

Frontline Ltd., Bermuda Interim Report January - March 2001

FIRST QUARTER RESULTS

Frontline reports net income of \$161.7 million for the first quarter of 2001, compared with net income of \$1.0 million for the first quarter of 2000. This result reflects the strong tanker market that continued from the latter half of 2000 into the early part of 2001, combined with a full quarter's contribution from the inclusion of the Golden Ocean fleet. Earnings before interest, tax, depreciation and amortisation (EBITDA) for the quarter, including earnings from associated companies were \$196.6 million (2000 quarter: \$41.1 million). The average daily time charter equivalents ("TCEs") earned by the VLCCs, Suezmax tankers, and Suezmax OBO carriers trading in the spot market were \$62,100, \$43,000 and \$39,400, respectively.

Net interest expense for the quarter was \$22.2 million (2000 quarter: \$20.0 million), as a result of higher debt balances due to the increased fleet offset by lower average interest rates and higher cash balances. The Company recorded an unrealised foreign currency exchange gain of \$22.3 million relating to the revaluation of Yen debt in certain Golden Ocean subsidiaries. The Company changed accounting treatment for interest hedging instruments as from year 2001. This implies that the interest rate swaps are marked to market at balance sheet date. For the quarter this led to a loss of \$4.7 million booked under other financial items.

Earnings per share for the quarter were \$2.10, (2000 quarter: \$0.02). The weighted average number of shares outstanding for the quarter was 77,110,351, and 76,919,205 shares were outstanding at March 31, 2001 (as at March 31, 2000, shares outstanding were 68,811,860 and the weighted average number of shares outstanding for the quarter then ended: 63,981,091). Cash flow per share for the quarter was \$2.48, compared with \$0.32 for the same quarter in 2000.

The Board has based on the results achieved in the first quarter and the Company's strong liquidity position decided to pay a dividend of USD 1.00 per share. The dividend becomes payable to shareholders on record as of 21 May, 2001.

THE MARKET

After a very strong finish of the year 2000, tanker rates slowed down somewhat in the first quarter of 2001 as a result of seasonally lower demand and OPEC's production cut in February. In spite of the decline in activity tanker rates stayed healthy through the quarter as the overall supply of tankers and demand for crude oil transportation remain in balance. The trend towards higher quality awareness among users of tanker tonnage continues to favor owners of modern tonnage.

In spite of the strong market a total of 5 VLCCs and 7 Suezmaxes were removed from trading in the quarter either through scrapping or as they were converted for off-shore purposes. 6 VLCCs and 5 Suezmaxes were delivered from shipyards in the period.

The prices for second-hand vessels have been stable so far this year, while the price level for newbuildings has strengthened as a function of a tight yard situation.

CORPORATE AND OTHER MATTERS

In February 2001, Frontline entered into five newbuilding contracts. Two Suezmaxes were ordered with the Sasebo Shipyard in Japan for delivery in August and October 2001, and three VLCCs were ordered with Hitachi for delivery in April, August and October 2002. The total newbuilding project will have a cost of approximately \$330 million.

In March 2001, Frontline entered into Memoranda of Agreement to sell the two 1993-built VLCCs, Front Tartar and Front Tarim, at an agreed total sales price of \$104 million. The Front Tartar was delivered to the purchaser on April 24, 2001 and the Front Tarim on April 26, 2001. The Company considers these sales as an important part of its fleet renewal strategy, and the decision shall be seen against the newbuilding commitments described above.

In the first quarter of 2001 the Company bought back and cancelled 1,387,300 of its own shares pursuant to a current Board authority to acquire up to 5,000,000 shares. The average price paid for the shares was \$13.15. The Board remains of the opinion that during this period the Frontline share has been undervalued and considers this share buyback exercise as an effective way to increase shareholder value. A total of 1,639,454 warrants were exercised during the quarter and converted into 163,944 shares. Currently there are warrants outstanding to acquire up to 2,184,621 shares. All outstanding warrants expire on May 11, 2001.

On April 23, 2001 the Company announced that it was making an offer for the outstanding shares of the Oslo listed Mosvold Shipping Ltd. ("Mosvold") and on April 27, 2001, Frontline submitted the formal offer document to the Oslo Stock Exchange. The offer expires May 11, and has certain restrictions attached. Mosvold has two 1974-built VLCCs and three VLCC newbuilding contracts with deliveries scheduled for November 2001, August 2002 and July 2003. The offer price values Mosvold at approximately \$46 million. At May 8, 2001 Frontline holds 20.5% of the shares in Mosvold.

Frontline's wholly owned subsidiary, Golden Ocean, agreed in May to a settlement with certain parties, in order to formally take over 5 VLCCs for which Golden Ocean had purchase options. Two of these vessels are employed through a market related bare boat charter arrangement with Shell. One vessel is fixed to Arcadia for another 14 months at a TCE of \$40,000 per day. The two last vessels are trading spot. Frontline controls several debt instruments related to these vessels. These instruments will likely be converted to equity, and will together with bank refinancing of the vessels make up most of the

financing needed to acquire the vessels. The total cost for the 5 vessels excluding any allocation for the overall acquisition cost for Golden Ocean amounts to less than \$320 million. This is more than \$75 million lower than the assessed market values of the vessels. The Board expects that the inclusion of the five vessels in Frontline's Profit and Loss statement will significantly improve earnings and cash flow per share.

The plans to list the Company's shares at New York Stock Exchange are progressing as planned. The Board anticipates the Company's shares to be listed in July this year after the existing ADR programme has been terminated.

OUTLOOK

The seasonal slowdown in the market created by refinery overhaul and reduced OPEC production has led to lower rates for May fixtures. The Board expects tanker rates to firm again in the summer when oil production is anticipated to increase. It is likely that the OPEC production in the fourth quarter will be at least 2 million barrels higher than the current levels. This will lead to an improvement in the supply / demand balance and result in increased freight rates.

The new rules that were agreed at IMO's recent meeting will, lead to phase-out of more than 30% of the existing Suezmax and VLCC fleet before 2006. Currently the order book comprises 67 Suezmaxes and 92 VLCCs and shipyard capacity for deliveries before 2004 is very limited, which points towards a positive market development in coming years.

Frontline will still after the dividend payment of \$1.00 per share have a strong liquidity position and will consider new investments and continued buyback of shares. The Board has in order to facilitate such buyback agreed to increase the existing authorization to buy back shares from 5,000,000 shares up to 7,500,000 shares. To date 3,107,145 shares have been acquired under the authorization.

Frontline has so far in the second quarter averaged TCE rates of \$52,000 for the VLCCs and \$39,000 for the Suezmaxes. It is likely that the net income before currency effects and sales profit for the second quarter will be lower than for the first quarter. The second quarter results will include a sales profit of \$15 million linked to the sale of Front Tarim and Front Tartar.

With the outlook for a significantly increased OPEC production in the second half of the year, combined with the increased fleet, the Board is confident that the full year net income before currency effects and sales profits will be significantly higher than the comparable \$298 million the Company made in 2000.

May 8, 2001
The Board of Directors
Frontline Ltd.
Hamilton, Bermuda

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FRONTLINE GROUP FIRST QUARTER REPORT (UNAUDITED)

INCOME STATEMENT <i>(in thousands of \$)</i>	2001 Jan-Mar	2000 Jan-Mar	2000 Jan-Dec
Freight revenues	244,465	94,655	697,260
Voyage expenses	(22,373)	(25,510)	(97,316)
Net operating revenues	222,092	69,145	599,944
Gain (loss) from sale of assets	717	463	1,160
Ship operating expenses	26,077	18,772	88,455
Charterhire expenses	10,547	8,181	34,351
Administrative expenses	3,495	2,203	9,326
Operating income before depreciation and amortisation	182,690	40,452	468,972
Depreciation and amortisation	29,323	19,689	92,880
Operating income (loss) after depreciation and amortisation	153,367	20,763	376,092
Interest income	4,592	697	6,858
Interest expense	(26,769)	(20,704)	(96,174)
Share of results from associated companies	13,860	693	12,817
Other financial items	(4,215)	(214)	248
Foreign currency exchange gain	22,321	(221)	14,563
Income (loss) before taxes and minority interest	163,156	1,014	313,908
Minority interest	(1,431)	-	-
Taxes	-	-	41
Net income after tax	161,725	1,014	313,867
Earnings per Share (\$)	\$2.10	\$0.02	\$4.28

Income on timecharter basis (\$ per day per ship)*			
VLCC	62,100	21,300	46,300
Suezmax	43,000	20,300	35,500
Suezmax OBO	39,400	18,900	33,300

* Basis = Calendar days minus off-hire. Figures after deduction of broker commission

BALANCE SHEET <i>(in thousands of \$)</i>	2001 Mar 31	2000 Mar 31	2000 Dec 31
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	212,678	86,056	116,094
Marketable securities	798	17,463	4,045
Other current assets	127,024	57,861	172,840
<i>Long term</i>			
Newbuildings and vessel purchase options	57,664	12,119	36,326
Vessel and equipment, net	2,436,816	1,601,976	2,363,308
Investment in associated companies	40,824	6,025	27,361
Goodwill	14,237	12,030	12,785
Deferred charges and other long-term assets	44,206	5,079	46,628
Total assets	2,934,247	1,798,609	2,779,387
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term interest bearing debt	227,482	157,054	212,767
Other current liabilities	62,976	42,868	77,623
<i>Long term</i>			
Long term interest bearing debt	1,352,811	956,221	1,331,372
Other long term liabilities	112,960	20,867	123,665
Minority interest	7,501	4,372	4,470
Stockholders' equity	1,170,517	617,227	1,029,490
Total liabilities and stockholders' equity	2,934,247	1,798,609	2,779,387

UNAUDITED FIRST QUARTER SUPPLEMENTARY INFORMATION

SELECTED FINANCIAL DATA <i>(in thousands of \$)</i>	Frontline Jan-Mar 2001	Golden Ocean Jan-Mar 2001
Net operating revenues	199,056	23,036
Operating income before depreciation and amortisation	165,694	16,996
Depreciation and amortisation	23,978	5,345
Operating income after depreciation and amortisation	141,716	11,651
Interest income	5,670	258
Interest expense	(22,130)	(5,974)
Share of results from associated companies	372	13,488
Other financial items	(4,215)	-
Foreign currency exchange gain	(470)	22,791
Net income before taxes and minority	120,943	42,214
Total current assets	333,953	17,178
Vessels and equipment (including options and vessels under capital lease)	2,003,981	462,543
Total assets	2,462,910	541,640
Total current liabilities	248,066	48,388
Total liabilities	1,359,596	460,131
Total stockholders' equity	1,103,314	81,509

Frontline Ltd.

<i>Vessel</i>	<i>Manager</i>	<i>Flag</i>	<i>Built</i>	<i>Dwt</i>	<i>Yard</i>
<i>Suezmax Tankers</i>					
Polytrader (40%)	Rasmussen MS	NOR	1978	126 000	Uddevalla
Polytraveller (35%)	Rasmussen MS	NOR	1979	126 000	Uddevalla
Front Birch	Acomarit	NIS	1991	152 000	Daewoo
Front Maple	Acomarit	NIS	1991	152 000	Daewoo
Granite	Wallem	BS	1991	142 000	Split
Lillo	ITM	LIB	1991	147 253	AESA
Front Emperor	Acomarit	SING	1992	147 273	AESA
Front Sunda	Wallem	NIS	1992	142 000	Split
*Marble (0%)	Wallem	BS	1992	142 000	Split
Front Comor	Wallem	NIS	1993	142 000	Split
Front Spirit	Acomarit	NIS	1993	147 273	AESA
Front Pride	Acomarit	NIS	1993	149 686	Mitsui
Front Splendour	Acomarit	NIS	1995	149 745	Mitsui
Front Glory	Acomarit	NIS	1995	149 834	Mitsui
Front Ardenne	V.Ships	NIS	1997	153 000	Hyundai
Front Brabant	V.Ships	NIS	1998	153 000	Hyundai
Front Fighter	V.Ships	NIS	1998	153 328	Hyundai
Front Hunter	V.Ships	NIS	1998	153 344	Hyundai
Front Warrior	Cardston/V.Ships	BS	1998	153 409	Hyundai
Kim Jacob (T/C)	V.Ships	SING	1998	158 000	Daewoo
Mindanao	V.Ships	SING	1998	158 000	Daewoo
Front Sky	V.Ships	NIS	2000	159 999	Hyundai
Front Archer	Farsund	NIS	2000	152 980	Hyundai
Front Sun	V.Ships	NIS	2000	159 998	Hyundai
*Sonangol Girassol (0%)	Wallem	BS	2000	158 000	Daewoo
*Sonangol Luanda (0%)	Wallem	BS	2000	158 000	Daewoo
*Sonangol Kizomba (0%)	Wallem	BS	2001	158 000	Daewoo
Hull No. S477			aug.01	150 000	Sasebo
Hull No. S478			okt.01	150 000	Sasebo
<i>Suezmax OBOs</i>					
Front Breaker	ITM	NIS	1991	169 177	Daewoo
Front Climber	Acomarit	SING	1991	169 178	Hyundai
Front Driver	Acomarit	NIS	1991	169 177	Hyundai
Front Guider	Acomarit	SING	1991	169 142	Daewoo
Front Leader	Acomarit	SING	1991	169 381	Daewoo
Front Rider	Acomarit	SING	1992	169 718	Hyundai
Front Striver	Acomarit	SING	1992	169 204	Daewoo
Front Viewer	ITM	SING	1992	169 381	Daewoo
<i>VLCCs</i>					
Front Sabang	Wallem	SING	1990	285 000	Daewoo
Vanadis	Wallem	SING	1990	285 000	Daewoo
Front Highness	Acomarit	SING	1991	284 420	Hyundai
Front Lady	Acomarit	SING	1991	284 420	Hyundai
Front Lord	Acomarit	SING	1991	284 420	Hyundai
Front Duke	Acomarit	SING	1992	284 420	Hyundai
Front Duchess	Acomarit	SING	1993	284 480	Hyundai
Front Ace	Wallem	LIB	1993	275 000	Hitachi
Front Tobago (40%)	V.Ships	LIB	1993	260 619	IHI

Dundee (50.1%)	ITM	LIB	1993	302 432	Daewoo
Edinburgh (50.1%)	ITM	LIB	1993	302 493	Daewoo
Front Century	Cardston/ITM	BS	1998	311 189	Hyundai
Front Champion	Cardston/ITM	BS	1998	311 286	Hyundai
Front Chief	ITM	BS	1999	311 224	Hyundai
Front Commander	Acomarit	BS	1999	311 168	Hyundai
Front Crown	Acomarit	BS	1999	311 176	Hyundai
Front Tina	V.Ships	LIB	2000	298 500	Kawasaki
Hull No. 4978			apr.02	298 500	Hitachi
Hull No. 4979			aug.02	298 500	Hitachi
Hull No. 4980			okt.02	298500	Hitachi

* Vessels commercially managed by Frontline Management AS

Golden Ocean

<i>Vessel</i>	<i>Manager</i>	<i>Flag</i>	<i>Built</i>	<i>Dwt</i>	<i>Yard</i>
Drybulk					
Golden Protea	Wallem	PH	1998	45 725	Tsuneishi
Golden Aloe	Wallem	PH	1998	45 726	Tsuneishi
Cos Hero	Cosco (b/b)	PH	1999	45 725	Tsuneishi
Golden Daisy (50%)	Samartzis	PH	1998	47 183	Oshima
Golden Rose (50%)	Samartzis	PH	1998	47 183	Oshima
Golden Disa	Wallem	PH	1999	75 462	Hitachi
Golden Nerina	Wallem	PH	1999	75 484	Hitachi
Channel Alliance	Wallem	PH	1996	171 978	NKK
Channel Navigator	Wallem	PH	1997	172 058	NKK
Channel Poterne	Wallem	PH	1997	172 091	NKK
VLCCs					
Golden Stream	Thome	PA	1995	275 616	Hitachi
Golden Fountain (50%)	Thome	PA	1995	301 665	Hitachi
Navix Astral	Sammy (b/b)	PA	1996	275 644	Hitachi
New Vanguard	Ming Wah (b/b)	HK	1998	300 058	Hitachi
New Vista	Ming Wah (b/b)	HK	1998	300 149	Hitachi
Golden Victory	Thome	PA	1999	305 155	Hitachi
New Circassia (50%)	Euronav (b/b)	PA	1999	306 009	MHI
Pacific Lagoon (45%)	Thome	PA	1999	305 839	MHI
Opalia	Shell (b/b)	IoM	1999	302 193	KHI
Stena Commerce	Stena	PA	1999	300 144	Hitachi
Stena Comanche	Stena	PA	1999	300 133	Hitachi
Stena Commodore	Stena	BER	2000	298 620	Hitachi
Oscilla	Shell (b/b)	IoM	2000	302 193	KHI