FLEX LNG GROUP

Illustration courtesy of Samsung Heavy Industries

First Half
& Q2 2015

 Registered Address: Craigmuir Chambers, PO Box 71, Road Town, Tortola, BVI

BOARD REPORT

Financials, First Half and Quarter Two 2015

(Figures in brackets refer to the corresponding period of 2014)

In February 2015 agreement was reached with Samsung Heavy Industries (Samsung) to convert the propulsion system for the two LNG carriers from DFDE to the fuel efficient 2-stroke slow speed MEGI main engines.

The cash balances at 30 June were $5.0m (2014: $0.4m) with a quarterly $0.6m net outflow (2014: $0.4m) and $1.7m year to date (2014: $1.1m). In the six months in 2015 the operating cash outflow was $1.6m (principally the operating loss after adjusting for the non cash and working capital movements). The 2015 movement includes the payment of mandatory bid costs ($0.4m), which completed in late 2014, and additional 2015 restructure costs.

The loss before tax was $0.8m (2014: $0.6m) in the quarter and $1.3m year to date (2014: $1.3m). The current quarter includes additional costs in relation to a reduction in head count, the termination of the Schulte supervision agreement and a move to more cost efficient office space, $0.3m. In addition P&L costs of $0.1m have been capitalised (2014: $0.2m) onto the two new building assets.

Outlook, Financing and Risks

The Company on 1 July announced that it has agreed with EXMAR NV (EXMAR) and Geveran Trading Co. Ltd. (GEVERAN) on the main terms for an acquisition of EXMAR's and GEVERAN's respective Liquefied Natural Gas assets and Liquefied Natural Gas Infrastructure in exchange for new shares in the Company being issued to EXMAR and GEVERAN. The Company intends to change its name to EXMAR LNG Ltd upon completion of the transaction. The transaction is subject to final documentation, approvals from authorities and third parties as well as approval of relevant aspects of the transaction by the shareholders of the Company.

Upon completion of the transaction, the Company will own interests (100% or parts, as applicable) mainly in:

- Six LNG carriers (LNGc), out of which four are under construction and will have MEGI propulsion system,
- Five Floating Storage and Regasification Units (FSRU), of which one is under construction to become a regasification barge,
- Two Floating Liquefaction Units (FLNG) currently one is under construction - Caribbean FLNG, which may be the world's first FLNG unit, to be delivered in the 1st Quarter 2016 under a long term contract to Pacific Rubiales,
- A total of approximately 80 years of combined firm time charters with various counterparties, whereof the six sailing units will have on average 11 years firm contracts and the Caribbean FLNG will have 15 years firm contract from delivery, and
- A total of five different FLNG exclusivity agreements and four different FSRU exclusivity agreements.

Additional details on the transaction are contained on the Company website, www.flexlng.com.

Outlook, Financing and Risks (continued)

On a stand alone basis, the current overhead structure and budgeted costs the Company believes that the working capital raised in 2014 will provide sufficient working capital to operate towards the end of 2016. The Company, on current estimates, will need to raise additional funds prior to delivery, to fund its working capital and delivery instalments.

As part of the completion of the proposed transaction with EXMAR and GEVERAN, the Company will update the estimate for the required working capital of the enlarged group. Where the Company may require additional funding, there can be no assurance that such funds may be raised on terms that are reasonable, if at all. The Board believes that the going concern position and risks remain both as described in the 2014 statutory accounts and as summarised by this Q2 2015 financial report, including note 2, and that the going concern assumption remains appropriate for the Group.

Statement on Financial Compliance

We confirm, to the best of our knowledge, that the condensed financial statements for the period 1 January to 30 June 2015 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 Group. 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 2014 Annual Report a description of the principal risks and uncertainties facing the Group.

Board of Directors of FLEX LNG Ltd
27 August 2015

David McManus (Chairman)

Jens Martin Jensen

Robin Bakken

Unaudited Interim Financial Report
Condensed Consolidated Income Statement

(Unaudited figures in USD,000)

For the quarter ended 30 June 2015	Unaudited				
	Q2 15	**Q2 14**	**H1 15**	**H1 14**	**2014**
Operating revenues	0	0	0	0	0
Administrative expenses	696	636	1,182	1,261	3,039
Impairment write back	0	0	0	0	(450)
Operating loss before depreciation	**(696)**	**(636)**	**(1,182)**	**(1,261)**	**(2,589)**
Depreciation	0	0	1	0	1
Operating loss	**(696)**	**(636)**	**(1,183)**	**(1,261)**	**(2,590)**
Finance income	5	0	11	1	3
Finance cost	(59)	0	(127)	0	(35)
Loss before tax	**(750)**	**(636)**	**(1,299)**	**(1,260)**	**(2,622)**
Income tax expense	1	(3)	1	1	13
Net loss	**(751)**	**(633)**	**(1,300)**	**(1,261)**	**(2,635)**
Attributable to:					
Equity holders of the parent	(751)	(633)	(1,300)	(1,261)	(2,635)
Earnings per share:					
Basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)

Condensed Consolidated Statement of Comprehensive Income

(Unaudited figures in USD,000)

For the quarter ended 30 June 2015	Unaudited				
	Q2 15	**Q2 14**	**H1 15**	**H1 14**	**2014**
Loss for the period	**(751)**	**(633)**	**(1,300)**	**(1,261)**	**(2,635)**
Exchange differences on translation	0	0	0	9	9
Total other comprehensive profit	0	0	0	9	9
Total comprehensive income for the period	**(751)**	**(633)**	**(1,300)**	**(1,252)**	**(2,626)**
Attributable to:					
Equity holders of the parent	(751)	(633)	(1,300)	(1,252)	(2,626)

FLEX LNG

Condensed Consolidated Statement of Financial Position

(Unaudited figures in USD,000)

For the period ended 30 June 2015		Unaudited		
	Note	H1 15	H1 14	2014
New building assets and capitalised costs	3	211,187	210,686	211,064
Plant and equipment		4	2	3
Total non-current assets		**211,191**	**210,688**	**211,067**
Other current assets		87	137	63
Cash and cash equivalents	4	5,021	437	6,731
Total current assets		**5,108**	**574**	**6,794**
TOTAL ASSETS		**216,299**	**211,262**	**217,861**
Share capital		1,278	1,266	1,269
Share premium		563,035	562,822	562,942
Other equity		(355,539)	(353,234)	(354,191)
Equity attributable to equity holders of the parent		208,774	210,854	210,020
Total equity		**208,774**	**210,854**	**210,020**
Other financial liabilities	6	7,000	0	7,000
Total non-current liabilities		**7,000**	**0**	**7,000**
Current liabilities		525	408	841
Total current liabilities		**525**	**408**	**841**
Total liabilities		**7,525**	**408**	**7,841**
TOTAL EQUITY AND LIABILITIES		**216,299**	**211,262**	**217,861**

Condensed Consolidated Statement of Changes in Equity

(Unaudited figures in USD,000)

For the period ended 30 June 2015	**Share capital**	**Share premium reserve**	**P&L reserve**	**Exchange translation reserve**	**Option, warrant and shares**	**To equity holders**
At 01.01.15	**1,269**	**562,942**	**(364,848)**	**0**	**10,657**	**210,020**
Loss for the period			(1,300)			**(1,300)**
Other comprehensive income				0		**0**
Total comprehensive income			**(1,300)**			**(1,300)**
Shares issued	9	93			(94)	**8**
Share-based payment (shares)					46	**46**
At 30.06.15	**1,278**	**563,035**	**(366,148)**	**0**	**10,609**	**208,774**

For the period ended 30 June 2014	**Share capital**	**Share premium reserve**	**P&L reserve**	**Exchange translation reserve**	**Option, warrant and shares**	**To equity holders**
At 01.01.14	1,264	562,659	(362,213)	(322)	10,393	211,781
Loss for the period			(1,261)			(1,261)
Other comprehensive income				9		9
Total comprehensive income			(1,261)	9		(1,252)
Shares issued	2	163			(164)	1
Share-based payment (options)					203	203
Share-based payment (shares)					121	121
At 30.06.14	1,266	562,822	(363,474)	(313)	10,553	210,854

Condensed Consolidated Statement of Cash Flows

(Unaudited figures in USD,000)		Unaudited	
For the period ended 30 June	**H1 15**	**H1 14**	**2014**
(Loss) before tax	(1,299)	(1,260)	(2,622)
Non cash items	162	323	895
Working capital adjustments	(339)	6	484
Income tax received / (paid)	3	(4)	(21)
Interest received	6	1	2
Finance costs paid	(127)	0	0
Net cash flow from operating activities	**(1,594)**	**(934)**	**(1,262)**
Capitalised expenditure	(123)	(161)	(539)
Purchase of plant and equipment	(2)	(2)	(4)
Proceeds from the sale of fixed assets	1	0	0
Net cash flow used in investing activities	**(124)**	**(163)**	**(543)**
Proceeds from issue of share capital	8	1	3
Proceeds from long-term borrowings	0	0	7,000
Net cash flow from financing activities	**8**	**1**	**7,003**
Net cash flow	**(1,710)**	**(1,096)**	**5,198**
Net exchange translation effect	0	9	9
Cash balance at beginning of period	6,731	1,524	1,524
Cash balance at end of period	**5,021**	**437**	**6,731**

Notes to the Interim Consolidated Accounts

Note 1: General information

FLEX LNG Ltd is a limited liability company, incorporated in the British Virgin Islands. The Group's activities are focused on LNG transportation. The interim condensed consolidated financial statements of the Group for the quarter and half year ended 30 June 2015 were authorised by the board of Directors for release on 28 August 2015.

Note 2: Accounting principles

Basis of preparation - The interim condensed consolidated financial statements for the quarter and half year ended 30 June 2015 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 Group's annual financial statements as at 31 December 2014.

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 2014 accounts, as updated by the Q2 report, and principally include: the proposed transaction with EXMAR and GEVERAN (the risk factors will be further described in a prospectus covering the issuance of the new shares); the ability to secure employment contracts on reasonable terms for the two vessels being constructed by Samsung; managing the design and construction period; obtaining delivery finance and additional working capital on reasonable terms; and the

Note 2: Accounting principles (continued)

general LNG and LNG shipping market conditions and trends. The Group is operating in only one segment with respect to products and services. Segment reporting is thus not currently relevant.

Accounting policies - The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, the new IRFS Standards and Interpretation introduced in 2015 are currently believed to have no impact on the Company or Group.

At the end of Q2 2015, 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 and changes, if appropriate, when they become effective. Currently the Group estimates that the implementation will have no impact, or are unable to determine the impact.

Note 3: New building assets and capitalised costs

In the current quarter the Group has capitalised costs of $0.0m (2014: $0.1m) and $0.1m year to date (2014: $0.2m), incurred directly by the Group in relation to the two LNG Carrier vessels.

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**	
	H1 15	**H1 14**	**2014**
Cash at bank and in hand	5,021	437	6,731

Note 5: Capital commitments to Samsung

$210m has been paid to cover the first instalments for the two vessels. The remaining instalments will be due on delivery of the vessels ($213.8m), prior to any amounts for any further design change requests and sundry buyer's supplies.

Note 6: Other financial liabilities

In 2014 a loan agreement was entered into with Metrogas (an affiliate of Geveran) for the provision of a $7.0m loan to the Group. The loan is due for repayment, on demand, at any date following 31 December 2016, additional details note 8.

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 currently remains appropriate for the Group. Given the loan agreement with Metrogas, the current overhead structure (pre business combination with EXMAR and GEVERAN) and the current budgeted costs, the Company believes that this will provide sufficient working capital to operate towards the end of 2016. In all cases where the Company may require 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 Group 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 is secured against the shares in the two ship owning companies. The loan agreement is within the normal activities of the company and market terms, and was negotiated on an arm's length basis. The interest costs for the period was $141k, of which $14k was capitalised.

On 18 June the Group entered into a building supervision agreement with Frontline Management (Bermuda) Ltd to cover the two vessels on order from Samsung. At 30 June no amounts had been charged under these contracts.

Note 9: Post balance sheet events

In relation to the proposed EXMAR / GEVERAN transaction, EXMAR will transfer its LNG and LNG infrastructure assets and projects to the Company by way of the Company acquiring 100% of the shares in EXMAR's subsidiary, Exmar Energy Hong Kong Limited in exchange for 323,723,775 new shares in the Company. The main assets will be 50% ownership stakes in two existing LNG carriers, five FSRU, of which one is under construction to become the world's first regasification barge, and a 100% ownership stakes in two FLNG units currently under construction. The parties have agreed that up to 45,221,115 of the shares issued to EXMAR are callable by the Company contingent on the achieved earnings from the Caribbean FLNG vessel.

Further, GEVERAN will, through its affiliates, transfer two LNG vessels under construction to the Company in exchange for 49,566,724 shares in the Company. The acquisition will be completed by way of the Company acquiring 100% of the shares in these Special Purpose Vehicles.

All share amounts are subject to adjustments for actual balance items on credit/debit basis as per audited figures 30 June 2015. The transaction is expected to close during the third quarter of 2015, subject to satisfaction of certain conditions, including satisfactory due diligence, agreement on definitive transaction documents, shareholder approvals, receipt of all stakeholder approvals and receipt of all regulatory and financial institutions approval.

Upon completion of the transaction, EXMAR will own approximately 64.6 per cent of the outstanding shares and GEVERAN will own approximately 30.7 per cent of the outstanding shares (subject to adjustments as mentioned above). As a result, EXMAR will trigger an obligation to make a mandatory offer for the remaining shares in the Company within four weeks of the completion of the transaction. GEVERAN has undertaken not to tender its shares in the mandatory offer.

The Company will in due course send a notice of extraordinary general meeting to approve the relevant aspects of the transaction (including issuance of the consideration shares). The Company will also propose to change the composition of its board of directors as a result of the new ownership structure in the Company.

The Company intends to remain listed on Oslo Axess under its new name, and will prepare a listing prospectus for the shares to be issued in connection with the transaction.

FLEX LNG

Note 10: Key figures

	H1 15	H1 14	2014
No. of shares outstanding	127,812,033	126,612,902	126,921,224
No. of shares fully diluted[1]	127,842,033	127,940,402	127,751,224
Average no. of outstanding shares	127,772,660	126,499,354	126,615,864
Share price (NOK)	9.68	6.52	8.00
Market capitalisation (NOK'm)	1,237	826	1,015

Note[1]: 30,000 vested options have an exercise price of USD 0.01 at 30.06.2015.

Shareholders

The 10 main shareholders at 30.06.15 are:

Shareholder:	Number of shares:	Ownership interest:
GEVERAN TRADING CO	104,181,837	81.5%
SKANDINAVISKA ENSKIL	5,000,000	3.9%
UBS AG LONDON	3,191,335	2.5%
BNP PARIBAS [1]	2,835,885	2.2%
STATE STREET BANK [1]	2,824,550	2.2%
JP MORGAN CHASE BANK [1]	1,986,000	1.6%
GOLDMAN SACHS [1]	1,292,500	1.0%
SEB PRIVATE BANK [1]	1,261,344	1.0%
D MCMANUS	723,844	0.6%
CLEARSTREAM BANKING [1]	557,569	0.4%
OTHER	3,957,169	3.1%
Total	127,812,033	100.0%

Note[1] - Nominee account.