

Frontline Ltd. Bermuda Interim Report April - June 2001

- Frontline reports second quarter EBITDA of \$163.9 million and net income of \$107.7 million.
- Second quarter earnings per share \$1.40, Cashflow per share \$1.80.
- The Board declares \$0.40 per share dividend for second quarter. Record date is 23 August 2001.

SECOND QUARTER AND SIX MONTH RESULTS

Frontline reports net income of \$107.7 million in the second quarter of 2001. This compares with net income of \$34.7 million in the second quarter of 2000. Earnings before interest, tax, depreciation, and amortisation (EBITDA) for the quarter, including earnings from associated companies were \$163.9 million, compared with \$77.6 million for the 2000 period. Included in EBITDA for the second quarter of 2001 is a gain on the sale of assets of \$16.0 million, arising on the sale of two 1993-built VLCCs. The average daily time charter equivalents (“TCEs”) earned by the VLCCs, Suezmax tankers, and Suezmax OBO carriers were \$51,400, \$36,500 and \$33,400, respectively, (2000 - \$36,100, \$27,700 and \$26,800, respectively). Total operating costs and depreciation expense have increased due to fleet expansion. In addition, four vessels were drydocked in the second quarter.

Net other expenses for the quarter were \$21.2 million (2000 - \$22.3 million), a reduction due to the benefit of lower interest rates in the 2001 quarter. The strengthening of the Yen against the US Dollar in the second quarter of 2001 has resulted in the Company recording an unrealised foreign currency exchange loss of \$3.4 million primarily relating to the revaluation of Yen debt in certain Golden Ocean subsidiaries. For the 2001 year to date there is an unrealised foreign currency gain of \$19.0 million. There is a similar foreign currency impact on the share of results from associated companies.

On 13 August 2001 the Board has declared a dividend of \$0.40 per share for second quarter. The record date for the dividend is 23 August 2001, and ex dividend date is 21 August 2001. The dividend is to be paid on or about 5 September 2001.

Basic earnings per share for the quarter were \$1.40 (2000 – \$0.49). Cashflow per share for the quarter was \$1.80, compared with \$0.78 for the same quarter in 2000.

For the first six months of 2001, the Company earned net income of \$265.5 million (2000 - net income of \$35.7 million) and EBITDA of \$356.6 million (2000 - \$118.8 million). The average daily TCEs earned by the VLCCs, Suezmax tankers, and Suezmax OBO carriers were \$56,600, \$39,800 and \$36,500 respectively.

Net other expenses for the first half of 2001 were \$47.6 million (2000 - \$42.5 million). Earnings per share for the 2001 year to date were \$3.45 (2000 - \$0.53) and cashflow per share was \$4.23 (2000 - \$1.13).

THE MARKET

Tanker rates for the second quarter were healthy, albeit on a falling trend which continued into the third quarter. The rate decline is mainly explained by a reduced demand growth as a result of a combination of seasonally lower consumption and a slowdown in world economy. In addition market psychology, influenced by OPEC quota cuts and temporary halts to Iraqi exports, has led weaker tanker owners to accept lower rates than actually motivated by the supply and demand balance for tankers. The crude tanker fleet has been level through the first half of the year and newbuilding deliveries have been matched by scrapping of older vessels in the first part of the year. 20 VLCCs and 12 Suezmaxes have been delivered and 21 VLCCs and 15 Suezmaxes have been scrapped or otherwise removed from trading so far in 2001.

CORPORATE AND OTHER MATTERS

Frontline's wholly-owned subsidiary, Golden Ocean, agreed in May 2001 to a settlement with certain parties in order to acquire five VLCCs over which Golden Ocean had purchase options. In May and June, the Company took delivery of three of these VLCCs. One of these VLCCs is on time charter to Arcadia until mid 2002 at a TCE of approximately \$40,000 per day. The other two vessels have been employed in the Tankers International Pool. In mid July the fourth VLCC was delivered to the Company and is trading under a market related bareboat charter to Shell.

In April 2001, the previously announced sales of the 1993-built VLCCs, Front Tarim and Front Tartar were concluded and the vessels delivered to the buyer.

In June 2001, the Company announced the acquisition of four new double-hulled VLCCs from Bergesen D.Y. ASA in a joint venture together with Overseas Shipholding Group, Inc. and Euronav Luxembourg S.A. Two of the vessels are newbuildings scheduled for delivery in February and July 2002. The other two vessels, built in 2001, were delivered to the joint venture in July 2001 and are employed in the Tankers International Pool. Frontline, OSG and Euronav have also entered into an agreement with Bergesen to acquire a further two 2000 built VLCCs subject to existing charterers' approval.

In April 2001, the Company made an offer for the outstanding shares of Mosvold Shipping Ltd. ("Mosvold") and by the end of May 2001 had acquired over 97 per cent of Mosvold. On July 25, 2001 Frontline announced its intention to exercise its right of compulsory acquisition of the remaining outstanding shares in Mosvold. Mosvold has three VLCC newbuilding contracts with deliveries scheduled for November 2001, August 2002 and July 2003. In addition, Mosvold had two 1974-built VLCCs, one of which was subsequently sold in July 2001.

During the second quarter of 2001 the Company issued a total of 293,361 shares in connection with the exercise of warrants and employee share options. The remaining warrants were due to elapse on 11 May 2001. The Company acquired 20,650,619 warrants in the final days, while 1,101,721 warrants expired. The Company has currently no warrants outstanding. The Company also bought back and cancelled a total of 300,000 of its own shares, pursuant to a current Board authority to acquire up to 7,500,000 shares. At June 30, 2001, 76,912,566 shares were outstanding and the weighted average number of shares outstanding for the quarter was 76,943,910 (as at June 30, 2000, 78,769,360 and for the quarter then ended - 71,434,745).

On August 3, 2001, the Company delisted its American Depositary Receipts (“ADRs”) from the Nasdaq National Market and ADRs transmitted to the Company’s Exchange Agent by that date were converted to ordinary shares. On August 6, 2001 the Company’s ordinary shares were listed and began trading on the New York Stock Exchange. Holders of ADRs that were not converted by August 3, 2001 are directed to contact the Bank of New York, Depository of the ADR Program, if they wish to convert their ADRs to ordinary shares that can be traded on the New York Stock Exchange.

Frontline’s subsidiary, ICB Shipping AB, has received a negative judgement in an ongoing Swedish legal case. The judgement, which is SEK 92 million (approximately \$8.2 million), is related to the tax treatment of certain transactions carried through by ICB in 1990. The former Board of ICB has earlier stated with support by legal opinions, that there is no basis for this tax claim. Frontline will on this basis vigorously fight the case and has decided to appeal it. No accounting set off for the case will be made before the result of the appeal becomes clear.

OUTLOOK

The Board expects the current lower rates will continue at least through August but that the tanker market will strengthen considerably in the autumn and winter. OPEC has advised that it will consider further quota reductions in September. In second half of 2000 OPEC produced on average 28.8 million barrels per day. If the quota reduction becomes effective in September and lasts through the year the average production for second half 2001 will be approximately 26.5 million barrels. The worldwide storage as of 30 June was estimated to be only 127 million barrels higher than a year ago. Based on these numbers it is likely that the OPEC production will have to be increased again in the latter part of the year. We believe that the balance between supply and demand in the tanker market requires only a relatively modest increase in transportation requirements to create room for a substantial increase in tanker rates.

The Company is likely to continue its buyback of shares under its current authorisation. In addition to the buyback the Board will seek to establish dividend payment on a regular basis. Through a high regular payout ratio the Board expects to broaden the investment communities’ interest in cyclical shipping shares.

The Company expects that net income before currency effects and sales profit will decline in third quarter due to lower rates earned by both VLCCs and Suezmaxes. Third quarter results will include the gain on the sale of the vessel Front Archer.

FORWARD LOOKING STATEMENTS

This press release contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including Frontline management's examination of historical operating trends. Although Frontline believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, Frontline cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Important factors that, in the Company's view, could cause actual results to differ materially from those discussed in this press release include the strength of world economies and currencies, general market conditions, including fluctuations in charterhire rates and vessel values, changes in demand in the tanker market, as a result of changes in OPEC's petroleum production levels and world wide oil consumption and storage, changes in the Company's operating expenses, including bunker prices, drydocking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by the Company with the United States Securities and Exchange Commission.

August 13, 2001
The Board of Directors
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FRONTLINE GROUP SECOND QUARTER REPORT (UNAUDITED)

2000 Apr-Jun	2001 Apr-Jun	INCOME STATEMENT (in thousands of \$)	2001 Jan-Jun	2000 Jan-Jun	2000 Jan-Dec (audited)
108,951	195,206	Net operating revenues	417,298	178,096	599,944
-	16,008	Gain from sale of assets	16,725	463	1,160
21,245	33,148	Ship operating expenses	59,225	40,017	88,455
8,453	10,508	Charterhire expenses	21,055	16,634	34,351
3,005	5,961	Administrative expenses	9,456	5,208	9,326
76,248	161,597	Operating income before depreciation and amortisation	344,287	116,700	468,972
21,041	30,610	Depreciation and amortisation	59,933	40,730	92,880
55,207	130,987	Operating income after depreciation and amortisation	284,354	75,970	376,092
804	3,301	Interest income	7,893	1,501	6,858
(23,131)	(24,528)	Interest expense	(51,297)	(43,835)	(96,174)
1,374	2,352	Share of results from associated companies	12,312	2,067	12,817
33	29	Other financial items	(4,186)	(181)	(248)
380	(3,355)	Foreign currency exchange gain (loss)	18,966	159	14,563
34,667	108,786	Income before taxes and minority interest	268,042	35,681	313,908
-	(1,095)	Minority interest	(2,526)	-	-
-	-	Taxes	-	-	41
34,667	107,691	Net income	265,516	35,681	313,867
\$0.49	\$1.40	Earnings per Share (\$)	\$3.45	\$0.53	\$4.28

		Income on timecharter basis (\$ per day per ship)*			
36,100	51,400	VLCC	56,600	29,000	46,300
27,700	36,500	Suezmax	39,800	24,300	35,500
26,800	33,400	Suezmax OBO	36,500	22,800	33,300

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

BALANCE SHEET (in thousands of \$)	2001 Jun 30	2000 Jun 30	2000 Dec 31 (audited)
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	135,947	106,939	116,094
Marketable securities	947	17,116	4,045
Other current assets	118,956	89,201	172,840
<i>Long term</i>			
Newbuildings and vessel purchase options	105,988	-	36,326
Vessel and equipment, net	2,573,160	1,800,842	2,363,308
Investment in associated companies	39,995	6,783	27,361
Goodwill	11,285	11,857	12,785
Deferred charges and other long-term assets	40,132	18,819	46,628
Total assets	3,026,410	2,051,557	2,779,387
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term interest bearing debt	245,794	131,379	212,767
Other current liabilities	74,280	46,271	77,623
<i>Long term</i>			
Long term interest bearing debt	1,395,391	1,091,065	1,331,372
Other long term liabilities	123,429	20,611	123,665
Minority interest	9,748	4,372	4,470
Stockholders' equity	1,177,768	757,859	1,029,490
Total liabilities and stockholders' equity	3,026,410	2,051,557	2,779,387

UNAUDITED SIX MONTHS SUPPLEMENTARY INFORMATION

SELECTED FINANCIAL DATA <i>(in thousands of \$)</i>	Frontline Jan-Jun 2001	Golden Ocean Jan-Jun 2001
Net operating revenues	373,923	43,375
Operating income before depreciation and amortisation	313,142	31,145
Depreciation and amortisation	49,936	10,691
Operating income after depreciation and amortisation	263,206	20,454
Interest income	9,067	1,245
Interest expense	(42,666)	(11,050)
Share of results from associated companies	2,229	10,083
Other financial items	(4,186)	-
Foreign currency exchange gain (loss)	(751)	19,717
Income before taxes and minority interest	226,898	40,449
Total current assets	243,786	12,064
Vessels and equipment (including options and vessels under capital lease)	2,221,573	457,575
Total assets	2,562,700	531,353
Total current liabilities	279,425	44,263
Total liabilities	1,154,239	414,568
Total stockholders' equity	1,119,288	72,522