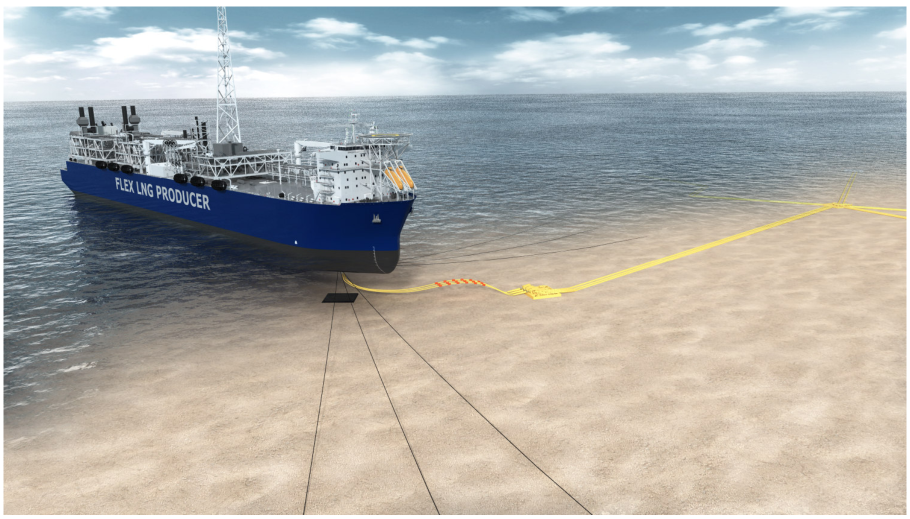
FLEX LNG GROUP



Q3 2010

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

FLEX LNG

BOARD REPORT

Financials, Third Quarter and Year to Date 2010

(Figures in brackets refer to the corresponding period of 2009)

During the third 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 $2.1m ($4.5m) were capitalised on the four units and year to date $10.9m ($19.9m).

The cash balances at 30 September were $13.1m ($21.1m) with $3.7m ($2.5m) net outflow in the quarter and $12.5m ($28.4m) year to date. In the nine months in 2010 the operating cash outflow was $5.9m (principally the operating loss and working capital movements); investing activities outflow $11.0m (capitalised asset costs); and financing activities inflow $4.4m (proceeds from deferred payments to Samsung).

The loss before tax was $3.7m ($2.1m) in the quarter and $8.5m ($7.4m) year to date, with a year to date retained net loss of $8.6m ($7.5m). 2010 has been impacted by a FX revaluation loss on its non USD denominated liabilities and 2009 included an option cost credit following the extension of the expected vesting dates for options and warrants held by staff and founders.

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 November 2010 the Group announced that the talks with an Asian National Oil Company to join a floating liquefaction project had ceased. The Group may look to continue the cooperation it initiated with SAIPEM, in connection with this project, for alternative opportunities.

In June 2009 FLEX Petroleum Limited, a wholly owned subsidiary of FLEX LNG, entered into an option agreement setting out the terms to acquire control of Jersey-based Minza Oil & Gas Limited (“Minza”), additional details in note 5. In Q2 2010 the seismic surveys and interpretation were completed for the “Anita” and “Wombat” structures. Preliminary results support a significant increase in the estimated gas resources of the main Chuditch structure and surrounding structures. Compared to the previous resource estimates the most recent analysis shows a potential increase in the Gas Initially In Place (GIIP) of up to 30-40%. This would bring the estimated GIIP figure for the Chuditch Main, Chuditch West and Wombat structures to a combined total of more than 3 tcf. In 2010 an option period extension was signed to the original option agreement allowing more time to agree terms with a development partner. The option extension period expired in October 2010 and the Company continues discussions with the Seller as to the best way to continue the commercialisation of the gas reserves.

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 December 2010. Under the Principle Agreement with Samsung the resumption notice had to be given by 31 May 2010, see note 9. The Company's decision not to issue any resumption notice by that date, resulted in a right to Samsung to cancel all the four shipbuilding contracts as well as the EPCIC contract for M-FLEX 1, additional details in note 4. Samsung has informed FLEX LNG that it will work with the Group with the aim of amending the terms of the Principle Agreement. In addition Samsung has informed FLEX LNG that it presently has no intention of exercising any right of termination and that the instalment profile needs to be amended and linked to the achievement of FID. This will also include the deferral of the instalments due in December 2010. The Group aims to rearrange its obligations and raise capital, if necessary, to allow the Company more time to achieve a final investment decision for at least one of the LNG Producers. These steps would allow the Group to finance its operations over the year.

The Board believes the going concern position and risks remains as described in the 2009 statutory accounts and as updated by the Q3 financial report.

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Unaudited Interim Financial Report

Condensed Consolidated Income Statement

(Unaudited figures in USD,000)

For the quarter ended 30 September 2010	Unaudited				
	Q3 10	**Q3 09**	**YTD 10**	**YTD 09**	**2009**
Operating revenues	0	0	0	0	0
Total revenue	**0**	**0**	**0**	**0**	**0**
Operating expenses	3,731	2,212	8,507	7,488	10,414
Operating loss before depreciation	**(3,731)**	**(2,212)**	**(8,507)**	**(7,488)**	**(10,414)**
Depreciation	55	50	168	190	250
Operating loss	**(3,786)**	**(2,262)**	**(8,675)**	**(7,678)**	**(10,664)**
Finance income	52	115	202	289	393
Loss before tax	**(3,734)**	**(2,147)**	**(8,473)**	**(7,389)**	**(10,271)**
Income tax expense	30	42	102	82	186
Net loss	**(3,764)**	**(2,189)**	**(8,575)**	**(7,471)**	**(10,457)**
Attributable to:					
Equity holders of the parent	(3,764)	(2,059)	(8,380)	(7,341)	(10,165)
Non-controlling interests	0	(130)	(195)	(130)	(292)
Earnings per share:					
Basic	(0.03)	(0.02)	(0.07)	(0.07)	(0.10)
Diluted	(0.03)	(0.02)	(0.07)	(0.07)	(0.10)

Condensed Consolidated Statement of Comprehensive Income

(Unaudited figures in USD,000)

For the quarter ended 30 September 2010	Unaudited				
	Q3 10	**Q3 09**	**YTD 10**	**YTD 09**	**2009**
Loss for the period	**(3,764)**	**(2,189)**	**(8,575)**	**(7,471)**	**(10,457)**
Exchange differences on translation	36	(221)	(8)	(285)	(291)
Other comprehensive (loss)	36	(221)	(8)	(285)	(291)
Total comprehensive income for the period	**(3,728)**	**(2,410)**	**(8,583)**	**(7,756)**	**(10,748)**
Attributable to:					
Equity holders of the parent	(3,728)	(2,280)	(8,388)	(7,626)	(10,456)
Non-controlling interests	0	(130)	(195)	(130)	(292)

Condensed Consolidated Statement of Financial Position

(Unaudited figures in USD,000)

For the period ended 30 September 2010		Unaudited		
	Note	**YTD 10**	**YTD 09**	**2009**
New build contracts	4	527,303	513,888	516,391
Plant and equipment		305	452	385
Intangible assets	5	35,897	36,399	36,251
Total non-current assets		**563,505**	**550,739**	**553,027**
Other current assets		834	823	925
Cash and cash equivalents	6	13,143	21,120	25,679
Total current assets		**13,977**	**21,943**	**26,604**
TOTAL ASSETS		**577,482**	**572,682**	**579,631**
Share capital		1,130	1,024	1,127
Share premium		552,490	543,408	552,243
Other equity		(22,555)	(14,905)	(16,729)
Equity attributable to equity holders of the parent		531,065	529,527	536,641
Non-controlling interests		32,641	33,771	33,147
Total equity		**563,706**	**563,298**	**569,788**
Other financial liabilities	7	10,791	6,337	6,415
Total non-current liabilities		**10,791**	**6,337**	**6,415**
Current liabilities		2,985	3,047	3,428
Total current liabilities		**2,985**	**3,047**	**3,428**
Total liabilities		**13,776**	**9,384**	**9,843**
TOTAL EQUITY AND LIABILITIES		**577,482**	**572,682**	**579,631**

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Condensed Consolidated Statement of Changes in Equity

(Unaudited figures in USD,000)

For the period ended 30 September 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			(8,380)			**(8,380)**	(195)	**(8,575)**
Other comprehensive income				(8)		**(8)**		**(8)**
Total comprehensive income			(8,380)	(8)		**(8,388)**	(195)	**(8,583)**
Expenses related to share issue		(35)				**(35)**		**(35)**
Exchange adjustments						**0**	(311)	**(311)**
Cost of share-based payment (options / warrants)					2,704	**2,704**		**2,704**
Shares issued	3	282			(285)	**0**		**0**
Cost of share-based payment (shares)					143	**143**		**143**
At 30.09.10	**1,130**	**552,490**	**(32,637)**	**(299)**	**10,381**	**531,065**	**32,641**	**563,706**

For the period ended 30 September 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			(7,341)			(7,341)	(130)	(7,471)
Other comprehensive income				(285)		(285)		(285)
Total comprehensive income			(7,341)	(285)		(7,626)	(130)	(7,756)
On acquisition						0	33,836	33,836
Expenses related to share issue		(9)				(9)		(9)
Exchange adjustments						0	65	65
Cost of share-based payment (options / warrants)					778	778		778
Cost of share-based payment (shares)					95	95		95
At 30.09.09	1,024	543,408	(21,433)	(285)	6,813	529,527	33,771	563,298

Condensed Consolidated Statement of Cash Flows

(Unaudited figures in USD,000)

For the period ended 30 September 2010	Unaudited		
	YTD 10	**YTD 09**	**2009**
Net cash flow from operating activities	(5,909)	(13,115)	(14,820)
Net cash flow used in investing activities	(10,961)	(20,917)	(23,906)
Net cash flow from financing activities	4,342	5,938	15,197
Net cash flow	**(12,528)**	**(28,094)**	**(23,529)**
Net translation effect	(8)	(285)	(291)
Cash balance at beginning of period	25,679	49,499	49,499
Cash balance at end of period	**13,143**	**21,120**	**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 eight 100% owned active subsidiaries and the Company's interest in Minza Oil and Gas Limited. 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 nine months and quarter ended 30 September 2010 were authorised for issue by the board of directors on 25 November 2010.

Note 2: Accounting principles

Basis of preparation

The interim condensed consolidated financial statements for the nine months and quarter ended 30 September 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 and risks are substantially the same as for the preparation of the 2009 accounts and now includes the need to renegotiate the instalment profile with Samsung and the risk of cancellation by Samsung.

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;

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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, Q2 and Q3 2010 the Company issued 814,500, 2,000 and 92,500 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 $1.0m ($0.8m) and $2.7m ($0.8m) year to date, 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 nine months ended 30 September 2010 the Group has capitalised costs of $7.4m ($15.4m) from Samsung, split $5.3m, $1.1m and $1.0m between Q1, Q2 and Q3. In addition $3.5m ($4.5m) of costs incurred directly by the Group have been capitalised in 2010, split $1.4m, $1.0m and $1.1m between Q1, Q2 and Q3. 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 $0.9m is included in the nine months within capitalised costs ($nil).

Note 5: Investment in Minza Oil and Gas Limited

Exploration and acquisition costs in relation to Minza Oil & Gas Limited are $35.9m ($36.4m). The 12 month option period, which expired in H1 2010, has been extended in 2010. The option extension period expired in October 2010 and the Company continues discussions with the Seller as to the best way to continue the commercialisation of the gas reserves. Any subsequent change of control will be accounted for in the Q4 financial report. The valuation of the old and new purchase options has been accounted for on a net basis and no valuation adjustment has been reflected in the period.

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**		
	YTD 10	**YTD 09**	**2009**
Cash at bank and in hand	13,143	21,120	25,679

Note 7: Other financial liabilities

In 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 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 30 September 2010 $3.9m ($3.6m) had been deferred, including interest. In addition certain vendor costs and obligations to Samsung under the EPCIC contract are covered by Samsung. These amounts become payable by the Group not earlier than seven months after the resumption date. At 30 September 2010 it is estimated that $6.7m ($2.4m) 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 ($0.3m) 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 30 September 2010, the Group had capital payment commitments of $2,500m (Hulls - $1,776m vessels 1-4, Topside - $724m vessel 1) with Samsung. The payment profile, based on a 30 June 2010 resumption date would have been: 2010 $143m; 2011 $411m; 2012 $837m; 2013 $404m; and 2014 $705m. Given that the resumption notice has not been issued the profile will need to be updated once the negotiations with SHI are concluded. Included within accruals and other financial liabilities is respectively $1.6m and $10.6m in relation to these commitments, which have yet to be paid. These amounts would increase considerably with the conclusion of three additional EPCIC Topside contracts for vessels two to four. The Group has started discussions with Samsung to vary this payment profile.

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 December 2010. Under the Principle Agreement with Samsung the resumption notice had to be given by 31 May 2010. The Company's decision not to issue any resumption notice by that date, resulted in a right to Samsung to cancel all the four shipbuilding contracts as well as the EPCIC contract for M-FLEX 1. Samsung has informed FLEX LNG that it will work with the Group with the aim of amending the terms of the Principle Agreement. In addition Samsung has informed FLEX LNG that it presently has no intention of exercising any right of termination and that the instalment profile needs to be amended and linked to the achievement of FID. This will also include the deferral of the instalments due in December 2010. The Group aims to rearrange its obligations and to raise capital, if necessary, to allow the Company more time to achieve a final investment decision for at least one of the LNG Producers. 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.

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Note 10: Financing

Instalments payable to Samsung would likely need to be rearranged with Samsung and ultimately 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 $138m in 2010, additional details in note 8. This amount assumes no resumption notice being given.

Note 11: Events after the balance sheet date

Minza Option

The option extension period expired in October 2010 and the Company continues discussions with the Seller as to the best way to continue the commercialisation of the gas reserves. If these discussions do not create a position where the Group has control over Minza the disposal will be accounted for in the Q4 2010 financial report.

Note 12: Key Figures

	YTD 10	YTD 09	2009
No. of shares outstanding	113,043,243	102,364,371	112,746,190
No. of shares fully diluted	123,767,198	112,350,826	122,712,645
Average no. of outstanding shares	112,915,135	102,364,371	104,213,188
Share price (NOK)	3.95	5.00	6.10
Market capitalisation (NOK'm)	447	512	688

Shareholders

The 10 main shareholders at 30.09.10 are:

Share holder:	Number of shares:	Ownership interest:
KAWASAKI KISEN KAISHA LTD	16,957,416	15.0%
JP MORGAN CLEARING CORP.[1]	14,469,310	12.8%
STATE STREET BANK AND TRUST CO.[1]	13,486,167	11.9%
JP MORGAN CHASE BANK[1]	6,168,638	5.5%
B SCHULTE INVESTMENT HOLDING	5,666,019	5.0%
BANK OF NEW YORK MELLON SA/NV	4,309,507	3.8%
GOLDMAN SACHS INT. - EQUITY[1]	3,179,834	2.8%
BROWN BROTHERS HARRIMAN & CO	3,068,890	2.7%
MORGAN STANLEY & CO INTERNAT. PLC[1]	3,032,045	2.7%
JP MORGAN CLEARING CORP. [1]	3,015,033	2.7%
OTHER	39,690,384	35.1%
Per VPS register	113,043,243	100.0%

Note[1] - Nominee account.