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FRONTLINE LTD /
Form 6-K
November 18, 2002

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 November, 2002

Frontline Ltd.

(Translation of registrant's name into English)

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

(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

Attached as Exhibit 1 is a copy of the press release of Frontline Ltd. (the "Company"), dated November 17, 2002.

Exhibit 1

FRONTLINE LTD.

INTERIM REPORT JULY - SEPTEMBER 2002

THIRD QUARTER AND NINE MONTH RESULTS

Frontline Ltd. reports earnings before interest, tax, depreciation, and amortisation including earnings from associated companies (EBITDA) of \$26.6 million and a net loss of \$37.2 million for the third quarter of 2002. The net loss figure includes losses of \$15.4 million relating to the mark to market valuation adjustment of the Company's Equity Swap Line. The loss per share for the quarter was \$0.49.

The average daily time charter equivalents ("TCEs") earned by VLCCs, Suezmax tankers, and Suezmax OBO carriers were \$16,900, \$14,300 and \$13,400,

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respectively, compared with \$18,600, \$17,600 and \$15,300, respectively in the immediately preceding quarter. These TCEs include vessels trading on the spot market and on time charters. Average daily ship operating expenses are in line with budget, reflecting drydocking of five vessels during the quarter.

Net interest expense for the quarter was \$15.9 million compared to \$19.7 million in the same period in 2001. This decrease reflects the reduction in interest rates in the period. At September 30, 2002 approximately 74 per cent of the Company's total debt is floating. Other financial items for the quarter were negative \$17.1 million, which includes a \$15.4 million charge for the market value adjustment on the Company's Equity Swap Line. The \$ 15.4 million charged in the quarter includes a revaluation of 2,695,000 shares down to the market price at \$ 3.82 per share at quarter end. The weakening of the Yen against the US Dollar in the third quarter of 2002 resulted in an unrealised foreign currency exchange gain of \$4.1 million due to the revaluation of Yen debt in certain subsidiaries and a gain of \$1.4 million included within the share of results from associated companies. At September 30, 2002 the Company has Yen debt and capital lease obligations (including our share of associated companies) of Yen 23.7 billion, decreased from Yen 26.1 billion at June 30, 2002.

For the first nine months of 2002, the Company had EBITDA of \$121.6 million and reports a net loss of \$54.1 million. Loss per share for the 2002 year to date is \$0.71. This compares to EBITDA, net income and earnings per share of \$459.3 million, \$339.0 million and \$4.41, respectively for the first nine months of 2001.

Net interest expense for the nine month period was \$47.6 million (2001 - \$60.8 million). The foreign exchange loss for the nine month period was \$8.0 million

The Board has decided not to declare any dividend for the third quarter.

THE MARKET

The VLCC market was extremely weak throughout the third quarter with rates periodically dropping below \$10,000 per day. The main contributing factor was a lack of demand for VLCC loadings out of the Middle East Gulf. Suezmax earnings were affected by the difficult situation for the larger vessels but in relative terms the Suezmaxes traded better in a flat market with earnings of about \$14,000 per day through the quarter. After the end of the quarter the situation for both categories of vessels improved sharply.

The availability of crude oil tankers has been more or less unchanged in 2002. So far this year 36 VLCCs and 15 Suezmaxes have been scrapped or otherwise removed from the trading fleet whereas 32 VLCCs and 20 Suezmax newbuildings have been delivered from shipyards in the period. Order books currently stand at 66 VLCCs and 57 Suezmaxes for delivery into mid 2005. Ordering activity has been low for both categories of vessels in 2002. Newbuilding prices as well as second hand values have been stable during the quarter, however few contracts and transactions have taken place.

CORPORATE AND OTHER MATTERS

In July 2002, the Company sold its interests in two drybulk vessel joint ventures. The Company's interest in the drybulk segment has thereby been reduced to four remaining vessels, all of which are covered with medium to long term charter arrangements.

In the third quarter of 2002, the Company together with joint venture partners took delivery of one VLCC newbuilding, Hakata, in which the Company has a one third share. The Company also took delivery of a wholly-owned VLCC newbuilding, Front Stratus. In October 2002 the Company took delivery of a further two wholly-owned VLCC newbuildings, with delivery of these vessels financed through

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traditional bank financing. The Company now has one remaining newbuilding VLCC on order for delivery in 2003, and as per balance sheet date the remaining equity investment was estimated to be \$19 million. Except for this the Company has no other material capital commitments.

The Board is pleased to announce that the banks in the largest syndicate have agreed to extend their loan for two years until November 2005. The loan originally had a bullet of \$163 million due November next year. The extension also includes a right to defer two quarterly instalments equal to \$15.7 million. The Board will continue to work with the target of lowering the cash break even rates, through similar agreements with other syndicates.

At September 30, 2002, and for the quarter then ended, 76,466,566 ordinary shares were outstanding. At September 30, 2002, the Bank of Nova Scotia Group had acquired 2,695,000 Frontline shares pursuant to the existing Equity Swap Line, of which 595,000 have been acquired in 2002. The facility has been extended to February 2004.

The VLCC chartering cargo agreement with BP has worked out to mutual satisfaction. Certain adjustments have been made to the initial agreement.

OUTLOOK

Tanker rates have improved considerably in the first half of the fourth quarter due to a seasonal demand increase, more stable Iraqi exports and more oil going west. Some oil company VLCCs have possibly been employed for floating storage, thereby reducing overall transportation capacity. Approximately 60 per cent and 75 per cent of Frontline's Suezmax and VLCC fleet capacity respectively has been covered for the fourth quarter at rates of about \$21,000 per day for Suezmaxes and \$28,000 per day for VLCCs with earnings trending upwards as new fixtures are concluded at rates above the current average.

The Board expressed in the second quarter report comfort with the Company's financial position. Based on the improved markets, the reduced cash breakeven rates (currently \$22,100 per day for VLCCs and \$14,200 per day for Suezmaxes), the new agreements with the banks and certain other measures under implementation, this comfort has increased further. The Board feels the Company is well positioned for future growth, but will remain cautious in its investment considerations.

Based on the rates achieved so far in the fourth quarter it is anticipated that the Company will generate a net income from ordinary operations in excess of \$40 million. This number does not include effects from marked to market valuation of the Equity Swap Line, currency changes and interest rate swaps. Current rates for VLCCs and Suezmaxes are \$50,000 and \$30,000 per day respectively, which are rates significantly higher than the average fixed so far in quarter. Therefore, if these rates are maintained, the projected net income will be significantly higher.

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

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strength of world economies and currencies, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the tanker market, as a result of changes in OPEC's petroleum production levels and world wide oil consumption and storage, changes in the Company's operating expenses, including bunker prices, drydocking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by the Company with the United States Securities and Exchange Commission.

November 17, 2002
The Board of Directors
Frontline Ltd.
Hamilton, Bermuda

FRONTLINE GROUP THIRD QUARTER REPORT (UNAUDITED)

| 2001 Jul-Sep | 2002 Jul-Sep | INCOME STATEMENT (in thousands of \$) | Ja |
|-----------------|-----------------|--|----|
| 132,406 | 81,985 | Net operating revenues | 26 |
| 18,822 | (602) | Gain (loss) from sale of assets | (|
| 32,240 | 29,021 | Ship operating expenses | 8 |
| 10,460 | 19,724 | Charterhire expenses | 3 |
| 1,767 | 4,657 | Administrative expenses | |
| 106,761 | 27,981 | Operating income before depreciation and amortisation | 13 |
| 31,118 | 34,916 | Depreciation and amortisation | 10 |
| 75,643 | (6,935) | Operating income after depreciation and amortisation | 2 |
| 2,234 | 2,381 | Interest income | |
| (21,942) | (18,244) | Interest expense | (5 |
| 684 | (1,374) | Share of results from associated companies | (|
| (7,455) | (17,116) | Other financial items | (1 |
| (9,638) | 4,118 | Foreign currency exchange gain (loss) | (|
| 39,526 | (37,170) | Income (loss) before taxes and minority interest | (5 |
| 271 | 1 | Taxes | |
| (31) | - | Minority interest | |
| - | - | Cumulative effect of change in accounting principle | |
| 39,286 | (37,171) | Net income (loss) | (5 |
| | | Earnings (loss) Per Share Amounts (\$) | |
| \$0.51 | \$(0.49) | EPS before cumulative effect of change in accounting principle | \$ |
| - | - | Cumulative effect of change in accounting principle | |
| \$0.51 | \$(0.49) | EPS | \$ |
| | | Income on timecharter basis (\$ per day per ship)* | |
| 30,800 | 16,900 | VLCC | 1 |
| 23,100 | 14,300 | Suezmax | 1 |
| 23,000 | 13,400 | Suezmax OBO | 1 |

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

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BALANCE SHEET

(in thousands of \$)

ASSETS

Short term

Cash and cash equivalents

Other current assets

Long term

Newbuildings and vessel purchase options

Vessels and equipment, net

Vessels under capital lease, net

Investment in associated companies

Goodwill

Deferred charges and other long-term assets

Total assets

LIABILITIES AND STOCKHOLDERS' EQUITY

Short term

Short term interest bearing debt

Current portion of obligations under capital lease

Other current liabilities

Long term

Long term interest bearing debt

Obligations under capital lease

Other long term liabilities

Minority interest

Stockholders' equity

Total liabilities and stockholders' equity

STATEMENT OF CASHFLOWS

(in thousands of \$)

OPERATING ACTIVITIES

Net income (loss)

Adjustments to reconcile net income to net cash provided by operating activities

Depreciation and amortisation

Unrealised foreign currency exchange (gain) loss

Gain or loss on sale of assets

Results from associated companies

Adjustment of financial derivatives to market value

Change in operating assets and liabilities

Net cash provided by operating activities

INVESTING ACTIVITIES

Additions to newbuildings, vessels and equipment

Advances to associated companies, net

Purchase of minority interest

Proceeds from sale of assets

Net cash provided by (used in) investing activities

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FINANCING ACTIVITIES

Proceeds from long-term debt, net of fees paid
Repayments of long-term debt
Repayment of capital leases
Dividends paid
Issue of shares, net
Net cash used in financing activities

Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at start of period
Cash and cash equivalents at end of period

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 authorized.

Frontline Ltd.

(Registrant)

Date November 18, 2002

By

/s/ Kate Blankenship

Kate Blankenship
Secretary and Chief Accounting Officer

02089.0009 #364977