

FRONTLINE LTD.

INTERIM REPORT APRIL - JUNE 2002

SECOND QUARTER AND SIX MONTH RESULTS

Frontline Ltd. reports earnings before interest, tax, depreciation, and amortisation including earnings from associated companies (EBITDA) of \$38.2 million and a net loss of \$31.8 million for the second quarter of 2002. The net loss figure includes losses of \$2.4 million related to the ordinary ship operating activities and losses of \$29.4 million as a result of non ship operating activities whereof the main factor is an unrealised foreign currency loss due to revaluation of Yen debt. The loss per share for the quarter was \$0.42.

The average daily time charter equivalents (“TCEs”) earned by VLCCs, Suezmax tankers, and Suezmax OBO carriers were \$17,000, \$17,600 and \$15,300, respectively, compared with \$20,600, \$16,500 and \$18,000, respectively in the immediately preceding quarter. These TCEs include vessels trading on the spot market and on time charters. Average daily ship operating expenses are in line with budget with the increased total expense in the second quarter reflecting the drydocking of five vessels.

Net interest expense for the quarter was \$16.7 million (2001 second quarter - \$19.3 million). This compares with \$15.1 million the first quarter of 2002, the increase arising from the delivery of two newbuildings during the first quarter. Other financial items for the quarter were negative \$4.8 million which includes a \$1.7 million charge for the market value adjustment on interest rate swaps and a \$4.5 million charge for the market value adjustment on the Company’s Equity Swap Line. The strengthening of the Yen against the US Dollar in the second quarter of 2002 resulted in an unrealised foreign currency exchange loss of \$13.8 million due to the revaluation of Yen debt in certain subsidiaries. In the second quarter of 2002, the \$9.5 million negative share of results from associated companies also includes approximately \$7.1 million unrealised exchange loss on Yen debt.

The Company has in the first half of 2002 reduced its Yen debt and capital lease obligations (including our share of associated companies) from JPY 37.6 billion by the end of last year to JPY 26.1 billion as of June 30. A significant part of the remaining exposure is linked to the non-recourse subsidiary Golden Ocean and to vessels, which have secured charter income in Yen. Accountingwise this contract coverage is not used to offset the loss mentioned.

For the first six months of 2002, the Company had EBITDA of \$95.0 million (2001 - \$351.8 million) and reports a net loss of \$16.9 million. This compares with a first half net income of \$299.8 million in 2001 (including \$32.3 million relating to the cumulative effect of a change in accounting policy). Loss per share for the 2002 year to date is \$0.22 (2001 first half – earnings per share of \$3.89).

Net interest expense for the six month period was \$31.8 million (2001 first half - \$41.1 million). The foreign exchange loss for the six month period was \$12.1 million, reduced from \$19.0 million gain at June 30, 2001.

THE MARKET

The soft tanker market at the end of the first quarter continued into the second quarter. Rates improved somewhat in May but fell back again in June influenced by among others a reduced Iraqi production. Rates have improved somewhat after June but the whole market has remained lacklustre and earnings for crude oil tonnage have been unsatisfactory. The OPEC production has been curtailed in order to support the oil price in a market which has shown weak oil demand. The lack of crude oil cargoes out of the Middle East Gulf has put pressure on VLCC rates. This has led to increased VLCC activity in the Atlantic basin which in turn has negatively affected rates for other categories of crude oil carriers.

The activity of scrapping in the early part of the year has slowed down somewhat. So far this year 30 VLCCs have been scrapped, while 20 VLCCs have been delivered from the yards. For the Suezmax segment 12 ships have been scrapped while 12 ships have been delivered. Order books currently stand at 71 VLCCs and 65 Suezmaxes for delivery until the middle of 2005. Very few newbuilding orders have been placed in the period. After a significant fall in newbuilding prices last year it seems like the prices have flattened out supported partly by a stronger Yen and Won.

CORPORATE AND OTHER MATTERS

In June 2002, the Company sold four drybulk vessels with delivery of two vessels to the buyer in June and two in July. The sale of these four vessels releases approximately \$16 million in liquidity, of which \$9 million in the second quarter.

In early July 2002, the Company together with joint venture partners, took delivery of one VLCC newbuilding, Hakata, in which the Company has a one third share. Excluding this vessel, at June 30, 2002 the Company has four newbuilding VLCCs on order. The three ships to be delivered in 2002 have already received committed financing. Remaining equity investment in the newbuilding program is estimated to \$11 million in the third quarter, \$7 million in the fourth quarter and \$9 million in 2003.

In July 2002, the Company has entered into an agreement to timecharter in four 1999-2000 built double-hull VLCCs from British Petroleum ("BP"). The Company has also entered into a contract of affreightment with BP whereby Frontline will provide transportation for all BP Group VLCC cargoes worldwide.

At June 30, 2002, and for the quarter then ended, 76,466,566 ordinary shares were outstanding (as at June 2001, 76,912,566 and for the quarter then ended, 76,943,910). At

June 30, 2002, the Bank of Nova Scotia Group had acquired 2,620,000 Frontline shares pursuant to the existing Equity Swap Line, of which 520,000 have been acquired in the first half of 2002.

The Board is seeking to benefit from opportunities created by the weak market conditions. It is, however, a limitation to the Board's willingness to grow the company further that the current share price of Frontline only reflects 40 per cent of the Book value of the shares.

In Frontline's 20 F for 2001 the situation around Golden Ocean's VLCC, Golden Stream, was described. The Board is pleased to report that Frontline's non recourse subsidiary Golden Ocean for the time being has reached an agreement with the lenders to the VLCC Golden Stream. The loans to Golden Stream have been extended on a pay as you earn basis. The ship is still operated as a part of the Frontline fleet.

The Board is comfortable with the Company's financial position. The fact that the Company in the period 2000-01 totally made \$697 million in profit has substantially strengthened the Company compared to the last down cycle. The daily cash break even for the fleet has been reduced with approximately \$4,000 per day, and the Company's cash liquidity has increased with approximately 50 per cent since the last down cycle in 1998-99. The book solidity in the Company has increased from 32 per cent in 1999 to 41 per cent in 2002. The shareholders should be assured that the Board continuously is working with the target of lowering the cash break even further. This can be achieved through reduced costs as well as through improved debt repayment profiles.

OUTLOOK

In our last quarterly report we expected recovery in oil demand and, as a consequence, increased chartering activity and rate improvements to take effect starting in the third quarter of 2002. The absence of economic recovery in important consumption areas combined with continued high crude oil prices, and a backwardation in the oil market have, however, hampered oil consumption and demand for transportation. The overall tanker fleet in dwt is today at the same level as it was when the market peaked in 2000. The Opec production is, however, reduced with more than 4 million barrels per day since the peak. Any substantial improvement in tanker rates will highly depend on increased Opec production.

The Board is pleased with the fact that the Company even in these weak market conditions can produce a core net income from the ordinary shipping activities, which is only \$ 2.4 million under break even.

The Board expects current rate levels to be supported against further falls by the uneconomical operation of the old turbine tankers. This sets the basis for the results for the third quarter. Based on a likely increase of Opec production in the fourth quarter the

Board remains cautiously optimistic that the results for the last part of the year again will show a positive development.

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 charter hire 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 22, 2002
The Board of Directors
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FRONTLINE GROUP SECOND QUARTER REPORT (UNAUDITED)

2001 Apr-Jun	2002 Apr-Jun	INCOME STATEMENT (in thousands of \$)	2002 Jan-Jun	2001 Jan-Jun	2001 Jan-Dec (audited)
186,256	92,798	Net operating revenues	187,701	405,345	647,345
15,300	(2,269)	Gain (loss) from sale of assets	(2,269)	16,017	35,620
33,109	30,451	Ship operating expenses	57,366	57,370	121,452
10,509	9,754	Charterhire expenses	19,545	21,055	41,858
2,884	2,655	Administrative expenses	5,076	6,359	13,176
155,054	47,669	Operating income before depreciation and amortisation	103,445	336,578	506,479
29,248	34,774	Depreciation and amortisation	68,727	58,145	121,725
125,806	12,895	Operating income after depreciation and amortisation	34,718	278,433	384,754
3,207	2,877	Interest income	5,432	7,881	12,953
(22,555)	(19,536)	Interest expense	(37,200)	(48,939)	(91,800)
4,391	(9,451)	Share of results from associated companies	(8,464)	15,269	22,317
32	(4,759)	Other financial items	719	(4,163)	(5,709)
(3,355)	(13,802)	Foreign currency exchange gain (loss)	(12,117)	18,966	28,318
107,526	(31,776)	Income (loss) before taxes and minority interest	(16,912)	267,447	350,833
(15)	(1)	Taxes	1	(15)	444
45	-	Minority interest	-	45	-
-	-	Cumulative effect of change in accounting principle	-	32,339	32,339
107,496	(31,775)	Net income (loss)	(16,913)	299,756	382,728
		Earnings (loss) Per Share Amounts (\$)			
\$1.40	\$(0.42)	EPS before cumulative effect of change in accounting principle	\$(0.22)	\$3.47	\$4.57
-	-	Cumulative effect of change in accounting principle	-	\$0.42	\$0.42
\$1.40	\$(0.42)	EPS	\$(0.22)	\$3.89	\$4.99

		Income on timecharter basis (\$ per day per ship)*			
51,400	17,000	VLCC	18,700	56,600	40,800
36,500	17,600	Suezmax	17,000	39,800	30,700
33,400	15,300	Suezmax OBO	16,600	36,500	28,900

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

BALANCE SHEET (in thousands of \$)	2002 Jun 30	2001 Jun 30	2001 Dec 31 (audited)
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	95,072	130,066	189,277
Other current assets	85,344	116,780	88,641
<i>Long term</i>			
Newbuildings and vessel purchase options	80,566	105,988	102,781
Vessels and equipment, net	2,318,742	2,366,229	2,196,959
Vessels under capital lease, net	234,336	106,137	317,208
Investment in associated companies	112,769	62,223	109,898
Goodwill	11,892	14,285	14,049
Deferred charges and other long-term assets	15,287	40,084	19,110
Total assets	2,954,008	2,941,792	3,033,774
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term interest bearing debt	230,009	237,394	227,597
Current portion of obligations under capital lease	12,426	7,383	17,127
Other current liabilities	43,971	56,490	70,332
<i>Long term</i>			
Long term interest bearing debt	1,201,871	1,320,230	1,164,354
Obligations under capital lease	221,691	88,058	283,663
Other long term liabilities	28,721	12,964	11,478
Minority interest	166	7,267	6,822
Stockholders' equity	1,215,153	1,212,006	1,252,401
Total liabilities and stockholders' equity	2,954,008	2,941,792	3,033,774

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	2002 Apr-Jun	2002 Jan-Jun
OPERATING ACTIVITIES		
Net income (loss)	(31,775)	(16,913)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortisation	35,667	69,753
Unrealised foreign currency exchange (gain) loss	14,044	12,359
Gain or loss on sale of assets	2,269	2,269
Results from associated companies	9,451	8,464
Adjustment of financial derivatives to market value	5,301	907
Change in operating assets and liabilities	7,884	(7,474)
Net cash provided by operating activities	42,841	69,365
INVESTING ACTIVITIES		
Additions to newbuildings, vessels and equipment	(19,823)	(136,937)
Advances to associated companies, net	(5,660)	(11,202)
Purchase of minority interest	(447)	(4,499)
Proceeds from sale of assets	31,941	42,441
Net cash provided by (used in) investing activities	6,011	(110,197)
FINANCING ACTIVITIES		
Proceeds from long-term debt, net of fees paid	49,911	172,754
Repayments of long-term debt	(78,505)	(144,658)
Repayment of capital leases	(2,950)	(62,576)
Dividends paid	(3,822)	(19,116)
Issue of shares, net	-	223
Net cash used in financing activities	(35,366)	(53,373)
Net increase (decrease) in cash and cash equivalents	13,486	(94,205)
Cash and cash equivalents at start of period	81,586	189,277
Cash and cash equivalents at end of period	95,072	95,072