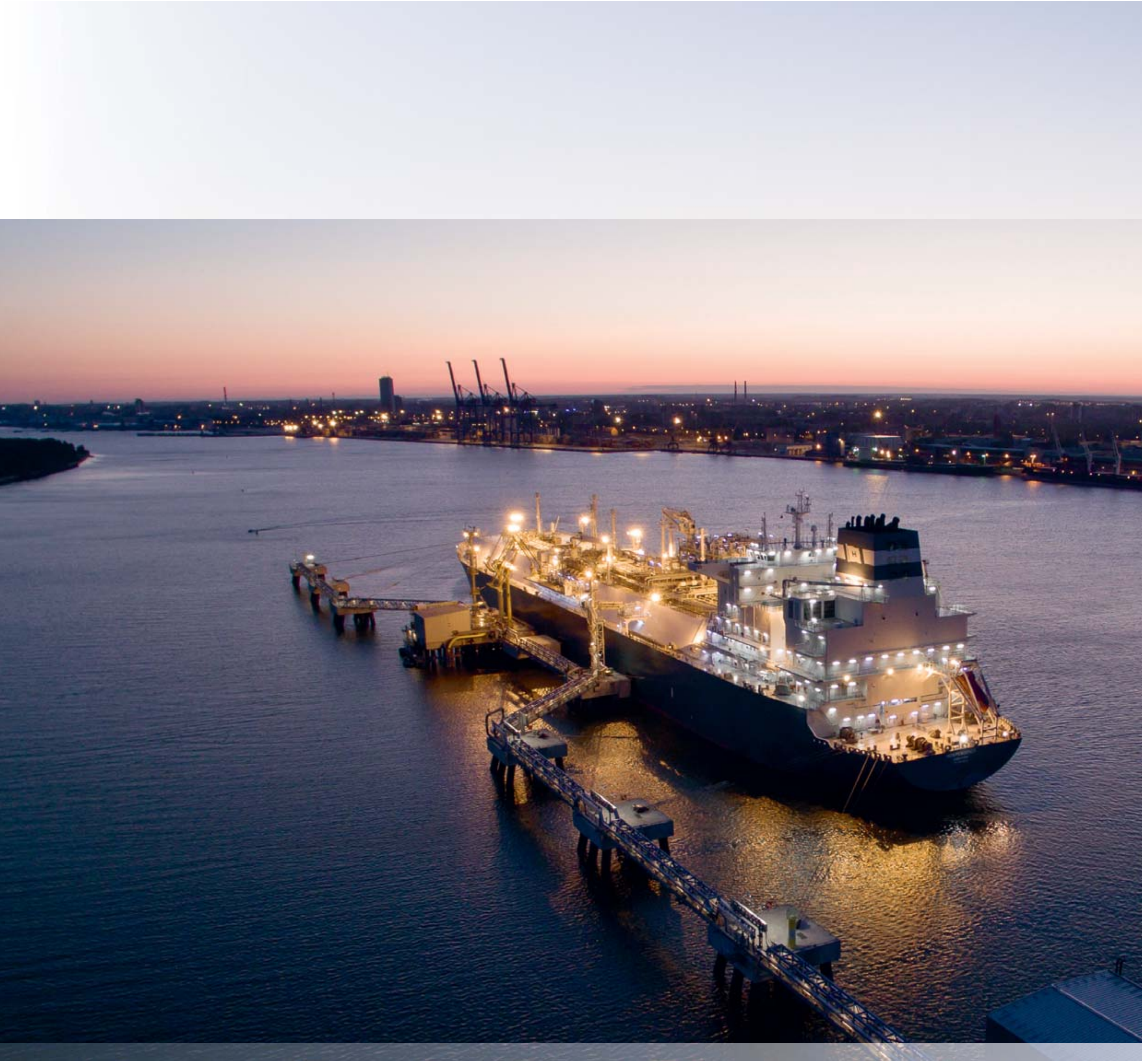
HÖEGH LNG

THE FLOATING LNG COMPANY

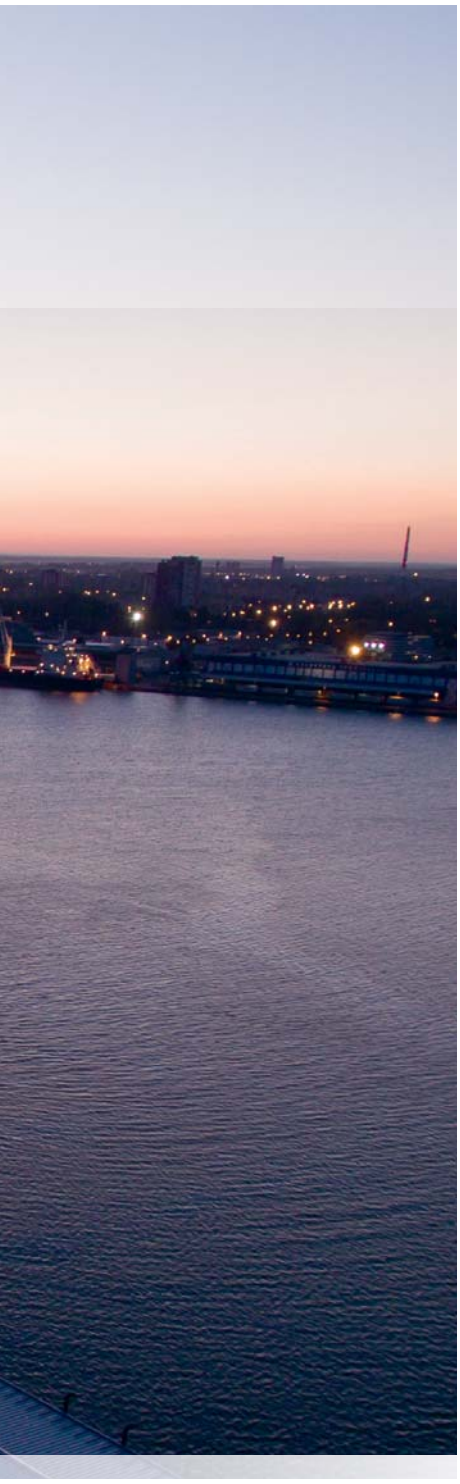
ANNUAL REPORT 2015

Front page photos:
FSRU Independence and LNGC Arctic Princess, Klaipeda, Lithuania

CONTENTS



FSRU Independence, Klaipeda, Lithuania



01

ANNUAL REPORT HÖEGH LNG 2015

SOLID GROWTH FOUNDATION

During 2015, Höegh LNG continued to deliver according to its strategy by starting commercial FSRU operations in Egypt and securing a long term FSRU contract in Chile, followed by the ordering of one additional FSRU, which is the eighth in the fleet. With five FSRUs now in operation, we have a proven track record from all phases in an FSRU project. Given our leading position in the FSRU segment and strong balance sheet with sufficient equity at hand to fund our current capex program and one additional FSRU, we have a solid foundation to continue expanding in a favourable and growing FSRU market.

We continued delivering on our strategy of growing by at least one FSRU per year, with Höegh Gallant commencing operations in Egypt, only six months after Höegh LNG signed the commercial contract with the client. We further secured a twenty year contract in Chile, upon which we immediately and in line with our business model to always have one uncommitted FSRU under construction, ordered one additional FSRU, which will be delivered in first half 2018. We are committed to uphold a long track-record in safe and reliable operations, proven by a fleet-wide technical uptime of 99.96%.

In line with Höegh LNG's financial strategy to secure the equity portion of a newbuilding order before entering into the commitment, we did two capital market transactions during the year, issuing an unsecured bond of USD 130 million and raising NOK 844 million (equivalent to USD 103 million) in an over-night private placement equity issue. Through these transactions, Höegh LNG strengthened the balance sheet further and secured sufficient equity to order one additional FSRU. We also sold Höegh Gallant to Höegh LNG Partners LP in a prefunded transaction that led to a 22% increase in the MLP's distribution. Our strong financial position was further confirmed in March 2016, when an USD 223 million debt facility for FSRU#7 was signed at the best terms Höegh LNG has ever achieved.

The LNG market is currently long LNG and, with additional LNG production capacity under construction, the market is expected to remain long for at least the next five years. This situation, in combination with low LNG prices, creates additional demand for LNG, and during the year we have seen an increase in interest from new potential FSRU customers. Over the next five years, our expectation is that three to four FSRU projects will be awarded each year.

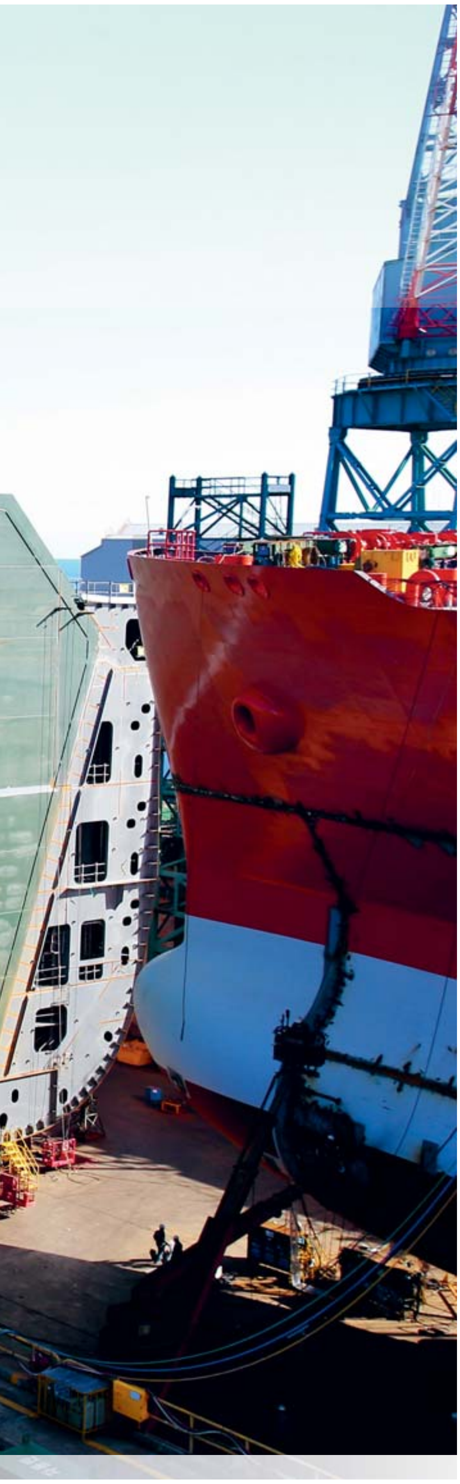
Höegh LNG operates under a policy of zero tolerance for corruption, respect for human rights, continued safe and reliable operations and compliance with all environmental regulations. In 2015, we launched a Code of Conduct training programme for all onshore employees, and we will provide the same training for maritime personnel in the first half of 2016. We have further implemented a framework and a new management system to ensure compliance with the Sarbanes-Oxley Act regarding internal controls and financial reporting. With operations worldwide, we must adhere to a variety of local regulations and practices, and we will continue to develop our framework for compliance training to all employees as an integral part of the way Höegh LNG conducts its business.

As a responsible provider of floating LNG services, we strive to minimise any negative health, safety and environmental impact our operation may have on people and the environment. In 2016, we will revise our environmental improvement system to enable even better management and monitoring of environmental performance. We have a continuous focus on safety-related initiatives and hold safety campaigns in our fleet on a regular basis. The latest was launched this year, and this campaign focuses on improving our safety culture by raising awareness, identifying risks and implementing corrective actions.

Looking ahead, we plan to order additional FSRUs after securing a long term contract for the sole FSRU in our fleet without a firm contract. Based on Höegh LNG's market position and the favourable market conditions, we remain committed to our ambition of keeping our position as the leading provider of FSRUs to the worldwide LNG markets.

Sveinung J.S. Støhle
President and Chief Executive Officer

HN2552 - Hyundai Heavy Industries



02

DIRECTORS' REPORT FOR 2015

DIRECTORS' REPORT FOR 2015

During 2015, Höegh LNG's growing FSRU fleet demonstrated a stable operating performance. The Group continued to execute its FSRU strategy by commencing commercial operations in Egypt and securing a new long term contract in Chile, followed by the ordering of FSRU#8. Höegh LNG's leading position in the FSRU segment, strong balance sheet and proven access to capital markets, creates a solid growth foundation for reaching a fleet of 12 FSRUs by 2019.

Strategic direction

Höegh LNG Holdings Ltd. (the "Company") and its subsidiaries and joint ventures (together "Höegh LNG" or the "Group") operate world-wide with a leading position as owner and operator of floating LNG import terminals; Floating Storage and Regasification Units (FSRUs).

Höegh LNG'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 the benefits to its shareholders and other stakeholders. Höegh LNG's strategy is to continue growing in the FSRU market, with the objective of securing long-term contracts for strategically important projects at attractive returns. To position the Group for fast-track and high return projects, an important element of Höegh LNG's strategy is to always have at least one uncommitted FSRU under construction.

As of 31 December 2015, Höegh LNG has a fleet of eight FSRUs and three LNG Carriers ("LNGC"), of which three FSRUs are under construction. In addition, the Group operates an LNGC on behalf of a third party. In line with Höegh LNG's strategy, one of the FSRUs under construction is uncommitted in order to bid for new business, whereas the remaining FSRUs are committed under long term contracts. Two of the LNGCs are on long term contracts while the third, a vintage vessel, has been sold and was delivered to the new owner in a subsequent event in the first quarter of 2016. The average age of the assets in operation owned by the Group, excluding the disposed vintage LNGC, is 4.6 years and the average remaining contract length is 14 years. Of the three FSRUs under construction, Höegh Grace was delivered in March 2016 in a subsequent event, whereas FSRU#7 and FSRU#8 are due to be delivered in the first quarter of 2017 and 2018, respectively.

Höegh LNG started paying dividends in 2015 and has during the year distributed a total of USD 0.40 per share. Höegh LNG's dividend policy is based on stability, predictability and sustainable growth in distributions.

Höegh LNG's registered office is located in Hamilton, Bermuda, but the Group operates world-wide and has office presence in Oslo (Norway), London (UK), Singapore, Miami (USA), Jakarta (Indonesia), Klaipeda (Lithuania), Cairo (Egypt) and a site team in Ulsan (South Korea). Höegh LNG is listed on the Oslo stock exchange in Norway and has a Master Limited Partnership ("MLP"), Höegh LNG Partners LP ("HMLP"), listed on the New York Stock Exchange, which has been formed to own, operate and acquire LNG assets that are in operations and under long term contracts.

Review of 2015 including subsequent events

The Group's fleet was operated safely during the year with a fleet-wide uptime of 99.96%.

In April 2015, Höegh Gallant successfully commenced commercial operations under her five year FSRU time charter contract with Egas in Ain Sohkna, Egypt. Höegh Gallant has since start of operations been operating at full capacity, covering 10-15% of the total natural gas demand in Egypt. The Egas project confirms the flexibility and competitiveness of Höegh LNG's FSRU design, with commercial start up being achieved according to schedule, within six months of signing the FSRU contract.

In May 2015, Höegh LNG signed a 20 year FSRU contract with Octopus LNG SpA for their LNG import terminal to be located in Concepciòn Bay in Chile. The project is vertically integrated and backed by strong partners who control the value chain from purchase of LNG to sale of electricity on long term contracts in Chile. Operations are scheduled to start in the middle of 2018.

In line with Höegh LNG's strategy, the Group ordered FSRU#8 in June 2015 after the long term contract with Octopus LNG SpA had been signed one month earlier. FSRU#8 will be delivered in the first quarter of 2018.

Höegh LNG's financial strategy is to secure the equity funding for a newbuilding order before entering into the commitment. During 2015, the Group executed two capital market transactions securing equity funding for the ordering of FSRU#8 plus one additional FSRU. In May, the Group issued a USD 130 million senior unsecured bond in the Nordic bond market with maturity in June 2020. In September, Höegh LNG issued 6 920 000 new common shares, equivalent to 9.9% of outstanding shares, in an over-night private placement, raising gross proceeds of NOK 844 million (approximately USD 103 million).

In October 2015, the FSRU Höegh Gallant was sold to HMLP for USD 370 million. The purchase price was settled by HMLP assuming the existing debt relating to the FSRU (approximately USD 183 million), the cancellation of a USD 140 million demand note from HMLP to Höegh LNG and the issuance of a seller's credit of USD 47 million.

The current LNG market outlook, with ample LNG supply available at low prices, creates a strong foundation for continued growth and high returns within the FSRU segment. The same market conditions make investment decisions for new LNG liquefaction facilities unlikely for the foreseeable future. As a consequence, Höegh LNG announced in a subsequent event its decision to put its FLNG activities on hold and allocate its resources to the FSRU segment in February 2016.

As another subsequent event, Höegh LNG signed a USD 223 million bank financing facility for FSRU#7 in March 2016. The financing is available to fund 65% of the delivered cost of the FSRU with a 15 year amortization profile increasing to 75% and 20 years, respectively, upon securing a long term contract. The facility has the flexibility to be transferred to HMLP together with the FSRU. The interest rate of the facility has been swapped at a fixed rate of 3.7%.

Market outlook

As a consequence of the high number of new LNG liquefaction projects commencing operations in the coming years, it is forecasted that global LNG liquefaction capacity will increase by 10-15% in 2016 and by 40-45% by 2020, reaching around 400 million tons per year in 2020. This additional LNG liquefaction capacity combined with lower demand growth from large and established LNG markets has resulted in a long LNG market at increasingly lower prices. The current buyers' market for LNG is positive for the FSRU segment since the FSRU solution offers new buyers clear advantages in terms of time, cost and flexibility compared to land based LNG receiving terminals.

Höegh LNG sees a continued strong strategic rationale for the FSRU projects that the Group is targeting, driven by power demand and potential cost savings by replacing expensive liquid fuels with natural gas. Further, the low LNG prices in USD, which is a result of the low oil price in USD and the long LNG market, make LNG affordable to price sensitive markets. Both Egypt and Pakistan are examples of how the increased availability of LNG and the low LNG prices in USD attract new LNG importers that successfully buy all the LNG they need in the spot/short term market at affordable prices.

As of 31 December 2015, there are four uncommitted FSRUs under construction of which Höegh LNG has one. In addition, there are two first generation FSRUs used as LNGCs on short term contracts. Over the next five years, Höegh LNG expects an average of three to four FSRU contracts to be concluded per year and the Group has an ambition to secure at least one FSRU contract per year.

Financial results

Group figures

The financial statements of Höegh LNG include HMLP on a 100% consolidated basis and joint venture companies are recorded according to the equity method. Unless otherwise stated, figures for 2015 are compared to restated figures for 2014.

Income statement

In 2015, total income was USD 219.4 million, up 36% from the previous year (USD 161.5 million in 2014), while operating profit before depreciation (EBITDA) was USD 90.3 million (USD (3.7) million). Total income and EBITDA have increased from last year mainly due to Höegh Gallant commencing operations during the year and a full year of operations of PGN FSRU Lampung and Independence.

Operating profit was USD 25.7 million in 2015 (USD (69.7) million), after impairment of USD 37.0 million of FLNG intangible assets. Last year, the Group impaired USD 44.8 million related to the Port Dolphin LNG import terminal in the U.S, studies performed on Compressed Natural Gas and lower market value of LNG Libra. Depreciation increased by USD 9.6 million in 2015 mainly due to PGN FSRU Lampung, Independence and Höegh Gallant being depreciated for the full year.

Net financial items were negative USD 51.4 million in 2015 (USD (21.3) million). The deterioration from 2014 is mainly due to higher interest expenses following the expansion of the fleet during the year.

The loss after tax was USD 26.8 million in 2015 (loss of USD 93.0 million).

Business segments

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 business development activity for FSRUs and LNGCs, recorded in 2015 total income of USD 139.5 million (USD 147.7 million) and an EBITDA of USD 75.0 million (USD 38.7 million).

The FLNG segment, which is responsible for the marketing, construction and operation of FLNGs, recorded in 2015 total income of USD 4.8 million (USD 3.7 million) and an EBITDA of USD (5.6) million (USD (7.5) million).

The Technical segment, which is responsible for project execution, construction, delivery and technical management of FSRUs and LNGCs, recorded in 2015 total income of USD 2.2 million (USD 2.3 million) and an EBITDA of USD (5.0) million (USD (3.6) million).

The MLP segment, which comprise the HMLP fleet, including administrative and operating expenses, reported a total income of USD 103.2 million (USD 37.9 million) and an EBITDA of USD 76.0 million (USD 20.0 million).

Other segment comprises the Group's management, finance, legal and other corporate services and includes administrative expenses relating to the management of the Group. In 2015, the segment recorded a total administrative cost of USD 13.6 million (USD 14.0 million).

Financial position

As of 31 December 2015, equity and liabilities totalled USD 1 502 million (USD 1 352 million). The increase from year-end 2014 is mainly due to the issuance of new common shares and a bond, offset by the net loss after taxes for the year as a whole.

As of 31 December 2015, book equity was USD 491 million (USD 452 million). Net of mark-to-market of hedging reserves, the adjusted book equity was USD 598 million (USD 567 million), bringing the adjusted equity ratio to 40% (42%). The capital structure is considered good given the nature of the Group's business and its existing commitments.

Capital commitment

As of 31 December 2015, the Group had USD 750 million in remaining off-balance sheet capital commitment relating to the FSRU newbuilding programme, against USD 344 million in cash, current restricted cash and marketable securities. In addition, the Group has USD 200 million available under undrawn debt facilities, and in a subsequent event secured an additional USD 196 million in debt financing (see further under Financing below).

Financing

The Group's interest bearing debt was USD 787 million (USD 684 million) at year-end 2015, an increase explained by the issuance of the new unsecured bond, offset by ordinary debt repayments made in 2015.

The Group has in place a USD 412 million senior secured corporate credit facility, of which the remaining USD 200 million is available to be drawn upon delivery of Höegh Grace. In March 2016, the Group signed a USD 223 million senior secured credit facility, of which USD 196 million is available to be drawn upon delivery of FSRU#7, increasing to USD 223 million upon securing a long term contract for the FSRU.

Cash flow

Cash flow from operating activities was USD 75.2 million in 2015 (USD 80.4 million), down from last year due to the sale of the PGN FSRU Lampung mooring to the customer recorded in 2014, offset by several FSRUs contributing with a full year of operating cash flow for the first time or going on contract in 2015. Cash flow used in investing activities came to USD 163.9 million in 2015 (USD 758.6 million), driven by investments in marketable securities and newbuildings and down from the previous year due to less investments in newbuildings. Cash flow from financing activities was USD 120.1 million in 2015 (USD 697.3 million), driven by proceeds from borrowings and the equity issue, and down from last year due to less proceeds from borrowings. Total cash flow in 2015 was USD 31.3 million (USD 19.2 million).

As of 31 December 2015, unrestricted and restricted current cash and cash equivalents were USD 113.1 million (USD 90.0 million) while marketable securities, comprising investment grade bonds, totalled USD 231.1 million (USD 117.3 million). In addition, the Group had non current restricted cash of USD 19.6 million (USD 15.2 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 financials

In 2015, total comprehensive loss for the Company on a stand-alone basis was USD 50.3 million (profit of USD 165.5 million). The loss is primarily driven by impairment of FLNG studies / activities and interest expenses, offset by dividend received from HMLP. As of 31 December 2015, total assets were USD 1 031 million (USD 1 021 million), while the equity ratio was 75% (74%). In 2015, the cash flow was negative USD 6.7 million (USD 0.4 million). Net proceeds from the issuance of common shares and bond were USD 230.3 million and were mainly used to invest in marketable securities and cash dividend payments. As of 31 December 2015, the Company held USD 3.9 million (USD 10.6 million) in cash and cash equivalents and USD 231.1 million in investment grade marketable securities.

Risk and risk management

Risk management

Höegh LNG uses risk management tools based on ISO 31000 in relation to both existing and new business. The Group 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 Group 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 Group has five FSRUs in operation that are on long term contracts and therefore not exposed to variations in demand for FSRU services. Of the three FSRUs under construction, only FSRU#7 is exposed to variations in demand for FSRUs. With ample LNG supplies available at a low cost, the demand for LNG is increasing, driving demand for LNG import infrastructure and in particular FSRUs, which is increasingly the preferred solution for importing LNG due to its less capital intensive, quicker to build and flexible nature. There are currently more than 35 potential FSRU projects worldwide, and the Group is participating in several on-going tender processes.

The two LNGCs are on long-term contracts with creditworthy counterparties and not exposed to short-term variations in the demand for LNG transportation.

Operational risk

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

Financial risk

The Group 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. Höegh LNG's primary strategy in mitigating financial market risks is to apply derivatives, where appropriate, in hedging the Group's various net financial market risk positions. When 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 Group is subject to floating interest rates, but, the Group has entered into fixed interest rate swaps for all debt facilities and the Group 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 Group. The majority of the Group's business transactions, capitalised assets and liabilities are denominated in USD and Höegh LNG is therefore only to a limited extent exposed to foreign exchange risks. The majority of its foreign exchange exposure relates to administrative expenses denominated in NOK, totalling approximately NOK 250 million in 2015. In addition the Group has certain revenues in Euro, Egyptian pounds and Indonesian Rupees intended to cover local expenses and taxes. At year-end 2015, USD 4.9 million equivalents of Egyptian pounds have been classified as restricted cash due to current foreign exchange market restrictions.

Liquidity risk is the risk that Höegh LNG will be unable to fulfil its financial obligations when they fall due. Outstanding interest bearing debt on the balance sheet totalling USD 787 million will be repaid through the cash flow generated from existing and new assets within the Group or through a refinancing. All existing vessels subject to debt financing have secured long-term contracts, save for FSRU#7. As of 31 December 2015, the Group had USD 750 million in remaining off-balance sheet capital commitment relating to the FSRU newbuilding programme, against USD 740 million in cash, current restricted cash, marketable securities and available drawings under debt facilities. USD 200 million of the USD 412 million debt facility is available for drawing upon delivery of Höegh Grace, while USD 196 million of the USD 223 million debt facility signed in March 2016 is available for drawing upon delivery of FSRU#7, with the remaining amount being made available upon securing a long term contract of 10 years or more for the FSRU.

Credit risk is the risk that a counter party does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Existing FSRUs/LNGCs are chartered out to creditworthy counterparties and/or projects with strong strategic rationale for the country they operate in. 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 Höegh LNG's business activities to be sustainable in the long-term, the Group strives for environmental improvements and social responsibility. The Group 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 requires a strong focus on safety and the Group has therefore developed a number of procedures and routines, and all operations are certified according to the OHSAS 18001 standard.

The Group's business activities may have an impact on the environment and Höegh LNG will seek to reduce any negative impact. The Group has robust management systems certified according to the International Safety Management Code, ISO 9001, ISO 14001 and OHSAS 18001.

Höegh LNG has zero-tolerance for corruption and potential business partners will be subject to a rigorous due diligence and must comply with the same standards. The Group has mandatory training for its compliance procedures.

Further information about Höegh LNG's environmental and social impact and performance is provided in the section on Corporate Social Responsibility. Since 2014, Höegh LNG reports its sustainability performance (CSR) according to the Global Reporting Initiative's (GRI) Sustainability Reporting Framework (Section 4).

Personnel

The Group had 108 permanent office employees and 494 maritime personnel at the end of 2015. The 24 month accumulated retention rate at year-end 2015 was 98% for officers and 98% for ratings. Average sickness absence among employees located at the head office was 3.7% in 2015 (5.2%). During the year, one injury was reported among land-based employees and two lost time injuries (LTI) were reported on vessels owned or operated by the Group. The good performance is a result of continuous implementation of safety related initiatives and focus on building a safety culture.

Diversity

The Group has a policy of equal opportunities for women and men. Discrimination based on race, gender or similar grounds is not accepted. However, male and female representation in the maritime industry's recruitment base is unequal and this is reflected in the Group's demographics. Women accounted for 26% of the Group's office employees in Norway as of 31 December 2015, compared to 29% in 2014. All of the Directors on the Board of the Group and all members in the Top Management group are male.

Shareholder information

At the end of 2015, there were 76 829 236 common shares issued in the Group. Leif Höegh & Co. Ltd. was the largest shareholder owning 41.5% of the shares. Methane Ventures Limited, which is owned 35.0% by key employees of the Group and related entities with the remainder of its shares being held by the Company, owned 1.6% of the shares. During the year, Höegh LNG issued a total of 6 930 409 new shares.

The Group established a stock option programme for senior management and key employees in February 2012 (Round 1), a second round in February 2014 (Round 2) and a third round in February 2016. As of end February 2016, a total of 2 916 012 options have been granted as follows:

which Höegh LNG has one, and two first generation FSRUs that are used as LNGCs on short term contracts. On the demand side, Höegh LNG expects three to four FSRU projects to be awarded per year over the next five years, which exceeds the number of FSRUs currently on order. The Group expects to be awarded at least one FSRU contract per year over the next five years and remains committed to its growth plans.

Given the nature of the Group's business with mainly long-term contracts, the operating result and cash flow will continue to be predictable and stable and should increase when more FSRUs have been delivered and commenced operation.

Round	No. of options	Strike Price	Vesting dates	Expiry Date
Round 1	703 012	NOK 53	1/3 on 31 December 2013, 2014 and 2015, respectively	31 December 2016
Round 2	1 393 000[1]	NOK 47[1]	1/3 on 31 December 2015, 2016 and 2017, respectively	31 December 2018
Round 3	820 000	NOK 88.5	1/3 on 31 December 2017, 2018 and 2019, respectively	31 December 2020

In the event of dividends or other distributions in cash or kind is made to the shareholders of the Company, the strike price for the options shall be reduced by an amount equal to the NOK value distributed per share.

Corporate governance

The Group 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 statement of policy on corporate governance is set out in the Corporate Governance Report included as a separate chapter in the Annual Report.

Future prospects

The market is expected to remain long LNG over the next five years, which creates a strong foundation for growth in the FSRU segment. There are currently four uncommitted FSRUs under construction, of

Outlook for 2016

Höegh LNG's main focus for 2016 will be on taking delivery of Höegh Grace at end of March 2016 and the subsequent arrival and start-up in Cartagena in the second half of 2016 under the long term FSRU contract with SPEC.

Further, Höegh LNG is actively working to secure a long term FSRU contract for its only uncommitted asset, FSRU#7. The FSRU is currently offered to three projects that have a start-up that matches the delivery from yard relatively well. When long term employment is secured, Höegh LNG intends to, in line with its business model, order an additional FSRU.

[1] Includes 12 000 options with a strike price of 74 and 12 000 with a strike price of 81.

Reykjavik, 30 March 2016

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

Morten W. Høegh Chairman	**Leif O. Høegh** Deputy Chairman	**Andrew Jamieson** Director
Ditlev Wedell-Wedellsborg Director	**Christopher G. Finlayson** Director	**Jørgen Kildahl** Director
Timothy J. Counsell Director	**Cameron E. Adderley** Director	**Sveinung J.S. Støhle** President & CEO

FSRU Independence, Klaipeda, Lithuania

03

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

In 2014, Höegh LNG initiated its first Corporate Social Responsibility (CSR) report based on the global non-financial reporting standard Global Reporting initiative (GRI). Since last report, Höegh LNG has further strengthened its approach by improving its governance system.

Höegh LNG entered new markets in 2015 and its strategy entails further growth and international expansion. The Group bases its business on zero tolerance for corruption, an impeccable safety record, compliance with all environmental regulations and the respect for human rights. This CSR report summarizes the Group's management systems, performance and future priorities.

CSR Governance

The Board of Directors is responsible for overseeing the Group's CSR policy ambition and performance. Key performance indicators (KPIs) for environmental, health and safety performance are reported to the Board on a regular basis. Following a review of the Group's governing documents; the Board approved a Code of Conduct in May 2015. The Code of Conduct governs the way Höegh LNG does business, addresses ethical standards, human rights, fair employment practices, health and safety, the environment and bribery and corruption. In 2016, the Group will further define its commitments to integrated CSR governance, by implementing a functional CSR policy.

The Group has robust management systems certified according to the International Safety Management Code (ISM), ISO 9001, ISO 14001 and OHSAS 18001.

Social and environmental impacts

As a responsible provider of floating LNG services, Höegh LNG is aware that its activities may impact the environment and local communities, and therefore the Group is committed to reducing any impacts in a sustainable manner.

In 2014, Höegh LNG undertook a systematic dialogue with its stakeholders to assess the Group's environmental and social impacts. Key external stakeholders such as investors, banks and customers, were consulted. Employees contributed with their input from stakeholder dialogues such as investor roadshows, customer communication and expectations expressed by governments and civil society. To capture internal perspectives, an extensive selection of Höegh LNG's management and employees were asked to rate a list of CSR issues according to their impact on the Group's ability to achieve its objectives. The potential financial, legal, operational, strategic and reputational implications of the most important issues were assessed by Höegh LNG's management team. The top issues identified were business ethics and anti-corruption (including the supply chain) and working conditions and health, safety and environment.

Climate change and environmental protection

Höegh LNG actively seeks to reduce its environmental footprint. The main environmental challenges for the Group relate to fuel consumption and emissions, potential negative impact on biodiversity and the recycling of vessels. All vessels are certified according to ISO 14001. In 2016, the Group plans to revise its environmental improvement system to enable even better management and monitoring of its environmental performance.

Emissions to air

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 to improve the customer's earnings by optimising energy consumption and cost. Since the Group's vessels and floating LNG import terminals (FSRUs) are mainly powered by natural gas, the assets generate significantly lower CO_2 emissions than vessels burning fuel oil and other fossil fuels. The high technical standard of the Group's fleet and the fact that the Group's FSRUs are all newbuildings makes it well prepared for future environmental regulations, such as progressively stricter limits for SOx and NOx emissions.

The total CO_2 emission from the fleet was calculated to 532 017 t CO_2 in 2015. 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 on how to optimise vessel routes and 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 2015 was 2 670 GWh.

Protecting marine ecosystems

The Group's activities may impact marine ecosystems and biodiversity, in particular through the exchange of ballast water which may transfer marine species between different ecosystems, and anti-fouling systems which may impact marine biodiversity. LNG regasification processes could also impact marine life through discharge of excess biocides and changes in seawater temperature when cold water is discharged.

To minimize risk and to protect biodiversity and marine ecosystems where the Group has FSRUs, the customer and/or the Group conducts environmental impact assessments (EIA) in the pre-operational stage according to local regulatory requirements. These assessments typically involve local authorities and experts as well as potentially affected local communities resulting in detailed environmental requirements with which Höegh LNG must comply. Furthermore, all vessels have waste management systems, ballast water management plans and accidental spill monitoring systems in accordance with MARPOL. Anti-fouling systems are compliant with the IMO Anti-Fouling Systems Convention.

In 2015, Höegh LNG had no operations in protected areas, and there were no accidental spills or environmental permit breaches reported.

Fuel Type	Consumption (metric tonnes)	Consumption %	SOx emissions (metric tonnes)	CO_2 emissions (metric tonnes)
Heavy Fuel Oil	32 171	17.0	19.30	97 187*
Low-sulphur Fuel Oil	2 188	1.2	0.44	6 728*
Marine Diesel Oil/ Marine Gas Oil	7 330	3.9	0.14	22 595*
Natural Gas	147 003	77.9	Trace (negligible)	405 508*
Total in 2015	188 692	100.0	19.88	532 017
Conversion Factors: * IMO MEPC 60/WP 22/March/2010				

Employees and Health, Safety and Environment

At the end of 2015, Höegh LNG had a total of 602 employees compared to 577 in 2014.

Health and safety

Operations of LNG carriers and FSRUs require a strong focus on safety. The Group's safety culture is built on the objective of zero harm to people. Höegh LNG has developed a number of safety procedures and routines to manage this objective, and the same systems are presented to all employees. All vessel operations are certified according to the occupational health and safety standard OHSAS 18001.

In 2015, there were two lost time injuries (LTI) on vessels operated by Höegh LNG, resulting in a lost time injury frequency (LTIF)[1] of 0.73 (compared to 0.44 in 2014), which is well within the Company's target.

The Group continuously implement safety-related initiatives and focus on building a safety culture. An important initiative in 2015 was the launch of a safety campaign on board all vessels to raise awareness, identify risks and implement corrective actions. The maritime personnel is involved in improving HSE performance and working conditions on board through the Protection and Environment Committee (PEC) and monthly safety meetings on all vessels.

At the Oslo office, average sickness absence among employees was 3.7% in 2015 compared to 5.2% in 2014. One lost time injury was reported for onshore employees. No serious accidents onshore were reported in 2015. The Oslo office has a working environment committee with employee and management representation in line with Norwegian regulations.

Due to the Group's international expansion, an International Security Officer was appointed in 2015, to oversee risk and security matters and ensure the safety of the employees of the Group, when outside the office.

Human resources

The Group seeks to recruit and retain competent and qualified personnel. Höegh LNG enjoys high retention rates achieved by years of strategic focus on developing its employees.

The Group employs close to 500 specialised maritime personnel. The majority of the maritime personnel are hired and employed by a Group subsidiary, which has agreements with manning agencies in Philippines, Croatia and Latvia for supplying seafarers. Maritime personnel are organised in pools to ensure access to qualified personnel, high retention rates and job security. Maritime personnel had a 24-month retention rate of 98%. All maritime employees receive a written performance review at the end of each service period, including recommendations for further training and/or promotion.

Höegh LNG invests in maritime education and training in countries in which its maritime personnel is recruited, for example by supporting the Norwegian Training Centre in Manila for Filipino seafarers.

Höegh LNG has onshore personnel in Oslo, Singapore, United Kingdom, Indonesia, Lithuania, Egypt, South Korea and the U.S.

Employee turnover for the Oslo office in 2015 was 3.8%. All managers conduct annual performance reviews of all onshore employees.

Höegh LNG opposes discrimination in all forms and strives to promote equality in all employment practices. The industry's recruitment base, in particular for maritime personnel, is predominantly male and this is reflected in the Group's demographics. In 2015, two of 494 maritime personnel and 38 of the 108 onshore employees were female.

Ethics and compliance

As a company with operations worldwide, Höegh LNG faces a variety of local regulations and practices. This requires high attention to ethical behaviour, compliance and risk mitigation. Höegh LNG has zero tolerance for bribery and corruption.

[1] The number of LTIs are averaged per one million exposure hours by the crew (24 hours per day while serving on board).

Höegh LNG's Code of Conduct defines the Group's values and the expected behaviour of all employees. Each company representative has the responsibility to act in accordance with the Code of Conduct, and shall comply with the laws and regulations of the countries and regulatory authorities where the Group operates. The Compliance Officer is responsible for ensuring compliance with the Code of Conduct and provides regular reports to the Board on progress and activities. Any incident is registered with the Compliance Officer and reported to the Board. An important focus in 2015 was to complete and implement a new framework that ensures compliance with the Sarbanes-Oxley Act.

In 2015, all onshore employees undertook training in the Code of Conduct and maritime personnel will receive same training in the first half of 2016. In 2016, the Group will further develop its training program for all employees based on the Code of Conduct.

Anti-corruption

The maritime industry is typically exposed to facilitation payment risks in connection with port and canal access and services as well as corruption and bribery risk in relation to business development and securing permits and licenses to operate.

The Group's Code of Conduct and anti-corruption compliance procedure applies to all employees and is part of the introduction program for all new employees. The anti-corruption compliance procedure covers detailed description of risks, the Group's position and gives examples and guidance on how to behave in typical risk situations. Höegh LNG pays particular attention to business development projects as they may expose the Group to corruption risk. New projects and customers are therefore carefully assessed and subject to due diligence processes in advance of any contractual commitments. In addition, third parties acting on behalf of the Group and potential joint venture partners are subject to due diligence processes as well as Board approval prior to entering into firm agreements. The Group has a strong focus on port and canal access and services and performs risk assessment before entering high risk areas with the aim to identify any risks in advance and potential mitigating efforts and the implementation of same. Zero incidents of confirmed corruption cases were reported in 2015.

Höegh LNG is a member of the Maritime Anti-Corruption Network (MACN); a global business network working towards the vision of a corruption free maritime industry. Company representatives attended both global and local MACN meetings in 2015.

In 2016, the Group will improve its corruption risk management by developing a systematic reporting process for corruption risk.

Supply Chain Management

Höegh LNG expects its suppliers and business partners to operate according to the same environmental, social and ethical standards as

Höegh LNG supports local communities by providing educational opportunities for people looking to join the maritime industry. Since 2014, the Group has a scholarship agreement with the Lithuanian Maritime Academy (LMA). The academy provides courses in seamanship and other specialised skills in the maritime industry, prepared by the IMO. As part of the agreement, Höegh LNG funds six scholarships per semester, an annual award for the top-performing student and an annual award for the best teacher.

the Group does. Vessel construction has significant environmental and social impacts spanning from the selection of construction material to HSE risks for yard workers, to disposal and recycling.

In 2015 the Board approved a Supplier Code of Conduct covering areas such as human rights, labour standards, employment conditions and HSE, environment and anti-corruption. All suppliers, including agents, lobbyists and intermediaries, are required to comply with this code, and are accountable for ensuring that their sub-contractors, subsidiaries and associated companies comply with the same. Höegh LNG demands all suppliers to sign the Supplier Code of Conduct, a process which was initiated in 2015.

The Group is a member of the purchasing organisation Incentra owned by ship owners and ship managers. Incentra prequalifies suppliers based on standards in line with Höegh LNG's Supplier Code of Conduct. Incentra conducts HSE audits and supplier evaluations.

Höegh LNG works closely with the shipyards that build the Group's vessels, with a particular focus on the health and safety of the workers involved in the construction process. The yard reports HSE performance on a monthly basis. A team of experienced Höegh LNG representatives is present on site (the Site Team) 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 improvements if the HSE practices do not meet Höegh LNG's requirements. There was no lost time injuries (LTI) reported for the shipyard workers involved in the construction of the Group's vessels in 2015.

Ship recycling 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. As a consequence, Höegh LNG has implemented a green recycling policy and procedure to ensure that the Group's vessels are recycled responsibly and sustainably. In 2015, no Höegh LNG vessels were recycled.


PGN FSRU LAMPUNG

Höegh Gallant, Ain-Sohkna, Egypt

04

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Corporate governance enhances business performance by reducing risk and improving accountability and is essential for maintaining the trust of stakeholders and Höegh LNG's strong standing in the market.

Höegh LNG Holdings Ltd. ("Höegh LNG" 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). The Company is subject to Bermuda law regarding corporate governance. As a listed company on Oslo Børs, the Company is required to provide a report on the Company's corporate governance as further set out in Oslo Børs' "Continuing obligations of stock exchange listed companies" (the "Continuing Obligations") Section 7 "Corporate Governance Report".

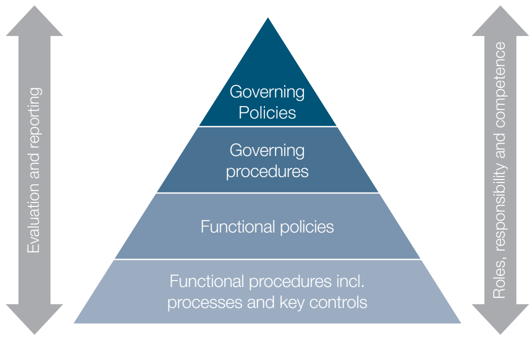
The Company has adopted and implemented a corporate governance system which, in all material respects, complies with the Norwegian Code of Practice for Corporate Governance (the "Norwegian Corporate Governance Code") referred to in the Continuing Obligations Section 7. The Norwegian Corporate Governance Code and the Continuing Obligations are published on Oslo Børs' web site – www.oslobors.no.

This report is based on the requirements covered in the Norwegian Corporate Governance Code and the Continuing Obligations Section 7, and is approved by the Board of Directors (the "Board").

1. Implementation and reporting on corporate governance

Following the incorporation of the master limited partnership Höegh LNG Partners LP ("HMLP") and its listing on the New York Stock Exchange in August 2014, the Company conducted a full review of its corporate governance and compliance policies and procedures in order to ensure compliance with the U.S. Sarbanes-Oxley Act by end 2015.

The governing principles set out in the Company's Bye-laws, the Governing Principles Policy and the Höegh LNG Code of Conduct, the latter two being adopted by the Board in 2015 and as further described below, are the foundations of corporate governance in Höegh LNG.



The Governing Principles Policy (i) identifies the key governing bodies in Höegh LNG; (ii) describes the roles and responsibilities of the governing bodies and functions of the Group and (iii) specifies requirements for the business on important governing processes, documents and systems. The Board has also adopted governing procedures to implement the principles set out in the Governing Principles Policy. These procedures include a Charter for the Board of Directors, a Charter for the Audit Committee, a Charter for the Governance, Compliance and Compensation Committee, a Charter for the Nomination Committee (which is also approved by the General Meeting), Instructions for the President & CEO and Instructions for the Compliance Officer.

Höegh LNG employees, as representatives of the Group, are required to adhere to and be in compliance with Höegh LNG's standards when it comes to ethics, health, safety, environment and quality as further set out in the Höegh LNG Code of Conduct, Insider Trading Policy and Procedure for Governmental Investigation as these are adopted by the Board. In addition, the Board has adopted a Supplier Code of Conduct which all suppliers are required to adhere to.

Through compliance with the above, the Board and management contributes to achieving the following objectives:

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

Transparency: Communication with Höegh LNG's shareholders is based on transparency of both the Company's business and financial position.

Independence: The relation between the Board, the management and the shareholders shall be on an independent basis.

Equality: Höegh LNG treats all its shareholders equally.

Control and management: Good control and governance mechanisms contribute to predictability and reduction of risk.

2. Business

As is 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 Norwegian 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 grow in the FSRU market, with the objective of securing long-term contracts for strategically important projects at attractive returns. The Group develops, constructs, owns and operates vessels based on the following vision, mission and core values:

Vision	To be the industry leader of floating LNG terminal solutions.
Mission	To develop, own 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.

3. Equity and dividends

The issued share capital in the Company at year-end 2015 was USD 768 292.36 consisting of 76 829 236 fully paid common shares, each with a nominal value of USD 0.01.

As of end March 2016, a total of 2 916 012 options granted to management and key employees are outstanding.

The total book equity per 31 December 2015 was USD 491 million. Net of mark-to-market of hedging reserves, the adjusted book equity per 31 December 2015 was USD 598 million. The Board regards the current equity as an appropriate level considering Höegh LNG's objectives, strategy and risk profile.

The Company has paid quarterly dividends since March 2015. The Company intends to pay a regular dividend to support its goal of providing attractive returns to shareholder. The timing and amount of any dividend payments will be dependent on market prospects, investment opportunities, current earnings, financial conditions, cash requirements and availability, restrictions in the Group's debt agreements, the provisions of Bermuda law and other factors.

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 Norwegian Corporate Governance Code. The authorised share capital of the Company is 150 million shares as approved by the Annual General Meeting in 2012.

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, is 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.

However, according to the Charter for the Board of Directors, any Director, the President & CEO and the executive personnel 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.

According to the Code of Conduct, an employee shall immediately notify the President & 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.

In the event of any material transaction between Höegh LNG and a major shareholder (defined as a person/company holding more than 5% of Höegh LNG's voting rights), such shareholder's parent company, Directors, executive personnel or close associates of any such parties, the Board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to applicable law or regulations. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

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.
- Bye-laws 52 and 53 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

The members of the Nomination Committee are elected by the General Meeting for one year, and in 2015, Stephen Knudtzon (chairman) and Morten W. Høegh (member) were re-elected and William Homan-Russell (member) was elected. Stephen Knudtzon and William Homan-Russell are independent of the Board and the executive personnel of the Company. William Homan-Russell represents Tufton Oceanic Limited, which is among the 20 largest shareholders of the Company. Morten W. Høegh is independent of the executive personnel of the Company and represents the largest shareholder of the Company, Leif Höegh & Co. Ltd.

The roles and responsibilities for the Nomination Committee are set out in the Charter for the Nomination Committee, as such are approved by the General Meeting. The Nomination Committee provides a written report setting out its work and recommendation, and this report is enclosed with the notice and agenda for the relevant General Meetings. The Company has facilitated that any shareholder may submit proposals to the Nomination Committee via the Company's web page.

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

The Company does not have a corporate assembly.

A presentation of the Board 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, who resigned as a Director in May 2015 was employed by Höegh Capital Partners and was an advisor to the Høegh family until he resigned December 2015.

In 2015, the Board had four regular board meetings, where all directors were present in three of them, and two directors were absent from one each. The Board had also nine interim board meetings, with two directors and/or their alternates present. In addition, the Board had an information meeting, where all directors save for one director participated.

The Company has appointed two Board committees; an audit committee ("Audit Committee") and a governance, compliance and compensation committee (the "Governance, Compliance and Compensation Committee"). In addition, in connection with the bond issue in June 2015, a bond committee was established (the "Bond Committee"). Further, in connection with the private placement in September 2015, a private placement committee was established (the "Private Placement Committee"). The members of the committees were appointed among the members of the Board.

– *Members of the Audit Committee:* The Audit Committee consisted of the following Board members: Andrew Jamieson (Chairman), Morten W. Høegh, Jørgen Kildahl (from September 2015), Timothy J. Counsell (from September 2015) and

Guy D. Lafferty (alternate until December 2015), 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. Andrew Jamieson, Jørgen Kildahl and Timothy J. Counsell are considered to be independent of the major shareholder of the Company.

- *Members of the Governance, Compliance and Compensation Committee:* The Governance, Compliance and Compensation Committee consisted of Ditlev Wedell-Wedellsborg as Chairman, Leif O. Høegh, Chris Finlayson (from May 2015) 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, Chris Finlayson and Cameron E. Adderley are considered to be independent of the major shareholder of the Company.
- *Members of the Bond Committee and the Private Placement Committee:* The said committees consisted of Morten W. Høegh, Ditlev Wedell-Wedellsborg, Cameron E. Adderley and Timothy J. Counsell.

Morten W. Høegh, Leif O. Høegh, Andrew Jamieson and Ditlev Wedell-Wedellsborg each own directly or indirectly shares in the Company. Chris Finlayson and Jørgen Kildahl will receive together with the other non-Bermuda resident Directors' shares as part remuneration following the 2016 Annual General Meeting for their services as directors from their election in 2015.

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

9. The work of the Board of Directors

The Board is responsible for the administration of Höegh LNG and for safeguarding the proper organisation of the business, including the overall management of the Company and the Group as further set out in the Charter for the Board of Directors. The Board makes decisions and in certain cases grants authority to make decisions on issues that, due to the nature of the business, are unusual or of major significance to the Company.

The Board shall ensure that Höegh LNG adheres to generally accepted principles for the effective control of company activities, and provides the necessary guidelines for such activities and corporate management. The Board shall also ensure that Höegh LNG protects its reputation in relation to owners, employees, customers and the public.

The Board approves strategies, business plans and budgets for the activities of Höegh LNG and its subsidiaries.

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 Charter 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 Company's assets under a Management Agreement comprising administrative, commercial and technical activities. The Board establishes and defines the authorities and extent of decisions to be resolved by the President & CEO and the Board through the Company's Decision Guide.

The work of the Board Committees

The Audit Committee's and the Governance, Compliance 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 and security management, and Höegh LNG has robust management systems certified according to the International Safety Management code, ISO 9001, ISO 14001 and OHSAS 18001.

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

The Group has a QA & Risk Management function, which is responsible for the internal audit function in Höegh LNG and meets regularly with the Audit Committee. The QA & Risk Management function assists Höegh LNG to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk and security management, control and governance processes. In addition, the wholly-owned fleet management company has a separate HSEQ & QA function.

The Company has in place effective internal control over financial reporting satisfying the US Sarbanes-Oxley Act 404 requirements. This comprises an annual process that includes risk assessment of fraud, corruption and misstatements 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 partners 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 Governing Management System ("GMS") 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 and security risk management are all included in the GMS.

The Company has in place ethical hotlines where employees, and for HMLP also external parties, can report any non-compliance issues, and if desired, this can be done anonymously. For the Company, these reports are received by the Group's Compliance Officer and for HMLP, the reports are received by the Chairman of HMLP's audit committee.

The Audit Committee shall provide direction, advice and provide recommendations to the Board on financial reporting, internal controls and auditing matters. The Audit Committee is responsible for assessing and monitoring business and financial risks and overseeing the implemented risk mitigating actions. The Audit Committee is the formal reporting body regarding internal controls for financial reporting.

The Governance, Compliance and Compensation Committee shall provide direction, advice and provide recommendations to the Board related to corporate governance, ethics and compliance, corporate social responsibility ("CSR") and remuneration matters (including remuneration of the President & CEO). The Committee is required to understand, assess and monitor risks related to these areas and oversee the implemented risk mitigating actions

11. Remuneration of the Board of Directors

The remuneration of the Board in 2015 was a total of USD 150 000, including the granting of 754 shares (equivalent to USD 10 000) and USD 20 000 in cash to each of Morten W. Høegh, Leif O. Høegh, Guy D. Lafferty, Andrew Jamieson and Ditlev Wedell-Wedellsborg. The Chairman receives the same remuneration as the other Directors.

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. until it was sold to a private equity fund in 2015.

The chairman of the Audit Committee and the chairman of the Governance, Compliance and Compensation Committee received each USD 10 000 as payment for services rendered by them as chairmen of the respective committee.

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 employees in the Group, including the frame for any annual salary adjustments, pension schemes and also the variable elements of the remuneration package (bonus scheme and stock option scheme).

The Company has in place a stock option scheme for management and key personnel, currently being granted on a bi-annual basis (see Note 24 to the 2015 Full Year Financials). The terms of the scheme and the option agreements, including its members, are approved by the Board. There are no restrictions on ownership of awarded option shares.

Further details on remuneration of executive personnel for the current financial year are provided in Note 32 to the 2015 Full Year Financials.

As a Bermuda entity, the Norwegian Public Company Act sections 6-16a and 6-37 do not apply to Höegh LNG. 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

Höegh LNG 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. In connection with release of quarterly reports, the President & CEO and the CFO hold open webcasts accessible from the Company's web pages.

The Charter 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 President & CEO, the CFO and VP Strategy, Communications & Investor Relations, which aims at maintaining an active dialogue with the investor market and other relevant interested parties. In 2015, the Company conducted 105 meetings with investors, held six conference presentations and five broker presentations.

The Company complies with the Oslo Børs Code of Practice for IR, 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 does not publish a list of beneficial owners based on the 20 largest shareholders, as the proportion of shares that is registered through nominee accounts is limited compared to the Company's total issued shares.

- 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 KPIs 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 Norwegian Corporate Governance Code in the event of a take-over bid.

15. Auditor

The auditor is appointed at the Annual 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 and once a year with the full Board. The auditor is also given copies of agenda and documentation for and minutes from Audit Committee and Board meetings.

Information of the fee paid to the auditor can be reviewed in the Company's 2015 Full Year Financials.

Reykjavik, 30 March 2016

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

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

Andrew Jamieson
Director

Ditlev Wedell-Wedellsborg
Director

Christopher G. Finlayson
Director

Jørgen Kildahl
Director

Timothy J. Counsell
Director

Cameron E. Adderley
Director

Sveinung J.S. Støhle
President & CEO

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 2015 (Annual Report 2015).

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 2015 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 2015 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.

Reykjavik, 30 March 2016

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

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

Andrew Jamieson
Director

Ditlev Wedell-Wedellsborg
Director

Christopher G. Finlayson
Director

Jørgen Kildahl
Director

Timothy J. Counsell
Director

Cameron E. Adderley
Director

Sveinung J.S. Støhle
President & CEO


GDF SUEZ CAPE ANN

FSRU Independence and LNGC Arctic Princess, Klaipeda, Lithuania

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CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO HÖEGH LNG HOLDINGS LTD. FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
USD'000	Note	2015	2014
			Restated[1]
Freight revenues	4	198 684	89 083
Construction contract revenue	5	-	53 795
Management and other income	4	9 328	8 658
Share of results from investments in joint ventures	21	11 359	9 995
TOTAL INCOME		**219 371**	**161 531**
Charterhire expenses		(35 302)	(35 383)
Construction contract expenses	5	-	(39 416)
Voyage expenses		(2 759)	(6 320)
Operating expenses	6	(41 870)	(33 215)
Project administrative expenses	7,8	(12 824)	(16 476)
Group administrative expenses	7,9	(19 039)	(15 739)
Business development expenses	7,10	(17 285)	(18 710)
OPERATING PROFIT (LOSS) BEFORE DEPRECIATION AND IMPAIRMENT		**90 292**	**(3 728)**
Depreciation	11	(30 717)	(21 095)
Net impairment expense	11,13	(33 887)	(44 836)
OPERATING PROFIT (LOSS) AFTER DEPRECIATION AND IMPAIRMENT		**25 688**	**(69 659)**
Interest income		1 495	1 778
Interest expenses	18	(43 990)	(18 417)
Income from other financial items		423	562
Expenses from other financial items	19	(9 318)	(5 216)
NET FINANCIAL ITEMS		**(51 390)**	**(21 293)**
ORDINARY PROFIT OR (LOSS) BEFORE TAX		**(25 702)**	**(90 952)**
Corporate income tax	25	(1 056)	(2 018)
PROFIT (LOSS) FOR THE YEAR		**(26 758)**	**(92 970)**
Other comprehensive income:			
Items that will not be reclassified to profit or (loss)			
Net gain (loss) on other capital reserves		47	(420)
Items that may be subsequently reclassified to profit or (loss)			
Net gain (loss) on hedging reserves	14	(4 270)	(29 285)
Share of OCI from joint ventures	14,21	11 728	(16 217)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR NET OF TAX		**7 505**	**(45 922)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(19 253)**	**(138 892)**
Profit (loss) of the year attributable to (from):			
Equity holders of the parent		(37 737)	(100 243)
Non-controlling interests		10 979	7 273
TOTAL		**(26 758)**	**(92 970)**
Total comprehensive income attributable to (from):			
Equity holders of the parent		(34 784)	(142 360)
Non-controlling interests		15 531	3 468
TOTAL		**(19 253)**	**(138 892)**
Earnings per share attributable to equity holders of the parent during the year:			
Basic and diluted earnings per share (loss)		(0.53)	(1.46)

[1] *2014 has been restated. See Notes 2.24 and 2.25 for further description.*

The notes on page 45 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Note	As at 31 December 2015	2014 Restated[1]	As at 1 January 2014 Restated[1]
ASSETS				
Non-current assets				
Intangible assets				
Deferred tax assets	25	364	374	772
Licenses, design and other intangibles	13	-	37 002	73 321
Tangible assets				
Investments in FSRUs	11	871 353	897 156	36 794
Investments in newbuildings under construction	12	161 198	127 092	379 174
Investment in joint ventures	21	-	-	223
Other non-current financial assets	31	12 960	20 947	17 970
Other non-current assets	30	25 539	9 825	16 086
Shareholder loans	32	6 861	12 287	17 848
Non-current restricted cash	15	19 648	15 184	-
TOTAL NON-CURRENT ASSETS		**1 097 923**	**1 119 867**	**542 188**
Current assets				
Bunkers and inventories		1 684	968	73
Unbilled construction contract receivable	5	-	-	51 975
Trade and other receivables	26	33 307	17 300	6 781
Shareholder loans	32	7 130	6 665	7 113
Marketable securities	16	231 094	117 317	13 794
Current cash	15	15 542	23 735	13 595
Cash and cash equivalents	15	97 623	66 302	47 152
Total current assets		**386 380**	**232 287**	**140 482**
Asset held for sale	**11**	**17 978**	**-**	**-**
TOTAL ASSETS		**1 502 281**	**1 352 154**	**682 670**
EQUITY AND LIABILITES				
Equity				
Share capital	22	768	699	699
Other paid-in capital		522 954	422 106	337 797
Capital reserves		(81 438)	(85 935)	(70 666)
Retained earnings		(19 927)	19 570	119 817
Equity attributable to equity holders of the parent		**422 357**	**356 440**	**387 647**
Non-controlling interests		69 208	96 470	-
TOTAL EQUITY		**491 565**	**452 910**	**387 647**
Non-current liabilities				
Deferred tax liability		358	150	-
Non-current interest-bearing debt	17	732 026	636 704	142 911
Investment in joint ventures	21	73 502	95 012	86 208
Other non-current financial liabilities	14, 31	70 699	61 964	10 409
Deferred revenue		7 699	983	-
TOTAL NON-CURRENT LIABILITIES		**884 284**	**794 813**	**239 528**
Current liabilities				
Current interest bearing debt	17	55 036	46 822	20 844
Income tax payable	25	2 218	491	-
Trade and other payables	27	18 706	17 915	10 373
Other current financial liabilities	14, 29	18 372	19 364	11 128
Provisions and accruals	28	32 100	19 839	13 150
Total current liabilities		**126 432**	**104 431**	**55 495**
TOTAL EQUITY AND LIABILITIES		**1 502 281**	**1 352 154**	**682 670**

[1] *Financial positions at 1 January 2014 and 31 December 2014 have been restated. See Notes 2.24 and 2.25 for further description.*

The notes on page 45 to 95 are an integral part of these consolidated financial statements.

Reykjavik, 30 March 2016

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

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

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Director

Ditlev Wedell-Wedellsborg
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Director

Cameron E. Adderley
Director

Sveinung J.S. Støhle
President & CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the parent									
USD'000		Issued capital	Share premium	Treasury shares	Other paid in capital	Hedging reserves	Other capital reserves	Retained earnings	**TOTAL**	Non-controlling interest	**TOTAL EQUITY**
	Note	Note 22				Note 14					
At January 2014[1]		**699**	**344 257**	**(12)**	**(6 449)**	**(68 223)**	**(2 443)**	**119 813**	**387 642**	**-**	**387 642**
Profit (loss) for the year								(100 243)	(100 243)	7 273	(92 970)
Other comprehensive income for the year						(41 697)	(420)		(42 117)	(3 806)	(45 923)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(41 697)**	**(420)**	**(100 243)**	**(142 360)**	**3 467**	**(138 893)**
Issue of share capital 12 June 2014			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 Höegh LNG Partners LP	21				81 618	26 848			108 466	95 003	203 469
MLP dividend to non-controlling interest									-	(2 025)	(2 025)
Total other transactions, recognised directly in equity		-	60	-	84 250	26 848	-	-	111 158	93 003	204 161
At 31 December 2014[1]		**699**	**344 317**	**(12)**	**77 801**	**(83 072)**	**(2 863)**	**19 570**	**356 440**	**96 470**	**452 910**
Profit (loss) for the year								(37 737)	(37 737)	10 979	(26 758)
Other comprehensive income for the year						2 906	47		2 953	4 552	7 505
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**2 906**	**47**	**(37 737)**	**(34 784)**	**15 531**	**(19 253)**
Issue of share capital	22	69	100 423		(41)				100 451	-	100 451
Other changes in paid-in capital					(869)				(869)		(869)
Share-based payments	24				1 628				1 628	64	1 692
Share-based payment - cash settled					(293)				(293)		(293)
Capital contribution to MLP								(2 768)	(2 768)	2 768	-
Dividend to shareholders of the parent								(28 169)	(28 169)		(28 169)
MLP dividend to non-controlling interest									-	(14 904)	(14 904)
Sale of subsidiary to MLP	21					1 544		29 177	30 721	(30 721)	-
Total other transactions, recognised directly in equity		69	100 423	-	425	1 544	-	(1 760)	100 701	(42 793)	57 908
At 31 December 2015		**768**	**444 740**	**(12)**	**78 226**	**(78 622)**	**(2 816)**	**(19 927)**	**422 357**	**69 208**	**491 565**

[1] *2014 has been restated. See Notes 2.24 and 2.25 for further description.*

The notes on page 45 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	Note	Year ended 31 December 2015	2014 Restated [1]
Operating activities:			
Profit (loss) before tax for the year		(25 702)	(90 952)
Non-cash adjustment to reconcile profit before tax to net operational cash flows			
Depreciation vessels, drydocking and equipment	11	30 717	21 095
Net impairment expenses	13	33 887	44 836
Fair value adjustments on marketable securities	16	(362)	(371)
Interest income		(1 495)	(1 778)
Interest cost	18	43 990	18 417
Share-based payment cost and BoD remuneration not paid-out	24	1 742	2 272
Share of profits from investments in joint ventures	21	(11 359)	(9 995)
Construction contract revenue (Mooring)	5	-	(14 379)
Working capital adjustments			
Change in inventories, receivables and payables		2 233	(57)
Proceeds from sale of mooring		-	107 931
Dividend received from joint ventures		1 578	3 460
Payment of income tax		(37)	(117)
i) NET CASH GENERATED FROM OPERATING ACTIVITIES		**75 191**	**80 362**
Investing activites:			
Investment in marketable securities	16	(184 230)	(145 000)
Proceeds from sale of marketable securities	16	71 191	41 669
Investments in vessels, drydocking, newbuildings and mooring		(56 429)	(660 757)
Investment in intangibles, equipment and other		(717)	(1 742)
Repayment of shareholder loans		6 261	7 276
ii) NET CASH USED IN INVESTING ACTIVITIES		**(163 924)**	**(758 554)**
Financing activites:			
Gross proceeds from equity issuance in Höegh LNG Partners LP	21	-	220 800
Transaction cost of equity issuance in Höegh LNG Partners LP	21	-	(17 333)
Gross proceeds from equity issuance	22	102 908	-
Transaction cost of equity issuance	22	(2 509)	-
Dividend paid to non-controlling interest (MLP)		(14 903)	(2 025)
Dividend paid to shareholders of the parent		(28 169)	-
Proceeds from borrowings		165 200	644 892
Payment of debt issuance cost		(2 630)	(13 738)
Repayment of borrowings		(47 223)	(88 414)
Interest paid		(45 511)	(20 416)
Breakage cost paid on interest rate swaps		(3 185)	(1 100)
(Increase) decrease in restricted cash		(3 923)	(25 324)
iii) NET CASH FLOWS FROM FINANCING ACTIVITIES		**120 054**	**697 342**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (i+ii+iii)		**31 321**	**19 150**
Current cash, cash equivalents at 1 January		66 302	47 152
CURRENT CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**15**	**97 623**	**66 302**
Guarantees (Interest swaps Arctic leases)		30 489	32 970
Undrawn facilities	22	200 000	241 500
Aggregate cash flows from joint ventures		2 721	(736)

[1] *2014 has been restated. See Notes 2.24 and 2.25 for further description.*

The notes on page 45 to 95 are an integral part of these consolidated financial statements.

Note 1 – Corporate information

Höegh LNG Holdings Ltd. (the “Company”) is an exempted company incorporated with limited liability under the laws of Bermuda. The 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 2015 comprise the Company, its subsidiaries and joint venture companies (collectively “Höegh LNG” or the “Group”). The Company is listed at Oslo Børs (the Oslo stock exchange) under the ticker “HLNG”.

Höegh LNG Partners LP (“HMLP”) is a limited partnership formed by Höegh LNG in 2014, listed at the New York Stock Exchange (“NYSE”) on 7 August 2014 under the ticker “HMLP”. HMLP and its subsidiaries are collectively referred to as 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 2015, Höegh LNG operated a fleet of four LNG transportation vessels and five floating storage and regasification units (FSRUs) and had three FSRUs under construction.

The annual accounts for the Company and the Group for the year ended 31 December 2015 were approved by the Board on 30 March 2016.

Note 2 – Summary of significant accounting policies

2.1 Basis of preparation

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

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 recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

Due to a restatement of the 2014 financial statements, an additional statement of financial position as at 1 January 2014 is presented in these consolidated financial statements. For details, 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 and function are provided in the notes to the financial statements.

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

2.2 Foreign currencies

Höegh LNG 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 recognized in USD at the rate of exchange at the date of the transactions. 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 Company and its subsidiaries and joint venture companies as at 31 December 2015.

On 1 January 2014, the Group 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.

(a) Subsidiaries
Subsidiaries are all entities in which Höegh LNG has a controlling interest. Control is achieved when Höegh LNG 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 Höegh LNG has less than a majority of the voting or similar rights of an investee, all relevant facts and circumstances are considered in assessing whether Höegh LNG has de facto power over an investee. Höegh LNG 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 Höegh LNG. 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.

Höegh LNG recognizes 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 recognized 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. Höegh LNG 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 recognized at cost and adjusted thereafter to recognize the post-acquisition profits or losses, movements in other comprehensive income or dividends received.

Unrealised gains and losses resulting from transactions between companies in 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 Höegh LNG.

2.4 Segment reporting
Operating segments are reported in accordance with the internal reporting provided to the chief decision-makers, defined as the Board of Directors of the Company.

2.5 Revenue recognition
Revenue is recognized 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 recognized.

(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 recognized on a straight-line basis as time charter income. Höegh LNG 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 Group. 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 recognized 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 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 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 under the contract, costs of design and technical assistance that are 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 recognized 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.

For some contracts, the majority of vessel operating expenses are reimbursed from the charterer. In such circumstances, operating expenses are recognized as incurred and the revenue is recognized accordingly.

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 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.

Cash not available for general use by the Group due to loan restrictions or currency restrictions are classified as restricted cash.

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.

Höegh LNG 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 based on the lowest level input that is significant to the fair value measurement as a whole, and can be described as follows:

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 summarized 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 recognized 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 Group 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
Höegh LNG 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 recognized 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 recognized 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 recognized 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 will be recognized 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.

Certain capitalized 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 five to seven years period. When second hand vessels are purchased and newbuildings are delivered, a portion of the price paid is classified as dry docking costs. 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 recognized at the costs incurred till date. Yard Instalments are recognised when due. Newbuildings are not depreciated prior to delivery from the yard as an FSRU or an LNG Carrier. Borrowing costs directly attributable to the construction of FRSUs 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. Equipment used for FSRU operations such as jetty topsides and other infrastructure where the FSRU is located are, depending on the feasibility of reallocating the equipment, depreciated either over the contract term or economical lifetime.

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 capitalized 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 amortization period and the amortization 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 amortization 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 they incur. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate ability 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 has 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 is recognized as a receivable towards the charterer. The vessel is derecognized. Each lease payment received is allocated between reducing the receivable and interest income. The interest element is recorded as revenue in 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 recognized when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow or resources representing 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 recognized at cost and deducted from equity. No gain or loss is recognized 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 recognized as a share premium. Transaction costs related to an equity transaction are recognized 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 generate taxable income.

(b) Deferred tax

Deferred tax is calculated using the 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, Höegh LNG 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, Höegh LNG estimates the asset's recoverable amount. The recoverable amount is the lowest 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 the NPV, an asset specific interest rate is applied based on the Group'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 of 31 December 2015, all material intangibles related to the FLNG segment have been impaired.

2.19 Interest bearing debt

All loans and borrowings are initially recognized 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 recognized as profit or loss when the liabilities are derecognized 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. Amortization 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 recognized as interest expense in the period in which the loan is repaid.

2.21 Share-based payments

Certain members of the Top Management and key employees 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 recognized, together with a corresponding increase in other capital reserves, as equity over the period in which the performance and/or service conditions are fulfilled. The cumulative expenses recognized 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 recognized as at the beginning and end of that period and is recognized as employee benefits expense.
No expense is recognized 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 recognized for the award is recognized 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 Höegh LNG'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 (Company only)

Shares and units in subsidiaries in the Company accounts are 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 recognized when the Company's right to receive payments is established. These transactions are all eliminated on consolidation.

2.24 New and amended standards and interpretations adopted by Höegh LNG

There are no standards adopted by the Group for the first time for the financial year beginning 1 January 2015, which have had material impact on the financial statements.

2.25 Restatement of 2014 financial statements

During 2015, certain errors were identified in the historical consolidated financial statements related to the accounting treatment of value added taxes ("VAT") and withholding taxes ("WHT") in Indonesia.

A general rule in Indonesia is that VAT paid on supplier invoices is creditable ("creditable VAT") against VAT received on customer invoices to determine the net amount, due to the tax authorities. However, prior to start-up of revenue generating activities, VAT on most supplier invoices is non-creditable ("non-creditable VAT"), and as a result, non-creditable VAT paid to the tax authorities on supplier invoices cannot subsequently be credited against VAT received on customer invoices. Non-creditable VAT had incorrectly been recorded as a VAT receivable in balance sheets of PT Hoegh LNG Lampung and also in the consolidated balance sheet for the Group, which instead should have been recorded as components of either vessel operating expenses, construction contract expenses, administrative expenses, capital expenditure on the FSRU or deferred debt issuance cost.

In Indonesia, WHT is due on invoices for certain foreign vendors providing services, goods and financing depending upon applicable tax treaties. For a number of items where WHT were reported and paid to the Indonesian Tax Authorities correctly, the WHT had not actually been withheld from payments to suppliers or accounted for. This led to an increase in withholding tax expenses. In addition to these issues, an amount of withholding tax accruals had not been reported to the Indonesian tax authorities. Following a materiality assessment, the Group concluded that a restatement of historical numbers for 2014 for the Group was required. The impact for IFRS of restating its financials is adjustment to the historical figures of a net loss USD (6.1) million, of which USD (4.6) million relate to 2014 and USD (1.5) million relate to 2013.
The restatements negatively impacted earnings per share with USD 0.09 in 2014.

Table: Impact of the restatement adjustments to profit (loss) and total comprehensive income for the year 2013

USD'000	Reported **2013**	Restated **2013**	Adjustment **∆ USD**
Profit (loss) for the year	**(20 802)**	**(22 261)**	**(1 459)**
Profit (loss) of the year attributable to (from):			
Equity holders of the parent	(20 802)	(22 261)	(1 459)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**43 829**	**42 370**	**(1 459)**

Table: Impact of the restatement adjustments to the opening balance as at 1 January 2014 (condensed)

USD'000	Reported As at 31 December **2013**	Restated As at 1 January **2014**	Adjustment **∆ USD**
Total non-current assets	542 133	542 188	55
Total current assets	141 947	140 482	(1 465)
TOTAL ASSETS	**684 080**	**682 670**	**(1 410)**
Total equity	389 106	387 647	(1 459)
Total non-current liabilities	240 339	239 528	(811)
Total current liabilities	**54 635**	**55 495**	**860**
TOTAL EQUITY AND LIABILITIES	**684 080**	**682 670**	**(1 410)**

Table: Impact of the restatement adjustments to the statement of comprehensive income for 2014

USD'000	Reported **2014**	Restated **2014**	Adjustment **Δ USD**
Freight revenues	90 001	89 083	(918)
Construction contract revenue	52 479	53 795	1 316
Management and other income	8 149	8 658	509
Share of results from investments in joint ventures	9 995	9 995	-
TOTAL INCOME	**160 623**	**161 531**	**907**
Charterhire expenses	(35 383)	(35 383)	-
Construction contract expenses	(36 230)	(39 416)	(3 186)
Voyage expenses	(6 320)	(6 320)	-
Operating expenses	(31 827)	(33 217)	(1 391)
Project administrative expenses	(16 017)	(16 475)	(458)
Group administrative expenses	(16 574)	(15 739)	835
Business development expenses	(17 913)	(18 710)	(797)
OPERATING PROFIT (LOSS) BEFORE DEPRECIATION AND IMPAIRMENT	**361**	**(3 729)**	**(4 090)**
Depreciation	(21 068)	(21 095)	(27)
Impairment	(44 836)	(44 836)	-
OPERATING PROFIT (LOSS) AFTER DEPRECIATION AND IMPAIRMENT	**(65 544)**	**(69 660)**	**(4 116)**
Interest income	1 778	1 778	-
Interest expenses	(18 341)	(18 416)	(76)
Income from other financial items	563	563	-
Expenses from other financial items	(4 795)	(5 217)	(422)
NET FINANCIAL ITEMS	**(20 795)**	**(21 292)**	**(498)**
PROFIT (LOSS) BEFORE TAX	**(86 339)**	**(90 952)**	**(4 614)**
Tax	(2 018)	(2 018)	
PROFIT (LOSS) FOR THE YEAR	**(88 357)**	**(92 970)**	**(4 614)**
Other comprehensive income:			
Items that will not be reclassified to profit or (loss)			
Net gain (loss) on other capital reserves	(420)	(420)	
Items that may be subsequently reclassified to profit or (loss)			
Net gain (loss) on hedging reserves	(29 285)	(29 285)	
Share of OCI from joint ventures	(16 218)	(16 218)	
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(45 923)**	**(45 923)**	**-**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(134 280)**	**(138 893)**	**(4 614)**
Profit (loss) of the year attributable to (from):			
Equity holders of the parent	(93 818)	(100 243)	(6 425)
Non-controlling interests	5 462	7 273	1 811
Total	**(88 356)**	**(92 971)**	**(4 614)**
Total comprehensive income (loss) attributable to (from):			
Equity holders of the parent	(135 935)	(142 360)	(6 425)
Non-controlling interests	1 656	3 468	1 812
Total	**(134 279)**	**(138 893)**	**(4 614)**
Earnings per share attributable to equity holders of the parent during the period:			
Basic and diluted earnings per share (loss)	(1.37)	(1.46)	(0.09)

Table: Impact of the restatement adjustments to the financial position at 31 December 2014

USD'000	Reported **2014** 31 December	Restated **2014** 31 December	Adjustment **Δ USD**
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets	374	374	-
Licenses, design and other intangibles	37 002	37 002	-
Tangible assets			
Investments in FSRUs and LNG Carrier	896 978	897 156	178
Investments in newbuildings under construction	127 092	127 092	-
Investment in joint ventures	-	-	-
Other non-current financial assets	27 124	20 947	(6 177)
Other non-current assets	9 825	9 825	-
Shareholder loans	12 287	12 287	-
Restricted cash	15 184	15 184	-
TOTAL NON-CURRENT ASSETS	**1 125 866**	**1 119 867**	**(5 999)**
Current assets			
Bunkers and inventories	968	968	-
Unbilled construction contract receivable	-	-	-
Trade and other receivables	15 948	17 300	1 352
Shareholder loans	6 665	6 665	-
Marketable securities	117 317	117 317	-
Restricted cash	23 735	23 735	-
Cash and cash equivalents	66 302	66 302	-
Total current assets	**230 935**	**232 287**	**1 352**
TOTAL ASSETS	**1 356 801**	**1 352 154**	**(4 647)**
EQUITY AND LIABILITES			
Equity			
Share capital	699	699	-
Other paid-in capital	419 835	422 106	2 271
Capital reserves	(85 935)	(85 935)	-
Retained earnings	27 458	19 570	(7 888)
Equity attributable to equity holders of the parent	**362 056**	**356 440**	**(5 616)**
Non-controlling interests	96 929	96 470	(459)
TOTAL EQUITY	**458 985**	**452 910**	**(6 075)**
Non-current liabilities			
Deferred tax liability	150	150	-
Non-current interest-bearing debt	636 257	636 704	447
Investment in joint ventures	95 012	95 012	-
Other non-current financial liabilities	61 964	61 964	-
Deferred revenue	983	983	-
TOTAL NON-CURRENT LIABILITIES	**794 366**	**794 813**	**447**
Current liabilities			
Current interest bearing debt	46 822	46 822	-
Income tax payable	491	491	-
Trade and other payables	13 930	17 915	3 985
Other current financial liabilities	27 712	19 364	(8 348)
Provisions and accruals	14 495	19 839	5 344
Total current liabilities	**103 450**	**104 370**	**920**
TOTAL EQUITY AND LIABILITIES	**1 356 801**	**1 352 154**	**(4 647)**

For the impact of the restatement adjustments to The Company, see Note 2 of the Company's financials.

The 2014 disclosures in the Annual report 2015 are including of all the applicable restatement adjustments.

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 Höegh LNG. The Group's intention is to adopt 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 has 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 as of 1 January 2018. Höegh LNG has made a preliminary assessment of the effect of the standard without identifying any material impact on the Group's 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 as of 1 January 2017. Höegh LNG has made a preliminary assessment of the effect of the standard without identifying any material impact on the Group's financial performance.

IFRS 16 Leases
IFRS 16 replaces the existing IAS 17. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

For lessor, IFRS 16 substantially carries forward the accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or financial leases, and to account for those two types of leases differently.

The new lease standards require lessees to recognise assets and liabilities for most leases, which is a significant change from current requirements.

The Group has made a preliminary assessment of the effect of the standard. The impact is expected to be limited for the classification of lease agreements towards Höegh LNG's customers. For operating leases with the Group as lessee the new standard is expected to have effect on the accounting treatment.

Other changes in accounting policies are considered to not cause material effects for Höegh LNG.

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

- Application of currency rates for Egyptian Pounds
- Consolidation of entities in which the Group holds less than 50% of the voting rights.

Application of currency rates for Egyptian Pounds
Höegh LNG has as part of its revenue, costs and balance sheet items denominated in Egyptian Pounds ("EGP"). There are currently restrictions on exchanging EGP into USD imposed by the Egyptian Authorities. As a consequence, the EGP denominated cash balance in excess of working capital need has been classified as restricted cash at it is not freely available to the Group.

Based on an overall evaluation, Management has concluded that it is most appropriate to use the official USD/EGP exchange rates set by the Egyptian Central Bank in converting the EGP denominated items into USD.

In the event that the restrictions on exchanging EGP into USD are lifted and the exchange rate as a consequence is impacted negatively, the cash and receivables held by the Group would be subject to a currency loss.

Consolidation of entities in which the Group holds less than 50% of the voting rights
Höegh LNG Partners LP
The Company held 58.04% of the units in HMLP at 31 December 2015. For the 2014 financial statements, Management concluded that the Group had 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 HMLP was an important element in the overall conclusion.

Management has updated the assessment for the year ended 31 December 2015 and there are no material changes in facts and circumstances impacting the conclusion.

PT Hoegh LNG Lampung
HMLP indirectly owns 49% of the shares in PT Hoegh LNG Lampung, a company owning and operating PGN FSRU Lampung. HMLP 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 in the Group's accounts.

Management has updated the assessment for the year ended 31 December 2015 and there are no material changes in facts and circumstances impacting the conclusion.

Significant estimates and assumptions
Management has applied significant estimates and assumptions mainly relating to the following:

- Tax positions.
- VAT and tax related matters towards the customer (PT PGN LNG).

Accounting of uncertain tax position
Benefits from uncertain tax positions are recognized when it is probable that a tax position will be sustained upon examination based on technical merits of the position.

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

HN2552 - Hyundai Heavy Industries

Note 3 – Segment reporting

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

Commercial

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

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

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

MLP

The MLP segment includes activities related to HMLP, which was established for the purpose of owning, operating and acquiring FSRUs, LNGCs and other LNG infrastructure assets under long-term charters, defined as five years or more. The MLP fleet consists of the following vessels: (i) a 50% interest in the GDF Suez Neptune; (ii) a 50% interest in the GDF Suez Cape Ann; (iii) a 100% economic interest in the PGN FSRU Lampung and (iv) a 100% interest in Höegh Gallant. Höegh LNG is obliged to offer any FSRU or LNGC operating under a long-term charter to HMLP. The capitalised costs attributable to the MLP segment relate to the ownership of the four FSRUs.

Technical

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

FLNG

The FLNG segment has been responsible for marketing, building and operating FLNGs. The segment records income and expenses for engineering studies and expenses related to marketing of Höegh LNG's FLNG concept. The capitalised costs relate to investments in a generic FLNG FEED. On 16 February 2016, Höegh LNG announced its decision to put its FLNG activities on hold and allocate its FLNG resources to the FSRU development, and accordingly the capitalized amounts have been impaired.

Other

The Other segment consists of group management, finance, legal and other corporate services. The figures contain administrative expenses, which are managed on a group basis and have not been allocated to other segments.

Table: Segment information to year ended 31 December 2015

EBITDA split by segment	Commercial	FLNG	Technical	MLP	Other	Consolidated (proportionate)	Adjustments	Consolidated (equity method)
Freight revenue	137 649	-	-	103 199	-	240 848	(42 164)	198 684
Construction contract revenue	-	-	-	-	-	-	-	-
Managment and other income	1 900	4 750	2 223	-	15	8 888	440	9 328
Share of results from inv. in JVs	-	-	-	-	-	-	11 359	11 359
TOTAL INCOME	**139 549**	**4 750**	**2 223**	**103 199**	**15**	**249 736**	**(30 365)**	**219 371**
Charter hire expenses	(20 507)	-	-	-	-	(20 507)	(14 795)	(35 302)
Construction contract expenses	-	-	-	-	-	-	-	-
Voyage expenses	(2 488)	-	-	(303)	-	(2 791)	32	(2 759)
Operating expenses	(31 527)	-	(772)	(18 121)	-	(50 420)	8 550	(41 870)
Project administrative expenses	(3 937)	-	(5 676)	(3 402)	-	(13 016)	192	(12 824)
Group administrative expenses	-	-	-	(5 402)	(13 645)	(19 047)	8	(19 039)
Business development expenses	(6 137)	(10 330)	(819)	-	-	(17 285)	-	(17 285)
EBITDA	**74 953**	**(5 579)**	**(5 044)**	**75 971**	**(13 631)**	**126 669**	**(36 377)**	**90 292**

Selected items in Financial Position	Commercial	FLNG	Technical	MLP	Other	Consolidated (proportionate)	Adjustments	Consolidated (equity method)
Intangible assets								
Licenses, design and other intangibles	-	-	-	-	-	-	-	-
Tangible assets								
Investments in FSRUs and NBs	416.6	-	161.2	861.0		1 438.8	(406.2)	1 032.6
Liabilities								
Interest-bearing debt	340.7	-	-	609.6	213.2	1 163.5	(376.4)	787.1

Table: Segment information to year ended 31 December 2014

EBITDA split by segment	Commercial	FLNG	Technical	MLP	Other	Consolidated (proportionate)	Adjustments	Consolidated (equity method)
Freight revenue	104 758	-	-	25 106	-	129 864	(40 781)	89 083
Construction contract revenue	41 000	-	-	12 794	-	53 795	-	53 795
Managment and other income	1 923	3 724	2 296	48	31	8 023	635	8 658
Share of results from inv.in JVs	-	-	-	-	-	-	9 995	9 995
TOTAL INCOME	**147 681**	**3 724**	**2 296**	**37 949**	**31**	**191 682**	**(30 151)**	**161 531**
Charter hire expenses	(20 554)	-	-	-	-	(20 554)	(14 829)	(35 383)
Construction contract expenses	(34 707)	-	-	(4 709)	-	(39 416)	-	(39 416)
Voyage expenses	(5 279)	-	-	(1 041)	-	(6 320)	-	(6 320)
Operating expenses	(31 339)	-	(1 950)	(7 308)	-	(40 596)	7 381	(33 215)
Project administrative expenses	(10 390)	-	(3 104)	(3 138)	-	(16 633)	157	(16 476)
Group administrative expenses	(50)	-	-	(1 725)	(13 985)	(15 761)	22	(15 739)
Business development expenses	(6 644)	(11 270)	(835)	-	-	(18 748)	38	(18 710)
EBITDA	**38 718**	**(7 545)**	**(3 593)**	**20 027**	**(13 954)**	**33 653**	**(37 382)**	**(3 728)**

Selected items in Financial Position	Commercial	FLNG	Technical	MLP	Other	Consolidated (proportionate)	Adjustments	Consolidated (equity method)
Intangible assets								
Licenses, design and other intangibles	-	37.00	-	-	-	37.00	-	37.00
Tangible assets								
Investments in FSRUs and NBs	735.2		128.8	568.4	-	1 432.4	(408.2)	1 024.2
Liabilities								
Interest-bearing debt	515.5			459.2	100.6	1 075.3	(392.2)	683.1

Note 4 – Income

Freight revenues

Höegh LNG is a fully integrated provider of floating LNG services, and, including its joint ventures, Höegh LNG operates five FSRUs and three LNG Carriers.

Income from GDF Suez Neptune and GDF Suez Cape Ann is recorded through HLNG's share of results in joint ventures. Arctic Lady and Arctic Princess are owned together with joint venture partners, but subleased to Leif Höegh (U.K.) Limited, which holds the charter contracts.

Table: Time charter contracts in operation as at 31 December 2015:

Vessel	Type	Charterer	Country	TCP	Expiry	Option
Artic Lady	LNGC	Statoil ASA	Norway	20 years	January 2026	5 + 5 years
Artic Princess	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
Höegh Gallant	FSRU	Egyptian Natural Gas	Egypt	5 years	May 2020	-
Vessel classified as held for sale						
LNG Libra	LNGC	Charter party expired end 2015				
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 89.0 million in 2014 to USD 198.0 million in 2015 is mainly explained by the full year contribution of PGN FSRU Lampung and Independence, which commenced operation in Q3 and Q4 2014, respectively, and Höegh Gallant commencing operation in April 2015.

The table below specifies the expected time charter party ("TCP") hire to be received from 1 January 2016 to the end of the firm charter party for the Group's vessels, except for income from GDF Suez Neptune and GDF Suez Cape Ann, which is presented through Share of results in joint ventures. Expected future gross TCP income includes the Arctic vessels, Independence, PGN FSRU Lampung and Höegh Gallant. It does not include charter income for contracts not commenced as of 31 December 2015.

Expected future T/C income	< 1 year	1 to 5 years	> 5 years	Total
TOTAL	**209 965**	**802 344**	**1 153 432**	**2 165 742**

The Group has revenues from managing LNGCs and FSRUs owned by joint ventures, as well as the LNGC Matthew, owned by Suez LNG Shipping NA LLC.

Revenues from FLNG are mostly related to paid studies. In the first quarter of 2016, the Board of Directors of the Company decided to suspend all FLNG activities. The below revenues have limited margin and are mainly offset by business development costs, refer to Note 10.

Management and other income

	2015	2014
Engineering studies (FLNG)	4 750	3 724
Commercial and technical Management fees	3 847	4 168
Other income	731	766
TOTAL	**9 328**	**8 658**

In 2015, the Group had five customers (2014; four customers), which individually accounted for 10% or more of total freight revenues. Total income from these customers was USD 188.5 million (USD 90.0 million in 2014). The single largest customer in the Group represented 28% of total freight revenues (28% in 2015).

The five customers in 2015 individually contributing 10% or more of total freight revenues are:

- AB Klaipėdos Nafta ("KN")
- Egyptian Natural Gas Holding Company ("EGAS")
- PT PGN LNG ("PGN LNG")
- Statoil ASA
- Total E&P Norge AS

Note 5 – Construction contract revenue

	2015	2014
Construction contract revenues	-	53 795
Construction contract expenses	-	(39 416)
TOTAL	**-**	**14 379**
Unbilled construction contract receivable	-	-

The construction contract income of USD 53.7 million for the year ended 31 December 2014 relates to the construction of a Tower Yoke Mooring System ("TYMS") for the PGN FSRU Lampung. The TYMS was delivered and accepted by the customer in 2014, and full payment under the contract (USD 107.9 million including VAT) was received in 2014, hence no accounting impact is recorded for 2015.

Note 6 – Operating expenses

	2015	2014
Crew Salaries	14 018	11 330
Employers'contribution	2 456	1 052
Other social costs	2 217	2 063
Traning of crew	772	1 963
TOTAL CREW COST	**19 463**	**16 408**
Services	4 256	1 776
Spare parts and consumables	5 551	4 053
Incurance	3 760	3 315
Ship Management and other	8 840	7 663
TOTAL	**41 870**	**33 215**

PGN FSRU Lampung and Independence were both delivered in the second quarter of 2014 and Höegh Gallant was delivered in the fourth quarter of 2014. Consequently, the increase in operation expenses is mainly affected by more FSRUs in operation. Costs related to training of new crew and standby crew cost prior to new projects are expensed as operating expenses.

Note 7 – Salaries and personnel cost

	2015	2014
Salaries	14 167	16 598
Benefits employees	617	816
Bonus	1 445	2 942
Pension costs defined benefit plans	658	745
Share-based payment expenses (Note 24)	1 692	2 273
Other social costs	3 315	3 543
TOTAL SALARIES AND PERSONNEL COSTS	**21 894**	**26 917**
Allocated to Group administrative expenses	8 433	9 635
Allocated to Business development expenses	4 881	6 237
Allocated to Project administrative expenses	8 581	11 045

NUMBER OF OFFICE EMPLOYEES	**102**	**94**

The cost relating to the increase in the number of employees is offset by the development of the USD/NOK rate as the majority of the Group's salary cost is in NOK.

Norwegian employers are obliged to have an occupational pension scheme for their employees under the Norwegian Act on mandatory occupational pension. Höegh LNG 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 Group also operates a defined contribution pension scheme involving the employees in Leif Höegh (U.K.) Limited. Höegh LNG has no outstanding or prepaid contributions in Leif Höegh (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 2015 (USD 0.7 million in 2014).

Note 8 – Project administrative expenses

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

	2015	2014
Total salaries and personnel costs (Note 7)	8 581	11 045
Consultants/Lawyers	6 088	7 637
Remuneration board members	70	76
Office cost	916	1 376
Travel related cost	1 347	1 914
Other	349	1 097
Overhead distribution	2 739	4 108
Reclassified to operating expenses	(5 688)	(1 416)
Directly attributable cost capitalized as investments into newbuildings	(1 578)	(9 361)
TOTAL	**12 824**	**16 476**

The Group's provision of technical services to Höegh LNG's FSRUs are reclassified from project administrative expenses to operating expenses.

Note 9 – Group administrative expenses

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

	2015	2014
Total salaries and personnel costs (Note 7)	8 433	9 635
Consultants/Lawyers	9 781	7 557
Remuneration board members	945	190
Office cost	1 814	2 208
Travel related cost	566	524
Other	988	454
Overhead distribution	(3 488)	(4 829)
TOTAL	**19 039**	**15 739**

The Group has increased its capacity of general functions to accommodate Höegh LNG's increased activity, positively offset by a more favourable USD rate as the majority of salary costs are in NOK.

Increase in legal and external consultants are partly due to various improvement projects as well as legal costs related to compliance with local rules and regulations and the sale of Höegh Gallant to the MLP.

Note 10 – Business development expenses

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

	2015	2014
Total salaries and personnel costs (Note 7)	4 881	6 237
Consultants/Lawyers	9 409	8 697
Office cost	851	1 048
Travel related cost	1 264	1 712
Other	130	294
Overhead distribution	750	722
TOTAL	**17 285**	**18 710**

Cost per project:	**2015**	**2014**
Floating Production (FLNG)	10 328	11 231
General business development expenses	6 957	7 479
TOTAL	**17 285**	**18 710**

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

FLNG related costs have been put on a hold and the majority of the costs are not recurring. Refer to note 4 for FLNG income.

Note 11 – Investments in FSRUs and LNG Carriers

FSRUs, LNGC and depot spares	**2015**	**2014**
Cost at 01.01	948 566	59 808
Acquisition cost FSRUs and dry docking	18 660	888 758
Reclassification to held for sale	(56 087)	-
COST AT 31 DECEMBER	**911 139**	**948 566**
Accumulated depreciation and impairment 01.01	(51 410)	(23 014)
Depreciation charge FSRUs, LNG Libra and depot spares	(29 600)	(19 862)
Reversal of impairment LNG Libra (impairment)	3 115	(8 534)
Reclassification of LNG Libra to held for sale	38 109	-
ACCUMULATED DEPRECIATON AND IMPAIRMENT 31.12.	**(39 786)**	**(51 410)**
NET CARRYING AMOUNT AT 31 DECEMBER	**871 353**	**897 156**

The Group has not identified any impairment indicators in 2015. The impairment in 2014 is related to the LNG Libra and has been partly reversed in 2015 based on the expected sales value of the vessel.

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	**2015**	**2014**
FSRUs and LNGC	863 680	887 690
Drydocking	5 800	7 409
Depot spares	1 873	2 057
NET CARRYING AMOUNT AT 31 DECEMBER	**871 353**	**897 156**

The below summarises the total depreciation cost:

Depreciation	2015	2014
Vessels	27 991	18 353
Drydocking	1 609	1 536
Equipment (Note 30)	1 117	961
Other	-	245
TOTAL	**30 717**	**21 095**

As of year-end 2015, the LNGC LNG Libra was agreed sold to new owners with delivery early 2016 and has consequently been reclassified to “Asset held for sale” in the statement of financial position where the estimated net proceeds of the sale are presented as follows:

Asset held for sale	2015	2014
LNG Libra	17 978	-
TOTAL	**17 978**	**-**

For Equipment, please refer to Note 30.

Note 12 – Investments in newbuildings

The Group entered into four shipbuilding contracts with Hyundai Heavy Industries Co. Ltd. (HHI) (South Korea) in 2011 and 2012, of which three FSRUs were delivered during 2014. The fourth newbuilding, Höegh Grace, is expected to be delivered from the yard in the first quarter of 2016 and is expected to commence operations in Colombia at the end of the year. The Group entered into one additional FSRU shipbuilding contract with HHI in 2014 with delivery in mid-2017 (FSRU #7).

Höegh LNG ordered its FSRU#8 at HHI in June 2015. FSRU#8 is designed to the highest specifications, has full trading capability, regas capacity of 750 MMscf/day, and will be delivered in Q1 2018. With this order, Höegh LNG has eight, large size and fuel efficient FSRUs in operation or under construction, and possesses the most modern FSRU fleet in the market. The agreement with HHI also includes a firm priced option for an FSRU#9, with a predefined delivery window.

The cost break down of the carrying amounts for the investments in newbuildings on order at 31 December 2015 is specified as follows:

Net carrying amount 31 December	2015	2014
Cost 01.01	127 092	379 119
Borrowing costs	8 683	13 855
Yard instalments paid to Hyunday Heavy Industries Co. Ltd	26 915	587 285
Other capitalized cost	18 612	35 413
Newbuildings delivered during the year	(20 104)	(888 580)
NET CARRYING AMOUNT AT 31 DECEMBER	**161 198**	**127 092**

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

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	2015	2014
FLNG front-end engineering design	FLNG	-	37 002
Other		-	-
CARRYING AMOUNT AS 31 DECEMBER		**-**	**37 002**

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

	2015	2014
Cost at 1 January	37 002	73 321
Additions	-	50
Impairment	(37 002)	(36 369)
COST AT 31 DECEMBER	**-**	**37 002**

FLNG

Intangible assets are related to the design and studies of a floating LNG production, storage and offloading solution (“FLNG”). The Group has decided to put all FLNG activities on hold due to the market for LNG currently being oversupplied and deteriorating energy and financial markets, which mean that investment decisions for new LNG production facilities, including the FLNG segment, will continue to be challenging in the foreseeable future.

Consequently, Höegh LNG currently does not consider it likely that the FLNG design will be utilized and has therefore assessed that the intangibles related to FLNG should be impaired by USD 37.0 million in 2015.

Port Dolphin

Impairment costs of USD 35.3 million recognized in 2014 relates to Port Dolphin permits, floating LNG storage and regasification terminal planned outside Tampa Bay, off the west coast of Florida.

Note 14 – Financial risk management objectives and policies

Capital Management

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

Höegh LNG started paying dividend in 2015 and has during the year distributed a total of USD 0.4 per share. The dividend policy of Höegh LNG is based on stability, predictability and sustainable growth in distributions.

Höegh LNG 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 Group is reported to the Top Management, the Board of Directors and the Audit Committee on a regular basis. Höegh LNG’s capital structure might be adjusted over time to reflect the commercial risks associated with the underlying assets, its funding situation and the status of the financial markets. In order to maintain or adjust the capital structure, Höegh LNG 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 Höegh LNG. The shares of and the bonds issued by the Company are listed on Oslo stock exchange, while the units issued by HMLP are listed on the New York Stock Exchange.

As of 31 December 2015, Höegh LNG had USD 750 million in remaining off-balance sheet capital commitments relating to the FSRU newbuilding programme, including yard payments and estimated supervision and finance costs as well as contingencies, against USD 344 million in cash and marketable securities and USD 396 million in available drawings under debt facilities, including USD 196 million available under the USD 223 million debt facilities signed in a subsequent event. Reference is made to Note 33 Subsequent events for more information on the latter debt facilities. As of 31 December 2015, book equity was USD 492 million (USD 453 million). Net of mark-to-market of hedging reserves the adjusted book equity was USD 598 million (USD 567 million), bringing the adjusted equity ratio to 40% (42%). The capital structure is deemed appropriate given the nature of Höegh LNG's business and its existing commitments. The Group is measuring the consolidated leverage net of hedging reserves as this to a greater extent reflects the solidity of the Group.

	2015	2014
Total equity excluding hedging reserves	597 834	566 636
Total assets	1 502 281	1 352 154
EQUITY RATIO	**40%**	**42%**

Financial Risk

Höegh LNG 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 Group 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. Höegh LNG'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, capitalized assets and liabilities denominated in currencies other than the reporting currency of the Group. The majority of the Group's business transactions, capitalized assets and liabilities are denom inated in USD. In addition, Höegh LNG has certain revenues in Euro, Egyptian pounds and Indonesian Rupees intended to cover local expenses and taxes. Administrative expenses are, in addition to USD, denominated mainly in NOK, SGD and GBP, of which NOK represents the largest exposure totalling approximately NOK 260 million in 2015. The NOK 750 million corporate bonds issued in 2012 have been swapped into USD and do not represent any currency risk to the Group. As of 31 December 2015, Höegh LNG held 92% of total current cash in USD, 5% in NOK and the remaining mainly in EUR, GBP and SGD. USD 4.9 million equivalent of Egyptian Pounds have been classified as restricted cash and is excluded from the above figures, refer to Note 15 for further information.

All interest bearing debt within Höegh LNG is subject to floating interest rates, however, the Group 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 relevant facility. As of 31 December 2015, the net mark-to-market valuation of the interest rate and currency swaps entered into was negative USD 64.9 million of which USD 19.7 million related to the interest rate swaps and USD 45.1 million to the currency swaps. In addition, net market-to-market valuation of interest rate swaps entered into by joint ventures was negative net USD 84.1 million.

MtMs of hedge instruments in the Financial Position	31 December 2015	31 December 2014
MtM presented as financial assets	2 800	5 485
MtM Presented as financial liabilites	(67 687)	(52 957)
Total MtMs in joint ventures	(84 141)	(95 869)
NET MtMS OF CASH FLOW AND FAIR VALUE HEDGES	**(149 028)**	**(143 341)**

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 15.1 million through the market-to-market valuation of interest rate swaps entered into inclusive of the Group's shares of interest rate swaps in joint venture companies.

Liquidity risk

Liquidity risk is the risk that Höegh LNG will be unable to fulfil its financial obligations when they fall due. The table below illustrates the timing and size of the Group's repayment structure and estimated interest payments:

Maturity profile to interest bearing debt at 31 December 2015:	< 1 year	1-5 years	> 5 years	Total
Instalments on mortage debt and bond	55 036	398 835	357 093	810 964
Estimated interest on mortage debt and bond	46 405	123 524	58 402	228 331
TOTAL	**101 441**	**522 359**	**415 495**	**1 039 295**

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

Maturity profile to financial derivatives at 31 December 2015:	< 1 year	1-5 years	> 5 years	Total
Interest rate swaps designated as effecting hedging instruments in subsidiaries	12 725	54 430	(2 267)	64 888
Interest rate swaps designated as effecting hedging instruments in the Group's joint ventures	14 036	36 338	33 767	84 141
TOTAL	**26 761**	**90 768**	**31 500**	**149 029**

Fair value of existing financial obligations totalling approximately USD 842.8 million (see following table disclosing interest bearing debt) will be repaid through the cash flow generated from existing assets within Höegh LNG. Financial obligations relating to the corporate bonds are subject to refinancing in 2017 and 2020, respectively. The financing of Höegh Gallant, GDF Suez Cape Ann and GDF Suez Neptune are subject to refinancing in 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, respectively, 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 Arctic vessels are not subject to any refinancing and will be fully amortized 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.

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 procedures are in place to minimize this risk. FSRUs and LNG Carriers are only chartered out to creditworthy counterparties and charter hires are normally payable on a monthly basis.

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. Höegh LNG 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 2015 and 2014 are all in the range of 30-60 days. The marketable securities amounting to USD 231.1 million as at 31 December 2015 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 2015 and 2014.

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	
	2015	2014	2015	2014
Financial instruments at fair value through profit or loss				
Marketable securities	231 094	117 317	231 094	117 317
Derivatives in cash flow hedges	2 800	5 485	2 800	5 485
Total financial instruments at fair value	**233 894**	**122 802**	**233 894**	**122 802**
Loans and receivables at amortised cost				
Trade and other receivables	33 307	17 300	33 307	17 300
Shareholder loans	13 991	18 952	13 991	19 332
Other non-current receivables	10 065	15 449	10 065	15 449
Total loans and receivables	**57 363**	**51 701**	**57 363**	**52 081**
Non-current restricted cash	19 648	15 184	19 648	15 184
Cash and cash equivalents (including short term restricted cash)	113 165	90 037	113 165	90 037
TOTAL	**424 070**	**279 724**	**424 070**	**280 104**
TOTAL CURRENT	**384 696**	**231 319**	**384 696**	**231 453**
TOTAL NON-CURRENT	**39 374**	**48 405**	**39 374**	**48 651**

	Carrying amount		Fair value	
	2015	2014	2015	2014
Financial liabilities at fair value through other comprehensive income				
Derivatives in effective cash flow hedges	65 767	51 608	65 767	51 608
Ineffective portion of cash flow hedges	1 920	1 349	1 920	1 349
Total financial liabilities at fair value	**67 687**	**52 957**	**67 687**	**52 957**
Other financial liabilities at amortised cost				
Trade and other payables	18 706	17 915	18 706	17 915
Other financial liabilities	14 651	22 224	14 651	22 224
Interest-bearing loans and borrowings	787 062	683 526	842 803	722 809
Total other financial liabilities at amortised cost	**820 419**	**723 665**	**876 160**	**762 948**
TOTAL	**888 106**	**776 622**	**943 847**	**815 905**
TOTAL CURRENT	**86 467**	**79 264**	**105 049**	**77 113**
TOTAL NON-CURRENT	**801 639**	**697 358**	**838 798**	**738 792**

The fair value of the financial assets and liabilities is 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.
- Both Bonds issued by the Company (NOK 750 million bond HLNG01 issued 3 October 2012 and USD 130 million bond HLNG2 issued 5 June 2015) are listed on the Oslo stock exchange, and the fair values of these are disclosed based on traded information. As of 31 December 2015, the fair values were 102.25% and 96.63% for HLNG01 and HLNG02, respectively.
- Höegh LNG 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 2015:

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Marketable securities		231 094		231 094
Derivatives used for hedging		2 800		2 800
TOTAL ASSETS	**-**	**233 894**	**-**	**233 894**

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value, but for which fair value is disclosed				
Bond	206 407			206 407
Mortgage debt		636 396		636 396
Derivatives used for hedging				-
Derivatives in effective cash flow hedges		67 687		67 687
TOTAL LIABILITIES	**206 407**	**704 083**		**910 490**

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 used 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**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date and is 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 when it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are based on observable market data, the instrument is included in level 2.

However, if one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. During the reporting periods of 2015 and 2014, there were no transfers between any of the levels.

Note 15 – Unrestricted and restricted cash

Current cash and cash equivalents Currency		Exchange rate	2015	Exchange rate	2014
US Dollar (USD)	USD	1	89 607	1	57 366
Norwegian kroner (NOK)	USD/NOK	8.81	4 892	7.43	7 725
Pound Sterling (GBP)	GPB/USD	1.48	567	1.56	451
Euro (EUR)	EUR/USD	1.09	1 781	1.22	392
Egyptian Pounds (EGP)	USD/EGP	7.82	403		-
Other			373		368
TOTAL			**97 623**		**66 302**

Current restricted bank deposits	2015	2014
Methane Ventures Limited	1 800	1 800
Höegh LNG Ltd.	3 113	-
Hoegh LNG Cyprus Limited Egypt Branch	85	-
PT Hoegh LNG Lampung	10 545	21 935
TOTAL	**15 543**	**23 735**

As of 31 December 2015, USD 10.5 million is classified as short term restricted cash related to a 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.

The Group had USD 1.8 million on an escrow account following a covenant under the credit facility in Methane Ventures Limited.

Höegh LNG Ltd. had part of the sales proceeds from the sale of LNG Libra held in escrow as of December 2015. The amount has been released upon completion of the sale in March 2016.

Non-current restricted bank deposits	2015	2014
PT Hoegh LNG Lampung	14 798	15 184
Hoegh LNG Cyprus Limited Egypt Branch	400	-
Höegh LNG Egypt LLC	4 450	-
TOTAL	**19 648**	**15 184**

Non-current restricted cash deposits of USD 14.8 million at 31 December 2015, relate to requirements under the financing of PGN FSRU Lampung whereof an amount equal to six months debt service must be deposited in an escrow account. Due to restrictions on foreign exchange in Egypt, cash denominated in EGP in excess of estimated working capital needs are classified as long term restricted cash; amounting to USD 4.85 million at 31 December 2015.

Note 16 – Marketable securities

Financial instruments within Höegh LNG'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	2015	2014
Marketable securities	231 094	117 317
TOTAL	**231 094**	**117 317**

Reconciliation, balance of marketable securities at year-end	2015	2014
Market value of securities at 1 January	117 317	13 794
Change in fair value and gain/loss on realisation	366	371
Transfer of funds to portfolio	184 603	145 000
Withdrawal of funds from portfolio	(71 192)	(41 848)
MARKET VALUE OF MARKETABLE SECURITIES AT 31 DECEMBER	**231 094**	**117 317**

Profit and loss effect	2015	2014
Unrealised gain/(loss) on bonds in portfolio	(8 756)	(19 143)
Interest income	3 723	1 483
Profit/(loss) from currency contracts and deposits	5 635	18 139
Administration costs portfolio	(236)	(108)
TOTAL	**366**	**371**

Composition of portfolio	2015	2014
Norwegian listed bonds	222 706	101 857
Non-Norwegian listed bonds	-	-
Currency forwards	7 551	15 342
Cash holding	837	118
MARKETABLE SECURITIES AT FAIR VALUE 31 DECEMBER	**231 094**	**117 317**

Further information on marketable securities is disclosed in Note 14. The fair value change of USD 0.4 million (USD 0.4 million in 2014) 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 the years ended 31 December 2015 and 2014, respectively:

Interest bearing debt at 31 December 2015	Non-current	Current	Total
FSRU Independence facility	205 821	15 248	221 069
Bond debt in HLNG	209 010	-	209 010
Höegh Gallant and FSRU#6/HN2551/ HöeghGrace facility	166 889	13 146	180 035
PGN FSRU Lampung facility	174 209	19 062	193 271
Methane Ventures Limited Facility	-	7 580	7 580
Debt issuance cost	(23 902)	-	(23 902)
TOTAL	**732 027**	**55 036**	**787 063**

Interest bearing debt at 31 December 2014	Non-current	Current	Total
FSRU Independence facility	193 036	15 081	208 117
Bond debt in HLNG	95 921	-	95 921
Höegh Gallant and FSRU#6/HN2551/Höegh Grace facility	173 268	12 679	185 947
PGN FSRU Lampung facility	193 271	19 062	212 333
Methane Ventures Limited Facility	7 363	-	7 363
Debt issuance cost	(26 154)	-	(26 154)
TOTAL	**636 705**	**46 822**	**683 527**

The below table presents the currency of the Groups interest bearing debt:

Debt	Currency	2015	2014
Mortage debt	USD	601 954	613 760
Bond HLNG 15/20	USD	130 000	-
Bond HLNG12/17	NOK	79 010	95 921
Debt issuance cost	USD	(23 902)	(26 154)
TOTAL		**787 063**	**683 527**

Interest bearing debt in the consolidated accounts

FSRU Independence Facility

On 28 November 2012, Höegh LNG entered into a USD 250 million senior secured credit facilities for the financing of the FSRU Independence, which was delivered from the yard on 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. Repayments started on 12 August 2014 and are due quarterly. The facility has a floating interest rate equal to LIBOR plus a margin. LIBOR has been swapped into a fixed interest rate, and the credit facility has a fixed price of 5.1% for the length of the underlying financing. As of 31 December 2015, the outstanding balance of the facility was USD 221.1 million.

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 customer, PGN LNG. The FSRU tranche is 75% guaranteed by the Korean credit agency K-sure, has a seven year post-delivery tenor and a blended repayment profile of 12.5 years. Repayments started on 29 December 2014 and are due quarterly. The facility has a floating interest rate equal to LIBOR plus a margin. LIBOR under the FSRU tranche has been swapped into a fixed interest rate, the facility bears a fixed price of 5.88% for the length of the financing. As of 31 December 2015, the outstanding balance on the facility was USD 193.3 million.

Höegh Gallant and Höegh Grace Facilities
On 11 April 2014, Höegh LNG entered into a joint USD 412 million senior secured credit facilities for the financing of Höegh Gallant and Höegh Grace, the latter under construction at Hyundai Heavy Industries Co Ltd ("HHI") with scheduled delivery end March 2016. The facilities are pre- and post-delivery financing, have a five year post-delivery tenor and a 15 years repayment profile. Repayments started on 1 December 2014 for Höegh Gallant and will be starting 3 months after delivery of Höegh Grace and are due quarterly. The facilities have floating interest rate equal to LIBOR plus a margin. LIBOR has been swapped into a fixed interest, the Höegh Gallant tranche under the facilities bears a fixed price of 4.78%, whilst the Höegh Grace tranche bears a fixed price of 5.26%, both for the length until maturity under each tranche respectively. As of 31 December 2015, the outstanding balance on the Höegh Gallant tranche was USD 180.1 million.

Methane Ventures Limited Facility
Methane Ventures Limited, a subsidiary of the Company, has since 2006 had a credit facility in place for the purpose of funding investments in Höegh LNG. As of 31 December 2015, the amount outstanding under the facility was USD 7.6 million. The loan carries an interest equal to LIBOR plus a margin and matures on 31 July 2016.

Bond issuance - NOK 750 million Senior Unsecured Callable Bond issue
On 3 October 2012, the Company 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 2015, NOK 696 million was outstanding. Proceeds from the bond were used for general corporate purposes. The bonds are listed on Oslo stock exchange. The bond bears interests at 3 months NIBOR plus a margin of 6% payable quarterly. Höegh LNG has entered into a cross currency interest rate swap from NOK to USD and from floating to a fixed interest rate totalling 7.3%. The carrying amount of the bonds was USD 79.1 million at 31 December 2015. Unrealised foreign exchange gain due to the strengthening of the USD exchange rate against NOK amounts to USD 41.9 million. This is however offset by equivalent loss on the currency swap.

Bond issuance – USD 130 million Senior Unsecured Callable Bond issue
On 3 June 2015, the Company issued a senior unsecured bond of USD 130 million in the Norwegian bond marked with maturity date expected to be 5 June 2020. As of 31 December 2015, USD 130 million was outstanding. Proceeds from the bond where used for general corporate purposes. The bonds are listed on Oslo stock exchange. The bond bears interest at 3 months LIBOR plus a margin of 5% payable quarterly. The floating interest has been swapped into a fixed interest of 1.6480%, resulting in a fixed interest of 6.65%.

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 FSRUs. As of 31 December 2015, the Group's 50% share of the outstanding amount under the facilities totalled USD 250.6 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, resulting in a fixed interest rate of approximately 6.0%.

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 2015, the total debt related to these lease facilities for the Group amounted to USD 121.1 million on a proportionate basis.

Debt and lease restrictions
Existing credit facilities impose restrictions, which may limit or prohibit Höegh LNG's ability to incur additional existing credit facilities impose restrictions, which may limit or prohibit Höegh LNG's ability to incur additional indebtedness, create liens, sell shares in subsidiaries, 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 Group 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, the highest liquidity covenant undertaken by the Group, or 5% of funded indebtedness. The MLP has to maintain a minimum equity (adjusted for mark-to-market of hedging reserves) of USD 150 million, a minimum equity ratio (adjusted for mark-to-market of hedging reserves) of 25%, and a minimum free cash position which exceeds the higher of USD 15 million.

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

The Group was in compliance with its covenants for the year ended 31 December 2015.

Note 18 – Interest expenses

	2015	2014
Interest on mortgage debt	35 645	17 695
Interest on bond	8 024	716
Other	321	6
TOTAL	**43 990**	**18 417**

Interest on bonds of USD 7.7 million was in 2015 capitalized as part of delivered cost of FSRUs under construction (USD 9.6 million in 2014).

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

Note 19 – Expenses from other financial items

	2015	2014
Currency loss	4 882	-
Loss on hedges- ineffectiveness	572	1 349
Withholding taxes	2 597	3 187
Other financial expenses	1 267	680
TOTAL	**9 318**	**5 216**

Loss on currency is mainly due to a loss on NOK cash balances after the equity proceeds.

Note 20 – Commitments and guarantees

FSRU newbuilding programme

The total delivered cost of the newbuilding program of the three FSRUs to be delivered in the period Q1 2016 to Q2 2018 is approximately USD 750 million including yard payments, project expenses, finance costs and contingencies. Below is an overview of the payment profile for the remaining instalments under the shipbuilding contracts with the yard, Hyundai Heavy Industries ("HHI"):

Remaining Yard payments	< 6 months	Between 6-12 months	Between 12-28 months
	32%	4%	64%

The Company has issued company guarantees to HHI guaranteeing Höegh LNG Ltd.'s obligations under the shipbuilding contract for Höegh Grace (HN 2551) in the maximum amount of USD 108.7 million and for HN 2865 in the maximum amount of USD 80.7 million.

HN 2865 is dedicated to the Octopus project in Chile. The Company has guaranteed the obligations of its subsidiaries under the agreements entered into with Octopus LNG.

Höegh Grace (HN 2551)

A USD 412 million senior secured credit facility agreement for the financing Höegh Grace and Höegh Gallant (see further below) was entered into in 2014. The facility is guaranteed by the Company, Höegh LNG Ltd. and HMLP (HMLP only guarantee for aforementioned FSRUs upon sale of such FSRUs to HMLP. Currently it relates to Höegh Gallant only).

In relation to Höegh Grace, the following securities have or will be established: A mortgage over the FSRU, 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.

The Company has guaranteed the obligations of its subsidiaries under the agreements entered into with SPEC.

HN 2552

A USD 223 million senior secured credit facility agreement for the financing of HN 2552 was entered into in March 2016 by the Company as borrower. The Company will be replaced by an SPC borrower on delivery of the FSRU and the Company will become a guarantor. Customary security package will be entered into upon delivery of the FSRU from the yard.

Höegh Gallant

On 1 October 2015, the holding company of the FSRU Höegh Gallant was sold to the MLP. The ownership of the entity having the charter with EGAS, Höegh LNG Egypt LLC, remained with Höegh LNG. Following the transfer, the Company has provided the following guarantees:

As security for the obligations of Hoegh LNG Egypt LLC under the charter with EGAS, the Company has granted a parent company guarantee in favour of EGAS. As further security, the Central International Bank (CIB) has issued a letter of credit in the amount of USD 3 million on behalf of Hoegh LNG Egypt LLC in favour of EGAS.

The guarantee issued by the Company in relation to the USD 412 million senior secured credit facilities agreement (see above) and the security granted by the subsidiaries of the Company in relation to the USD 412 million senior secured credit facilities agreement, are covering also the Höegh Gallant facility.

The Company has guaranteed payment of hire by Hoegh LNG Egypt LLC to the HMLP subsidiary owning the vessel, to the extent the established bank guarantee is exhausted. Further, the Company has granted HMLP an option to lease the vessel back to HLNG for 5 years at a rate equal to 90% of the rate payable pursuant to the current charter rate, plus any incremental taxes or operating expenses as a result of such charter.

Independence

In November 2012, Höegh LNG Ltd. (as borrower) entered into a USD 250 million facility agreement fully guaranteed by the Company. In addition, the facility is guaranteed by Höegh LNG Klaipeda UAB and Hoegh LNG Klaipeda Pte. Ltd., both subsidiaries of Höegh LNG. The following securities have 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.

Höegh LNG Ltd. has guaranteed the obligations of Höegh LNG Klaipeda UAB under the charter with the customer, Klaipedos Nafta.

PGN FSRU Lampung

The PGN project was sold to the MLP 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 Höegh LNG Lampung as borrower: (i) the balloon repayment instalment plus any accrued interest thereon; and (ii) 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.

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

Neptune FSRUs

The Group’s 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 are accounted for according to the equity method, see Note 21. Under the loan agreements for the financing of GDF Suez Neptune and GDF Suez Cape Ann (the “Neptune FSRUs”), 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 the Neptune FSRUs entered into by the respective SRV JG Companies.

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%).

Arctic Vessels

The two LNG Carriers Arctic Princess and Arctic Lady are leased from the joint venture companies Joint Gas Ltd. and Joint Gas Two Ltd. (collectively referred to as ”JVs”) in which the Group has a 33.98% and 50% ownership, respectively (see Note 21), and are further bareboat chartered to Leif Höegh (U.K.) Limited, a wholly-owned subsidiary of Höegh LNG Ltd. As of year-end 2015, Leif Höegh (U.K.) Limited has remaining charter commitments for the two LNG Carriers of USD 362 million, as specified in the table on the next page.
The Arctic Lady lessor has completed its contractual right to perform a credit review of the project and requested additional security. The parties are currently negotiating the terms of a letter of credit to be issued in favour of said lessor.

The below table shows amounts based on full hire. The remaining hire payable adjusted for the Group's ownership in the JVs, is USD 209 million (2014 USD 227 million).

Specification of bareboat hire to be paid (in million USD)	2015	2014
Within one year	35	35
Between one and five years	141	141
More than five years	186	221
TOTAL	**362**	**397**

Pursuant to the lease agreements, the JVs, as lessees, bear the normal risks in relation to the leasing structure itself, including the lessors' claims for capital allowances, changes in the applicable capital allowance rate and the corporate tax rate in the UK. Upon request from HM Revenues & Customs (HMRC), additional information (latest in April 2013) has been provided in relation to the UK lessors' claims for capital allowances. HMRC has not taken this any further pending the outcome of another case being tested in UK courts, where a final judgement was issued in favour of HMRC end 2015. The lessees have recently been approached by HMRC to discuss similarities between the cases and to what extent the judgement can be applied to the two Arctic vessels. No notice as to disallowing the allowances has been given to date.

Höegh LNG Ltd. has guaranteed pro-rata according to its shareholding severally with the JV partners for payment obligations under the lease transaction agreements entered into by the JVs, respectively (lease agreements, time charter agreements and interest rate swap agreements). The said guarantees are counter-guaranteed by the 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 JVs 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 Höegh (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.

Höegh LNG Partners LP – indemnifications

In connection with the sale of assets to the MLP, the Company has agreed to indemnify HMLP against certain losses for the periods prior to the closing date related to the title of the transferred assets and the vessels, the commercial and financial agreements and vessel operation, the latter being i.e. against certain environmental and toxic tort liabilities (claims must be submitted within five years following the closing date and for the IPO fleet it is an aggregate cap of USD 5 million). In addition, the Company has agreed to indemnify HMLP against all federal, state, foreign and local income tax liabilities attributable to the operation of the contributed assets prior to the respective closing date. Lastly, the Company agreed to indemnify HMLP against specific losses related to the PGN Project also after the closing date as the project was transferred to the MLP before commencing operation under its commercial agreement (charter). The Company paid a total of USD 6.6 million to HMLP in 2015 under the said indemnities with USD 2.8 million attributable to NCI.

See also above regarding Höegh Grace, Höegh Gallant and PGN FSRU Lampung.

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 one of its projects.

Office lease

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

Note 21 – Investments in joint ventures and subsidiaries

The Group had ownership in four joint ventures during 2015, all accounted for according to the equity method. The change in carrying value during the year is as follows:

	2015	2014
At 1 January	**(95 012)**	**(85 986)**
Share of Profit	11 359	9 995
Other comprehensive income	11 728	(16 218)
Dividend distribution	(1 578)	(3 460)
Other changes	-	657
AT 31 DECEMBER	**(73 502)**	**(95 012)**

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

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

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

				Ownership in %	
Name of entity	**Registered office**	**Country**	**Principal activity**	**2015**	**2014**
Joint Gas Ltd.	Georgetown	Cayman Island	Shipowning	34	34
Joint Gas Two Ltd.	Georgetown	Cayman Island	Shipowning	50	50
SRV Joint Gas Ltd.	Georgetown	Cayman Island	Shipowning	50	50
SRV Joint Gas Two Ltd.	Georgetown	Cayman Island	Shipowning	50	50
Methane Carriers Limited	Nassau	Bahamas	Dormant	-	50
PNG Floating LNG Holdings Limited	Singapore	Singapore	Dormant	-	33
PNG Floating LNG Limited	Singapore	Singapore	Dormant	-	33

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. each own an Arctic vessel 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 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 on the next page is the summarised financial information for Höegh LNG'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	
	2015	2014	2015	2014	2015	2014
Assets						
Cash and cash equivalents	5 503	3 569	5 715	3 510	1 641	5 317
Other current assets	-	3	-	-	4 894	1 364
TOTAL CURRENT ASSETS	**5 503**	**3 572**	**5 715**	**3 510**	**6 535**	**6 681**
Vessel	135 496	141 581	136 462	142 521	300 756	282 889
Other non-current assets	-	-	-	-	12 264	15 733
TOTAL NON-CURRENT ASSETS	**135 496**	**141 581**	**136 462**	**142 521**	**313 020**	**298 622**
TOTAL ASSETS	**140 999**	**145 153**	**142 177**	**146 031**	**319 555**	**305 303**
Liabilities						
Current liabilities	**12 762**	**13 129**	**12 286**	**12 752**	**34 210**	**33 569**
Long-term interest bearing debt	144 208	150 520	144 285	150 507	242 771	258 891
Other non-current liabilities	36 390	38 805	28 414	30 671	75 138	60 107
TOTAL NON-CURRENT LIABILITIES	**180 598**	**189 325**	**172 699**	**181 178**	**317 909**	**318 998**
TOTAL LIABILITIES	**193 360**	**202 454**	**184 985**	**193 930**	**352 119**	**352 567**
Net assets	**(52 361)**	**(57 301)**	**(42 808)**	**(47 899)**	**(32 564)**	**(47 264)**

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	
	2015	2014	2015	2014	2015	2014
Assets						
Cash and cash equivalents	2 557	5 402	-	-	15 416	17 798
Other current assets	4 407	149	-	-	9 301	1 516
TOTAL CURRENT ASSETS	**6 964**	**5 551**	**-**	**-**	**24 717**	**19 314**
Vessel	281 735	292 565	-	-	854 449	859 556
Other non-current assets	12 840	12 840	-	-	25 104	28 573
TOTAL NON-CURRENT ASSETS	**294 575**	**305 405**	**-**	**-**	**879 553**	**888 129**
TOTAL ASSETS	**301 539**	**310 956**	**-**	**-**	**904 270**	**907 443**
Liabilities						
Current liabilities	**32 596**	**32 152**			**91 854**	**91 602**
Long-term interest bearing debt	249 026	265 552	-	-	780 290	825 470
Other non-current liabilities	57 397	65 886	-	-	197 339	195 469
TOTAL NON-CURRENT LIABILITIES	**306 423**	**331 438**	**-**	**-**	**977 629**	**1 020 939**
TOTAL LIABILITIES	**339 019**	**363 590**	**-**	**-**	**1 069 483**	**1 112 541**
Net assets	**(37 480)**	**(52 634)**	**-**	**-**	**(165 213)**	**(205 098)**

Summarised statement of comprehensive income

	Joint Gas Ltd. As at 31 December		Joint Gas Two Ltd. As at 31 December		SRV Joint Gas Ltd. As at 31 December	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue	17 828	17 868	17 474	17 515	42 215	41 535
Depreciation	(6 085)	(6 085)	(6 058)	(6 058)	(11 752)	(10 761)
Interest income	-	-	-	-	-	2
Interest expenses	(8 014)	(8 375)	(7 066)	(7 608)	(15 921)	(16 947)
PROFIT BEFORE TAX	**3 605**	**3 311**	**4 191**	**3 750**	**5 601**	**4 740**
Tax	-	-	-	-	-	-
PROFIT FOR THE YEAR	**3 605**	**3 311**	**4 191**	**3 750**	**5 601**	**4 740**
Other comprehensive income	3 034	(5 163)	2 901	(5 169)	9 099	(11 227)
COMPREHENSIVE INCOME	**6 639**	**(1 852)**	**7 092**	**(1 419)**	**14 700**	**(6 487)**

Summarised statement of comprehensive income, continued

	SRV Joint Gas Two Ltd. As at 31 December		Methane Carriers Ltd.* As at 31 December		Total As at 31 December	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue	42 893	40 814	-	-	120 410	117 732
Depreciation	(10 870)	(10 869)	-	-	(34 765)	(33 773)
Interest income	-	-	-	-	-	
Interest expenses	(16 241)	(17 227)	-	-	(47 242)	(50 157)
PROFIT BEFORE TAX	**5 762**	**4 802**	**-**	**(156)**	**19 159**	**16 447**
Tax	-	-	-	-	-	-
PROFIT FOR THE YEAR	**5 762**	**4 802**	**-**	**(156)**	**19 159**	**16 447**
Other comprehensive income	9 393	(12 531)	-	-	24 427	(34 090)
COMPREHENSIVE INCOME	**15 155**	**(7 729)**	**-**	**(156)**	**43 586**	**(17 643)**

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 the following tables on the next page:

Reconciliation of summarised financial information

	Joint Gas Ltd. As at 31 December		Joint Gas Two Ltd. As at 31 December		SRV Joint Gas Ltd. As at 31 December	
	2015	2014	2015	2014	2015	2014
OPENING NET ASSETS	**(57 299)**	**(51 747)**	**(47 901)**	**(42 482)**	**(47 264)**	**(40 777)**
Profit (loss) for the period	3 605	3 311	4 191	3 750	5 601	4 740
Other comprehensive income	3 034	(5 163)	2 901	(5 169)	9 099	(11 227)
Dividend distribution	(1 700)	(3 700)	(2 000)	(4 000)	-	-
Other Changes	-	-	-	-	-	-
CLOSING NET ASSETS	**(52 360)**	**(57 299)**	**(42 809)**	**(47 901)**	**(32 564)**	**(47 264)**
Interest in joint venture	33.98%	33.98%	50%	50%	50%	50%
Group adjust vessel values	1 452	1 548	2 069	1 552	(1 170)	(2 169)
CARRYING VALUE	**(16 340)**	**(17 922)**	**(19 336)**	**(22 399)**	**(17 452)**	**(25 801)**

Reconciliation of summarised financial information, continued

	SRV Joint Gas Two Ltd. As at 31 December		Methane Carriers Ltd.* As at 31 December		Total As at 31 December	
	2015	2014	2015	2014	2015	2014
OPENING NET ASSETS	**(52 635)**	**(44 906)**	**-**	**(1 456)**	**(205 099)**	**(181 368)**
Profit (loss) for the period	5 762	4 802	-	(156)	19 159	16 447
Other comprehensive income	9 393	(12 531)	-	-	24 427	(34 090)
Dividend distribution	-	-	-	(406)	(3 700)	(8 106)
Other changes	-	-	-	2018	-	2 018
CLOSING NET ASSETS	**(37 480)**	**(52 635)**	**-**	**-**	**(165 213)**	**(205 099)**
Interest in joint venture	50%	50%	33-50%	33-50%	33-50%	33-50%
Group adjust vessel values	(1 635)	(2 571)	-	-	716	(1 640)
CARRYING VALUE	**(20 375)**	**(28 889)**	**-**	**-**	**(73 502)**	**(95 010)**

* In the above tables, PNG Floating LNG Holdings Limited is presented together with Methane Carriers Limited with no material transactions or balances in 2014, as these entities were dormant and were both dissolved during 2014.

The mark-to market valuations of the cash flow hedges in Höegh LNG's joint ventures are all recorded as part of investments in joint ventures, which results in investments being net liabilities.

Subsidiaries

Höegh LNG had the following subsidiaries at 31 December 2015:

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	Norway	Management		100	
Höegh LNG Fleet Management AS	Norway	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	Depot Spares		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	Norway	Business dev.		100	
Höegh LNG FSRU IV Ltd.	Cayman Islands	Shipowning		100	
Methane Ventures Limited	British Virgin Islands	Investment	64.97		35.03
Höegh FLNG Ltd.	Bermuda	FLNG business	100		
Hoegh LNG Klaipeda Pte. Ltd.	Singapore	Shipowning		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	
Höegh LNG GP LLC	Marshall Islands	General Partner	100		
Höegh LNG Chile Holding Ltd.	Cayman Islands	Holding			
Höegh LNG Chile SpA	Chile	FSRU Operation			
Hoegh LNG Klaipeda LLC	Marshall Islands	Dormant		100	
Höegh LNG Partners LP*	Marshall Islands	Holding			
Common units			8.04		41.96
Subordinated units			50		
TOTAL UNITS			**58.04**		**41.96**

Company	Country	Principal activity	Proportion of ordinary shares held by MLP
Höegh LNG partners LP	Marshall Islands	Holding	58.04
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 Hoegh LNG Lampung**	Indonesia	Shipowning	49
Hoegh LNG Cyprus Limited	Cyprus	Shipowning	100
Höegh LNG FSRU III Ltd.	Cayman Island	Holding	100
Joint Ventures:			
SRV Joint Gas Ltd.	Cayman Island	Shipowning	50
SRV Joint Gas Two Ltd.	Cayman Island	Shipowning	50

* HMLP 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 Hoegh 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 subsidiary undertakings held directly by the Group do 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 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 the MLP 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 Company continued to control the partnership. A decrease in the Company'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 four of seven 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 Company, through its subsidiaries, has the right to appoint the remaining three members of the Board.

According to IFRS 10, the assessment of control must be performed on a continuous basis. For the year ended December 2014, following the election of four members of the Board, Management made an 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 HMLP was an important element in the overall conclusion. Management have reassessed the conclusion and as no material changes in facts and circumstances have incurred in 2015, it has been concluded that the Group has de facto control of HLMP.

HMLP consists of the following entities (ownership of entities is presented as the ownership by HMLP):

Company	Registered office	Country	Principal activity	Ownership in %
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 Hoegh LNG Lampung*	Jakarta	Indonesia	Shipowning	49
Hoegh LNG Cyprus Limited	Limassol	Cyprus	Shipowning	100
Höegh LNG FSRU III Ltd.	Georgetown	Cayman Island	Holding	100
Joint Ventures:				
SRV Joint Gas Ltd.	Georgetown	Cayman Island	Shipowning	50
SRV Joint Gas Two Ltd.	Georgetown	Cayman Island	Shipowning	50

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

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

As the Group consolidates the MLP there is no gain recognised and all assets and debt is recognised at the same book value as before the transactions. The non-controlling interests' share of equity have been reduced with an amount equal to its share of the purchase price less the book value of the assets and liabilities transferred. The effect of the drop down on equity can be explained as follows:

	2015	2014
Purchase price	370 000	-
Debt outstanding	(183 000)	-
Net consideration paid	187 000	-
Net group value of assets sold	120 942	-
Working capital adjustment	7 160	-
Net book value of transaction	**73 218**	**-**
Non controlling interest share	41.96%	
Equity effect of transaction with non controlling interest	**30 722**	**-**

The USD 30.7 million reduced non-controlling interest and increase retained earnings attributable to the equity holders of the Company by USD 29.2 million. USD 1.5 million represents the non-controlling interest share of hedge reserves in companies sold.

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

Höegh LNG Partners Summarised income statement	2015	2014
Freight revenues	61 035	36 460
Profit for the year	**25 281**	**17 337**
Other comprehensive income	10 847	(9 017)
Comprehensive income	**36 128**	**8 320**
Attributable to NCI	15 531	3 468
Dividends paid to NCI	14 904	2 025

Höegh LNG Partners Summarised balance sheet	2015	2014
Assets		
Cash and cash equivalents	32 868	30 477
Restricted cash	10 630	21 935
Other current assets	17 974	7 712
TOTAL CURRENT ASSETS	**61 472**	**60 124**
FSRUs	569 929	283 743
Other non-current assets	36 113	189 499
TOTAL NON-CURRENT ASSETS	**606 042**	**473 242**
TOTAL ASSETS	**667 514**	**533 366**
Liabilities		
Current liabilities	**61 585**	**41 174**
Long-term interest bearing debt	327 342	179 868
Investments in joint ventures	37 830	54 692
Other non-current liabilities	75 810	27 672
TOTAL NON-CURRENT LIABILITIES	**440 982**	**262 232**
TOTAL LIABILITIES	**502 567**	**303 406**
Net assets	**164 947**	**229 960**
ATTRIBUTABLE TO NCI	**69 208**	**96 470**

Note 22 – Shares and share capital

Number of shares	Par value	2015	2014
Ordinary shares authorised	USD 0.01	150 000 000	150 000 000
TOTAL NUMBER OF SHARES ISSUED AND FULLY PAID	**USD 0.01**	**76 829 236**	**69 898 827**

Share capital	Number of shares	Par value	Total USD'000
Shares and share capital at 1 January 2015	69 898 827	0.01	699
Share issue 22 May 2015	3 770	0.01	0
Share issue 10 September 2015	6 920 000	0.01	69
Share issue exercised stock options 2015	6 639	0.01	0
SHARES AND SHARE CAPITAL AT 31 DECEMBER 2015	**76 829 236**	**0.01**	**768**

Treasury shares	Number of shares	Par value	Total USD'000
Höegh LNG Holdings Ltd. ownership	1 211 738	0.01	12
TREASURY SHARES AND CAPITAL AT 31 DECEMBER 2015	**1 211 738**		**12**

TOTAL OUTSTANDING SHARES AT 31 DECEMBER 2015	**75 617 498**

On 22 May 2015, the Company issued 3 770 common shares at a subscription price of NOK 99.00 as Board remuneration to five Directors of the Board.

On 10 September 2015, the Company completed a private placement and issued 6 920 000 new common shares, each with a par value of USD 0.01, at a subscription price of NOK 122.00 per share.

Following an exercise of stock options by an employee, 6 639 shares were issued on 20 October 2015.

The number of issued shares were 76 829 236 as of 31 December 2015. The Company has one class of shares.

The Board of Directors of the Company declared a cash dividend for the first quarter 2016 of USD 0.10 per share, equivalent to USD 7.7 million. The dividend was paid on 21 March 2016.

The 20 largest shareholders as of 31 December 2015 are specified below:

20 largest shareholders as at 31 December 2015		Ownership (#)	Ownership (%)
LEIF HOEGH AND CO LTD	(See Note 32)	31 866 789	41.48%
STATE STREET BANK & TRUST COMPANY		4 765 106	6.20%
SPC RSV CUST SEC 15C3-3 WFS		4 150 711	5.40%
JP MORGAN CLEARING CORP.		2 635 056	3.43%
ALLIANZ GLOBAL INV EUR GMBH LAD FO		2 619 668	3.41%
UBS AG, LONDON BRANCH		2 492 889	3.24%
BNP PARIBAS SEC. SERVICES S.C.A		2 391 959	3.11%
FOLKETRYGDFONDET		1 280 456	1.67%
METHANE VENTURES LTD	(See Note 32)	1 211 738	1.58%
STATE STREET BANK AND TRUST CO.		1 253 813	1.63%
SKANDINAVISKA ENSKILDA BANKEN AB		1 317 629	1.72%
JP MORGAN CHASE BANK, NA		962 779	1.25%
VERDIPAPIRFONDET DNB NORGE (IV)		851 599	1.11%
FIDELITY FUNDS-NORDIC FUND/SICAV		673 534	0.88%
ARCTIC FUNDS PLC		617 659	0.80%
VPF NORDEA KAPITAL		581 787	0.76%
VERDIPAPIRFONDET DNB NORGE SELEKTI		473 041	0.62%
DNB NOR MARKETS, AKSJEHAND/ANALYSE		416 500	0.54%
STATE STREET BANK AND TRUST CO		416 055	0.54%
EUROCLEAR BANK S.A./N.V. ('BA')		396 369	0.52%
OTHER SHAREHOLDERS		**15 454 099**	**20.11%**
TOTAL SHARES		**76 829 236**	**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 Company 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 Company 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. In the event of a loss, no dilution effect is calculated.

The Company held 1,211,738 treasury shares as at 31 December in 2015 and 31 December 2014. The following reflects the income and share data used in the basic and diluted EPS computations:

	2015	2014
Net profit attributable to equity holders of the parent company	**(37 737)**	**(100 243)**
Number of outstanding shares 1 January	69 898 827	68 681 317
Number of oustanding shares 31 December	76 829 236	69 898 827
Share options outstanding as of 31 December	-	21 189 000
Weighted average number of outstanding shares	70 717 995	68 684 527
Earnings per share (EPS):		
> basic, profit for the year attributable to ordinary equity holders of the parent	(0.534)	(1.459)
> diluted, profit for the year attributable to ordinary equity holders of the parent	(0.534)	(1.459)

Note 24 – Share-based payment

In 2012, the Company introduced a share option programme covering certain employees in key positions. As at 31 December 2015, there were 35 employees included in the option programme. Under this incentive scheme, share options of the 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 option holder remains employed on such date.

	Average exercise price	2015	2014
Outstanding at 1 January		2 189 000	822 000
Granted during the year		9 000	1 414 000
Exercised during the year		(101 988)	(5 666)
Forfeited during the year		-	(41 334)
Expired during the year		-	-
OUTSTANDING AT 31 DECEMBER	**NOK 49.65**	**2 096 012**	**2 189 000**
Exercisable at 31 December		1 164 342	536 658

For 2015, the expense recognised for employee services received during the year charged to the income statement is USD 1.7 million (2014: USD 2.3 million).

The weighted average fair value of the share options granted during 2015 is NOK 29.34. 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 2015 expire on 31 December 2018 and the weighted average remaining contractual life for the share options was 2.33 years. The following parameters on the next page, are inputs to the models used for the plan for the year ended 31 December 2015:

The following table list the inputs to the models used for the plan for the years ended 31 December:	2015	2014
Dividend yield (%):	0.00	0.00
Expected volatility (%):	55.00	55.00
Risk–free interest rate (%):	0.67	1.98
Expected life of share options (years):	3.03	4.89
Weighted average share price:	94.00	47.70

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 costs will be incurred during the exercise period of 1 January 2015 to 31 December 2018.

Note 25 – Deferred tax and corporate income tax

Current income tax	2015	2014
Current income tax charge	1 680	1 441
Adjustments in respect of current income tax of previous years	(624)	577
CURRENT INCOME TAX EXPENSE/(INCOME)	**1 056**	**2 018**

Reconciliation of income tax expense		
PROFIT (LOSS) BEFORE INCOME TAX	**(25 702)**	**(90 952)**
At Bermuda's statutory income taxe rate of 0%	-	-
Income tax expense reported outside Bermuda	1 056	2 018
INCOME TAX EXPENSE REPORTED IN THE INCOME STATEMENT	**1 056**	**2 018**

Deferred tax assets of USD 0.4 million and USD 0.4 million at year ended 31 December 2015 and 2014, respectively, mostly relate to 25% (27%) of total temporary differences in fixed assets and pensions in Norway. Income tax payable of USD 2.2 million relates to corporate income tax payable in Singapore and Indonesia.

Note 26 – Trade and other receivables

	2015	2014
Trade receivables	23 129	14 182
VAT receivables	587	562
Prepayments and other	9 591	2 556
TOTAL	**33 307**	**17 300**

Note 27 – Trade and other payables

	2015	2014
Trade payables	8 062	8 256
Public duties	7 703	6 678
Accrued vacation/leave pay	2 941	2 981
TOTAL	**18 706**	**17 915**

Outstanding trade and other payables as at 31 December 2015 fall due between 30-180 days.

Note 28 – Provisions and accruals

	2015	2014
Prepayments from customers	12 342	3 738
Other	19 758	16 101
TOTAL	**32 100**	**19 839**

Note 29 – Other current financial liabilities

	2015	2014
Interest rate swaps designated as effective hedging instruments*	12 725	14 527
Accrued interest on mortgage debt	2 571	2 425
Accrued interest on bond	3 076	2 412
TOTAL	**18 372**	**19 364**

* 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, reference is made to Note 14.

Note 30 – Other non-current assets

	2015	2014
Pre contract costs	5 077	5 376
Arrangement, commitment fees on undrawn facilities	2 343	2 180
IT and equipment	2 170	2 263
Equipment related to FSRU operations	9 124	-
Dry dock leased vessels	6 825	-
Other	-	6
TOTAL	**25 539**	**9 825**

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 amortized.

The table below reconciles the carrying value of equipment:

Equipment	2015	2014
Cost 1 January	6 680	5 741
Reclassified from newbuildings	3 250	-
Additons	6 898	939
COST AT 31 DECEMBER	**16 828**	**6 680**
Accumulated deprication at 1 January	(4 417)	(3 456)
Depreciation charge	(1 117)	(961)
ACCUMULATED DEPRECIATION AT 31 DECEMBER	**(5 534)**	**(4 417)**
NET CARRYING AMOUNT AT 31 DECEMBER	**11 294**	**2 263**

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 2015 is presented below. For current portion of the mark-to-market valuations, see Note 14.

Non-current financial assets at 31 December:

	2015	2014
Interest rate swaps - designated as hedges	2 800	5 485
VAT receivable	10 065	15 449
Other	95	13
TOTAL	**12 960**	**20 947**

Non-current financial liabilities at 31 December:

	2015	2014
Interest rate swaps - designated as hedges	54 962	38 430
VAT liability	14 651	22 224
Pension liabilities	1 086	1 310
TOTAL	**70 699**	**61 964**

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 its joint ventures. The subsidiary Höegh LNG AS provides commercial and administrative management services whereas the subsidiary Höegh LNG Fleet Management AS provides technical and crewing management services.

The below table provides the total amounts of the aggregate transactions of management services that have been entered into between Höegh LNG AS, Höegh Fleet Management AS and the joint ventures for 2015 and 2014. For recognition of management revenues, see Note 4.

Management income from joint ventures	2015	2014
Joint Gas Ltd.	65	65
Joint Gas Two Ltd.	65	65
SRV Joint Gas Ltd.	1 326	1 299
SRV Joint Gas Two Ltd.	1 377	1 370
Methane Carriers Ltd.	-	106
TOTAL	**2 833**	**2 905**

The Group has shareholder loans entered into with two of its joint ventures:

Non-current	2015	2014
SRV Joint Gas Ltd.	3 659	6 240
SRV Joint Gas Two Ltd.	3 202	6 047
TOTAL NON-CURRENT	**6 861**	**12 287**
Current		
SRV Joint Gas Ltd.	3 565	3 595
SRV Joint Gas Two Ltd.	3 565	3 070
TOTAL CURRENT	**7 130**	**6 665**
TOTAL	**13 991**	**18 952**

Transactions with other related parties

Höegh Autoliners Management AS

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

The following table provides the aggregated amounts of administrative services including the lease of premises for 2015 and 2014:

Administrative services from	2015	2014
Höegh Autoliners Management AS	1 532	1 743
TOTAL	**1 532**	**1 743**

Höegh Capital Partners AS

The Company has an agreement with Höegh Capital Partners AS, a company owned by the Høegh family, for the provision of management services by Höegh Capital Partners AS of any excess liquidity in the form of marketable securities. Refer to Note 16 for further details.

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 Höegh flag). The licence agreement is effective for 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.

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 seven executives, and the Board of Directors during 2015 and 2014 is presented below:

Remuneration to the key management and Board of Directors:	2015	2014
Salaries	2 333 582	2 938 412
Pension compensation (cash allowance)	322 534	339 836
Share-based payment expense (Note 24)	1 149 385	1 565 267
Other taxable benefits	217 039	252 216
Pensions (Defined contribution scheme)	89 461	71 059
Bonus	814 913	852 059
Board of Directors' Fee	515 000	265 492
TOTAL	**5 441 915**	**6 284 342**

Co-investment vehicle for Management

Methane Ventures Limited, a British Virgin Islands limited liability company, is a co-investment company jointly owned by the Management of Höegh LNG and the Company. At 31 December 2015, the Company owned 64.97% of the shares in Methane Ventures Limited, and the remaining 35.03% of the shares were owned by the Group's Management. Methane Ventures Limited owned 1,211,738 shares in the Company as at 31 December 2015. 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 Group's corporate objectives. Bonus potential will vary from two to twelve months' salary for the individual members of the scheme. The General bonus scheme incorporates all the Group's employees, except for 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

Subsequent to the year ended 31 December 2015, Höegh LNG announced the decision to put its FLNG activities on hold and allocate its resources and capital to the FSRU business (See Note 13 for further information).

On 29 February 2016, Höegh LNG received firm commitments for the debt financing of FSRU#7, subject to documentation.

Höegh LNG has during first quarter 2016 paid an indemnification claim of USD 1.0 million to HMLP for non-budgeted costs in PT Hoegh LNG Lampung and incurred legal and audit costs for restating the historical MLP financials.

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

A cash dividend for the first quarter 2016 of USD 0.10 per share was paid to the shareholders 21 March 2016.

STS operation Klaipeda, Lithuania. FSRU Independence and LNGC Arctic Princess.

06

FINANCIAL STATEMENTS AND NOTES HÖEGH LNG HOLDINGS LTD. (THE "COMPANY") FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
USD'000	**Note**	**2015**	**2014**
			Restated[1]
Administrative expenses	11	(5 856)	(20 069)
OPERATING RESULT		(5 856)	(20 069)
Gain on investment in Höegh LNG Partners LP	3	-	182 192
Interest income	8	14 376	14 305
Dividend received	18	20 617	2 801
Interest expenses	9, 14	(19 619)	(13 581)
Income from other financial items		362	383
Expenses from other financial items	19	(5 154)	(469)
Impairment	17	(54 882)	-
PROFIT (LOSS) FOR THE YEAR BEFORE TAX		**(50 155)**	**165 562**
Tax		-	-
PROFIT (LOSS) FOR THE YEAR AFTER TAX		**(50 155)**	**165 562**
Other comprehensive income			
Items that may be subsequently reclassified to profit or (loss)			
Net gain (loss) on cash flow hedges	10	(96)	(2 357)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(96)**	**(2 357)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(50 251)**	**163 205**

[1] *2014 has been restated. See Note 2 for further description.*

STATEMENT OF FINANCIAL POSITION

USD'000	Note	As at 31 December 2015	As at 31 December 2014 Restated[1]	As at 1 January 2014
Assets				
Non-current assets				
Investments in newbuildings under construction	7	31 044	26 803	-
Investments in subsidiaries	3	389 887	423 194	158 523
Loans to subsidiaries	4	373 404	442 526	530 663
Other receivables		11	13	16
Other non-current financial assets	10	759	-	-
Total non-current assets		**795 105**	**892 535**	**689 202**
Current assets				
Prepayments		-	306	107
Trade receivables	5	512	467	-
Marketable securities	20	231 094	117 317	13 794
Restricted cash		-	-	1 094
Cash and cash equivalents	12	3 938	10 597	10 959
Total current assets		**235 543**	**128 687**	**25 954**
TOTAL ASSETS		**1 030 648**	**1 021 222**	**715 156**
Equity and liabilities				
Equity				
Share capital	13	768	699	698
Share premium reserve		444 740	344 318	344 258
Hedging reserves	10	(4 962)	(4 866)	(2 509)
Other paid in equity		6 077	4 674	2 400
Retained earnings		322 984	401 792	236 230
Total equity		**769 607**	**746 616**	**581 078**
Non-current liabilities				
Other non-current financial liabilities	10	47 080	32 506	9 363
Bond	14	205 638	93 191	121 355
Total non-current liabilities		**252 717**	**125 697**	**130 718**
Current liabilities				
Accrued interest Bond	10	3 076	2 412	2 361
Demand Note Höegh LNG Partners LP	6	-	143 241	-
Trade and other payables		507	417	869
Provisions and accruals		610	860	-
Other current financial liabilities	10	4 131	1 978	130
Total current liabilities		**8 324**	**148 908**	**3 360**
TOTAL EQUITY AND LIABILITIES		**1 030 648**	**1 021 221**	**715 156**

[1] *The financial position as at 31 December 2014 2014 has been restated. See Note 2 for further description.*

Reykjavik, 30 March 2016

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

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

Andrew Jamieson
Director

Ditlev Wedell-Wedellsborg
Director

Christopher G. Finlayson
Director

Jørgen Kildahl
Director

Timothy J. Counsell
Director

Cameron E. Adderley
Director

Sveinung J.S. Støhle
President & CEO

STATEMENT OF CHANGES IN EQUITY

USD'000	Share capital (Note 13)	Share premium reserve	Other paid-in equity (Note 3)	Hedging reserve (Note 10)	Retained earnings	Total equity
AS AT 1 JANUARY 2014	**698**	**344 258**	**2 401**	**(2 509)**	**236 230**	**581 078**
Issue of share capital	0	60	-	-	-	60
Share-based payment costs	-	-	2 273	-	-	2 273
Total comprehensive income 2014	-	-	-	(2 357)	165 562	163 205
AT 31 DECEMBER 2014 - RESTATED[1]	**698**	**344 318**	**4 674**	**(4 866)**	**401 792**	**746 616**
Issue of share capital (Note 13)	69	100 423	-	-	-	100 492
Share-based payment costs	-	-	1 403	-	-	1 403
Dividend to shareholders	-	-	-	-	(28 653)	(28 653)
Total comprehensive income 2015	-	-	-	(96)	(50 155)	(50 251)
AT 31 DECEMBER 2015	**768**	**444 741**	**6 077**	**(4 962)**	**322 984**	**769 607**

[1] *The equity for as of 31 December 2014 has been restated. See Note 2 for further description.*

STATEMENT OF CASH FLOWS

USD'000	Note	Year ended 31 December 2015	2014 Restated[1]
Cash flows from operating activities:			
Profit (loss) of the year before tax		(50 155)	165 562
Non-cash adjustment to reconcile profit before tax to net operational cash flow			
Fair value adjustments on marketable securities		(362)	(371)
Gain on investment in Höegh LNG Partners LP	3	-	(182 192)
Impairment of financial assets	17	54 882	-
BoD remuneration		50	60
Interest income	8	(14 376)	(14 305)
Interest expenses	9	19 619	13 581
Loss on interest rate swap		112	252
Dividends received from Höegh LNG Partners LP	18	(20 617)	(2 801)
Working capital adjustments			
Trade receivables		-	-
Changes in accounts receivable and payable		(148)	166
NET CASH GENERATED FROM OPERATING ACTIVITIES		**(10 996)**	**(20 048)**
Investing activities:			
Repaid capital from investments in Höegh LNG Partners LP	3	-	43 872
Proceeds from issuance of demand note in Höegh LNG Partners LP	3	-	140 000
Capital contributions paid to Höegh LNG Partners LP		(6 596)	-
Dividends received from Höegh LNG Partners LP	18	20 617	2 801
Purchase of marketable securities	20	(184 230)	(145 000)
Proceeds from sale of marketable securities	20	71 191	41 669
Interest received		1 420	-
Investments in Methane Ventures Limited		(135)	(423)
Investments in newbuildings under construction	7	(1 180)	(26 803)
NET CASH FLOW USED IN INVESTING ACTIVITIES		**(98 912)**	**56 116**
Financing activities:			
Gross proceeeds from equity issue	13	102 908	-
Transaction costs equity issue	13	(2 507)	-
Dividend paid	13	(28 654)	-
Net proceeds from bond issue		127 370	(5 475)
Interest paid		(23 337)	(9 683)
Payment of intercompany borrowings		(72 532)	(21 272)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**103 248**	**(36 430)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(6 660)**	**(362)**
Cash and cash equivalents at 1 January		10 597	10 959
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**12**	**3 938**	**10 597**

[1] *2014 has been restated. See notes 2.24 and 2.25 for future description.*

Note 1 – Corporate information

Please refer to information provided in Note 1 of the Consolidated Financial Statements.

Note 2 – Summary of significant accounting policies

Reference is made to information provided in Note 2 of the Consolidated Financial Statements.

Pursuant to an indemnification provided under an Omnibus Agreement between the Company and HMLP, HMLP claimed USD 13.3 million from the Company in 2014. The amount was paid in full in 2014, whereof USD 8.4 million was recorded as cost of indemnification and USD 4.9 million was deferred. During the course of 2015, certain errors were identified in the historical consolidated financial statements related to the accounting treatment of value added taxes ("VAT") and withholding taxes ("WHT") in Indonesia and it was required to restate the financials for 2014. The restatement impacted the Company's financials by recording the deferred indemnification as a cost.

Table: Impact of the restatement adjustments to statement of comprehensive income (condensed) for 2014

USD'000	Reported **2014**	Restated **2014**	Adjustment **∆ USD**
Administrative expenses	(15 176)	(20 069)	4 893
Operating result	(15 176)	(20 069)	4 893
Other comprehensive income (loss) for the year	(2 357)	(2 357)	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**168 098**	**163 205**	**4 893**

Table: Impact of the restatement adjustments to financial position (condensed) as at 31 December 2014

USD'000	Reported **2014** 31 December	Restated **2014** 31 December	Adjustment **∆ USD**
Assets			
Non-current assets			
Total non-current assets	892 535	892 535	-
Total current assets	133 579	128 686	(4 893)
TOTAL ASSETS	**1 026 114**	**1 021 221**	**(4 893)**
TOTAL EQUITY AND LIABILITIES	**1 026 114**	**1 021 221**	**(4 893)**

Refer to Notes 2.24 and 2.25 in the Consolidated Financial Statements for additional disclosure of the restatement adjustments and the impact to the consolidated financials.

Note 3 – Investments in subsidiaries

	2015	2014
Cost at 01.01	423 194	158 523
Investment in Höegh LNG Partners LP 1)	6 596	261 975
Acquisition of shares in Methane Ventures Limited	135	423
Investment in Höegh LNG Québec Inc	-	-
Impairment of the investment in Höegh FLNG Ltd (See Note 17)	(41 482)	-
Share-based payments costs	1 444	2 273
COST AT 31 DECEMBER	**389 887**	**423 194**

1) The transfer of shares and the promissory note in exchange of the ownership in HMLP when the MLP was listed 12 August 2014 resulted in a gain of USD 182.2 million in 2014.

The additional invested amount of USD 6.6 million in 2015 are the indemnifications paid to HMLP during 2015. An impairment charge of USD 41.5 million has been recognised on the investment in Höegh FLNG Ltd. following the decision to put all FLNG activities on hold (See Note 17).

Carrying amount per group company at 31 December	2015	2014
Höegh LNG Partners LP	268 571	261 975
Höegh LNG Ltd.	119 928	118 484
Höegh FLNG Ltd.	-	41 482
Methane Ventures Limited	1 388	1 253
AT 31 DECEMBER	**389 887**	**423 194**

Companies	Registered office	Ownership share	Carrying amount	Book equity (100%) 31 December 2015	Book equity (100%) 31 December 2014
Höegh LNG Ltd.	Bermuda	100.00%	119 928	50 432	77 154
Höegh LNG Partners LP	Marshall Islands	58.04%	268 571	292 811	270 457
Höegh FLNG Ltd.	Bermuda	100.00%	-	23 456	25 377
Methane Ventures Limited	British Virgin Islands	64.97%	1 388	1 666	1 866
Höegh LNG Québec Inc	Canada	100.00%	-	-	-
TOTAL			**389 887**	**368 365**	**374 854**

The market value of HMLP was traded on around USD 18.0 per unit giving a fair value of the Company's investment in HMLP of about USD 275 million at year ended 31 December 2014 as the Company's ownership in the MLP was 15.3 million units.

Note 4 – Non-current loans to subsidiaries

	2015	2014
Intercompany receivables Höegh LNG Ltd.	367 989	425 450
Intercompany receivables Methane Ventures Limited	5 415	5 333
Intercompany receivables Höegh FLNG Ltd.	-	11 743
AT 31 DECEMBER	**373 404**	**442 526**

The 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 made in one or several instalments as agreed between the 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

	2015	2014
Commitment fee on Revolver facility USD 85 million provided to Hoegh LNG Partners LP	287	467
Prepayments	195	-
Intercompany receivables	30	-
TOTAL	**512**	**467**

Note 6 – Demand note

On 12 August 2015, a contribution, purchase and sale agreement ("SPA") was entered into between the Company, Höegh LNG Ltd., HMLP and Höegh LNG Partners Operating LLC. On 1 October 2015, the closing date of the SPA, Höegh LNG Ltd. sold, assigned and transferred all its shares held in Höegh LNG FSRU III Ltd. to HMLP in exchange for an interest-free purchase note in the amount of USD 140.0 million and a seller's credit in the amount of USD 47.0 million. The purchase note was transferred from Höegh LNG Ltd to the Company in exchange of a reduction of intercompany debt in the amount of USD 140.0 million. The demand note entered into on 12 August 2014 between the Company as borrower and HMLP as lender of USD 140 million was further cancelled in exchange for the cancellation of the purchase note.

Note 7 – Investments in newbuildings under construction

The shipbuilding contract for the construction of FSRU#7 (HN 2552) was entered into with Hyundai Heavy Industries Ltd. ("HHI") in November 2014. Below table sets out the components comprising capitalized costs as at 31 December 2015:

	2015	2014
Costs 01.01	26 803	-
Yard instalments	-	26 800
Borrowing cost (See Note 9)	2 376	-
Site cost	1 539	-
Project Management	222	3
Other capitalized cost	104	-
TOTAL	**31 044**	**26 803**

Note 8 – Interest income

	2015	2014
Interest on intercompany loan to Höegh LNG Ltd.	12 346	13 156
Interest on loan to Methane Ventures Limited	446	436
Interest on loan to Höegh FLNG Ltd.	344	242
Commitment fee Höegh LNG Partners LP	1 190	467
Other interest income	51	4
TOTAL	**14 376**	**14 305**

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

Note 9 – Interest expenses

	2015	2014
Interest cost bond issue 2012 ("HLNG01")	10 298	10 340
Interest cost bond issue 2015 ("HLNG02")	5 430	-
Bond interest cost eligible for capitalization (See Note 7)	(2 376)	-
Interest cost demand note Hoegh LNG Partners LP (See Note 6)	6 266	3 241
TOTAL	**19 619**	**13 581**

Note 10 – Financial derivatives

The Company has entered into a cross currency interest rate swap relating to the NOK bond and an interest rate swap on the USD bond. As of 31 December 2015, the mark-to-market valuation of the interest rate swaps was recognized in the financial position with net (USD 50.5 million). The financial liabilities were classified as non-current (USD 47.1 million) and current (USD 4.1 million). USD 0.8 million was recognized as non-current financial assets.

At 31 December 2015, the net mark-to-market valuation of the interest rate swaps entered into was recognized at a negative USD 5.0 million in the equity of the Company.

MtMs of cash flow hedges in the Financial Position	**2015**	**2014**
MtMs presented as financial assets non-current portion	759	-
Total MtMs presented as financial liabilities non-current portion	(47 080)	(32 506)
Total MtMs presented as financial liabilities current portion	(4 131)	(1 978)
NET MtMS OF CASH FLOW HEDGES AS AT 31 DECEMBER	**(50 452)**	**(34 485)**
Foreign exchange losses under cross currency swap included in MtM	45 125	29 366
Accumulated loss on swap in profit or loss	365	253
INTEREST RATE SWAPS RECORDED AGAINST EQUITY AS AT 31 DECEMBER	**(4 963)**	**(4 867)**

USD 0.1 and USD 2.4 million relating to the swaps were recorded as a loss in other comprehensive income (OCI) in 2015 and 2014, respectively.

Note 11 – Administrative expenses

	2015	2014
Remuneration to Board members	310	150
Audit fees	326	1 737
Preparation for US listing of MLP	-	1 699
Legal fees	2 051	553
Other external services	166	778
Management cost from companies within the Group	1 841	1 497
Consultancy fee on SOx	1 038	341
Miscellaneous expenses	124	46
Indemnification to loss of hire in the MLP (See Note 20 in Group accounts)	-	13 269
TOTAL	**5 856**	**20 069**

Note 12 – Cash and cash equivalents

Currency	Exchange rate	2015	Exchange rate	2014
US Dollars (USD)	1	3 792	1	9 673
Norwegian Kroner (NOK)	8.81	146	7.43	924
TOTAL		**3 938**		**10 597**

All bank deposits are held with Norwegian banks.

Note 13 – Share capital

Number of shares	Par value	2015	2014
Total number of share authorised	USD 0.01	150 000 000	150 000 000
TOTAL NUMBER OF SHARE ISSUED AND FULLY PAID	**USD 0.01**	**76 829 236**	**69 898 827**

Share capital	Number of shares	Par value USD	USD'000
Opening balance 1 January 2015	**69 898 827**	**0.01**	**699**
Share issue 22 May 2015	3 770	0.01	0
Share issue 10 September 2015	6 920 000	0.01	69
Share issue 20 October 2015	6 639	0.01	0
SHARES AND SHARE CAPITAL AT 31 DECEMBER 2015	**76 829 236**		**768**

On 22 May 2015, the Company issued 3 770 shares at a subscription price of NOK 99.00 as remuneration to five of the directors of the Company's Board of Directors.

On 10 September 2015, the Company completed a private placement and issued 6 920 000 new common shares, each with a par value of USD 0.01, at a subscription price of NOK 122.00 per share totalling USD 102.9 million in gross proceeds. Following an exercise of stock options on 20 October 2015 by an employee, 6 639 shares were issued.

As of 31 December 2015, the number of issued shares in the Company was 76 829 236.

The Company has one class of shares.

During 2015, total dividend paid out amounted to USD 28.7 million. The Board of Directors of the Company also declared a cash dividend for the first quarter in 2016 of USD 0.10 per share, equivalent to USD 7.7 million, which was paid 21 March 2016.

Note 14 – Bond

	2015	2014
Bond issue 2012 ("HLNG01")	79 010	95 921
Bond issue 2015 ("HLNG02")	130 000	-
Debt issuance cost bonds issues	(3 372)	(2 731)
AT 31 DECEMBER	**205 638**	**93 190**

On 3 October 2012, the 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 of 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 total interest rate has been fixed at 7.3%. The decrease in liability due to currency fluctuations is offset by a cross-currency swap. The Company has re-purchased own bonds in an amount of USD 7.2 million.

On 5 June 2015, the Company completed the issuance of a USD 130 million senior unsecured bond in the Nordic bond market with maturity date expected to be 5 June 2020. The bond bears interest of 3 months LIBOR plus a coupon of 5%. The bond issue was swapped from floating to a total fixed interest rate of 6.686%.

Interest on the bond has been expensed in the amount of USD 13.4 million during 2015 (USD 10.3 million). At 31 December 2015, accrued interest was USD 3.1 million (USD 2.4 million).

Note 15 – Financial risk management objectives and policies

Capital Management

As the parent of Höegh LNG, the primary objective of the 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 Company are listed on Oslo Børs.

The 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 Company may refinance its debt, buy or issue new shares or debt instruments, sell assets, pay dividends or return capital to shareholders.

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.

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

	Carrying amount		Fair value	
Financial assets	**2015**	**2014**	**2015**	**2014**
Financial instruments at fair value through profit or loss				
Marketable securities	231 094	117 317	231 094	117 317
Loans and receivables				
Interest bearing receivables	373 404	442 526	373 404	442 526
Trade receivables and other	523	5 372	523	5 372
Cash and cash equivalents	3 938	10 597	3 938	10 597
TOTAL	**608 958**	**575 811**	**608 958**	**575 811**
TOTAL CURRENT	**235 554**	**127 914**	**235 554**	**127 914**
TOTAL NON-CURRENT	**373 404**	**442 526**	**373 404**	**442 526**

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 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.
- Both the bonds issued by the Company (HLNG01 issued on 3 October 2012 and HLNG2 issued on 5 June 2015) are listed on Oslo Børs, and the fair values of these are disclosed based on traded information. As of 31 December 2015, the fair values were 102.25% and 96.63% for HLNG01 and HLNG02, respectively.

	Carrying amount		Fair value	
Financial liabilities	**2015**	**2014**	**2015**	**2014**
Financial instruments at fair value through profit or loss				
Derivatives in effective cash flow hedges	51 210	34 485	51 210	34 485
Loans and payables				
Demand note Höegh LNG Partners LP	-	143 241	-	143 241
Trade and other payables	507	417	507	417
Bond	205 638	93 191	206 407	102 311
TOTAL	**257 355**	**271 333**	**258 124**	**280 454**
TOTAL CURRENT	**4 638**	**145 636**	**4 638**	**145 636**
TOTAL NON-CURRENT	**252 717**	**125 697**	**253 487**	**136 958**

Refer to Note 14 in the Consolidated Financial Statements for fair value hierarchy and for further outline of financial risk management objectives and policies.

Note 16 – Related party transactions

Receivables against related party	2015	2014
Subsidiary		
Höegh LNG Ltd.	367 989	425 450
Methane Ventures Limited	5 415	5 333
Höegh FLNG Ltd.	-	11 743
Höegh LNG Partners LP	287	467
TOTAL	**373 691**	**442 992**

Interest income from related party		
Subsidiary		
Höegh LNG Ltd.	12 346	13 156
Methane Ventures Limited	446	436
Höegh FLNG Ltd.	344	242
Höegh LNG Partners LP (commitment fee)	1 190	467
TOTAL	**14 326**	**14 301**

Interest cost to a related party		
Subsidiary		
Höegh LNG Partners LP	6 266	3 241
TOTAL	**6 266**	**3 241**

Administrative services from	2015	2014
Subsidiary		
Höegh LNG AS	1 841	1 497

The Company has entered into loan agreements with subsidiaries as described in Note 4 and has received administrative services in the amount of USD 1.8 million in 2015 from the subsidiary Höegh LNG AS (USD 1.5 million in 2014).

Other related parties

For transactions with other related parties, reference is made to Note 32 of the Consolidated Financial Statements.

Note 17 – Impairment

As a consequence of Höegh LNG' decision to put FLNG activities on hold, the Company has recognized an impairment of USD 54.9 million in 2015.

	2015	2014
Impairment of investment in Höegh FLNG Ltd.	41 482	-
Impairment of loan to Höegh FLNG Ltd.	13 400	-
TOTAL	**54 882**	**-**

Note 18 – Dividend

The Company has during 2015 received quarterly dividends of USD 5.2 million from HMLP, totalling USD 20.6 million for 2015.

Note 19 – Other financial expenses

	2015	2014
Loss on financial instruments	112	253
Loss on exchange	5 042	217
TOTAL	**5 154**	**469**

The loss on exchange amounting to USD 5.1 million is mainly derived by a USD 3.7 million exchange loss on the proceeds from the private placement in September 2015 and a USD 1.2 million loss on exchange relating to own NOK bonds held as treasury bonds.

Note 20 – Marketable securities

Refer to Note 16 in the Consolidated Financial Statements for information on the Company's marketable securities.

Note 21 – Share-based payments

Refer to Note 24 in the Consolidated Financial Statements disclosing information to the Company's stock options scheme.

Note 22 – Commitments and guarantees

Refer to Note 20 in the Consolidated Financial Statements for guarantees provided by the Company.

Note 23 – Subsequent events

Refer to Note 33 in the Consolidated Financial Statements for events after balance sheet date.

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Medlemmer av Den norske revisorforening

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, 2015, 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 the President & CEO's Responsibility for the Financial Statements

The Board of Directors and the President & CEO 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 and the President & CEO 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.

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, 2015, 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, April 22, 2016
ERNST & YOUNG AS

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

Global Reporting Initiative (GRI) Content Index

INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
Strategy and Analysis		
G4-1	Statement from the most senior decision-maker of the organization.	Page 6-7
Organizational profile		
G4-3	Name of the organization.	Page 10
G4-4	Primary brands, products, and services.	Page 10 and web: http://www.hoeghlng.com/Pages/OurBusiness.aspx
G4-5	Location of the organization's headquarters.	Page 10
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 10
G4-7	Nature of ownership and legal form and markets served.	Page 10
G4-8	Markets served (geographic breakdown, sectors served, and types of customers and beneficiaries).	Page 10
G4-9	Scale of the organization: employees, operations, sales, capitalization and quantity of services provided.	Page 10-16
G4-10	Total number of employees by employment contract, gender, permanent employees, region, supervised workers, casual workers and significant variations in employment numbers.	Of the permanent employees, all work full-time except for one female and one 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 by onshore and maritime categories, instead of region due to the nature of the operations. 255 (2 females) of maritime personnel have permanent contracts. 239 (0 females) have temporary contracts. 102 (2 females) of the office personnel have permanent contracts, 6 (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 23-24
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Established a local office in Egypt.
G4-14	Precautionary approach or principle.	Page 20
G4-15	Subscription to externally developed economic, environmental and social charters, principles, or other initiatives.	Page 23
G4-16	Memberships in associations (such as industry associations) and national or international advocacy organizations.	Höegh LNG is a member of the Norwegian Shipowners' Association, the Maritime Anti-corruption Network (MACN), the International Group of Liquefied Natural Gas Importers (GIIGNL) and The Society of International Gas Tanker and Terminal Operators (SIGTTO).

INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
Identified Material Aspects and Boundaries		
G4-17	Entities included in the consolidated financial statements.	Page 45
G4-18	Process for defining the report content and the Aspect Boundaries and, implementation of the Reporting Principles for Defining Report Content.	Page 20
G4-19	List of all the material Aspects identified in the process for defining report content.	Page 20
G4-20	Aspect Boundary within the organization for each material aspect.	All material aspects are relevant for all entities within the organization.
G4-21	Aspect Boundary outside the organization for each material Aspect.	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 20
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Page 20
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 20
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 20
Report Profile		
G4-28	Reporting period for the information provided.	2015
G4-29	Date of most recent previous report.	April 2015
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
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.

INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
Governance		
G4-34	Governance structure of the organization.	Page 20, page 28 (the corporate governance report) and web page: http://www.hoeghlng.com/Pages/Governance.aspx
Ethics and Integrity		
G4-56	Description of the organization's values, principles, standards and norms of behaviour.	Page 22, page 23 and page 29

Specific Standard Disclosures

DMA AND INDICATORS	DESCRIPTION	PAGE NUMBER OR LINK	IDENTIFIED OMISSION(S)
Energy			
G4-DMA	Disclosures on management approach.	Page 20-21	
G4-EN3	Energy consumption within the organization.	Page 21 Includes all vessels and electricity, heating and cooling consumption in the head office.	
Biodiversity			
G4-DMA	Disclosures on management approach.	Page 21	
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 21	
Emissions			
G4-DMA	Disclosures on management approach.	Page 20-21	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	Page 21	
G4-EN21	Ox, SOx, and other significant air emissions.	Page 21 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 2015.
Effluents and Waste			
G4-DMA	Disclosures on management approach.	Page 21	
G4-EN24	Total number and volume of significant spills.	Page 21	
Compliance - Environment			
G4-DMA	Disclosures on management approach.	Page 21	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	None	

DMA AND INDICATORS	DESCRIPTION	PAGE NUMBER OR LINK	IDENTIFIED OMISSION(S)
Supplier Environmental Assessment			
G4-DMA	Disclosures on management approach.	Page 23-24	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Höegh LNG did not enter into contracts with any new suppliers for building of vessels in 2015. No new suppliers were screened using environmental criteria.	
Employment			
G4-DMA	Disclosures on management approach.	Page 22	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	In 2015, Höegh LNG hired 44 new employees, 19 office personnel and 25 maritime personnel. In 2014 all contractual employees were included; however for 2015 only permanent new hire employees are included. Out of the 19 office personnel, 4 were below the age of 30, 13 were between the age of 30 and 50 and 2 were above the age of 50. Four of the office personnel were female and 15 were male. The 25 maritime personnel were all male, 12 of these were below the age of 30, 13 were in between the age of 30-50 and zero was above the age of 50.	Onshore: 8 employees left the company during 2015. No reporting on their age or gender for privacy reasons.
Occupational Health and Safety			
G4-DMA	Disclosures on management approach.	Page 22	
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advice on occupational health and safety programs.	100% of the total workforce is represented in formal H&S committees. 25% of the total maritime workforce and 4% of the total Oslo office workforce participate in such committees.	
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.	Types of injury and occupational diseases 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.
Training and education			
G4-DMA	Disclosures on management approach.	Page 22	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Page 22	
Supplier Assessment for Labour Practices			
G4-DMA	Disclosures on management approach.	Page 23-24	
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	Höegh LNG did not enter into contracts with any new suppliers for building of vessels in 2015. No new suppliers were screened using labour practices criteria.	

DMA AND INDICATORS	DESCRIPTION	PAGE NUMBER OR LINK	IDENTIFIED OMISSION(S)
Non-Discrimination			
G4-DMA	Disclosures on management approach.	Page 22	
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	None	
Anti-Corruption			
G4-DMA	Disclosures on management approach.	Page 23	
G4-SO5	Confirmed incidents of corruption and actions taken.	Page 23	
Anti-competitive Behaviour			
G4-DMA	Disclosures on management approach.	Page 22-23	
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 22-23	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	None	
Supplier Assessment for Impacts on Society			
G4-DMA	Disclosures on management approach.	Page 23-24	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	Page 23-24 Höegh LNG did not enter into contracts with any new suppliers for building of vessels in 2015. No new suppliers were screened using criteria for impacts on society.	

Safe and reliable
operations

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