

FRONTLINE LTD.

INTERIM REPORT APRIL - JUNE 2005

Highlights

- Frontline reports net income of \$127.5 million and earnings per share of \$1.70 for the second quarter of 2005.
- Frontline reports record half year results of \$407.2 million and earnings per share of \$5.44.
- Frontline announces a cash dividend of \$2.00 per share.

Second Quarter and Six Months Results

The Board of Frontline Ltd. (the "Company") announces net income of \$127.5 million for the second quarter of 2005, equivalent to earnings per share of \$1.70. Operating income for the quarter was \$185.1 million compared to \$309.3 million in the first quarter. This reflects the continued decrease in the market during the second quarter. 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 \$50,300, \$34,100 and \$36,400 respectively compared with \$77,500, \$55,200 and \$35,800 respectively in the first quarter of 2005. In the second quarter, a gain of \$17.0 million was reported on the sale of three single hull Suezmax tankers.

Interest income was \$10.3 million in the quarter, of which, \$6.2 million relates to restricted deposits held by subsidiaries reported in Independent Tankers Corporation ("ITC"). The Company recorded interest expense of \$50.9 million in the second quarter of which \$15.8 million relates to ITC.

The total for other financial items in the second quarter was a gain of \$2.7 million compared to a net gain of \$20.4 million in the first quarter of 2005. A decrease in interest rates in the quarter has resulted in valuation losses of \$8.0 million on interest rate swaps in the second quarter compared to valuation gains of \$12.6 million in the first quarter of 2005. As at June 30, 2005, the Company had interest rate swaps with a total notional principal of \$628.8 million of which \$578.8 million relates to Ship Finance. The valuation of freight future agreements to market value has resulted in a gain of \$2.7 million compared to a loss of \$5.2 million in the first quarter. Other financial items also include a gain of \$3.5 million arising primarily on the sale of shares in General Maritime.

Frontline announces net income of \$407.2 million for the six months ended June 30, 2005, equivalent to earnings per share of \$5.44. 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 \$63,500, \$44,900 and \$36,100, respectively.

As at June 30, 2005, the Company had total cash and cash equivalents of \$764.2 million which includes \$622.2 million of restricted cash. Restricted cash includes \$329.8 million relating to deposits in ITC and \$289.8 million in Frontline Shipping Limited and Frontline Shipping II Limited. As of August 2005, the Company has cash breakeven rates on a TCE basis for VLCCs and Suezmaxes of \$27,749 and \$20,985 respectively.

The results for the quarter and six months ended June 30, 2004 have been restated to reflect discontinued operations related to the dry bulk operations sold during 2004.

Corporate and Other Matters

In May 2005, Frontline sold the three suezmaxes Front Transporter, Front Traveller and Front Target to Ship Finance for USD 92 million and took the vessels back on long term charter. The deal also involved cancellation of three long term Suezmax charter agreements between Ship Finance and Frontline.

In June 2005 Frontline commenced further two long term charter agreements with Ship Finance. The two 2004 built vessels were sold to Ship Finance by parties affiliated with Hemen Holding Ltd.

Frontline has subsequent to the end of the second quarter agreed to cancel the charter agreement for the Suezmax Front Hunter. Frontline will receive compensation of \$3.8 million for terminating the charter. This termination payment represents 80 per cent of the difference between the forward rate for the next year and the charter rate between Ship Finance and Frontline. In addition, Frontline will have the right to sell to Ship Finance and charter back its newbuilding VLCC which is due for delivery in July 2006. The new charter rate will consist of two components: the first will be the same rate that was in the Front Hunter charter, and the second part will be based on the incremental investment which will be made by Ship Finance at the time. Through such a solution Frontline will benefit through being able to utilize the sales gain to back a new financing and thereby achieve a favorable overall rate on the new vessel.

On August 18, 2005, Golden Ocean Group Limited exercised its option to acquire the second of two newbuilding Panamax bulk carriers from the Company at Frontline's cost plus Frontline's funding expenses. The vessel is expected to be delivered to Golden Ocean in late August 2005.

On August 24, 2005, the Board declared a dividend of \$2.00 per share. The record date for the dividend is September 6, 2005, ex dividend date is September 1, 2005 (ex dividend date is September 2, 2005 in Norway) and the dividend will be paid on or about September 20, 2005.

At June 30, 2005, 74,825,169 ordinary shares were outstanding and the weighted average number of shares outstanding for the quarter and six months then ended was also 74,825,169.

The Market

The overall downward trend of the VLCC market witnessed in the first quarter of the year continued in the second quarter. Early April started off on a rebound seeing a peak in rates at World scale ("WS") 90 levels. This was followed by a steady decline until the middle of June, when the market did not bottom out until WS 50 levels were reached. However, at the end of the quarter the market climbed back up towards WS 70 levels. The average WS rate from Arabian Gulf to Japan was about WS 72 compared to WS 107 in the first quarter of 2005. This equates to a daily time charter equivalent of approximately \$29,000 per day. In the Suezmax market from West Africa to the east coast of the U.S. the average WS rate for the second quarter was 133, or approximately \$35,000 per day, compared to an average rate of WS 165 in the first quarter.

A greater proportion of eastbound voyages thickened the list of vessels open in the Arabian Gulf during the quarter. Combined with an increasing fleet, the psychology in the market shifted in owners' disfavour resulting in a downward pressure on rates. In line with oil prices, bunker prices remained high, with an average of \$256 per ton in the Arabian Gulf.

The International Energy Agency (IEA) reported in its August report an average OPEC Oil production, including Iraq, of approximately 29.32 million barrels per day during the second quarter of the year, an increase of 0.54 million barrels per day or 1.9 per cent from the first quarter. OPEC announced in June a 500,000 barrels increase in its production ceiling.

IEA estimates world oil demand averaged 81.79 million barrels per day in the second quarter, a 2.5 per cent decrease from first quarter in 2005. IEA further predicts that the average demand for 2005 in total will be 83.72 million barrels per day, or a 1.9 per cent growth from 2004, showing that oil demand remains relatively stable at a high level despite the record high oil prices.

The world trading VLCC fleet totalled 456 vessels at the end of the second quarter of 2005, an increase of 1.1 per cent over the quarter. No VLCCs were scrapped in the period and five were delivered. The total order book is now at 94 vessels, up from 88 after the first quarter of 2005. This represents 20.2 per cent of the current VLCC fleet. A total of eleven VLCCs were ordered during the quarter.

The world Suezmax fleet totalled 324 vessels at the end of the quarter, up from 316 vessels after the first quarter of 2005, a 2.5 per cent fleet growth. No Suezmaxes were scrapped during the quarter and eight were delivered. The total order book at the end of the quarter is 72, down from 80 after the first quarter. This represents 22.2 per cent of the Suezmax fleet. Four Suezmaxes were ordered during the period.

Although the tanker market recently has seen lower levels than what was anticipated, the rates are expected to rebound in the second half of the year. The freight futures market maintains an optimistic view, demonstrated through the possibility of selling freight futures for VLCCs for the remainder of the year at a level that equates to TCEs of approximately \$64,000, and \$46,000 for 2006.

Strategy

Frontline has behaved cautiously since the market improved dramatically in 2003. Several ships have been sold and several more fixed on long term charter agreements. Frontline will continue to follow this strategy in order to secure the best possible long term return to its shareholders. A significant part of this return will be in the form of cash dividend. The Board sees no reason to change the current high-dividend strategy. A weakening of the freight market as a function of slower oil demand growth and higher deliveries may put pressure on the premium paid for prompt tonnage and may also reduce newbuilding and second hand prices. Frontline will monitor this situation closely and expects that another window for well timed investments will occur in the period 2007 to 2008.

Frontline's long term lease arrangements with Ship Finance minimize the consequences of a negative asset price development. The combination of the relatively low charter rates from Ship Finance, a strong cash position and good coverage on the fleet leaves Frontline well positioned.

The Board has further evaluated the strategy for divestment of Frontline's remaining interest in Ship Finance. It is still the intention that this block of shares will be distributed by way of a dividend or sold prior to year end. Several of the major shareholders, including Hemen Holding, have indicated an interest in retaining their relative position in the Ship Finance shares and would thereby prefer a share dividend. This will be compared with the opportunity to achieve a better price for the shares by selling them into the market in one block or through a well organized marketing effort. If sold through a cash consideration, Frontline intends to distribute the proceeds to its shareholders through a special cash dividend.

Frontline is continuously working on possibilities to optimize the current capital structure.

Frontline supports all efforts to work for consolidation of the tanker market. During recent months, the Company has seen that the increased fragmentation in the Suezmax market and particularly the Aframax market, is adversely affecting the earnings in these segments. To counter balance this trend and create more solid tanker companies it is important that some of the major players come together. Frontline will encourage such discussions and can assure our shareholders that our focus will be on long term value creation.

Frontline has currently a corporate cash break even rate for the spot tonnage of \$25,700 for VLCC and \$14,100 for the Suezmaxes. These rates take into consideration that part of the tonnage is already fixed.

Outlook

The continued high oil price and the pressure on refining capacity are dampening the demand for oil products. Limited purchases from China, production cuts in the North Sea, a seasonal slowdown and a net increase in the fleet has recently led to weakness in rates. This trend is expected to be reversed in September / October with increased seasonal demand, but also driven by increased oil export from West Africa, increased imports to China and reduced maintenance on fields as well as refineries.

The market for the coming years will, to a large degree, be decided by to what extent the world economic growth is strong enough to balance the net fleet increases which should be expected. It is however important to point out that any temporary weakness in the freight market is likely to reduce the net fleet increases through increased scrapping and reduced efficiency of the single hull tonnage. This market situation can create what we see as a favourable balance situation until 2010. The high oil price, the increased fragmentation, and the increase in yard capacity are however some reasons for long term moderation.

The Board expects Frontline to deliver strong results and thereby continued high dividend for the remainder of 2005.

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.

August 24, 2005
The Board of Directors
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Hamilton, Bermuda

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FRONTLINE GROUP SECOND QUARTER REPORT (UNAUDITED)

2004 Apr-Jun	2005 Apr-Jun	INCOME STATEMENT (in thousands of \$)	2005 Jan-Jun	2004 Jan-Jun	2004 Jan-Dec (audited)
352,188	332,363	Total operating revenues	792,987	795,537	1,855,666
(469)	17,020	Gain (loss) from sale of assets	45,548	(225)	19,574
82,770	72,387	Voyage expenses and commission	156,851	164,436	361,609
29,182	36,237	Ship operating expenses	76,980	59,345	130,395
9,244	1,358	Charterhire expenses	2,476	21,001	39,302
5,236	3,883	Administrative expenses	9,038	11,352	25,754
44,990	50,391	Depreciation	98,796	89,535	181,274
171,422	164,256	Total operating expenses	344,141	345,669	738,334
180,297	185,127	Operating income	494,394	449,643	1,136,906
8,297	10,270	Interest income	18,960	16,258	31,595
(50,884)	(50,882)	Interest expense	(111,963)	(104,517)	(205,641)
1,483	1,287	Share of results from associated companies	3,217	4,346	10,553
25,267	2,738	Other financial items	23,139	12,628	3,566
4,836	5,196	Foreign currency exchange gain (loss)	12,194	1,441	(5,378)
169,296	153,736	Income before taxes and minority interest	439,941	379,799	971,601
(4,381)	(26,305)	Minority Interest	(44,704)	(4,381)	(64,995)
(113)	84	Taxes	84	(113)	(178)
4,386	-	Discontinued operations	11,864	8,315	116,954
169,188	127,515	Net income	407,185	383,620	1,023,382
		Basic Earnings Per Share Amounts (\$)			
\$2.23	\$1.70	EPS from continuing operations before cumulative effect of change in accounting principle	\$5.28	\$5.09	\$12.22
\$2.29	\$1.70	EPS	\$5.44	\$5.20	\$13.79
		Income on timecharter basis (\$ per day per ship)*			
58,500	50,300	VLCC	63,500	66,700	78,000
36,700	34,100	Suezmax	44,900	48,200	57,900
27,000	36,400	Suezmax OBO	36,100	26,600	27,900

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

BALANCE SHEET (in thousands of \$)	2005 Jun 30	2004 Jun 30	2004 Dec 31 (audited)
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	142,008	112,859	105,702
Restricted cash	622,193	594,478	592,607
Other current assets	257,079	208,437	456,595
<i>Long term</i>			
Newbuildings and vessel purchase options	28,396	8,370	24,231
Vessels and equipment, net	2,549,811	2,286,717	2,254,361
Vessels under capital lease, net	695,801	742,035	718,842
Investment in finance lease	101,469	114,237	107,664
Investment in associated companies	22,075	12,971	22,955
Deferred charges and other long-term assets	45,951	45,816	55,803
Total assets	4,464,783	4,125,920	4,338,760
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term debt and current portion of long term debt	169,583	184,605	151,614
Current portion of obligations under capital lease	23,162	20,787	21,498
Other current liabilities	112,703	139,431	166,320
<i>Long term</i>			
Long term debt	2,287,537	2,047,057	1,990,131
Obligations under capital lease	719,989	743,536	732,153
Other long term liabilities	23,944	41,879	30,346
Minority interest	436,073	141,105	328,730
Stockholders' equity	691,792	807,520	917,968
Total liabilities and stockholders' equity	4,464,783	4,125,920	4,338,760

2004 Apr-Jun	2005 Apr-Jun	STATEMENT OF CASHFLOWS (in thousands of \$)	2005 Jan-Jun	2004 Jan-Jun	2004 Jan-Dec (audited)
		OPERATING ACTIVITIES			
169,188	127,515	Net income (loss)	407,185	383,620	1,023,382
		Adjustments to reconcile net income to net cash provided by operating activities			
47,241	52,347	Depreciation and amortisation	113,109	97,605	194,083
(6,081)	(135)	Unrealised foreign currency exchange (gain) loss	(4,962)	2,327	390
469	(20,496)	Gain or loss on sale of assets	(73,570)	225	(126,230)
(1,483)	1,360	Results from associated companies	5,045	(4,346)	(10,552)
(28,998)	8,086	Adjustment of financial derivatives to market value	(2,528)	(16,156)	(15,675)
4,780	24,785	Other, net	42,646	2,800	61,658
4,322	41,850	Change in operating assets and liabilities	160,104	(26,291)	(217,269)
189,438	235,312	Net cash provided by operating activities	647,029	439,784	909,787
		INVESTING ACTIVITIES			
(22,619)	(32,614)	Maturity (placement) of restricted cash	(29,585)	299,872	299,280
-	(4,000)	Acquisition of minority interest	(4,000)	-	(14,713)
-	(269,510)	Additions to newbuildings, vessels and equipment	(488,425)	-	(126,947)
1,400	(48)	Advances to associated companies, net	(2,679)	(30,743)	(37,424)
-	-	Proceeds from sale of investments in associated companies	-	-	11,181
(4,145)	-	Acquisition of subsidiaries, net of cash acquired	-	(4,145)	(18,858)
8,109	13,386	Receipt from investment in finance lease and loans receivable	14,471	8,109	17,482
(417)	(49,929)	Purchase of other assets	(98,826)	(417)	(15,098)
682	166,954	Proceeds from sale of assets	302,472	11,863	59,787
-	(33,771)	Loan advances to related parties	(33,771)	-	-
(16,990)	(209,532)	Net cash provided by (used in) investing activities	(340,343)	284,539	174,690
		FINANCING ACTIVITIES			
88,776	317,758	Proceeds from long-term debt, net of fees paid	1,420,613	1,552,894	1,707,655
(99,026)	(126,518)	Repayments of long-term debt	(1,095,077)	(1,615,956)	(1,814,269)
(4,842)	(5,476)	Repayment of capital leases	(10,500)	(9,638)	(20,310)
(329,630)	(263,515)	Dividends paid	(585,416)	(661,618)	(1,038,315)
(192)	-	Issue of shares, net	-	1,128	62,275
(344,914)	(77,751)	Net cash used in financing activities	(270,380)	(733,190)	(1,102,964)
(172,466)	(51,971)	Net increase (decrease) in cash and cash equivalents	36,306	(8,867)	(18,487)
285,325	193,979	Cash and cash equivalents at start of period	105,702	121,726	124,189
112,859	142,008	Cash and cash equivalents at end of period	142,008	112,859	105,702