

FRONTLINE LTD.

INTERIM REPORT OCTOBER – DECEMBER 2001

FOURTH QUARTER AND FINANCIAL YEAR 2001 RESULTS

Frontline reports earnings before interest, tax, depreciation, and amortisation including earnings from associated companies (EBITDA) of \$69.5 million and net income of \$43.7 million for the fourth quarter of 2001. Basic earnings per share for the quarter were \$0.57 and cashflow per share for the quarter was \$0.99. The average daily time charter equivalents (“TCEs”) earned by VLCCs, Suezmax tankers, and Suezmax OBO carriers were \$19,900, \$20,600 and \$20,300, respectively, down from \$30,800, \$23,100 and \$23,000, respectively in the immediately preceding quarter.

Net interest expense for the quarter was \$18.1 million (2000 - \$25.0 million). This compares with \$19.7 million the third quarter of 2001. The decrease primarily reflects lower interest rates in the fourth quarter. Other financial items for the quarter were positive \$5.9 million of which \$1.8 million is attributable to the market value adjustment on interest rate swaps and \$4.4 million the Equity Swap Line discussed below. In the fourth quarter of 2001 the Yen weakened significantly against the US Dollar, resulting in an unrealised foreign currency exchange gain of \$19.0 million primarily relating to the revaluation of Yen debt in certain subsidiaries. There is a similar foreign currency impact on the share of results from associated companies due to the revaluation of Yen debt within certain of these companies.

On February 25, 2002, the Board declared a dividend of \$0.20 per share for the fourth quarter. The record date for the dividend is March 13, 2002, and ex dividend date is March 8, 2002. The dividend is to be paid on or about March 20, 2002.

For the year ended December 31, 2001, the Company has EBITDA of \$528.8 million and net income of \$382.7 million. This net income includes \$32.3 million relating to the cumulative effect of the change in the accounting policy for drydockings that was implemented in the third quarter of 2001. These results compare with EBITDA of \$481.8 million and net income of \$313.9 million for the year ended December 31, 2000. The average daily time charter equivalents (“TCEs”) earned by VLCCs, Suezmax tankers, and Suezmax OBO carriers for the year 2001 were \$40,800, \$30,700 and \$28,900, respectively.

Net interest expense for 2001 was \$78.8 million (2000 - \$89.3 million). This decrease reflects the benefit of lower interest expense on debt as interest rates fell during 2001 and increased interest income arising from higher average cash balances. Other financial items for 2001 were negative \$5.7 million which is attributable to the market value adjustment on interest rate swaps following the adoption of FAS 133 on January 1, 2001. This is partly offset by the effect of the Equity Swap Line mentioned above. For the full year 2001 there is an unrealised foreign currency gain of \$28.3 million due to the Yen depreciation discussed above. There is a similar foreign currency impact on the share of results from associated companies due to the revaluation of Yen debt within certain of these companies. Earnings per share for the year 2001 year were \$4.99 (2000 – \$4.28) and cashflow per share was \$6.58 (2000 - \$5.53).

THE MARKET

After a strong period through the year 2000 and early 2001, tanker rates started to decline towards the end of April 2001. With the exception of an upturn in September and October, the market in second half of 2001 was relatively weak and the year ended with VLCC rates below \$20,000 per day compared to rates of above \$60,000 at the start of the year. Suezmax rates followed approximately the same trend but did better overall in relative terms in the latter part of the year.

The declining rates are explained by a general economic slowdown in the world economy. Lower oil consumption led OPEC producers to cut production quotas with the aim of maintaining crude oil prices. Quota cuts, a large part of which are absorbed by Middle East OPEC producers, resulted in lower demand for transportation, especially out of the Middle East Gulf, which disfavoured the VLCCs. As a result of the weak tanker market development, removal from the fleet of old tonnage accelerated in autumn 2001 and a total of 40 UL/VLCCs and 31 Suezmaxes were reported scrapped, sold for conversion or lost in the year. This trend continues in early 2002 and to date, eleven UL/VLCCs and four Suezmaxes have been removed from the fleet. Ordering of newbuildings has come to a halt but the order books still record more than 80 VLCCs and more than 60 Suezmaxes, mainly for delivery in the period to early 2004.

CORPORATE AND OTHER MATTERS

In the fourth quarter of 2001, the Company sold and leased back three of its VLCCs, Front Chief, Front Crown and Front Commander. This transaction generated net cash of \$124 million for the Company. The leases of the vessels are being accounted for as capital leases with the vessels and the corresponding lease obligations being recognised on the Company's balance sheet. The gain on the sale of the vessels of approximately \$7.4 million is being amortised over the period of the leases. Bank financing of \$112 million was repaid in connection with the sale of these vessels. Also in the fourth quarter the Company repaid \$26 million due on its commercial paper programme.

In October 2001, the Company took delivery of a newbuilding Suezmax, Front Symphony. This vessel has been financed by traditional bank financing. During the period the Company further secured committed financing for six of the eight remaining VLCCs to be delivered under its newbuilding programme. The two vessels outstanding are due for delivery late this year and during the summer of 2003.

In the fourth quarter of 2001, seven companies, each either a joint venture by, or a subsidiary of, Golden Ocean Group Limited, itself a non-recourse subsidiary of Frontline, were transferred to the direct ownership of Frontline Ltd. These companies own a total of six VLCCs and one option to acquire a VLCC. The sales price for the transfers was determined using fair values, including independent broker valuations.

At December 31, 2001, 76,407,566 ordinary shares were outstanding and the weighted average number of shares outstanding for the quarter was 76,407,566 (as at December 31, 2000, 78,068,811 and for the quarter then ended – 79,218,871). During 2001, the Company has bought back and cancelled 2,207,300 of its own shares and has issued 546,055 shares in connection with the exercise of employee share options and the conversion of warrants. In September 2001, the Company established a Stock Indexed Total Return Swap Programme (or Equity Swap Line) with The Bank of Nova Scotia Group ("Scotia") and Scotia had by year-end acquired 2,100,000 Frontline shares.

OUTLOOK

With no signs of an immediate recovery in the global economy, the expectations for the tanker market's performance in the first half of 2002 are necessarily low. As a consequence, we believe active scrapping of older tonnage will continue. The older vessels do not cover their operating costs at current rates and, as modern tonnage has become more available, older tonnage suffers extended waiting periods before getting employment, which further reduces income. Continued scrapping of older tonnage is a prerequisite for balance of supply since the newbuilding delivery program for 2002 comprises 40 VLCCs and 24 Suezmaxes, mainly with delivery scheduled for the second half of the year.

Leading economic indicators point towards a recovery in the second half of the year and as a consequence oil consumption is expected to increase. The current low OPEC production is probably not sustainable and call on OPEC oil is likely to increase in the second half of the year.

Overall, the Board is cautiously optimistic and expects an improved tanker market in the second half of the year. The Board also wants to remind shareholders that, due to an extensive savings program, which has been in place for several years now and due to low interest rates, the break-even rates for Frontline's fleet are low. Profit and loss breakeven for our VLCCs is currently about \$21,100 per day and for the Suezmaxes is \$13,400 per day.

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.

February 25, 2002
The Board of Directors
Frontline Ltd.
Hamilton, Bermuda

Questions should be directed to:

Contact: Tor Olav Trøim: Director and Vice-President, Frontline Ltd
+47 23 11 40 00

Ola Lorentzon, Managing Director, Frontline Management AS
+47 23 11 40 00

Tom E. Jebsen: Chief Financial Officer, Frontline Management AS
+47 23 11 40 00

Kate Blankenship: Chief Accounting Officer, Frontline Ltd
+ 1 441 295 6935

FRONTLINE GROUP UNAUDITED FOURTH QUARTER REPORT

2000 Oct-Dec	2001 Oct-Dec	INCOME STATEMENT (in thousands of \$)	2001 Jan-Dec	2000 Jan-Dec (audited)
249,473	109,593	Net operating revenues	647,345	599,944
697	781	Gain (loss) from sale of assets	35,620	1,160
25,413	31,841	Ship operating expenses	121,452	88,455
9,332	10,343	Charterhire expenses	41,858	34,351
2,624	5,053	Administrative expenses	13,176	9,326
212,801	63,137	Operating income before depreciation and amortisation	506,479	468,972
29,807	32,461	Depreciation and amortisation	121,725	92,880
182,994	30,676	Operating income after depreciation and amortisation	384,754	376,092
3,134	2,838	Interest income	12,953	6,858
(28,158)	(20,919)	Interest expense	(91,800)	(96,174)
8,882	6,363	Share of results from associated companies	22,317	12,817
(320)	5,911	Other financial items	(5,707)	248
14,712	18,989	Foreign currency exchange gain (loss)	28,318	14,563
181,244	43,861	Income before taxes	350,832	313,908
41	188	Taxes	444	41
-	-	Cumulative effect of change in accounting principle	32,339	-
181,203	43,687	Net income	382,728	313,867
Earnings Per Share Amounts (\$)				
\$2.29	\$0.57	EPS before cumulative effect of change in accounting principle	\$4.57	\$4.28
-	-	Cumulative effect of change in accounting principle	\$0.42	-
\$2.29	\$0.57	EPS	\$4.99	\$4.28

Income on timecharter basis (\$ per day per ship)*				
67,900	19,900	VLCC	40,800	46,300
49,500	20,600	Suezmax	30,700	35,500
46,300	20,300	Suezmax OBO	28,900	33,300

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

BALANCE SHEET (in thousands of \$)	2001 Dec 31	2000 Dec 31 (audited)
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	186,402	116,094
Marketable securities	1,159	4,045
Other current assets	85,132	172,840
<i>Long term</i>		
Newbuildings and vessel purchase options	102,781	36,326
Vessel and equipment, net	2,196,959	2,254,921
Vessels under capital lease	317,208	108,387
Investment in associated companies	109,898	27,361
Goodwill	14,049	14,385
Deferred charges and other long-term assets	14,709	46,628
Total assets	3,028,297	2,780,988
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term interest bearing debt	214,005	212,767
Current portion of obligations under capital leases	17,127	7,888
Other current liabilities	64,855	69,736
<i>Long term</i>		
Long term interest bearing debt	1,177,946	1,331,372
Obligations under capital leases	283,663	101,875
Other long term liabilities	11,478	21,790
Minority interest	6,822	6,070
Stockholders' equity	1,252,402	1,029,490
Total liabilities and stockholders' equity	3,028,297	2,780,988

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	2001 Jan-Dec	2001 Oct-Dec
OPERATING ACTIVITIES		
Net income	382,728	43,687
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortisation	123,958	32,829
Unrealised foreign currency exchange gain	(26,631)	(16,398)
Gain loss from sale of assets	(35,620)	(781)
Results from associated companies	(22,319)	(6,364)
Capitalised interest on loans to joint ventures	(1,641)	(67)
Change in accounting principle	(32,339)	0
Adjustment of financial derivatives to market value	5,405	(6,233)
Other, net	(4,279)	(1,987)
Change in operating assets and liabilities	88,726	18,878
Net cash provided by operating activities	477,988	63,563
INVESTING ACTIVITIES		
Additions to newbuildings, vessels and equipment	(387,451)	(60,332)
Advances to associated companies, net	(59,329)	(6,829)
Acquisition of businesses (net of cash acquired)	(65,135)	(83)
Proceeds from sale of assets	405,183	227,377
Net cash used in investing activities	(106,732)	160,133
FINANCING ACTIVITIES		
Proceeds from long-term debt, net of fees paid	323,683	28,802
Repayments of long-term debt	(462,764)	(173,522)
Repayment of capital leases	(10,337)	(2,287)
Dividends paid	(115,206)	(7,640)
Repurchase of shares, net	(36,326)	0
Net cash used in financing activities	(300,950)	(154,647)
Net increase (decrease) in cash and cash equivalents	70,308	69,051
Cash and cash equivalents at start of period	116,094	117,351
Cash and cash equivalents at end of period	186,402	186,402

UNAUDITED FOURTH QUARTER SUPPLEMENTARY INFORMATION

SELECTED FINANCIAL DATA <i>(in thousands of \$)</i>	Frontline Jan-Dec 2001	Golden Ocean Jan-Dec 2001
Net operating revenues	565,117	82,228
Operating income before depreciation and amortisation	447,895	58,584
Depreciation and amortisation	102,926	20,249
Operating income after depreciation and amortisation	344,969	38,335
Interest income	14,519	2,097
Interest expense	(76,713)	(18,751)
Share of results from associated companies	9,715	12,603
Other financial items	(5,707)	-
Foreign currency exchange gain (loss)	1,687	26,631
Net income before taxes, minority interest and cumulative effect of change in accounting principle	288,470	60,915
Total current assets	259,266	17,886
Vessels and equipment (including newbuildings, options and vessels under capital lease)	2,394,649	234,580
Total assets	2,732,055	283,855
Total current liabilities	226,684	69,303
Total long-term liabilities	1,331,921	143,658
Stockholders' equity	1,166,629	70,894
Total liabilities and stockholders' equity	2,732,055	283,855