Frontline Ltd.
Interim Report January - March 2003

FIRST QUARTER RESULTS

Frontline Board is pleased to announce the Company's second best quarter ever.

Frontline Ltd. reports earnings before interest, tax, depreciation, and amortisation including earnings from associated companies of $222.9 million and net income of $177.6 million for the first quarter of 2003. Earnings per share for the quarter were $2.32.

The average daily time charter equivalents ("TCEs") earned in the spot and period market by the Company's VLCCs, Suezmax tankers, and Suezmax OBO carriers were $55,400, $40,800 and $42,400, respectively, compared with $30,900, $25,300 and $24,200, respectively in the immediately preceding quarter.

Net interest expense for the quarter was $15.1 million (2002 comparable quarter: $15.2 million). During the quarter, interest rate swaps with principal amounts of $150 million expired and at March 31, 2003 approximately 85 per cent of bank debt was floating, increased from 74 per cent at December 31, 2002. Other financial items for the quarter were positive $4.9 million of which $1.8 million is attributable to the market value adjustment on interest rate swaps and $5.0 million to the Equity Swap Line. In the first quarter of 2003, the Yen was largely unchanged against the US Dollar, resulting in only a small foreign currency impact for the Company on the Yen debt in subsidiaries and associated companies.

The net increase in cash and cash equivalents in the quarter was $49.1 million. The increase comes after build-up of working capital by $53.4 million, dividend payment of $11.5 million, prepayments of loans in the amount of $29.3 million, scheduled debt repayment of $36.0 million and net investments of $10.1 million.

On May 8, 2003, the Board declared a dividend of $1.00 per share. The record date for the dividend is May 20, 2003, ex dividend date is May 16, 2003 and the dividend will be paid on or about June 6, 2003.

The results for the first quarter of 2002 have been restated, principally to reflect the adoption of Financial Accounting Standard 142 "Goodwill and Other Intangible Assets". The Company adopted FAS 142 effective January 1, 2002 as disclosed in the preliminary fourth quarter and financial year 2002 report.

THE MARKET

The year started with extremely strong charter rates following the recovery that commenced in the fourth quarter of 2002. Through the first quarter, VLCC rates showed high volatility with rates bottoming at $35,000 and peaking at $100,000 per day. Suezmax rates varied between $35,000 and $60,000 per day. Apart from an expected seasonal demand increase the main drivers behind the strong market were

- The strike in Venezuela which shut out short haul oil production for an extended period requiring imports from more distant suppliers.
- A cold winter in the northern hemisphere resulting in increased demand for heating oil.
- Nuclear power plant closures in Japan which required substitution with fossil fuel for power generation.
- Market nervousness concerning effects of a war in Iraq.
- Especially for Suezmaxes, weather delays in the Black Sea and congestion in the Bosporos resulting in reduced fleet efficiency.

In addition a change of attitude toward using older tankers, especially among southern European charterers, following the Prestige oil spill is considered to have contributed to market strengthening.

The winter market enticed owners to keep older vessels for a while in the hope of making another profitable voyage in a strong market so scrapping was slow through the winter. Only recently has scrapping picked up again as the seventies built vessels are becoming increasingly difficult to trade. Iraq's export was very important for the employment of those tankers. The absence of such exports and expectations that a new regime may take a different view on choice of tonnage leaves limited possibilities for future employment of the oldest vessels.

To date in 2003, 10 VLCCs / ULCCs have been confirmed sold for scrap and up to another 10 vessels are closely negotiated for scrap sale. Four Suezmaxes have been confirmed scrapped or otherwise removed from the trading fleet. In the period 16 VLCCs and 7 Suezmaxes have been delivered. Ordering activity increased somewhat in the first quarter and the order books now stand at 75 VLCCs and 58 Suezmaxes for delivery into mid 2006. The firm market resulted in increased prices for newbuildings and second-hand double hull tankers.

CORPORATE AND OTHER MATTERS

In the first quarter of 2003, the Company acquired the Suezmax tankers Polytrader and Polytraveller. These vessels were owned by two Norwegian K/S companies in which the Company has a 40 percent and 35 per cent interest, respectively. The Company subsequently sold the two vessels in March 2003, with delivery of the second vessel taking place in early April 2003.

The Company has one remaining newbuilding VLCC on order for delivery in July 2003, and as at March 31, 2003, the remaining equity investment was estimated to be $5 million. Committed financing for the mentioned newbuilding has been secured. The Company has no other material capital commitments.

At March 31, 2003, 76,480,066 ordinary shares were outstanding and the weighted average number of shares outstanding for the quarter was 76,470,105 (as at March 31, 2002, 76,466,566 and for the quarter then ended, 76,425,094). During the first quarter of 2003, the Company issued 13,500 shares in connection with the exercise of employee share options. At March 31, 2003, the Bank of Nova Scotia Group had acquired 2,945,000 Frontline shares pursuant to the existing Equity Swap Line facility that is in place until February 2004. The average cost on the swap lines shares is $8.91 per share. The Company has the alternative of paying $26.2 million in cash in order to repay the swap line and thereby effectively eliminate the shares or continue with the existing swap line until it expires in February 2004.

In the last few quarters, the Board has discussed the company's dividend policy. The focus has been to find a solution that provides shareholders with a more predictable minimum dividend stream. The Board has consequently adopted a strategy whereby the Company will seek to have a normalised future quarterly dividend target of $ 0.25 per share or $1.00 total per share per year which corresponds to a yield of 8.7 per cent based on current share price. In order to pay a quarterly dividend of $0.25 per share without eroding the Company's cash position, the Company will currently need to make TCE rates of $23,900 and $16,700 for VLCCs and Suexmaxes, respectively. The average market rates for the last 13 years have been $29,400 and $21,500, respectively.

In addition to the normalised quarterly dividend, each quarter the Board will evaluate how to utilise any potential earnings achieved in excess of the dividend break even level. Such earnings may be retained in the Company to strengthen the balance sheet, they may be used for capital investments, for repurchase of shares or paid out as additional dividend. The decision will be taken based on existing market conditions at the time, and will also take into consideration the need to have a large enough cash position to secure future ordinary dividends.

For the first quarter, the Board has decided to set the additional dividend at $0.75 per share while the balance of earnings will be used to strengthen the balance sheet. Total dividend paid for the first quarter is thereby set to $1.00 per share, representing $0.25 ordinary dividend and $0.75 special dividend.

The Board is pleased with the strengthening of the Company's balance sheet and particularly with the continued lowering of the break even rates. It is an interesting observation that the Company today would generate an annual profit in excess of $50 million even if annual rates fell to the lowest levels Frontline has achieved since the Company's restructuring started in 1996.

As of May 7, 2003, Frontline has cash breakeven rates for Suezmaxes and VLCCs of $20,700 and $13,500, respectively.

OUTLOOK

The Board is of the opinion that the weakness we have seen in the tanker market in the last few weeks is materially different to the situation which led to a weak market for major parts of 1999 and 2002. In those cases, worldwide oil inventories were at very high levels and OPEC had to reduce production levels by up to 4 – 5 million barrels a day for a substantial period in order to take down inventories. Currently we are in a situation where inventories are running at very low levels in the seasonal low demand period. The fundamental strength of this situation clearly limits OPECs flexibility with respect to production quota cuts for the second part of the year.

During the last days, the Board has seen signs that the market has already troughed and is showing signs of recovery. However, the Board is cautious about short term developments and believe that a more sustained recovery will have to be supported by re-introduction of Iraqi export and increased seasonal demand.

A lower oil price, low inventories and increased focus on Middle East production after the Iraq war gives comfort on the demand side. The supply side is supported by the fact that, even in the current weak market, there is no material excess supply of ships and that very limited waiting time is being experienced on modern tonnage. This, combined with the anticipated introduction of new EU legislation for tankers from July 1, 2003, and the current acceleration of scrapping, gives strength on the supply side. Political unrest in several short haul production areas can create significant upside in the market.

In the first week of May, the Company's cash position passed $200 million. It is predicted, based on the fixtures already concluded, that the Company will have a cash position, after the $1.00 distribution, of more than $180 million. This increased financial flexibility has dramatically changed the strength of the Company and has given it a position to take advantage of market opportunities.

Based on the TCE earnings achieved so far in the quarter of $51,000 for VLCCs and $39,000 for Suezmaxes, the Board expects a good result for the second quarter. As stated by the Board in February, it is likely that there will be substantial volatility in the market. The Board remains optimistic overall for the development for the rest of the year, as well as the overall outlook for the Company.

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, dry-docking 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.

May 8, 2003
The Board of Directors
Frontline Ltd.
Hamilton, Bermuda

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FRONTLINE GROUP FIRST QUARTER REPORT (UNAUDITED)

INCOME STATEMENT *(in thousands of $)*	2003 Jan-Mar	2002 Jan-Mar *(restated)*	2002 Jan-Dec
Net operating revenues	**258,942**	**94,806**	**429,025**
Gain (loss) from sale of assets	493	-	(4,337)
Ship operating expenses	26,840	26,821	113,596
Charter hire expenses	23,547	9,792	60,634
Administrative expenses	3,263	2,421	12,895
Operating income before depreciation	**205,785**	**55,772**	**237,563**
Depreciation	36,155	33,953	139,855
Operating income after depreciation	**169,630**	**21,819**	**97,708**
Interest income	2,706	2,481	13,052
Interest expense	(17,778)	(17,662)	(72,898)
Share of results from associated companies	17,165	986	(10,711)
Other financial items	4,878	5,718	(6,649)
Foreign currency exchange gain (loss)	1,007	691	(13,313)
Income before taxes	**177,608**	**14,033**	**7,189**
Taxes	(2)	3	(22)
Cumulative effect of change in accounting principle	-	(14,142)	(14,142)
Net income (loss)	**177,610**	**(112)**	**(6,931)**
Earnings per Share ($)			
EPS before cumulative effect of change in accounting principle	$ 2.32	$ 0.18	$ 0.09
Cumulative effect of change in accounting principle	$ -	$ (0.18)	$ (0.18)
EPS	$ 2.32	$ -	$ (0.09)

Income on time charter basis ($ per day per ship)*			
VLCC	55,400	21,600	22,500
Suezmax	40,800	16,500	18,400
Suezmax OBO	42,400	18,000	17,700

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

BALANCE SHEET *(in thousands of $)*	2003 Mar 31	2002 Mar 31 *(restated)*	2002 Dec 31
ASSETS			
Short term			
Cash and cash equivalents	149,365	81,586	100,298
Other current assets	188,348	94,943	133,066
Long term			
Newbuildings and vessel purchase options	35,019	62,140	27,405
Vessels and equipment, net	2,345,498	2,384,341	2,373,239
Vessels under capital lease, net	259,570	238,761	264,902
Investment in associated companies	136,687	116,560	119,329
Deferred charges and other long-term assets	18,417	16,487	17,708
Total assets	**3,132,904**	**2,994,818**	**3,035,947**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Short term			
Short term interest bearing debt	163,889	314,448	167,807
Current portion of obligations under capital leases	13,481	12,046	13,164
Other current liabilities	58,692	49,498	61,408
Long term			
Long term interest bearing debt	1,218,222	1,134,345	1,277,665
Obligations under capital leases	256,055	222,568	259,527
Other long term liabilities	26,717	23,106	28,199
Minority interest	-	613	-
Stockholders' equity	1,395,848	1,238,194	1,228,177
Total liabilities and stockholders' equity	**3,132,904**	**2,994,818**	**3,035,947**

STATEMENT OF CASHFLOWS *(in thousands of $)*	**2003** **Jan-Mar**	**2002** **Jan-Mar** *(restated)*	**2002** **Jan-Dec**
OPERATING ACTIVITIES			
Net income (loss)	177,610	(112)	(6,931)
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortisation	36,638	34,086	142,149
Unrealised foreign currency exchange (gain) loss	(1,258)	(1,685)	14,176
Gain or loss on sale of assets	(493)	-	4,337
Results from associated companies	(17,165)	(986)	10,711
Change in accounting principle	-	14,142	14,142
Adjustment of financial derivatives to market value	(6,160)	(5,116)	7,495
Other	1,131	-	-
Change in operating assets and liabilities	(53,379)	(11,112)	(34,816)
Net cash provided by operating activities	**136,924**	**29,217**	**151,263**
INVESTING ACTIVITIES			
Additions to newbuildings, vessels and equipment	(14,314)	(118,542)	(376,844)
Advances to associated companies, net	269	(5,541)	(20,010)
Purchase of minority interest	-	(5,652)	(6,822)
Proceeds from sale of assets	3,943	10,500	177,902
Net cash used in investing activities	**(10,102)**	**(119,235)**	**(225,774)**
FINANCING ACTIVITIES			
Proceeds from long-term debt, net of fees paid	(1,077)	123,177	370,880
Repayments of long-term debt	(62,103)	(66,153)	(341,784)
Repayment of capital leases	(3,156)	(59,626)	(24,671)
Dividends paid	(11,471)	(15,294)	(19,116)
Issue of shares, net	52	223	223
Net cash used in financing activities	**(77,755)**	**(17,673)**	**(14,468)**
Net decrease in cash and cash equivalents	**49,067**	**(107,691)**	**(88,979)**
Cash and cash equivalents at start of period	**100,298**	**189,277**	**189,277**
Cash and cash equivalents at end of period	**149,365**	**81,586**	**100,298**