was for 11,040,000 common units at a unit price of USD 20. The implied yield was 6.75%, which means that the offering was the best priced maritime MLP IPO ever. Since listing, the units have been trading up. As of year-end 2014, the Company held a 58% ownership share in HMLP.

During the year, the Company signed a USD 412 million Senior Secured Credit Facility for the debt financing portion of Höegh Gallant and FSRU#6/HN2551, and thereby secured long term financing for all four units in its current FSRU expansion program. The debt facility has a five year post-delivery tenor and a fifteen years repayment profile. Banks participating in the financing are ABN Amro, Citibank, Crédit Agricole, Danske Bank, DNB, Nordea and Swedbank.

On 25 February 2015, the Board of Directors of the Company approved the distribution of the Company's first quarterly cash dividend of USD 0.10 per share. The Company intends to pay out quarterly dividends, which over time will match distributions received from HMLP, subject to the limitations set out in the Bond Agreement. The Bond Agreement caps yearly dividend distributions at USD 0.40, USD 0.50 and USD 0.60 per share in 2015, 2016 and 2017, respectively.

Financial review

Group figures

On 1 January 2014, a mandatory change in accounting principles was implemented, whereby IFRS 11 replaced IAS 31 as the accounting standard for the recognition of joint venture investments. From this date, the Company is recognising investments in joint venture companies according to the equity method, as opposed to according to the proportionate consolidation method under IAS 31. The 2013 figures have been restated to reflect the new standard. The mandatory change in the accounting standard impacts the equity ratio of the Company positively. Net profit remains unchanged, while income, operating profit and net financials are reduced.

While HMLP is listed on the New York Stock Exchange and governed by an independent board, HMLP is still considered de-facto controlled by the Company and is therefore consolidated into the Group accounts.

Income statement

In 2014, total income was USD 154.3 million (USD 145.6 million in 2013) while operating profit before depreciation (EBITDA) was USD 0.4 million (USD (1.9) million). Total income and EBITDA have increased from last year mainly due to PGN FSRU Lampung and Independence starting operation during the year. The increase is offset by non-recurring start-up costs relating to the FSRUs, including idle costs for Independence, positioning costs for Höegh Gallant and delayed start-up cost for PGN FSRU Lampung.

Operating profit was USD (65.5) million in 2014 (USD (19.0) million). The deterioration from last year is mainly due to USD 44.8 million of impairment charges in 2014 relating to the Port Dolphin project, Compressed Natural Gas technology and the LNG Libra, and higher depreciation charges in 2014 compared to last year due to the three FSRUs delivered during the year.

Net financial items were negative USD 20.8 million in 2014 (USD (1.3) million). The deterioration from 2013 is mainly due to higher interest expenses following the expansion of the fleet during the year.

The loss after tax was USD 88.4 million in 2014 (loss of USD 20.8 million).

Business segments

The Group's reporting structure changed with effect from 13 August 2014, reflecting the launch of HMLP. From this date, the MLP has been reported as a separate segment in the Group accounts. For the purpose of monitoring the operating performance of its underlying business, the business segments are reported according to the proportionate method.

The commercial segment, which is responsible for the commercial management and contract bidding activity for FSRUs and LNGCs, recorded in 2014 total income of USD 102.1 million (USD 112.3 million) and an EBITDA of USD 39.6 million (USD 49.4 million).

The technical segment, which is responsible for project execution, construction, delivery and technical management of FSRUs and LNGCs, recorded in 2014 total income of USD 42.7 million (USD 55.7 million) and an EBITDA of USD (2.9) million (USD (0.2) million).

The FLNG segment, which is responsible for the marketing, construction and operation of FLNGs, recorded in 2014 total income of USD 3.7 million (USD 10 million) and an EBITDA of USD (7.6) million (USD (6.1) million).

The MLP segment, which includes operation and administration of HMLP's fleet, comprises amounts for the period 13 August 2014 to 31 December 2014. The MLP segment reported a total income of USD 35.8 million and an EBITDA of USD 22.1 million.

Other segment, comprises the Company's management, finance, legal and other corporate services and includes administrative expenses relating to the management of the Company. In 2014, the segment recorded a total administrative cost of USD 13.5 million (USD 8.4 million).

Financial position

As of 31 December 2014, equity and liabilities totalled USD 1 357 million (USD 684 million). The increase from year-end 2013 is mainly due to the equity raised in connection with the HMLP IPO and a net increase in interest bearing debt following delivery of three FSRUs during the year, offset by the net loss after taxes for the year as a whole.

As of 31 December 2014, book equity was USD 459 million (USD 389 million). Net of mark-to-market of hedging reserves the adjusted book equity was USD 572 million (USD 457 million), bringing the adjusted equity ratio to 42% (67%). The capital structure is deemed appropriate given the nature of the Company's business and its existing commitments.

Capital commitment

As of 31 December 2014, the Company had USD 515 million in remaining off-balance sheet capital commitment relating to the FSRU newbuilding programme, against USD 447 million in cash, current restricted cash, marketable securities and available drawing under debt facilities.

Financing

The Company's interest bearing debt was USD 683 million (USD 165 million) at year-end 2014, an increase explained by draw-downs made under the PGN FSRU Lampung, Independence and Höegh Gallant debt facilities, offset by ordinary debt repayments made in 2014.

The Company has in place a USD 412 million senior secured corporate credit facility for the financing of the FSRU#5/HN2550 and FSRU#6/HN2551. As of 31 December 2014, USD 188 million was drawn under the facility.

In December 2014, bond holders approved several amendments to the NOK 750 million bond agreement, giving the Company increased flexibility in executing its growth strategy and dividend policy.

Cash flow

In 2014, cash flow from operating activities was USD 80.4 million (USD (10.3) million), mainly explained by proceeds from the sale of the TYMS. Cash flow from investing activities came to a negative USD 758.6 million (USD (82.9) million), driven by investments in newbuildings and marketable securities. The cash flow from financing activities was USD 697.3 million (USD 23.2 million), mainly explained by proceeds from borrowings and the equity issuance in HMLP. Total cash flow in 2014 was USD 19.2 million (USD (70.0) million).

As of 31 December 2014, unrestricted and restricted current cash and cash equivalents were USD 90.0 million (USD 60.7 million) while marketable securities totalled USD 117.3 million (USD 13.8 million). In addition, the Company had non-current restricted cash of USD 15.2 million (USD 0 million).

Going concern

The annual financial statements have been prepared under the going concern assumption, and the Board confirms that the assumption is fulfilled.

Parent company

In 2014, total comprehensive income for the parent company Höegh LNG Holdings Ltd. (the "Parent company") was USD 170.5 million (USD (0.1) million). The increase is primarily driven by the gain from the investment in Höegh LNG Partners LP when transferring shares and a promissory note in exchange for ownership of units in the MLP and interest income from loans to the wholly owned subsidiaries. This is offset by interest expenses on the bond and administrative costs. As of 31 December 2014, total assets were USD 1 026 million (USD 715 million), while the equity ratio was 73% (81%). In 2014, the cash flow was negative USD 0.4 million (USD 72.5 million). Total proceeds from HMLP were USD 186.6 million (zero) and were mainly used to invest in marketable securities, first instalment on FSRU#7/HN2552 and debt service. At as 31 December 2014, the parent company held USD 10.6 million (USD 11.0 million) in cash and cash equivalents.

Risk and risk management

Risk management

The Company uses risk management tools relating to both existing and new businesses based on ISO 31000 and holds the following certificates for the management of quality, environment, safety and occupational health:

- International Safety Management,
- ISO 9001 Quality Management System,
- ISO 14001 Environmental Management System, and
- OHSAS 18001 Occupational Health and Safety Management System

Compliance with increasingly complex health, safety and environmental laws and regulations could result in increased compliance costs or additional operating costs. The Company is and will be subject to regulations that impact, among other things, discharges to air, land and water and health and safety standards. Violation of these laws and regulations could have adverse economic consequences.

Market risk

The Company has five FSRUs in operation that are on long term contracts and therefore not exposed to variations in demand for FSRU services. Of the two FSRUs under construction the first has secured a long term FSRU contract, however, the vessel is exposed to variations in demand for FSRUs and LNGCs in the period between delivery from yard in second quarter 2015 and start-up under its FSRU contract mid-2016. The second FSRU is due for delivery first quarter 2017; the Company has not yet secured an FSRU contract for the vessel and is therefore exposed to changes in demand for FSRUs. FSRUs are increasingly the preferred solution for countries developing LNG import infrastructure, as this is a less capital intensive, quicker to build and more flexible solution compared to land-based terminals. Most of the demand for FSRUs comes from countries experiencing rapid economic growth, notably in Asia and South America. There are currently more than 30 potential FSRU projects worldwide, and the Company is participating in several on-going tender processes.

All of the Company's vessels have secured long-term contracts with creditworthy counterparties and not exposed to short-term variations in the demand for LNG transportation, except for the current charter party for the LNG Libra, which expires in end 2015.

The Company is also seeking to obtain long-term agreements for its FLNG solutions. In the event that the Company is unable to secure a long-term contract for an FLNG unit, the value of the engineering and design work recognised in the Group's balance sheet may be impaired.

Operational risk
The Company assumes operational risks associated with loading, transporting, off-loading, storing and regasifying cargoes, which can cause delays to the Company's operations. In addition, difficulties due to port constraints, weather conditions, and vessel compatibility and performance can affect the results of operations and expose the Company to adverse economic consequences.

Financial risk
The Company is in the ordinary course of its business exposed to different types of financial risk, including market risk (interest and foreign exchange rate risk), credit risk and liquidity risk. Risk management routines are in place in order to mitigate financial market risks. Once financial market risks are identified, appropriate mitigating actions are taken. The Company's primary strategy in mitigating financial market risks is to apply derivatives, where appropriate, in hedging the Company's various net financial market risk positions. Where the use of derivatives is deemed appropriate, only well-understood, conventional instruments issued by highly rated financial institutions are used.

All interest bearing debt within the Company is subject to floating interest rates, however, the Company has entered into fixed interest rate swaps for all debt facilities. The Company is therefore not exposed to fluctuations in interest rate levels on existing debt facilities.

Foreign exchange risks arise from business transactions, capitalised assets and liabilities denominated in currencies other than the reporting currency of the Company. The majority of the Company's business transactions, capitalised assets and liabilities are denominated in USD and the Company is therefore only to a limited extent exposed to foreign exchange risks.

Liquidity risk is the risk that the Company will be unable to fulfil its financial obligations when they fall due. Existing financial obligations on the balance sheet totalling USD 683 million will be repaid through the cash flow generated from existing and new assets within the Company. All existing vessels subject to debt financing have secured long-term time charter contracts with creditworthy counterparties, save for the seventh FSRU. As of 31 December 2014, the Company had USD 515 million in remaining off-balance sheet capital commitment relating to the FSRU newbuilding programme, against USD 447 million in cash, current restricted cash, marketable securities and available drawing under debt facilities.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Existing vessels/ FSRUs are chartered out to creditworthy counterparties in the energy sector with an appropriate credit rating, and charter hires are payable monthly in advance. Cash funds are only deposited with internationally recognised financial institutions with a high credit rating, or invested in marketable securities issued by companies with a high credit rating.

Corporate social responsibility and impact on the external environment

In order for the Company's business activities to be sustainable in the long-term, the Company strives for economic growth, environmental improvements and social responsibility. The Company aims to contribute to sustainable development by working actively to integrate social and environmental concerns in all business operations, respecting human rights and finding a sound balance between the interest of stakeholders and the need for operational efficiency and shareholder value. Operating in a high-risk environment, the Company requires a strong focus on safety and has therefore developed a number of procedures and routines, and all operations are certified according to the OHSAS 18001 standard.

The Company's business activities may have an impact on the environment and the Company shall always seek to reduce any negative impact. The Company complies with ISO 14001 and also requires business partners to act according to this certification system.

The Company has a zero-tolerance for bribery and corruption and potential business partners will be subject to an evaluation and must undertake to comply with the same standards. Furthermore, the Company has mandatory training in social and environmental responsibility for all employees.

Further information about the Company's environmental and social impact and performance is provided in the section on Corporate Social Responsibility. The Company reports according to the Global Reporting Initiative guidelines (version G4).

Personnel matters

The Company had 102 permanent office employees and 475 seagoing personnel at the end of 2014. The 24 month accumulated retention rate at year-end 2014 was 97.8% for officers and 98.5% for ratings.

Average sickness absence among employees located at the head office was 5.2% in 2014 (3.2%). Two injuries were reported on office employees during the year but neither resulted in sickness absenteeism. In 2014, there was one lost time injury (LTI) on vessels owned or operated by the Company, resulting in a lost time injury frequency (LTIF) of 0.44 for the whole year. The good performance is a result of continuous implementation of safety related initiatives and focus on building a safety culture.

Diversity

The Company has a clear policy of equal opportunities. Discrimination based on race, gender or similar grounds is not accepted. However, male and female representation in the industry's recruitment base is unequal and women accounted for 29% of the Company's office employees in Norway as of 31 December 2014, compared to 37% in 2013. None of the Directors on the Board of the Parent company is female, and there is no legal requirement for board representation of both genders pursuant to Bermudan law. All members of the top management group are male.

Shareholder matters

As of 31 December 2014, there were 69,898,827 common shares issued in the Parent company, owned by 1694 shareholders. Leif Höegh & Co. Ltd. was the largest shareholder owning 44.6% of the shares. 1.7% of the shares were owned by Methane Ventures Limited, which is owned 36.7% by key employees of the Company and related entities, with the remainder of its shares being held by the Company. During the year, the Company issued a total of 5,772 new shares.

The Company established a stock option programme for senior management and key employees in February 2012 (Round 1) and a second round in February 2014 (Round 2). As of end February 2015, a total of 2,189,000 options have been granted as follows:

Round	No. of options	Strike Price	Vesting dates	Expiry Date
Round 1	822,000	NOK 53	1/3 on 31 December 2013, 2014 and 2015, respectively	31 December 2016
Round 2	1,343,000/12,000/12,000	NOK 47/74/81	1/3 on 31 December 2015, 2016 and 2017, respectively	31 December 2018

Corporate governance

The Company has adopted and implemented a corporate governance system that, in all material respects, complies with the Norwegian Code of Practice for Corporate Governance Code and the Oslo stock exchange's Continuing Obligations section 7. The Board's Corporate Governance Report is included as a separate chapter in the Annual Report. The report includes all cases of non-compliance with the code, if applicable.

Future prospects

It is expected that natural gas will be the fastest-growing major fuel for many decades and that an increasing share of the incremental demand for natural gas will be supplied as LNG from new liquefaction capacity coming on stream, in turn creating demand for floating LNG import infrastructure. The Company has identified around 30 potential FSRU projects world-wide, against four uncommitted FSRUs under construction, of which the Company has one. Over the next five years the Company expects an average of two to four FSRU contracts to be signed per year, of which the Company expects to be awarded one to two. FLNG has the same advantage over land based terminals as FSRUs; less capital intensive, quicker to build and more flexible, and is a segment the Company expects will continue growing over the next five years.

Given the nature of the Company's business, with mainly long-term contracts and strong counterparties, the operating result and cash flow of the Company will be predictable and stable when the FSRUs have been delivered and commenced operation.

Outlook for 2015

The Company's main focus for 2015 will be on Höegh Gallant commencing operation under her long term contract in Egypt in the second quarter. In parallel, the Company will take delivery of FSRU#6/HN2551 and work is ongoing to find a short term FSRU or LNGC contract before the vessel starts operation in Colombia mid-2016.

The Company has one uncommitted vessel, FSRU#7/HN2552, due for delivery first quarter 2017, which is currently offered to projects world-wide. When employment is secured, the Company will, in line with its business model, order an additional FSRU(s).

In the FLNG segment, the Company will continue marketing its low cost FLNG concept and remains committed to its business model of ordering after contract award. The Company's main focus will be on further developing the two North American FLNG projects where it has exclusivity agreements with the project sponsors.

Hamilton/ Paris, 24 March 2015

The Board of Directors and the President of Höegh LNG Holdings Ltd.

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

Cameron E. Adderley
Director

Timothy J. Counsell
Director

Andrew Jamieson
Director

Guy D. Lafferty
Director

Ditlev Wedell-Wedellsborg
Director

Sveinung J.S. Støhle
President

CORPORATE SOCIAL RESPONSIBILITY

Höegh LNG's mission is to develop, own and operate the Group's assets to the highest technical and commercial standards thereby maximising the benefits to its shareholders and other stakeholders. This includes zero tolerance for corruption; impeccable safety records; compliance with all environmental regulations and respect for human rights.

The Board of Directors (the Board) has adopted the Group's policy for Corporate Social Responsibility (CSR) and is responsible for overseeing the Group's CSR strategies and procedures. Environmental and health and safety KPIs are reported to the Board on a regular basis.

The Group has robust management systems certified according to the International Safety Management Code, ISO 9001, ISO 14001 and OHSAS 18001. In 2014, the Group's governing systems, including the CSR procedures, were reviewed in order to better position the Company for future growth. This initiated a process that will consolidate several policies and guidelines into a Group Code of Conduct and a Supplier Code of Conduct, which will be issued in 2015. The Company aims to conduct Group-wide training in the Code of Conduct once it is completed and issued.

Economic contribution

Höegh LNG contributes to economic development not only by maximising shareholder value. Höegh LNG also creates value by providing services to its customers, which includes the economic benefit for the customer of access to competitively priced natural gas. In addition, Höegh LNG creates value through the remuneration of its employees, payments to its suppliers and payments of taxes. The Company invests in maritime education and training in countries where Höegh LNG recruits maritime personnel.

Social and environmental impacts

As a provider of floating LNG services, Höegh LNG conducts activities that may impact the environment and local communities. The Company is committed to ensuring safe and sustainable management of such impacts. In 2014, Höegh LNG took several important steps to further develop its CSR approach. Most notable were the decisions to review the Company's CSR governance systems and to report its sustainability performance according to the international guidelines of the Global Reporting Initiative (GRI).

To ensure a targeted approach to CSR management and reporting, Höegh LNG conducted a systematic materiality assessment of the Company's environmental, social and ethical impacts. To capture external perspectives, key stakeholders – investors, banks and customers – were consulted directly. Several employees with extensive external contact also contributed with their experience of stakeholders' perspectives, as raised through regular channels for dialogue such as investor roadshows, customer communication, expectations expressed by governments and civil society as well as recent developments in international standards. To capture internal perspectives, an extensive selection of Höegh LNG management and employees were asked to rate a list of CSR issues according to their impact on Höegh LNG's ability to achieve its objectives. Finally, the potential financial, legal, operational, strategic and reputational impacts of the most important issues were assessed by Höegh LNG's management team.

The following issues were identified as most important to Höegh LNG: Working conditions and health and safety, ethics and anti-corruption, supply chain standards, climate change and environmental footprint, CSR due diligence, stakeholder engagement, tax and ship recycling. This CSR report summarises Höegh LNG's management systems, performance and future priorities in this area.

Given the abovementioned activities, Höegh LNG aims to set new CSR targets based on the results of the governance systems review in 2015.

Climate change and environmental protection

The main environmental challenges for Höegh LNG relate to fuel consumption and emissions, potential negative impact on biodiversity and the recycling of vessels. Höegh LNG aims to protect the environment beyond mere compliance and actively seeks to reduce its environmental footprint. Management of all vessels is certified according to ISO 14001.

Emissions to air

Climate change and emissions to air represent regulatory and operational risks for the Group, as well as opportunities for cutting costs and driving business development. In addition to greenhouse gases, the operation of vessels in general produces other air emissions, most notably sulphur oxides (SOx) and nitrogen oxides (NOx). Fuel quality and efficiency are crucial to reduce these emissions. Höegh LNG applies state-of-the-art technology to minimise its environmental footprint and improves the customer's earnings by optimising energy consumption and cost. Since Höegh LNG's vessels and operations are mainly powered by natural gas, the Company's assets generate significantly lower CO2 emissions than LNG assets burning fuel oil and other fossil fuels. The Company complies with all local and international environmental regulations where it operates. The high technical standard of the Group's fleet makes it well prepared for future environmental regulations, such as the Emission Control Area (ECA) for maximum allowable sulphur content that came into effect in 2015.

The total CO2 emission from the fleet was estimated to 551,216 t CO2 in 2014.

The fleet's dual fuel engines are certified as being within applicable NOx limits defined by the NOx Technical Code 2008 (EIAPP Certificates).

The charterers' requirements concerning speed, route and regasification capacity are decisive for each vessel's total fuel consumption. Höegh LNG has energy efficiency plans (SEEMP) for all vessels and shares fuel consumption data with and gives guidance to charterers in order to optimise vessel routes, to reduce fuel consumption and emissions. Höegh LNG also seeks to utilize all boil-off gas from LNG cargo tanks and constantly look for energy-saving solutions.

The total energy consumption of the Group in 2014 was 2,300 GWh.

Protecting marine ecosystems

The Group's activities may negatively impact marine ecosystems and biodiversity. Use of ballast water may result in transfer of alien marine species between different ecosystems, and anti-fouling systems may adversely impact marine biodiversity. LNG regasification processes may impact marine life through discharge of excess biocides, and a change in seawater temperature when cold water is discharged.

To protect biodiversity and ecosystems, environmental impact assessments (EIA) are conducted in the pre-operational stage according to local regulatory requirements. These impact assessments typically involve local authorities and experts as well as potentially affected local communities and set for the individual projects detailed environmental requirements that Höegh LNG must comply with.

All vessels have waste management systems, ballast water management plans and accidental spill monitoring systems in accordance with MARPOL, and their anti-fouling systems are compliant with the IMO Anti-Fouling

Fuel Type	Consumption (metric tonnes)	Consumption %	SOX emissions (metric tonnes)	CO2 emissions (metric tonnes)
Heavy Fuel Oil	18 597	9.4	1 116	56 181*
Low-sulphur Fuel Oil	6 422	3.2	128	19 747*
Marine Diesel Oil/ Marine Gas Oil	6 392	3.2	13	19 700*
Natural Gas	167 004	84.2	Trace (negligible)	455 586**
Total	198 415	100	1 257	551 216
Conversion Factors: * http://www.sjofartsverket.se/pages/14228/58-4-3.pdf, ** Defra emission factor 2014				

Systems Convention. Höegh LNG had no operations in protected areas, and there were no accidental spills or environmental permit breaches reported in 2014.

Employees and Health and Safety Environment

Höegh LNG depends on its dedicated and competent employees to deliver world-class services. Operation of LNGCs and FSRUs requires strong focus on safety. The Group's safety culture is built on the firm belief that zero harm to people can be achieved.

Health and safety

Höegh LNG has developed a number of safety procedures and routines easily accessible to all employees. All operations of the Group are certified according to the occupational health and safety standard OHSAS 18001.

Maritime personnel are involved in improving HSE performance and working conditions on board through the Protection and Environment Committee (PEC) and monthly safety meetings on all vessels. The Oslo office has a working environment committee with employee and management representation in line with Norwegian regulations.

In 2014, there was one lost time injury (LTI) on vessels operated by Höegh LNG, resulting in a lost time injury frequency (LTIF) of 0.44. This performance is a result of continuous safety-related initiatives and focus on building a safety culture. Average sickness absence among employees located at the Oslo office was 5.2% in 2014 compared to 3.2% in 2013, and the Company is working actively to change this trend. No lost time injuries were reported for office employees.

Our employees

Höegh LNG had a total of 577 employees at the end of 2014: 475 were maritime personnel (two female) and 102 were office employees (40 female).

Höegh LNG enjoys high retention rates achieved by years of strategic focus on developing its employees. In addition to recruitment directly from the Oslo office, the Company uses manning offices in Norway, Latvia, Croatia, Indonesia and the Philippines managing close to 500 highly specialised maritime personnel from Europe, Asia and the United States. All crew members are directly employed by the Company. Because of local regulations, ratings from the Philippines and Indonesia can be contracted only on a temporary basis, but Höegh LNG has organised them in a pool. This ensures access to qualified personnel, a high retention rate and good job security for ratings. Ratings on time-limited contracts had a 24-month retention rate of 99%. Officers have permanent employment and a 24-month retention rate of 98%.

Employee turnover for the Oslo office in 2014 was 2.7%. The offices abroad had no turnover in 2014.

All maritime employees receive a written performance review at the end of each service period on board, including recommendations for further training or promotion. All managers conduct performance reviews of all office employees on an annual basis.

Höegh LNG has a clear policy to offer equal opportunities. Discrimination based on race, gender or similar grounds is not accepted. However, male and female representation in the industry's recruitment base is unequal, in particular for maritime personnel. All members of the Board and top management are male.

Ethics and anti-corruption

The Group's global operations require high attention to compliance and risk mitigation. Corruption is a pervasive problem in global business, and the maritime industry is no exception. The maritime industry is typically exposed to facilitation payment risks in connection with port access and services as well as corruption and bribery risk in relation to business development and securing permits and licenses to operate.

Höegh LNG's ethical rules define the Company's values and the expected behaviour of all employees of the Group. Höegh LNG has zero tolerance for bribery and corruption and does not accept any use of facilitation payments. Further, the Group shall fully comply with insider trading requirements and competition rules in all jurisdictions where the Company operates.

The Company's anti-corruption policy and manual applies to all employees and are part of the introduction program for all new employees. This document contains detailed description of risks, the Company's position and gives examples and guidance on how to behave in typical risk situations. The Company pays particular attention to business development projects as they may expose the Company to corruption risk. New projects and customers are therefore carefully assessed and subject to due diligence procedures. New agents acting on behalf of the Company and potential joint venture partners are subject to due diligence and Board approval prior to engagement. Project members with the highest exposure to corruption risk receive more extensive training.

Höegh LNG became a member of the Maritime Anti-Corruption Network (MACN) in February 2015. In 2015, the Group will also adopt a Code of Conduct based on internationally recognised standards covering issues such as human rights, labour standards, employment conditions and HSE, the environment and anti-corruption.

The compliance officer provides annual reports to the Board on progress and activities in relation to anti-corruption and compliance. All incidents are registered with the compliance officer and reported to the Board. Zero incidents of corruption were reported in 2014.

Supply chain management

Vessel construction has significant environmental and social impacts spanning from the selection of construction material to the HSE risks for yard workers. Further, the disposal of a vessel may have adverse impacts on the environment, health and safety, labour standards and human rights if not performed according to adequate standards.

Höegh LNG expects its suppliers and business partners to operate according to the same environmental, social and ethical standards as the Group does. Höegh LNG's suppliers can be categorised into two groups: The suppliers that construct vessels and provide components and construction material to the vessels, and the suppliers that provide products and services for day-to-day vessel operations.

Höegh LNG works closely with the shipyards that build the Company's vessels, with a particular focus on the health and safety of the workers involved in the construction of the Company's vessels. The yard reports HSE performance to the Company on a monthly basis. Further, a team of experienced Company representatives is present on site during the construction period and monitors the entire construction process and the HSE standards closely. Höegh LNG routinely requests additional safety measures to ensure appropriate working standards, including requesting shipyards for improvements in cases where their HSE standards do not meet Höegh LNG's requirements. For the shipyard workers involved in the construction of the Group's vessels in 2014, one lost time injury (LTI) was reported.

Höegh LNG is a member of the marine purchasing organisation Incentra, which prequalifies suppliers based on a Supplier Code of Conduct covering labour standards and environmental protection. Incentra also conducts HSE audits and supplier evaluations.

Recycling of ships has been a particular concern for the global shipping industry over the last years; poor working conditions, child labour, environmental damage and lack of transparency are prevalent in the ship recycling industry. Therefore, in the case of the disposal of an asset, the Group ensures that it is done responsibly and sustainably at yards that operate according to the Company's green recycling specification.

In 2015, the Group will adopt a Supplier Code of Conduct based on internationally recognised standards which will cover issues such as human rights, labour standards, employment conditions and HSE, environment and anti-corruption.

The year 2014 marked the completion of the first recycling of a Höegh LNG vessel when Norman Lady was sold after a long and successful trading history. As part of the agreement, the buyer had to comply with Höegh LNG's green recycling specification. The specification ensures that vessels are recycled in an environmentally sound manner at a yard with adequate working conditions, compliant with the Hong Kong Convention. The green recycling specialist, Grieg Green, supervised and documented the six-month-long process at a yard in South China.

CORPORATE GOVERNANCE REPORT

Höegh LNG Holdings Ltd. ("HLNG" or the "Company") is an exempted limited liability company domiciled and incorporated under the laws of Bermuda and stock-listed on Oslo Børs (Oslo stock exchange).

As a company incorporated in Bermuda, the Company is subject to Bermuda law regarding corporate governance. In addition, as a listed company on Oslo stock exchange, the Company is subject to Oslo stock exchange's "Continuing obligations of stock exchange listed companies" section 7 "Corporate Governance Report" (the "Continuing Obligations").

The Company has adopted and implemented a corporate governance system which, in all material respects, complies with the Norwegian Code of Practice for Corporate Governance Code (the "Corporate Governance Code") referred to in the Continuing Obligations section 7. The Corporate Governance Code and the Continuing Obligations are published on Oslo stock exchange's web site – www.oslobors.no. The Corporate Governance Code is also available at the web pages of the Norwegian Corporate Governance Board - NUES - www.nues.no.

The board of directors of the Company (the "Board") has prepared the following report on the Company's compliance with the Corporate Governance Code and the Continuing Obligations section 7.

1. Implementation and reporting on corporate governance

The Board has adopted a corporate governance policy (the "Corporate Governance Policy") to reflect the Company's commitment to good corporate governance. In furtherance of this goal, the Board has also adopted a code on board proceedings ("Rules of Procedure for the Board of Directors"), an insider trading policy, ethical rules, a corporate social responsibility policy, an anti-corruption manual and a competition compliance manual (together the "HLNG Corporate Governance Policy").

Through compliance with the HLNG Corporate Governance Policy as adopted by the Board, the Board and management contributes to achieving the following objectives:

Trust: Good corporate governance establish a basis for trust in the Board and the management by the shareholders and other stakeholders.

Transparency: Communication with HLNG's shareholders is based on transparency regarding Company business that are of importance for assessing the Company's development and financial position.

Independence: The relation between the Board, the management and the shareholders shall be on an independent basis to ensure that decisions are made on qualified and neutral basis.

Equality: HLNG treats all its shareholders equal.

Control and management: Good control and governance mechanisms contribute to predictability and reduction of risk. Following the establishment of the subsidiary Höegh LNG Partners LP and its listing on the New York Stock Exchange in August 2014, the Company started in 2014 a process of performing a full review of its corporate governance policies and procedures in order to ensure compliance with the U.S. Sarbanes-Oxley Act by end 2015.

2. Business

In accordance with common practice for Bermuda registered companies, the Company's objectives and powers as set out in its Memorandum of Association are broad and are therefore wider and more extensive than recommended in the Corporate Governance Code. The Memorandum of Association is available on the Company's web pages (Governance – Governance Documents).

The Group's strategy is to continue to focus its growth plans on the FSRU and the FLNG market, with the objective of securing long-term contracts with strong counterparts at attractive returns. The Group develops, constructs, owns and operates vessels that perform floating LNG services and participate in developing projects related to the LNG sector based on the following vision, mission and core values:

Vision	To be the industry leader of floating LNG terminal solutions.
Mission	To develop, manage and operate the Group's assets to the highest technical and commercial standards, thereby maximizing the benefits to its shareholders and other stakeholders.
Core Values	Innovative, Competent, Committed and Reliable.

In order to meet the Group's goals, succeed with the Group's strategy and be able to adapt to market changes, the importance of being innovative with respect to the technical, operational, financial and commercial aspects of the Group's activities are central.

3. Equity and dividends

The issued share capital in the Company at year-end 2014 was USD 698,988.27, consisting of 69,898,827 fully paid common shares, each with a nominal value of USD 0.01. In addition, as of end February 2015, a total of 2,189,000 options have been granted to top management and key employees (for further details please see the Directors' Report).

The total book equity per 31 December 2014 was USD 460 million. Net of mark-to-market of hedging reserves, the adjusted book equity per 31 December 2014 was USD 572 million. The Board regards the current equity as an appropriate level considering HLNG's objectives, strategy and risk profile.

The Board of Directors has approved the following dividend policy: The Company intends to pay a regular dividend to support its goal of providing attractive risk-adjusted returns to shareholder. The timing and amount of any dividend payments will depend on market prospects, investment opportunities, current earnings, financial conditions, cash requirements and availability, restrictions in our debt agreements, the provisions of Bermuda law and other factors. The Company paid its first quarterly dividend in March 2015.

Pursuant to Bermuda law and as is common practice for Bermuda registered companies, the Board has wide powers to issue any authorised but unissued shares in the Company on such terms and conditions as it may decide, and may, subject to any resolution of the shareholders in general meeting and to the rights of any issued shares, attach such rights and restrictions as the Board may determine. Likewise, the Board may, without approval from the shareholders in a general meeting, acquire the Company's own shares to be cancelled or held as treasury shares. These Bye-law provisions (items 3.3, 3.4 and 5) are neither limited to specific purposes nor to a specified period as recommended in the Corporate Governance Code.

4. Equal treatment of shareholders and transactions with close associates

The Company has only one class of shares.

A Director who, to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract, transaction or arrangement with the Company and has complied with the provisions of the Bermuda Companies Act and the Bye-Laws with regard to disclosure of his interest, shall be entitled to vote in respect of any contract, transaction or arrangement in which he is so interested, his vote will be counted, and he will be taken into account in ascertaining whether a quorum is present.

According to the Company's Ethical Rules, executive personnel (and any other employees) cannot take part in any dealings or decision-making in matters of special importance to him/her or related party so that they may be considered to have a strong personal or financial interest in the matter. An employee shall immediately notify the CEO, business area leader, or Head of HR when he/she realises that a conflict of interest may arise. If a conflict of interest exists, the employee shall immediately withdraw from further dealings with the relevant matter.

5. Freely negotiable shares

The common shares of the Company are freely transferable and the Company's constitutional documents do not impose any transfer restrictions on the Company's common shares save as set out below:

- Bye-law 14.3 includes a right for the Board of Directors to decline to register a transfer of any common share registered in the share register, or if required, refuse to direct any registrar appointed by the Company the transfer of any interest in a share, where such transfer would result in 50% or more of the shares or votes being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares or votes being effectively connected to a Norwegian business activity. The purpose of this provision is to avoid that the Company is being deemed a Controlled Foreign Company pursuant to Norwegian tax rules.

- The 2013 Annual General Meeting approved to amend the Bye-laws to include a right for the Company to request a holder of nominee shares to disclose the actual shareholder. The Board may decline to register any transfer where a holder of nominee shares does not comply with its obligations to disclose the actual shareholder as further set out in the Bye-laws, where the default shares represent at least 0.25% (in nominal value) of the issued shares of their class.

6. General meetings

The shareholders of the Company are responsible for making certain key decisions concerning the Company's business, including among other things in the annual general meeting the appointment of the auditor, the election of the board of directors and the nomination committee and the determination of the remuneration of the directors and the members of the nomination committee. The Bye-laws 19 to 24 sets out extensive rules with regard to the conduct of general meetings, including in relation to notices, general meetings to be held at more than one place, proceedings, voting, proxies and corporate representatives.

Pursuant to Bye-law 22.8, the Board may choose one of its members to preside as chairman at a general meeting.

7. Nomination committee

At the 2014 Annual General Meeting, one of the members of the nomination committee resigned. One new member was elected and two members were re-elected. The members are Stephen Knudtzon (chairman), Ted Roberts (member) and Morten W. Høegh (member). Stephen Knudtzon and Ted Roberts are independent of the Board and the executive personnel of the Company. Ted Roberts represents Mandatum Life Insurance Company Limited, Helsinki, Finland, which is among the 20 largest shareholders of the Company. Morten W. Høegh, Chairman of the Board of Directors, is independent of the executive personnel of the Company. He represents the largest shareholder of the Company, Leif Höegh & Co Ltd.

The roles and responsibilities for the Nomination Committee are set out in the Guidelines for the Nomination Committee, as such are approved by the shareholders. The Nomination Committee provides a written report setting out its work and recommendation, and this report is submitted to the shareholders at the Annual General Meeting. There are currently no specific arrangements on the Company's web site for a shareholder to submit proposals to the Nomination Committee other than the possibility to send an e-mail to the Company.

8. Corporate assembly and board of directors: Composition and independence

The Company does not have a corporate assembly.

A presentation of the Board of Directors is given on the Company's web pages.

All Directors are independent of the Company's significant business relations and large shareholders (shareholders holding more than 10% of the shares in the Company), except for Leif O. Høegh, who is an indirect shareholder in Leif Höegh & Co Ltd., the largest shareholder of the Company, and Morten W. Høegh, who is the primary beneficiary under a family trust that is an indirect shareholder of Leif Höegh & Co. Ltd. In addition, Guy D. Lafferty is employed by Höegh Capital Partners and is an advisor to the Høegh family.

In 2014, the Board had four regular board meetings where all directors were present. The Board had also eight interim board meetings, with Timothy Counsell attending all save for one, Cameron Adderley attending six interim meetings and his alternate directors Tonesan Amissah-Erskine attending one meeting and James A. Bodi two meetings. In addition, the Board had an information meeting, where all Directors save for Cameron Adderley participated.

The Company has appointed two board committees; an audit committee ("Audit Committee") and a governance and compensation committee (the "Governance and Compensation Committee"). In addition, in connection with the initial public offering of Höegh LNG Partners LP, an MLP IPO committee was established (the "MLP IPO Committee"). The members of the committees were appointed among the members of the Board.

- Members of the Audit Committee: Until December 2014, the Audit Committee consisted of the following Board members: Andrew Jamieson (Chairman), Morten W. Høegh, Guy D. Lafferty and Ditlev Wedell-Wedellsborg, each member being elected for a period in office of one year. Ditlev Wedell-Wedellsborg resigned as a member in December 2014 and was appointed chairman of the Governance and Compensation Committee following the resignation of Jon Erik Reinhardsen. The members are independent of the executive personnel of the Company and the Group. Andrew Jamieson is considered to be independent of the major shareholder of the Company.

- Members of the Governance and Compensation Committee: The Governance and Compensation Committee consisted of Jon Erik Reinhardsen as Chairman until he resigned as Director in September 2014 and as mentioned above, was replaced by Ditlev Wedell-Wedellsborg in December 2014. Leif O. Høegh and Cameron E. Adderley, each member being elected for a period in office of one year. The members are independent of the executive personnel of the Company and the Group. Ditlev Wedell-Wedellsborg and Cameron E. Adderley are considered to be independent of the major shareholder of the Company.

- Members of the MLP IPO Committee: The MLP IPO Committee consisted of Morten W. Høegh, Ditlev Wedell-Wedellsborg, Cameron E. Adderley and Timothy J. Counsell. The Committee had two meetings.

Morten W. Høegh, Leif O. Høegh, Guy D. Lafferty, Jon Erik Reinhardsen, Andrew Jamieson and Ditlev Wedell-Wedellsborg each own directly or indirectly shares in the Company.

Bye-law 25 regulates the appointment and removal of directors.

9. The work of the Board of Directors

The Board has among its tasks to establish the Group's overall objectives and strategies, employ the CEO and President of the Company, resolve budget and business plans, consider and approve financial statements and quarterly financial reports, monitor the financial development, establish policies and resolve issues with strategic implications and material consequences. The work of the Board is scheduled in an annual plan with fixed information- and decision points. If required, interim board meetings are arranged in accordance with the Rules of Procedure for the Board of Directors.

The Board conducts on an annual basis a self-evaluation of its own performance and expertise, which includes an evaluation of the composition of the Board and the manner in which its members function, both individually and as a group, in relation to the objectives set out for the Board's work. Such report is made available to the Nomination Committee.

The Board has authorised Höegh LNG AS to carry out the day-to-day management of the assets under a Management Agreement comprising administrative, commercial and technical activities. The Board establishes and defines the authority and extent of decisions to be resolved by the President & CEO and the Board through the Company's Decision Guides.

The work of the Board Committees

The Audit Committee's and the Governance and Compensation Committee's tasks are defined in committee charters, which are reviewed annually. See also item 10 below. The committees' work is of a preparatory nature in order to increase the efficiency of the work of the Board and does not imply any delegation of the Board's legal responsibilities. The committees report to the Board.

10. Risk management and internal control

The Board appreciates the importance of internal control and systems for risk management.

HLNG has robust management systems certified according to the International Safety Management code, ISO 9001, ISO 14001 and OHSAS 18001.

The CEO reports regularly to the Board on HSE issues, quality assurance issues, financials, on-going business and business developments, ship management and key performance indicators.

The Company has a HSEQ & QA function, which is responsible for the internal audit function in HLNG and meets regularly with the Audit Committee. The HSEQ & QA function assists HLNG accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Company will by end 2015 have in place effective internal control over financial reporting satisfying the Sarbanes-Oxley Act 404 requirements. This includes having in place an annual process that includes risk assessment of fraud, corruption and misstatement in financial reporting, design and implementation of key controls, updated documentation and completeness of necessary remediation. The internal control framework is based on COSO 2013 (Committee of Sponsoring Organisations of the Treadway Commission).

The Group is also subject to extensive external control by its auditors, external owners in joint ventures and charterers.

The management and the Compliance Officer monitor that the Group acts in accordance with applicable law and regulations.

The Company has implemented an integrated Quality Management System ("QMS") specified to demonstrate capability to plan, and operate and control the processes involved in the services rendered. Health (including occupational health), safety and environment management and project risk management are all included in the QMS.

The Audit Committee has the responsibility to oversee and assess the internal control and external audit activities and reports to the Board. Further, the Audit Committee's responsibilities include:

- Reviewing the financial statements of the Company and the Group
- Discussing with the Management, the HSEQ/QA officer and the external auditor the quality and adequacy of Höegh LNG's internal controls for managing business, financial and regulatory risk, including computerised information system controls and security;
- Discussing with management the status of pending litigation, taxation matters and other areas related to the legal and compliance area as may be appropriate related to financial issues.

The Governance and Compensation Committee's primary responsibilities in providing assistance and facilitating the decision making in the Board include:

- Evaluating the procedures and strategies for corporate governance and CSR in HLNG and the Group (including the Group's policies on ethics, anti-corruption, conflicts of interest and competition law compliance) and recommend improvements;
- Assessing HLNG's and the Group's compensation and benefits strategy for its executive personnel by an annual review of the organisation's overall compensation plan (or practices), which includes monitoring the effectiveness of the design, performance measures and award opportunities offered by HLNG's and the Group's executive personnel compensation plans;
- Overseeing the President & CEO's effort to identify and develop potential successors for key executive personnel;
- Prepare and facilitate the Board's annual self-evaluation.

11. Remuneration of the Board of Directors

The remuneration of the Board in 2014 was a total of USD 189,794, including the granting of shares (issuance of 962 shares, equivalent to USD 10,000) and USD 20,000 to each of Morten W. Høegh, Leif O. Høegh, Guy D. Lafferty, Jon Erik Reinhardsen, Andrew Jamieson and Ditlev Wedell-Wedellsborg.

Appleby Services (Bermuda) Ltd. received an annual fee of USD 40,000 for the provision of Cameron E. Adderley and Timothy J. Counsell's services as Directors of the Company. Both are partners of Appleby and thereby each an owner of Appleby Services (Bermuda) Ltd.

The chairman of the Audit Committee and the chairman of the Governance and Compensation Committee will each receive USD 10,000 as payment for services rendered by them as chairmen in the period from the 2014 Annual General Meeting to the 2015 Annual General Meeting, to be paid following the 2015 Annual General Meeting.

Andrew Jamieson has also provided certain consultancy services to the Company and was remunerated USD 30,000 annually for these services until the agreement was terminated with effect 1 April 2014.

Morten W. Høegh received USD 5,000 as member of the Company's Nomination Committee and he also receives an annual salary of GBP 36,000 from Leif Höegh (U.K.) Limited (a subsidiary of the Company) for his part-time employment with Leif Höegh (U.K.) Limited.

The Company has no pension or retirement benefits for the members of the Board.

No member of the Board has service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

12. Remuneration of executive personnel

The Board approves the remuneration to the President & CEO. In addition, the Board approves the main terms of the remuneration package offered to executive personnel, including frame for any annual salary adjustments, pension schemes and also the variable elements of the remuneration package (bonus scheme, membership in stock option scheme and participation in co-investment vehicle).

Further details on executive remunerations for the current financial year are provided in Note 32 to the 2014 Full Year Financials.

As a Bermuda entity, the Norwegian Public Company Act sections 6-16a and 6-37 do not apply to HLNG. Hence, the Board does not produce a statement on how salary and other remuneration, etc. of the Company's executive personnel are determined, neither is the statement submitted to the Annual General Meeting for consideration.

13. Information and communications

HLNG has a policy of openness when it comes to reporting information to stakeholders. Periodical reports include quarterly reports and the Annual Report. All reports are published through stock exchange releases and at the Company's web page. Main events are also reported through press and/or stock exchange releases.

The Rules of Procedure for the Board of Directors includes guidelines in order to secure disclosure in accordance with the financial calendar adopted by the Board.

Outside of the general meeting, contact with the shareholders is handled by the Company's management, mainly the CEO, CFO and Head of Investor Relations, which aims at maintaining an active dialogue with the investor market and other relevant interested parties. In 2014, the Company conducted 191 meetings with investors, held 7 conference presentations and 5 broker presentations.

The Company complies with the Oslo Børs Code of Practice for Reporting IR Information, with the following comments:

- The Company discloses information in the English language only.
- The Company publishes interim reports as soon as possible, and aims to publish the reports no later than on the 15th day of the second month after the end of the quarter. The Company publishes a list of the 20 largest shareholders. The Company does not publish a list of beneficial owners based on the 20 largest shareholders.
- Employees and primary insiders are required to obtain prior written approval from the Company before any trading in the Company's share is executed.
- The Company informs about future prospects on a project basis within the various business segments.
- The following KPI's are communicated: Expected unleveraged return, expected EBITDA per year and the expected debt to equity ratio. The Company does not provide any guidance on expected revenue, net profit or any accounting related information or figures.
- Information about financial strategy and external debt are included in the notes to the full year financials.

14. Take-overs

The Company endorses the principles concerning equal treatment of all shareholders. It is obliged to act professionally and in accordance with the applicable principles for good corporate governance set out in the Corporate Governance Code in the event of a take-over bid.

15. Auditor

The auditor is appointed at the general meeting and has the duty to audit the Company's financial reporting. The

Company's auditor is currently Ernst & Young.

In order to safeguard the Board's access and control of the auditor's work, the auditor meets with the Audit Committee. The auditor is also given copies of agenda and documentation for and minutes from board meetings.

Information of the fee paid to the auditor can be reviewed in the Company's 2014 Full Year Financials.

Hamilton/ Paris, 24 March 2015

The Board of Directors and the President of Höegh LNG Holdings Ltd.

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

Cameron E. Adderley
Director

Timothy J. Counsell
Director

Andrew Jamieson
Director

Guy D. Lafferty
Director

Ditlev Wedell-Wedellsborg
Director

Sveinung J.S. Støhle
President

DIRECTORS' RESPONSIBILITY STATEMENT

Today, the Board of Directors and the President reviewed and approved the Board of Directors' Report, the Corporate Social Responsibility chapter, the Corporate Governance Report and the consolidated and separate annual financial statements for Höegh LNG Holdings Ltd., for the year ending as of 31 December 2014 (Annual Report 2014).

Höegh LNG's parent company and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and additional disclosure requirements set out in the Norwegian Securities Trading Act.

To the best of our knowledge;

- the consolidated and separate annual financial statements for 2014 have been prepared in accordance with IFRS,
- the consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit (or loss) as a whole as of 31 December 2014 for the Group and the parent company,
- the Board of Directors' report for the Group and the parent company includes a true and fair review of

    - the development and performance of the business and the position of the Group and the parent company, and
    - the principal risks and uncertainties the Group and the parent company face.

Hamilton/ Paris, 24 March 2015

The Board of Directors and the President of Höegh LNG Holdings Ltd.

Morten W. Høegh
Chairman

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Deputy Chairman

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Director

Sveinung J.S. Støhle
President

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO HÖEGH LNG HOLDINGS LTD. FOR THE YEAR ENDED 31 DECEMBER 2014

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Consolidated statement of comprehensive income

USD'000	Note	Year ended 31 December 2014	2013 Restated [1]
Freight revenues	4	90 001	66 878
Voyage expenses	4	(6 320)	(5 040)
Income on T/C basis		**83 681**	**61 838**
Construction contract revenue	5	52 479	52 672
Management and other income	4	8 149	16 051
Share of results from investments in joint ventures	21	9 995	15 061
Total income		**154 304**	**145 622**
Charterhire expenses		(35 383)	(35 409)
Construction contract expenses	5	(36 230)	(45 645)
Operating expenses	6	(31 826)	(23 637)
Project administrative expenses	7,8	(16 017)	(13 070)
Group administrative expenses	7,9	(16 574)	(9 146)
Business development expenses	7,10	(17 913)	(20 594)
Operating profit (loss) before depreciation and impairment		**361**	**(1 879)**
Depreciation	11	(21 068)	(17 169)
Impairment	11,13	(44 836)	-
Operating profit (loss) after depreciation and impairment		**(65 543)**	**(19 048)**
Interest income		1 778	2 287
Interest expenses	18	(18 341)	(3 315)
Income from other financial items		562	1 084
Expenses from other financial items	19	(4 795)	(1 323)
Net financial items		**(20 796)**	**(1 268)**
Profit (loss) before tax		**(86 339)**	**(20 316)**
Tax	25	(2 017)	(486)
Profit (loss) for the year		**(88 356)**	**(20 802)**
Other comprehensive income:			
Items that will not be reclassified to profit (loss)			
Net gain (loss) on other capital reserves		(420)	(103)
Items that may be subsequently reclassified to profit (loss)			
Net gain (loss) on hedging reserves	14	(29 285)	14 274
Share of OCI from joint ventures	14,21	(16 218)	50 461
Other comprehensive income (loss) for the year		**(45 923)**	**64 632**
Total comprehensive income (loss) for the year		**(134 279)**	**43 830**
Profit (loss) of the year attributable to (from):			
Equity holders of the parent		(93 818)	(20 802)
Non-controlling interests	21	5 462	-
Total		**(88 356)**	**(20 802)**
Total comprehensive income (loss) attributable to (from):			
Equity holders of the parent		(135 935)	43 830
Non-controlling interests	21	1 656	-
Total		**(134 279)**	**43 830**
Earnings per share attributable to equity holders of the parent during the period:			
Basic and diluted earnings per share (loss)		(1,37)	(0,30)

[1] *2013 has been restated due to implementation of IFRS 11. See Notes 2.24 and 2.25 for further description.*

The notes on page 34 to 79 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

USD'000	Note	As at 31 December 2014	As at 31 December 2013 Restated [1]	As at 1 January 2013 Restated [1]
ASSETS				
Non-current assets				
Intangible assets				
Deferred tax assets	25	374	772	789
Licenses, design and other intangibles	13	37 002	73 321	73 237
Tangible assets				
Investments in FSRUs and LNG Carrier	11	896 978	36 794	49 279
Investments in new buildings under construction	12	127 092	379 119	225 716
Investment in joint ventures	21	-	223	4 365
Other non-current financial assets	31	27 124	17 970	1 649
Other non-current assets	30	9 825	16 086	11 628
Shareholder loans	32	12 287	17 848	22 446
Restricted cash	15	15 184	-	10 701
Total non-current assets		**1 125 866**	**542 133**	**399 810**
Current assets				
Bunkers and Inventories		968	73	64
Unbilled construction contract receivable	5	-	52 672	-
Trade and other receivables	26	15 948	7 549	5 358
Shareholder loans	32	6 665	7 113	6 675
Marketable securities	16	117 317	13 794	113 877
Restricted cash	15	23 735	13 595	1 800
Cash and cash equivalents	15	66 302	47 151	117 127
Total current assets		**230 935**	**141 947**	**244 901**
TOTAL ASSETS		**1 356 801**	**684 080**	**644 711**
EQUITY AND LIABILITES				
Equity				
Share capital	22	699	699	699
Other paid-in capital		419 835	337 797	336 371
Capital reserves		(85 936)	(70 666)	(135 297)
Retained earnings		27 458	121 276	142 079
Equity attributable to equity holders of the parent		**362 056**	**389 106**	**343 851**
Non-controlling interests		96 929	-	-
Total equity		**458 985**	**389 106**	**343 851**
Non-current liabilities				
Deferred tax liability		150	-	-
Non-current interest-bearing debt	17	636 257	143 722	132 788
Investment in joint ventures	21	95 012	86 208	141 996
Other non-current financial liabilities	14,31	61 964	10 409	857
Deferred revenue		983	-	-
Total non-current liabilities		**794 366**	**240 339**	**275 641**
Current liabilities				
Current interest bearing debt	17	46 822	20 844	6 997
Income tax payble	25	491	-	-
Trade and other payables	27	13 930	11 098	10 070
Other current financial liabilities	14,29	27 712	11 424	2 473
Provisions and accruals	28	14 495	11 269	5 679
Total current liabilities		**103 450**	**54 635**	**25 219**
TOTAL EQUITY AND LIABILITIES		**1 356 801**	**684 080**	**644 711**

[1] *Financial positions at 1 January 2013 and 31 December 2013 have been restated due to implementation of IFRS 11. See Notes 2.24 and 2.25 for further description.*

The notes on page 34 to 79 are an integral part of these consolidated financial statements.

Hamilton/ Paris, 24 March 2015

The Board of Directors and the President of Höegh LNG Holdings Ltd.

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

Cameron E. Adderley
Director

Timothy J. Counsell
Director

Andrew Jamieson
Director

Guy D. Lafferty
Director

Ditlev Wedell-Wedellsborg
Director

Sveinung J.S. Støhle
President

Consolidated statement of changes in equity

USD'000	Note	Issued capital Note 22	Share premium	Treasury shares	Other paid in capital	Hedging reserves Note 14	Other capital reserves	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to equity holders of the parent									
Balance at 1 January 2013 (restated)		**699**	**344 198**	**(12)**	**(7 815)**	**(132 958)**	**(2 340)**	**142 079**	**343 850**	**-**	**343 850**
Profit (loss) for the year		-	-	-	-	-		(20 803)	(20 803)	-	(20 803)
Other comprehensive income for the year		-	-	-	-	64 734	(103)	-	64 632	-	64 632
Total comperehensive income for the year		**-**	**-**	**-**	**-**	**64 734**	**(103)**	**(20 803)**	**43 829**	**-**	**43 829**
Issue of share capital 7 June 2013		0	60	-	-	-	-	-	60	-	60
Share-based payments	24	-	-	-	1 366	-	-	-	1 366	-	1 366
Total transactions with owners of the company, recognised directly in equity		0	60	-	1 366	-	-	-	1 426	-	1 426
At 31 December 2013		**699**	**344 257**	**(12)**	**(6 449)**	**(68 223)**	**(2 443)**	**121 276**	**389 105**	**-**	**389 105**
Profit (loss) for the year		-	-	-	-	-		(93 818)	(93 818)	5 462	(88 356)
Other comprehensive income for the year		-	-	-	-	(41 697)	(420)	-	(42 117)	(3 806)	(45 923)
Total comperehensive income for the year		**-**	**-**	**-**	**-**	**(41 697)**	**(420)**	**(93 818)**	**(135 935)**	**1 656**	**(134 279)**
Issue of share capital 12 June 2014		0	60	-	-	-	-	-	60	-	60
Other changes in paid-in capital		-	-	-	384	-	-	-	384	-	384
Share-based payments	24	-	-	-	2 248	-	-	-	2 248	25	2 273
Net proceeds of equity issuance and non-controlling interests in Hoegh LNG Partners LP	21	-	-	-	79 346	26 848	-	-	106 194	97 273	203 467
MLP dividend to non-controlling interest		-	-	-	-	-	-	-	-	(2 025)	(2 025)
Total transactions with owners of the company, recognised directly in equity		0	60	-	81 978	26 848	-	-	108 886	95 273	204 159
At 31 December 2014		**699**	**344 317**	**(12)**	**75 529**	**(83 072)**	**(2 863)**	**27 458**	**362 056**	**96 929**	**458 985**

¹ 2013 has been restated due to implementation of IFRS 11. See Notes 2.24 and 2.25 for further description.

The notes on page 34 to 79 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

USD'000	Note	Year ended 31 December 2014	2013 Restated [1]
Cash flows from operating activities			
Profit /(loss) before tax		(86 339)	(20 317)
Non-cash adjustment to reconcile profit before tax to net operational cash flows			
Depreciation vessels, drydocking and equipment	11	21 068	17 169
Impairment	11,13	44 836	-
Fair value adjustments on marketable securities		(371)	(917)
Interest income		(1 778)	(2 287)
Interest cost	18	18 341	3 315
Share-based payment cost and BoD remuneration	24	2 272	1 426
Share of profit from joint ventures	21	(9 995)	(15 061)
Net construction contract revenue (mooring)	5	(16 249)	(7 027)
Working capital adjustments			
Change in inventories, receivables and payables		(2 697)	(35)
Procceds from sale of construction contract (mooring)	5	107 931	-
Dividend received from joint ventures		3 460	13 878
Interest received		-	103
Payment of income tax		(117)	(531)
Net cash generated from operating activities		**80 362**	**(10 284)**
Investing activites			
Investments in marketable securities	16	(145 000)	-
Proceeds from sale of marketable securities	16	41 669	101 000
Investments in FSRUs, drydocking, new buildings, mooring		(660 757)	(185 999)
Investment in intangibles, equipment and other		(1 742)	(4 144)
Repayment of shareholder loans		7 276	6 283
Net cash used in investing activities		**(758 554)**	**(82 860)**
Financing activites			
Gross proceeds from equity issuance in Hoegh LNG Partners LP	21	220 800	-
Transaction cost of equity issuance in Höegh LNG Partners LP	21	(17 333)	-
Dividend paid to non-controlling interest (MLP)		(2 025)	-
Net proceeds from borrowings		644 892	44 500
Repayment of borrowings		(88 414)	-
Interest paid		(20 416)	(9 684)
Breakage cost paid on interest rate swaps		(1 100)	-
Change in restricted cash (increase)		(25 324)	-
Payment of debt issuance cost		(13 738)	(11 648)
Net cash flows from financing activities		**697 342**	**23 168**
Net increase in cash and cash equivalents		**19 150**	**(69 975)**
Current cash, cash equivalents at 1 January		47 152	117 127
Current cash and cash equivalents at 31 December	**15**	**66 302**	**47 152**
Guarantees (interest rate swaps Arctic leases)		32 970	28 632
Undrawn facilities	22	241 500	523 500
Aggregate amount of cash flows from joint ventures		(736)	(2 252)

[1] *2013 has been restated due to implementation of IFRS 11. See Notes 2.24 and 2.25 for further description.*

The notes on page 34 to 79 are an integral part of these consolidated financial statements.

Note 1 – Corporate information

Höegh LNG Holdings Ltd. (referred to as the "Parent Company") is an exempted company incorporated with limited liability under the laws of Bermuda. The Parent Company's registered office is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The consolidated financial statements for the fiscal year of 2014 comprise Höegh LNG Holdings Ltd., its subsidiaries and joint venture companies (referred to collectively as the "Company" or the "Group"). The Company is listed at Oslo Børs (the Oslo stock exchange). On 12 August 2014, Höegh LNG Partners LP, a limited partnership formed by the Company, closed the initial public offering of 11,040,000 common units in the partnership raising USD 220.8 million in gross proceeds. The units began trading at the New York Stock Exchange (NYSE) under the ticker "HMLP" on 7 August 2014. Höegh LNG Partners LP and its subsidiaries are collectively referred to as "HMLP" or "the MLP".

Information on the Group's structure is provided in Note 21. Information on other related party transactions of the Group is provided in Note 32.

As of 31 December 2014, the Company operated a fleet of four LNG transportation vessels, five floating storage and regasification units (FSRUs) and had two FSRUs under construction. The Company has further developed a solution for floating LNG production (FLNG).

The Group's strategy is to continue to focus its growth plans on the FSRU and the FLNG market, with the objective of securing long-term contracts with strong counterparts at attractive returns. The Group shall develop, construct, own and operate floating LNG infrastructure services and participate in developing projects related to the LNG sector on long term contracts.

The annual accounts for the Parent Company and the Group for the year ended 31 December 2014 were approved by the Board on 24 March 2015.

Note 2 – Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the financials for the Parent Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the Iwnternational Accounting Standards Board (IASB) and adopted by the EU. The explanations of the accounting principles for the Group also apply to the Parent Company and the notes to the consolidated financial statements will in some cases cover the Parent Company.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and the marketable securities portfolio, which are measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

An additional statement of financial position as at 1 January 2013 is presented in these consolidated financial statements due to retrospective application of certain accounting policies. For a more detailed description, reference is made to Note 2.24.

The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (USD'000) unless otherwise indicated. The cash flow statements are presented using the indirect method.

The Income Statements are presented by showing expenses by their function, as this is the most relevant and reliable presentation for the Group. Disclosures by nature are provided in the notes to the financial statements.

The annual financial statements have been prepared under the going concern assumption.

2.2 Foreign currencies

The Group presents its financial statements in USD. This is also the functional currency for all the material companies in the Group.

Transactions in other currencies than USD are recognised in USD at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to USD using the exchange rate at the reporting date. Non-monetary items measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the initial transaction.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014.

On 1 January 2014, the Company implemented IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, and the amended IAS 28 Investments in Associates and Joint Ventures with retrospective application to 1 January 2013. A third balance sheet setting out the opening balance at 1 January 2013 is therefore presented in the statement of financial position.

(a) Subsidiaries

Subsidiaries are all entities in which the Company has a controlling interest. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has de facto power over an investee. The Group re-assesses whether or not it controls an investee if facts and circumstances change.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated as of the date the control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of the acquiree’s identifiable net assets at the time of the transaction. Any change in ownership interests without change of control is accounted for as equity transactions towards non-controlling interest.

(b) Investment in joint ventures

The group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations. The Group has assessed the nature of all its joint agreements and assessed them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost and adjusted thereafter to recognise the post-acquisition profits or losses, movements in other comprehensive income or dividends received.

Unrealised gains and losses resulting from transactions between the Group and joint ventures are eliminated to the extent of the interest in the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.4 Segment reporting

Operating segments are reported in accordance with the internal reporting provided to the chief operating decision- makers defined as the Board of Directors of Höegh LNG Holdings Ltd., who are responsible for allocating resources to and assessing the performance of the operating segments.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The specific recognition criteria described below must also be met before revenue is recognised.

(a) Income on time charter basis

Chartering arrangements, in which substantially all of the risks and rewards of the ownership of the underlying LNG carrier or FSRU are retained by the Group, are classified as operating leases pursuant to IAS 17. Income from operating leases is recognised on a straight-line basis as time charter income. The Group does not recognize time charter income during periods when the underlying vessel is off-hire. When the vessel is off hire, voyage expenses may be incurred and paid by the Company. Voyage expenses include bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls and agency fees.

(b) Construction contract revenue

For fixed price construction contracts, when the outcome can be estimated reliably, construction contract revenues are recognised based on the percentage of completion method pursuant to IAS 11.

In applying the percentage of completion method, revenue recognized corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

Contract revenue — Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue, and they can be reliably measured.

Contract costs — Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: Site labour costs (including site supervision), costs of materials used in construction, depreciation of equipment used on the contract, costs of design and technical assistance that is directly related to the contract.

(c) Management and other income

The Group receives management income from technical, commercial and administrative services delivered to joint ventures and other income from engineering studies provided to a third party. This income is recognised in the period in which the service is provided.

2.6 Operating expenses

FSRU and LNG carrier operating expenses include crew personnel expenses, repairs and maintenance, insurance, stores, lube oils, communication expenses and management fees. When vessels are on hire, the majority of vessel operating expenses are reimbursed from the charterer. When the vessel is off hire, vessel operating expenses are mainly by owner's account.

2.7 Current versus non-current classification

The Group's recognition of current and non-current items in the financial position is determined by maturity of less and more than 12 months, respectively. Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current, alternatively separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at hand, bank deposits and short-term deposits with maturity of three months or less.

2.9 Fair value measurement

Financial instruments, such as derivatives, are measured at fair value. The fair value of financial instruments traded in active markets is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. The fair value of financial instruments not traded in active markets is determined using appropriate valuation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Marketable securities; Note 16
- Financial risk management objectives and policies; Note 14

2.10 Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. The measurement principles for the relevant categories for the Company are described below:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value in the income statement.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate.

(b) Financial assets at fair value through other comprehensive income

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks that are within the scope of IAS 39.

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or expense is recognised or when a forecast transaction occurs.

Derivative financial instruments that are designated as, and are effective hedging instruments are separated into a current and non-current portion consistent with the classification of the underlying item.

2.11 Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost. The interest element is disregarded if it is insignificant, which is normally the situation for the Group. Should there be objective evidence of a decline in value, the difference between the carrying amount and the estimated recoverable amount is recognised as a loss.

2.12 Tangible assets

Non-current assets such as FSRUs, conventional LNG Carriers, investments in construction of newbuildings and equipment are carried at cost less accumulated depreciation and impairment charges. Cost is directly attributable cost plus borrowing cost during construction.

a) Depreciation of FSRUs and LNG Carriers

Depreciation is calculated on a straight-line basis over the estimated useful life of a vessel taking its residual value into consideration. Useful life is estimated at 35 years to the Group’s fleet.

Certain capitalised elements like costs related to major classification/dry-docking have shorter estimated useful life and are depreciated until the next planned dry docking, typically over a three to five years period. When second hand vessels are purchased and newbuildings are delivered, a portion of the price paid is classified as dry docking. Costs of day-to-day servicing, maintenance and repairs are expensed.

The useful life and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

b) Newbuildings
FRSUs under construction are classified as non-current assets and recognised at the costs incurred till date.

Newbuildings are not depreciated prior to the delivery as an FSRU or an LNG Carrier. Borrowing costs directly attributable to the construction of FSRUs are added to the cost of the vessels, until such time as the vessels are ready for their intended use.

c) Equipment
Investments in office equipment and IT are depreciated over a 3-5 year period based on a straight-line basis.

2.13 Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of separately acquired intangible assets comprises the purchase price and any directly attributable costs. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of capitalised intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and are treated as a change in accounting estimates. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised as an intangible asset when the Group can demonstrate abilities to complete, use or sell the asset.

2.14 Lease accounting
Leases in which a significant portion of the risks and rewards of ownership are retained by the Group as lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-basis over the period of the lease.

Lease of vessels or equipment where the Group as lessor have transferred substantially all the risks and rewards of ownership are classified as financial leases.

At the inception of a financial lease the lower of fair value of the leased item or the present value of minimum lease payments are recognised as a receivable towards the charterer. The vessel is derecognised. Each lease payment received is allocated between reducing the receivable and interest income. The interest element is recorded as revenue to the income statement over the lease period, so as to produce a periodic rate of interest on the remaining balance of the receivable.

2.15 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow or resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented net of any reimbursement.

2.16 Equity
Own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Transaction costs related to an equity transaction are recognised directly in equity, net of tax.

2.17 Income tax
The companies in the Group are subject to income tax in certain countries in which they operate. Income tax expense in these entities represents the current income tax and changes in any deferred tax assets and liabilities.

(a) Current income tax
Current income tax assets and liabilities for the current period are measured at the amount recovered from or expected paid to the tax authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates

taxable income.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.18 Impairment of assets

(a) Financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. For financial assets carried at amortised cost the Group assesses whether objective evidence of impairment exists. If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows.

(b) Vessels, Newbuildings and Equipment

The carrying amounts of FSRUs, LNG Carriers, newbuildings and equipment are tested for impairment whenever there are indications that the value may be impaired. When such indicators exist, the Company estimates the asset's recoverable amount. The recoverable amount is the highest of the fair market value of the asset, less cost to sell, and the net present value (NPV) of future estimated cash flows from the employment of the asset ("value in use").To calculate a NPV, an asset specific interest rate is applied based on the Company's long term borrowing rate and a risk free rate plus a risk premium for the equity. If the recoverable amount is lower than the book value, the asset is revalued to the recoverable amount.

Generally, all vessels are considered separate cash generating units and assessed independently. Future cash flows are based on expected charter earnings and estimated operating expenses over the remaining useful life of the vessel.

(c) Intangible assets

For intangible assets with indefinite useful lives and intangible assets in the development phase, the Group performs impairment testing annually and when circumstances indicate that the carrying amount may be impaired. For intangible assets with finite lives impairment testing is carried out whenever there is an indication of impairment.

As part of the impairment testing, the Group estimates the recoverable amounts, which is the higher of the asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years.

2.19 Interest bearing debt

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.20 Deferred debt issuance costs

Debt issuance costs, including arrangement fees and legal expenses, are deferred and netted against the financial liability in the balance sheet and amortised on an effective interest rate method over the tenor of the relevant loan. Amortisation of debt issuance costs is included as a component of interest expense. If a loan is repaid early, any unamortised portion of the deferred debt issuance costs is recognised as interest expense in the period in which the loan is repaid.

2.21 Share-based payments

Certain members of the Management of the Group receive remuneration in the form of share-based payments, whereby Management render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional, upon a market or non-vesting condition. When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.22 Events after balance sheet date

New information on the Group's positions at the balance sheet date is taken into account in the annual financial statements. Subsequent events that do not affect the Group's position at the balance sheet date, but which will affect the Group's position in the future, are disclosed if significant.

2.23 Shares and units in subsidiaries (Parent only)

Shares and units in subsidiaries in are in the Parent accounts recorded at cost. These investments are reviewed for impairment when there are indicators that carrying amount may not be recoverable. Dividend or other distributions from subsidiaries are recognised when the Parent's right to receive payments is established. These transactions are all eliminated on consolidation.

2.24 New and amended standards and interpretations adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the Group:

IFRS 10 Consolidated financial statements

The standard builds on excising principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the Parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess; implementation of the standard has not impacted on the financial statements of the Company.

IFRS 11 Joint arrangements

The standard focuses on the rights and obligations of the parties to the arrangement rather than the legal form. The standard defines two types of arrangements; joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidations of joint ventures are no longer permitted.

The Group has joint interests in entities that meet the definition of a joint venture and these have been accounted for according to the equity method.

The share of the profits in joint ventures have been presented on separate lines in the statement of comprehensive income and the investment in a joint venture recorded by one line in the financial position. Prior to the adoption of IFRS 11, the Group's interest in these entities was proportionately consolidated.

The standard became effective for annual periods beginning on or after 1 January 2014 and is implemented retrospectively. The effect of this change is shown in the table at the next page.

IFRS 12 Disclosures of interest in other entities

The standard includes the disclosure requirements of all forms of interest in other entities, including joint arrangements, associates and subsidiaries. As a result of the standard, the Company has extended its disclosure regarding interest in other entities.

2.25 Voluntary change in classification of expenses and effect of change in accounting of joint ventures

The Company has decided to present expenses on a more segregated level. Administrative expenses relating to newbuildings, project set-ups and vessels in operation, including the cost of local offices, are presented by a new line labelled project administrative expenses. These costs are separate from costs related to business development and Group administrative activities. The reclassification has been implemented retrospectively effective for all periods presented. Below table illustrates the impact the change in accounting policy from proportionate consolidation of joint ventures to equity method as described in Note 2.24.

The restatements do not change reported profit or earnings per share.

Impact of change in accounting policy on the consolidated Income statement

USD'000	2013 as previously reported	Voluntary change in classification	Equity acconting for joint ventures	2013 as restated
Freight revenues	115 034		(48 156)	66 878
Voyage expenses	(5 146)		106	(5 040)
Income on T/C basis	**109 888**	**-**	**(48 050)**	**61 838**
Construction contract revenue	52 672		-	52 672
Management and other income	15 453		598	16 051
Share of results from investments in joint ventures	-		15 061	15 061
Total income	**178 013**	**-**	**(32 391)**	**145 622**
Charterhire expenses	(20 568)		(14 841)	(35 409)
Construction contract expenses	(45 645)		-	(45 645)
Operating expenses	(33 789)		10 151	(23 638)
Project expenses	-	(13 070)	-	(13 070)
Administrative expenses	(17 709)	8 036	527	(9 146)
Business development expenses	(25 683)	5 034	55	(20 594)
Operating profit (loss) before depreciation and impairment	**34 619**	**-**	**(36 499)**	**(1 880)**
Gain/(loss) on sale of assets	2 226		(2 226)	-
Depreciation	(30 715)		13 546	(17 169)
Operating profit (loss) after depreciation and impairment	**6 130**	**-**	**(25 179)**	**(19 049)**
Interest income	161		2 125	2 286
Interest expenses	(26 346)		23 031	(3 315)
Income from other financial items	1 041		43	1 084
Expenses from other financial items	(1 303)		(20)	(1 323)
Net financial items	**(26 447)**	**-**	**25 178**	**(1 268)**
Profit (loss) before tax	**(20 316)**	**-**	**-**	**(20 317)**
Tax	(486)		-	(486)
Profit (loss) for the year	**(20 802)**		-	**(20 802)**
Other comprehensive income:				
Items that will not be reclassified to profit or (loss)				
Net gain (loss) on other capital reserves	(103)	-	-	(103)
Items that may be subsequently reclassified to profit or (loss)				
Net gain (loss) on hedging reserves	64 734	-	(50 461)	14 273
Share of OCI from joint ventures	-	-	50 461	50 461
Other comprehensive income (loss) for the year	**64 631**	**-**	**-**	**64 631**
Total comprehensive income (loss) for the year	**43 829**	**-**	**-**	**43 829**
Total comprehensive income (loss) for the year	**108 460**	**-**	**-**	**108 460**

Impact of change in accounting policy on consolidated balance sheet

USD'000	As at 31 December 2013	Equity acconting for joint ventures	As at 31 December as restated	As at 1 January 2013	Equity acconting for joint ventures	As at 1 January as restated
ASSETS						
Non-current assets						
Intangible assets						
Deferred tax assets	772	-	772	789	-	789
Licenses, design and other intangibles	73 321	-	73 321	73 237	-	73 237
Tangible assets					-	
Investments in FSRUs and LNG Carrier	455 097	(418 303)	36 794	483 683	(434 404)	49 279
Investments in new buildings under construction	379 119	-	379 119	225 716	-	225 716
Investment in joint ventures	-	223	223	-	4 365	4 365
Non-current financial assets	17 985	(15)	17 970	1 649	-	1 649
Other non-current assets	16 070	16	16 086	11 628	-	11 628
Shareholder loans	-	17 848	17 848	-	22 446	22 446
Restricted cash	12 552	(12 552)	-	23 253	(12 552)	10 701
Total non-current assets	**954 916**	**(412 783)**	**542 133**	**819 955**	**(420 145)**	**399 810**
Current assets						
Bunkers and inventories	87	(14)	73	84	(20)	64
Unbilled construction contract receivable	52 672	-	52 672	-	-	-
Trade and other receivables	8 460	(912)	7 549	5 528	(170)	5 358
Shareholder loans	-	7 113	7 113	-	6 675	6 675
Marketable securities	13 794	-	13 794	113 877	-	113 877
Restricted cash	13 595	0	13 595	1 800	-	1 800
Cash and cash equivalents	57 474	(10 323)	47 151	130 882	(13 755)	117 127
Total current assets	**146 082**	**(4 136)**	**141 946**	**252 171**	**(7 270)**	**244 901**
TOTAL ASSETS	**1 100 998**	**(416 918)**	**684 080**	**1 072 126**	**(427 415)**	**644 711**
EQUITY AND LIABILITES						
Equity						
Share capital	699	-	699	699	-	699
Other paid-in capital	337 797	-	337 797	336 371	-	336 371
Capital reserves	(70 666)	-	(70 666)	(135 297)	-	(135 297)
Retained earnings	121 276	-	121 276	142 078	-	142 078
Equity attributable to equity holders of the parent	389 106	-	**389 106**	**343 850**	**-**	**343 850**
Non-controlling interests	-	-	**-**	**-**		
Total equity	**389 106**	**-**	**389 106**	**343 850**	**-**	**343 850**
Non-current liabilities						
Non-current interest-bearing debt	535 298	(391 576)	143 722	538 680	(405 892)	132 788
Investment in joint ventures	-	86 208	86 208	-	141 996	141 996
Other non-current financial liabilities	71 114	(60 705)	10 409	110 648	(109 791)	857
Other long term debt	11 386	(11 386)	-	11 656	(11 656)	-
Total non-current liabilities	**617 798**	**(377 459)**	**240 339**	**660 984**	**(385 343)**	**275 641**
Current liabilities						
Current interest bearing debt	35 310	(14 466)	20 844	20 653	(13 656)	6 997
Trade and other payables	12 432	(1 334)	11 098	12 052	(1 982)	10 070
Other current financial liabilities	33 912	(22 488)	11 424	26 606	(24 133)	2 473
Provisions and accruals	12 440	(1 171)	11 269	7 981	(2 301)	5 680
Total current liabilities	**94 094**	**(39 459)**	**54 635**	**67 292**	**(42 072)**	**25 220**
TOTAL EQUITY AND LIABILITIES	**1 100 998**	**(416 918)**	**684 080**	**1 072 126**	**(427 415)**	**644 711**

2.26 Standards issued but not yet effective
Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective, are disclosed below to the extent they are considered relevant for the Group. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

IFRS 9 Financial instruments (replacement of IAS 39)
IFRS 9 will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: Classification and measurement, hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as part of this project have been transferred into IFRS 9. If not early adopted, the standard becomes effective 1 January 2018. The Group have made a preliminary assessment of the effect of the standard without identifying any material impact on the Groups financial performance.

IFRS 15 Revenue from contracts with customers
The IASB and the FASB have issued their joint revenue recognition standard, IFRS 15. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). If not early adopted, the standard becomes effective 1 January 2017. The Group has made a preliminary assessment of the effect of the standard without identifying any material impact on the Group's financial performance.

IFRIC Interpretation 21 Levies
IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating vent that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation includes guidance illustrating how the Interpretation should be applied. Within the EU/EEA, the Interpretation is effective for annual periods beginning on or after 17 June 2014.

Other changes in accounting policies are considered to not cause material effects for the Group.

2.27 Significant accounting judgements, estimates and assumptions
The preparation of financial statements requires management to make estimates, assumptions and judgements that affect the application of the accounting principles and the reported amounts of assets and liabilities, revenues and expenses. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Significant judgements
The Company has applied significant judgments in applying the Group's accounting policies mainly relating to the following:

- Lease classifications: Classification of lease agreements as operational or financial leases.
- Consolidation of entities in which the Group hold less than 50% of the voting rights.
- Classification of interest in joint arrangement.

Lease classifications: Classification of lease agreements as operational or financial leases
During 2014, the Group commenced time charter parties ("TCP") for two FSRUs. The Group have evaluated the terms and conditions of the TCPs. The evaluation includes any options granted, the lease terms not constituting a major part of the economic life of the FSRU and the estimated fair value of the asset compared to the discounted future minimum lease payments. Based on an overall evaluation, the Company has concluded that it retains the significant risks and rewards of ownership of the FSRUs. As such, the TCPs are accounted for as operating leases.

Consolidation of entities in which the Group hold less than 50% of the voting rights

Höegh LNG Partners LP

The Company held 58.04 % of the units in the MLP at 31 December 2014. Management concluded that the Group has de facto control of HMLP even though it has less than 50% of the voting rights. See Note 21 for additional information. An evaluation of de facto control involves assessing all of the facts and circumstances including the current composition of the board of directors of HMLP, the rights of unitholders and other arrangements and relationships between the parties. Management's assessment is based on the combination of factors where the current composition of the board of directors of Höegh LNG Partners LP was an important element in the overall conclusion.

PT Hoegh LNG Lampung

Höegh LNG Partners LP owns 49% of the shares in PT Hoegh LNG Lampung, a company owning and operating PGN FSRU Lampung. The Group has the power to make the most significant key operating decisions and receives all the expected benefits or expected losses. Therefore, 100% of the assets, liabilities, revenues and expenses are consolidated.

Classification of joint arrangements

When implementing IFRS 11 as described under Note 2.24 the Group has evaluated whether its joint agreements are to be accounted for as joint ventures or joint operations. All joint arrangements are structured as limited companies and provide the Group and the parties to the agreements with rights to the net assets of the limited company under the agreements. Therefore, management has determined that all arrangements should be accounted for as joint ventures. Refer to Note 21 for further information of the Company's interests in joint ventures.

Significant estimates and assumptions

The Company have applied significant estimates and assumptions mainly relating to the following:

- Value in use (VIU) (Impairment).
- Depreciation of FSRUs and LNG Carriers.
- Construction contracts (mooring) – Estimates of contract revenue, contract cost and percentage of completion.
- Tax positions.

VIU

The Company reviews periodically whether cash-generating units containing intangible assets have indications of impairment. The recoverable amounts have been determined based on value-in-use calculations. The impairment testing for cash-generating unites requires a number of estimates and judgements in order to calculate the net present value of estimated future cash flows such as the development in project revenues and costs, the discount rate, etc. The key assumptions used for the impairment testing are discussed in Note 13.

The impairment calculations demand a high degree of estimation and management must make complex assessments in regard to the expected cash flows arising from such assets and the discount rates. Changes to these estimates could significantly impact the book value of the assets.

Depreciation of FSRUs and LNG Carriers

Depreciation of vessels is based on the expected useful life for vessels. This is to some extent influenced by future market conditions and future scrap prices. At the end of useful life for vessels, residual values are annually reassessed. In case of significant changes in assumptions, depreciation is adjusted prospectively. The Management's expectations to useful life of the FSRUs and LNG Carriers are 35 years.

Construction contract - Mooring

Construction contract revenues are recognised based on the percentage of completion method, a method relying to a large extent on the use of estimates. The accounting treatment relies on estimates of;

- Construction revenue.
- Construction expenses.
- Percentage of completion.

It is necessary for the Company to have an effective internal financial budgeting and reporting system. The Company reviews and, when necessary, revises the estimates of contract revenues and contract costs as the contract progresses. The impact on revenues and expenses from adjustments to estimates during the construction period is made on a cumulative basis in the period when such information has become available.

The stage of completion of the contract is determined as the proportion of contract costs incurred for work performed to date as proportion to the estimated total contract costs. Construction contract expenses include direct costs on contracts, including project management, labour and materials, amounts payable to subcontractors and borrowing cost. The estimates are exposed to risks in the reporting from external contractors.

As of 31 December 2014, the client had accepted delivery of the mooring system. Remaining risk is related to guarantee provisions.

Accounting of uncertain tax position

Benefits of uncertain tax positions are recognised when it is probable that a tax position taken in a tax return will be sustained upon examination based on the technical merits of the position. In 2013, a tax loss was incurred in Indonesia principally due to unrealised losses on foreign exchange that do not impact the income statement prepared in the functional currency of USD. In 2014, the Indonesia authorities has approved the change of currency for tax reporting to USD. Under existing tax law, it is not clear if the prior year tax loss carry forward from foreign exchange losses can be utilised when the tax reporting currency is subsequently changed. The Company has not recorded any deferred tax on the tax loss carried forward at 31 December 2014.

Note 3 – Segment reporting

Management monitors the operating results of the Company's operating segments separately for the purpose of making considerations about resource allocation and performance assessment. No segment assets or liabilities other than FSRUs, LNG Carriers, newbuildings, interest bearing debt and intangible assets are part of the information. On 12 August 2014, the initial public offering of Höegh LNG Partners LP (HMLP) was closed. HMLP is a master limited partnership listed on the New York Stock Exchange with its own Board, who will monitor the results of HMLP as a separate segment. As a result, a new operating segment was formed as of 12 August 2014. Segment results have not been restated since the information is not necessarily comparable to the new legal entity.

The performance of the Company's joint ventures is evaluated using the proportionate consolidation method rather than the equity method used in the consolidated statement of comprehensive income. The proportionate method, gives the Board a higher level of information about the operation of the joint ventures. For information about the joint venture investments refer to Note 21.

The new structure is in accordance with the Group's new internal financial reporting, which does not focus on geography. The Group's revenue from external customers in Bermuda (its country of incorporation) is zero.

The financial reporting is divided into the following five operating segments:

- Commercial
- HMLP
- FLNG
- Technical; and
- Administration and other.

The Commercial segment is responsible for the commercial management of the Company's fleet of FSRUs and LNG Carriers and tender activities for new regasification and transportation business. The segment records income on a TCP basis, management income, charter hire expenses and operating expenses. The Commercial segment is also responsible for the marketing and sale of FSRUs to be used as floating LNG import terminals and LNG carriers.

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

HMLP was formed to own, operate and acquire FSRUs, LNG carriers and other LNG infrastructure assets under long-term charters, which is defined as charters of five or more years. The interests in HMLP's initial fleet of FSRUs were contributed to HMLP by the Parent Company. Under terms of agreements within the Group, the Company is obliged to offer to HMLP any FSRU or LNG carrier operating under a charter of five or more years. The capitalised costs attributable to HMLP segment relate to the three FSRUs.

The FLNG segment records income and expenses relating to engineering studies and marketing of the Company's FLNG solutions. The capitalised costs relate to investments in front-end engineering design of an FLNG.

The Technical segment provides specialist technical and project personnel to the Group's projects, and is responsible for the construction of floating regasification terminals as well as conventional LNG Carriers. In addition, it is responsible for the execution of new regasification and transportation projects up until delivery. The segment records income paid for technical management services to jointly owned LNG Carriers accounted for according to the equity method and by third party owners of the vessels. The segment further records revenue and expenses relating to new regasification and transportation contracts until delivery. The capitalised costs attributable to the segment relate to the FSRU newbuilding programme.

The Administrative and other segment consist 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.

Segment performance is evaluated based on operating profit before depreciation ("EBITDA"). No segment liabilities are part of the information regularly provided to executive management.

Table: Segment information to year ended 31 December 2014

Segment information USD million	Commercial	FLNG	Technical	HMLP [2]	Other	Consolidated (prop.)	Adjustments	Consolidated (equity method)
Income statement	2014	2014	2014	2014	2014	2014	2014	2014
Freight revenue	104,9	0,0	0,0	25,9	0,0	130,8	(40,8)	90,0
Voyage expenses	(5,3)	0,0	0,0	(1,0)	0,0	(6,3)	0,0	(6,3)
Income on T/C basis	**99,6**	**0,0**	**0,0**	**24,9**	**0,0**	**124,5**	**(40,8)**	**83,7**
Construction contract revenue	0,0	0,0	39,7	12,8	0,0	52,5	0,0	52,5
Management and other income	2,5	3,7	3,0	(1,8)	0,0	7,5	0,7	8,1
Share of results from inv. in JVs	0,0					0,0	10,0	10,0
TOTAL INCOME	**102,1**	**3,7**	**42,7**	**35,8**	**0,0**	**184,4**	**(30,1)**	**154,3**
Charter hire expenses	(20,6)	0,0	0,0	0,0	0,0	(20,6)	(14,8)	(35,4)
Operating expenses	(31,2)	0,0	(0,3)	(6,0)	0,0	(37,6)	5,8	(31,8)
Construction contract expenses	0,0	0,0	(32,0)	(4,2)	0,0	(36,1)	(0,1)	(36,2)
Project administration expenses	(4,1)	0,0	(10,0)	(2,0)	0,0	(16,1)	0,1	(16,0)
Group administrative expenses	0,0	0,0	(3,3)	(1,5)	(13,5)	(18,3)	1,7	(16,6)
Business development expenses	(6,7)	(11,3)	0,0	0,0	0,0	(17,9)	0,0	(17,9)
EBITDA	**39,6**	**(7,6)**	**(2,9)**	**22,1**	**(13,5)**	**37,7**	**(37,4)**	**0,4**
Gain/(loss) on sale on assets	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Depreciation	(27,3)	0,0	(0,1)	(6,5)	(0,8)	(34,7)	13,6	(21,1)
Impairment charge	(44,8)	0,0	0,0	0,0	0,0	(44,8)	0,0	(44,8)
EBIT	**(32,6)**	**(7,6)**	**(3,0)**	**15,6**	**(14,2)**	**(41,8)**	**(23,8)**	**(65,5)**
Interest expenses	(23,3)	0,0	(4,0)	(11,1)	(2,9)	(41,3)	23,0	(18,3)
Interest income	0,0	0,0	0,0	1,0	0,0	1,0	0,8	1,8
Other financial items	(1,0)	0,0	(0,1)	(1,6)	(1,6)	(4,3)	0,0	(4,2)
Net financials	**(24,2)**	**0,0**	**(4,1)**	**(11,8)**	**(4,5)**	**(44,6)**	**23,8**	**(20,8)**
Profit before tax	**(56,8)**	**(7,5)**	**(7,1)**	**3,8**	**(18,7)**	**(86,3)**	**(0,0)**	**(86,3)**
Tax	(1,2)	0,0	0,0	(0,3)	(0,5)	(2,0)	(0,0)	(2,0)
Profit after tax	**(58,0)**	**(7,5)**	**(7,1)**	**3,5**	**(19,2)**	**(88,3)**	**(0,0)**	**(88,3)**

[2] HMLP segment comprises amounts for the period 13 August 2014 – 31 December 2014. If new structure had not been established, the amounts presented in the MLP segment would have been presented in the commercial segment

Table: Selected non-current assets by segments 31 December 2014

Segment information USD million	Commercial	FLNG	Technical	HMLP	Other	Consolidated (prop.)	Adjustments	Consolidated (equity method)
Intangible assets								
intangibles	0,0	37,0	0,0	0,0	0,0	37,0	0,0	37,0
Tangible assets								
Vessels and new buildings	735,2	0,0	132,5	568,2	0,0	1 435,9	(411,8)	1 024,1
Liabilities								
External interest-bearing debt	514,7	0,0	0,0	459,6	100,6	1 074,8	(391,7)	683,1

Table: Segment information to year ended 31 December 2013

Segment information USD million	Commercial	FLNG	Technical	HMLP ²	Other	Consolidated (prop.)	Adjustments	Consolidated (equity method)
Income statement	2013	2013	2013	2013	2013	2013	2013	2013
Freight revenue	115,0	0,0	0,0	0,0	0,0	115,0	(48,2)	66,9
Voyage expenses	(5,2)	0,0	0,0	0,0	0,0	(5,2)	0,1	(5,0)
Income on T/C basis	**109,9**	**0,0**	**0,0**	**0,0**	**0,0**	**109,9**	**(48,0)**	**61,8**
Construction contract revenue	0,0	0,0	52,7	0,0	0,0	52,7	0,0	52,7
Management and other income	2,4	10,0	3,1	0,0	0,0	15,5	0,6	16,1
Share of results from inv. in JVs						0,0	15,1	15,1
TOTAL INCOME	**112,3**	**10,0**	**55,7**	**0,0**	**0,0**	**178,0**	**(32,4)**	**145,6**
Charter hire expenses	(20,6)	0,0	0,0	0,0	0,0	(20,6)	(14,8)	(35,4)
Operating expenses	(33,8)	0,0	0,0	0,0	0,0	(33,8)	10,2	(23,6)
Construction contract expenses	0,0	0,0	(45,7)	0,0	0,0	(45,7)	0,0	(45,7)
Project administration expenses	(3,9)	0,0	(9,6)	0,0	0,0	(13,5)	0,4	(13,1)
Group administrative expenses	0,0	0,0	(0,7)	0,0	(8,4)	(9,2)	0,0	(9,1)
Business development expenses	(4,6)	(16,1)	0,0	0,0	0,0	(20,7)	0,1	(20,6)
EBITDA	**49,4**	**(6,1)**	**(0,2)**	**0,0**	**(8,4)**	**34,6**	**(36,5)**	**(1,9)**
Gain/(loss) on sale on assets	2,2	0,0	0,0	0,0	0,0	2,2	(2,2)	0,0
Depreciation	(29,6)	0,0	0,0	0,0	(1,1)	(30,7)	13,5	(17,2)
Impairment charge	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EBIT	**22,0**	**(6,1)**	**(0,2)**	**0,0**	**(9,5)**	**6,2**	**(25,2)**	**(19,1)**
Interest expenses	(20,3)	0,0	4,2	0,0	(10,3)	(26,4)	23,0	(3,3)
Interest income	0,2	0,0	0,0	0,0	0,0	0,2	2,1	2,3
Other financial items	(0,3)	0,1	0,0	0,0	(0,1)	(0,3)	0,0	(0,2)
Net financials	**(20,4)**	**0,1**	**4,2**	**0,0**	**(10,4)**	**(26,5)**	**25,2**	**(1,3)**
Profit before tax	**1,6**	**(6,1)**	**4,0**	**0,0**	**(19,9)**	**(20,3)**	**(0,0)**	**(20,3)**
Tax	0,0	0,0	0,0	0,0	(0,5)	(0,5)	0,0	(0,5)
Profit after tax	**1,6**	**(6,1)**	**4,0**	**0,0**	**(20,4)**	**(20,8)**	**(0,0)**	**(20,8)**

Table: Selected non-current assets by segments 31 December 2013

Segment information USD million	Commercial	FLNG	Technical	HMLP	Other	Consolidated (prop.)	Adjustments	Consolidated (equity method)
Intangible assets								
intangibles	36,3	37,0	0,0	0,0	0,0	73,3	0,0	73,3
Tangible assets								
Vessels and new buildings	455,1	0,0	379,1	0,0	0,0	834,2	(418,3)	415,9
Current assets/ (current liabilities)								
Unbilled construction contract receiv	0,0	0,0	52,7	0,0	0,0	52,7	0,0	52,7
Liabilities								
External interest-bearing debt	442,1	0,0	0,0	0,0	128,5	570,6	(406,0)	164,6

Note 4 - Income

Freight revenues

The Company is a fully integrated provider of floating LNG services. As at 31 December 2014, the Group, including its joint ventures, operated five FSRUs and three LNG Carriers.

Income from GDF Suez Neptune and GDF Suez Cape Ann is recorded through shares of results in joint ventures. Arctic Lady and Arctic Princess are owned together with joint venture partners, but subleased to the Company, which holds the charter contracts.

Table: Time charter contracts in operation as at 31 December 2014:

Vessel	Type	Charterer	Country	TCP	Expiry	Option
Arctic Princess	LNGC	Statoil ASA	Norway	20 years	January 2026	5 +5 years
Arctic Lady	LNGC	Total E&P Norge AS	Norway	20 years	April 2026	5 + 5 years
Independence	FSRU	AB Klaipedos Nafta	Lithuania	10 years	December 2024	-
PGN FSRU Lampung	FSRU	PT PGN LNG Indonesia	Indonesia	20 years	July 2034	5 + 5 years
LNG Libra	LNGC	Gas Natural Aprovisionamientos SDG, S.A	Spain	1 year	December 2015	1 year
Accounted for under the equity method of consolidation						
GDF Suez Neptune	FSRU	GDF Suez Global LNG Supply SA	France	20 years	November 2029	5 +5 years
GDF Suez Cape Ann	FSRU	GDF Suez Global LNG Supply SA	France	20 years	June 2030	5+ 5 years

The increase in freight revenues from USD 66.9 million in 2013 to USD 90.0 million in 2014 is mainly due to PGN FSRU Lampung and Independence coming into operation in the second half of 2014.

The table below specifies the expected TCP hire to be received from 1 January 2015 to the end of the firm charter party for all the Group's vessels, not including income from GDF Suez Neptune and GDF Suez Cape Ann, which is presented through Share of results in joint ventures.

Expected future T/C income	< 1 year	1 to 5 years	> 5 years	Total
Total	**203 130**	**843 243**	**1 347 550**	**2 393 923**

Expected future TC income includes the Artic vessels, Independence, PGN FSRU Lampung, LNG Libra, and Höegh Gallant.

Voyage expenses

Voyage expenses in 2014 comprise bunker consumption on the three new built FSRUs delivered from Hyundai Heavy Industries (HHI) during 2014 and bunker consumed on LNG Libra in 2013.

Management and other income

	2014	2013
Engineering studies (FLNG)	3 724	9 979
Commercial and technical Management fees	3 662	4 667
Other income	761	1 405
Total	**8 149**	**16 051**

The Company has during first half of 2014 completed a paid study for an FLNG solution with a production capacity of 2 million tons per year for a gas field located offshore Australia. The study is based on the generic offshore FLNG design developed by the Company.

In 2014, the Group had four customers (2013; three customers), which individually accounted for 10% or more of total freight revenues. Total income from these customers was USD 90.0 million (USD 66.9 million in 2013). The single largest customer in the Group represented 28% of total freight revenues (35% in 2013).

The four customers in 2014 individually contributing 10% or more of total freight revenues are:

- Statoil ASA
- Total E&P Norge AS
- PT PGN LNG Indonesia ("PGN")
- Gas Natural Aprovisionamientos SDG, S.A

Note 5 – Construction contract revenue

	2014	2013
Construction contract revenues	52 479	52 672
Construction contract expenses	(36 230)	(45 645)
Recognized contract margin	**16 249**	**7 027**
Unbilled construction contract receivable	-	52 672

The construction contract income of USD 52.5 million for the year ended 31 December 2014 (USD 52.7 million in 2013), relates to the construction of a Tower Yoke Mooring System ("TYMS"). The TYMS was delivered and accepted by client in 2014, and full payment under the contract (USD 107.9 million including VAT) was received in 2014.

All identified costs of the relevant project(s) have been recorded as construction contract expenses and revenues. A warranty allowance of USD 2 million has been recorded. Refer to Note 20 for information about guarantee commitments.

Note 6 – Operating expenses

	2014	2013
Crewing and provision	10 450	9 085
Bonus	880	-
Employers' contribution	1 052	606
Other social costs	2 063	1 126
Training of crew	1 963	-
Total crew cost	16 408	10 817
Services	1 797	2 081
Spare parts and consumables	4 054	3 917
Insurance	3 183	2 511
Ship Management and other	6 341	4 247
Total	**31 783**	**23 573**
Number of seafarers	**475**	**350**

The increase in operation expenses from 2013 to 2014 is mainly due to deliveries of three FSRUs. PGN FSRU Lampung and Independence were both delivered in the second quarter and Höegh Gallant was delivered in the fourth quarter. Training of new crew and standby crew cost prior to deliveries is also expensed.

Note 7 – Salaries and personnel cost

Salaries and personnel costs	2 014	2 013
Salaries	16 600	16 208
Benefits employees	816	955
Bonus	2 942	424
Pension costs defined benefit plans	745	523
Share based payment expenses (Note 24)	2 273	1 367
Other social costs	3 543	2 725
Total salaries and personnel costs	**26 919**	**22 201**
Allocated to Group administrative expenses	9 927	5 793
Allocated to Business development expenses	5 947	5 571
Allocated to Project administrative expenses	11 045	10 837

Number of office employees	**102**	**94**

Norwegian employers are obliged to have an occupational pension scheme for their employees under the Norwegian Act on mandatory occupational pension. The Company is in compliance with these regulations. The contributions made to the defined contribution pension plan for full-time employees equal 5-8% of the employee’s salary. The Group has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company also operates a defined contribution pension scheme involving the employees in Leif Hoegh (U.K.) Limited. The Company has no outstanding or prepaid contributions in Leif Hoegh (U.K.) Limited.

The Group further pays a contribution provident fund to Singaporean authorities relating to employees with Singaporean citizenship.

Expensed pension cost was USD 0.7 million in 2014 (USD 0.5 million in 2013).

Note 8 – Project administrative expenses

Project administrative expenses encompass the day-to day management of the FSRU newbuilding program as well as administration of LNG carriers and FSRUs already in operation. This includes administrative costs of operating the Company’s local offices in Indonesia, Jakarta, Lithuania and the UK.

	2014	2013
Total salaries and personnel costs (See Note 7)	11 045	10 837
Consultants/Law yers	7 252	4 147
Remuneration board members	76	82
Office cost	1 210	1 006
Travel related cost	1 881	1 232
Other	1 095	591
Overhead distribution	4 108	4 106
Reclassified to operational cost	(1 290)	(3 273)
Directly attributable cost capitalized as investments into new buildings	(9 361)	(5 658)
Total project administrative expenses	**16 017**	**13 070**

Note 9 – Group administrative expenses

Group administrative expenses are expenses associated with management-, administrative-, and general functions of the Company. The cost of running general functions, such as IT and HR, is allocated to Project administrative expenses and Business development expenses based on headcount.

	2014	2013
Total salaries and personnel costs (See Note 7)	9 927	5 793
Consultants/Lawyers/Auditors	7 557	4 766
Remuneration board members	190	230
Office cost	2 255	2 101
Travel related cost	587	385
Other	456	828
Overhead distribution	(4 398)	(4 957)
Total group administrative expenses	**16 574**	**9 146**

The increase from 2013 is mainly related to non-recurring costs due the establishment of HMLP, as well as an increase in the capacity of general functions to accommodate the Group's increased activity.

Note 10 – Business development expenses

Business development expenses are costs related to the development of new projects.

	2014	2013
Total salaries and personnel costs (See Note 7)	5 947	5 571
Consultants/Lawyers	8 697	11 852
Office cost	1 003	1 356
Travel related cost	1 682	1 958
Other	293	(37)
Overhead distribution	291	794
Directly attributable cost capitalized as investments into new buildings	-	(900)
Total business development expenses	**17 913**	**20 594**

Cost per project:	2014	2013
Floating production (FLNG)	11 231	15 207
Port Dolphin Energy LLC (Regasification)	404	397
General business development expenses *	6 278	4 990
Total business development expenses	**17 913**	**20 594**

Business development expenses represent the commercial project activities, which are not subject to capitalisation. See Note 13 for the Group's capitalisation of investments in licenses, design and other intangibles.

Note 11 – Investments in FSRUs, LNG Carriers

Vessels	2014	2013
Cost at 01.01	59 808	56 694
Acquisition cost FSRUs and dry docking	888 580	3 114
Cost at 31 December	**948 388**	**59 808**
Accumulated depreciation 01.01	(23 014)	(7 707)
Depreciation charge FSRUs, LNG Libra and depot spares	(19 862)	(15 307)
Impairment LNG Libra	(8 534)	-
Accumulated depreciation and impairment 31.12	**(51 410)**	**(23 014)**
Net carrying amount at 31 December	**896 978**	**36 794**

The Group has not identified any impairment indicators for other vessels than for LNG Libra.

LNG Libra, which is a part of the Commercial segment and being on a TCP to Gas Natural until 31 December 2015, has been impaired by USD 8.5 million. The recoverable amount is based on a VIU calculation in which it has been assumed that LNG Libra will be sold to green recycling at the end of the current TCP. However, the Company is not committed to this plan and will consider other business opportunities for her if they arise. The VIU calculation includes assumptions of future steel prices, fuel cost to final destination and external fees. An asset specific discount rate based on a computed WACC (6.42%) has been applied when calculating the residual value at the end of the TCP with Gas Natural, but given the short timeframe, the effect on the recoverable amount is minimal.

FSRUs and LNG Carriers are depreciated over 35 years.

The components that comprise the carrying amounts of investments in vessels as at 31 December are:

Net carrying amount 31 December	**2014**	**2013**
FSRUs and LNG Libra	887 521	33 594
Drydocking	7 400	936
Depot spares Arctic vessels	2 057	2 264
Net carrying amount at 31 December	**896 978**	**36 794**

The below summarizes the total depreciation cost:

Depreciation	**2014**	**2013**
Vessels	18 326	12 658
Drydocking	1 536	2 649
Equipment	961	1 421
Other	245	441
Total	**21 068**	**17 169**

For Equipment, please refer to Note 30.

Note 12 – Investments in newbuildings

The Company entered into four shipbuilding contracts with Hyundai Heavy Industries Co. Ltd. in 2011 and 2012, of which three FSRUs were delivered during 2014. The fourth newbuilding is expected to be delivered from HHI in the second quarter 2015. The Company has entered into one additional FSRU shipbuilding contract with delivery in mid-2017, plus one option.

The cost break down of the carrying amounts for the investments in newbuildings on order at 31 December 2014 is specified as follows:

Investments in newbuildings and mooring	**2014**	**2013**
Cost 01.01	379 119	225 716
Borrowing cost	13 855	12 327
Yard instalments paid to Hyunday Heavy Industries Co. Ltd.	587 285	131 071
Other capitalized cost	35 414	10 005
New buildings delivered during year	(888 580)	-
Net carrying amount at 31 December	**127 092**	**379 119**

When FSRUs are delivered from the yard, they are reclassified to vessels in operation and depreciation is commenced. Estimated useful lives of the FSRUs are the same as the existing FSRUs in operation; 35 years.

The Company has commenced operation of the PGN FSRU Lampung to PGN in Indonesia. The FSRU is provided under a 20 year lease agreement with two five year extension options for PGN. The FSRU is located outside Lampung in South-Sumatra and commenced operations in July 2014.

The operation of the FSRU Independence in Lithuania commenced in November 2014 under the agreement with AB Klaipedos Nafta. The FSRU is moored to a jetty located in the harbour of Klaipeda in Lithuania, and is connected to the domestic gas grid via an on-shore pipeline. The FSRU is on a 10 year TCP with a purchase option offered at the end of the period.

The Company took delivery of the FSRU Höegh Gallant in November 2014, and commence operations under a contract with EGAS in Egypt with expected start up in second quarter 2015.

Note 13 – Licenses, design and other intangibles

Intangible assets have been allocated to the following cash generating units (CGUs) for impairment testing as follows:

Cash Generating Unit (CGU)	Segment	2014	2013
FLNG front-end engineering design	FLNG	37 002	37 002
Port Dolphin permits	Commercial	-	35 295
Compressed Energy Technology patents	Commercial	-	1 023
Carrying amount at 31 December		**37 002**	**73 321**

Additions, disposals, depreciation and impairment are set out below:

	2014	2013
Cost at 1 January	73 321	73 237
Additions Port Dolphin	50	167
Depreciation of patents (Cetech)	(68)	(83)
Impairment and depreciation	(36 301)	-
Cost at 31.December	**37 002**	**73 321**

The FLNG front end engineering design is not subject to depreciation as the project is not completed and ready for the intended use. The asset is therefore subject to an annual impairment test. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. Impairment testing has been conducted and recoverable amount has been calculated through value in use calculations. The value in use calculations are based on long-term cash flows, since it is industry practise that LNG infrastructure assets normally are purpose built based on long-term agreements. The commercial risks for all the cash generating units being tested are mainly related to (i) the ability to secure long-term contracts at satisfactory terms, (ii) construction cost overrun risks and (iii) other risks similar to the Group's general risks as described in the Directors' Report.

For all the cash generating units, the outcome is binary in the sense that the Group will need long-term contracts in order to make a final investment decision for each project. If no such decision is made, the relevant asset will be impaired.

FLNG front-end engineering design

Since 2006, the Company has invested more than 400,000 engineering man-hours in a front-end engineering design ("FEED") and field specific studies of a floating LNG production, storage and offloading solution ("FLNG"). The FEED comprises a comprehensive design of an FLNG facility producing 2-3 million tonnes of LNG per year. The solution includes the required gas pre-treatment facilities as well as power generation to allow the FLNG to serve as a self-contained unit.

The strategy of the Group is to own and operate floating liquefaction (FLNG) units on long term contracts. Currently, the main focus of the Company is on small to medium scale barge based FLNG solutions. Such solutions are considered to be cost-efficient as the overall complexity and capital expenditure is reduced. This makes it possible to develop gas reserves smaller than previously considered economically viable. This segment has developed positively and is expected to remain strong over the next years. Small scale FLNG is typically applied for pipeline gas exports or export of flared associated gas from oil production. The Company has during 2014 performed two pre-FEED studies for barge FLNG solutions with the potential of developing into a project specific FEED in 2015.

The recoverable amount of the FLNG FEED design has been determined based on a value in use calculation using cash flow projections for a partly owned FLNG project covering a four year construction period and a 20 year operating period. A pre-tax discount rate has been applied to cash flow projections. The residual value after the 25 year prognosis period has been assumed to be 10% of the initial investment indexed by a 2.5% per year inflation assumption to the end of the period. Five scenarios have been analysed, four of them being represented by combinations of high and low lease rates and with or without construction cost overruns. A fifth scenario is that the FLNG is not built. Each scenario has been allocated a probability. As a result of the analysis, the Group did not identify any impairment for this cash generating unit to which intangible assets of USD 37 million are allocated.

Port Dolphin permits

Port Dolphin is planned as a floating LNG storage and regasification terminal designed to host an FSRU moored outside Tampa Bay, off the west coast of Florida. It consists of an FSRU, a buoy and a pipeline to shore connecting the terminal to the existing gas grid in Florida. The intangibles relating to Port Dolphin comprise the main licenses and permits obtained and expenses incurred in obtaining these and most of the cost was incurred in 2008 and 2009.

As a consequence of the North American shale gas revolution, which has changed the market dynamics for LNG in the U.S., the Company has decided to write off completely the value of its approved floating LNG import terminal. The U.S. has historically been an importer of LNG, but today the country is self–sufficient in natural gas and will this year actually become a large exporter of LNG. As a consequence of this change in market fundamentals, the Company has concluded that there are limited commercial prospects for the Port Dolphin project.

The value in use of the asset is estimated to NIL and an impairment loss of USD 35.3 million has been recorded in the income statement.

Compressed Natural Gas Technology

The development of a viable tank concept for storage of large volumes of compressed natural gas (“CNG”) was under development and completion of testing and technical qualification would only be done in cooperation with a partner. The objective to develop and commercialise technology for marine transportation of CNG has not been achieved. The Group’s assessment of the fair value less costs to sell off the patents is nil. The value in use of the asset is nil and an impairment loss of USD 1 million has been recorded in the statement of comprehensive income in 2014.

Key assumptions used in value in use calculations

The recoverable amount for the cash generating units has been determined based on cash flow projections. The cash flow projections are based on assumptions regarding construction cost and financing, assuming a limited recourse project.

The calculations of values in use are most sensitive to the following assumptions:

Capital investment, and Capital lease rate

Capital investment has been calculated for the cash generating units based on engineering studies and prices obtained from potential external contractors.

The Capital lease rates have been calculated based on the Group’s internal rate of return requirement for the cash-generating unit.

Discount rates represent the current market assessment of the risks specific to each cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate represents the current market assessment of the weighted average cost of capital (WACC) specific to each cash-generating unit. The WACC takes into account both debt and equity.

Sensitivity to changes in assumptions

For all the cash generating units other than the investments in Port Dolphin and CNG, the estimated recoverable amounts exceed their carrying value. Still, materially adverse changes in key assumptions could result in an impairment loss. The Group recognises that competition can have a significant impact on the capital lease rate assumptions. Should the Group be unable to pass on or absorb through efficiency improvements a reduction in the capital lease rate of 31% for the FLNG, impairment may be required.

In the event that no investment decisions are made, the associated intangible asset will be impaired.

Note 14 – Financial risk management objectives and policies

Capital Management

The objective of the Company's capital management is to assure that the Company is sufficiently capitalised and shareholders' return is maximised. Balancing the benefits of a strong balance sheet with the advantage of financial leverage, the Company is seeking to maintain strong access to capital markets and minimise the cost of capital. The Company has listed a Master Limited Partnership on the New York Stock Exchange, providing direct access to the U.S. equity capital market.

The Company monitors its capital structure in light of future cash flow projections including any off-balance sheet capital commitments and available funding. The financial position of the Company is reported to the management, the Board of Directors and the Audit Committee on a regular basis. The Company's capital structure might be adjusted over time to reflect the commercial risk associated with the underlying assets, its funding situation and the status of the financial markets. In order to maintain or adjust the capital structure, the Company may refinance its debt, buy or issue new shares or debt instruments, sell assets, pay dividends or return capital to the shareholders.

The Group's capital structure consists of debt listed in Note 17, marketable securities (Note 16), current cash and cash equivalents (Note 15) and equity attributable to the shareholders of the Company. The shares of and the bonds issued by the Parent Company are listed on the Oslo stock exchange, while the units issued by HMLP are listed on the New York Stock Exchange.

As of 31 December 2014, the Company had USD 515 million in remaining off-balance sheet capital commitments relating to the FSRU newbuilding programme, against USD 447 million in cash, marketable securities and available drawings under debt facilities. As of 31 December 2014, book equity was USD 458 million (USD 389 million). Net of mark-to-market of hedging reserves the adjusted book equity was USD 572 million (USD 457 million), bringing the adjusted equity ratio to 42% (67%). The capital structure is deemed appropriate given the nature of the Company's business and its existing commitments. The Company is measuring the consolidated leverage net of hedging reserves as this to a greater extent reflects the solidity of the Group.

	31.12.14	**31.12.13**
Total equity excluding hedging reserves	572 711	457 329
Total assets	1 356 801	684 080
Equity ratio	**42 %**	**67 %**

Financial Risk

The Company is in the ordinary course of its business exposed to different types of financial risk including market risk (interest- and currency risk), credit risk and liquidity risk. The Company has established procedures and policies for determining, mitigating and monitoring the risk exposures.

Market risk (foreign exchange and interest rate risks)

Risk management routines are in place in order to mitigate financial market risks. Once financial market risks are identified, appropriate mitigating actions are taken. The Company's primary strategy in mitigating financial market risks is to apply derivatives in hedging the Group's various net financial market risk positions. The Group does not trade or use instruments with the objective of earning financial gains, nor does it use instruments where there is no underlying exposure. When the use of derivatives is deemed appropriate, only well-understood, conventional instruments issued by highly rated financial institutions are used.

Currency risks arise from business transactions, capitalised assets and liabilities denominated in currencies other than the reporting currency of the Group. The majority of the Group's business transactions, capitalised assets and liabilities are denominated in USD. The currency exposure that exists relates mainly to administrative expenses denominated in NOK, SGD and GBP, of which NOK represents the largest exposure. The NOK 750 million corporate bond issued in 2012 has been swapped into USD and does not represent any currency risk to the Group. As of 31 December 2014, the Group held 86.5% of total current cash in USD, 11.6% in NOK and the remaining mainly in EUR, GBP and SGD.

All interest bearing debt within the Company is subject to floating interest rates, however, the Company has entered into fixed interest rate swaps for all material debt facilities and is therefore only to a limited extent exposed to fluctuations in interest rate levels on existing debt facilities. The Methane Ventures Limited facility has not been swapped.

Interest rates relating to project financing have been swapped into fixed interest for the length of the debt facility or the underlying commercial contract. Interest rates relating to most corporate financing have been swapped into fixed interest rate for the length of the facility. The following table sets out the Group's shares of outstanding swapped amounts as of 31 December:

MTMs of cash flow hedges in the Financial Position (USD'000)	31 December 2014	31 December 2013
MTMs presented as financial assets	5 485	17 970
Total MTMs presented as financial liabilities	(52 957)	(13 527)
Total MTMs in the joint ventures	(95 869)	(79 651)
Net MTMs of cash flow hedges	**(143 341)**	**(75 208)**

As of 31 December 2014, the net mark-to-market valuation of the interest rate and currency swaps entered into was negative USD 47.5 million of which USD 18.1 million related to the interest rate swaps and USD 29.4 million to the currency swap. In addition, net market-to-market valuation of interest rate swaps entered into by joint ventures was negative net USD 95.9 million.

Effective part of changes in the fair values of the Group's interest rate swaps (IRS) and the interest element of cross currency interest rate swaps (CCIRS) are recognised as other comprehensive income (OCI) Change in value related to the ineffective portion goes over P&L. Changes on actuarial gains or losses on defined benefit plans are recorded as OCI.

An increase in the floating interest rate of 20 basis points (0.2%) would impact the OCI positively by USD 17.2 million inclusive of the Group's shares in joint venture companies.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to fulfil its financial obligations when they fall due. The table below illustrates the timing and size of the Group's interest bearing debt.

Maturity profile to interest bearing debt at 31 December 2014	< 1 year	1-5 years	> 5 years	Total
Instalments on mortgage debt and bond	46 822	281 205	381 652	709 679
Interest on mortage debt and bond	39 633	113 798	261 063	414 494
Total	**86 455**	**395 003**	**642 715**	**1 124 173**

Interest on the Group's debt is based on the swapped fixed interest rates and maturity profile of the Group's swaps in subsidiaries and joint ventures is presented below:

	< 1 year	1-5 years	> 5 years	Total
Year ended 31 December 2014				
Interest rate swaps designated as effective hedging instruments subsidiaries	(14 527)	(8 696)	5 117	(18 106)
Interest rate swaps designated as effective hedging in the Group's joint ventures	(16 392)	(42 304)	(37 172)	(95 869)
	(30 919)	**(51 001)**	**(32 055)**	**(113 975)**

Existing financial obligations totaling approximately USD 812 million (see below table of liabilities set under fair values) will be repaid through the cash flow generated from existing assets within the Group. Financial obligations relating to the corporate bond and the financing of Höegh Gallant, GDF Suez Cape Ann, GDF Suez Neptune, are subject to refinancing in 2017, 2019, 2021 and 2022, respectively. The commercial tranche relating to the financing of Independence and PGN FSRU Lampung is subject to refinancing in 2019 and 2021, while the ECA tranche of the respective financing is subject to refinancing in 2026. If no re-financing of the commercial tranches takes place, lenders under the ECA tranche may require early re-payment. Financial obligations relating to the Artic vessels are not subject to any refinancing and will be fully amortised during the length of the underlying commercial agreement. All existing vessels subject to debt financing are on long term charter contracts with creditworthy counter parties.

Other current financial liabilities except for current portion of interest rate swaps fall due between 30-90 days.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Risk management routines are in place in order to minimise this risk. FSRUs and LNG Carriers are only chartered out to creditworthy counterparties and charter hires are normally payable monthly. Cash funds are only deposited with internationally recognised financial institutions with a high credit rating, or invested in marketable securities issued by companies with a high credit rating. The purpose of a security portfolio is to earn a return after fees in excess of the return which, can be earned for cash and time deposits. Investments are made in liquid investment grade securities with average credit duration of less than two years. Investments are permitted in any currency, but currency risk will have to be hedged.

The Company has not provided any guarantees for third parties' liabilities (reference is made to Note 20), and the maximum exposure to credit risk is thus represented by the carrying amount of each financial asset, including financial derivatives, in the balance sheet. The maturity profiles of outstanding trade receivables and trade payables as at 31 December 2014 and 2013 are all in the range of 30-60 days. The marketable securities amounting to USD 117.3 million as at 31 December 2014 are available as cash within 1-3 working days.

Above information is also to be considered to be the Group's maximum credit risk as of 31 December 2014 and 2013.

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments included in the financial statements.

	Carrying amount		Fair value	
	2014	2013	2014	2013
Financial instruments at fair value through profit or loss				
Marketable securities	117 317	13 794	117 317	13 794
Derivatives in cash flow hedges	5 485	17 970	5 485	17 970
Total financial instruments at fair value	**122 802**	**31 764**	**122 802**	**31 764**
Loans and receivables at amortised cost				
Trade and other receivables	15 948	8 460	15 948	8 460
Shareholder loans	18 952	24 961	19 332	30 256
Other non-current recivables	21 626	-	21 626	-
Total loans and receivables	**56 526**	**33 421**	**56 906**	**38 716**
Non current restricted cash	15 184	-	15 184	-
Cash and cash equivalents (including short term restricted cash)	90 037	60 746	90 037	60 746
				-
Total	**284 549**	**125 931**	**284 929**	**131 226**
Total current	**229 967**	**90 113**	**230 100**	**91 622**
Total non-current	**54 582**	**35 818**	**54 828**	**39 604**

	Carrying amount		Fair value	
	2014	2013	2014	2013
Financial liabilities at fair value through other comprehensive income				
Derivatives in effective cash flow hedges	51 609	13 526	51 609	13 526
Ineffective portion of cash flow hedges	1 348	-	1 348	-
Total financial liabilities at fair value	**52 957**	**13 526**	**52 957**	**13 526**
Other financial liabilities at amortised cost				
Trade and other payables	13 930	11 098	13 930	12 432
Other financial liabilities	24 375	11 424	24 375	11 424
Interest-bearing loans and borrowings	683 079	164 566	722 809	179 472
Total other financial liabilities at amortised cost	**721 384**	**187 088**	**761 114**	**203 328**
Total	**774 341**	**200 614**	**814 071**	**216 854**
Total current	**75 279**	**47 529**	**75 279**	**47 529**
Total non-current	**699 062**	**153 085**	**738 792**	**169 325**

The fair value of the financial assets and liabilities is recognised as the value at which they could be exchanged in a transaction between willing parties other than in a forced or liquidation transaction. The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash and restricted cash, trade receivables, trade payables and other current liabilities are recognised at their carrying amounts largely due to the short term maturities of these instruments.
- Fair value of loans from banks and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Since the NOK 750 million bond issue is listed on Oslo Børs (ticker "HLNG01"), fair value of the bonds is disclosed based on traded information (101.1% on 31 December 2014, 103.5% on 31 December 2013).
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present calculations. The models incorporate various

inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. Valuation is performed by banks.

Fair value hierarchy

The Group uses hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques. Below table presents fair value measurements of the Group's assets and liabilities at 31 December 2014:

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Marketable securities	-	117 317	-	117 317
Derivatives ued for hedging	-	5 448	-	5 448
Total assets	**-**	**122 765**	**-**	**122 765**
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities not measured at fair value, but for which fair value is disclosed				
Bond	97 264			97 264
Mortgage debt	-	625 545	-	625 545
Derivatives used for hedging				-
Derivatives in effective cash flow hedges	-	52 957	-	52 957
Total liabilities	**97 264**	**678 502**	**-**	**775 766**

Below table presents fair value measurements of the Group's assets and liabilities at 31 December 2013:

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Marketable securities	-	13 794	-	13 794
Derivatives used for hedging				
Derivatives in effective cash flow hedges	-	17 970	-	17 970
Total assets	**-**	**31 764**	**-**	**31 764**
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities not measured at fair value, but for which fair value is disclosed				
Bond	127 595	-	-	127 595
Mortgage debt	-	51 877	-	51 877
Derivatives used for hedging				-
Derivatives in effective cash flow hedges	-	13 526	-	13 526
Total Liabilities	**127 595**	**65 403**	**-**	**192 998**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date and are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. During the reporting periods of 2014 and 2013, there were no transfers between any of the levels.

Note 15 – Unrestricted and restricted cash

Current cash and cash equivalents		Exchange		Exchange	
Currency		rate	31.12.2014	rate	31.12.2013
US Dollar (USD)	USD	1	57 366	1	43 064
Norw egian kroner (NOK)	USD/NOK	7,43	7 725	6,08	1 962
Pound Sterling (GBP)	GBP/USD	1,56	451	1,65	753
Euro (EUR)	EUR/USD	1,22	392	1,38	295
Other	SGD/USD	0,75	368	0,79	1 076
Total			**66 302**		**47 151**

Current restricted bank deposits	2014	2013
Höegh LNG Ltd.	-	10 701
Höegh LNG Holdings Ltd.	-	1 094
Methane Venturers Limited	1 800	1 800
PT Hoegh LNG Lampung	21 935	-
Total	**23 735**	**13 595**

Total restricted and unrestriced current cash	2014	2013
Current cash and cash equivalents	65 078	46 163
Restricted bank deposits	23 735	13 595
Employee tax w ithholding accounts	1 224	988
Total	**90 037**	**60 746**

Non-current restricted bank deposits	2014	2013
PT Hoegh LNG Lampung	15 184	-
Total	**15 184**	**-**

Non-current restricted cash deposits of USD 15.2 million at 31 December 2014 relate to requirements under the PGN Lampung FSRU financing whereof an amount equal to six months debt service must be deposited in an escrow account.

As of 31 December 2014, USD 21.9 million is classified as short term restricted cash related to the financing agreement. Cash reserves are required to be held for specifically designated uses, including working capital, operations and maintenance. Distributions are subject to “waterfall” provisions that allocate revenues to specific priorities of use in a defined order before distributions can be made at certain dates and subject to the Group being in compliance with debt service requirements. In addition, the Group had USD 1.8 million on an escrow account following a covenant under the credit facility in Methane Ventures Limited.

Note 16 – Marketable securities

Financial instruments within the Group’s marketable securities portfolio are classified as held for trading investments and measured and presented at their fair values. The portfolio of marketable securities is managed by Höegh Capital Partners ASA. See Note 32 for transactions with related party.

Balance at year end	2014	2013
Marketable securities	117 317	13 794
Total	**117 317**	**13 794**

Reconciliation of balance of marketable securities at year-end	2014	2013
Market value of marketable securities at 1 January	13 794	113 877
Fair value change and gain/loss on realization of securities	371	917
Purchase of marketable securities	145 000	-
Sale of marketable securities	(41 848)	(101 000)
Market value of marketable securities at 31 December	**117 317**	**13 794**

Profit and loss effect	2014	2013
Unrealized loss on bonds in portfolio	(19 143)	(3 241)
Interest income	1 483	1 701
Profit/(loss) from currency contracts and deposits	18 139	2 524
Administration costs portfolio	(108)	(65)
Total	**371**	**918**

	2014	2013
Norwegian Bonds	101 856	13 304
Curency forwards	15 342	(85)
Cash holding	119	575
Marketable securities at fair value 31 December	**117 317**	**13 794**

Further information on marketable securities is disclosed in Note 14. The fair value change of USD 0.4 million (: USD 0.9 million in 2013) is recorded as other financial income.

Note 17 – Total interest bearing debt

The below tables present the Group's carrying amount of interest bearing debt by non-current and current portions for year ended 31 December 2014 and 2013, respectively:

Interest bearing debt at 31 December 2014	Non-current	Current	Total
FSRU Independence facility	193 036	15 081	208 117
Bond	95 921	-	95 921
Höegh Gallant and FSRU#6/HN2551 facility	173 268	12 679	185 947
PGN FSRU Lampung facility	193 271	19 062	212 333
Methane Ventures Limited Facility	7 362	-	7 362
Debt issuance cost	(26 601)	-	(26 601)
Total	**636 257**	**46 822**	**683 079**

Interest bearing debt at 31 December 2013	Non-current	Current	Total
FSRU Independence facility	23 657	-	23 657
Bond	121 355	-	121 355
USD 30 million Revolving Credit facility	-	20 844	20 844
Methane Ventures Limited Facility	7 155	-	7 155
Debt issuance cost	(8 445)	-	(8 445)
Total	**143 722**	**20 844**	**164 566**

All debt is denominated in USD except for the bond in NOK.

Interest bearing debt in the consolidated accounts

FSRU Independence facility

On 28 November 2012, the Company entered into a USD 250 million senior secured credit facility for the financing of the FSRU Independence, which was delivered from the yard 11 May 2014. The facility is guaranteed 50% by the Korean credit agency, K-sure, and 25% by the Norwegian credit agency, GIEK. It has a tenor of seven years and an overall repayment profile of 16 years. As of 31 December 2014, the outstanding balance of the facility was USD 208.1 million. Repayments started on 12 August 2014 and are due quarterly from the delivery of the FSRU. The facility has a floating interest rate equal to LIBOR plus a margin. LIBOR has been swapped into a fixed interest rate for the length of the underlying financing.

PGN FSRU Lampung facility

On 13 September 2013, PT Hoegh LNG Lampung entered into a USD 299 million senior secured term loan facility for the financing of the PGN FSRU Lampung and mooring**.**

The facility comprised two tranches, one FSRU tranche in the amount of USD 237 million and one mooring tranche in the amount of USD 62 million. The mooring tranche was fully repaid in July 2014 upon delivery of the mooring to the PGN. The FSRU tranche is 75% guaranteed by the Korean credit agency K-sure, has a 7 year post-delivery tenor and a blended repayment profile of 12.5 years with quarterly repayments starting 3 months after delivery of the FSRU. The facility has floating interest rate equal to LIBOR plus a margin. LIBOR under the FSRU tranche has been swapped into a fixed interest rate for the length of the financing. As of 31 December 2014, the outstanding balance on the facility was USD 212.3 million.

Höegh Gallant and FSRU#6/HN2551 facility

On 11 April 2014, Höegh LNG entered into a USD 412 million Senior Secured Credit facility for the financing of Höegh Gallant and FSRU#6/HN2551under construction at HHI. The facility is available for pre-and post-delivery financing, has a five year post-delivery tenor and a fifteen years repayment profile with quarterly repayments starting 3 months after delivery of the respective FSRUs. The facility has floating interest rate equal to LIBOR plus a margin. LIBOR has been swapped into a fixed interest rate for the length of the underlying commercial contract. As of 31 December 2014, the outstanding balance on the facility was USD 185.9 million.

Methane Ventures Limited Facility

A subsidiary of the Group has since 2006 had a credit facility in place for the purpose of funding investments in the Company. As of 31 December 2014, the amount outstanding under the facility was USD 7.4 million. The loan carries an interest equal to LIBOR plus a margin and matures on 31 December 2016.

Bond issuance - NOK 750 million Senior Unsecured callable Bond issue

On 3 October 2012, the Group issued a senior unsecured bond of NOK 750 million in the Norwegian bond market with maturity date expected to be 3 October 2017. As of 31 December 2014, NOK 713 million was outstanding. Proceeds from the bond were used for general corporate purposes. The bond bears interests at three months NIBOR plus a margin of 6% payable quarterly. The Parent Company has entered into a cross currency interest rate swap from NOK to USD and from floating to a fixed interest rate of 7.3%. The bonds are listed at the Oslo stock exchange. The bond issue has been re-measured by an aggregate amount of USD 29.6 million in gain at year end 2014 due to the strengthening of the USD exchange rate against NOK. This foreign exchange gain is however offset by an equivalent loss on the currency swap. The carrying amount of the bonds was USD 95.9 million at 31 December 2014.

Interest bearing debt in joint venture companies

GDF Suez Neptune and GDF Suez Cape Ann Facility

On 20 December 2007, the joint ventures owning GDF Suez Neptune and GDF Suez Cape Ann each entered into a

USD 300 million secured credit facility for the financing of the respective FSRUs. As of 31 December 2014, the Group's 50% share of the outstanding amount under the facilities totalled USD 260.3 million. Each facility has a tenor of 12 years and a repayment profile of 20 years. Repayments are due quarterly and started in April 2010 and October 2010, respectively. Each facility has a floating interest rate equal to LIBOR plus a margin. LIBOR has been swapped into a fixed interest rate for the length of the underlying commercial contracts.

Lease liabilities

Arctic Princess and Arctic Lady are financed under 25 year UK leases, and the Group's obligations related to the leases have been included as debt in the balance sheets of the respective joint venture companies. As per 31 December 2014, the total debt for the Group related to these lease facilities amounted to USD 131.4 million.

Debt and lease restrictions

Existing credit facilities impose restrictions, which may limit or prohibit the Company's ability to incur additional indebtedness, create liens, sell shares in subsidiaries, commit to new capital expenditure, pay dividends, engage in mergers and acquisitions, or purchase and sell vessels without the consent of lenders. In addition, lenders may accelerate the maturity of the indebtedness under financing agreements and foreclose upon the collateral securing the indebtedness upon the occurrence of certain events of default, including a failure to comply with any of the covenants contained in the financing agreements. With regard to such covenants, the Company has to maintain a minimum equity (adjusted for mark-to-market of hedging reserves) of USD 200 million, a minimum equity ratio (adjusted for mark-to-market of hedging reserves) of 27.5 %, and a minimum free cash position which exceeds the higher of USD 40 million or 5% of funded indebtedness (excluding any financial indebtedness provided on a non-recourse basis).

On 25 February 2015, the Board of Directors of the Company approved the distribution of the Company's first quarterly cash dividend of USD 0.10 per share. The dividend accrues to shareholders as of 4 March 2015, and the HLNG share will be traded on the Oslo stock exchange ex dividend as of 5 March 2015. The expected date for the payment is 20 March 2015. The Company intends to pay out quarterly dividends, which over time will equal distributions received from HMLP, capped at the limitations set out in the Bond Agreement. The Bond Agreement caps yearly dividend distributions at USD 0.40, USD 0.50 and USD 0.60 per share in 2015, 2016 and 2017, respectively.

Furthermore, certain debt agreements contain a change of control provision being triggered if the Høegh family by way of sale of shares ceases to own (directly or indirectly) at least 1/3 of the shares, or by way of dilution below 1/3 of the shares being no longer the largest shareholder of the Company.

Note 18 – Interest expenses

	2014	**2013**
Interest on mortgage debt	17 619	324
Interest on bond	716	2 985
Other	6	6
Total	**18 341**	**3 315**

Interest on bonds of USD 9.6 million was in 2014 capitalized as part of delivered cost of FSRUs under construction (USD 7.1 million in 2013).

Refer to Note 17 for further disclosures of the Group's debt.

Note 19 – Expenses from other financial items

	2014	2013
Loss on interest rate swaps	1 349	-
Withholding tax	2 733	1 106
Currency loss	15	62
Bank expenditures	133	67
Other financial cost	565	88
Total	**4 795**	**1 323**

Note 20 – Commitments

Arctic vessels

The two LNG Carriers Arctic Princess and Arctic Lady are leased from joint venture companies in which the Group has a 33.98% and 50% ownership, respectively (see Note 21), and are further bareboat chartered to Leif Hoegh (U.K.) Limited, a wholly-owned subsidiary of Höegh LNG Ltd. As of year-end 2014, Leif Hoegh (U.K.) Limited has remaining charter commitments for the two LNG Carriers of USD 227 million, as specified in the table below.

Specification of bareboat hire to be paid (in million USD)	2014	2013
Within one year	20	21
Between one and five years	82	82
More than five years	125	145
Total	**227**	**248**

FSRU newbuilding programme

The total delivered cost of the newbuilding program of the four FSRUs to be delivered in the period Q1-2015 to Q2-2017 is approximately USD 433 million. Below is an overview of the payment profile for the remaining instalments under the shipbuilding contracts with HHI:

Remaining Yard payments	Within 6 months	In period of 6-12 months	In period of 12-30 months
FSRU new building programme	44%	6%	50%

Neptune FSRUs

The shares in SRV Joint Gas Ltd. and SRV Joint Gas Two Ltd. (together the “SRV JG Companies”) were in August 2014 transferred to the MLP. The SRV JG Companies is accounted for according to the equity method, refer to Note 21. The Company remains the guarantor for 50% of any of dry docking costs and remarketing efforts in case of an early termination of each of the TCPs for GDF Suez Neptune and GDF Suez Cape Ann (the “Neptune FSRUs”) entered into by the respective SRV JG Companies, under the loan agreements for the financing of the Neptune FSRUs,

The Company also continues as guarantor under a performance and payment guarantee for the SRV JG Companies' obligations under the respective TCPs, pro-rata for each shareholder (i.e. 50%).

PGN FSRU Lampung and mooring – financing

The PGN project was sold to Höegh LNG Partners LP in August 2014, but the Company has continued as guarantor under certain guarantees in relation to the USD 299 million facility agreement for the financing of PGN FSRU Lampung with PT Hoegh LNG Lampung as borrower. Korea Trade Insurance Corporation (K-Sure) has guaranteed USD 178.6 million of the term loan facility (the "ECA Covered Facility").

The Company has pursuant to separate guarantees in favour of the finance parties under the facility agreement guaranteed:

a) all amounts due under the finance documents until the date falling 180 days after acceptance of the FSRU by the customer;

b) the balloon repayment instalment of the FSRU tranche plus any accrued interest thereon; and

c) the required credit balance on the debt service reserve account.

Further, the Company is obligated to issue a guarantee in respect of outstanding debt (less insurance proceeds for vessel force majeure if relevant) if the Lease Operating and Maintenance agreement is terminated due to an event of vessel force majeure and an agreement with the charterer for the acquisition of 50% of the FSRU has not been reached within a certain period of time.

Höegh LNG Partners LP

According to an omnibus agreement made between HMLP and the parent Company, the parent Company has agreed to indemnify HMLP against certain losses related to the assets contributed by any of its subsidiaries to the MLP. Such losses include (i) losses arising from violations of environmental laws or events relating to environmental or human health and safety matters (to the extent that the Company is notified of such losses within 12 August 2019 and such liability does not exceed USD 5.0 million), (ii) losses by HMLP arising from the failure of HMLP to be the owner of valid leasehold interests or fee ownership interests in and to the contributed assets or the failure of HMLP to have the necessary governmental or third-party consent or permit to allow HMLP to own or operate the contributed asset (to the extent that the Company is notified of such losses within 12 August 2017), (iii) all federal, state, foreign and local income tax liabilities attributable to the operation of the contributed asset prior to 12 August 2014, including any such income tax liabilities of the Höegh LNG entities that may result from the consummation of the formation transactions for HMLP and (iv) losses (a) in the event hire rate payments under the PGN lease, operation and management agreement are not received from PGN for a certain period following 12 August 2014, (b) with respect to the obligation to pay delay liquidated damages to PGN and (iii) with respect to any non-budgeted expenses (including repair costs) incurred in connection with the PGN FSRU Lampung project occurring prior to the date of acceptance of the PGN FSRU Lampung pursuant to the LOM.

Subsequent to the year ended 31 December 2014, an understanding with client, the pipeline contractor and the subsidiary of HMLP, PT Hoegh LNG Lampung (“PT HLNG”), has been reached. As a result, the client will not pay the time charter hire for September or October 2014 and PT HLNG will not pay the delay liquidated damages and is released from joint and several liabilities for the pipeline contractor’s delay liquidated damage. The pipeline contractor is released from joint and several liabilities for the liquidated damages and neither PT HLNG nor the pipeline contractor cover the other party’s delay liquidated damages to the extent caused by the other party’s scope of work. Due to this subsequent event, no delay liquidated damages are reflected in the construction contract expenses for the year ended 31 December 2014 (See Note 5). Since PT HLNG will not pay any delay liquidated damages to the client, the MLP will not receive any indemnification from the Parent Company for this item.

Lease, Operation and Maintenance Agreement with PGN

The Company has guaranteed the obligations of PT Hoegh Lampung under the Lease, Operation and Maintenance Agreement with PGN.

Revolving Bid Bond Facilities

The Company has entered into bid bond facilities of USD 10 million with each of Standard Chartered Bank and Citi and these are guaranteed by the Parent Company. As per 31 December 2014, USD 0.3 million is outstanding under the facility with Citi while there is no outstanding amount under facility with Standard Chartered Bank.

Port Dolphin

The Company has guaranteed to the US Maritime Administration for 100% of the cost of the construction and operation and decommissioning of the Port Dolphin deep water port. The latter guarantee is only applicable if the terminal is built, and is limited to USD 48,003,862 (to be adjusted annually).

Note 21 – Investments in joint ventures and subsidiaries

The Group had ownership in six joint ventures during 2014, all accounted for according to the equity method. The carrying values are listed below:

	2014	2013
At 1 January	**(85 986)**	**(137 630)**
Share of Profit	9 995	15 061
Other comprehensive income	(16 218)	50 461
Dividend distribution	(3 460)	(13 878)
Other changes	657	0
At 31 December	**(95 012)**	**(85 986)**

* The negative balances to the investments in the Company's joint ventures are mainly explained by the negative mark-to market valuations in these entities.

The joint ventures listed below have share capital consisting solely of ordinary shares, which is held directly by the Group.

Table: List of joint ventures whereof the Company has ownership:

Company	Registered Office	Country	Principal activity	Ownership in % YE2014	YE2013
Joint Gas Ltd.	Georgetow n	Cayman Island	Shipow ning	34	34
Joint Gas Tw o Ltd.	Georgetow n	Cayman Island	Shipow ning	50	50
SRV Joint Gas Ltd.	Georgetow n	Cayman Island	Shipow ning	50	50
SRV Joint Gas Tw o Ltd.	Georgetow n	Cayman Island	Shipow ning	50	50
Methane Carriers Limited *	Nassau	Bahamas	Shipow ning	-	50
PNG Floating LNG Holdings Limited *	Singapore	Singapore	Holding	-	33
PNG Floating LNG Limited*	Singapore	Singapore	Business dev.	-	33 [2]

* Methane Carriers Limited owned the LNG Carrier Norman Lady, sold for green recycling in October 2013. This entity was liquidated in December 2014. PNG Floating LNG Holdings Limited owns 100% of the shares in PNG Floating Limited. Both entities were struck off in the Company registry in Singapore in May 2014.

Joint Gas Ltd and Joint Gas Two Ltd have the Artic Vessels on financial lease agreements – reference is made to Note 20 for further information.

SRV Joint Gas Ltd. and SRV Joint Gas Two Ltd. own and operate the FSRUs, GDF Suez Neptune and GDF Suez Cape Ann, respectively, both leased out to GDF Suez Global LNG Supply SA.

All companies are privately owned and there is no quoted market price available for the shares.

Set out below is the summarised financial information for the Group's joint venture investments, accounted for using the equity method.

Summarised balance sheet

	Joint Gas Ltd As at 31 December		Joint Gas Two Ltd As at 31 December		SRV Joint Gas Ltd As at 31 December	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Assets						
Cash and cash equivalents	3 569	3 588	3 510	3 466	5 317	5 827
Other current assets	3	3	-	3	1 364	122
Total current assets	**3 572**	**3 591**	**3 510**	**3 469**	**6 681**	**5 949**
Vessel	141 581	147 666	142 521	148 579	282 889	293 483
Other Non-current assets	-	-	-	-	15 733	12 353
Total non-current assets	**141 581**	**147 666**	**142 521**	**148 579**	**298 622**	**305 836**
Total assets	**145 153**	**151 257**	**146 031**	**152 048**	**305 303**	**311 785**
Liabilities						
Current liabilites	**13 129**	**13 200**	**12 752**	**12 971**	**33 569**	**33 317**
Long-term interest bearing debt	150 520	156 501	150 507	156 457	258 891	274 518
Other non-current liabilities	38 805	33 303	30 671	25 102	60 107	44 727
Total non-current liabilites	**189 325**	**189 804**	**181 178**	**181 559**	**318 998**	**319 245**
Total liabilities	**202 454**	**203 004**	**193 930**	**194 530**	**352 567**	**352 562**
Net assets	**(57 301)**	**(51 747)**	**(47 899)**	**(42 482)**	**(47 264)**	**(40 777)**

Summarised balance sheet continued

	SRV Joint Gas Two Ltd As at 31 December		Methane Carriers Ltd* As at 31 December		Total As at 31 December	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Assets						
Cash and cash equivalents	5 402	5 751		637	17 798	19 269
Other current assets	149	546		-	1 516	674
Total current assets	**5 551**	**6 297**	**-**	**637**	**19 314**	**19 943**
Vessel	292 565	302 113		-	859 556	891 841
Other Non-current assets	12 840	12 840		-	28 573	25 193
Total non-current assets	**305 405**	**314 953**	**-**	**-**	**888 129**	**917 034**
Total assets	**310 956**	**321 250**	**-**	**637**	**907 443**	**936 977**
Liabilities						
Current liabilites	**32 152**	**34 189**		**2 093**	**91 602**	**95 770**
Long-term interest bearing debt	265 552	280 613		-	825 470	868 089
Other non-current liabilities	65 886	51 354		-	195 469	154 486
Total non-current liabilites	**331 438**	**331 967**	**-**	**-**	**1 020 939**	**1 022 575**
Total liabilities	**363 590**	**366 156**	**-**	**2 093**	**1 112 541**	**1 118 345**
Net assets	**(52 634)**	**(44 906)**	**-**	**(1 456)**	**(205 098)**	**(181 368)**

Summarised statement of comprehensive income

	Joint Gas Ltd		Joint Gas Two Ltd		SRV Joint Gas Ltd	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Revenue	17 868	17 876	17 515	17 533	41 535	41 161
Depreciation	(6 085)	(6 085)	(6 058)	(6 058)	(10 761)	(10 759)
Interest income	-	-	-		2	-
Interest expense	(8 375)	8 867	(7 608)	(8 180)	(16 947)	(17 925)
Profit before tax	**3 311**	**2 827**	**3 750**	**3 197**	**4 740**	**3 687**
Tax	-	-	-	-	-	-
Profit for the year	**3 311**	**2 827**	**3 750**	**3 197**	**4 740**	**3 687**
Other comprehensive income	(5 163)	18 541	(5 169)	18 245	(11 227)	34 256
Comprehensive income	**(1 852)**	**21 368**	**(1 419)**	**21 442**	**(6 487)**	**37 943**

Summarised statement of comprehensive income continued

	SRV Joint Gas Two Ltd		Methane Carriers Ltd*			Total
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Revenue	40 814	40 514	-	19 040	117 732	136 124
Depreciation	(10 869)	(10 672)	-	-	(33 773)	(33 574)
Interest income	-	-	-	-	2	-
Interest expense	(17 227)	(18 174)	-	-	(50 157)	(35 412)
Profit before tax	**4 802**	**3 200**	**(156)**	**13 528**	**16 447**	**26 439**
Tax	-	-	-	-	-	-
Profit for the year	**4 802**	**3 200**	**(156)**	**13 528**	**16 447**	**26 439**
Other comprehensive income	(12 531)	35 818	-	-	(34 090)	106 860
Comprehensive income	**(7 729)**	**39 018**	**(156)**	**13 528**	**(17 643)**	**133 299**

The information above reflects the amounts presented in the financial statements of the joint ventures and not the Group's share of those amounts.

The above presented summarised financial information is reconciled to the carrying amounts of interests in joint ventures in following tables:

Reconciliation of summarised financial information

	Joint Gas Ltd		Joint Gas Two Ltd		SRV Joint Gas Ltd	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Opening net assets	**(51 747)**	**(69 915)**	**(42 482)**	**(60 324)**	**(40 777)**	**(78 720)**
Profit (loss) for the period	3 311	2 827	3 750	3 197	4 740	3 687
Other comprehensive income	(5 163)	18 541	(5 169)	18 245	(11 227)	34 256
Dividend distribution	(3 700)	(3 200)	(4 000)	(3 600)	-	-
Other Changes	-	-	-	-	-	-
Closing net assets	**(57 299)**	**(51 747)**	**(47 901)**	**(42 482)**	**(47 264)**	**(40 777)**
Interest in joint venture	33,98 %	33,98 %	50 %	50 %	50 %	50 %
Group adjust vessel values	1 546	1 819	1 552	1 035	(2 169)	(3 174)
Carrying value	**(17 924)**	**(15 765)**	**(22 399)**	**(20 206)**	**(25 801)**	**(23 563)**

Reconciliation of summarised financial information continued

	SRV Joint Gas Two Ltd		Methane Carriers Ltd*			Total
	2014	2013	2014	2013	2014	2013
Opening net assets	**(44 906)**	**(83 924)**	**(1 456)**	**6 996**	**(181 368)**	**(285 887)**
Profit (loss) for the period	4 802	3 200	(156)	13 528	16 447	26 439
Other comprehensive income	(12 531)	35 818	-	-	(34 090)	106 860
Dividend distribution	-	-	(406)	(21 980)	(8 106)	(28 780)
Other Changes	-	-	2 018		2 018	-
Closing net assets	**(52 634)**	**(44 906)**	**-**	**(1 456)**	**(205 098)**	**(181 368)**
Interest in joint venture	50 %	50 %	33-50%	33-50%	33-50%	33-50%
Group adjust vessel values	(2 571)	(3 577)	-	-	(1 642)	(3 897)
Carrying value	**(28 888)**	**(26 030)**	**-**	**(423)**	**(95 012)**	**(85 986)**

*In the above tables PNG Floating LNG Holdings Limited is presented together with Methane Carriers Limited as there were no material transactions or balances in 2014 or 2013, as these entities were dormant in 2014 and were both dissolved in 2014. Profit for 2013 of USD 13.5 million mainly relates to Methane Carriers Limited from the operation of the LNG Carrier Norman Lady. See Note 20 for information of guarantees related to joint ventures.

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 investments being net liabilities.

Principal subsidiaries

The Group had the following subsidiaries at 31 December 2014

Company	Country	Principal activity	Proportion of ordinary shares held by parent	Proportion of ordinary shares held by the group	Proportion of ordinary shares held by the NCI
Subsidiaries:					
Höegh LNG Ltd.	Bermuda	Holding	100		
Höegh LNG AS	Norw ay	Management		100	
Höegh LNG Fleet Management AS	Norw ay	Ship Management		100	
Leif Höegh (U.K.) Limited	England	Ship Management		100	
Hoegh LNG Asia Pte. Ltd.	Singapore	Business dev.		100	
Hoegh LNG Shipping Services Pte. Ltd.	Singapore	Repair		100	
Hoegh LNG Maritime Management Pte. Ltd.	Singapore	Ship management		100	
Port Dolphin Energy LLC	USA	Business dev.		100	
Port Dolphin Holding Company, LLC	USA	Holding		100	
Compressed Energy Technology AS	Norw ay	Business dev.		100	
Höegh LNG FSRU III Ltd.	Cayman Island	Shipow ning		100	
Höegh LNG FSRU IV Ltd.	Cayman Island	Shipow ning		100	
Methane Ventures Limited	British Virgin Islands	Investment	63,3		36,7
Höegh FLNG Ltd.	Bermuda	FLNG business	100		
Hoegh LNG Klaipeda Pte. Ltd.	Singapore	Shipow ning		100	
Hoegh LNG Klaipeda, UAB	Lithuania	FSRU Operation		100	
Höegh LNG Québec Inc.	Canada	FLNG business	100		
Höegh LNG Egypt Services Ltd.	Cayman Islands	Holding		100	
Höegh LNG Egypt Holding I Ltd.	Cayman Islands	Holding		100	
Höegh LNG Egypt Holding II Ltd.	Cayman Islands	Holding		100	
Hoegh LNG Cyprus Limited	Cyprus	Shipow ning		100	
Höegh LNG GP LLC	Marshall Islands	General Partner	100		
Höegh LNG Partners LP *	Marshall Islands	Holding			
Common units			8,04		41,96
Subordinated units			50		
Total units			**58,04**		41,96
Höegh LNG Partners Operating LLC	Marshall Islands	Holding		*100*	
Hoegh LNG Services Ltd.	England	Management		*100*	
Hoegh LNG Lampung Pte. Ltd	Singapore	Holding		*100*	
PT Höegh LNG Lampung**	Indonesia	Shipow ning		*49*	

* Höegh LNG Partners LP is a US listed partnership based on the Marshall Islands. The Company's holding of 58.04% consists of 50% subordinated units and 8.04 % common units. The partnership agreement limits the voting power of an individual common unit holder to a maximum of 4.9 % for election to the Board. Subordinated unit holders have no right to appoint or elect Board members. Common unit holders have the right to elect four members of the Board while the General Partner, an entity controlled by the Company, has the right to appoint the remaining three members of the Board.

** The Group consolidates PT Höegh LNG Lampung as it controls all of the economic interest in the Company.

All subsidiary undertakings are included in the consolidation. Other than the subsidiaries described above, the proportion of the voting rights in the subsidiary undertakings held directly by the parent does not differ from the proportion of ordinary shares held.

Summarised financial information on subsidiaries with material non-controlling interests

On 12 August 2014, HMLP closed its initial public offering (IPO) and sold 11,040,000 common units representing limited partner interests in the Partnership which were listed on the New York Stock Exchange. The net proceeds of the IPO were USD 203.5 million. The Parent Company contributed its interests in Hoegh LNG Lampung Pte Ltd., PT Hoegh LNG Lampung (the owner of the PGN FSRU Lampung), SRV Joint Gas Ltd. (the owner of the GDF Suez Neptune), SRV Joint Gas Two Ltd. (the owner of the GDF Suez Cape Ann) and certain related shareholder loans, promissory notes and accrued interest to HMLP in exchange for 2,116,600 common units and 13,156,060 subordinated units of HMLP. As a result, the Group's ownership in the partnership was reduced from 100% to 58.04%.

Prior to HMLP's first general meeting of the unitholders, the common units had no rights to exercise power over the partnership. Therefore, management concluded that the Parent Company continued to control the partnership. A decrease in a Parent's ownership interest that does not result in a loss of control is accounted for as an equity transaction. The Company recognised a non-controlling interest (NCI) for the HMLP equivalent to the 41.96% ownership interest of the public unitholders. Under IFRS, the Group records directly in equity any difference between the recognised amount of NCI and the consideration received (or net proceeds). Net proceeds of USD 203.5 million exceeded the amount of NCI recognised of USD 97.3 million resulting in a total increase in equity for the controlling interest of USD 106.2 million. This was classified as an increase in other paid-in capital and changes in cash flow hedge reserves of USD 79.3 and USD 26.9 million, respectively. On 24 September 2014, the first general meeting of the unitholders was held to elect members of HMLP's Board. Common unitholders have the right to nominate candidates to the Board and elect 4 of 7 of its members. However, the partnership agreement limits an individual unitholder's voting rights to a maximum of 4.9%. This means that the Company does not have a majority of the voting rights. The Parent Company, through its subsidiaries, has the right to appoint the remaining 3 members of the Board.

According to IFRS 10, the assessment of control must be performed on a continuous basis. If there are changes to one or more of the elements of control, a new assessment must be made. Therefore, following the election of the four member of the Board, Management made a new assessment over the control of the partnership. Such an assessment evaluates all of the facts and circumstances including the current composition of the Board of HMLP, the rights of unitholders and other arrangements and relationships between the parties. Based on an overall assessment of all the facts and circumstances, Management concluded that the Group has de facto control of HMLP even though it does not have a majority of the voting rights. Management's assessment is based on the combination of factors where the current composition of the board of directors of the HMLP was an important element in the overall conclusion. HMLP consists of the following entities (ownership of entities is presented as the ownership of Höegh LNG Partners LP):

Company		Registered Office	Country	Principal activity	Ownership in % 2014
Höegh LNG Partners LP		Marshall Islands	Marshall Islands	Holding	58,04
Höegh LNG Partners Operating LLC		Marshall Islands	Marshall Islands	Holding	100
Hoegh LNG Services Ltd.		London	England	Management	100
Hoegh LNG Lampung Pte. Ltd		Singapore	Singapore	Holding	100
PT Höegh LNG Lampung	1)	Jakarta	Indonesia	Shipowning	49
Joint Ventures:					
SRV Joint Gas Ltd.		Georgetown	Cayman Island	Shipowning	50
SRV Joint Gas Two Ltd.		Georgetown	Cayman Island	Shipowning	50

1) The Group consolidates PT Hoegh LNG Lampung as it controls all of the economic interest in the Company.

The summarised financial statements of the MLP are presented as below according to IFRS. The table includes transactions and balances towards other companies within the Group. As the MLP presents its own financials in accordance with USGAAP, and as there are certain differences arising from the incorporation the figures, the IFRS financials of HMLP are not directly comparable to the reported financial statements of HMLP.

Höegh LNG Partners Summarised income statement	Year ended 31 December 2014	 2013
Revenue	30 658	-
Profit for the year	**13 020**	**-**
Other comprehensive income	(9 071)	-
Comprehensive income	**3 949**	**-**
Attributable to NCI	1 657	-
Dividends paid to NCI	2 025	-

Höegh LNG Partners Summarised balance sheet	Year ended 31 December 2014	 2013
Assets		
Cash and cash equivalents	30 477	-
Restricted cash	21 935	-
Other current assets	144 773	-
Total current assets	**197 185**	**-**
FSRUs	283 564	-
Other Non-current assets	52 877	-
Total non-current assets	**336 441**	**-**
Total assets	**533 626**	**-**
Liabilities		
Current liabilites	**40 726**	**-**
Long-term interest bearing debt	179 420	-
Investments in joint ventures	54 691	-
Other non-current liabilities	27 770	-
Total non-current liabilites	**261 881**	**-**
Total liabilities	**302 607**	**-**
Net assets	**231 019**	**-**
Attributable to NCI	**96 930**	-

Höegh LNG Partners	Year ended 31 December	
Summarised statement of cash flows	**2014**	**2013**
Net cash from operating activities	64 948	-
Net cash used in investing activites	(7 568)	-
Net cash used in financing activites	(26 903)	-
Net increase cash	**30 477**	-
Cash at incorporation	-	-
Cash at 31 December	**30 477**	

Note 22 – Shares and share capital

Number of shares	Par value	2014	2013
Ordinary shares authorized	USD 0,01	150 000 000	150 000 000
Total number of shares issued and fully paid	**USD 0,01**	**69 898 827**	**69 893 055**

Share capital	Number of shares	Par value	Total
Shares and share capital at 1 January 2013	69 885 519	69 885 519	699
Share issue 7 June 2013	7 536	0,01	0,08
Share issue 12 June 2014	5 772	0,01	0,06
Shares and share capital at 31 December 2014	**69 898 827**		**69 898 827**

Treasury shares	Number of shares	Par value	Total
Höegh LNG Holdings Ltd ownership	1 211 738	0,01	12
Treasury shares and capital at 31 December 2014	**1 211 738**		**12**

Total outstanding shares at 31 December 2014	**68 687 089**

Höegh LNG Holdings Ltd. has one class of shares. The Board has not proposed any dividend to be paid for the year 2014 (NIL in 2013). In February 2015, the Company declared a dividend of USD 0.1 per share.

Shareholders as of 31 December 2014 are specified below:

20 largest shareholders as at 31 December 2014		Ownership (#)	Ownership (%)
LEIF HOEGH AND CO LTD	(See Note 32)	31 174 789	44,60%
JP MORGAN CLEARING		7 658 387	10,96%
ALLIANZ GLOBAL INV		3 600 692	5,15%
STATE STREET BANK & TRUST		3 505 297	5,01%
UBS AG, LONDON		1 542 672	2,21%
METHANE VENTURES LTD	(See Note 32)	1 211 738	1,73%
NORDEA NORDIC SMALL CAP FUND		909 805	1,30%
SKANDINAVISKA ENSKILDA BANKEN AB		843 364	1,21%
FIDELITY FUNDS-NORDIC FUND		739 694	1,06%
EUROCLEAR BANK S.A.		644 841	0,92%
VERDIPAPIRFONDET DNB NORGE SELEKT		580 780	0,83%
RASMUSSEN		560 000	0,80%
STATE STREET BANK AND TRUST CO.		531 077	0,76%
KLP AKSJE NORGE		395 892	0,57%
J.P. MORGAN LUXEMBOURG S.A.		382 779	0,55%
ODIN MARITIM		379 034	0,54%
HOLTA INVEST AS		356 278	0,51%
SOCIETE GENERALE SA		352 769	0,50%
MP PENSJON PK		351 530	0,50%
FONDSFINANS SPAR		350 000	0,50%
		56 071 418	**80,22%**
Other shareholders		**13 827 409**	**19,78%**
Total shares		**69 898 827**	**100,00%**

Note 23 – Earnings per share

Basic earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The Company held 1 211 738 treasury shares as at 31 December in 2014 and 31 December 2013. The following reflects the income and share data used in the basic and diluted EPS computations:

	2014	2013
Net profit attributable to equity holders of the parent company	**(93 818)**	**(20 802)**
Number of outstanding shares 1 January	68 681 317	68 673 781
Number of oustanding shares 31 December	68 687 089	68 681 317
Share options	2 189 000	822 000
Weighted average number of outstanding shares	68 684 527	68 678 075
Earnings per share (EPS):		
> basic, profit for the year attributable to ordinary equity holders of the parent	(1,366)	(0,303)
> diluted, profit for the year attributable to ordinary equity holders of the parent	(1,366)	(0,303)

Note 24 – Share based payment

In 2012, the Company introduced a share option programme covering certain employees in senior positions. As at 31 December 2014, there were 34 employees included in the option programme. Under this incentive scheme, share options of the Parent Company are granted to senior management and key employees of the Group. The share options vest equally over a three year period from the date of granting, given that the executive remains employed on such date.

	Average exercise price	2014	2013
Outstanding at 1 January		822 000	769 000
Granted during the year		1 414 000	70 000
Forfeited during the year		(41 334)	(17 000)
Exercised during the year		(5 666)	-
Expired during the year		-	-
Outstanding at 31 December	**NOK 49,54**	**2 189 000**	**822 000**
Exercisable at 31 December		536 658	274 000

For 2014, the expense recognised for employee services received during the year charged to the income statement is USD 2.3 million (2013: USD 1.3 million).

The weighted average fair value of the share options granted during 2014 is NOK 23.07. The fair value of the share option is estimated at the grant date using a Black & Scholes simulation pricing model, taking into account the terms and conditions upon which the share options were granted. All options outstanding at 31 December 2014 expire within 31 December 2018 and the weighted average remaining contractual life for the share options was 3.27 years. The following parameters are inputs to the models used for the plan for the year ended 31 December 2014:

Dividend yield (%):	0
Expected volatility (%) :	55
Risk–free interest rate (%) :	1,98
Expected life of share options (years):	4,89
Weighted average share price :	47,6951
Option pricing model used and the inputs to that model	Black & Scholes Merton Pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The options could be settled either in cash or shares based on the Company's sole discretion.

Social security contributions on share options

The provision for social security contributions on share options is calculated based on the number of outstanding options at the reporting date that are expected to be exercised. The provision is based on market price of the shares at the reporting date which is the best estimate of the market price at the date of exercise. It is expected that the costs will be incurred during the exercise period of 1 January 2015 to 31 December 2018.

Note 25 – Deferred tax and corporate income tax

Companies within the Group operate in jurisdictions where taxes are imposed, mainly Norway, UK, US, Singapore and Indonesia. Below table reconciles the Company’s current income tax:

Current income tax	**2014**	**2013**
Current income tax charge	1 440	353
Adjustments in respect of current income tax of previous years	577	133
Current income tax expense/(income)	**2 017**	**486**

Reconciliation of income tax expense	**2014**	**2013**
Profit (loss) before income tax	**(86 339)**	**(20 316)**
At Bermuda's statutory income tax rate of 0 %	-	-
Non deductible expenses for tax purposes	-	-
Adjustments in respect to current income tax of previous years	-	133
Effect of higher tax rates outside Bermuda	2 017	353
Income tax expense reported in the income statement	**2 017**	**486**
Effective tax rate	-2,3%	-2,4%

Deferred tax relates to the following:

Deferred tax assets	**2014**	**2013**
Fixed assets	75	95
Pensions	1 311	185
Losses carried forward	2 731	1 705
Losses carried forward not recognized	(3 743)	(1 213)
Total deferred tax assets at 31 December	**374**	**772**

Losses carried forward only relate to tax losses in Norway for year ended 31 December 2014 and 2013 as the Company has not recorded any deferred tax on the tax loss in Indonesia.

Total tax payable tax of USD 0.5 million at 31 December 2014 are to the Company’s payable tax in UK and Singapore.

Note 26 – Trade and other receivables

	2014	2013
Trade recaivables	7 608	4 506
VAT net receivable	5 046	702
Prepayments	3 294	2 341
Total	**15 948**	**7 549**

Note 27 – Trade and other payables

	2014	2013
Suppliers	8 255	7 354
Public duties payable and holiday pay	5 675	3 744
Total	**13 930**	**11 098**

Outstanding trade and other payables as at 31 December 2014 fall due between 30 -180 days.

Note 28 – Provisions and accruals

	2014	2013
Warranty provision	2 000	-
Prepayments from customers	3 048	1 053
Commited cost on purchase orders	608	351
Other provision	8 840	9 865
Total	**14 495**	**11 269**

Outstanding provisions as at 31 December 2014 are estimated to fall due between 30-60 days.

Note 29 – Other current financial liabilities

	2014	2013
Interest rate swaps designated as effective hedging instruments *	14 527	4 164
Accrued interest on mortgage debt	2 424	2 361
Accrued interest on bond	2 413	2 651
Accrued commitment fees on undrawn facilities	-	675
Other current financial liabilities	8 348	1 573
Total	**27 712**	**11 424**

* The interest rate swap agreements are designated as effective hedging instruments. The current portion of the liabilities related to the interest rate swap agreements' mark-to-market as at 31 December is presented above. For further information on interest rate swaps, see Note 14.

Note 30 – Other non-current assets

	2014	2013
Pre-contract costs time chartes	5 377	5 153
Arrangement, commitment fees on undrawn facilities	2 180	8 551
IT and equipment	2 263	2 285
Other	5	97
Net carrying amount at 31 December	**9 825**	**16 086**

Pre-contract costs are incremental costs recorded in the period starting when the Company is selected as the preferred bidder of an FSRU until a firm charter party agreement is signed. These costs will be amortized (linearly) from the commencement of respective charter party until the end of firm charter party period.

Upon drawing on the project financing loans, the remaining debt issuance costs will be reclassified and netted against mortgage debt and amortised.

The table below reconciles the carrying value of equipment:

Equipment	2014	2013
Cost 01.01	5 741	5 165
Additions/(disposals) net	939	576
Cost at 31 December	**6 680**	**5 741**
Accumulated depreciation at 1 January	(3 456)	(2 264)
Depreciation charge	(961)	(1 192)
Accumulated depreciation and impairment at 31 December	**(4 417)**	**(3 456)**
Net carrying amount at 31 December	**2 263**	**2 285**

Note 31 – Non-current financial assets and liabilities

Interest rate swap agreements are entered into by the Company in addition to a cross currency interest rate swap agreement (see Note 14). The interest rate and currency swap agreements are designated as effective hedging instruments. The non-current portion of the mark-to-market valuation of these agreements as at 31 December is presented below. For current portion of the mark-to-market valuations, see Note 14.

Non-current financial assets at 31 December:

	2014	2013
Interest rate swaps - designated as hedges	5 485	17 970
VAT recivable	21 626	-
Other	13	-
Carrying amount at 31 December	**27 124**	**17 970**

Non-current financial liabilities at 31 December:

	2014	2013
Interest rate swaps - designated as hedges	38 430	9 363
VAT liability	22 223	-
Pension Liabilities	1 311	1 046
Total non-current financial liabilities	**61 964**	**10 409**

For further information on interest rate swaps, see Note 14.

Note 32 – Transactions with related parties

Transactions with joint ventures

The Group provides various management services to the Group's joint ventures. The subsidiary Höegh LNG AS executes the commercial and administrative management services whereas the subsidiary Höegh LNG Fleet Management AS provides technical and crewing management services.

The following table provides the total amounts of aggregate transactions of management services that have been entered into between Höegh LNG AS and the joint ventures for 2014 and 2013. For recognition of management revenues see Note 4.

Management income from joint ventures	2014	2013
Joint Gas Ltd.	64	63
Joint Gas Two Ltd.	64	63
SRV Joint Gas Ltd.	1 299	1 292
SRV Joint Gas Two Ltd.	1 370	1 507
Methane Carriers Limited	106	667
Total	**2 903**	**3 591**

The Company has shareholder loans entered into with two of the Group's joint ventures:

Non current	2014	2013
SRV Joint Gas Ltd	6 240	8 907
SRV Joint Gas Two Ltd	6 048	8 491
PNG Floating LNG Holding Pte Ltd	-	451
Total non current	**12 287**	**17 848**

Current	2014	2013
SRV Joint Gas Ltd	3 595	3 695
SRV Joint Gas Two Ltd	3 070	3 418
Net Shareholder loans at 31 December	**6 665**	**7 113**

Transactions with other related parties

Höegh Autoliners Management AS

The Company considers Höegh Autoliners Holdings Ltd. to be a related party as Morten W. Høegh (Chairman) and Leif O. Høegh (Deputy Chairman) both indirectly hold significant ownership in both companies. The Group has entered into agreements with Höegh Autoliners Management AS relating to the Group's purchase of administrative services provided by Höegh Autoliners Management AS and rent of premises.

The following table provides the aggregated amounts of administrative services including rent of premises for 2014 and 2013:

Administrative services from	2014	2013
Höegh Autoliners Management AS	1 743	1 937
Total	**1 743**	**1 937**

Höegh Capital Partners ASA

The Company has an agreement with Höegh Capital Partners ASA, a company owned by the Høegh family, for the management of excess liquidity in the form of marketable securities. The portfolio's market value was USD 117.3 million as at 31 December 2014 (USD 13.8 million in 2013).

Leif Höegh & Co Ltd (Cyprus)

The Company has entered into a licence agreement with Leif Höegh & Co Ltd. pursuant to which Leif Höegh & Co Ltd. grants to the Company a royalty free licence for the use of the name and trademark "Höegh LNG" and the Höegh funnel mark (the flag). The licence agreement will be effective as long as Leif Höegh & Co Ltd. (or any other entity beneficially owned/controlled by the Høegh family) remains a shareholder in the Company holding one third (33.33%) or more of the issued shares in the Company. In the event such shareholding falls below one third, Leif Höegh & Co Ltd. may require that the Company ceases to use the name and trademark "Höegh LNG" and the Höegh funnel mark (the flag).

Höegh Autoliners (UK) Limited

The Group also received pool distribution from one car carrier until October 2014, which is recognised as charter income. The car carrier has been operated for the account of Höegh Autoliners (UK) Limited through a risk benefit agreement and the Group receives a margin of 3% of the net profits, which amounted to USD 0.4 million in 2014 (2013: USD 0.4 million).

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at estimated fair value.

Key Management and Board of Directors' remuneration

The remuneration to Key management (consisting of three executives) and Board of Directors during 2014 and 2013 is presented below:

Remuneration to the key management and Board of Directors:	**2014**	**2013**
Salaries	2 172	1 954
Share-based payment expense (Note 24)	1 288	568
Other taxable benefits	146	286
Pensions	66	69
Board of Directors Fee	265	311
Total	**3 938**	**3 189**

Co-investment vehicle for management

Methane Ventures Limited, a British Virgin Islands limited liability company, is a co-investment company owned jointly by the Management of the Company and the Company. Höegh LNG Holdings Ltd. owned 63.3% of the shares in Methane Ventures Limited at 31 December 2014, and the remaining 36.7 % of the shares are owned by the Company's Management. Methane Ventures Limited owned 1 211 738 shares in the Company as at 31 December 2014. The Management's investment in Methane Ventures Limited has been extended beyond the initial term and will expire no later than 30 June 2016. Upon termination of the investment scheme, the owners of Methane Ventures Limited may receive either cash or shares in the Company or a combination of cash and shares in the Company. Methane Ventures Limited's shares in the Company are pledged to DNB Bank ASA as security.

Management and general bonus scheme

The Management bonus scheme is subject to both individual performance and the development of the Company's corporate objectives. Bonus potential will vary between four and twelve months salary for individual members of Management. The General bonus scheme incorporates all the Group's employees, except the participants in the Management bonus scheme. Full bonus potential is one month salary and the achievement is based on corporate goals and operating performance.

Note 33 – Subsequent events

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

Subsequent to the year ended 31 December 2014, an understanding with PGN, the pipeline contractor in Indonesia and the MLP has been reached. (See Note 20 for further description).

There are no other subsequent events to report as of 24 March 2015.

FINANCIAL STATEMENTS AND NOTES
HÖEGH LNG HOLDINGS LTD. (PARENT COMPANY)
FOR THE YEAR ENDED 31 DECEMBER 2014

STATEMENT OF COMPREHENSIVE INCOME / **81**
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Statement of comprehensive income

USD'000	Notes	Year ended 31 December 2014	2013
Administrative expenses	11	(15 176)	(5 280)
Operating result		**(15 176)**	**(5 280)**
Gain on investment in Höegh LNG Partners LP	3	182 192	-
Interest income	8	14 305	14 387
Dividend received	10	2 801	-
Interest expenses	9	(13 581)	(10 123)
Income from other financial items	12	383	917
Expenses from other financial items		(469)	(16)
Profit (loss) for the year before tax		**170 455**	**(115)**
Tax		-	-
Profit (loss) for the year after tax		**170 455**	**(115)**
Other comprehensive income			
Items that may be subsequently reclassified to pofit or (loss)			
Net gain (loss) on cash flow hedges		(2 357)	335
Other comprehensive income (loss) for the year		**(2 357)**	**335**
Total comprehensive income (loss) for the year		**168 098**	**220**

Statement of financial position

USD'000	Note	Year ended 31 December 2014	2013
Assets			
Non-current assets			
Investments in new buildings under construction	7	26 803	-
Investments in subsidiaries	3	423 194	158 523
Loans to subsidiaries	4	442 526	530 663
Other receivables		13	16
Total non-current assets		**892 535**	**689 202**
Current assets			
Prepayments		306	107
Trade receivables	5	5 360	-
Marketable securities	15	117 317	13 794
Restricted cash		-	1 094
Cash and cash equivalents	12	10 597	10 959
Total current assets		**133 579**	**25 954**
TOTAL ASSETS		**1 026 114**	**715 156**
Equity and liabilities			
Equity			
Share capital	13	699	698
Share premium reserve		344 318	344 258
Hedging reserves		(4 867)	(2 509)
Other paid in equity (See note 14 in Group accounts)		4 673	2 400
Retained earnings		406 686	236 230
Total equity		**751 509**	**581 078**
Non-current liabilities			
Other non-current financial liabilities	15	32 506	9 363
Bond	14	93 191	121 355
Total non-current liabilities		**125 697**	**130 718**
Current liabilities			
Accrued interest Bond	15	2 412	2 361
Demand Note Hoegh LNG Partners LP	6	143 241	-
Trade and other payables		417	869
Provisions and accruals		860	-
Other current financial liabilities	15	1 978	130
Total current liabilities		**148 908**	**3 360**
TOTAL EQUITY AND LIABILITIES		**1 026 114**	**715 156**

Hamilton/ Paris, 24 March 2015

The Board of Directors and the President of Höegh LNG Holdings Ltd.

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

Cameron E. Adderley
Director

Timothy J. Counsell
Director

Andrew Jamieson
Director

Guy D. Lafferty
Director

Ditlev Wedell-Wedellsborg
Director

Sveinung J.S. Støhle
President

Statement of changes in equity

USD'1000	Share capital (Note 13)	Share premium reserve	Other paid-in equity (Note 3)	Hedging reserves	Retained earnings	Total equity
At 1 January 2013	**699**	**344 198**	**1 034**	**(2 845)**	**236 346**	**579 432**
Issue of share capital (7 June 2013)	0	60	-	-	-	60
Share based payment (Note 16 Group accounts)	-	-	1 366	-	-	1 366
Total comprehensive income 2013	-	-	-	335	(115)	220
At 31 December 2013	**699**	**344 258**	**2 400**	**(2 510)**	**236 230**	**581 078**
Issue of share capital (12 June 2014)	0	60	-	-	-	60
Sharebased payment	-	-	2 273	-	-	2 273
Total comprehensive income 2014	-	-	-	(2 357)	170 455	168 098
At 31 December 2014	**699**	**344 318**	**4 673**	**(4 867)**	**406 686**	**751 509**

Statement of cash flows

		Year ended 31 December	
USD'000	**Note**	**2014**	**2013**
Cash flows from operating activities:			
Profit of the year		170 455	(116)
Non-cash adjustment to reconcile profit before tax to net operational cash flow			
Fair value adjustments on marketable securities		(371)	(917)
Gain on investment in Höegh LNG Partners LP	3	(182 192)	-
BoD remuneration		60	60
Interest income	8	(14 305)	(14 387)
Interest expenses	9	13 581	10 124
Loss on interest rate swap		252	-
Dividends received from Hoegh LNG Partners LP	10	(2 801)	
Working capital adjustments			
Trade receivables	5	(4 893)	-
Changes in accounts receivable and payable		166	(529)
Net cash generated from operating activities		**(20 048)**	**(5 765)**
Investing activites:			
Repaid capital from investments in Hoegh LNG Partners LP	3	43 872	-
Proceeds from issuance of demand note in Hoegh LNG Partners LP	3	140 000	-
Dividends received from Hoegh LNG Partners LP	10	2 801	
Purchase of marketable securities		(145 000)	-
Proceeds from sale of marketable securities		41 669	101 000
Interest received		-	101
Investments in Methane Ventures Limited		(423)	-
Investments in new buildings under construction	7	(26 803)	-
Net cash flow used in investing activities		**56 116**	**101 101**
Financing activites:			
Repurchase of bonds		(4 869)	-
Transaction costs bond		(606)	(417)
Interest payment bonds		(9 683)	(9 683)
Payment of intercompany borrowings		(21 272)	(157 715)
Net cash flow used in financing activities		**(36 430)**	**(167 816)**
Net increase/(decrease) in cash and cash equivalents		**(362)**	**(72 480)**
Cash and cash equivalents at 1 January		10 959	83 439
Cash and cash equivalents at 31 December	12	**10 597**	**10 959**

Note 1 – Corporate information

Please refer to information provided in Note 1 of the consolidated financial statements.

Note 2 – Summary of significant accounting policies

Please refer to information provided in Note 2 of the consolidated financial statements.

Note 3 – Investments in subsidiaries

	2014	2013
Cost at 01.01	158 523	157 156
Investment in Hoegh LNG Partners LP 1)	261 975	-
Acquisition of shares in Methane Ventures Limited	423	-
Investment in Höegh LNG Québec Inc	0	-
Share based payments	2 273	1 367
Cost at 31 December	**423 194**	**158 523**

Carrying amount per group company at 31 December	2014	2013
Hoegh LNG Partners LP	261 975	-
Höegh LNG Ltd.	118 484	116 211
Höegh FLNG Ltd.	41 482	41 482
Methane Ventures Limited	1 253	830
At 31 December	**423 194**	**158 523**

Companies	Registered office	Ownership share	Carrying amount	Book equity (100%) 31 December 2014	Book equity (100%) 31 December 2013
Höegh LNG Ltd.	Bermuda	100,00%	118 484	77 245	123 638
Hoegh LNG Partners LP	Marshall Islands	58,04%	261 975	285 741	-
Höegh FLNG Ltd	Bermuda	100,00%	41 482	24 945	31 574
Methane Ventures Limited	BVI	63,30%	1 253	1 866	2 530
Höegh LNG Québec Inc	Canada	100,00%	-	-	-
Total			423 194	389 797	157 742

1) At the IPO on 12 August 2014, HMLP 11,040,000 common units to public unit holders in exchange for USD 203.5 million in IPO proceeds (net of discounts, commissions, fees and expenses) including exercising of the green shoe option. The Parent Company transferred to the MLP all interest in HLNG Partners Operating LLC and a promissory note in exchange for 15 272 120 units in HMLP.

The table below sets out the issuance of common and sub-ordinated units for recognition on 12 August 2014 and the description of the proceeds.

Units issued	Number	Green shoe	Total #units	%	Fair value in USD
Common units	3 556 060	(1 440 000)	2 116 060		42 321
Subordinated units	13 156 060		13 156 060		263 121
GP units	-				
Total number of units issued to Höegh LNG Holdings Ltd			**15 272 120**	58,04%	**305 442**
Common units issued to public	9 600 000	1 440 000	11 040 000	41,96%	220 800
Total number of units issued to Public			**26 312 120**	100,00%	526 242

Both common and subordinated units are valued at USD 20 per unit equivalent the amount the public unit holders paid at the IPO, giving a fair value for the Parent Company's investment of USD 305.4 million.

The transfer of shares and promissory note in exchange of ownership of units in HMLP resulted in a gain of USD 182.2 million.

From the IPO proceeds, the MLP paid to the Parent Company USD 183.9 million, whereof USD 140 million was settled against issuance of a demand note (see Note 6) and USD 43.4 million as repayment of capital.

The acquisition cost of units held in the MLP of USD 270.4 million is the sum of fair value at USD 305.4 million less distribution of capital of USD 43.4 million. There is no impairment charge recognised on investments in Group companies.

Note 4 – Non-current loans to subsidiaries

	2014	2013
Intercompany receivables Höegh LNG Ltd.	425 450	519 342
Intercompany receivables Methane Ventures Limited	5 333	4 897
Intercompany receivables Höegh FLNG Ltd.	11 743	6 425
At 31 December	**442 526**	**530 663**

The Parent Company has entered into a loan facility with Höegh LNG Ltd. in the amount of USD 600 million. The interest rate of the facility has a margin of 2.5% over 3 months LIBOR. Repayment of this facility shall be done in one or several amounts as agreed between the Parent Company and Höegh LNG Ltd.

See Note 8 for recognition of interest income and Note 16 for transactions with related parties.

Note 5 – Trade receivables

	2014	2013
Indemnification paid to Hoegh LNG Partners LP 1)	4 893	-
Commitment fee on Revolver facility USD 85 million provided Hoegh LNG Partners LP	467	
Total	**5 360**	**-**

1.) Pursuant to an indemnification provided under an Omnibus Agreement between the Parent Company and HMLP, the MLP claimed USD 13.3 million from the Parent Company. The amount was paid in full in 2014, whereof USD 8.4 million was recorded as cost of indemnification, see Note 3. Reference is also made to Note 20 in the consolidated accounts.

Note 6 – Demand Note Höegh LNG Partners LP

	2014	2013
Issuance of a demand note against proceeds August 2014	140 000	-
Interest cost	3 241	-
Total	**143 241**	**-**

A demand note was entered into with Höegh LNG Partners LP on 12 August 2014. Interest of 5.88% p.a.

Note 7 – Investments in newbuildings under construction

	2014	2013
Capitalized cost on investments in new buildings	26 803	-
Total	**26 803**	**-**

A shipbuilding contract of an FSRU was entered into with Hyundai Heavy Industries Ltd in November 2014.

Note 8 – Interest income

	2014	2013
Interest on intercompany loan to Höegh LNG Ltd.	13 156	13 803
Interest on loan to Methane Ventures Limited	436	372
Interest on loan to Höegh FLNG Ltd.	242	110
Commitment fee Hoegh LNG Partners LP	467	-
Other interest income	4	101
Total	**14 305**	**14 387**

For outstanding interest bearing receivables see Note 4. Reference is made to Note 16 for transactions with related parties.

Note 9 – Interest expenses

	2014	2013
Interest and amortization cost bond	10 340	10 123
Interest cost demand note Hoegh LNG Partners LP (See Note 6)	3 241	-
Total	**13 581**	**10 123**

Note 10 – Dividend

		2014	2013
Dividend received 13 November 2014 - common units (# 2 116 060)	USD 0,1834	388	-
Dividend received 13 November 2014 - subordinated units (# 13 156 060)	USD 0,1834	2 413	-
Total		**2 801**	**-**

Note 11 – Administrative expenses

	2014	2013
Remuneration to Board members	150	230
Audit fees (including audit of MLP)	1 737	213
Preparation for US listing of MLP	1 699	2 422
Legal fees	553	353
Other external services	778	569
Management cost Group companies	1 498	1 397
Miscellaneous expenses	46	97
Legal advisory fees on SOX	341	-
Indemnification to loss of hire in the MLP (See Note 20 in consolidated accounts)	8 375	-
Total	**15 176**	**5 280**

Note 12 – Cash and cash equivalents

	Exchange		Exchange	
Currency	**rate**	**2014**	**rate**	**2013**
US Dollars (USD)	1	9 673	1	10 905
Norwegian Kroner, NOK	7,4332	924	6,08	54
Total		**10 597**		**10 959**

All bank deposits are held with Norwegian banks.

Note 13 – Share capital

Number of shares	Par value	2014	2013
Total number of share authorized	USD 0,01	150 000 000	150 000 000
Total number of share issued and fully paid	**USD 0,01**	**69 898 827**	**69 893 055**

Share capital	Number of shares	Par value
Opening balance 1 January 2013	**69 885 519**	**0,01**
Share issue 7 June 2013	7 536	0,01
Share issue 12 June 2014	5 772	0,01
Shares and share capital at 31 December	**69 898 827**	**698 988**

The Parent Company has one class of shares. The Board has not proposed any dividend to be paid for the year 2014. On 12 June 2014, Höegh LNG Holdings Ltd. issued 5 772 shares at a subscription price of NOK 61.75 as the Board remuneration to six Directors of the Board. The new number of issued shares is 69 898 027.

Note 14 – Bond

	2014	2013
Bond	95 921	123 280
Debt issuance cost	(2 731)	(1 925)
At 31 December	**93 190**	**121 355**

On 3 October 2012, the Parent Company completed the issuance of a senior unsecured bond issue of NOK 750 million in the Norwegian bond market with maturity date expected to be 3 October 2017. The bond bears interest at 3 months NIBOR plus a coupon of 6%. Following a cross currency interest rate swap, the repayment obligation is USD 130.3 million, while the interest rate has been fixed at 7.3%. The decrease in liability due to currency fluctuations is offset by a cross-currency swap entered into. In December 2014, the Parent Company re-purchased HLNG bonds to in an amount of USD 4.9 million. Interest on the bond has been expensed in the amount of USD 10.3 million during 2014 (USD 10.1 million). Accrued interest at 31 December 2014 was USD 2.4 million (USD 2.4 million).

Note 15 – Financial risk management objectives and policies

Capital Management

As the Parent Company of the Group, the primary objective of the Parent Company's capital management is to ensure adequate capital ratios in order to support on-going operations, business development activities, capital expenditures and maximise shareholder value within the Group.

The main priority of maintaining a strong financial position is to ensure access to funding at favourable terms. The Group's capital structure consists of debt, marketable securities, cash and cash equivalents and equity attributable to the shareholders of the Company. The shares and the bonds issued by the Parent Company are listed at the Oslo stock exchange.

The Parent Company's capital structure might be adjusted over time to reflect the risk characteristics associated with the underlying assets, the funding situation and the financial markets. In order to maintain or adjust the capital structure, the Parent Company may refinance its debt, buy or issue new shares or debt instruments, sell assets, pay dividends or return capital to shareholders.

Financial Risk

Höegh LNG Holdings Ltd. is in the ordinary course of its business exposed to different types of financial risk including market risk (interest- and currency risk), credit risk and liquidity risk. The Parent Company has established procedures and policies for determining, mitigating and monitoring the risk exposures.

The following table includes the estimated fair value and carrying value of those assets and liabilities that are measured fair value on a recurring and non-recurring basis.

	Carrying amount		Fair value	
Financial assets	**2014**	**2013**	**2014**	**2013**
Financial instruments at fair value through profit or loss				
Marketable securities	117 317	13 794	117 317	13 794
Loans and receivables				
Interest bearing receivables	442 526	530 663	442 526	530 663
Restricted cash	-	1 094	-	1 094
Trade receivables and other	5 372	16	5 372	16
Cash and cash equivalents	10 597	10 959	10 597	10 959
Total	**575 812**	**556 526**	**575 812**	**556 526**
Total current	**133 286**	**25 847**	**133 286**	**25 847**
Total non-current	**442 526**	**530 663**	**442 526**	**530 663**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash and cash equivalents, restricted cash, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

- Long-term fixed rate and variable-rate receivables are evaluated by the Parent Company based on interest rates. The fair value approximates its carrying amounts reported since they are payable on demand by the lender.

- Fair value of financial instruments within the marketable securities is calculated by using valuation techniques with market observable inputs, including forward pricing and swap models, using present calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

- Since the Bonds issued by Höegh LNG Holdings Ltd. (HLNG01) are listed on Oslo Børs, fair value of bonds are disclosed based on traded information (101.1% at 31 December 2014).

	Carrying amount		Fair value	
Financial liabilities	**2014**	**2013**	**2014**	**2013**
Financial instruments at fair value through profit or loss				
Derivatives in effective cash flow hedges	34 485	9 493	34 485	9 493
Loans and payables				
Demand note Hoegh LNG Partners LP	143 241	-	143 241	-
Trade and other payables	417	869	417	869
Bond	93 191	121 355	102 311	127 595
Total	**271 333**	**131 717**	**280 454**	**137 957**
Total current	**145 636**	**999**	**145 636**	**999**
Total non-current	**125 697**	**130 718**	**278 059**	**136 958**

Refer to Note 14 in Group accounts for fair value hierarchy and for further outline of financial risk management objectives and policies.

Note 16 – Related party transactions

Receivables against related party	**2014**	**2013**
Subsidiary		
Höegh LNG Ltd.	425 450	519 342
Methane Ventures Limited	5 333	4 897
Höegh FLNG Ltd.	11 743	6 425
Hoegh LNG Partners LP	5 360	-
Total	**447 885**	**530 664**

Trade payable to related party		
Subsidiary		
Höegh LNG AS	-	351
Höegh LNG Ltd.	-	36
Total	**-**	**387**

Interest income from related party		
Subsidiary		
Höegh LNG Ltd.	13 156	13 803
Methane Ventures Limited	436	372
Höegh FLNG Ltd.	242	110
Hoegh LNG Partners LP (commitment fee)	467	-
Total	**14 301**	**14 286**

Interest cost to a related party		
Subsidiary		
Hoegh LNG Partners LP	3 241	-
Total	**3 241**	**-**

The Parent Company has entered into loan agreements with subsidiaries as described in Note 4. The Parent Company has received administrative services in the amount of USD 1.5 million in 2014 from the subsidiary Höegh LNG AS (USD 2.0 million in 2013).

Other related parties

For transactions with other related parties, reference is made to Note 32 of the consolidated accounts.

Note 17 – Share-based payments

Refer to Note 24 in the Group accounts for share based payments costs.

Note 18 – Commitments and guarantees

Refer to Note 20 in the Group accounts for guarantees provided by the Group. The following material guarantees are issued by the Parent Company.

FSRU newbuilding programme

The Company has issued a Parent Company guarantee to HHI guaranteeing Höegh LNG Ltd.'s obligations under the shipbuilding contract for HN 2551 in the maximum amount of USD 108.7 million. For financing of HN 2551, please see below under description of Höegh Gallant.

Höegh Gallant

A USD 412 million senior secured credit facility agreement for the financing of Höegh Gallant and HN 2551 was entered into in 2014. The facility is guaranteed by each of the Company and Höegh LNG Ltd. Further, the following securities have been established: A mortgage over the FSRU Höegh Gallant, account security deeds, shares security deeds (in respect of the shares of the borrowers), management agreement assignment, pre-delivery security assignments and swap contract assignment. A mortgage will be granted over HN 2551 upon delivery of the FSRU from HHI.

Höegh FLNG Ltd. – office lease

The Company has guaranteed payment of up to six months' office lease for the premises in Drammensveien 123, 0277 Oslo, Norway used by Höegh FLNG Ltd.

Höegh FLNG Ltd. – Parent Company guarantee

The Company has issued a Parent Company guarantee as security for the obligations of Höegh FLNG Ltd. under a technical services agreement entered into by Höegh FLNG Ltd. in relation to a one of its projects.

FSRU Independence (Klaipedos Nafta) – financing

In November 2012, Höegh LNG Ltd. (as borrower) entered into a USD 250 million facility agreement fully guaranteed by the Parent Company. In addition, the facility is guaranteed by Hoegh LNG Klaipeda UAB and Hoegh LNG Klaipeda Pte. Ltd. The following securities have further been granted to the financiers: (i) mortgage with collateral deed of covenants over the FSRU (ii) assignment of all project agreements, guarantees and swap agreements; (iii) pledge of all project accounts; and (iv) pledge over the shares in the project companies Hoegh LNG Klaipeda, UAB and Hoegh LNG Klaipeda Pte. Ltd.

Regasification Services Agreement for Höegh Gallant

As security for the obligations of Höegh LNG Ltd. under the Regasification Services Agreement for Höegh Gallant (the “RSA”), the Company has granted a Parent Company guarantee in favour of Egyptian Natural Gas Holding Company (EGAS) guaranteeing payment of any amounts due and payable by the Group under the RSA and the performance by Höegh LNG Ltd. of its obligations under the RSA as they relate to commencement of the project within the Project commencement milestone dates. Further, Central International Bank (CIB) has issued a letter of credit in an amount of USD 3.0 million on behalf of Höegh LNG Ltd. in favour of EGAS.

Joint Gas Ltd. and Joint Gas Two Ltd. lease commitments

The wholly owned subsidiary Höegh LNG Ltd. has guaranteed pro-rata according to its shareholding severally with the joint venture partners for payment obligations under the lease transaction agreements entered into by Joint Gas Ltd and Joint Gas Two Ltd. (collectively referred to as the ”JVs”), respectively (lease agreements, time charter agreements and interest rate swap agreements). The said guarantees are counter-guaranteed by the Parent Company. In addition, the shares in the JVs have been pledged in favour of the lessors and all rights to the derivative assets in the Company have been assigned by the joint venture partners to the lessor. Höegh LNG Ltd. has also granted a performance undertaking in favour of the lessor for the performance of Leif Hoegh (U.K.) Limited under the leases and a pro-rata Quiet Enjoyment Guarantee in favour of the time charterer for the JVs performance under a Quiet Enjoyment Letter entered into with the lessor and the time charterer.

Note 19 – Subsequent events

Refer to Note 33 in the Group accounts for events after balance sheet date.

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Statsautoriserte revisorer
Ernst & Young AS

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To Annual Shareholders' Meeting of
Höegh LNG Holdings Ltd.

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Höegh LNG Holdings Ltd., comprising the financial statements of the Parent company and the Group. The financial statements of the Parent company and the Group comprise the statements of financial position as at December 31, 2014, the statements of comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors' and President's Responsibility for the Financial Statements

The Board of Directors and the President are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements of Höegh LNG Holdings Ltd. present fairly, in all material respects, the financial position of the Parent Company and the Group as of December 31, 2014, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Oslo, March 24, 2015
ERNST & YOUNG AS

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

Global Reporting Initiative (GRI) content index

Indicator	Description	Page number or link	External assurance
Strategy and Analysis			
G4-1	Statement from the most senior decisionmaker of the organization.	Page 4	
Organizational profile			
G4-3	Name of the organization.	Page 6	
G4-4	Primary brands, products, and services.	Page 6 and web: http://www.hoeghlng.com/Pages/OurBusiness.aspx	
G4-5	Location of the organization's headquarters.	Page 6	
G4-6	Number of countries where the organization operates, names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Page 6	
G4-7	Nature of ownership and legal form and markets served.	Page 6	
G4-8	Markets served (geographic breakdown, sectors served, and types of customers and beneficiaries).	Page 6	
G4-9	Scale of the organization: employees, operations, sales, capitalization and quantity of services provided.	Page 5-13	
G4-10	Total number of employees by employment contract, gender, permanent employees, region, supervised workers, casual workers and significant variations in employment numbers.	Page 17 Of the permanent employees, all work full-time except for 3 females and 1 male. The company does not engage supervised or casual workers. There are no significant variations in employment numbers over the year. Employment data has been broken down using onshore and maritime categories, instead of region due to the nature of the operations. 250 (2 females) of the maritime personnel have permanent contracts. 92 (3 females) of the office personnel have permanent contracts, 10 (3 females) have temporary contracts.	
G4-11	Percentage of total employees covered by collective bargaining agreements.	All maritime personnel are covered by collective bargaining agreements. No office employees are covered by collective bargaining agreements.	
G4-12	Description of the supply chain.	Page 18	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	None	
G4-14	Precautionary approach or principle.	Page 16	
G4-15	Subscription to externally developed economic, environmental and social charters, principles, or other initiatives.	Page 18	

Indicator	Description	Page number or link	External assurance
G4-16	Memberships in associations (such as industry associations) and national or international advocacy organizations.	HLNG is a member of the Norwegian Shipowners' Association, the International Group of Liquefied Natural Gas Importers (GIIGNL) and The Society of International Gas Tanker and Terminal Operators (SIGTTO).	
Identified Material Aspects and Boundaries			
G4-17	Entities included in the consolidated financial statements.	Page 34	
G4-18	Process for defining the report content and the Aspect Boundaries and, implementation of the Reporting Principles for Defining Report Content.	Page 15	
G4-19	List of all the material Aspects identified in the process for defining report content.	Page 15	
G4-20	Aspect Boundary within the organization for each material aspect.	All material aspects are material for all entities within the organization.	
G4-21	Aspect Boundary outside the organization for each material Aspect.	Economic performance, all Environmental aspects, Anti-corruption, Anti-competitive behaviour as well as all Supply chain aspects may have impacts outside the company.	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	None	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None	
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organization.	Page 15	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Page 15	
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Page 15	
G4-27	Key topics and concerns that have been raised through stakeholder engagement. How the organization has responded to these key topics and concerns, including through reporting. Stakeholder groups that raised each of the key topics and concerns.	Page 15	
Report Profile			
G4-28	Reporting period for the information provided.	2014	
G4-29	Date of most recent previous report	This is the first GRI report.	
G4-30	Reporting cycle (such as annual, biennial).	Annual	
G4-31	Contact point for questions regarding the report or its contents.	Birgitte Hjertum Vice President, Strategy, Communication and Investor Relations Email: birgitte.hjertum@hoeghlng.com Cell phone: +47 97 55 74 32	

Indicator	Description	Page number or link	External assurance
G4-32	'In accordance' option chosen. GRI Content Index for the chosen option. Reference to the External Assurance Report.	This report is prepared in accordance with Core GRI 4 Guidelines.	
G4-33	External assurance for the report.	The GRI content of this report has not been externally assured.	
Governance			
G4-34	Governance structure of the organization.	Page 15, page 19 (the corporate governance report) and web page: http://www.hoeghlng.com/Pages/Gover-nance.aspx	
Ethics and Integrity			
G4-56	Description of the organization's values, princi-ples, standards and norms of behaviour.	Page 15, Page 15 and page 17-18	

Specific Standard Disclosures

DMA and indicators	Description	Page number or link	Identified omission(s)	External assurance
Economic Performance				
G4-DMA	Disclosures on management approach.	Page 15		
G4-EC1	Direct economic value generated and distributed.	Page 15 and Consolidat-ed financial statements	Community Investments have not been reported.	
Energy				
G4-DMA	Disclosures on management approach.	Page 15-16		
G4-EN3	Energy consumption within the organization.	Page 16 Includes all vessels and electricity, heating and cooling consumption in the head office.		
Biodiversity				
G4-DMA	Disclosures on management approach.	Page 16		
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Page 16-17		
Emissions				
G4-DMA	Disclosures on management approach.	Page 16		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	Page 16		
G4-EN21	NOx, SOx, and other significant air emissions.	Page 16 SOx emissions were calculated based on the method, assumptions and emission factor described in the Third IMO GHG study 2014 (MEPC 67/ INF.3 dated 25 July 2014)	NOx emissions are not reported for 2014.	

DMA and indicators	Description	Page number or link	Identified omission(s)	External assurance
Effluents and Waste				
G4-DMA	Disclosures on management approach.	Page 16		
G4-EN24	Total number and volume of significant spills.	Page 17		
Compliance - Environment				
G4-DMA	Disclosures on management approach.	Page 16-17		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	None		
Supplier Environmental Assessment				
G4-DMA	Disclosures on management approach	Page 18		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Page 18. Höegh LNG did not enter into new contracts with any new suppliers for building of vessels in 2014. 8% of other purchases were screened using environ-mental criteria.		
Employment				
G4-DMA	Disclosures on management approach.	Page 17		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	In 2014, Höegh LNG hired 112 new employees, 12 office personnel and 100 maritime personnel. Out of the 12 office personnel, 2 were below the age of 30, 10 were between the age of 30 and 50 and none were above the age of 50. Five of the office personnel were female and seven were male. The 100 maritime person-nel were all male, 35 of these were below the age of 30, 57 were in between the age of 30-50 and eight were above the age of 50.	Onshore: 2 employees left the company during 2014, and 1 retired. No reporting on their age or gender for privacy reasons.	
Occupational Health and Safety				
G4-DMA	Disclosures on management approach.	Page 17		
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.	25% of total maritime workforce. 4% of total Oslo office workforce		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Page 17. Types of injury and occupational diseas-es are not reported. LTI and sickness absence are not reported by gender for privacy reasons.	Data is not broken down on gender to limit the risk of revealing a person’s identity.	

DMA and indicators	Description	Page number or link	Identified omission(s)	External assurance
Training and Education				
G4-DMA	Disclosures on management approach.	Page 17		
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Page 17		
Supplier Assessment for Labour Practices				
G4-DMA	Disclosures on management approach.	Page 18		
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	Page 16 Höegh LNG did not enter into new contracts with any new suppliers for building of vessels in 2014. 8% of other purchases were screened using environmental criteria.		
Non-Discrimination				
G4-DMA	Disclosures on management approach.	Page 17		
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	None		
Anti-Corruption				
G4-DMA	Disclosures on management approach.	Page 17-18		
G4-SO5	Confirmed incidents of corruption and actions taken.	Page 18		
Anti-competitive Behaviour				
G4-DMA	Disclosures on management approach.	Page 17-18		
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	None		
Compliance - Society				
G4-DMA	Disclosures on management approach.	Page 17		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.			
Supplier Assessment for Impacts on Society				
G4-DMA	Disclosures on management approach.	Page 17-18		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	Page 18 Höegh LNG did not enter into new contracts with any new suppliers for building of vessels in 2014.		

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