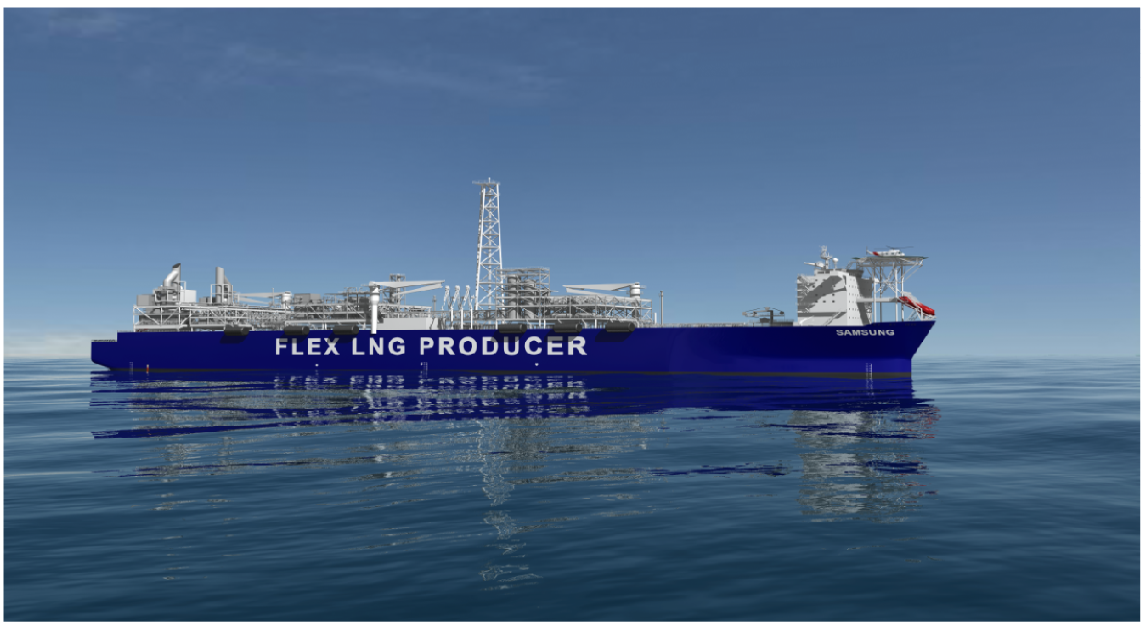
FLEX LNG GROUP



Q1 2010

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

BOARD REPORT

Financials, Quarter One 2010
(Figures in brackets refer to the corresponding period of 2009)

During the quarter the FLEX LNG group of companies ("the Group") has continued to develop what it expects could be amongst the world's first LNG Producers. In the quarter costs of $6.7m ($10.3m) were capitalised on the four units.

The cash balances at 31 March were $20.3m ($34.4m) with $5.4m ($15.1m) net outflow in the quarter. In the three months in 2010 the operating cash outflow was $2.1m (principally the operating loss and working capital movements); investing activities outflow $6.9m (capitalised asset costs); and financing activities inflow $3.6m (proceeds from deferred payments to Samsung).

The loss before tax was $2.7m ($1.6m) in the quarter with a year to date retained loss of $2.7m ($1.6m). Q1 2009 benefited from an option and warrant credit of $0.8m, while Q1 2010 had a charge of $0.9m.

Outlook
The Group continues to focus on securing employment for the LNG Producers, and is discussing alternative commercial arrangements for the employment, such as integrated projects consisting of gas supply contracts with oil and gas companies, product handling agreements for the services of the LNG Producers, and LNG sales and purchase contracts with LNG off-takers as well as more traditional charter arrangements. The Group is currently pursuing a number of opportunities. In 2010 the Group has announced that it is in advanced talks with an Asian National Oil Company (NOC) to join a floating liquefaction project that would monetise gas resources controlled by the NOC in Australia. The proposed project would be developed by a JV where FLEX LNG would join together with one or more technical and commercial partners.

On 22 June 2009 FLEX Petroleum Limited, a wholly owned subsidiary of FLEX LNG, announced that it had entered into an option agreement setting out the terms to acquire control of Jersey-based Minza Oil & Gas Ltd ("Minza"), additional details in note 5. This company holds 100% of the production sharing contract for JPDA 06-101(A). JPDA 06-101(A) is in the Joint Petroleum Development Area between Timor-Leste and Australia located in the Timor Sea. In 1998 the Chuditch-1 well was drilled on the acreage and resulted in a potentially sizeable gas discovery. Based on evaluations carried out by third parties FLEX LNG believes the acreage could hold sufficient gas to support a floating LNG project. In late August 2009 Minza commenced the "Anita" and "Wombat" 2-D seismic surveys offshore Timor-Leste. The survey involved the acquisition of approximately 940 km of full fold seismic in JPDA 06-101(A). The seismic data has been processed and interpreted in 2010, and has provided greater clarity to the gas initially in place (GIIP) estimates. The Company continues negotiations with potential partners and financing sources to fund and to allow the Minza option to be exercised.

FLEX LNG

BOARD REPORT

Financing and Risks

The Company acknowledges the current challenging fund raising environment it faces and the impact that this has on the ability of the Group to finance its funding requirement. Following the raising of $10m of additional capital as part of the listing on Oslo Axess on 30 October 2009, the Company expects to have sufficient financial resources to enable it to continue trading and to meet its payment obligations until the next hull payments are due to be made to Samsung in November 2010. Under the Principle Agreement with Samsung the resumption notice needs to be given by 31 May 2010, see note 9. Should the notice not be issued by this date Samsung has a contractual right to cancel all the four shipbuilding contracts as well as the EPCIC contract for M-FLEX 1. Samsung has informed FLEX LNG in writing that they will work with the Group with the aim of amending the Principle Agreement. In addition they have informed FLEX LNG that presently and dependent on commercial progress and cost impact they have no intention of exercising their right of termination stipulated under the Principle Agreement and acknowledge the need to defer the resumption date. The Group aims to (a) conclude a final investment decision (FID) for at least one of the LNG Producers (which the Company believes should enable it to raise additional finance), or (b) raise additional working capital and rearrange its obligations to allow the Company more time to achieve (a). These steps would allow the Group to finance its operations over the year.

The Board believes the going concern position remains as described in the 2009 statutory accounts and in the quarterly accounts.

FLEX LNG

Unaudited Interim Financial Report

Condensed Consolidated Income Statement

(Unaudited figures in USD,000)

For the quarter ended 31 March 2010	Unaudited		
	Q1 10	**Q1 09**	**2009**
Operating revenues	0	0	0
Total revenue	**0**	**0**	**0**
Operating expenses	(2,720)	(1,635)	(10,414)
Operating loss before depreciation	**(2,720)**	**(1,635)**	**(10,414)**
Depreciation	59	69	250
Operating loss	**(2,779)**	**(1,704)**	**(10,664)**
Finance income	97	82	393
Loss before tax	**(2,682)**	**(1,622)**	**(10,271)**
Income tax expense	53	27	186
Net loss	**(2,735)**	**(1,649)**	**(10,457)**
Attributable to:			
Equity holders of the parent	(2,610)	(1,649)	(10,165)
Non-controlling interests	(125)	0	(292)
Earnings per share:			
Basic	(0.02)	(0.02)	(0.10)
Diluted	(0.02)	(0.02)	(0.10)

Condensed Consolidated Statement of Comprehensive Income

(Unaudited figures in USD,000)

For the quarter ended 31 March 2010	Unaudited		
	Q1 10	**Q1 09**	**2009**
Loss for the period	**(2,735)**	**(1,649)**	**(10,457)**
Exchange differences on translation	(14)	(11)	(291)
Other comprehensive (loss)	(14)	(11)	(291)
Total comprehensive income for the period	**(2,749)**	**(1,660)**	**(10,748)**
Attributable to:			
Equity holders of the parent	(2,624)	(1,660)	(10,456)
Non-controlling interests	(125)	0	(292)

FLEX LNG

Condensed Consolidated Statement of Financial Position

(Unaudited figures in USD,000)

For the quarter ended 31 March 2010		Unaudited		
	Note	**Q1 10**	**Q1 09**	**2009**
New build contracts	4	523,125	504,299	516,391
Plant and equipment		367	544	385
Intangible assets	5	35,561	0	36,251
Total non-current assets		**559,053**	**504,843**	**553,027**
Other current assets		1,041	1,217	925
Cash and cash equivalents	6	20,269	34,411	25,679
Total current assets		**21,310**	**35,628**	**26,604**
TOTAL ASSETS		**580,363**	**540,471**	**579,631**
Share capital		1,129	1,024	1,127
Share premium		552,396	543,417	552,243
Other equity		(18,559)	(10,586)	(16,729)
Equity attributable to equity holders of the parent		534,966	533,855	536,641
Non-controlling interests		32,235	0	33,147
Total equity		**567,201**	**533,855**	**569,788**
Other financial liabilities	7	10,052	347	6,415
Total non-current liabilities		**10,052**	**347**	**6,415**
Current liabilities		3,110	6,269	3,428
Total current liabilities		**3,110**	**6,269**	**3,428**
Total liabilities		**13,162**	**6,616**	**9,843**
TOTAL EQUITY AND LIABILITIES		**580,363**	**540,471**	**579,631**

FLEX LNG

Condensed Consolidated Statement of Changes in Equity

(Unaudited figures in USD,000)

For the period ended 31 March 2010	**Share capital**	**Share premium reserve**	**P&L reserve**	**Exchange translation reserve**	**Option, warrant and shares**	**To equity holders**	**Non controlling interests**	**Total equity**
At 01.01.10	**1,127**	**552,243**	**(24,257)**	**(291)**	**7,819**	**536,641**	**33,147**	**569,788**
Loss for the period			(2,610)			**(2,610)**	(125)	**(2,735)**
Other comprehensive income				(14)		**(14)**		**(14)**
Total comprehensive income			(2,610)	(14)		**(2,624)**	(125)	**(2,749)**
Expenses related to share issue		(35)				**(35)**		**(35)**
Exchange adjustments						**0**	(787)	**(787)**
Cost of share-based payment (options / warrants)					936	**936**		**936**
Shares issued	2	188			(190)	**0**		**0**
Cost of share-based payment (shares)					48	**48**		**48**
At 31.03.10	**1,129**	**552,396**	**(26,867)**	**(305)**	**8,613**	**534,966**	**32,235**	**567,201**

For the period ended 31 March 2009	**Share capital**	**Share premium reserve**	**P&L reserve**	**Exchange translation reserve**	**Option, warrant and shares**	**To equity holders**	**Non controlling interests**	**Total equity**
At 01.01.09	1,024	543,417	(14,092)	0	5,940	536,289	0	536,289
Loss for the period			(1,649)			(1,649)		(1,649)
Other comprehensive income				(11)		(11)		(11)
Total comprehensive income			(1,649)	(11)		(1,660)	0	(1,660)
Cost of share-based payment (options / warrants)					(774)	(774)		(774)
At 31.03.09	1,024	543,417	(15,741)	(11)	5,166	533,855	0	533,855

FLEX LNG

Condensed Consolidated Statement of Cash Flows

(Unaudited figures in USD,000)

For the period ended 31 March 2010	Unaudited		
	Q1 10	**Q1 09**	**2009**
Net cash flow from operating activities	(2,123)	(5,965)	(14,820)
Net cash flow used in investing activities	(6,875)	(9,112)	(23,906)
Net cash flow from financing activities	3,602	0	15,197
Net cash flow	**(5,396)**	**(15,077)**	**(23,529)**
Net translation effect	(14)	(11)	(291)
Cash balance at beginning of period	25,679	49,499	49,499
Cash balance at end of period	**20,269**	**34,411**	**25,679**

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 includes seven 100% owned active subsidiaries and the Company's interest in Minza Oil and Gas Ltd. The Group's activities are focused on developing production and storage of liquefied natural gas.

The interim condensed consolidated financial statements of the Group for the three months and quarter ended 31 March 2010 were authorised for issue by the board of directors on 24 May 2010.

Note 2: Accounting principles

Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting. 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 2009.

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 are substantially the same as for the preparation of the 2009 accounts.

The Group is operating only one segment with respect to products and services. Segment reporting is thus not relevant.

Significant 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 2009, except for the adoption of new Standards and Interpretation as of 1 January 2010, as noted below;

Note 2: Accounting principles (continued)

Significant accounting policies (continued)

IFRS 3 (revised) Business Combinations – The revised Standard is expected to impact the accounting for future acquisitions primarily regarding goodwill, contingent consideration and transaction costs.

IFRS 9 Financial Instruments – This will replace the recognition and measurement rules in the current IAS 39. Considering the current scope and use of financial instruments, the impact of the changes is not expected to have any material effect.

IAS 24 (revised) Related Party Disclosures – The changes in IAS 24 are not expected to be material.

IAS 27 (revised) Consolidated and Separate Financial Statements – The Standard could affect the consolidated accounts in cases of derecognition of subsidiaries and allocations between controlling and non-controlling parties.

The adoption of these amendments has had no material impact on the financial position or performance of the Group.

Note 3: Option, warrant and salary costs

In Q1 2010 the Company issued 814,500 new options to staff with exercise prices of 6.5NOK and 27NOK. In addition a staff bonus scheme has been introduced, which is linked to key commercial goals for the Group. The P&L charge for all outstanding options and warrants for the quarter was $0.9m ($0.8m - credit), Q1 2009 benefited from an extension of the expected vesting period. The charge for 2009 was $1.7m.

Note 4: New building contracts

In the three months ended 31 March 2010 the Group has capitalised costs of $5.3m ($8.7m) from Samsung. In addition $1.4m ($1.6m) of costs incurred directly by the Group have been capitalised in 2010. The carrying value of the contractual payments and the capitalised costs are dependent on the continued contract position with Samsung; the ability to secure a contract at economically viable terms; and securing financing. If these are not achievable, the carrying value would require material impairment. Capitalised interest of $46k is included in 2010 capitalised costs (2009 - $nil).

Note 5: Investment in Minza Oil and Gas Ltd

Exploration and acquisition costs in relation to Minza Oil & Gas Ltd, are $35.6m ($nil). The 12 month option period will expire in H1 2010. The Group has entered into discussions with the Seller to secure an extension to the option period and the Group is aiming to conclude an agreement prior to the option expiring.

Note 6: 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**		
	Q1 10	**Q1 09**	**2009**
Cash at bank and in hand	20,269	34,411	25,679

FLEX LNG

Note 7: Other financial liabilities

On 11 June 2009 the Group entered into an agreement (Principle Agreement) with Samsung covering the revised payment profile during the slow down phase. Under the agreement, in addition to the agreed instalments, the Group had the opportunity to defer up to $4m of expenditure in the period from 1 May 2009 to 31 August 2009. The amount deferred will be repayable with the first milestone billing after the slow down phase and bears interest at 7% per annum. At 31 March 2010 $3.7m had been deferred, including interest. In addition certain vendor and Samsung obligations on the EPCIC contract are covered by Samsung. These amounts become payable by the Group, not earlier than seven months after the resumption date. At 31 March 2010 it is estimated that $6.2m in obligations have been incurred by Samsung on behalf of the Group and a provision has been made for this cost. In addition a $0.2m provision for the property lease liabilities is included, based on a fair value allocation on the FLEX LNG Management Limited acquisition.

Note 8: Capital commitments

At 31 March 2010, the Group had capital payment commitments of $2,502 (Hulls - $1,776m vessels 1-4, Topside - $726m vessel 1) with Samsung. The profile over the following years is: 2010 $145m; 2011 $411m; 2012 $837m; 2013 $404m; and 2014 $705m. These amounts would increase considerably with the conclusion of three additional EPCIC Topside contracts for vessels two to four.

Note 9: 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 Company acknowledges the current challenging fund raising environment it faces and the impact that this has on the ability of the Group to finance its funding requirement. Following the raising of $10m of additional capital as part of the listing on Oslo Axess on 30 October 2009, the Company expects to have sufficient financial resources to enable it to continue trading and to meet its payment obligations until the next hull payments are due to be made to Samsung in November 2010. Under the Principle Agreement with Samsung the resumption notice needs to be given by 31 May 2010. Should the notice not be issued by this date Samsung has a contractual right to cancel all the four shipbuilding contracts as well as the EPCIC contract for M-FLEX 1. Samsung has informed FLEX LNG in writing that they will work with the Group with the aim of amending the Principle Agreement. In addition they have informed FLEX LNG that presently and dependent on commercial progress and cost impact they have no intention of exercising their right of termination stipulated under the Principle Agreement and acknowledge the need to defer the resumption date. The Group aims to (a) conclude a final investment decision (FID) for at least one of the LNG Producers (which the Company believes should enable it to raise additional finance), or (b) raise additional working capital and rearrange its obligations to allow the Company more time to achieve (a). These steps would allow the Group to finance its operations over the year.

The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of the uncertainties linked to future funding requirements.

Note 10: Financing

Instalments payable to Samsung would likely need to be financed by raising equity and project debt financing from the financial markets. Based on the four vessels currently contracted the Group, in aggregate, is currently obligated to pay Samsung a total of $145m in 2010, additional details in note 8.

Note 11: Events after the balance sheet date

There have been no significant post balance sheet events.

Note 12: Key Figures

	Q1 10	Q1 09	2009
No. of shares outstanding	112,910,912	102,364,371	112,746,190
No. of shares fully diluted	123,649,367	112,785,826	122,712,645
Average no. of outstanding shares	112,859,027	102,364,371	104,213,188
Share price (NOK)	5.98	8.75	6.10
Market capitalisation (NOK'm)	675	896	688

Shareholders

The 10 main shareholders at 31.03.10 are:

Share holder:	Number of shares:	Ownership interest:
KAWASAKI KISEN KAISHA LTD	16,937,004	15.0%
JP MORGAN CLEARING CORP. [1]	14,697,634	13.0%
CREDIT SUISSE SECURITIES (USA) LLC[1]	12,996,167	11.5%
B SCHULTE INVESTMENT HOLDING	5,648,607	5.0%
J P MORGAN CHASE BANK[1]	5,535,461	4.9%
BANK OF NEW YORK MELLON SA/NV	4,152,683	3.7%
BGL BNP PARIBAS[1]	3,936,911	3.5%
CAPITA TRUSTEE LIMITED RE 2302	3,028,200	2.7%
BANK OF NEW YORK MELLON SA/NV[1]	2,931,086	2.6%
J P MORGAN CLEARING CORP. [1]	2,802,509	2.5%
OTHER	40,199,308	35.6%
Per VPS register[2]	112,865,570	100.0%

Note[1] - Nominee account.

Note[2] - The difference between the number of shares per VPS register and the number of outstanding shares is due to 45,342 shares issued to Directors not yet being registered in the VPS register.