



FLEX LNG LTD



2017 Fourth Quarter Results



27 February 2018 – Hamilton, Bermuda – FLEX LNG LTD. (Oslo Børs: FLNG) (together with its subsidiaries, the “Company” or “FLEX LNG”), an emerging leader in the Liquefied Natural Gas (“LNG”) shipping and floating regasification market, today reports unaudited results for the three and twelve months ended December 31, 2017.

Highlights for Q4 2017:

- Reported Revenues of \$7.9m compared to \$9.8m in previous quarter.
- Reported net operating income before depreciation of \$1.3m compared to a net operating loss before depreciation of \$4.1m in previous quarter.
- Reports profit before tax for the fourth quarter of \$1.3m, or \$0.00 per share and loss of \$10.4m, or \$0.03 per share, for the twelve months ending December 31, 2017.
- During the quarter, operated two chartered-in LNG carriers (“LNGC”) in order to build a market presence and operational track record.
- Signed and executed a \$315m secured term loan facility

Other and Subsequent Events:

On January 9 and 11, 2018 the Company successfully took delivery of its first LNGC newbuildings the FLEX ENDEAVOUR and the FLEX ENTERPRISE, respectively. After crew mobilization and safety drills the FLEX ENDEAVOUR commenced its time charter to Uniper Global Commodities (“Uniper”), a leading international energy company headquartered in Germany. The time charter to Uniper is for a firm period of 15 months plus an option period of 3 months. Subsequent to crew mobilization and safety drills, the FLEX ENTERPRISE was put into spot trade.

In connection with the delivery of the two vessels, \$210m of the Company’s \$315m secured term loan facility was utilized. The remaining amount available under the secured term loan facility will be utilized in connection with the scheduled delivery of the FLEX RANGER in May 2018. Subsequent to the drawdown of the secured term loan facility, FLEX LNG repaid \$100m under the Sterna revolving credit facility. Following this repayment to Sterna, remaining outstanding amount under this \$270m facility was \$60m.

Jonathan Cook, CEO comments:

“We are pleased to deliver profitable results for the fourth quarter as two of our chartered-in vessels were employed in profitable charters throughout the quarter. In January, we successfully took delivery of the first two of our six newbuildings and secured a 15 to 18 month time charter for one of the vessels in line with our strategy to secure balanced fleet employment as the market continues to improve due to expected tighter supply/demand dynamics in the LNGC market.”



Business Update

Liquefied Natural Gas Carriers (“LNGCs”)

FLEX LNG controls a fleet of six M-type, Electronically Controlled, Gas Injection (“MEGI”) LNGCs, as described further below. MEGI LNGCs are among the most technically advanced vessels in the world and offer superior fuel savings and earnings capacity as compared to previous generations of LNGCs.

Two of the LNGCs were delivered by Daewoo Shipbuilding and Marine Engineering Co. Ltd. (DSME) in January 2018, two LNGCs are currently under construction at Samsung Heavy Industries and are scheduled to be delivered to the Company in the second and third quarters of 2018, and two LNGCs are expected to be delivered to the Company in second and third quarters of 2019.

In 2017 the Company entered into four separate LNGC time charters for 180 days with an option to extend for a further 180 days in. The Company actively sub-chartered these LNGCs in the spot and short term market to a wide range of LNG charterers. In September 2017, the Company elected to redeliver two of the four vessels at end of the third quarter. The Company secured profitable employment for the remaining two vessels for the duration of the optional extension period through the end of first quarter of 2018. These two extensions have had a positive contribution to the Company’s earnings which is reflected in the fourth quarter results. The Company will continue to evaluate opportunities to charter in third party LNGCs to the extent that they will provide a positive contribution to earnings, although the Company’s primary commercial focus is to secure attractive employment for its newbuildings.

Floating Storage and Regasification Units (“FSRUs”)

FLEX LNG is also continuing to actively pursuing opportunities to leverage its experience towards the implementation of FSRU projects, although no such opportunities will be committed to on a speculative basis. Projects will only be pursued where there is a tangible long-term contract with bankable counterparties and project structures.

Results for the Three and Twelve Months Ended December 31, 2017

The Company reports a net income of \$1.3m and earnings per share of \$0.00 for the fourth quarter of 2017 compared with a net loss of \$0.2m and a loss per share of \$0.00 for the fourth quarter of 2016. Net loss for the year ended 31 December 2017 was \$10.4m compared to net loss of \$1.8m in the year ended 31 December 2016.

Voyage Revenue amounted to \$7.9m and \$27.3m in the fourth quarter and the year ended 31 December 2017, respectively, and related to four vessels that were chartered in by the Company. Voyage revenue for the fourth quarter and the year ended 31 December 2016 was nil as the Company did not have any vessels in its operating fleet.



Voyage Costs, including the costs to charter in vessels, voyage related costs, and broker commissions amounted to \$5.8m and \$36.5m in the fourth quarter and the year ended 31 December 2017, respectively.

Administrative expenses amounted to \$0.8m and \$3.4m in the fourth quarter and the year ended 31 December 2017, respectively, compared to \$0.1m and \$1.5m, respectively, in the same periods in the prior year. In addition, costs of \$6.5m have been capitalised onto the four new building assets in the year ended 31 December 2017 compared to \$1.2m for the same period in 2016.

In the year ended 31 December 2017, the Company's cash balance increased by \$8.5m compared to a decrease of \$2.3m in 2016. This was mainly driven by net cash inflows of \$221.0m from share issuances and was partly offset by \$77.7m of payments in relation to newbuilding contracts, \$117.0m of loan repayments and a \$17.7m cash outflow from operating activities.

Financing Update

In 2017, the Company expanded its fleet of modern LNGC newbuildings through the acquisition of four newbuildings from Geveran Trading Co. ("Geveran"). In connection with these acquisitions, the company issued approximately 239.9 million new shares of which 78 million shares were issued as payment in kind to Geveran for ownership in two DSME LNGCs (the "Initial DSME LNGCs"). The cash proceeds of approximately \$225m from sale of the remaining 161.9 million shares has been utilised to fund the newbuilding program.

In connection with the Initial DSME LNGCs, the Company also entered into a \$270m revolving credit facility with Sterna Finance Ltd., a company affiliated to Geveran (the "Sterna RCF"). The Sterna RCF has a fixed interest rate of 1.00% during the period while the vessels are under construction and an interest rate of Libor+300bps following the delivery of the vessels. The Sterna RCF was made availability to the Company for a period of three years following the delivery of the Initial DSME LNGCs.

On 20 December 2017 the Company signed a \$315m secured term loan facility (the "TLF") to finance the first three of its newbuildings - DSME HN 2447 (FLEX ENDEAVOUR), DSNE HN 2448 (FLEX ENTERPRISE) and SHI HN 2107 (FLEX RANGER) with a group of six banks. The closing conditions were fulfilled on 28 December and two loan tranches of each \$105m were utilized in connection with the two newbuilding deliveries in January. The tenor of the TLF is five years from the date of the last newbuilding financed under the TLF, resulting in an average term of approximately 5.4 years given expected delivery of SHI HN 2107 in May 2018. The remaining \$105m loan tranche is expected to be utilized in connection with the delivery of FLEX RANGER in May 2018.

The TLF affords the Company significant balance sheet and operational flexibility. Under the terms of the TLF, the Company has the option to swap vessels as collateral for the facility without having to refinance the loan and incur associated costs. This enables the Company to have to flexibility to take a vessel out of the collateral base in the event it can be financed in other ways and redeploy the loan to finance a separate newbuilding. The TLF also has no requirement that the Company obtain firm term employment for any of the LNGCs financed



under the facility and the financial covenants for the TLF are also not linked to earnings, but rather balance sheet values of book equity level exceeding 25 per cent and free cash being higher than \$15 million and 5 per cent of net interest bearing debt. The combination of no requirement of employment and non-earnings based covenants allows for an opportunistic employment approach designed to maximize the Company's exposure to periods of strength in the LNGC rate environment. Furthermore, under the terms of the TLF the Company can seek to increase the size of the loan tranches in the event that it secures longer term employment for a vessel financed under the facility.

In order to alleviate financing risk for the remaining three vessels, the \$270 million Sterna RCF has been amended and the full amount will now be available until 12 months following delivery of all the remaining for LNGC newbuildings. Thereafter \$30m will be available for working capital until the maturity of the TLF, unless otherwise agreed. The Sterna RCF relinquished security in the Initial DSME LNGCs and has secured its loan by share pledge in the remaining three newbuildings. While the Company intends to finance its additional newbuildings with non-affiliated commercial financing, the continued availability of the Sterna RCF will ensure that the Company has minimal financing or liquidity risk.

Corporate Update

In July 2017, the Company completed the transfer of its shares from the Oslo Axess exchange to the main Oslo Børs. The transfer has increased the Company's visibility among the investment community and facilitated better trading liquidity in the Company's shares evident from average traded volumes on the Oslo Stock Exchange.

367,972,382 ordinary shares were outstanding as of December 31, 2017, and the weighted average number of shares outstanding for the period was 307,639,159.

LNG Market Outlook and Strategy

The LNG shipping market continued to tighten throughout the fourth quarter. Seasonality and its winter peak once again brought a welcome boost in demand for LNG shipping. The arbitrage window between European and Asian LNG prices stayed open and increased demand for spot vessels loading out of European ports – so called "re-loads".

Headline rates increased from ~\$30k in July 2017 to \$80k in December 2017. The ballast bonus component improved from fuel only/partial hire to full Round-Trip economics. The lack of vessel availability in the Atlantic meant Charterers agreed to position vessels in from the Middle East, or even Far East, to cover their requirements. In addition, there was an increased activity in short-term fixtures with a total of 13 vessels put way on multi-month charters in Q4.

Russia's new liquefaction plant, Yamal LNG, began producing cargoes in November. The project is based on the Yamal peninsula, above and the Arctic Circle and is a joint-venture of NOVATEK (50.1%), TOTAL (20%), CNPC (20%) and Silk Road Fund (9.9%). This is



Russia's second LNG export project, after Sakhalin LNG. Yamal LNG will have a nameplate capacity of 16.5 mtpa of LNG which will be shipped to Asia-Pacific and European markets.

Yamal is the latest example that LNG export capacity continues to increase. Next to start up is Cove Point, which will be the second U.S. liquefaction project coming on-stream. Commissioning cargoes are scheduled from April and several vessels earmarked for the project which have been operating in the spot market while waiting for the project to start up and be removed from the spot market.

However, Cameron LNG and Freeport LNG are experiencing delays and up to 28 vessels ordered for these projects might come to market ahead of their intended project. Charterers are adopting various strategies to address the anticipated idle time. Many of the Japanese-built vessels have agreed with the shipyards to delay delivery. Up to five vessels have been fixed on multi-month charters basis to bridge the gap.

Global demand for seaborne LNG continued to grow in 2017. For the full year 2017, 291 million tonnes of LNG were exported, up 11% year-on-year, or 29 mt. The LNGC fleet now exceeds 450 vessels with 24 vessels delivered in 2017. Demand growth has been driven primarily out of Asia, with Japan, South Korea, China, India and Taiwan all showing strong annualized growth. In particular, demand from China has increased by over 45% year over year. The Government of China is committed to diversifying its energy portfolio to focus on clean energy sources and improve air quality. This effort was intensified leading into winter, as authorities began to aggressively cut coal use in an attempt to speed up the switch to natural gas. Europe also saw an increase of 10% in LNG imports during the year, largely due to low LNG prices in the first half (Europe being the "last resort" of LNG), and reload activates in the second half.

Significant LNG export capacity will come online over the next five years against this backdrop of growing demand for gas, which is expected to maintain LNG as a competitively priced energy commodity. This will in turn be a positive driver of demand for downstream product, LNG shipping, and LNG import solutions.

FLEX LNG expects the coming growth of LNG production and the expected growth in demand for natural gas in combination with the recent limited ordering activity of LNG Carriers to gradually tighten the shipping market over the course of the next 12 months. As such, the Company is well positioned with two LNG MEGI ships on the water and another four newbuildings set for deliveries over the next 18 months. We believe that the strengthening market sentiment will continue and that our state-of-the-art MEGI vessels will command a premium in the market. The Company is actively marketing the LNGCs in both the term and spot markets to secure an optimal position in the improving market.

The Company will continue to take a proactive approach and explore further accretive transactions. It is constantly evaluating opportunities in the charter, newbuild and second-hand market and has significant financial flexibility to pursue transformational deals due to the continued support of its largest shareholder to pursue these deals.



Presentation, Conference Call and Webcast

On February 27, 2018 at 13:00 p.m. CET (7:00 a.m. EST), the Company's management will host an Investor Day in connection with the fourth quarter and full year presentation to discuss these results as well as the general market prospects at Høyres Hus at Stortingsgata 20, 0161 Oslo, Norway.

The presentation will also be available by webcast at <https://edge.media-server.com/m6/p/dt8hvmfm> and also by conference call. The presentation will also be available for download from the Investor Relations section at www.flexlng.com

Q&A session will be held after the event. Information on how to submit questions will be given at the beginning of the session.

Conference call participants should dial into the call 10 minutes before the scheduled time using the following numbers:

International Dial-In/UK Local: +44 (0)330 336 9105
Norway Local: +47 2100 2610
USA Local: +1 646-828-8193

Conference ID for all participants is: 7727996

A replay of the conference call will be available for seven days following the live call. The replay will be available on www.flexlng.com

The Board of Directors
FLEX LNG Ltd.
Hamilton, Bermuda

February 27, 2018

Questions should be directed to:

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Forward-Looking Statements

THIS REPORT HAS BEEN PRODUCED BY FLEX LNG LTD. ("FLEX LNG" OR "THE COMPANY"), SOLELY FOR INFORMATION PURPOSES AND DOES NOT PURPORTE TO GIVE A COMPLETE DESCRIPTION OF THE COMPANY, ITS BUSINESS OR ANY OTHER MATTER DESCRIBED HEREIN.

THE REPORT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS RELATING TO THE BUSINESS, FINANCIAL PERFORMANCE AND RESULTS OF THE COMPANY AND/OR THE INDUSTRY IN WHICH IT OPERATES, SOMETIMES IDENTIFIED BY THE WORDS "BELIEVES", "EXPECTS", "INTENDS", "PLANS", "ESTIMATES" AND SIMILAR EXPRESSIONS. THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PRESENTATION, INCLUDING ASSUMPTIONS, OPINIONS AND VIEWS OF THE COMPANY OR CITED FROM THIRD PARTY SOURCES, ARE SOLELY OPINIONS AND FORECASTS WHICH ARE SUBJECT TO RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL EVENTS TO DIFFER MATERIALLY FROM ANY ANTICIPATED DEVELOPMENT. THE COMPANY DOES NOT PROVIDE ANY ASSURANCE THAT THE ASSUMPTIONS UNDERLYING SUCH FORWARD-LOOKING STATEMENTS ARE FREE FROM ERRORS NOR DOES THE COMPANY ACCEPT ANY RESPONSIBILITY FOR THE FUTURE ACCURACY OF THE OPINIONS EXPRESSED IN THE PRESENTATION OR THE ACTUAL OCCURRENCE OF THE FORECASTED DEVELOPMENTS. NO OBLIGATION IS ASSUMED TO UPDATE ANY FORWARD-LOOKING STATEMENTS OR TO CONFIRM THESE FORWARD-LOOKING STATEMENTS TO ACTUAL RESULTS.

IN ADDITION TO THESE IMPORTANT FACTORS AND MATTERS DISCUSSED ELSEWHERE HEREIN, INPORTANT FACTORS THAT, IN OUR VIEW, COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DISCUSSED IN THE FORWARD-LOOKING STATEMENTS INCLUDE THE STRENGTH OF WORLD ECONOMIES, FLUCTUATIONS IN CURRENCIES AND INTEREST RATES, GENERAL MARKET CONDITIONS, CHANGES IN GOVERNMENTAL RULES AND REGULATIONS OR ACTIONS TAKEN BY REGULATORY AUTHORITIES.

CERTAIN INFORMATION AND STATISTICS CONTAINED HEREIN HAVE BEEN DERIVED FROM SEVERAL SOURCES. YOU ARE HEREBY ADVISED THAT SUCH INDUSTRY DATA AND STATISTICS HAVE NOT BEEN PREPARED SPECIFICALLY FOR INCLUSION IN THESE MATERIALS AND FLEX HAS NOT UNDERTAKEN ANY INDEPENDENT INVESTIGATION TO CONFIRM THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.



Statement on Financial Compliance

We confirm, to the best of our knowledge, that the condensed financial statements for the period 1 January to 31 December 2017 have been prepared in accordance with current applicable accounting standards and IAS 34 Interim Financial Reporting, and gives a true and fair view of the assets, liabilities, financial position and results of the Company. We also confirm to the best of our knowledge that the condensed financial statements include a true and fair review of the development and performance of the business during the period, and together with the 2016 Annual Report a description of the principal risks and uncertainties facing the Company.

Board of Directors of FLEX LNG Ltd.

27 February 2018

David McManus

Marius Hermansen

Ola Lorentzon

Georgina E. Sousa

Nikolai Grigoriev



Unaudited Interim Financial Report Condensed Consolidated Income Statement

(Unaudited figures in USD,000)

31 December 2017	Unaudited			
	Q4 17	Q4 16	2017	2016
Vessel operating revenues	7,860	-	27,329	-
Vessel operating costs	(5,803)	-	(36,532)	-
Administrative expenses	(812)	(52)	(3,409)	(1,483)
Operating income (loss) before depreciation	1,245	(52)	(12,612)	(1,483)
Depreciation	(1)	(0)	(2)	(2)
Operating income (loss)	1,244	(52)	(12,614)	(1,485)
Finance income	25	1	123	9
Finance cost	-	(114)	(234)	(314)
Hedge gain	3	-	2,335	-
Income (loss) before tax	1,271	(165)	(10,391)	(1,790)
Income tax expense	(5)	3	(17)	1
Net income (loss)	1,266	(162)	(10,408)	(1,789)
Attributable to:				
Equity holders of the parent	1,266	(162)	(10,408)	(1,789)
Earnings per share:				
Basic and diluted	0.00	(0.00)	(0.03)	(0.01)

Condensed Consolidated Statement of Comprehensive Income

(Unaudited figures in USD,000)

31 December 2017	Unaudited			
	Q4 17	Q4 16	2017	2016
Income (loss) for the period	(1,266)	(162)	(10,408)	(1,789)
Total other comprehensive profit	-	-	-	-
Total comprehensive income (loss) for the period	(1,266)	(162)	(10,408)	(1,789)
Attributable to:				
Equity holders of the parent	(1,266)	(162)	(10,408)	(1,789)

Condensed Consolidated Statement of Financial Position

(Unaudited figures in USD,000)

31 December 2017	Note	Unaudited	
		2017	2016
New building assets and capitalised costs	3	594,937	212,472
Vessel purchase prepayment	3	72,000	-
Plant and equipment		3	2
Total non-current assets		666,940	212,474
Inventory		1,041	-
Other current assets		6,568	220
Cash and cash equivalents	4	9,961	1,439
Total current assets		17,570	1,659
TOTAL ASSETS		684,510	214,133
Share capital		3,680	1,279
Share premium		885,323	563,174
Other equity		(368,902)	(358,511)
Equity attributable to equity holders of the parent		520,101	205,942
Total equity		520,101	205,942
Other financial liabilities	6	160,000	7,000
Total non-current liabilities		160,000	7,000
Current liabilities		4,409	1,191
Total current liabilities		4,409	1,191
Total liabilities		164,409	8,191
TOTAL EQUITY AND LIABILITIES		684,510	214,133



FLEX LNG

Condensed Consolidated Statement of Changes in Equity

(Unaudited figures in USD,000)

31 December 2017	Share capital	Share premium reserve	P&L reserve	Option, warrant and shares	To equity holders
At 01.01.17	1,279	563,174	(369,122)	10,611	205,942
Loss for the period	-	-	(10,408)	-	(10,408)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(10,408)	-	(10,408)
Shares issued	2,401	326,773	-	(99)	329,075
Share issuance costs	-	(4,624)	-	-	(4,624)
Share-based payment (shares)	-	-	-	116	116
At 31.12.17	3,680	885,323	(379,530)	10,628	520,101

31 December 2016	Share capital	Share premium reserve	P&L reserve	Option, warrant and shares	To equity holders
At 01.01.16	1,279	563,080	(367,333)	10,608	207,634
Loss for the period	-	-	(1,789)	-	(1,789)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(1,789)	-	(1,789)
Shares issued	-	94	-	(94)	-
Share-based payment (shares)	-	-	-	97	97
At 31.12.16	1,279	563,174	(369,122)	10,611	205,942



FLEX LNG

Condensed Consolidated Statement of Cash Flows

(Unaudited figures in USD,000)

31 December 2017

Unaudited

	2017	2016
(Loss) before tax	(10,391)	(1,790)
Non cash items	(2,232)	405
Working capital adjustments	(5,156)	784
Income tax paid	(5)	(1)
Interest received	123	9
Finance costs paid	(61)	(486)
Net cash flow from operating activities	(17,722)	(1,079)
Payments on newbuilding contracts and capitalised expenditure	(5,710)	(1,202)
Purchase of plant and equipment	(4)	(2)
Advance payment for new build assets	(72,000)	-
Net cash flow used in investing activities	(77,714)	(1,204)
Net proceeds from issue of share capital	220,988	-
Repayment of debt	(117,000)	-
Other	(29)	-
Net cash flow from financing activities	103,959	-
Net cash flow	8,522	(2,283)
Cash balance at beginning of period	1,439	3,722
Cash balance at end of period	9,961	1,439



Notes to the Interim Consolidated Accounts

Note 1: General information

FLEX LNG Ltd (together with its subsidiaries, the "Company" or "FLEX LNG") is a limited liability company, originally incorporated in the British Virgin Islands and registered in Bermuda as of June 2017. The Company's activities are focused on LNG transportation and FSRU projects. The interim condensed consolidated financial statements of the Company for the quarter and the year ended 31 December 2017 were authorised by the Board of Directors for release on 27 February 2018.

Note 2: Accounting principles

Basis of preparation - The interim condensed consolidated financial statements for the quarter and year ended 31 December 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting and have not been audited. The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2016.

Note 2: Accounting principles (continued)

The preparation of interim accounts involves the use of appraisals, estimates and assumptions influencing the application of accounting principles and recognised amounts for assets, obligations and costs. Actual results may differ from these estimates. The uncertainties and risks include both those noted in the 2016 accounts, as updated by the Q4 report, and principally include: the ability to secure employment contracts on reasonable terms for the vessels under construction; managing the design and construction period; obtaining 2018 delivery and working capital finance on reasonable terms, and the general LNG and LNG shipping market conditions and trends. The Company operates in only one segment with respect to products and services. Segment reporting is thus not currently relevant.

At the end of Q4 2017, some new standards, changes in existing standards and interpretations have been issued, but have not yet become effective. The Group intends to adopt those standards when they become effective. The standards most likely to have an impact are IFRS 15 – Revenue and IFRS 16 – Leasing. Currently the Group estimates that the implementation will have no impact, or are currently unable to fully determine the impact.

Accounting policies - The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016.

Note 3: New building assets and capitalised costs

In the first quarter of 2017, the Company acquired two LNGC newbuildings from an affiliated company. The transfer was funded via the issuance of new shares and debt under a revolving credit facility. The assets were valued at the fair value of the shares issued and the debt taken on which amounted to \$376.0m.

In the fourth quarter of 2017, interest expense, supervision and other costs of \$1.9m (2016: \$0.7m) and \$6.5m year to date (2016: \$1.2m) have been capitalised, in relation to the four LNGCs being delivered in 2018. The Company is not responsible for the yard supervision of the remaining two LNGCs to be delivered in 2019, and these costs are included in the purchase price.

In relation to the two LNGCs that will be delivered in 2019, the Company has made advance payments of \$72.0m in the second quarter of 2017, with the balance due on delivery. Under the purchase agreement, the seller continues to hold the shipbuilding



FLEX LNG

contract with the yard and is responsible for the supervision of the vessels' construction, with the title transferring to FLEX at the date of delivery.

As part of the 2017 accounts completion the Company has reviewed the market prices for new builds, obtained a broker valuation for the vessels, performed a value in use calculation, based on market based assumptions, and concluded that the recoverable amounts was such that no impairment provision was required on the vessels under construction.

Note 4: Cash and cash equivalents

For the purpose of the consolidated cash flow statements, cash and cash equivalents comprise the following;

(Unaudited figures in USD'000)

	Unaudited	
	2017	2016
Cash at bank and in hand	9,961	1,439

Note 5: Capital & other commitments

The remaining capital commitments are detailed in the table below.

USD million (unaudited)

	Q1 2018	Q2 2018	Q3 2018	Q2 2019	Q3 2019
SHI HN 2107, LNGC	64.54	42.38			
SHI HN 2108, LNGC		64.54	42.38		
DSME HN 2447, LNGC	10.18				
DSME HN 2448, LNGC	10.18				
DSME HN 2470, LNGC				144.00	
DSME HN 2471, LNGC					144.00
Total	84.90	106.92	42.38	144.00	144.00

Remaining Capex, excluding, supervision, future change requests, sundry buyers' supplies, fit out, studies and lub oils.

The delivery date for HN 2107 has been delayed by about three months. HN 2107 is expected to be delivered May 2018 while HN 2108 is scheduled for delivery July 2018.

On LNGC Time Charters In – The Company has entered into four separate LNGC time charters for 180 days with the option to extend for a further 180 days. During the second quarter, options to extend have been exercised for two LNCGs, and the other two have been redelivered. The estimated remaining charter commitments as at 31 December total \$8.2m, based on expected return dates and including off-hire periods.

Note 6: Other financial liabilities

In 2014 a loan agreement was entered into with Metrogas (an affiliate of Gevevan) for the provision of a \$7.0m loan to the Company, the loan was repaid in the first quarter of 2017.

As of December 31, 2017 the amount outstanding under the Sterna RCF was \$160m.

As of December 31, 2017 the amount outstanding under the \$315m secured term loan facility was \$0.



Note 7: Going concern

The interim financial statements have been prepared based on the going concern assumption, which contemplates the realisation of assets and liabilities as part of the normal business course.

The Board believes that the going concern assumption remains appropriate for the Company. Given the Sterna RCF and the TLF, the Company is expected to have working capital for a period of not less than twelve months. In all cases where the Company requires additional funding, there can be no assurance that such funds may be raised on terms that are reasonable, if at all.

The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of the uncertainties detailed in the report.

Note 8: Related party transactions

In 2014, the Company entered into a loan agreement with Metrogas for the provision of \$7.0m of working capital. The loan bears a fixed rate of interest and was secured against the shares in vessel-owning subsidiaries of the Company. The loan was repaid in the first quarter of 2017. The interest cost in the period to 31 December 2017 was \$61k. The Credit Facility was entered into in the first quarter of 2017, and interest of \$1.5m has been incurred in the period to 31 December 2017, of which \$1.5m has been capitalized and \$0.1m was outstanding at the period end. The Credit Facility is secured by share pledges over the shares in FLEX LNG Endeavour Limited and FLEX LNG Enterprise Limited, subsidiaries that own the contracts for the Initial DSME LNGCs.

A newbuilding supervision agreement has been entered into with Frontline Management (Bermuda) for two vessels on order from Samsung and the two vessels from DSME being delivered in 2018. In the period to 31 December 2017, costs of \$4.4m have been capitalised of which \$0.8m were outstanding at the period end.

The FLEX LNG Management Limited receives staff, office, commercial, legal and accounting support from companies affiliated to Geveran, at the period end costs of \$1.0m had been incurred of which \$0.2m were outstanding at the period end.

Note 9: Subsequent events

On 9 January 2018 the Company successfully took delivery of its first LNG carrier newbuilding the FLEX ENDEAVOUR. In connection with the delivery \$ 105m of the TLF was paid out. A further \$105m was paid out in connection with the delivery of sister vessel FLEX ENTERPRISE which was delivered on 11 January 2018. Following these deliveries, \$100m under the Sterna RCF was repaid and the outstanding amount under the \$ 270m Sterna RCF was thus \$ 60m.

Note 10: Key Figures

	2017	2016
No. of shares fully diluted	367,972,382	127,945,657
No. of shares outstanding	367,972,382	127,945,657
Average no. of outstanding shares	307,639,159	127,922,003
Share price (NOK)	12.95	11.00
Market capitalisation (NOK'm)	4,765	1,407

Top 10 Shareholders end of 2017

Shareholder	Number of shares	Ownership interest
GEVERAN TRADING CO LTD	191 131 803	51,9 %
VERDIPAPIRFONDET DNB NORGE (IV)	18 793 455	5,1 %
SKAGEN VEKST	8 770 000	2,4 %
FIDELITY PURITAN TRUST: FIDELITY	8 558 600	2,3 %
UBS AG ¹	6 000 000	1,6 %
CATELLA HEDGEFOND	5 907 300	1,6 %
GOLDMAN SACHS & CO. LLC ¹	4 178 950	1,1 %
THE BANK OF NEW YORK MELLON SA/NV ¹	3 837 757	1,0 %
SOCIETE GENERALE	3 553 717	1,0 %
NORRON SICAV - TARGET	3 543 954	1,0 %
Other	113 696 846	30,9 %
Total	367 972 382	100,0 %

¹ Nominee account