

Q2 2002 results
28 August 2002



Agenda

- Introduction
- Market update – outlook
- Fleet employment and strategy
- Corporate financial status
- Other

The Fleet



38 + 3 N/B VLCCs



24 Suezmaxes



8 Suezmax OBOs

- Oldest ship from 1990
- Average age – 6.5 years – Industry Average 11.0 years.
- Percentage double hull tonnage : 70 % - Industry Average 48 %

= 17.7 million dwt. or approximately 118 million barrels transport capacity.

Main events 2002 – Q2

- Frontline decided to withdraw from the Tankers pool. Frontline's VLCC fleet currently consists of 38 vessels plus 3 newbuilding contracts. 11 vessels are joint ventures, of these 10 may rest with Tankers for the time being.
- Frontline has negotiated an agreement with British Petroleum to charter in four VLCCs controlled by BP, and in exchange for this Frontline will get first call on all voyage charters handling BP's cargo requirements – 10-12 vessels at any time. All BP's chartering needs in the VLCC segment will be done in the name of Frontline.
- Acquired 395,000 shares under the Equity Swap Line in Q2 2002. In total 2,695,000 shares are acquired as per today at an average price of USD 8.7.
- The four dry-bulk vessels transferred from GOGL to Frontline late March 2002 were sold in June. The net cash effect of these sales being \$18.0 million.
- Dividend USD 0.05 per share paid in June.
- Two handysize J/Vs sold in July, will reduce the JPY exposure by a further USD 15 million.

Supply VLCC's / Suezmaxes

(No. of vessels)

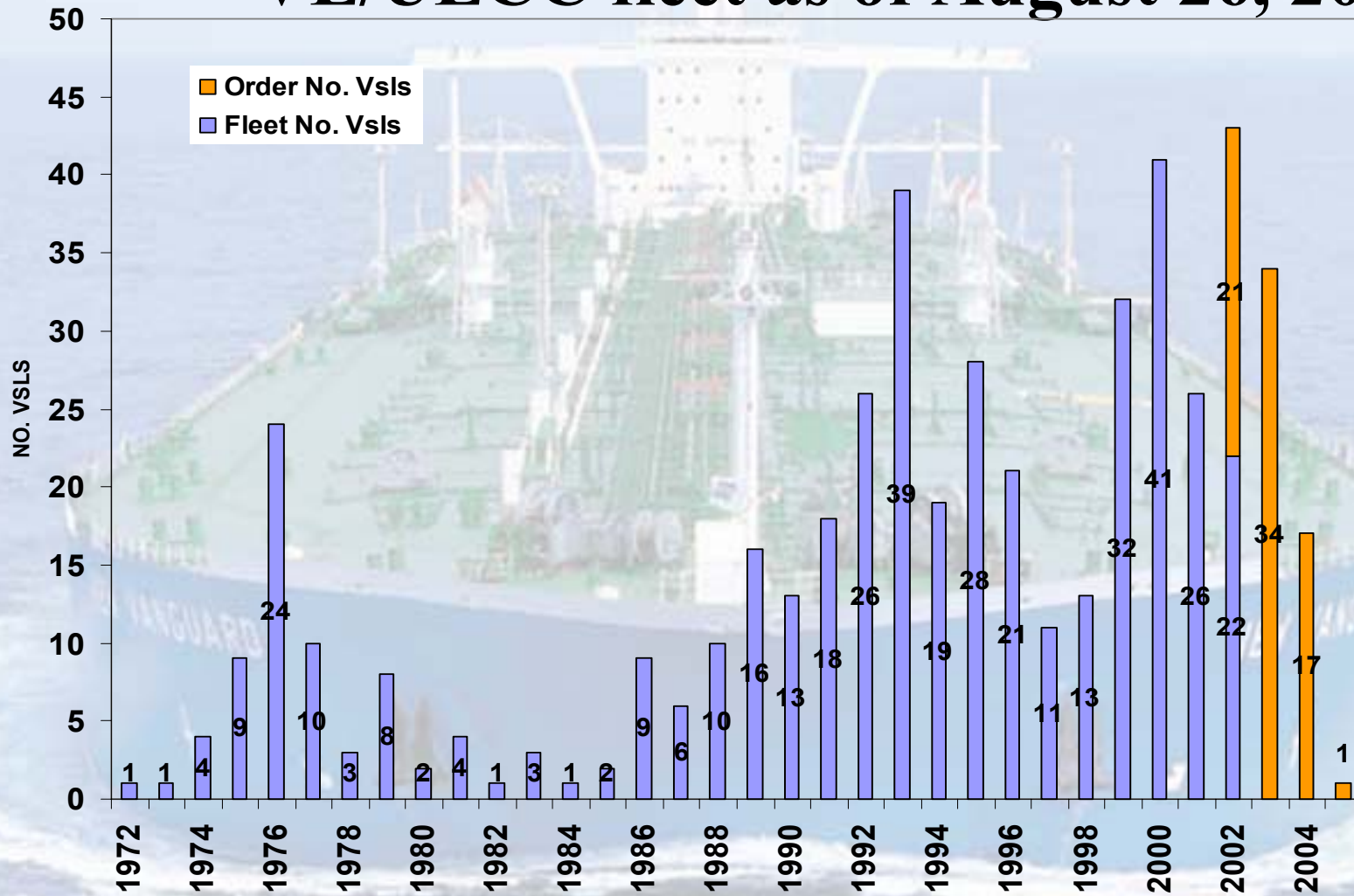
	Of which		
	VLCC's 200,000+ dwt	ULCC's*) 320,000 + dwt	Suezmaxes 120,000-200,000 dwt
<u>Building year</u>			
1973 or earlier	2		0
1974-75	13	2	12
1976-77	34	14	16
1978-80	13	8	17
1981 or later	361	5	231
Fleet as at August 26, 2002	423	29	276
<u>On order</u>			
2002	21	4	14
2003	34		31
2004+	18		21
Total on order 2001-2005	73	4	66

*) Each ULCC representing an average of 400,000 Dwt

Source: P.F.Bassøe

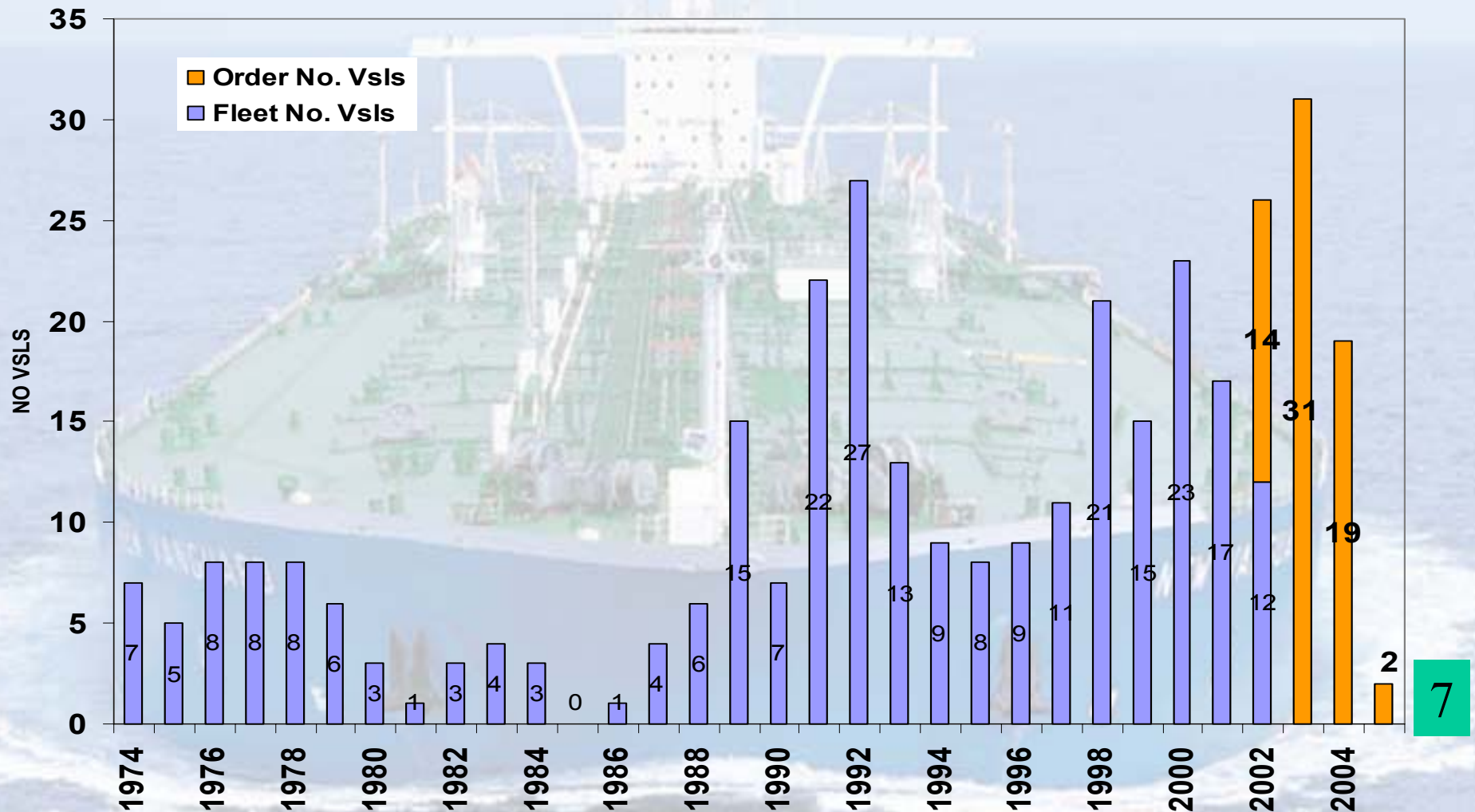
Newbuildings versus scrapping candidates

VL/ULCC fleet as of August 26, 2002



Newbuildings versus scrapping candidates

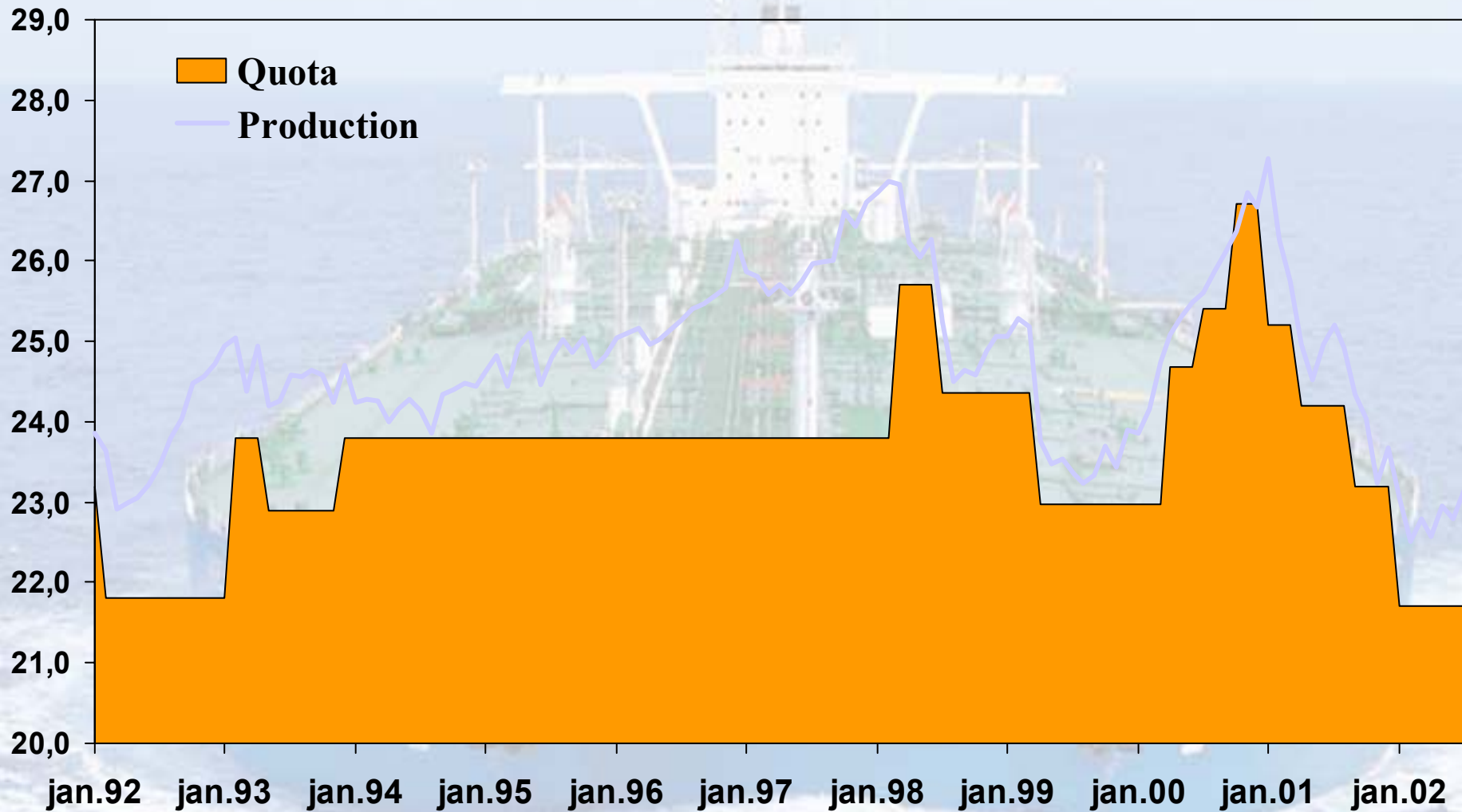
Suezmax fleet as of August 26, 2002



The macro trend

- The expected general economic recovery has been delayed.
- There are no immediate signs of tanker market recovery, but we expect increased activity later in the year and improved charter rates.
- The fleet balance is still reasonable and a modest demand increase will increase charter rates.
- Scrapping of old tonnage has slowed down, but is expected to pick up again in a market where older vessels cannot cover operating costs, if they are even able to find employment.

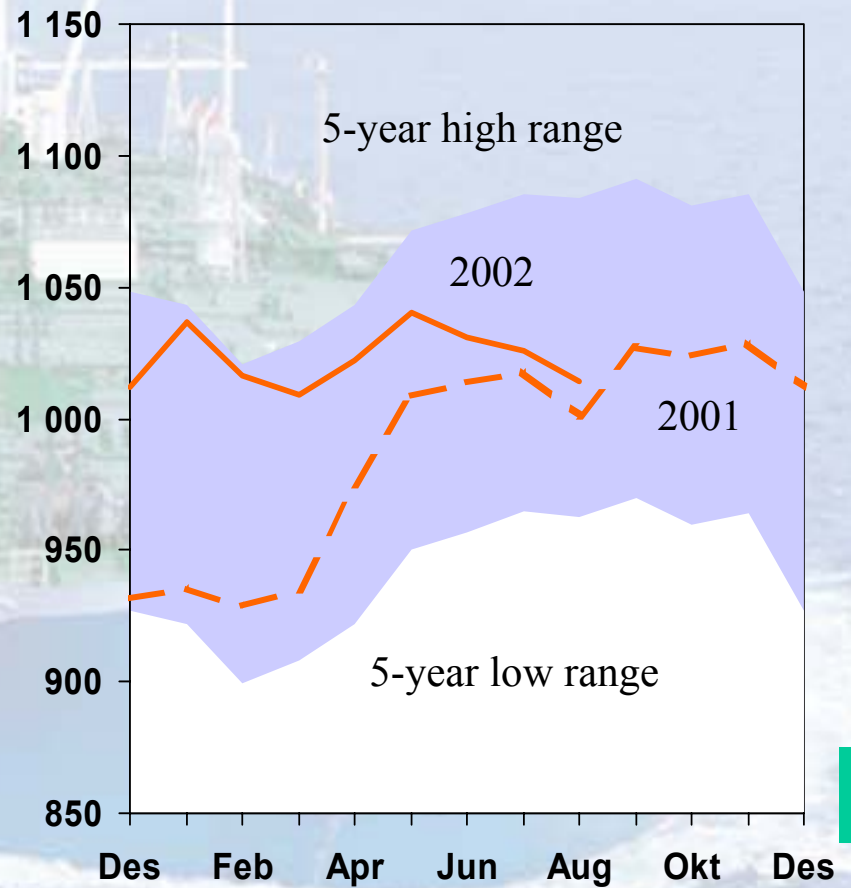
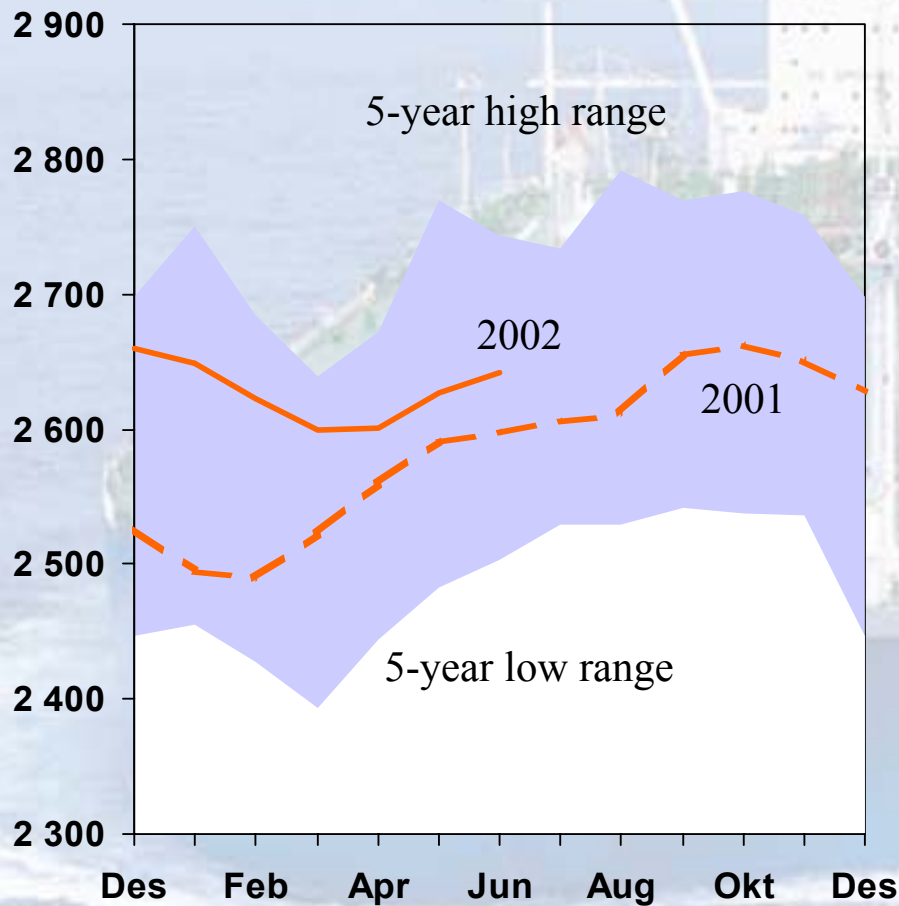
OPEC-10: Production vs. quotas (mbd)



Oil inventories, OECD and US, mb

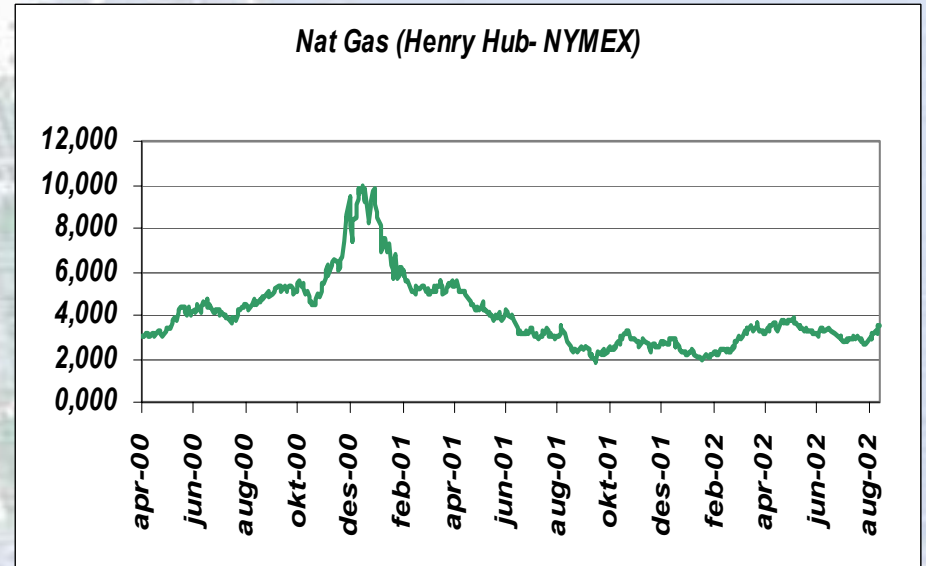
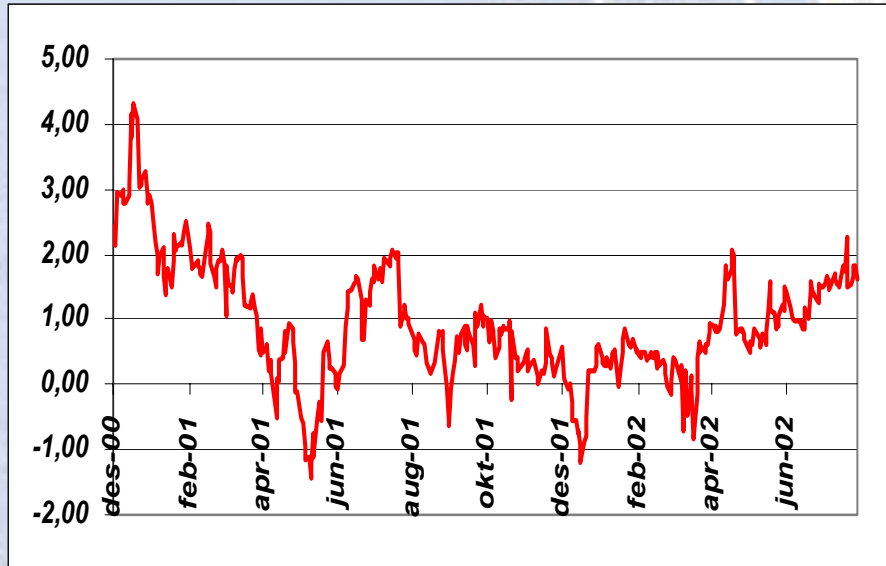
Commercial inventories, OECD

Commercial inventories, US



Source: P F Bassøe

WTI-Brent and Nat Gas



Source: JPMorgan

Estimated call on OPEC 2002

	Avg. 01Q102	Q202	Q302	Q402	Avg. 02	
JP Morgan	26,7	26,2	24,8	25,8	27,0	26,0
IEA	26,6	25,6	24,0	25,0	26,4	25,2
US DOE	26,5	26,2	25,5	25,4	26,1	25,9

JP Morgan estimates as of August 21, 2002. IEA and DOE as of August, 2002.

Estimated call on OPEC 2003

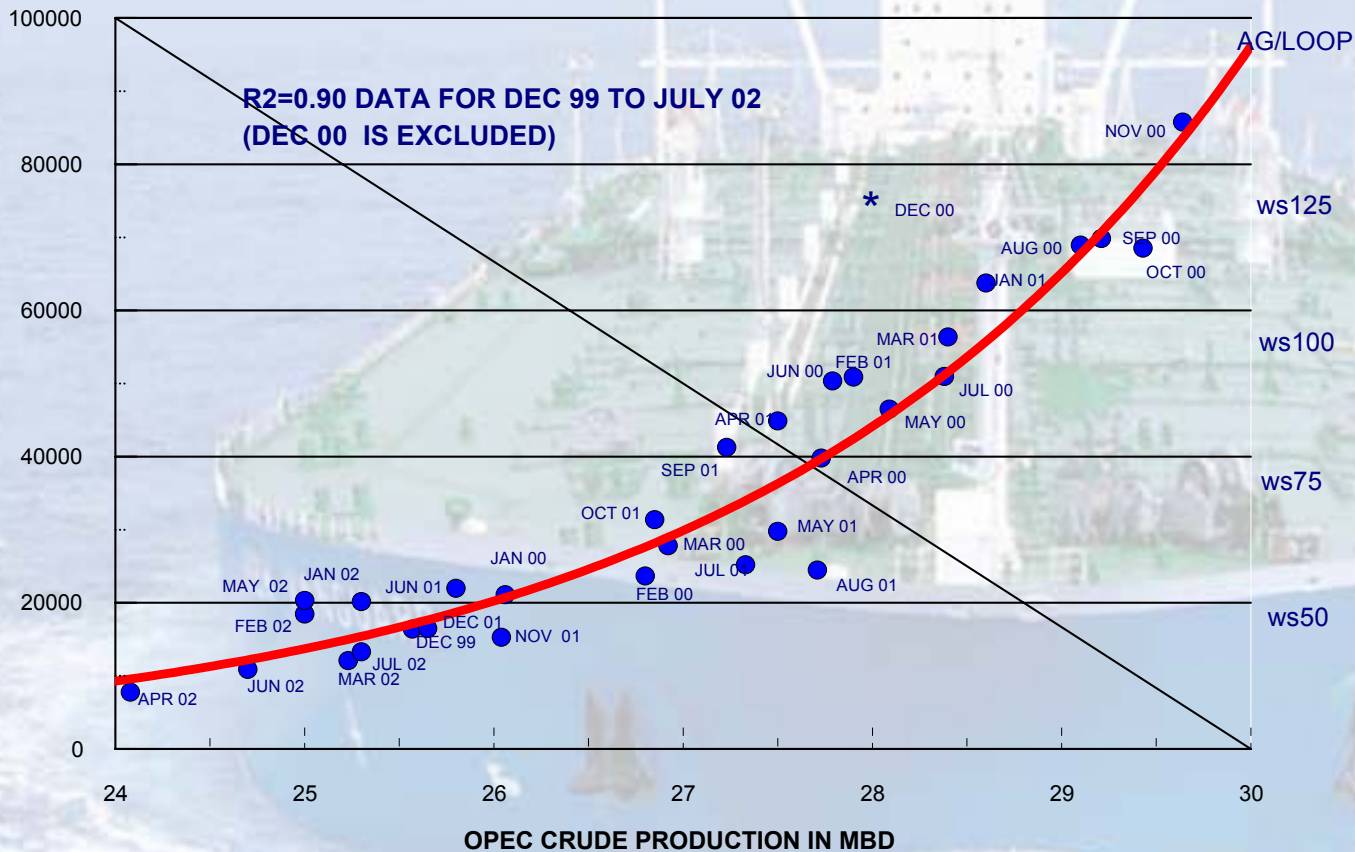
	Avg. 02Q103	Q203	Q303	Q403	Avg. 03
JP Morgan	26,0	26,8	25,4	26,4	26,5
IEA	25,2	25,7	24,4	25,2	25,5
US DOE	25,9	27,4	25,0	25,8	26,4

JP Morgan estimates as of August 21, 2002. IEA and DOE as of August, 2002.

Opec decides VLCC rates

CORRELATION BETWEEN OPEC OUTPUT AND VLCC RATES
MONTHLY DEC 1999 - JULY 2002

VLCC SPOT RATES \$/DAY



OPEC OUTPUT FELL FROM 29.6 MBD IN NOV 2000 TO 24.0 MBD IN APRIL 2002, - A COMBINATION OF CYCLICAL AND SEASONAL CORRECTIONS AND THE IRAQI EXPORT EMBARGO.

AS A RESULT RATES DECLINED FROM \$85,000 TO LESS THAN \$10,000 PER DAY

THE ACTIVE VLCC FLEET WAS UNCHANGED IN THE SAME PERIOD.

Source: R.S.Platau

Recent Developments

- We decided to leave Tankers Int. Pool because
 - Disagreement on important strategic issues such as BP deal
 - Disagreement on general chartering policies
- All chartering from Frontline - Oslo as of 1. Aug
 - Established a VLCC team integrated with existing team of Suezmax charterers. Successful start-up – all key staff in place.
- Commencement of BP contract of affreightment
 - Start-up 1 Aug.

Frontline / BP deal

The deal is ground braking as BP has committed all VLCC cargoes to be lifted by Frontline. The expected capacity is about 9-11 VLCC`s. Freight rate is the prevailing market rate. Frontline will charter in 4 VLCC from BP at USD 33.000 /day.

We will achieve several benefits ;

- o Improved scheduling – reduced waiting time
- o Improve positioning (programming) of the fleet
- o Combine trading of oil and vessel availability / position
- o Cooperate on bunkers hedging / FFA trading and exchange of information

Looking forward, chartering strategy

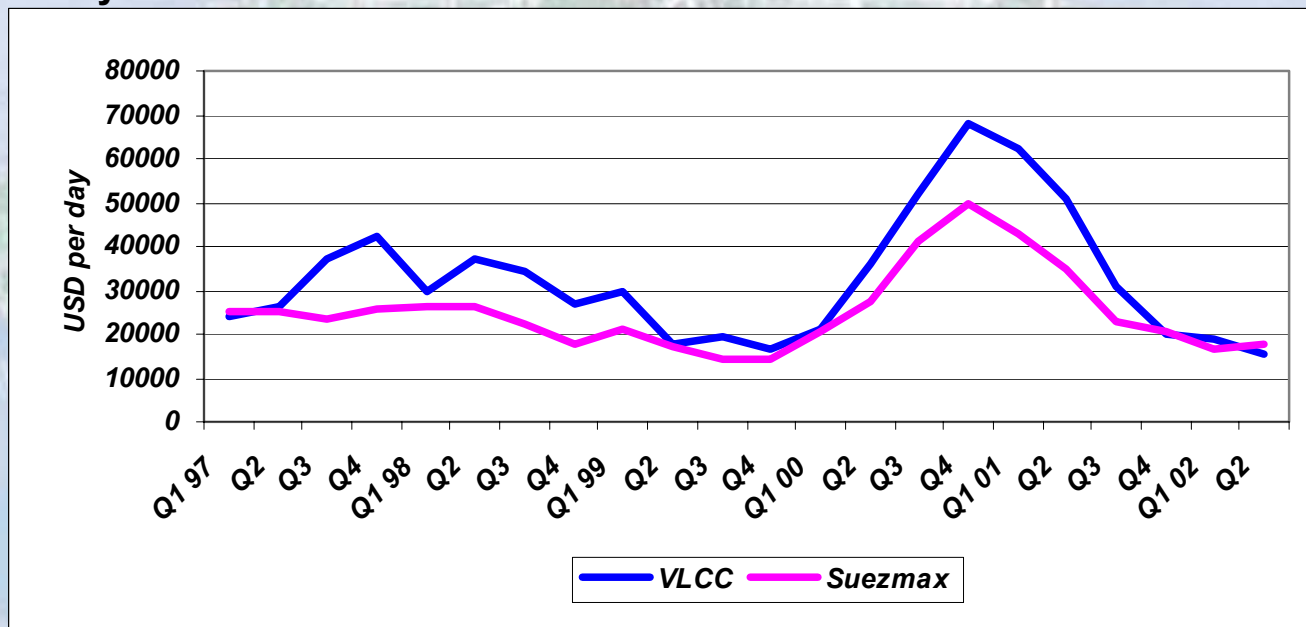
- Maximize earnings by
 - Combine and make use of triangulation trading with higher income as a result.
 - Explore all benefits in the BP deal, including opportunities in the Suezmax segment. We fix majority of BP 1mil bbls cargoes although not covered by contract
- Further development of Information Systems
 - We hold better information than any other party with tracking of vessels. Improve surveillance systems.
- Develop closer relationship specific customers
 - Secure availability of attractive cargo volumes

Profit & Loss

Q2 01	Q2 02	USD million	6M 2002	6M 2001	2001
186,3	92,8	Net operating revenues	187,7	405,3	647,3
15,3	-2,3	Gain / loss on sale of vessels	-2,3	16,0	35,6
46,5	42,9	Total expenses	82,0	84,8	176,5
155,1	47,7	Operating profit before depreciation (EBITDA)	103,4	336,6	506,5
29,2	34,8	Depreciation	68,7	58,1	121,7
125,8	12,9	Operating profit (EBIT)	34,7	278,4	384,8
-18,3	-44,7	Financial items	-51,6	-11,0	-33,9
107,5	-31,8	Net profit (loss) before min. & taxes	-16,9	267,4	350,8
0,0	0,0	Taxes	0,0	0,0	0,4
-		Cumulative effect of change in accounting principle	-	32,3	32,3
107,5	-31,8	Net profit (loss)	-16,9	299,8	382,7
1,40	-0,42	EPS (USD)	-0,22	3,90	4,99
0,40	0,00	Dividend (USD)	0,05	1,40	1,70

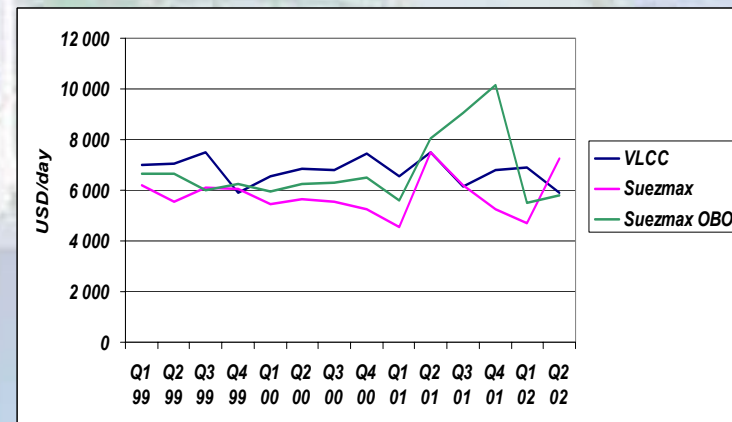
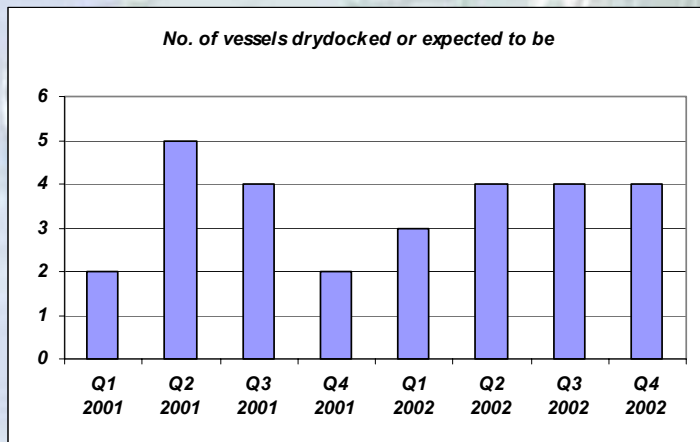
Income on time charter basis

Q2 01	Q2 02		6M 2002	6M 2001	2001
51 400	15 437	VLCC, spot	17 034	56 600	40 800
-	28 319	VLCC, T/C and B/B vessels	28 385	-	-
36 500	17 600	Suezmax	17 000	39 800	30 700
33 400	15 300	Suezmax OBO	16 600	36 500	28 900
10 900	12 300	Drybulks	11 200	10 900	10 900

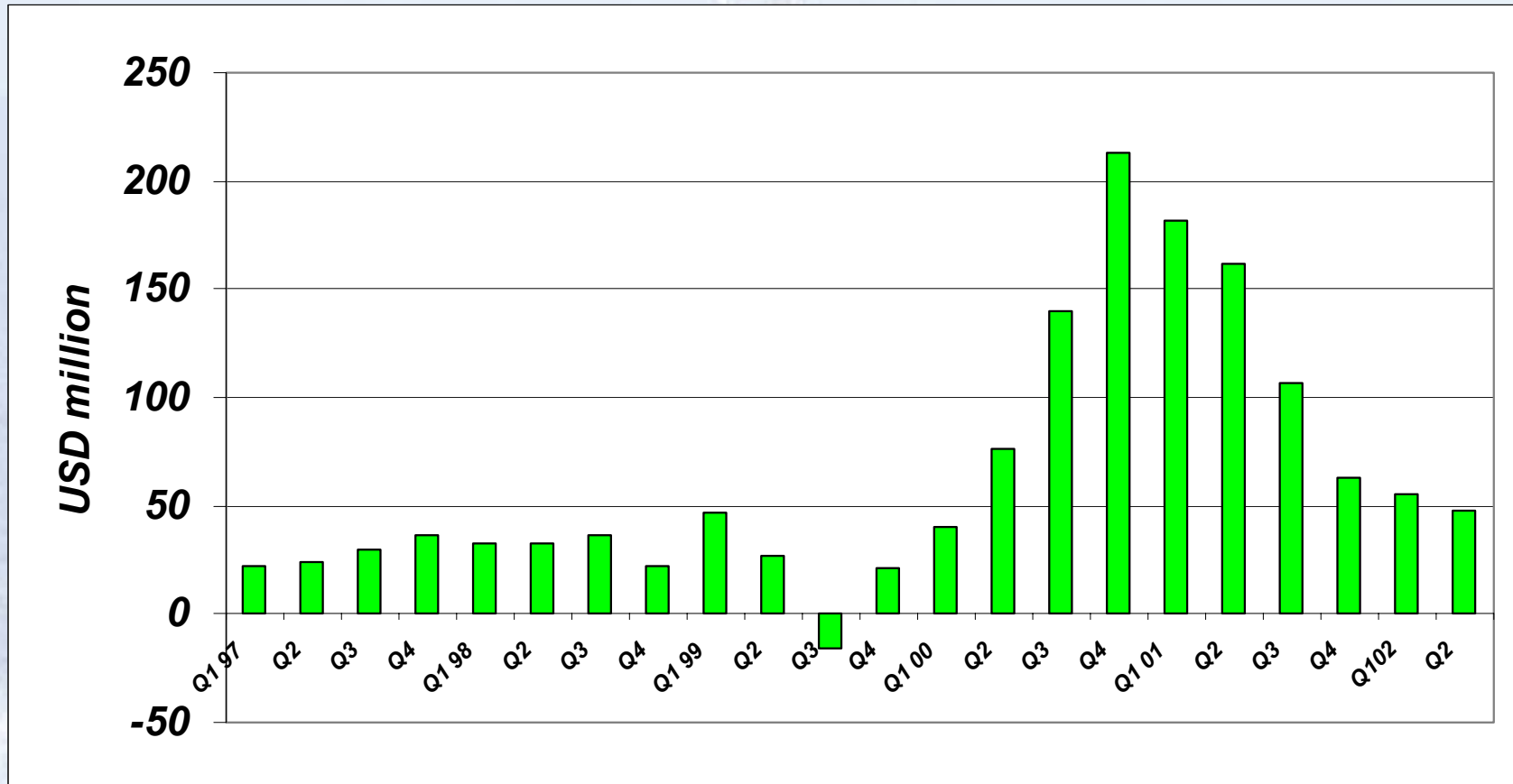


Ship operating expenses (USD/day)

	Q2 2002	6M 2002	Budget 6 M 2002	Total 2001	Total 2000	Total 1999
VLCC	5 919	6 264	6 283	6 339	6 940	6 828
Suezmax	7 228	5 971	5 560	5 706	5 476	5 976
Suezmax OBO	5 796	5 650	5 973	8 996	6 246	6 385
Drybulk	3 846	4 055	3 715			



EBITDA



Financial items

Q2 2001	Q2 2002	USD million	6M 2002	6M 2001	2001
186,3	92,8	Net operating revenues	187,7	405,3	647,3
15,3	-2,3	Gain / loss on sale of vessels	-2,3	16,0	35,6
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107,5	-31,8	Net profit (loss) before min. & taxes	-16,9	267,4	350,8
0,0	0,0	Taxes	0,0	0,0	0,4
-	0,0	Cum. Effect of change in acc. principle	-	32,3	32,3
107,5	-31,8	Net profit (loss)	-16,9	299,8	382,7
1,40	-0,42	EPS	-0,22	3,90	4,99

FX loss	-7.1	2,9 Interest income	5,4
		-19,5 Interest expense	-37,2
Equity SL	-4.5	-9,5 Share of result in assoc	-8,5
Int. swaps	-1.7	-4,8 Other financial items	0,7
		-13,8 Foreign currency loss	-12,1

Associated companies

As at 30.06.02

	Debt outstanding	Our share	Guarantee liability
•Rasmussen K/S parts	nil	nil	nil
•Front Tobago (40%) partners OSG and Euronav	15,4	6,2	2,4
•Ariake (33%), partner OSG and Euronav	52,4	17,5	4,8
•Sakura (33%), partner OSG and Euronav	52,4	17,5	4,8
•Ichiban (33%), partner OSG and Euronav	48,9	16,3	5,4
•Tanabe (33%), partner OSG and Euronav	51,4	17,1	5,7
•Hull 4983 (33%), partner OSG and Euronav	nil	nil	nil
•Edinburgh (50,1%), partner OSG	28,6	14,3	4,3
•Dundee (50,1%), partner OSG	28,6	14,3	4,3
•Golden Fountain (50%) partner Euronav	33,9	16,9	33,9
•New Circassia (50%) partners Ropner and Runciman	56,7	28,3	56,7
•Pacific Lagoon (50%) partner Euronav	56,3	28,2	56,3
•Golden Daisy (50%) partner Samartzis	15,2	7,6	15,2
•Golden Rose (50%) partner Samartzis	15,4	7,7	15,4
<i>USD 156,5 million is Yen denominated, our share is USD 78,3 million</i>			
Total =	455,1	191,9	209,1

JPY exposure and interest exposure of short term + long term debt and capital leases

Yen denominated debt/capital leases	30.06.2002	31.03.2002	Change
Consolidated	139 689	128 822	10 867
Associated companies, our share	78 274	72 118	6 156
Total	217 963	200 940	17 024

Floating debt	30.06.2002	31.03.2002	Change
Consolidated	1 057 648	1 069 818	-12 171
Associated companies, our share	191 901	189 631	2 270
Total	1 249 549	1 259 450	-9 901

Total debt/capital leases	30.06.2002	31.03.2002	Change
Consolidated	1 665 998	1 683 408	-17 409
Associated companies, our share	191 901	189 631	2 270
Total	1 857 900	1 873 039	-15 139

Balance sheet - Assets

USD million	Q2 2002	Q2 2001	2 001
Short term			
Cash and Bank deposits	95,1	130,1	189,3
Marketable securities	1,0	0,9	1,2
Other current assets	84,3	115,8	87,5
Long term			
Newbuildings	80,6	106,0	102,8
Vessels and equipment, net	2 553,1	2 472,4	2 514,2
Associated companies	112,8	62,2	109,9
Goodwill	11,9	14,3	14,0
Deferred charges and other assets	15,3	40,1	15,0
Total assets	2 954,0	2 941,8	3 033,8

Trade rec./	
Voyages in progress	52,2
Prepayment/inventory	19,5
Other	12,5

Oscilla		8,4
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Oscilla		9,2
Other		6,1

Balance sheet - Assets

USD million	Q2 2002	Q2 2001	2 001
Short term			
Cash and cash equivalents	95,1	130,1	189,3
Marketable securities	1,0	0,9	1,2
Other current assets	84,3	115,8	87,5
Long term			
Newbuildings and vessel purchase option	80,6	106,0	102,8
Vessels and equipment, net	2 553,1	2 472,4	2 514,2
Investment in associated companies	112,8	62,2	109,9
Goodwill	11,9	14,3	14,0
Deferred charges and other long-term assets	15,3	40,1	15,0
Total assets	2 954,0	2 941,8	3 033,8

FL	2,402,7
GUGL	156.5
FL Capital lease 205.2 includes 3 VLs	
GUGL includes 2 capes, 1 handy and 1 VL	
GUGL Capital lease	29,1
includes 1 cape	

Balance sheet - Liabilities

USD million	Q2 2002	Q2 2001	2 001		
Short term					
Short term interest bearing debt	230,0	237,4	227,6	Corporate loans	4,5
Other current liabilities	56,4	63,9	87,5	Sh mort loans core FL	139,0
				Sh term loan dry bulks	23,2
				GOGL	54,0
				Cr. Lines	9,3
Long term				Corporate loans	9,0
Long term interest bearing debt	1 201,9	1 320,2	1 164,4	Sh mort loans core FL	1 128,4
Other long term liabilities	250,4	101,0	295,1	GOGL	64,5
Minority	0,2	7,3	6,8	FL capital lease	196,7
Stockholder's equity	1 215,2	1 212,0	1 252,4	GOGL cap lease	22,2
				Other	31,5
Total stockholders' equity and liab.	2 954,0	2 941,8	3 033,8		

Yen denominated debt 139,7 million

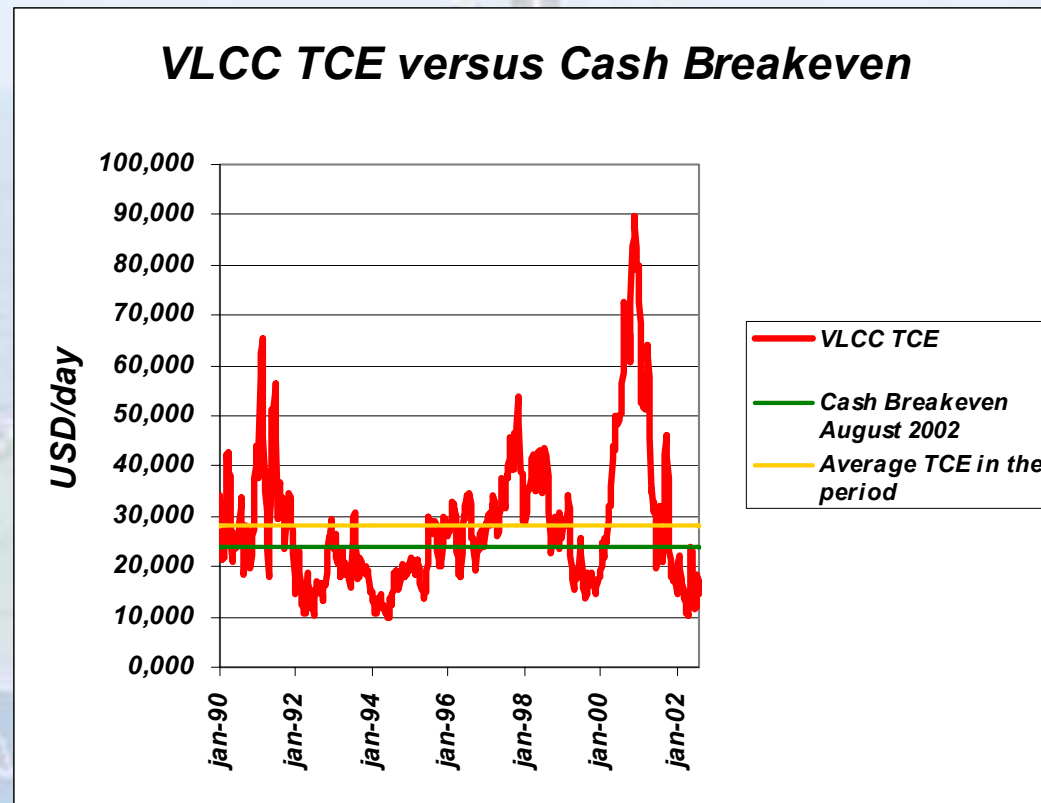
Remaining N/B commitments

	Q3 02	Q4 02	Q1 03	Q2 03
Gross cap.ex	111	57	0	59
Bank loans	100	50	0	50
Equity financing	11	7	0	9

Breakeven rates (USD / day)

	Cash Breakeven	P/L Breakeven
VLCC	23 900	22 600
Suezmax	14 800	13 300
Suezmax OBO	14 200	14 500

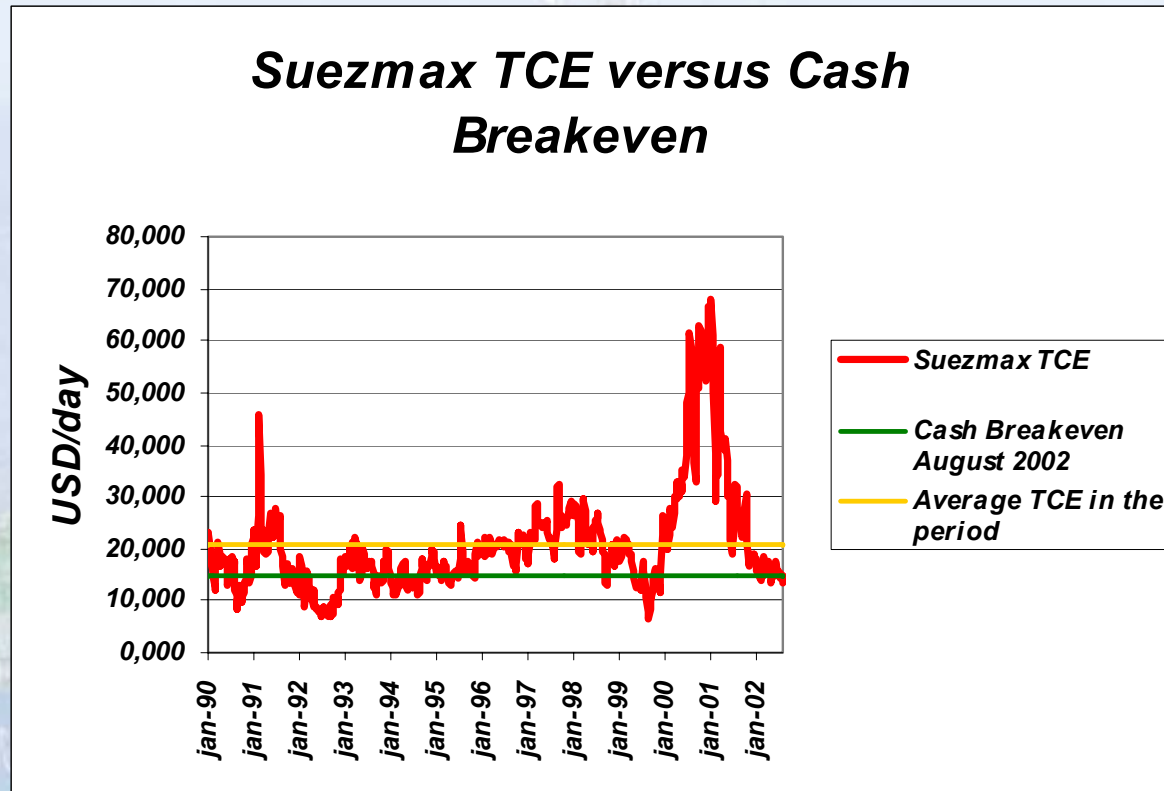
Breakeven requirements are very low



Average TCE VLCC's in the period 1990-August 2002 is USD 28,378 per day, as compared to P/L breakeven August 2002 of USD 22,600 per day and cash B/E of USD 23,900 per day.

Source: Clarkson Studies

Breakeven requirements are very low



Average TCE Suezmax in the period 1990-August 2002 is USD 20,708 per day, as compared to P/L Breakeven August 2002 of USD 13,300 per day and cash B/E of USD 14,800 per day.

Appendixes



Income on time charter basis

Q2 01	Q2 02	USD'000s	6M2002	6M2001	2 001
83 363	26 525	VLCC, spot	54 421	176 271	243 886
-	5 812	VLCC, T/C vessels	13 344	-	-
-	9 650	VLCC, B/B vessels T/C equivalent	19 242	-	-
63 940	31 509	Suezmax	62 484	139 517	220 787
21 958	11 145	Suezmax OBO	23 669	49 239	79 435

Q2 01	Q2 02	Trading days minus off hire	6M2002	6M2001	2 001
1 621	1 718	VLCC, spot	3 195	3 117	5 973
-	182	VLCC, T/C vessels	424	-	-
-	364	VLCC, B/B vessels	724	-	-
1 750	1 793	Suezmax	3 674	3 508	7 195
657	727	Suezmax OBO	1 423	1 350	2 746

Total expenses

Q2 2001	Q2 2002	USD million	6M 2002	6M 2001	2001
33,1	30,5	Ship operating expenses	57,4	57,4	121,5
10,5	9,8	Charterhire expenses	19,5	21,1	41,9
2,9	2,7	Administrative expenses	5,1	6,4	13,2

Will increase with
4 BP vessels from Q3

Off balance sheet vessels

- Front Century
- Front Champion
- Front Warrior
- Kim Jacob (t/c until Dec. 2002)
- Golden Victory

Estimated oil demand/supply 2002

Avg. 01 Q102 Q202 Q302 Q402 Avg. 02

Demand*	76.4	76.9	75.5	76.6	78.3	76.8
Supply*	76.9	75.8	75.4	76.1	77.5	76.2

***)Based on JP Morgan estimates as of August 21, 2002**

Oil production

	2000	2001	2002	Change 2000 - 2002
Canada	2,68	2,74	2,83	0,15
Mexico	3,45	3,56	3,61	0,16
USA	8,11	8,05	8,12	
Argentina	0,82	0,82	0,80	
Brazil	1,50	1,58	1,74	0,24
Colombia	0,71	0,63	0,59	-0,12
Ecuador	0,41	0,42	0,39	
Denmark	0,37	0,35	0,34	
Norway	3,35	3,42	3,39	
UK	2,60	2,45	2,48	-0,12
Oman	0,96	0,96	0,93	
Syria	0,54	0,55	0,53	
Yemen	0,54	0,46	0,46	
Australia	0,82	0,73	0,71	-0,11
Brunei	0,20	0,20	0,19	
China	3,25	3,31	3,34	
India	0,79	0,78	0,74	
Malaysia	0,81	0,79	0,80	
Vietnam	0,32	0,35	0,34	
Angola	0,75	0,73	0,90	
Egypt	0,80	0,76	0,74	-0,06
Gabon	0,33	0,30	0,29	
Total	34,11	33,94	34,26	
Other / smaller prod		2,00	2,05	
Refinery proc gain		1,90	1,94	
Non OPEC supply ex FSU		38,10	38,50	

Source: JP Morgan

Oil production

	2000	2001	2002	Change 2000 - 2002
Russia	6,54	7,05	7,54	1
Kazakhstan	0,75	0,83	0,95	0,2
Other FSU	0,75	0,77	0,79	
FSU	8,04	8,65	9,28	
OPEC NGL / Condensate		2,90	3,00	
Call on OPEC crude		26,70	26,00	
Stockbuild		0,50	-0,60	
OPEC crude		27,20	25,30	

Source: JP Morgan

Difference in TCE – old/modern VLCCs

Needed daily cash to cover expenses:

Daily op ex	8000
D/D res / upgrading (USD 2 million per 2.5 years)	2200
Cash cover	<u>10200</u>

TC modern VLCC	21000
- difference extra speed / consumption TT	-9000
- tech offhire 20 days extra	-700
- commercial offhire 50 days	-1700
Effective TC old TT	<u>9600</u>

VLCC fleet development (year-on-year growth)

