FRONTLINE LTD /
Form 6-K
November 26, 2003

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, 2003

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 is a copy of the earnings release of Frontline Ltd. (the "Company") dated November 17, 2003, for the quarter ended September 30, 2003.

FOR IMMEDIATE RELEASE

Frontline Ltd.
Interim Report July - September 2003 THIRD QUARTER AND NINE MONTH RESULTS

Frontline Ltd. reports net operating income before depreciation of $97.4 million and net income of $37.9 million for the third quarter of 2003. Earnings per share for the quarter were $0.52. Dividends per share for the quarter will be $1.30.

Net operating revenues decreased by 38 per cent compared with the second quarter of 2003 due to weakening in the tanker market. 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 $28,200, $22,000 and $22,500, respectively, compared with $46,000, $39,600 and $35,200, respectively in the immediately preceding quarter. In the third quarter the Company recorded a gain on sale of assets of $6.9 million, principally relating to the sale of two Suezmax tankers. The Company also sold two VLCCs on sale and leaseback arrangements and realised a gain of $8.8 million that will be recognised over the life of the leases.

Net interest expense for the quarter was $16.1 million. In the third quarter of 2003 the Yen strengthened significantly against the US Dollar, resulting in a foreign exchange loss of $12.2 million arising on the Yen debt in subsidiaries.

For the nine months ended September 30, 2003 the Company reports net operating income before depreciation of $477.3 million and net income of $372.6 million. Earnings per share for the nine months were $4.95.

The average daily TCEs earned in the spot and period market by the Company's VLCCs, Suezmax tankers, and Suezmax OBO carriers in the nine months were $42,900, $34,300 and $33,300, respectively. As of today Frontline has cash breakeven rates for VLCCs and Suezmaxes of $21,000 and $14,200, respectively.

Other financial items for the nine months were positive, $29.3 million of which $22.1 million is attributable to the gain recorded on the Bank of Nova Scotia Equity Swap Line that was settled in June 2003. The foreign exchange loss for the nine months of $12.1 million relates to the strengthening of the Yen in the third quarter discussed above.

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

THE MARKET

The VLCC market remained weak during most of the quarter but had a brief recovery during the last week of August. The strong increase was explained by considerably higher volumes of crude oil being shipped out of the Middle East during September compared to August. The Middle East - Far East route contributed to the largest increase. Over the first nine months of 2003, the import of crude oil to China increased by 30% and has reached 1.8 mbpd. This massive import increase has been driven by surges in domestic consumption. A similar size increase in imports have been seen in the US over the last year. On September 24, OPEC announced a reduction in the production quota by 900,000 bpd. This strongly influenced the psychology among the owners and led to the sharp fall of VLCC rates during the last week of September.

Iraq increased its production of crude oil during the third quarter although this was partially offset by reduced output from Saudi Arabia and Kuwait. The sharp fall in rates in the middle of the quarter resulted in a build up of available VLCC and Suezmax tonnage during the month of October.

The world's VLCC fleet has remained constant over the first nine months of 2003. The number of VLCCs on order by the end of the quarter was approximately 68 vessels to be delivered through to 2006. This is about 16% of the fleet. In the Suezmax segment, a total of 86 vessels are on order, equivalent to approximately 30% of the fleet. All eight of Frontline's Suezmax OBO carriers were shifted into the dry bulk market during the third quarter. A total capacity of 5 million dwt was shifted from the crude oil segment into the dry market, of which

Frontline's OBOs contributes 1.4 million dwt, creating healthier environment, particularly in the Suezmax segment.

Building prices as well as second-hand prices have shown a strong upwards development since the start of the third quarter. US dollar prices are supported by the strong market fundamentals in several shipping markets as well as the weakening of the US dollar against the Yen.

CORPORATE AND OTHER MATTERS

On November 17, 2003, the Board declared a dividend of $1.30 per share. The record date for the dividend is November 28, 2003, ex dividend date is November 26, 2003 and the dividend will be paid on or about December 12, 2003. The dividend consists of $0.25 per share in normalised dividend and an extra dividend of $1.05 per share. The Board maintains its long-term strategy of retaining approximately $200 million in free liquidity. The extra dividend is paid after thorough consideration of the Company's cash position and anticipated liquidity realised from ship sales as well as the current market situation.

The Board of Directors is pleased to announce that Frontline has entered into a new strategic partnership with STASCO, the shipping arm of the Royal Dutch Shell Group. The agreement is an extension of Frontline's existing relationship with STASCO, which currently includes three VLCCs on medium-term charters. Frontline is to provide STASCO with an additional three modern VLCCs in a charter arrangement that will last for at least two years, bringing the number of vessels involved to six. Shell has in connection with the deal put restrictions on age. The intention is also to develop a closer relationship on the cargo side. STASCO is the largest VLCC charterer in the world. The deal is another milestone in the Company's efforts to build relationships with the most successful oil companies in the world.

In August 2003, two 2000-built Suezmax tankers, the Front Sun and the Front Sky, were delivered to OMI Corporation (OMI) in accordance with previously announced sale. The sale of these vessels generated cash of approximately $39 million for the Company in addition to receiving 2,000,000 OMI shares and a gain on sale of approximately $6.8 million.

In September 2003, the Company sold two of its 2000-built VLCCs, the Front Tina and Front Commodore, to two German K/Gs promoted by Dr. Peters GmbH. The vessels are chartered back on 12.5 years time charter arrangements, including options for the Company to buy back the vessels at the end of the charter period. The sale of these two vessels generated cash of approximately $70 million for the Company and a gain on sale of approximately $8.8 million that is being recognized over the term of the charter.

The Company has in the fourth quarter entered into an agreement to sell the VLCC, Front Hawk. The sale, which confirmed the strong upward price movement for second-hand ships, will be completed in the fourth quarter and is expected to generate approximately $30 million in additional liquidity.

During the last few months the Board has been working on a financial restructuring of Frontline. The planned transaction is to sell a substantial part of the Frontline fleet to a new company ("New Company"). This New Company will charter each of the ships back to Frontline for most of the remaining life of the ship. The New Company, which initially will be a subsidiary of Frontline, will be financed with bank debt, bonds and a yield oriented equity security. The intention is to spin off the New Company in connection with a listing of its shares. Frontline's management is currently in discussion with its financiers in order to establish the final structure. The Company has had initial meetings with rating agencies. It is anticipated that approximately $250 million of Frontline's liquidity will be needed in order to support the long-term charter arrangements. The structure, if implemented successfully, is anticipated to increase the liquidity in Frontline by more than $400 million compared to today's level. These funds can be used to continue the expansion of Frontline or can alternatively be distributed to the shareholders in form of a dividend or buy-back of stocks. A final decision about the use of these funds will be taken based on the general market situation at that time, the possible opportunities, as well as the pricing of the equity in the remaining Frontline Ltd.

During the third quarter of 2003, the Company issued 53,664 shares in connection with the exercise of employee share options and at September 30, 2003, 73,526,730 ordinary shares were outstanding and the weighted average number of shares outstanding for the quarter and nine months were 73,490,930 and 75,345,491, respectively.

OUTLOOK

The recent market improvements are related to a general increase in demand and seasonal effects combined with healthy OPEC production output. The volatility is expected to continue due to low crude and oil products inventory among major importing areas. The availability of tonnage is another major factor influencing the short-term rates. This availability is partly subject to randomness and has mainly to do with trading pattern of the total fleet.

The Board maintains a positive market view. We are entering into a traditionally strong season, with strong leading indicators, including continued strong imports of crude into China and US. The Board expects a continued strong supply demand balance with high utilisation rates. The volatility will, however, continue to be substantial.

For the fourth quarter, more than 60% of Frontline's Suezmax fleet capacity (including OBOs) has been fixed at a rate of $27,600, and more than 83% of the VLCC capacity at $34,200.

The current strong development in the market with Suezmax and VLCC rates currently around $45,000 and $80,000 respectively is likely to improve the numbers for the fourth quarter further. The existing market will also, due to the length of the charters, create a very positive start for 2004.

The purpose of the financial restructuring that the company currently is working on is to give shareholders a higher return on the equity invested. This is to be achieved through a combination of more stabilized earnings in the ship finance company and conversion to charter structure and thereby reduced need for equity in Frontline Ltd.

The existing deal with BP and the new deal with STASCO confirm that Frontline, through the size and the quality of the fleet, has achieved a unique position in order to service the major oil companies.

The new age restriction already implemented by the EU and currently under consideration from IMO creates a market where quality tonnage is in high demand, the fleet is traded less efficient and older tonnage experiences an accelerated phase out. Based on these and the existing order book the fleet seems to be well balanced. A relatively tight oil inventory situation, increased Iraq oil production and recent indications about a pick-up in worldwide oil demand are likely to create a continued market with high profitability. The Board remains confident about the outlook for the Company.

FORWARD LOOKING STATEMENTS

This press release contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including Frontline management's examination of historical operating trends. Although Frontline believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, Frontline cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Important factors that, in the Company's view, could cause actual results to differ materially from those discussed in this press release include the strength of world economies and currencies, general market conditions including fluctuations in charter hire rates and vessel values, changes in demand in the tanker market as a result of changes in OPEC's petroleum production levels and world wide oil consumption and storage, changes in the Company's operating expenses including bunker prices, dry-docking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, conditions in the debt and equity markets that may affect the proposed restructuring and other corporate actions 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, 2003
The Board of Directors
Frontline Ltd.
Hamilton, Bermuda

Questions should be directed to:

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FRONTLINE GROUP THIRD QUARTER REPORT (UNAUDITED)

2002 Jul-Sep (restated)	2003 Jul-Sep (restated	INCOME STATEMENT (in thousands of $) (audited)	2003 Jan-Sep	2002 Jan-Sep	2002 Jan-Dec
80,031	142,238	Net operating revenues	630,173	257,883	416,52
741	6,914	Gain (loss) from sale of assets	3,136	741	(1,228
28,352	31,034	Ship operating expenses	86,793	82,343	109,28
19,737	16,117	Charterhire expenses	58,967	39,269	60,63
4,646	4,566	Administrative expenses	10,286	9,665	12,80
28,037	97,435	Operating income before depreciation	477,263	127,347	232,56
34,434	37,311	Depreciation	108,253	100,911	136,89
(6,397)	60,124	Operating income (loss) after depreciation	369,010	26,436	95,67
2,375	1,467	Interest income	7,448	7,803	13,04
(18,089)	(17,543)	Interest expense	(53,096)	(53,906)	(71,311
(1,374)	1,662	Share of results from associated companies	32,115	(9,838)	(10,711
(20,746)	4,414	Other financial items	29,263	(21,170)	(8,614

3,514	(12,221)	Foreign currency exchange gain (loss)	(12,093)	(7,580)	(10,932
(40,717)	37,903	Income (loss) before taxes and minority interest	372,647	(58,255)	7,15
1	-	Taxes	(3)	2	(22
-	-	Cumulative effect of change in accounting principle	-	(14,142)	(14,142
(85)	-	Discontinued operations	-	(1,602)	(1,929
(40,803)	37,903	Net income (loss)	372,650	(74,001)	(8,899
		Basic Earnings (loss) Per Share Amounts ($)			
$(0.53)	$0.52	EPS from continuing operations before cumulative effect of change in accounting principle	$4.95	$(0.76)	$0.0
$(0.53)	$0.52	EPS	$4.95	$(0.97)	$(0.12

		Income on timecharter basis ($ per day per ship)*			
16,900	28,200	VLCC	42,900	18,900	22,50
14,300	22,000	Suezmax	34,300	16,100	18,40
13,400	22,500	Suezmax OBO	33,300	15,500	17,70

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

BALANCE SHEET (in thousands of $)	2003 Sep 30	2002 Sep 30 (restated)	2002 Dec 31 (audite
ASSETS			
Short term			
Cash and cash equivalents	227,887	84,886	100,29
Other current assets	145,660	90,141	132,70
Long term			
Newbuildings and vessel purchase options	18,412	65,236	27,40
Vessels and equipment, net	2,089,801	2,332,649	2,373,23
Vessels under capital lease, net	468,024	229,866	264,90
Investment in associated companies	131,297	110,262	119,32
Deferred charges and other long-term assets	16,043	6,872	16,86
Total assets	3,097,124	2,919,912	3,034,74
LIABILITIES AND STOCKHOLDERS' EQUITY			
Short term			
Short term interest bearing debt	148,060	207,951	167,80
Current portion of obligations under capital lease	19,905	12,511	13,16
Other current liabilities	69,564	66,611	78,85
Long term			
Long term interest bearing debt	1,061,157	1,223,106	1,277,66
Obligations under capital lease	463,007	217,959	259,52
Other long term liabilities	25,955	31,174	10,75
Minority interest	-	-	
Stockholders' equity	1,309,476	1,160,600	1,226,97

Total liabilities and stockholders' equity	3,097,124	2,919,912	3,034,74

2002 Jul-Sep (restated)	2003 Jul-Sep	STATEMENT OF CASHFLOWS (in thousands of $)	2003 Jan-Sep	2002 Jan-Sep (restated)	2002 Jan-Dec (audited
		OPERATING ACTIVITIES			
(40,803)	37,903	Net income (loss)	372,650	(74,001)	(8,899)
		Adjustments to reconcile net income to net cash provided by operating activities			
35,452	37,640	Depreciation and amortisation	109,153	105,205	142,154
(1,962)	12,947	Unrealised foreign currency exchange (gain) loss	11,877	10,397	14,176
602	(6,914)	Gain or loss on sale of assets	(3,136)	2,871	4,337
1,374	(1,662)	Results from associated companies	(32,115)	9,838	10,711
9,183	(2,041)	Adjustment of financial derivatives to market value	(24,452)	10,685	7,495
-		Change in accounting principle	-	14,142	14,142
-	4,964	Other, net	-	-	1,968
17,856	(6,146)	Change in operating assets and liabilities	(5,166)	13,607	(44,059)
21,702	76,691	Net cash provided by operating activities	428,811	92,744	142,025
		INVESTING ACTIVITIES			
(60,819)	(184,714)	Additions to newbuildings, vessels and equipment	(356,927)	(197,755)	(376,844)
1,135	1,482	Advances to associated companies, net	4,889	(10,066)	(20,010)
(722)	-	Purchase of minority interest	(2,912)	(6,822)	(6,822)
31,800	243,001	Proceeds from sale of assets	358,886	74,241	177,902
(28,606)	59,769	Net cash provided by (used in) investing activities	3,936	(140,402)	(225,774)
		FINANCING ACTIVITIES			
54,204	46,748	Proceeds from long-term debt, net of fees paid	97,820	226,958	380,294
(53,245)	(169,574)	Repayments of long-term debt	(347,715)	(197,904)	(341,959)
(4,318)	(3,614)	Repayment of capital leases	(8,623)	(66,893)	(92,838)
-	126,867	Additions to capital leases	218,844	-	68,167
-	(154,335)	Dividends paid	(241,843)	(19,117)	(19,117)
-	351	Issue of shares, net	(23,641)	223	223
(3,359)	(153,557)	Net cash used in financing activities	(305,158)	(56,733)	(5,230)
(10,263)	(17,097)	Net increase (decrease) in cash and cash equivalents	127,589	(104,391)	(88,979)
95,149	244,984	Cash and cash equivalents at start of period	100,298	189,277	189,277
84,886	227,887	Cash and cash equivalents at end of period	227,887	84,886	100,298

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 November 26, 2003 By /s/ Kate Blankenship

Kate Blankenship
Secretary and Chief Accounting Officer

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