FRONTLINE LTD /
Form 6-K
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of December 2004

Frontline Ltd.

(Translation of registrant's name into English)

Par-la-Ville Place, 14 Par-la-Ville Road, Hamilton, HM 08, Bermuda

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(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F

Form 20-F [X] Form 40-F [_]

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes [_] No [X]

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Item 1. INFORMATION CONTAINED IN THIS FORM 6-K REPORT

This report contains an update to the earnings release of Frontline Ltd for the quarter ended September 30, 2004 along with a Management's Discussion and Analysis of Financial Condition and Results of Operations for the quarter and nine months ended September 30, 2004.

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Selected Financial Data

The selected income statement and cash flow data of the Company with respect to the nine months ended September 30, 2004 and 2003 and the selected balance sheet data of the Company as at September 30, 2004 have been derived from the Company's interim financial statements included herein and should be read in conjunction with such statements and the notes thereto. The following table should also be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations for the interim period ended September 30, 2004.

(in thousands of $, except Ordinary Shares, per Ordinary Share data and ratios)	Nine Months Ended September 30, 2004	2003
	(Unaudited)	(Unaudited)
Income Statement Data		
Total operating revenues(1)	1,216,679	886,185
Total operating expenses	538,244	520,311
Net operating income	678,210	369,010
Net income (loss)	534,200	372,650
Earnings per Ordinary Share		
- basic	$7.22	$4.95
- diluted	$7.22	$4.94
Cash dividends per Ordinary Share	$11.10	$3.25
Balance Sheet Data		
Cash and cash equivalents	159,599	
Newbuildings and vessel purchase options	24,231	

Vessels and equipment, net	2,297,344	
Vessels under capital lease, net	730,438	
Investments in associated companies	13,078	
Total assets	4,166,352	
Short-term debt and current portion of long-term debt	147,559	
Current portion of obligations under capital lease	21,139	
Long-term debt	2,057,741	
Obligations under capital lease	737,615	
Share capital	186,314	
Stockholders' equity	800,749	
Ordinary Shares outstanding	74,525,169	
Weighted average number of Ordinary Shares outstanding	73,986,474	75,347,064
Cash Flow Data		
Cash provided by operating activities	664,773	424,913
Cash provided by investing activities	253,471	286,150
Cash used in financing activities	(880,371)	(579,354)
Other Financial Data		
Equity to assets ratio (percentage)(2)	19.2%	
Debt to equity ratio(3)	3.70	
Price earnings ratio(4)	6.52	9.53

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(1) Effective December 31, 2003, we have reclassified voyage expenses and commission as a component of total operating expenses and now report total operating revenues and total operating expenses for all periods presented. The Company's vessels are operated under time charters, bareboat charters, voyage charters, pool arrangements and COAs. Under a time charter, the charterer pays substantially all of the vessel voyage costs. Under a bareboat charter the charterer pays substantially all of the vessel voyage and operating costs. Under a voyage charter, the vessel owner pays such costs. Vessel voyage costs are primarily fuel and port charges. Accordingly, charter income from a voyage charter would be greater than that from an equally profitable time charter to take account of the owner's payment of vessel voyage costs and charter income from a bareboat charter would be lower that that from a equally profitable time charter, to take account of the charterer's payment of vessel operating costs. In order to compare vessels trading under different types of charters, it is standard industry practice to measure the revenue performance of a vessel in terms of average daily time charter equivalent earnings, or TCEs. For bareboat charters this is calculated by dividing the sum of bareboat charter revenues and an estimate of operating costs that we would pay under a comparable time charter by the number of days on charter. For voyage charters, this is calculated by dividing net voyage revenues by the number of days on charter. Days spent off-hire are excluded from this calculation. Other companies may calculate TCE using a different method. Net voyage revenues, a non-GAAP measure, provides more meaningful information to us than voyage revenues, the most directly comparable GAAP measure. Net voyage revenues are also widely used by investors and analysts in the tanker shipping industry for comparing financial performance between companies and to industry averages. The following table reconciles our net voyage revenues to voyage revenues.

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Voyage revenues	329,128	200,556	998,593	846,237
Voyage expenses and				

commission	(92,538)	(78,837)	(257,163)	(256,012)
Net voyage revenues	236,590	121,719	741,430	590,225

(2) Equity to asset ratio is calculated as total stockholders' equity divided by total assets.

(3) Debt to equity ratio is calculated as total interest bearing current and long-term liabilities, including obligations under capital leases, divided by stockholders equity.

(4) Price earnings ratio is calculated using the closing period end share price divided by basic Earnings per Share.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the quarter and nine months ended September 30, 2004

We intend for this discussion to provide the reader with information that will assist in understanding our financial statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting standards affect our financial statements.

Overview

The Company's principal focus and expertise is the transportation of crude oil and oil products cargoes for major integrated oil companies and other customers. The Company's tanker fleet, which is one of the largest and most modern in the world, and as at September 30, 2004, consisted of 22 wholly owned VLCCs, two part owned VLCCs, and 30 wholly owned Suezmax tankers, of which 8 were Suezmax OBOs. In addition, the Company owned three dry bulk carriers. The Company also chartered in 13 modern VLCCs and 3 modern Suezmax tankers on long-term charters. The Company also has a purchase option to acquire a further VLCC tanker.

Summary of Fleet Changes

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
VLCCs(1)				
At start of period	39	29	36	28
Acquired	-	1	3	2
At end of period	39	30	39	30
VLCCs owned by equity investees(2)				
At start of period	1	10	7	11
Sold	-	2	6	3
At end of period	1	8	1	8
Suezmax				
At start of period	23	21	23	21

Acquired	2	-	2	-
Sold	-	2	-	2
At end of period	25	19	25	19
Suezmax OBOs				
At start and end of period	8	8	8	8
Drybulk				
At start and end of period	3	3	3	3
Total fleet				
At start of period	74	71	77	71
Acquired	2	1	5	2
Sold	-	4	6	5
At end of period	76	68	76	68

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(1) Includes Golden Fountain which is 50% owned but is consolidated in our financial statements as a result of the adoption of FASB Interpretation 46, Consolidation of Variable Interest Entities

(2) Excludes Golden Fountain

On October 3, 2004 we took delivery of the final of three 1989-1990 built Suezmax tankers which were acquired from General Maritime Corporation in a purchase announced on July 13, 2004.

On October 5, 2004 we acquired a 1992 built Suezmax tanker.

On October 22, 2004 we announced the sale of the single hull VLCC Golden Fountain for delivery to new owners during December 2004.

On October 22, 2004 the Company announced the acquisition of the 1988 built single hull Suezmax tanker New Horizon. This vessel was delivered to the Company on December 14, 2004.

We currently have contracts for two newbuilding VLCCs for delivery in 2006 and one option to acquire a VLCC on or before March 2005.

Summary of Fleet Employment

	As at September 30, 2004		As at September 30, 2003	
	No.	Percent	No.	Percent
VLCCs				
Spot or pool	26	67%	23	77%
Time charter	2	5%	3	10%
Bareboat charter	11	28%	4	13%
Total	39	100%	30	100%

VLCCs owned by equity investees				
Spot or pool	1	100%	8	100%
Total	1	100%	8	100%
Suezmax				
Spot or pool	21	84%	18	95%
Time charter	-	-	1	5%
Bareboat charter	4	16%	-	-
Total	25	100%	19	100%
Suezmax OBOs				
Spot or pool	-	-	1	13%
Time charter	8	100%	7	87%
Total	8	100%	8	100%
Drybulk				
Time charter	2	67%	2	67%
Bareboat charter	1	33%	1	33%
Total	3	100%	3	100%
Total fleet				
Spot or pool	48	63%	51	75%
Time charter	12	16%	12	18%
Bareboat charter	16	21%	5	7%
Total	76	100%	68	100%

On November 3, 2004 the Company announced that it had chartered out two 1991 built single hull VLCCs (which at September 30, 2004 were trading in the spot market) to a subsidiary of Titan Petrochemicals Group, a Hong Kong Stock Exchange listed company. The vessels are chartered out until 2010. The contracts will provide the Company with a guaranteed minimum hire of $35,000 per day and in addition provide for a 50:50 profit sharing of earnings in excess of $37,500 per day.

Tanker market

The strong tanker market that we experienced in the second quarter of 2004 continued into the third quarter at even higher levels. Except for a brief weak period in the beginning of September, the VLCC market from the Middle East to the Far East stayed above Worldscale (WS) 100 (or $54,000 per day Time Charter Equivalent (TCE)) for the whole quarter. The average WS rate from the Arabian Gulf to the East was about WS 119 versus WS 110 in the second quarter. This equates to a TCE of $67,000 per day versus $61,000 per day in the second quarter. In the Suezmax market from West Africa to the east coast of the U.S. the average WS rate for the third quarter was WS 161 or about $45,500 per day TCE. The continued strong market was a result of the high world oil demand

especially into China, and improving world economic activity in general. Almost all additional demand was met by increased production in the Middle East, resulting in increased ton-miles.

According to the IEA, average OPEC oil production, including Iraq, in the third quarter of 2004 was approximately 29.2 million barrels per day (b/d), an increase from the second quarter when they produced about 28.1 million b/d. During the quarter, OPEC continued their policy of `producing what is needed to supply the market', but despite this, oil prices continued to climb to record levels.

The IEA estimates that world oil demand averaged 81.9 million b/d in the third quarter, an increase of 3.3 % from the third quarter of 2003. The IEA further predicts that the average demand for 2005 will be 83.8 million b/d. Many oil analysts are still concerned that demand might end up being higher than production capacity this coming winter.

The world VLCC fleet totalled 441 vessels at the end of the third quarter 2004, an increase of five vessels or 1.4 % over the quarter. One VLCC was scrapped in the period and six were delivered. The total order book is now at 86 vessels. This represents 20 % of the current VLCC fleet. A total of nine VLCCs were ordered during the quarter.

The world Suezmax fleet totalled 306 vessels at the end of the quarter. One Suezmax was scrapped during the quarter and three were delivered. The total order book for Suezmaxes is now at 79. This represents 26 % of the current Suezmax fleet. A total of five Suezmaxes were ordered in the quarter.

Ship prices continued a strong upwards movement in the quarter. Modern VLCCs for prompt delivery have been sold at prices up to $125 million, while similar type Suezmaxes are approaching $80 million price levels. Newbuilding prices have crossed $100 million for VLCCs, supported by increases in steel prices and currency movements, but also driven by significant cost increases in main engine and other equipment prices.

The tanker market looks very attractive for the remainder of the year. The freight futures market seems to be reflecting this view, and it is currently possible to sell freight futures for the rest of this year at a level that equates to approximately $196,000 per day for a VLCC, and $75,000 per day for next year.

See below for a summary of the Company's TCE's for the periods reported.

For Suezmaxes we can now hedge the rest of this year at $86,000 per day and $48,000 per day for next year.

Frontline expects a strong market for the rest of the winter with very strong earnings.

Results of Operations

Three and nine months ended September 30, 2004 compared with the three and nine months ended September 30, 2003

Amounts included in the following discussion are derived from our unaudited interim financial statements as at and for the nine months ended September 30, 2004.

Operating revenues and voyage expenses and commission

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Voyage charter revenues	329,127	200,556	998,593	846,237
Time charter revenues	32,594	15,597	97,448	32,374
Bareboat charter revenues	45,684	6,692	112,388	21,644
Finance lease interest income	2,692	-	8,250	-
Total operating revenues	410,097	222,845	1,216,679	900,255

The increases in voyage charter revenues of 64% and 18% in the three and nine month periods ended September 30, 2004 compared with the corresponding prior periods, respectively primarily reflects the strength in the freight market in 2004. Voyage charter revenues includes pool revenues. Certain pools are responsible for paying voyage expenses and distribute net pool revenues to the participants while other pools require the participants to pay and account for voyage expenses, and distribute gross pool revenues to the participants such that the participants' resulting net pool revenues are equal to net pool revenues calculated according to the agreed formula. An analysis of the Company's pool revenues included within voyage revenues is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Pool earnings allocated on gross basis	14,760	8,795	44,322	38,187
Pool earnings allocated on net basis	23,163	9,793	74,473	52,871
Total pool earnings	37,923	18,589	118,795	91,058

The increases in time charter revenues of 109% and 201% in the three and nine month periods ended September 30, 2004 mainly reflect the changing of our eight Suezmax OBOs from employment in the spot market to employment on time charters in the third and fourth quarters of 2003.

In March and April of 2004, four wholly owned VLCCs entered into bareboat charters which provide for bareboat revenue at a flat rate along with a profit share based on market rates and in the three and nine month periods ended September 30, 2004, bareboat revenues of $25.6 million and $47.2 million were earned by these four vessels. The consolidation of the results of Independent Tanker Corporation effective December 31, 2003 has resulted in an additional six vessels that are fixed on bareboat charters. This has increased revenue by $14.0 million and $42.1 million in the three and nine month periods ended September 30, 2004 respectively.

Finance lease interest income represents the earnings of four Suezmax tankers on long-term bareboat charters which are accounted for as capital leases in the results of Independent Tankers Corporation ("ITC"). As discussed in fully in our annual report on Form 20-F for the year ended December 31, 2003, ITC was consolidated effective December 31, 2003.

Summary of average time charter equivalent earnings per day for our fleet:-

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
VLCC				
Spot and pool	71,400	27,500	72,900	45,600
Time charter	34,000	35,600	33,800	35,200
Bareboat charter(3)	61,221	27,200	51,984	31,300
Suezmax	45,900	22,000	47,000	34,300
Suezmax OBO	27,300	22,500	26,800	33,300

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(4) For comparability, TCEs for bareboat charters include an allowance for estimated operating costs that would be paid by us under an equivalently profitable time charter. In 2004 we include an allowance of $6,500 per day for estimated operating costs (2003 - $6,300 per day). Refer to Note 1 of Selected Financial Data for discussion on TCEs.

Net voyage revenues

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Voyage charter revenues	329,128	200,556	998,593	846,237
Voyage expenses and commission	(92,538)	(78,837)	(257,163)	(256,012)
Net voyage revenues	236,590	121,719	741,430	590,225

The increases in net voyage revenues of 94% and 26% in the three and nine month periods ended September 30, 2004 from the corresponding prior periods respectively primarily reflects the strength in the freight market in 2004.

Ship operating expenses

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Suezmax OBO	3,342	4,159	11,105	11,733
Suezmax	9,838	10,690	28,483	31,576
VLCC	20,194	15,599	53,132	41,900
Drybulk	411	586	1,682	1,584
	33,785	31,034	94,402	86,793

In the three month period ended September 30, 2003, costs were incurred in upgrading a Suezmax OBO which are not expected to recur on a frequent basis.

Suezmax operating costs have decreased by $0.8 million and $3.0 million in the

three and nine month periods ended September 30, 2004 compared to the same periods in 2003. In 2003, five Suezmaxes were drydocked resulting in total drydocking costs of $1.9 million. There were no drydockings of Suezmaxes in 2004. In the second and third quarters of 2003, the Company sold two Suezmaxes which had reported total costs of $2.1 million in the nine month period ended September 30, 2003. The Company took delivery of two Suezmax vessels during August 2004 therefore incurring additional operating costs of $0.7 million in the third quarter.

VLCC operating costs have increased by $4.5 million and $11.2 million in the three and nine month periods ended September 30, 2004 compared to the same periods in 2003. The acquisition of three vessels that were previously jointly owned and the consolidation of Golden Fountain has resulted in additional costs of $2.0 million and $7.1 million in the quarter and nine months ended September 30, 2004 respectively. In the third quarter of 2004, we terminated two bareboat charters in order to employ the two VLCCs in the spot market thereby increasing operating costs by $1.2 million in the period. In the nine month period ended September 30, 2004, five VLCCs had drydocked resulting in drydocking costs of $3.1 million. Three of these drydockings occurred in the third quarter at a cost of $1.8 million. In 2003, four VLCCs were drydocked at a cost of $1.8 million, of which, one was in the third quarter.

Charterhire expenses

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Charterhire expenses	12,072	16,117	33,327	58,967

The decreases in charterhire expenses of $4.0 million and $25.6 million in the three and nine month periods ended September 30, 2004 respectively are primarily a result of a decrease in the number of vessels that are chartered in and accounted for operating leases. As at September 30, 2004 we have six vessels, comprising three VLCCs, two Suezmaxes and one drybulk carrier, chartered in and accounted for as operating leases compared with eight vessels, comprising seven VLCCs and one Suezmax, at September 30, 2003. The chartering of a Suezmax and a drybulk carrier in 2004 has increased charterhire expense by approximately $5.6 million and $6.6 million in the three and nine month periods ended September 30, 2004 respectively. Offsetting this is a decrease of approximately $9.4 million and $32.5 million in the three and nine month periods ended September 30, 2004 compared to the corresponding periods in 2003 in relation to the termination of the charters relating to four VLCCs.

Management fees that we receive for operating vessels that we charter under operating leases are accounted for as a reduction in the total charterhire expense. During the three and nine month periods ended September 30, 2004 these management fees amounted to approximately $40,000 per day per vessel compared with approximately $39,000 per day in the comparable periods in 2003.

Charterhire expense for the nine months ended September 30, 2004 includes $2.8 million in respect of charters that ended in the period. As a result, future charterhire expenses and related revenues are expected to be lower.

Administrative expenses

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003

Administrative expenses	4,961	4,566	16,313	10,286

Administrative expenses have increased 9% and 59% in the three month and nine month periods ended September 30, 2004 respectively when compared to the same periods in 2003. Administrative expenses include charges related to accounting for employee stock option grants. These amounted to $nil and $0.9 million in the three months ended September 30, 2004 and 2003 and $5.1 million and $1.9 million in the nine month periods ended September 30, 2004 and 2003 respectively. The employee stock option plan was terminated in June 2004. In the three and nine month periods ended September 30, 2004, additional administrative expenses relating to our new subsidiary Ship Finance were $1.1 million and $2.0 million respectively.

Depreciation

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Depreciation	46,228	37,311	137,039	108,253

Depreciation has increased 24% and 27% in the three month and nine month periods ended September 30, 2004 respectively when compared to the same periods in 2003.The consolidation of the depreciation charges recorded by Independent Tankers Corporation ("ITC") and Golden Fountain Corporation effective December 31, 2003 have resulted in an increase of $5.8 million and $17.2 million of the three and nine month periods ended September 30, 2004. The purchase in 2004 of the remaining share in three VLCCs which were previously jointly owned has resulted in an increase in depreciation of $2.1 million and $5.8 million in the three and nine months ended September 30, 2004 respectively. On June 30, 2003, we purchased the remaining 50% of a vessel previously jointly owned which has increased our depreciation charge by approximately $1.4 million in the nine months ended September 30, 2004.

Effective October 1, 2003, we reduced our estimates of the useful lives of single-hull tankers. As a result, our aggregate depreciation charge on those vessels has increased by approximately $1.3 million per quarter.

Interest income

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Interest income	6,962	1,467	23,220	7,448

Interest income has increased 375% and 212% in the three month and nine month periods ended September 30, 2004 respectively when compared to the same periods in 2003. The increase in interest income is primarily a result of the consolidation of ITC with effect from December 31, 2003 and the restructuring of our investment in associated companies. ITC maintained average cash balances of $318.1 million and $321.6 million during the three and nine months ended September 30, 2004 generating interest income of $5.8 million and $17.8 million over the respective periods.

Interest income from associated companies decreased by $4.6 million in the nine

month period ended September 30, 2004 compared to the same period in 2003 as a result of the restructuring of the associated companies as discussed in Note 5 of the interim financial statements included herein. Bank interest income earned increased by $2.7 million on the nine months ended September 30, 2004, the majority of the increase being attributable to interest earned by our subsidiary Ship Finance International Limited ("Ship Finance").

Interest expense

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Interest expense	51,109	17,543	155,979	53,096

Interest expense has increased 191% and 194% in the three month and nine month periods ended September 30, 2004 respectively when compared to the same periods in 2003. The increase is mainly as a result of the consolidation of ITC with effect from December 31, 2003. ITC had average outstanding interest bearing liabilities of $868.7 million and $881.1 million during the three and nine months ended September 30, 2004 respectively and generated interest expense of $16.5 million and $50.0 million during those periods. Additionally interest costs of $11.3 million and $35.7 million were incurred in the quarter and nine months ended September 30, 2004 respectively due to the issuance in December 2003 of $580 million 8.5% Senior Notes by Ship Finance.

Share of results of associated companies

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Share of results from associated companies	1,587	1,662	5,933	32,115

The Company's share in results of associated companies decreased 5% and 82% in the three and nine months ended September 30, 2004 respectively when compared to the same periods in 2003. The Company terminated its joint ventures which owned six VLCCs jointly with OSG in the first quarter of 2004. Another joint venture which owns a VLCC, which the Company accounted for using the equity method in 2003 is now consolidated with effect from December 31, 2003. As a result, the Company only accounts for one investee which owns a VLCC using the equity method as at September 30, 2004.

Foreign currency exchange gains and losses

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Foreign currency exchange gain (loss)	3,016	(12,221)	5,071	(12,093)

The Company's foreign currency exchange gains and losses principally result from Yen debt in subsidiaries and certain forward currency exchange contracts, also

denominated in Yen. As at September 30, 2004 the Company has total Yen debt of JPY 1.4 billion and total forward Yen sales contracts of JPY 15.0 billion at fixed exchange rates of between JPY 108.9 per dollar and JPY 109.3 per dollar.

Gain on issue of shares by subsidiary

When a subsidiary of the Company makes a direct sale of its unissued shares, the Company recognizes any amount in excess of its carrying value as a gain in the statement of operations. A gain of $9.1 million was recorded in the three months ended September 30, 2004 resulting from an issue of 1.6 million shares by our subsidiary, Ship Finance, to an institutional investor for $15.75 per share, for a total of $25.2 million. Ship Finance was formed in October 2003. Ship Finance has purchased from the Company a fleet of 47 crude oil tankers, which are chartered under long term, fixed rate charters to Frontline Shipping Limited, also a wholly owned subsidiary of .the Company. As a result of this transaction, the Company's ownership interest in Ship Finance was reduced from 75.00% to 73.41%, resulting in a "dilution gain". This gain is calculated as the increase in the underlying book value of Frontline's holding in Ship Finance as a result of the share issue. This type of transaction may occur again.

Other financial items, net

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Mark to market adjustments for financial derivatives	(10,943)	2,041	3,059	24,452
Gains and losses from forward freight agreements	(17,187)	(1,770)	(15,585)	(14,070)
Other	1,970	2,373	(1,007)	4,811
	(26,160)	2,644	(13,533)	15,193

As at September 30, 2004 our financial derivatives comprise interest rate swap agreements with a total notional principal of $633.9 million. These contracts provide for us to pay fixed rates of interest on the notional principal amount in exchange for receiving floating rate interest based on the current LIBOR. The average fixed rate we pay on these contracts is 3.94%.

We enter into forward freight agreements ("FFAs") as part of our overall strategy in order to manage our exposure to changes in freight rates. These agreements provide that we pay or receive a fixed daily payment in exchange for paying or receiving a variable daily payment based on the actual underlying freight market.

At September 30, 2004 we were party to FFAs with a total notional principal amount of $72.1 million. We estimate that as at September 30, 2004 a 5% increase in underlying freight market rates would decrease our net income by $5.2 million and vice versa based on these FFAs. Contracts entered into since September 30, 2004 will change our overall exposure to gains and losses from FFAs.

Minority interest

Minority interest comprises minority investors interests in our subsidiary Ship Finance's net income. As at September 30, 2004 minority investors owned 36.5% of the shares of Ship Finance. Since September we have distributed an additional 13.2% of Ship Finance's shares.

Liquidity and Capital Resources

Liquidity

	September 30, 2004	December 31, 2003
Cash and cash equivalents	159,599	124,189
Restricted cash	566,865	891,887

In the nine months ended September 30, 2004, net maturity of restricted cash of $327.5 million includes the release of $565.5 million held in escrow at December 31, 2003 in connection with the Ship Finance issuance of $580.0 million of 8.5% Senior Notes and placement of a $250.0 million restricted deposit which may only be used under certain circumstances to make hire payments to Ship Finance.

Borrowing activities

In January and February 2004 our subsidiary Ship Finance refinanced substantially all of its secured bank debt with a new $1,058.0 million syndicated senior secured credit facility. This facility bears interest at Libor plus 1.25% and is repayable between 2004 and 2010 with a final bullet of $499.7 million payable on maturity. As at September 30, 2004 the outstanding amount on this facility is $971.4 million. In common with other secured loans, this facility contains a minimum value covenant which requires that the aggregate value of Ship Finance's vessels exceed 140% of the outstanding amount of the facility.

In connection with its new $1,058.0 million syndicated senior secured credit facility, Ship Finance entered into new 5-year interest rate swaps with a combined principal amount of $500.0 million in the first quarter of 2004. These swaps are at rates between 3.3% and 3.5%.

Ship Finance also has $530.3 million of outstanding 8.5% Senior Notes due 2013.

Frontline Ltd. does not guarantee any of Ship Finance's debt facilities.

In June 2004 we drew $49.5 million under a short-term loan facility from a related party and used the proceeds to repay Yen denominated debt of Yen 5.5 billion (equivalent to $49.4 million). In August, 2004 we drew a new secured long-term loan of $50.0 million and repaid the short-term facility.

In September 2004 we drew $65.0 million under a new 5-year secured loan facility. We used the proceeds to repay loans totalling $28.0 million and to part finance the acquisitions in September and October of three 1989-1990 built Suezmax tankers.

Covenants contained in our secured loan agreements may restrict our ability to obtain new secured facilities in future. We were in compliance with all loan covenants at December 31, 2003 and September 30, 2004.

Equity

On July 13, 2004, the Company announced that it had completed the private placement of 600,000 ordinary shares to institutional investors at a purchase price of NOK 246 per share. The total proceeds of $21.5 million have been used to part finance the acquisition of three 1989-90 built Suezmax tankers.

On October 6, 2004, the Company announced the issuance and private placement of 300,000 ordinary shares to institutional investors at a purchase price of NOK 352 per share. The total proceeds of $15.7 million have been used to assist in

financing the purchase of a 1992 built Suezmax tanker that Frontline acquired on October 5, 2004.

During the nine months ended September 30, 2004 we declared total cash dividends of $11.10 per share which amounted to $820.9 million. Cash dividends declared reflect strong earnings in the nine months ending September 30, 2004, liquidity generated by the Ship Finance transaction and the positive short to medium term outlook for the business.

We believe that cash flows generated by the current strength in freight markets enables us to meet our short and medium term operating liquidity requirements. We will continue to use a mixture of equity and debt issues to finance acquisitions of vessels and for other long-term investments.

There have been no other significant changes to our liquidity and capital resources since we issued our annual report on Form 20-F for the year ended December 31, 2003 which includes a full discussion of these items.

Report of Independent Registered Public Accounting Firm

To the Board of Directors of Frontline Ltd:

We have reviewed the accompanying condensed balance sheet of Frontline Ltd (the Company) as of September 30, 2004, the related statements of operations for the three and nine months ended September 30, 2004, the statement of stockholders' equity for the nine month ended September 30, 2004 and the statements of cash flows for the three and nine months ended September 30, 2004. This interim financial information is the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2003, and the related consolidated statement of operations, of cash flows and of changes in stockholders' equity for the year then ended (not presented herein), and in our report dated June 24, 2004 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of September 30, 2004, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers AS
Oslo, Norway
December 21, 2004

Frontline Ltd.
Condensed Statements of Operations
(in thousands of $, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
	(Unaudited	(Unaudited)	(Unaudited)	(Unaudited)
Total operating revenues	410,097	222,845	1,216,679	900,255
Gain (loss) from sale of assets	-	6,914	(225)	3,136
Operating expenses				
Voyage expenses and commission	92,538	78,837	257,163	256,012
Ship operating expenses	33,785	31,034	94,402	86,793
Charterhire expenses	12,072	16,117	33,327	58,967
Administrative expenses	4,961	4,566	16,313	10,286
Depreciation	46,228	37,311	137,039	108,253
Total operating expenses	189,584	167,865	538,244	520,311
Net operating income	220,513	61,894	678,210	383,080
Other income/(expenses)				
Interest income	6,962	1,467	23,220	7,448
Interest expense	(51,109)	(17,543)	(155,979)	(53,096)
Share of results from associated companies	1,587	1,662	5,933	32,115
Foreign currency exchange gain (loss)	3,016	(12,221)	5,071	(12,093)
Gain on issue of shares by subsidiary	9,050	-	9,050	-
Other financial items, net	(26,160)	2,644	(13,533)	15,193
Net other income/(expenses)	(56,654)	(23,991)	(126,238)	(10,433)
Net income before income taxes and minority interests	163,859	37,903	551,972	372,647
Minority interests	13,279	-	17,659	-
Income taxes	-	-	113	(3)
Net income	150,580	37,903	534,200	372,650
Basic earnings per share	$2.02	$0.52	$7.22	$4.95
Diluted earnings per share	$2.02	$0.51	$7.22	$4.94

See accompanying Notes that are an integral part of the Interim Financial Statements

Frontline Ltd.
Condensed Balance Sheets
(in thousands of $)

	September 30, 2004	December 31, 2003

		(Unaudited)
ASSETS		
Short term		
Cash and cash equivalents	159,599	124,189
Restricted cash	566,865	891,887
Other current assets	222,674	181,928
Long term		
Newbuildings and vessel purchase options	24,231	8,370
Vessels and equipment, net	2,297,344	2,165,239
Vessels under capital lease, net	730,438	765,126
Investment in finance leases	113,668	120,894
Investment in associated companies	13,078	173,329
Deferred charges and other long-term assets	38,455	32,573
Total assets	4,166,352	4,463,535
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short term		
Short term interest bearing debt	147,559	191,131
Current portion of obligations under capital leases	21,139	20,138
Other current liabilities	133,134	110,043
Long term		
Long term interest bearing debt	2,057,741	2,091,286
Obligations under capital leases	737,615	753,823
Other long term liabilities	46,393	41,697
Minority interests	222,022	-
Stockholders' equity	800,749	1,255,417
Total liabilities and stockholders' equity	4,166,352	4,463,535

See accompanying Notes that are an integral part of the Interim Financial Statements

Frontline Ltd.
Condensed Statements of Cash Flows
(in thousands of $)

	Three months ended September 30,		Nine months ended September 30,	
	2004 (Unaudited)	2003 (Unaudited)	2004 (Unaudited)	2003 (Unaudited)
OPERATING ACTIVITIES				
Net cash provided by operating activities	224,990	80,971	664,773	424,913
INVESTING ACTIVITIES				

Maturity (placement) of restricted cash	27,613	744	327,485	4,549
Additions to newbuildings, vessels and equipment	(61,107)	(51,938)	(61,352)	(66,565)
Proceeds from sales of vessels	-	236,180	-	352,065
Dividends from (advances to) associated companies, net	1,480	(5,858)	(29,263)	(5,363)
Acquisition of subsidiaries and businesses, net of cash	-	-	(4,145)	(2,363)
Purchase of option	-	(10,042)	-	(10,042)
Receipts from investment in finance lease and loans receivables	946	-	9,056	-
Purchases and sales of other assets, net	-	13,934	11,690	13,869
Net cash provided by (used in) investing activities	(31,068)	183,020	253,471	286,150
FINANCING ACTIVITIES				
Proceeds from long-term debt, net of fees paid	119,155	(472)	1,672,049	45,537
Repayments of long-term debt	(147,111)	(122,274)	(1,763,066)	(347,715)
Repayment of capital leases	(5,569)	(3,614)	(15,207)	(8,622)
Dividends paid	(159,392)	(154,335)	(821,010)	(241,843)
Issuances and repurchases of own shares, net	45,735	351	46,863	(26,711)
Net cash used in financing activities	(147,182)	(280,344)	(880,371)	(579,354)
Net increase in cash and cash equivalents	46,740	(16,353)	37,873	131,709
Cash and cash equivalents at start of period	112,859	240,140	121,726	92,078
Cash and cash equivalents at end of period	159,599	223,785	159,599	223,787

See accompanying Notes that are an integral part of the Interim Financial Statements

Frontline Ltd.
Statements of Changes in Stockholders' Equity
(in thousands of $, except number of shares)

	Nine months ended September 30,	
	2004	2003
	Unaudited)	(Unaudited)
NUMBER OF SHARES OUTSTANDING		
Balance at beginning of year	73,647,930	76,466,566
Shares issued	897,436	130,164
Shares bought back	(20,197)	(3,070,000)
Balance at end of period	74,525,169	73,526,730
SHARE CAPITAL		
Balance at beginning of year	184,120	191,166
Shares issued	2,244	325
Shares bought back and cancelled	(50)	(7,675)

Balance at end of period	186,314	183,817
ADDITIONAL PAID IN CAPITAL		
Balance at beginning of year	513,859	552,241
Shares issued	28,140	311
Shares bought back	(581)	(42,156)
Balance at end of period	541,418	510,396
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance at beginning of year	(6,953)	(9,498)
Other comprehensive income	2,607	889
Balance at end of period	(4,347)	(8,609)
RETAINED EARNINGS		
Balance at beginning of year	564,391	493,065
Net income	534,200	372,650
Cash dividends declared	(820,862)	(241,843)
Stock dividends	(202,285)	-
Minority interest in deemed equity contributions to and dividends paid by subsidiary, net	1,920	-
Balance at end of period	77,364	623,872
Total Stockholders' Equity	800,749	1,309,477
COMPREHENSIVE INCOME (LOSS)		
Net income	534,200	372,650
Unrealised gains from marketable securities	2,534	803
Foreign currency translation and other	73	(87)
Other comprehensive income	2,607	889
Comprehensive income	539,414	373,539

See accompanying Notes that are an integral part of the Interim Financial Statements

Frontline Ltd.
Notes to the Interim Financial Statements

1. Basis of Presentation

The accompanying interim financial statements of Frontline Ltd ("Frontline" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The principal accounting policies used in the preparation of these

financial statements are set out below.

These interim financial statements should be read in conjunction with the audited financial statements and accompanying notes included in the Company's Annual Report on Form 20-F for the year ended December 31, 2003.

The interim financial statements include the assets and liabilities of the Company and its subsidiaries and certain variable interest entities in which the Company is deemed to be subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. All intercompany balances and transactions have been eliminated on consolidation.

The Company uses the equity method to account for investments in companies it exercises significant influence over but does not consolidate. The Company records its investments in equity-method investees on the consolidated balance sheets as "Investments in associated companies" and its share of the investees' earnings or losses in the consolidated statements of operations as "Share in results from associated companies". The excess, if any, of purchase price over book value of the Company's investments in equity method investees is included in the accompanying consolidated balance sheets in "Investment in associated companies".

Preparation of financial statements in accordance with generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period. Effective December 31, 2003 we have reclassified voyage expenses and commission and depreciation and amortisation as components of total operating expenses. We no longer present "net operating revenues", "net operating income before depreciation and amortization" and "net operating income after depreciation and amortization"

2. Accounting Changes

Our adoption of FASB Interpretation 46, Consolidation of Variable Interest Entities, required us to consolidate effective December 31, 2003 Golden Fountain Corporation, which owns a VLCC, and Independent Tankers Corporation (ITC), which owns six VLCCs and four Suezmax tankers. We previously accounted for our interest in Golden Fountain Corporation using the equity method and accounted for our interest in ITC as a purchase option. Full disclosure of the accounting impact of our adoption of FIN 46 is included in our annual report on Form 20-F for the year ended December 31, 2003.

3. Fleet Changes

During the quarter ended March 31, 2004 we exchanged interests in six joint ventures, each owning a VLCC, with our joint venture partner. As a result of these transactions we increased our interests in three VLCCs from 50.1% to 100% and disposed of our 50.1% interests in three VLCCs. (See Note 4.)

On May 27, 2004 we exercised our option to acquire all of the shares of ITC for $4.1 million. We acquired ITC from Hemen Holding Ltd, a related entity that is indirectly controlled by John Fredriksen, our Chairman and Chief Executive Officer. The total purchase price paid to Hemen Holding Limited

for ITC was $14.1 million. This comprised a payment of $10.0 million for an option to acquire all of the shares and a payment of $4.1 million to exercise the option in accordance with the terms of the option agreement. We initially recorded the $10.0 million paid for the option in July 2003 as the purchase of an option that was recognized on the Company's balance sheet as an asset at cost. In December 2003 the Company implemented the provisions of FASB Interpretation 46, Consolidation of Variable Interest Entities ("FIN 46"). One effect of implementation of FIN 46 by the Company was to require consolidation of ITC. At that time the $10.0 million option cost represented the total recorded amount of our interests in ITC. The assets and liabilities of ITC had a net deficit value of $15.2 million. The values of ITC's assets and liabilities were determined by reference to the principles contained in FIN46 and in particular to principles relating to variable interest entities under common control with the primary beneficiary. We eliminated the option cost from our balance sheet and consolidated the assets and liabilities of ITC at their determined values. The resulting difference of $25.2 million in the amounts eliminated from and amounts added to our balance sheet was recorded as the cumulative effect of a change in accounting principle in accordance with the guidance of FIN 46. In May 2004 we paid $4.1 million to exercise the option to acquire the shares of ITC. We accounted for the exercise payment as an addition to the total purchase price for ITC and specifically as an addition to the recorded cost of the underling long-term assets, being the vessels owned by ITC.

ITC owns a fleet of six VLCCs and four Suezmax tankers. As explained in Note 2 above, we have consolidated ITC with effect from December 31, 2003.

Additionally on July 12, 2004 we announced the acquisition of two newbuilding VLCCs for delivery in 2006. On July 13, 2004 we announced the acquisition of three 1989-1990 built Suezmax tankers which were delivered during September and October, 2004.

On October 5, 2004 we acquired a 1992 built single hull Suezmax tanker.

On October 22, 2004 we announced the sale of the single hull VLCC Golden Fountain for delivery to new owners during December 2004.

On October 22, 2004 the Company announced the acquisition of the 1988 built single hull Suezmax tanker New Horizon. This vessel was delivered to the Company on December 14, 2004.

4. Earnings per share (EPS)

The computation of basic EPS is based on the weighted average number of shares outstanding during the period. The computation of diluted EPS assumes the foregoing and the exercise of stock options and warrants using the treasury stock method.

The components of the denominator for the calculation of basic EPS and diluted EPS are as follows:

(in thousands of $)	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Basic earnings per share:				
Weighted average number of ordinary shares outstanding	74,434	73,496	73,986	75,347

Diluted earnings per share:				
Weighted average number of ordinary shares outstanding	74,434	73,496	73,986	75,347
Stock options	-	141	-	141
	74,434	73,637	73,986	75,488

5. Investment in Associated Companies

At September 30, 2004, the Company has the following participation in investments that are recorded using the equity method:

	Percentage
Front Tobago Inc	40.00%

At December 31, 2003, the Company had the following participations in investments that were recorded using the equity method:

	Percentage
Front Tobago Inc	40.00%
Dundee Navigation SA	50.10%
Edinburgh Navigation SA	50.10%
Ariake Transport Corporation	50.10%
Sakura Transport Corporation	50.10%
Tokyo Transport Corporation	50.10%
Hitachi Hull No 4983 Ltd.	50.10%

Summarised balance sheet information of the Company's equity method investees is as follows:

(in thousands of $)	September 30, 2004	December 31, 2003
Current assets	7,968	38,057
Non current assets	28,669	417,653
Current liabilities	5,784	115,323
Non current liabilities	-	205,087

Summarised statement of operations information of the Company's equity method investees is as follows:

(in thousands of $)	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Total operating revenues	8,560	20,695	20,009	130,837
Net operating income	6,270	7,152	15,383	84,690
Net income (loss)	5,496	3,219	14,446	65,139

In the nine months ended September 30, 2003, the Company recorded an impairment charge of $5.2 million related to the other-than-temporary decline in value of its investments in Golden Lagoon Corporation and Ichiban Transport Corporation. This impairment charge was triggered by signing agreements on June 25, 2003 to restructure the Company's investments in certain associated companies. These agreements provided for:

In the second quarter of 2003, the Company recorded an impairment loss in the amount of $2.4 million related to its 50% interest in Golden Lagoon Corporation. In the third quarter, the Company entered into an agreement to sell this interest. At point of signing these agreements, the Company's carrying value of its investment in Golden Lagoon Corporation was $9.7 million, compared to the sale proceeds due under the contract of $7.3 million. The Company believed that the signing of an agreement to sell its interest in Golden Lagoon Corporation for less than its carrying value was an indicator of impairment and accordingly recognized the impairment loss. No gain or loss was subsequently recorded on the sale of this interest.

In the third quarter of 2003, the Company entered into an agreement to exchange its 33% interest in Ichiban Transport Corporation for a 17% interest in Tanabe and a 17% interest of Hakata with a net settlement cost of $0.4 million. The Company accounted for the exchange of these interests at historical cost, after reduction for an indicated impairment of book value, as the interests were determined to be similar productive assets as defined by APB 29, Accounting for Nonmonetary Transactions. At the time of signing the exchange agreement, the Company believed that there were indicators of impairment of their existing investment in Ichiban Transport Corporation. These indicators were based upon the impairment recognized on the Company's investment in Golden Lagoon Corporation, and the implied fair value of the assets being received in this particular transaction. As a consequence, the Company booked an impairment of $2.8 million in respect of its investment in Ichiban Transport Corporation. The exchange of investments in Ichiban, Tanabe and Hakata was then accounted for at book value of the assets exchanged.

Additionally, during the third quarter of 2003, the Company entered into an agreement regarding the acquisition of a 17% interest in Ariake and a 17% interest in Sakura for cash consideration of $10.2 million. The Consideration for the interests in Ariake and Sakura were based upon the fair market value of the vessels at the time that the purchase agreement was entered into. The Company accounted for the acquisition of these interests at historical cost, as the assets acquired do not meet the definition of a business under EITF 98-3.

The Company held 50% of the shares of Golden Tide Corporation during the nine months ended September 30, 2003. The statement of operations includes 50% share of the earnings of Golden Tide Corporation for the six months ended June 30, 2003. On June 30, 2003, the Company acquired the remaining 50% of the shares of Golden Tide Corporation for $9.5 million, being 2.4 million net of cash acquired, and has combined the assets, principally the vessel, and liabilities, principally the long-term debt, from that date. The Company has determined that it is the primary beneficiary of Golden Fountain Corporation under FIN 46 and has therefore consolidated the entity as of December 31, 2003.

In December 2003, Frontline agreed with its partner, Overseas Shipholding, Group, Inc ("OSG"), to swap interests in six joint venture companies, which each own a VLCC. These agreements resulted in Frontline exchanging its interest in the vessels Dundee, Sakura I and Tanabe for OSG's interest in the vessels Edinburgh, Ariake and Hakata, thereby increasing its interest in these vessels to 100.0% each. The exchanges of interests were completed on February 24, 2004. In connection with the above transaction, the Company advanced $34,600,000 to the joint venture companies representing its share of the amounts required to repay the combined bank debt of those joint venture companies. Frontline received a net cash settlement of $2.3 million in the exchange transaction to reflect the difference in values of the assets exchanged. These transactions were recorded as a non-monetary exchange of productive assets. We recorded the increases of our investments at the book value of our investments given up in the exchanges. A gain on

$0.2 million was recognized in connection with the exchange insofar as it related to the cash element of the transactions.

6. Debt

(in thousands of $)	September 30, 2004	December 31, 2003
US Dollar denominated floating rate debt (LIBOR + 1.25% to 1.50%) due through 2011	1,091,447	937,936
Yen denominated floating rate debt (LIBOR + 1.25% to 1.313%) due through 2011	12,611	157,210
Fixed rate debt 0% due through 2005	2,000	2,000
8.5% Senior notes	530,270	580,000
Serial notes (6.42% to 7.62%)	86,170	120,620
Term notes (7.84% to 8.52%)	480,745	484,100
	2,203,243	2,281,867
Credit facilities	2,057	550
Total debt	2,205,300	2,282,417
Less: short-term and current portion of long-term debt	(147,559)	(191,131)
	2,057,741	2,091,286

The outstanding debt as of September 30, 2004 is repayable as follows:

Year ending September 30, (in thousands of $)	
2005	147,559
2006	144,886
2007	142,770
2008	134,049
2009	128,824
2010 and later	1,507,212
Total debt	2,205,300

The weighted average interest rate for the floating rate debt denominated in US dollars was 3.98% as of September 30, 2004 (December 31, 2003 - 3.08%). The weighted average interest rate for the floating rate debt denominated in Yen was 1.36% as of September 30, 2004 (December 31, 2003 - 1.33%). These rates take into consideration related interest rate swaps.

7. Non-Cash Dividend and Minority Interest

On June 16, 2004, the Company completed the partial spin off of its subsidiary Ship Finance International Limited ("Ship Finance") and distributed 25% of Ship Finance's common shares to the Company's shareholders with each shareholder receiving one share in Ship Finance for every four shares held in the Company. In accordance with US GAAP, the value of the dividend received and the corresponding minority interest has been established as $142.5 million, representing 25% of the book value of Ship Finance on the date of distribution.

On September 24, 2004, the Company completed a further partial spin off of

its subsidiary Ship Finance and distributed 9.9% of Ship Finance's common shares to the Company's shareholders with each shareholder receiving one share in Ship Finance for every ten shares held in the Company. In accordance with US GAAP, the value of the dividend received and the corresponding minority interest has been established as $59.8 million, representing 9.9% of the book value of Ship Finance on the date of distribution.

A further partial spin off of Ship Finance occured on December 15, 2004 (see Note 10).

8. Pool revenues

Voyage charter revenues includes pool revenues. Certain pools are responsible for paying voyage expenses and distribute net pool revenues to the participants while other pools require the participants to pay and account for voyage expenses, and distribute gross pool revenues to the participants such that the participants' resulting net pool revenues are equal to net pool revenues calculated according to the agreed formula. An analysis of the Company's pool revenues included within voyage revenues is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Pool earnings allocated on gross basis	14,760	8,795	44,322	38,187
Pool earnings allocated on net basis	23,163	9,793	74,473	52,871
Total pool earnings	37,923	18,589	118,795	91,058

9. Gain on issue of shares by subsidiary

When a subsidiary of the Company makes a direct sale of its unissued shares, the Company recognizes any amount in excess of its carrying value as a gain in the statement of operations.

A gain of $9.1 million was recorded in the three months ended September 30, 2004 resulting from an issue of 1.6 million shares by our subsidiary, Ship Finance, to an institutional investor for $15.75 per share, for a total of $25.2 million. Ship Finance was formed in October 2003. Ship Finance has purchased from the Company a fleet of 47 crude oil tankers, which are chartered under long term, fixed rate charters to Frontline Shipping Limited, also a wholly owned subsidiary of .the Company. As a result of this transaction, the Company's ownership interest in Ship Finance is reduced from 75.00% to 73.41%, resulting in a "dilution gain". This gain is calculated as the increase on the underlying book values of Frontline's holding in Ship Finance as a result of the share issue. No related deferred income tax has been recognized as the Company is not subject to taxes with respect to this share issuance.

10. Subsequent Events

On October 6, 2004, the Company announced the issuance and private placement of 300,000 ordinary shares to institutional investors at a purchase price of NOK 352 per share (equivalent to approximately $52.33 per share). The total proceeds of $15.7 million have been used to assist in financing the purchase of a 1992 built Suezmax tanker that Frontline

acquired on October 5, 2004.

On October 22, 2004 the Company announced that it had sold the joint owned single hull VLCC Golden Fountain to Chinese interests. The vessel will be delivered to the new owner in the period December 15 to 30, 2004.

On November 3, 2004 the Company announced that it had chartered out two 1991 built single hull VLCCs to a subsidiary of Titan Petrochemicals Group, a Hong Kong Stock Exchange listed company. The vessels are chartered out until 2010. The contracts will provide the Company with a guaranteed minimum hire of $35,000 per day and in addition provide for a 50:50 profit sharing of earnings in excess of $37,500 per day.

On October 22, 2004 the Company announced the acquisition of the 1988 built single hull Suezmax tanker New Horizon. This vessel was delivered to the Company on December 14, 2004.

On November 5, 2004 the Company informed the KG owners of three leased VLCCs that it wants to declare its purchase options on these vessels. Frontline will consider a refinancing and subsequent long-term leasing of these vessels with Ship Finance. It is anticipated that such a refinancing will release approximately $100 million in liquidity.

On November 15, 2004, the Board declared a dividend of $2.50 per share. The record date for the dividend is November 26, 2004 and the dividend will be paid on or about December 8, 2004.

On November 15, 2004, the Board announced a further distribution of shares in Ship Finance whereby each Frontline shareholder will receive 2 shares in Ship Finance for every 15 shares held in Frontline. The record date for the dividend is December 1, 2004 and the distribution will be made on December 15, 2004.

On December 1, 2004 the Company announced a de-merger and spin off of its subsidiary Golden Ocean Group Limited ("Golden Ocean"). Golden Ocean owns two Capesize drybulk carriers and charters in a third Capesize drybulk carrier on a long-term time charter. On December 13, 2004 Frontline distributed the shares of Golden Ocean to its shareholders in a 3 for 1 stock dividend. Certain U.S. shareholders of Frontline were excluded from the distribution and will receive a cash payment in lieu of shares. The amount of the cash payment will be based on the average price of Golden Ocean's shares over the first 5 trading days after the Company is listed on the Oslo Stock Exchange. Golden Ocean was listed on the Oslo Stock Exchange on December 15, 2004.

During the period from October 27 through December 3, 2004 the company acquired 6.5% of General Maritime Corporation's ordinary shares (NYSE: GMR, "Genmar") for a total price of $100.2 million. Subsequent to December 3, 2004 Frontline reduced its holding in Genmar to 4.3%.

On December 14, 2004, the company announced that it had entered into contracts to purchase two newbuilding Panamax drybulk vessels for delivery in 2005. The vessels will cost $42.5 million each. The company has granted options to Golden Ocean to acquire these vessels from the company at cost. These options must be declared by the end of 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the

registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

Frontline Ltd.
(Registrant)

Date December 20, 2004

By /s/ Kate Blankenship
Kate Blankenship
Company Secretary and Chief Accounting Officer