FRONTLINE LTD /
Form 424B3
November 09, 2015
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PROPOSED MERGER TRANSACTION—YOUR VOTE IS VERY IMPORTANT

Dear Shareholders of Frontline Ltd. and Frontline 2012 Ltd:

We are pleased to inform you that Frontline 2012 Ltd., or Frontline 2012, Frontline Ltd., or Frontline and together with Frontline 2012, the Companies, and Frontline Acquisition Ltd., or Merger Sub, a wholly-owned subsidiary of Frontline, have entered into a definitive agreement and plan of merger, as amended, or the Merger Agreement. If the transaction contemplated by the Merger Agreement is completed, Merger Sub will merge with and into Frontline 2012, and Frontline 2012 will become a wholly-owned subsidiary of Frontline, which we refer to as the Merger, and Frontline, Frontline 2012 and Merger Sub will execute and deliver a statutory merger agreement as required by Bermuda law, or the Bermuda Merger Agreement. Each issued and outstanding ordinary share of Frontline 2012, which we will refer to as a common share or ordinary share, will be converted into 2.55 common shares of Frontline, or the Merger Consideration. Frontline will not issue any fractional shares in exchange for common shares of Frontline 2012. Instead, each holder of a fractional share interest will be paid an amount in cash (without interest) equal to the fractional share interest multiplied by the closing price of a common share of Frontline on NYSE, on the last trading day immediately preceding the effective time of the Merger.

We are sending you this joint proxy statement/prospectus and related materials in connection with the solicitation of proxies by the Board of Directors of Frontline 2012, or the Frontline 2012 Board, and the Board of Directors of Frontline, or the Frontline Board and together with the Frontline 2012 Board, the Boards, for use at the Special General Meetings of Shareholders of the Companies, each to be held on November 30, 2015, or the Special General Meetings. At the Special General Meetings, the shareholders of Frontline 2012 and Frontline will each be asked to consider and vote on a proposal to approve the Merger of Frontline 2012 and Merger Sub, with the effect of Frontline 2012 becoming a wholly-owned subsidiary of Frontline, and to adopt and approve the Merger Agreement and the Bermuda Merger Agreement, together the Merger Transactions. These proposals are discussed in greater detail in the remainder of this joint proxy statement/prospectus. We urge you to carefully read this joint proxy statement/prospectus and the documents incorporated by reference into it.

The Companies are holding the Special General Meetings so that their shareholders may vote with respect to the adoption of the Merger Transactions. The proposed Merger will have a transformative impact on the capitalization and balance sheet of the Companies. Hemen Holding Limited, a company indirectly controlled by trusts established for the benefit of members of Mr. John Fredriksen's immediate family, or the Hemen Shareholder, and certain of its affiliates, including Frontline 2012, would own approximately 58.7% of the issued and outstanding common shares of Frontline, after giving effect to the Merger. As of the date of this joint proxy statement/prospectus, the Hemen Shareholder and certain of its affiliates, including Frontline, and certain directors and officers of Frontline 2012, own approximately 67.0% of the issued and outstanding common shares of Frontline 2012. Also, as of the date of this joint proxy statement/prospectus, the Hemen Shareholder and certain of its affiliates, including Ship Finance International Limited, or Ship Finance, and the directors and officers of Frontline, own approximately 41.0% of the issued and outstanding common shares of Frontline. Certain officers or directors of Frontline are also officers or directors of Frontline 2012: Mr. Fredriksen is Chairman of Frontline and a Chairman of Frontline 2012; Mr. Robert Hvide Macleod is principal executive officer and a director of Frontline and principal executive officer of Frontline 2012; Ms. Georgina Sousa is a director and Company Secretary of both Frontline and Frontline 2012; Ms. Kate Blankenship is a director of both Frontline and Frontline 2012; and Ms. Inger M. Klemp is the principal financial officer for both Frontline and Frontline 2012. Mr. Fredriksen, Mr. Macleod, Ms. Blankenship and Ms. Sousa recused themselves from the Frontline Board vote and Mr. Fredriksen, Ms. Sousa and Mr. Jensen recused themselves from the Frontline

2012 Board vote authorizing the Merger Transactions due to their financial interest in the Merger and their relationships or employment, as applicable, with Frontline 2012 or Frontline. The directors of the Board of each of the Companies that did not recuse themselves from the respective Board vote, or the Disinterested Directors, considered the transactions as described in this joint proxy statement/prospectus.

The Hemen Shareholder and certain of its affiliates, including Ship Finance, and certain directors and officers of Frontline and Frontline 2012, have entered into a voting agreement, or the Voting Agreement, with the Companies for the shares they own in Frontline 2012 and Frontline, respectively, pursuant to which, among other things and subject to certain conditions, the Hemen Shareholder, Ship Finance and certain directors and officers of Frontline and Frontline 2012 have agreed to vote their shares in favor of approval of the Merger Transactions.

The Frontline 2012 Board and the Frontline Board have each taken deliberations to consider the possible Merger of the Companies. Pursuant to resolutions adopted at meetings held on July 1, 2015, it was unanimously determined by the Disinterested Directors of both Boards that the Merger Transactions are fair to and in the best interests of the Companies and the shareholders of the Companies, including shareholders other than the Hemen Shareholder or shareholders affiliated with the Hemen Shareholder. We refer to such unaffiliated shareholders of Frontline and Frontline 2012 as the Unaffiliated Shareholders. The Disinterested Directors also unanimously declared advisable the Merger Transactions and unanimously recommended that the Merger be approved and submitted for a vote at meetings of the Companies' shareholders. The Disinterested Directors made their determinations after consultation with independent financial advisors and consideration of a number of factors, including fairness opinions presented to the Disinterested Directors by their independent financial advisors.

The Frontline Board and the Frontline 2012 Board, acting by unanimous vote of the Disinterested Directors and after consultation with their independent financial advisors and consideration of a number of factors, including fairness opinions presented by their independent financial advisors, have determined that the Merger is in the best interests of the Companies and their shareholders, including the Unaffiliated Shareholders, and have approved, adopted and declared advisable the Merger Transactions and they recommend that you vote "FOR" the Merger.

The obligation of the Companies to complete the Merger is subject to the satisfaction or waiver of substantial conditions set forth in the Merger Agreement, including, without limitation, the conditions specified above.

This joint proxy statement/prospectus provides you with detailed information about the Special General Meetings and the Merger. A copy of the Merger Agreement is attached as Appendix A. Also, attached as appendices are the Voting Agreement, a Form of Bermuda Merger Agreement, the Fairness Opinion of Danske Bank A/S, Norwegian Branch, the Fairness Opinion of Pareto Securities Inc. and vessel appraisal valuations provided by Fearnley AS and Nordic Shipping AS. We encourage you to carefully read the entire joint proxy statement/prospectus and its appendices, including the Merger Agreement.

Robert Hvide Macleod Principal Executive Officer of Frontline 2012 Ltd.	John Fredriksen Chairman of the Board of Frontline Ltd.

For a discussion of risk factors which you should consider in evaluating the Merger, see "Risk Factors" beginning on page 13.

THE MERGER HAS NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, OR THE SEC, NOR HAS THE SEC PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS JOINT PROXY STATEMENT / PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

This joint proxy statement/prospectus is dated November 9, 2015, and is first being mailed, along with the attached proxy card, to the Companies' shareholders on or about November 10, 2015.

REFERENCES TO ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Frontline from documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain copies of documents that are incorporated by reference in this joint proxy statement/prospectus, other than certain exhibits to the documents, without charge, by requesting them in writing or by telephone from:

Frontline Ltd.
Par-la-Ville Place, 14 Par-la-Ville Road
Hamilton, HM 08 Bermuda
Attn: Georgina Sousa
1 (441) – 295 6935

In addition, if you have questions about the Merger or the Special General Meetings, need additional copies of this document or need to obtain proxy cards or other information related to the proxy solicitation, you may contact the information agent listed below. You will not be charged for any of these documents that you request.

Okapi Partners LLC
1212 Avenue of the Americas, 24th Floor
New York, NY 10036
(212) 297-0720
(855) 305-0857
info@okapipartners.com

For additional information about documents incorporated by reference into this joint proxy statement/prospectus please see "Where You Can Find More Information" beginning on page 138.

FRONTLINE LTD.
NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON NOVEMBER 30, 2015

NOTICE IS HEREBY given that the Special General Meeting of Shareholders of Frontline Ltd., or Frontline, will be held on November 30, 2015 at 9:30 a.m. local time, at Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton, HM 08 Bermuda, unless adjourned or postponed to a later date, for the following purpose, which is more completely set forth in the accompanying joint proxy statement/prospectus:

1. To consider and vote upon a proposal to authorize and approve the Merger Transactions by and among Frontline, Frontline 2012 Ltd. and Frontline Acquisition Ltd., a wholly-owned subsidiary of Frontline, pursuant to which Frontline 2012 Ltd. will become a wholly-owned subsidiary of Frontline.

By Order of the Board of Directors
Georgina Sousa
Secretary
Dated: November 9, 2015
Notes:

1. Only holders of record of Frontline common shares at the close of business on November 2, 2015, the record date for the Special General Meeting, are entitled to notice of, and to vote at, the Special General Meeting and any adjournments or postponements thereof. Each common share of Frontline entitles its holder to one vote on all matters that come before the Special General Meeting.
2. Frontline Board's Disinterested Directors unanimously recommend that Frontline's shareholders vote "FOR" the authorization and approval of the Merger Transactions. The approval of the Merger by the shareholders of Frontline is one of the conditions to the closing of the Merger. Authorization and approval of the Merger Transactions requires an affirmative vote of more than 50% of the votes cast by the holders of the common shares of Frontline on the record date present, in person or by proxy, and voting at the Special General Meeting. Also, it is required that a quorum of two or more persons holding or representing more than one-third (1/3) of the issued and outstanding common shares of Frontline on the record date be in attendance in person or by proxy at such Special General Meeting. Under the terms of a separate voting agreement, Hemen Holding Limited, Ship Finance International Limited and certain directors and officers of Frontline, have agreed to vote the common shares of Frontline they beneficially own in favor of the authorization and approval of the Merger Transactions. Such shares collectively represent approximately 41.0% of the issued and outstanding common shares of Frontline entitled to vote at the Special General Meeting.
3. The Merger Transactions are described in the accompanying joint proxy statement/prospectus, which you are urged to read carefully. A copy of the Merger Agreement, as amended, is attached to the joint proxy statement/prospectus as Appendix A.
4. Whether or not you plan to attend the Special General Meeting in person, please complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided, in accordance with the directions set forth on the proxy card, to ensure that your shares will be represented at the Special General Meeting. If you do attend the Special General Meeting and wish to vote in person, you may do so notwithstanding the fact that you previously submitted or appointed a proxy. Please note, however, that if your shares are held of record by a broker, bank, trustee or other nominee and you wish to vote at the meeting, you must obtain from your nominee a proxy issued in your name.
5. No Shareholder shall be entitled to attend unless written notice of the intention to attend and vote in person or by proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially-certified copy of that power of attorney, is sent to the Company Secretary, to reach the Registered Office by not later than 48 hours before the time for holding the meeting.

COMPANY PROPOSAL

At the Meeting, shareholders will be asked to consider and vote upon a proposal to authorize and approve the Merger Transactions by and among Frontline, Frontline 2012 Ltd. and Frontline Acquisition Ltd., a wholly-owned subsidiary of Frontline, pursuant to which Frontline Acquisition Ltd. will merge with and into Frontline 2012, with the result that

Frontline 2012 will become a wholly-owned subsidiary of Frontline. Authorization and approval of the Merger Transactions requires an affirmative vote of more than 50% of the votes cast by the holders of the common shares of Frontline on the record date present, in person or by proxy, and voting at the Special General Meeting. Also, it is required that a quorum of two or more persons holding or representing more than one-third (1/3) of the issued and outstanding common shares of Frontline on the record date be in attendance in person or by proxy at such Special General Meeting.

By Order of the Board of Directors
Georgina Sousa
Secretary
November 9, 2015
Hamilton, Bermuda

FRONTLINE 2012 LTD.
NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON NOVEMBER 30, 2015

NOTICE IS HEREBY given that the Special General Meeting of Shareholders of Frontline 2012 Ltd., or Frontline 2012, will be held on November 30, 2015 at 10:00 a.m. local time, at Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road Hamilton, HM 08 Bermuda, unless adjourned or postponed to a later date, for the following purpose, which is more completely set forth in the accompanying joint proxy statement/prospectus:

1. To consider and vote upon a proposal to authorize and approve the Merger Transactions by and among Frontline Ltd., Frontline 2012 and Frontline Acquisition Ltd., a wholly-owned subsidiary of Frontline, pursuant to which Frontline 2012 will become a wholly-owned subsidiary of Frontline.

Under Bermuda law, in the event of a merger of a Bermuda company with another company or corporation, any shareholder of the Bermuda company is entitled to receive fair value for its shares. Frontline 2012's board of directors considers the fair value for each Frontline 2012 common share to be the Merger Consideration (2.55 common shares of Frontline) providing Frontline 2012 shareholders with a value of approximately $6.579 for each Frontline 2012 common share, based on the closing price of the Frontline common shares on July 1, 2015, the day before the public announcement of the proposed merger.

Any Frontline 2012 shareholder who does not vote in favor of the merger and is not satisfied that fair value has been offered for such shareholder's shares may apply to the Supreme Court of Bermuda to appraise the fair value of those shares. Any shareholder intending to exercise appraisal rights MUST file its application for appraisal of the fair value of its common shares with the Supreme Court of Bermuda within ONE MONTH after the date the notice convening the special general meeting is deemed to have been received. Any shareholder holding shares through The Norwegian Central Securities Depository (Verdipapirsentralen or "VPS") wishing to exercise appraisal rights must have such shares retired from the VPS and moved directly to the main register of shareholders in Bermuda, prior to any and all exercises of direct shareholder rights.

By Order of the Board of Directors
Georgina Sousa
Secretary
Dated: November 9, 2015

Notes:

1. Only holders of record of Frontline 2012 common shares at the close of business on November 2, 2015, the record date for the Special General Meeting, are entitled to notice of, and to vote at, the Special General Meeting and any adjournments or postponements thereof or to exercise the appraisal rights conferred on dissenting shareholders by Bermuda law. Each common share of Frontline 2012 entitles its holder to one vote on all matters that come before the Special General Meeting.
2. Frontline 2012 Board's Disinterested Directors unanimously recommend that Frontline 2012's shareholders vote "FOR" the authorization and approval of the Merger Transactions. Frontline 2012 cannot complete the Merger unless the Merger Transactions are authorized and approved by Frontline 2012's shareholders. Authorization and approval of the Merger Transactions requires an affirmative vote of 75% or more of the votes cast by the holders of the common shares of Frontline 2012 on the record date present and voting at the Special General Meeting. Also, it is required that a quorum of two or more persons holding or representing more than one-third (1/3) of the issued and outstanding common shares of Frontline 2012 on the record date be in attendance in person or by proxy at such Special General Meeting. Under the terms of a separate voting agreement, Hemen Holding Limited, and certain directors and officers of Frontline 2012, have agreed to vote the common shares of Frontline 2012 they beneficially own in favor of the authorization and approval of the Merger Transactions. Such shares collectively represent approximately 61.4% of the issued and outstanding common shares of Frontline 2012 entitled to vote at the Special General Meeting.
3. The Merger Transactions are described in the accompanying joint proxy statement/prospectus, which you are urged to read carefully. A copy of the Merger Agreement, as amended, is attached to the joint proxy statement/prospectus

as Appendix A.

4. Whether or not you plan to attend the Special General Meeting in person, please complete, sign, date and return the enclosed proxy card, in accordance with the directions set forth on the proxy card, to ensure that your shares will be represented at the Special General Meeting. If you do attend the Special General Meeting and wish to vote in person, you may do so notwithstanding the fact that you previously submitted or appointed a proxy. Please note, however, that if your shares are held of record by a broker, bank, trustee or other nominee and you wish to vote at the meeting, you must obtain from your nominee a proxy issued in your name.

COMPANY PROPOSAL

At the Meeting, shareholders will be asked to consider and vote upon a proposal to authorize and approve the Merger Transactions by and among Frontline Ltd., Frontline 2012 and Frontline Acquisition Ltd., a wholly-owned subsidiary of Frontline, pursuant to which Frontline Acquisition Ltd. will merge with and into Frontline 2012, with the result that Frontline 2012 will become a wholly-owned subsidiary of Frontline. Authorization and approval of the Merger Transactions requires an affirmative vote of 75% or more of the votes cast by the holders of the common shares of Frontline 2012 as of the record date present and voting at the Special General Meeting. Also, it is required that a quorum of two or more persons holding or representing more than one-third (1/3) of the issued and outstanding common shares of Frontline 2012 on the record date be in attendance in person or by proxy at such Special General Meeting.

By Order of the Board of Directors
Georgina Sousa
Secretary
November 9, 2015
Hamilton, Bermuda

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL GENERAL MEETING
AND RELATED MATTERS

Q. What am I being asked to vote on?

A. Frontline, Frontline 2012 and Merger Sub have entered into the Merger Transactions pursuant to which Merger Sub, a wholly-owned subsidiary of Frontline, will merge with and into Frontline 2012, with the result that Frontline 2012 will become a wholly-owned subsidiary of Frontline. You are being asked to vote to authorize and approve the Merger Transactions.

Q. What will I receive if the Merger is completed?

A. If the Merger is completed, each issued and outstanding common share of Frontline 2012, other than shares cancelled pursuant to the Merger Transactions and any Dissenting Shares, as defined below, will be converted into 2.55 common shares of Frontline.

Frontline will not issue any fractional shares in exchange for common shares of Frontline 2012. Instead, each holder of a fractional share interest will be paid an amount in cash (without interest) equal to the fractional share interest multiplied by the closing price of a common share of Frontline on NYSE, on the last trading day immediately preceding the effective time of the Merger. For more information on the treatment of fractional shares, see the section entitled "The Merger Agreement—Effect on Share Capital; Merger Consideration; Exchange of Certificates."

Q. How was the share exchange ratio determined?

A. The share exchange ratio of 2.55 was determined by reference to a total consideration amount of 583.6 million Frontline shares to be issued to the Frontline 2012 shareholders (no Frontline shares are issued with respect to Frontline 2012 shares cancelled pursuant to the Merger Transactions). In determining the total consideration to be paid and the relative valuation and corresponding exchange ratio between Frontline and Frontline 2012, Frontline 2012 engaged Danske Bank A/S, Norwegian Branch, or Danske Bank, and Frontline engaged Pareto Securities Inc., or Pareto, to prepare fairness opinions for the proposed transaction based on net asset value, or NAV. The Companies provided ship valuations as per June 30, 2015, prepared by independent appraisers, to each of the advisors. The vessel appraisals, or the Appraisals, which include the vessels owned by the Companies, are attached to this joint proxy statement/prospectus as Appendix F. The NAV estimates and fairness opinion from Pareto for both Companies as of June 30, 2015, supported an exchange ratio in the range between 2.41 and 2.90. The NAV estimates and fairness opinion from Danske Bank for both Companies as of June 30, 2015 supported an exchange ratio of 2.43; however, Danske Bank noted that the valuation of leases between Frontline and Ship Finance International Limited, or the SFL Leases, is highly sensitive to changes in the assumptions of prevailing market conditions and charter rates going forward and, utilizing the "low case" scenario, would support an exchange ratio of 3.33. Based on the fairness opinions from Pareto and Danske Bank presented to the Disinterested Directors, the Disinterested Directors of each of the Boards agreed that an exchange ratio of 2.55 shares of Frontline for each share of Frontline 2012 would be fair consideration and in the best interests of the Companies and the shareholders of the Companies, including the Unaffiliated Shareholders. Based on this exchange ratio, Frontline will issue approximately 584 million shares to the Frontline 2012 shareholders as consideration. For more information on how the exchange ratio was determined, see the section entitled "The Merger—Background and Reasons for the Merger."

Q. Why was the Merger proposed?

A. The rationale for considering the merger was that both Companies operate in the tanker market and the Companies are exposed to the same market dynamics. In addition, Frontline is the manager for the Frontline 2012 fleet. The Companies believe that the consolidation of two companies in the same industry with similar management will create a more efficient investment vehicle for shareholders and lenders as well as remove any concerns regarding conflicts of interest for management.

Q. Do the Boards of Frontline and Frontline 2012 recommend voting "FOR" the proposal to adopt the Merger Transactions?

A. Yes. Based on the recommendation of the Disinterested Directors, taking into consideration the fairness opinions of the independent financial advisors, copies of which are attached to this joint proxy statement/prospectus as Appendices D and E, the Frontline Board and the Frontline 2012 Board approved the Merger and declared the Merger advisable, and recommend that the shareholders of Frontline and the shareholders of Frontline 2012, respectively, vote "FOR" the proposal to adopt the Merger at the Special General Meetings.

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Q. Do any of the Companies' directors or executive officers or the Companies' major shareholders have interests in the Merger that may differ from or be in addition to my interests as a shareholder?

A. Yes. In considering the recommendation of both of the Boards that you vote to approve the Merger, you should be aware that the Hemen Shareholder owns shares in Frontline and Frontline 2012. The Hemen Shareholder is indirectly controlled by trusts established by Mr. John Fredriksen for the benefit of his immediate family. Mr. Fredriksen is Chairman of both Frontline and Frontline 2012. Upon the closing of the Merger, the Hemen Shareholder will receive an aggregate of approximately 377,713,061 common shares of Frontline, representing 48.3% of the issued and outstanding common shares of Frontline immediately after the closing of the Merger and increasing the shareholdings of the Hemen Shareholder and certain of its affiliates to 58.7% of Frontline's issued and outstanding shares. Please see the section entitled "Other Important Information Regarding the Companies—Security Ownership of Certain Beneficial Owners and Management of Frontline." In addition, Mr. Robert Hvide Macleod is the principal executive officer and a director of Frontline and principal executive officer of Frontline 2012; Ms. Georgina Sousa is a director and Company Secretary of both Frontline and Frontline 2012; Ms. Kate Blankenship is a director of both Frontline and Frontline 2012 and Ms. Inger M. Klemp is the principal financial officer for both Frontline and Frontline 2012. Both the Frontline Board and the Frontline 2012 Board were aware of and considered these interests, among other matters, in establishing the Disinterested Directors and in evaluating and negotiating the Merger Agreement, and in recommending that the Merger be approved by their respective shareholders. The Hemen Shareholder and certain of its affiliates, including Ship Finance, have agreed to vote their shares in favor of the approval of the Merger.

Q. How will directors and executive officers of Frontline and Frontline 2012 vote on the proposal to approve the Merger?

A. As of the date of this joint proxy statement/prospectus, the directors and officers of Frontline 2012, excluding Mr. Fredriksen, own approximately 0.29% of the issued and outstanding common shares of Frontline 2012 and the directors and officers of Frontline, excluding Mr. Fredriksen, own 0.01% of the issued and outstanding common shares of Frontline. Certain officers and directors of Frontline and Frontline 2012 have entered into the Voting Agreement, pursuant to which, among other things and subject to certain conditions, they have agreed to vote their shares in favor of approval of the Merger.

Q. Why are the shareholders of Frontline being asked to vote on the Merger?

A. The Merger and the applicable laws of Bermuda, which is the jurisdiction in which Frontline is incorporated and whose laws govern the Merger, do not require a vote by Frontline's shareholders to approve the Merger. However, under the Merger Agreement, it is a condition to closing that the Merger must be approved by the affirmative vote of more than 50% of the votes cast by the holders of record on November 2, 2015 of Frontline present, in person or by proxy, and voting at the Special General Meeting.

Q. When and where is the Frontline Special General Meeting?

A. The Special General Meeting of Shareholders of Frontline will be held on November 30, 2015, at 9:30 a.m., local time, at the Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton, HM 08 Bermuda, unless adjourned or postponed to a later time and date.

Q. When and where is the Frontline 2012 Special General Meeting?

A. The Special General Meeting of Shareholders of Frontline 2012 will be held on November 30, 2015, at 10:00 a.m., local time, at Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road Hamilton, HM 08 Bermuda, unless adjourned or postponed to a later time and date.

Q. Who can vote at the Frontline and Frontline 2012 Special General Meetings?

A. Shareholders of record as of the close of business on November 2 , 2015, the record date for the Special General Meetings, or the <u>Record Date</u>, are entitled to receive notice of and to vote at the Special General Meetings of Frontline and Frontline 2012. You may vote all shares you owned as of the close of business on the Record Date. Each share is entitled to one vote per share.

Q. What vote of Frontline shareholders is required in connection with the Merger?

A. The affirmative vote of more than 50% of the votes cast by the holders of the common shares of Frontline on the Record Date present, in person or by proxy, and voting at the Special General Meeting is necessary to approve the Merger Transactions. Also, it is required that a quorum of two or more persons holding or representing more than one-third (1/3) of the issued and outstanding common shares of Frontline on the Record Date be in attendance, in person or by proxy, at such Special General Meeting.

Q. What vote of Frontline 2012 shareholders is required in connection with the Merger?

A. The affirmative vote of 75% or more of the votes cast by the holders of the common shares of Frontline 2012 on the Record Date present, in person or by proxy, and voting at the Special General Meeting is necessary to approve the Merger Transactions. Also, it is required that a quorum of two or more persons holding or representing more than one-third (1/3) of the issued and outstanding common shares of Frontline 2012 on the Record Date be in attendance in person or by proxy at such Special General Meeting.

Q. What if I do not vote or do not fully complete my proxy card?

A. Each Company must reach a quorum of two or more persons holding or representing more than one-third (1/3) of its issued and outstanding common shares of such Company at its Special General Meeting in order to have a vote on the approval of the Merger Transactions. The common shares of both Companies held by the entities that have entered into the Voting Agreement fulfill each Company's quorum requirement. However, approval of the Merger Transactions requires an affirmative vote of 75% or more of the votes cast by the holders of the common shares of Frontline 2012 and an affirmative vote of more than 50% of the votes cast by the holders of common shares of Frontline, in each case as on the Record Date present and voting at the Frontline Special General Meeting and the Frontline 2012 Special General Meeting, respectively. Therefore, your vote is very important. If the proposal to authorize and approve the Merger Transactions is passed by the necessary votes, Frontline 2012 common shares will be converted into the right to receive the Merger Consideration even though you did not vote.

If you submit a proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted "FOR" authorization and approval of the Merger Transactions.

Q. What do I need to do now?

A. After carefully reading and considering the information contained in this document, please submit your vote in accordance with the instructions set forth in the enclosed proxy card as soon as possible so that your shares may be voted at the relevant Special General Meeting. See the sections entitled "The Frontline Special General Meeting" and "The Frontline 2012 Special General Meeting," respectively.

Q. If my shares are held in "street name" by my bank, broker, trustee or other nominee, will my bank, broker, trustee or other nominee vote my shares for me?

A. You should instruct your bank, broker, trustee or other nominee to vote your shares. If you do not instruct your bank, broker, trustee or other nominee, your bank, broker, trustee or other nominee will not be able to vote your shares. Please check with your bank, broker, trustee or other nominee and follow the voting procedures your bank, broker, trustee or other nominee provides. Your bank, broker, trustee or other nominee will advise you whether you may submit voting instructions by telephone or via the Internet. See the sections entitled "The Frontline Special General Meeting—Proxies" and "The Frontline 2012 Special General Meeting—Proxies," respectively.

Q. When do you expect the Merger to be completed?

A. We currently expect to complete the Merger during the fourth quarter of 2015. However, we cannot assure you when or if the Merger will be completed. Among other things, the Merger Transactions must be authorized and approved by shareholders of Frontline and Frontline 2012 at the Special General Meetings and other conditions to completion, including but not limited to execution of certain definitive documents, satisfaction of customary closing conditions and receipt of regulatory approvals, must be satisfied or waived.

Q. What are the material United States federal income tax consequences of the Merger to Frontline 2012 shareholders?

A. The merger will generally not be a taxable transaction to a U.S. Holder (as defined in the section entitled "Material United States Federal Income Tax Consequences of the Merger") of Frontline 2012 common stock, except for any gain or loss recognized with respect to cash received in lieu of a fractional share of Frontline common stock. If cash is received in lieu of a fractional share of Frontline common stock, the U.S. Holder will be deemed, for U.S. federal income tax purposes, as (i) receiving solely Frontline common stock, including fractional share thereof, in exchange for the surrendered Frontline 2012 common stock and (ii) immediately thereafter selling the fractional share of Frontline common stock for the amount of cash received in lieu thereof. The material U.S. federal income tax consequences of the foregoing deemed transactions to a non-dissenting U.S. Holders of Frontline 2012 are as follows:

- A U.S. Holder will not recognize gain or loss as a result of the receipt of Frontline common stock, or the deemed receipt of the fractional share thereof in exchange for Frontline 2012 common stock;
- The aggregate adjusted tax basis in the Frontline 2012 common stock that is surrendered will be allocated between the Frontline common stock received and the fractional share based on their relative fair market values;
- A U.S. Holder's aggregate adjusted tax basis in the shares of Frontline common stock received will be equal to the adjusted tax basis in Frontline 2012 common stock allocated to the shares;
- A U.S. Holder will recognize gain or loss in respect of cash received in lieu of Frontline common stock equal to the amount by which cash received in lieu of the fractional share exceeds adjusted tax basis allocated to the fractional share; and
- A U.S Holder's holding period for the shares of Frontline common stock received in the exchange will generally include the holding period of the Frontline 2012 common stock it surrendered.

The merger will generally not be a taxable transaction to a Non-U.S. Holder (as defined in the section entitled "Material United States Federal Income Tax Consequences of the Merger") for U.S. federal income tax purposes.

Q. May I change my vote after I have submitted a proxy?

A. Yes. If you have not voted through your bank, broker, trustee or other nominee, there are three ways you can change your vote after you have submitted your proxy:

- First, you may complete and submit a written notice to the corporate secretaries of Frontline or Frontline 2012 at the addresses below:

Frontline Ltd.	Frontline 2012 Ltd.
Par-la-Ville Place, 14 Par-la-Ville Road	Par-la-Ville Place, 14 Par-la-Ville Road
Hamilton, HM 08 Bermuda	Hamilton, HM 08 Bermuda
Attention: Georgina Sousa	Attention: Georgina Sousa

- Second, you may complete and submit a new proxy card or vote in accordance with the instructions included on the relevant proxy card. Your latest vote actually received by Frontline or Frontline 2012 before the Special General Meetings will be counted, and any earlier votes will be revoked.
- Third, you may attend the Special General Meetings and vote in person. Any earlier proxy will thereby be revoked. However, simply attending the meeting without voting will not revoke any earlier proxy you may have given.

If you have instructed a bank, broker, trustee or other nominee to vote your shares, you must follow the directions you receive from your bank, broker, trustee or other nominee in order to change or revoke your vote.

Q. If I want to attend the Frontline Special General Meeting, what do I do?

A. You should come to Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road Hamilton, HM 08 Bermuda at 9:30 a.m., local time, on November 30, 2015. If you hold your shares in "street name," you will need to bring proof of ownership (by means of a brokerage statement, letter from your bank or broker or similar means proving your ownership of shares as of the Record Date) to be admitted to the meeting. Only shareholders of record as of the Record Date for the Special General Meeting can vote in person at the Special General Meeting. If your shares are held in "street name," then you are not the shareholder of record and you must ask your bank, broker, trustee or other nominee how you can vote at the Special General Meeting.

However, in order to attend you must send a written notice of the intention to attend and vote in person or by proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially-certified copy of that power of attorney, to the Company Secretary, to reach Frontline's Registered Office by not later than 48 hours before the time for holding the meeting.

Q. If I want to attend the Frontline 2012 Special General Meeting, what do I do?

A. If you are a shareholder of record as of the Record Date, you should come to Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road Hamilton, HM 08 Bermuda at 10:00 a.m., local time, on November 30, 2015. You must give written notice of the intention to attend and vote in person or by proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarized certified copy of that power of attorney, and have this sent to DNB Bank ASA if your shares are held through The Norwegian Central Securities Depository (Verdipapirsentralen or the "VPS"), and the notification must reach DNB Bank ASA by no later than 48 hours before the time for holding the Special General Meeting. Only shareholders of record as of the Record Date are entitled to vote at the Special General Meeting. If your shares are held in "street name," then you are not the shareholder of record and you must ask your bank, broker, trustee or other nominee how you can vote at the Special General Meeting. You can contact DNB Bank ASA at the following address:

DNB Bank ASA
Registrars Department
P.O. Box 1600 Sentrum
0021 Oslo, Norway
Email: vote@dnb.no

Q. Are there risks I should consider in deciding whether to vote for the Merger Transactions?

A. Yes. We have set forth a list of risk factors that you should consider carefully in connection with the Merger. See the section entitled "Risk Factors."

Q. Can a Frontline 2012 shareholder dissent and require appraisal of such shareholder's shares?

A. Yes. Any Frontline 2012 shareholder who does not vote in favor of the merger and is not satisfied that fair value has been offered for such shareholder's shares may apply to the Supreme Court of Bermuda to appraise the fair value of those shares. Any shareholder intending to exercise appraisal rights MUST file its application for appraisal of the fair value of its common shares with the Supreme Court of Bermuda within ONE MONTH after the date the notice convening the special general meeting is deemed to have been received. Shareholders who properly exercise their appraisal rights are deemed to hold dissenting shares, or the Dissenting Shares. Any shareholder holding shares through the VPS wishing to exercise appraisal rights must have such shares retired from the VPS and moved directly to the main register of shareholders in Bermuda, prior to any and all exercises of direct shareholder rights. See the section entitled "The Merger— Dissenters' Rights."

Q. Can a Frontline shareholder dissent and require appraisal of such shareholder's shares?

A. A Frontline shareholder can dissent by voting "no" on the Merger, but Frontline shareholders do not have appraisal rights. This is because the merger is between Merger Sub and Frontline 2012, and under Bermuda law only shareholders of the entities merging receive appraisal rights. The sole shareholder of Merger Sub is Frontline.

Q. What is the fair value of the shares of Frontline 2012?

A. Under Bermuda law, in the event of a merger of a Bermuda company with another company or corporation, any shareholder of the Bermuda company is entitled to receive fair value for its shares. The Frontline 2012 Board considers the fair value for each Frontline 2012 common share to be the Merger Consideration (2.55 common shares of Frontline) providing Frontline 2012 shareholders with a value of approximately $6.579 for each Frontline

2012 common share, based on the closing price of the Frontline common shares on July 1, 2015, the day before the public announcement of the proposed merger.

Q. How will Frontline 2012 shareholders with shares quoted on the Norwegian Over-The-Counter information system for unlisted shares administered by the Norwegian Securities Dealers association, or NOTC, receive the Merger Consideration?

A. The holders of shares in Frontline 2012 that are quoted on the NOTC as of the date of the closing of the Merger, which will be registered as holders of common shares in Frontline 2012's register of shareholders with the VPS, on the second trading day after the date of the closing of the Merger, or the VPS Record Date, will receive common shares in Frontline as Merger Consideration, without any further action on the part of the Frontline 2012 shareholder. For each common share recorded as held in Frontline 2012 as of the VPS Record Date, each holder of such Frontline 2012 common share will receive 2.55 common shares in Frontline, rounded down to the nearest whole common share. Frontline will not issue any fractional common shares and each holder of a fractional share interest will be paid an amount in cash (without interest). Holders of Frontline 2012 common shares cancelled pursuant to the Merger Agreement and any Dissenting Shares will not receive Merger Consideration.

For the purposes of determining the right to receive the Merger Consideration, Frontline 2012 will look solely to its register of shareholders with the VPS as of the expiry of the VPS Record Date, which will show Frontline 2012 shareholders as of expiry of the closing date of the Merger. See the section entitled "The Merger— Conversion of Issued and Outstanding Frontline 2012 Common Shares."

Q. Who can help answer my additional questions about the Merger or voting procedures?

A. If you have more questions about the Merger, including the procedures for voting your shares, you should contact:

Okapi Partners LLC
1212 Avenue of the Americas, 24th Floor
New York, NY 10036
(212) 297-0720
(855) 305-0857
info@okapipartners.com

If your broker holds your shares, then you should also contact your broker for additional information.

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SUMMARY

This summary highlights certain information from this joint proxy statement/prospectus. It may not contain all of the information that may be important to you. You should carefully read this entire document, including the appendices and the other documents to which this document refers you, for a more complete understanding of the matters being considered at the Special General Meetings. In addition, we incorporate by reference into this document important business and financial information about Frontline. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled "Where You Can Find More Information." Additionally, some of the statements contained in this joint proxy statement/prospectus are forward-looking statements. See the section entitled "Cautionary Statement Concerning Forward-Looking Statements." All references in this joint proxy statement/prospectus to "dollars" or "$" are to U.S. dollars. In this joint proxy statement/prospectus, unless otherwise indicated, we refer to accounting principles generally accepted in the United States as "GAAP." We use the term deadweight tons, or dwt, expressed in metric tons, each of which is equivalent to 1,000 kilograms, in describing the size of vessels.

The Merger

Under the terms of the Merger Transactions, Merger Sub will merge with and into Frontline 2012, and Frontline 2012 will become a wholly-owned subsidiary of Frontline, and each issued and outstanding common share of Frontline 2012, other than shares cancelled pursuant to the Merger Transactions and any Dissenting Shares, will be converted into 2.55 common shares of Frontline. After the Merger, the Frontline common shares will continue to be listed on NYSE and the Oslo Stock Exchange under the trading symbol "FRO", but the shares of Frontline 2012 will no longer be listed or quoted. In addition, Frontline has begun proceedings to delist its shares from the London Stock Exchange.

The Independent Financial Advisors of Frontline and the Independent Financial Advisors of Frontline 2012 Have Delivered Opinions to the Frontline Board and the Frontline 2012 Board, Respectively, That the Consideration to be Paid by Frontline and Received by Frontline 2012 in the Merger is Fair, From a Financial Point of View, to Frontline Shareholders and Frontline 2012 Shareholders, Respectively.

Danske Bank A/S, Norwegian Branch, or Danske Bank, rendered its oral opinion to the Frontline 2012 Board, which was subsequently confirmed in writing, that as of the date of the opinion, and based upon and subject to the considerations and limitations set forth in its written opinion, its work described in its written opinion and other factors it deemed relevant, the consideration to be received by the shareholders of Frontline 2012 is fair from a financial point of view to Frontline 2012 and its shareholders, including its Unaffiliated Shareholders. The full text of the written opinion of Danske Bank, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is included as Appendix D to this joint proxy statement/prospectus. The summary of the written opinion of Danske Bank contained in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. Shareholders of Frontline 2012 should read the opinion completely and carefully. Danske Bank provided its opinion for the information of the Frontline 2012 Board in connection with its evaluation of the Merger. Danske Bank's opinion is not intended to be and does not constitute a recommendation as to how any shareholder of Frontline 2012 should vote with respect to the Merger. Pursuant to an engagement letter between Frontline 2012 and Danske Bank, Frontline 2012 agreed to pay Danske Bank a fee payable upon delivery of the opinion.

Pareto Securities Inc., or Pareto, rendered its oral opinion to the Frontline Board, which was subsequently confirmed in writing, that as of the date of the opinion, and based upon and subject to the considerations and limitations set forth in its written opinion, its work described in its written opinion and other factors it deemed relevant, the consideration to be paid by Frontline is fair from a financial point of view to Frontline and its shareholders, including its Unaffiliated Shareholders. The full text of the written opinion of Pareto, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is included as Appendix E to this joint proxy statement/prospectus. The summary of the written opinion of Pareto contained in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. Shareholders of Frontline should read the opinion completely and carefully. Pareto provided its opinion for the information of the Frontline Board in connection with its evaluation of the Merger. Pareto's opinion is not intended to be and does not constitute a recommendation as to how any shareholder of Frontline should vote with respect to the Merger. Pursuant to an engagement letter between Frontline and Pareto, Frontline agreed to pay Pareto a fee payable upon delivery of the opinion.

See the section entitled "The Merger—Background and Reasons for the Merger" for a discussion of the contacts that gave rise to the merger negotiations that resulted in the signing of the definitive Merger Agreement.

The Independent Appraisers Delivered Valuations of the Vessels Contained in the Fleets of Frontline and Frontline 2012

Two appraisal companies, Fearnley AS, or Fearnley's, and Nordic Shipping AS, or Nordic, provided valuations of the vessels contained in the fleet of Frontline and Frontline 2012, or the Appraisers, to the Frontline Board and the Frontline 2012 Board. The full text of the valuations, which sets forth the assumptions made and limitations on the review undertaken in connection with the valuations, is included as Appendix F to this joint proxy statement prospects. Frontline and Frontline 2012 obtained the appraisals in the ordinary course of business in relation to the fleet valuation and did not pay any additional transaction based fees for the appraisals.

Material United States Federal Income Tax Considerations to Shareholders of Frontline 2012

The merger will generally not be a taxable transaction to a U.S. Holder (as defined in the section entitled "Material United States Federal Income Tax Consequences of the Merger") of Frontline 2012 common shares, other than a "10 Percent U.S. Shareholder" (as defined in the section entitled "Material United States Federal Income Tax Consequences of the Merger"), except for any gain or loss recognized with respect to cash received in lieu of a fractional share of Frontline common shares. If cash is received in lieu of a fractional share of Frontline common shares, the U.S. Holder will be deemed, for U.S. federal income tax purposes, as (i) receiving solely Frontline common shares, including fractional share thereof, in exchange for the surrendered Frontline 2012 common shares and (ii) immediately thereafter selling the fractional share of Frontline common shares for the amount of cash received in lieu thereof. The material U.S. federal income tax consequences of the foregoing deemed transactions to a non-dissenting U.S. Holders of Frontline 2012, other than a 10 Percent U.S. Shareholder, are as follows:

- A U.S. Holder will not recognize gain or loss as a result of the receipt of Frontline common shares, or the deemed receipt of the fractional share thereof in exchange for Frontline 2012 common shares;
- The aggregate adjusted tax basis in the Frontline 2012 common shares that is surrendered will be allocated between the Frontline common shares received and the fractional shares based on their relative fair market values;
  - A U.S. Holder's aggregate adjusted tax basis in the shares of Frontline common shares received will be equal to the adjusted tax basis in Frontline 2012 common shares allocated to the shares;
- A U.S. Holder will recognize gain or loss in respect of cash received in lieu of Frontline common shares equal to the amount by which cash received in lieu of the fractional share exceeds adjusted tax basis allocated to the fractional share; and
- A U.S Holder's holding period for the shares of Frontline common shares received in the exchange will generally include the holding period of the Frontline 2012 common shares it surrendered.

A 10 Percent U.S. Shareholder of Frontline 2012 may recognize gain (but not loss) as a result of the Merger, if Frontline 2012 was a "controlled foreign corporation" during the last five year period ending on the Merger date, and after the Merger, either Frontline is not a CFC or the U.S. shareholder is no longer a 10 Percent U.S. Shareholder. See the section entitled "Material United States Federal Income Tax Consequences of the Merger."

The Merger will generally not be a taxable transaction to a Non-U.S. Holder (as defined in the section entitled "Material United States Federal Income Tax Consequences of the Merger") for U.S. federal income tax purposes.

Shareholders of Frontline 2012 Have Dissenters' Rights

Under Bermuda law, if the Merger is consummated, then shareholders of Frontline 2012 that have properly elected to dissent pursuant to Section 106 of the Companies Act of 1981 of Bermuda will be entitled to payment of the fair value of their shares in accordance with Bermuda law. To exercise your right to dissent, you must strictly follow the procedures prescribed by Section 106(6) of the Companies Act 1981 of Bermuda. In addition, any shareholder holding shares through the VPS wishing to exercise appraisal rights must have such shares retired from the VPS and moved directly to the main register of shareholders in Bermuda, prior to any and all exercises of direct shareholder rights.

Fair Value of the Frontline 2012 shares and Frontline shares under the terms of the Merger Transactions

Under Bermuda law, in the event of a merger of a Bermuda company with another company or corporation, any shareholder of the Bermuda company is entitled to receive fair value for its shares. The Frontline 2012 Board considers the fair value for each Frontline 2012 common share to be the Merger Consideration (2.55 common shares of Frontline), providing Frontline 2012 shareholders with a value of approximately $6.579 for each Frontline 2012 common share, based on the closing price of the Frontline common shares on July 1, 2015, the day before the public announcement of the proposed Merger.

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The Frontline Board's Disinterested Directors Unanimously Recommend that You Vote "FOR" the Authorization and Approval of the Merger Transactions.

The Frontline Board's Disinterested Directors have determined that the Merger Transactions are in the best interests of Frontline's shareholders, including the Unaffiliated Shareholders, and have unanimously approved the Merger Transactions. The Frontline Board's Disinterested Directors unanimously recommend that Frontline shareholders vote "FOR" the authorization and approval of the Merger Transactions. For the factors considered by the Frontline Board in reaching its decision to approve the Merger Transactions, see "The Merger—Background and Reasons for the Merger".

The Frontline 2012 Board's Disinterested Directors Unanimously Recommend that You Vote "FOR" the Authorization and Approval of the Merger Transactions

The Frontline 2012 Board's Disinterested Directors have determined that the Merger Transactions are in the best interests of Frontline 2012's shareholders, including the Unaffiliated Shareholders, and have unanimously approved the Merger Transactions. The Frontline 2012 Board's Disinterested Directors unanimously recommend that Frontline 2012 shareholders vote "FOR" the authorization and approval of the Merger Transactions. For the factors considered by the Frontline 2012 Board in reaching its decision to approve the Merger Transactions, see "The Merger—Background and Reasons for the Merger".

Some of Frontline's and Frontline 2012's Executive Officers and Directors Have Financial and Other Interests in the Merger That are in Addition to or Different From Your Interests

Some of the members of the Frontline Board and the Frontline 2012 Board and certain of Frontline 2012's and Frontline's executive officers have financial interests in the Merger that are in addition to, and/or different from, your interests. The Disinterested Directors of Frontline 2012 were aware of these additional and/or differing interests and potential conflicts and considered them, among other matters, in evaluating, negotiating and approving the Merger Transactions. These interests include the following:

- After the Merger, the current directors of Frontline 2012 are expected to resign, and the following persons who are officers or directors of Frontline will become the new Frontline 2012 directors: Mses. Kate Blankenship, Georgina Sousa and Inger M. Klemp.
- The Hemen Shareholder and certain of its affiliates, including Frontline, and the directors and officers of Frontline 2012, own approximately 67.0% of the issued and outstanding common shares of Frontline 2012. The Hemen Shareholder and certain of its affiliates, including Ship Finance, and the directors and officers of Frontline, own approximately 41.0% of the issued and outstanding common shares of Frontline. Immediately after the closing of the Merger, the Hemen Shareholder and certain of its affiliates, including Ship Finance, are expected to own approximately 459,017,114 Frontline common shares, which will represent approximately 58.7% of our issued and outstanding common shares after giving effect to the issuance of the Merger Consideration.
- The Hemen Shareholder is also a principal shareholder of a number of other large publicly traded companies involved in various sectors of the shipping and oil services industries. We refer to these companies collectively as the Hemen Related Companies. In addition, certain directors of Frontline, including John Fredriksen, Kate Blankenship, Robert Hvide Macleod, Ola Lorentzon and Georgina Sousa, and certain directors of Frontline 2012, including John Fredriksen, Paul Leand, Hans Petter Aas, Jens Martin Jensen, Kate Blankenship and Georgina Sousa, also serve on the boards of one or more of the Hemen Related Companies, including but not limited to, Ship Finance International Limited (NYSE:SFL), or Ship Finance, Seadrill Limited (NYSE:SDRL), or Seadrill, North Atlantic Drilling Ltd. (NYSE:NADL), or NADL and Golden Ocean Group Ltd. (NASDAQ: GOGL), or Golden Ocean.
- The Merger Transactions provides for director and officer indemnification arrangements for each of Frontline 2012's directors and officers who are currently covered by Frontline 2012's indemnification arrangements and a directors' and officers' liability insurance policy that will continue for six years following completion of the Merger.

Your Rights as a Shareholder of Frontline Will Be Different From Your Rights as a Shareholder of Frontline 2012

The conversion of Frontline 2012 common shares into Frontline common shares in the Merger will result in changes from your current rights as a Frontline 2012 shareholder, which generally are governed by Bermuda law and Frontline 2012's organizational documents, to your rights as a Frontline shareholder, which generally will be governed by Bermuda law also, and Frontline's organizational documents. See the section entitled, "Comparison of Shareholder Rights."

The Frontline Board after the Merger (see section entitled "Other Important Information Regarding the Companies")
The Board of Frontline will not change as a result of the Merger. After the Merger, it will consist of John Fredriksen, Ola Lorentzon, Georgina Sousa, Kate Blankenship, and Robert Hvide Macleod.
Frontline's Management after the Merger (see section entitled "Other Important Information Regarding the Companies")
After the Merger, Robert Hvide Macleod will continue to serve as the principal executive officer and Inger M. Klemp will continue to serve as the principal financial officer of Frontline.
The Companies (see the section entitled "Information about the Companies")
Frontline Ltd.
Par-la-Ville Place, 14 Par-la-Ville Road
Hamilton, HM 08 Bermuda
1 (441) – 295 6935
Frontline is an international shipping company that was incorporated in Bermuda in 1992. Its principal offices are located in Hamilton, Bermuda. Frontline is engaged primarily in the ownership and operation of crude oil tankers, and is also involved in the charter, purchase and sale of vessels. Frontline's tanker fleet consists of 23 vessels and is comprised of 14 Very Large Crude Carriers, or VLCCs, and nine Suezmax tankers. Two Suezmax tankers are owned by Frontline and the remaining 21 vessels are chartered in. Frontline also has ten VLCCs, eight Suezmax tankers, ten LR2/Aframax tankers and 16 MR/Handysize tankers under commercial management. Frontline's common shares are listed on the New York Stock Exchange and the Oslo Stock Exchange under the symbol "FRO." Frontline's common shares are currently also listed on the London Stock Exchange under the symbol "FRO," but Frontline has begun proceedings to delist its shares from the London Stock Exchange.
Frontline 2012 Ltd.
Par-la-Ville Place, 14 Par-la-Ville Road
Hamilton, HM 08 Bermuda
1 (441) – 295 6935
Frontline 2012 is an international shipping company that was incorporated in Bermuda in 2011. Its principal offices are located in Hamilton, Bermuda. Frontline 2012 is engaged primarily in the ownership and operation of crude oil and product tankers. Frontline 2012 owns or controls 44 vessels, including six modern VLCCs and six modern Suezmax tankers, six MR tankers, four LR2 tankers, four VLCC newbuilding contracts, six Suezmax tanker newbuilding contracts and 12 LR2 newbuilding contracts. Frontline 2012's common shares are registered on the Norwegian Over-The-Counter list.
The Special General Meeting of Frontline Shareholders (see the section entitled the "The Frontline Special General Meeting")
The Frontline Special General Meeting will be held on November 30, 2015, at 9:30 a.m., local time, at Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton, HM 08 Bermuda, unless adjourned or postponed to a later date. At the Frontline Special General Meeting, Frontline shareholders will be asked:

1. To consider and vote upon a proposal to authorize and approve the Merger Transactions by and among Frontline, Frontline 2012 and Merger Sub, pursuant to which Frontline 2012 will become a wholly-owned subsidiary of Frontline.

Record Date. Each Frontline shareholder may cast one vote at the Special General Meeting for each common share of Frontline that was owned by such shareholder at the close of business on November 2, 2015. At that date, there were 198,375,854 common shares of Frontline entitled to be voted at the Special General Meeting.
As of the date of this proxy statement/prospectus, directors and executive officers of Frontline, other than Mr. Fredriksen, owned (directly or indirectly) and had the right to vote approximately 0.01% of the common shares of Frontline entitled to be voted at the Special General Meeting and the Hemen Shareholder and its affiliates, including Ship Finance, have the right to vote approximately 41.0% of the common shares of Frontline entitled to be voted at the Special General Meeting.

Required Vote. In order for the Merger Transactions to be authorized and approved by Frontline shareholders, the affirmative vote by the holders of or more than 50% of the votes cast by the holders of the common shares of Frontline on the Record Date present, in person or by proxy, and voting at the Special General Meeting. Also, it is required that a quorum of two or more persons holding or representing more than one-third (1/3) of the issued and outstanding common shares of Frontline on the Record Date be in attendance in person or by proxy at such Special General Meeting. We urge you to vote.

The Special General Meeting of Frontline 2012 Shareholders (see the section entitled the "The Frontline 2012 Special General Meeting")

The Frontline 2012 Special General Meeting will be held on November 30, 2015, at 10:00 a.m., local time, at Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton, HM 08 Bermuda, unless adjourned or postponed to a later date. At the Frontline 2012 Special General Meeting, Frontline 2012 shareholders will be asked:

1. To consider and vote upon a proposal to authorize and approve the Merger Transactions by and among Frontline, Frontline 2012 and Merger Sub, pursuant to which Frontline 2012 will become a wholly-owned subsidiary of Frontline.

Record Date. Each Frontline 2012 shareholder may cast one vote at the Special General Meeting for each common share of Frontline 2012 that was owned by such shareholder at the close of business on November 2, 2015. At that date, there were 242,307,883 common shares of Frontline 2012 entitled to be voted at the Special General Meeting. As of the date of this proxy statement/prospectus, directors, and executive officers of Frontline 2012, other than Mr. Fredriksen, and their affiliates owned (directly or indirectly), and had the right to vote approximately 0.29% of the common shares of Frontline 2012 entitled to be voted at the Special General Meeting, and the Hemen Shareholder and certain of its affiliates, including Frontline and the directors and officers of Frontline 2012, have the right to vote approximately 67.0% of the common shares of Frontline 2012 entitled to be voted at the Special General Meeting.

Required Vote. In order for the Merger Transactions to be authorized and approved by Frontline 2012 shareholders, the affirmative vote by the holders of 75% or more of the votes cast by the holders of the common shares of Frontline 2012 on the Record Date present, in person or by proxy, and voting at the Special General Meeting. Also, it is required that a quorum of two or more persons holding or representing more than one-third (1/3) of the issued and outstanding common shares of Frontline 2012 on the Record Date be in attendance in person or by proxy at such Special General Meeting. We urge you to vote.

The Voting Agreement

The Hemen Shareholder and certain of its affiliates, including Frontline, and the directors and officers of Frontline 2012, own approximately 67.0% of the issued and outstanding common shares of Frontline 2012. The Hemen Shareholder and certain of its affiliates, including Ship Finance, and the directors and officers of Frontline, own approximately 41.0% of the issued and outstanding common shares of Frontline. The Hemen Shareholder, Ship Finance and certain directors and officers of the Frontline 2012 and Frontline have entered into the Voting Agreement with the Companies for the shares they own in Frontline 2012 and Frontline, respectively, pursuant to which, among other things and subject to certain conditions, the Hemen Shareholder, Ship Finance and certain directors and officers of the Frontline 2012 and Frontline have agreed to vote their shares in favor of approval of the Merger. See the section entitled "The Voting Agreement."

The Merger Agreement

The Merger Agreement, as amended, is described in this joint proxy statement/prospectus and is included as Appendix A. We urge you to read the Merger Agreement in its entirety because it is the legal document governing the Merger. See the section entitled "The Merger Agreement."

Completion of the Merger is Subject to Conditions

The respective obligations of Frontline and Frontline 2012 to complete the Merger are subject to the satisfaction or waiver of various conditions, including the authorization and approval of the Merger Transactions by Frontline 2012 and Frontline shareholders and the accuracy of representations and warranties of Frontline and Frontline 2012 as of the closing date of the Merger. In addition, the obligation of Frontline and Frontline 2012 to complete the Merger is subject to the satisfaction or waiver of certain additional conditions. Although it is anticipated that all of these conditions will be satisfied, there can be no assurance as to whether or when all of the conditions will be satisfied or, where permissible, waived. See the section entitled "The Merger Agreement."

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Accounting Treatment

The merger of Frontline and Frontline 2012 will be accounted for as a business combination using the acquisition method of accounting under the provisions of Accounting Standards Codification 805, "Business Combinations", with Frontline 2012 selected as the accounting acquirer under this guidance. We will refer to the Companies together, after giving effect to the Merger, as the Combined Company. The factors that were considered in determining that Frontline 2012 should be treated as the accounting acquirer in the Merger Transaction were the relative voting rights in the Combined Company, the composition of the board of directors in the Combined Company and the controlling interest of the Hemen Shareholder, the relative sizes of Frontline and Frontline 2012, the composition of senior management of the Combined Company, the name of the Combined Company, the terms of exchange of equity interests and the continued stock exchange listings of the Combined Company. Management believes that the relative voting rights in the Combined Company, the composition of the board of directors in the Combined Company and the controlling interest of the Hemen Shareholder and the relative sizes of Frontline and Frontline 2012 were the most significant factors in determining Frontline 2012 as the accounting acquirer.

With respect to the relative voting rights, it is noted that after the completion of the Merger, the Frontline shareholders and the shareholders of Frontline 2012 will own approximately 198.4 million and 583.6 million shares, respectively, or approximately 25.4% and 74.6%, respectively. The analysis of the relative voting rights in a business combination involving entities with common shareholders should consider the former shareholder groups of the combining entities and not the individual owners that are common to the combining entities. The former shareholder group that retains or receives the largest portion of the voting rights in the combined entity would be the accounting acquirer, absent the consideration of any of the other factors provided in ACS 805. In this transaction, the Frontline 2012 shareholders, including the Hemen Shareholder, will own approximately 74.6% of the resulting company and shareholders of Frontline, including the Hemen Shareholder, will own approximately 25.4% of the resulting company and so the Frontline 2012 shareholder group will receive the largest voting percentage. This points to Frontline 2012 as the accounting acquirer.

While there are no changes to the board of directors of the Combined Company as compared to Frontline as a result of this transaction, it is noted that three of the five members of the board are also directors of Frontline 2012 and that the Hemen Shareholder, the controlling shareholder of Frontline 2012 will become the controlling shareholder of the Combined Company following the merger. This will give the Hemen Shareholder the ability to determine the composition of the board of directors of the Combined Company, and this points to Frontline 2012 as the accounting acquirer.

Frontline 2012 does not have any employees and, under the supervision of its Board of Directors, contracts all day-to-day management of the company to a subsidiary of Frontline. The absence of a Frontline 2012 management team and the continuation of Frontline's existing management in the Combined Company points to Frontline as the accounting acquirer.

While Frontline had larger revenues in 2014, it is noted that Frontline 2012 has been in growth phase following its creation in December 2011. Due to this, and the fact that Frontline 2012 is significantly larger in terms of total assets, net book value of equity and market capitalization, Frontline 2012 is considered to be the larger company and this points to Frontline 2012 as the accounting acquirer.

Due to the long history of Frontline in the oil tanker business, management believes that Frontline's name is more widely known and decided to take advantage of this when deciding on the name of the Combined Company. While this points to Frontline as the accounting acquirer, it is not considered to be an important factor in the determination compared with the various factors discussed above.

It is noted that Frontline's current listings on the New York Stock Exchange and the Oslo Stock Exchange will continue after the merger of Frontline Acquisition and Frontline 2012 and the latter's Norwegian OTC listing will disappear. While this points to Frontline as the accounting acquirer, it is not considered to be an important factor in the determination compared with the various factors discussed above.

RISK FACTORS

In addition to the other information included or incorporated by reference in this joint proxy statement/prospectus, you should carefully consider the matters described below relating to the proposed Merger, the Companies' business and the industry they will continue to operate within, in deciding whether to vote for authorization and approval of the Merger Transactions. Although Frontline and Frontline 2012 believe that the matters described below cover the material risks related to the Merger and the Companies' businesses and the industry they will continue to operate within that are currently known or reasonably foreseeable, they may not contain all of the information that is important to you in evaluating the Merger. Accordingly, we urge you to read this entire joint proxy statement/prospectus, including the appendices and the information included or incorporated by reference in this document. Please also refer to the additional risk factors identified in the periodic reports and other documents of Frontline incorporated by reference into this joint proxy statement/prospectus. See the section entitled "Where You Can Find More Information." Unless the context otherwise requires, as used in this registration statement, the terms "we," "us," and "our" refer to the Companies after giving effect to the Merger and all of their subsidiaries. We will refer to the Companies together, after giving effect to the Merger, as the Combined Company.

Risks Related to the Merger Transactions

Certain of the Companies' directors, executive officers and major shareholders have interests in the Merger that may be different from or are in addition to, the interests of the Companies' other shareholders.

Certain of the Companies' directors, executive officers and major shareholders have interests in the Merger that may be different from, or are in addition to, the interests of the Companies' other shareholders. In particular, the Hemen Shareholder and certain of its affiliates, own approximately 41.0% of the issued and outstanding shares of Frontline and 67.0% of the issued and outstanding shares of Frontline 2012 and, after the Merger, would own approximately 58.7% of the issued and outstanding shares of Frontline. The Hemen Shareholder is also a principal shareholder of a number of other large publicly traded companies involved in various sectors of the shipping and oil services industries. We refer to these companies collectively as the Hemen Related Companies. In addition, certain directors of Frontline, including John Fredriksen, Kate Blankenship, Robert Hvide Macleod, Ola Lorentzon and Georgina Sousa, and certain directors of Frontline 2012, including John Fredriksen, Paul Leand, Hans Petter Aas, Jens Martin Jensen, Kate Blankenship and Georgina Sousa, also serve on the boards of one or more of the Hemen Related Companies, including but not limited to, Ship Finance International Limited (NYSE:SFL), or Ship Finance, Seadrill Limited (NYSE:SDRL), or Seadrill, North Atlantic Drilling Ltd. (NYSE:NADL), or NADL, and Golden Ocean Group Ltd. (NASDAQ: GOGL), or Golden Ocean. There may be real or apparent conflicts of interest with respect to matters affecting the Hemen Shareholder and other Hemen Related Companies, whose interests, in some circumstances, may be adverse to ours. Since no money, fees or bonuses will be paid in connection with the completion of the Merger, none of the directors, executive officers or major shareholders will have a direct monetary interest in the transaction. For a detailed discussion of the interests that the Company's directors and executive officers may have in the Merger, please see the section entitled "Related Party Transactions."

We may fail to realize the anticipated benefits of the Merger, and the integration process could adversely impact Frontline's ongoing operations.

Frontline, Merger Sub and Frontline 2012 entered into the Merger Agreement with the expectation that the Merger would result in various benefits, including, among other things, the creation of a larger listed company that would be more attractive to investors, improved purchasing and placing power, an expanded customer base and ongoing cost savings and operating efficiencies. The success of the Merger will depend, in part, on our ability to realize such anticipated benefits from combining the businesses of Frontline and Frontline 2012. The anticipated benefits and cost savings of the Merger may not be realized fully, or at all, or may take longer to realize than expected. Failure to achieve anticipated benefits could result in increased costs and decreases in the amounts of expected revenues or results of the Combined Company.

While wholly-owned subsidiaries of Frontline currently are the commercial managers of all of the operating vessels owned by Frontline 2012, it is possible that the integration process could result in the loss of key employees, the disruption of each Company's ongoing businesses or inconsistencies in standards, controls, procedures or policies that adversely affect our ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the Merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of Frontline and Frontline 2012 during the transition period. The integration may take longer than anticipated and may have unanticipated adverse results relating to Frontline's or Frontline 2012's existing business.

Some of the directors of the Frontline Board and the Frontline 2012 Board are affiliated with other Hemen Related Companies, which after the Merger could result in conflicts of interest that may not be resolved in our favor.

Certain members of the Frontline Board and the Frontline 2012 Board also serve on the boards or as officers of one or more Hemen Related Companies, including but not limited to, Seadrill, NADL, Ship Finance and Golden Ocean. To the extent that Frontline does business with or competes with other Hemen Related Companies for business opportunities, prospects or financial resources, or participates in ventures in which other Hemen Related Companies may participate, these directors and officers may face actual or apparent conflicts of interest in connection with decisions that could have different implications for Frontline. These decisions may relate to corporate opportunities, corporate strategies, potential acquisitions of businesses, newbuilding acquisitions, inter-company agreements, the issuance or disposition of securities, the election of new or additional directors and other matters. Such potential conflicts may delay or limit the opportunities available to Frontline, and it is possible that conflicts may be resolved in a manner adverse to Frontline.

Frontline's shareholders and Frontline 2012's shareholders may receive a lower return on their investment after the Merger.

Although Frontline and Frontline 2012 believe that the Merger will create financial, operational and strategic benefits for the combined company and its shareholders, these benefits may not be achieved. The combination of Frontline's and Frontline 2012's businesses, even if conducted in an efficient, effective and timely manner, may not result in combined financial performance that is better than what each company would have achieved independently if the Merger had not occurred.

If the Merger Agreement is terminated then Frontline 2012 or Frontline may be liable for a termination fee.

If the Merger Agreement is terminated by either Frontline 2012 or Frontline prior to the nine-month anniversary of the date of such termination, the party that initiated the termination enters into a definitive agreement with respect to any other acquisition proposal which gave rise to such termination, or any such acquisition proposal is consummated, then the party that initiated the termination of the Merger Agreement is obligated under the terms of the Merger Agreement to pay a $10 million termination fee.

Frontline will assume the existing indebtedness of Frontline 2012 if the Merger is completed, which may impose additional operating and financial restrictions on Frontline (beyond those that currently exist) which, together with the resulting debt services obligations, could significantly limit our ability to execute our business strategy and increase the risk of default under our debt obligations once the Merger is completed.

As of June 30, 2015, Frontline intends to assume existing indebtedness in an aggregate amount of approximately $654 million in connection with the Merger. Frontline's current credit facilities require it to comply with certain financial maintenance covenants.

The additional credit facilities require us or our subsidiaries to maintain the following financial covenants:

- value-adjusted equity;
- positive working capital; and
- a certain level of free cash.

Because some of these ratios are dependent on the market value of vessels, should charter rates or vessel values materially decline in the future, the Combined Company may be required to take action to reduce its debt or to act in a manner contrary to its business objectives to meet any such financial ratios and satisfy any such financial covenants. Events beyond the Combined Company's control, including changes in the economic and business conditions in the shipping markets in which the Combined Company will operate, may affect Frontline's ability to comply with these covenants. Frontline cannot assure you that it will meet these ratios or satisfy its financial or other covenants or that its lenders will waive any failure to do so.

These financial and other covenants may adversely affect the Combined Company's ability to finance future operations or limit its ability to pursue certain business opportunities or take certain corporate actions. The covenants may also restrict the Combined Company's flexibility in planning for changes in its business and the industry and make it more vulnerable to economic downturns and adverse developments. A breach of any of the covenants in, or the Combined Company's inability to maintain the required financial ratios under, the credit facilities would prevent it from borrowing additional money under its credit facilities and could result in a default under its credit facilities. If a default occurs under the Combined Company's credit facilities, the lenders could elect to declare the issued and outstanding debt, together with accrued interest and other fees, to be immediately due and payable and foreclose on the collateral securing that debt, which could constitute all or substantially all of the Combined Company's assets.

Following the completion of the Merger, the Combined Company's ability to meet its cash requirements, including the Combined Company's debt service obligations, will be dependent upon its operating performance, which will be subject to general economic and competitive conditions and to financial, business and other factors affecting its operations, many of which are or may be beyond the Combined Company's control. The Combined Company cannot provide assurance that its business operations will generate sufficient cash flows from operations to fund these cash requirements and debt service obligations. If the Combined Company's operating results, cash flow or capital resources prove inadequate, it could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt and other obligations. If the Combined Company is unable to service its debt, it could be forced to reduce or delay planned expansions and capital expenditures, sell assets, restructure or refinance its debt or seek additional equity capital, and the Combined Company may be unable to take any of these actions on satisfactory terms or in a timely manner. Further, any of these actions may not be sufficient to allow the Combined Company to service its debt obligations or may have an adverse impact on its business. The Combined Company's debt agreements may limit its ability to take certain of these actions. The Combined Company's failure to generate sufficient operating cash flow to pay its debts or to successfully undertake any of these actions could have a material adverse effect on the Combined Company. These risks may be increased as a result of the increased amount of indebtedness of the Combined Company following the completion of the Merger.

In addition, the degree to which the Combined Company may be leveraged as a result of the indebtedness assumed in connection with the Merger or otherwise could materially and adversely affect its ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or other purposes, could make the Combined Company more vulnerable to general adverse economic, regulatory and industry conditions, could limit its flexibility in planning for, or reacting to, changes and opportunities in the markets in which it competes.

The completion of the Merger will expose Frontline to increased risks relating to the construction of its newbuilding vessels because of the increased number of newbuilding vessels.

As of December 31, 2014, Frontline had one contract for a newbuilding vessel, which vessel was delivered in January 2015. As of December 31, 2014, on a pro forma basis, giving effect to the Merger, the Combined Company had contracts for 32 newbuilding vessels. Since then, Frontline 2012 took delivery of three vessels, sold 12 newbuildings to Golden Ocean, and entered into contracts for six additional newbuildings, bringing the total newbuilding vessels owned by the Combined Company to 22. These vessels are scheduled to be delivered to the Combined Company through December 2017. Vessel construction projects are generally subject to risks of delay or cost overruns that are inherent in any large construction project, which may be caused by numerous factors, including shortages of equipment, materials or skilled labor, unscheduled delays in the delivery of ordered materials and equipment or shipyard construction, failure of equipment to meet quality and/or performance standards, financial or operating difficulties experienced by equipment vendors or the shipyard, unanticipated actual or purported change orders, inability to obtain required permits or approvals, unanticipated cost increases between order and delivery, design or engineering changes and work stoppages and other labor disputes, adverse weather conditions or any other events of force majeure. Significant cost overruns or delays could adversely affect the Combined Company's financial position, results of operations and cash flows. Additionally, failure to complete a project on time may result in the delay of revenue from that vessel, and the Combined Company will continue to incur costs and expenses related to delayed vessels, such as supervision expense and interest expense for the issued and outstanding debt.

Both Frontline and Frontline 2012 are organized under the laws of Bermuda and all of their assets will be, and all of their directors and officers will reside, outside of the United States after the Merger and as a result, it may not be possible for shareholders to enforce civil liability provisions of the securities laws of the United States in Bermuda.

Frontline and Frontline 2012 both are organized under the laws of Bermuda. After the Merger, all of the Combined Company's assets will be located outside the United States, and most of the directors and officers of Frontline and Frontline 2012 will reside outside the United States. In addition, all of the experts named in this joint proxy statement/prospectus reside outside of the United States. As a result, it may be difficult for investors to effect service within the United States upon those directors, officers and experts, or to realize in the United States upon judgments of courts of the United States predicated upon civil liability of the Combined Company and such directors, officers or experts under the United States federal securities laws. There is uncertainty as to the enforceability in Bermuda by a court in original actions, or in actions to enforce judgments of United States courts, of the civil liabilities predicated upon the United States federal securities laws.

After the merger, the Combined Company may no longer qualify for exemption under Section 883, and may therefore have to pay tax on its U.S. source income, which would reduce the earnings of the Combined Company.

Under the United States Internal Revenue Code of 1986, or the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as the Combined Company and its subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States may be subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under section 883 of the Code and the applicable Treasury Regulations promulgated thereunder.

Before the Merger, Frontline qualified for this statutory tax exemption and Frontline took this position for U.S. federal income tax return reporting purposes. However, Frontline 2012 did not qualify for this statutory tax exemption. The Combined Company will not qualify for exemption under the Code section 883 for a particular year if certain "non-qualified" stockholders with a five percent or greater interest in its stock own 50% or more of outstanding shares of the Combined Company's stock on more than half the days during the taxable year. It is expected that after the Merger, one or more non-qualified stockholders that each own five percent or greater interest in the Combined Company's stock may own 50% or more of outstanding shares of the Combined Company's stock on more than half the days during a taxable year, and as a result the Combined Company may lose the benefit of this tax exemption and become subject to U.S. federal income tax on the Combined Company's U.S. source income.

If the Combined Company is not entitled to exemption under Section 883 for any taxable year, the Combined Company could be subject for those years to an effective 2% U.S. federal income tax on the shipping the Combined Company derives during the year that are attributable to the transport or cargoes to or from the United States. The imposition of this taxation would have a negative effect on the Companied Company's business and would result in decreased earnings available for distribution to its stockholders. For example, based on the activity of Frontline and Frontline 2012 for the 2014 taxable year, if the Combined Company had been subject to U.S. federal income tax, it would have had an aggregate tax liability of approximately $1 million.

Risks Related to the Tanker Industry

If the tanker industry, which historically has been cyclical and volatile, declines in the future, our revenues, earnings and available cash flow may be adversely affected.

Historically, the tanker industry has been highly cyclical, with volatility in profitability, charter rates and asset values resulting from changes in the supply of, and demand for, tanker capacity. After reaching highs during the summer of 2008, charter rates for crude oil and product carriers fell dramatically in connection with the commencement of the global financial crisis and although current rates have improved significantly since the global financial crisis, there is no guaranty that rates will remain high. Fluctuations in charter rates and tanker values result from changes in the supply of and demand for tanker capacity and changes in the supply of and demand for oil and oil products. These factors may adversely affect the rates payable and the amounts we receive in respect of our vessels. Our ability to re-charter our vessels on the expiration or termination of their current spot and time charters and the charter rates payable under any renewal or replacement charters will depend upon, among other things, economic conditions in the tanker market and we cannot guarantee that any renewal or replacement charters we enter into will be sufficient to allow us to operate our vessels profitably.

The factors that influence demand for tanker capacity include:

- supply and demand for oil and oil products;
- global and regional economic and political conditions, including developments in international trade, national oil reserves policies, fluctuations in industrial and agricultural production and armed conflicts;
- regional availability of refining capacity;
- environmental and other legal and regulatory developments;
- the distance oil and oil products are to be moved by sea;
- changes in seaborne and other transportation patterns, including changes in the distances over which tanker cargoes are transported by sea;

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- increases in the production of oil in areas linked by pipelines to consuming areas, the extension of existing, or the development of new, pipeline systems in markets we may serve, or the conversion of existing non-oil pipelines to oil pipelines in those markets;
- currency exchange rates;
- weather and acts of God and natural disasters;
- competition from alternative sources of energy and from other shipping companies and other modes of transport;
- international sanctions, embargoes, import and export restrictions, nationalizations, piracy and wars; and
- regulatory changes including regulations adopted by supranational authorities and/or industry bodies, such as safety and environmental regulations and requirements by major oil companies.

The factors that influence the supply of tanker capacity include:

- current and expected purchase orders for tankers;
- the number of tanker newbuilding deliveries;
- any potential delays in the delivery of newbuilding vessels and/or cancellations of newbuilding orders;
- the scrapping rate of older tankers;
- the successful implementation of the phase-out of single-hull tankers;
- technological advances in tanker design and capacity;
- tanker freight rates, which are affected by factors that may affect the rate of newbuilding, swapping and laying up of tankers;
- port and canal congestion;
- price of steel and vessel equipment;
- conversion of tankers to other uses or conversion of other vessels to tankers;
- the number of tankers that are out of service; and
- changes in environmental and other regulations that may limit the useful lives of tankers.

The factors affecting the supply and demand for tankers have been volatile and are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable, including those discussed above. While market conditions have improved since the global financial crisis in 2008, continued volatility may reduce demand for transportation of oil over longer distances and increase supply of tankers to carry that oil, which may have a material adverse effect on our business, financial condition, results of operations, cash flows, ability to pay dividends and existing contractual obligations.

The international tanker industry has experienced volatile charter rates and vessel values and there can be no assurance that these charter rates and vessel values will return to their previous levels.

Charter rates in the tanker industry are volatile. We anticipate that future demand for our vessels, and in turn our future charter rates, will be dependent upon economic growth in the world's economies, as well as seasonal and regional changes in demand and changes in the capacity of the world's fleet. We believe that the relatively high charter rates that were paid prior to 2008 were the result of economic growth in the world economies that exceeded growth in global vessel capacity. Since 2008 charter rates have been volatile, and there can be no assurance that economic growth will not stagnate or decline leading to a decrease in vessel values and charter rates. A decline in vessel values and charter rates would have an adverse effect on our business, financial condition, results of operation and ability to pay dividends.

Any decrease in shipments of crude oil may adversely affect our financial performance.

The demand for our crude oil tankers derives primarily from demand for Arabian Gulf, West African, North Sea and Caribbean crude oil, which, in turn, primarily depends on the economies of the world's industrial countries and competition from alternative energy sources. A wide range of economic, social and other factors can significantly affect the strength of the world's industrial economies and their demand for crude oil from the mentioned geographical areas. Any decrease in shipments of crude oil from the above mentioned geographical areas would have a material adverse effect on our financial performance. Among the factors which could lead to such a decrease are:

- increased crude oil production from other areas;
- increased refining capacity in the Arabian Gulf or West Africa;
- increased use of existing and future crude oil pipelines in the Arabian Gulf or West Africa;
- a decision by Arabian Gulf or West African oil-producing nations to increase their crude oil prices or to further decrease or limit their crude oil production;
- armed conflict in the Arabian Gulf and West Africa and political or other factors; and
- the development, availability and the costs of nuclear power, natural gas, coal and other alternative sources of energy.

In addition, volatile economic conditions affecting the United States and world economies may result in reduced consumption of oil products and a decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our earnings and our ability to pay dividends.

Demand for shipping of refined petroleum and other oil products could be significantly affected by volatile oil and gas prices and the overall demand for oil and gas.

Oil and gas prices are volatile and are affected by numerous factors beyond our control, including the following:

- worldwide demand and global economic conditions;
- the cost of exploration, development, production, transportation and distribution of oil and gas;
- expectations regarding future energy prices for both oil and gas and other sources of energy;
- the level of worldwide refined petroleum and other oil product production and exports;
- government laws and regulations, including environmental protection laws and regulations;
- local, national and international political conditions, including military and non-military conflicts;
- the weather and natural disasters; and
- the availability and cost of alternative energy sources.

If demand for shipping of refined petroleum and other oil products declines, the Combined Company may be unable to achieve a level of charter hire sufficient for it to operate its product tankers profitably.

An over-supply of tanker capacity may lead to reductions in charter rates, vessel values and profitability.

In recent years, shipyards have produced a large number of new tankers. If the capacity of new vessels delivered exceeds the capacity of tankers being scrapped and converted to non-trading tankers, tanker capacity will increase. If the supply of tanker capacity increases and the demand for tanker capacity does not increase correspondingly, charter rates could materially decline. A reduction in charter rates and the value of our vessels may have a material adverse effect on our results of operations, our ability to pay dividends and our compliance with current or future covenants in any of our agreements.

Risks Related to Shipping Generally

Risks involved with operating ocean-going vessels could affect the Combined Company's business and reputation, which could have a material adverse effect on the Combined Company's results of operations and financial condition.

The operation of an ocean-going vessel carries inherent risks. These risks include the possibility of:

- a marine disaster;
- terrorism;
- environmental accidents;
- cargo and property losses or damage; and
- business interruptions caused by mechanical failure, human error, war, terrorism, piracy, political action in various countries, labor strikes, or adverse weather conditions.

Any of these circumstances or events could increase the Combined Company's costs or lower the Combined Company's revenues. The involvement of the Combined Company's vessels in an oil spill or other environmental disaster may harm the Combined Company's reputation as a safe and reliable tanker operator.

Volatile economic conditions throughout the world could have an adverse impact on the Combined Company's operations and financial results.

The world economy continues to face a number of challenges, including turmoil and hostilities in the Middle East, North Africa and other geographic areas and continuing economic weakness in the European Union. There has historically been a strong link between the development of the world economy and demand for energy, including oil and gas. An extended period of deterioration in the outlook for the world economy could reduce the overall demand for oil and gas and for the Combined Company's services. While market conditions have improved, continued adverse and developing economic and governmental factors, together with the concurrent volatility in charter rates and vessel values, may have a material adverse effect on the Combined Company's results of operations, financial condition and cash flows, and could cause the price of the Combined Company's common shares to decline.

The European Union continues to experience relatively slow growth and exhibit weak economic trends. Over the past six years, the credit markets in Europe have experienced significant contraction, de-leveraging and reduced liquidity. While credit conditions are beginning to stabilize, global financial markets have been, and continue to be, disrupted and volatile. Since 2008, lending by financial institutions worldwide remains at lower levels compared to the period preceding 2008.

The continued economic slowdown in the Asia Pacific region, especially in Japan and China, may exacerbate the effect on it of the recent slowdown in the rest of the world. Before the global economic financial crisis that began in 2008, China had one of the world's fastest growing economies in terms of gross domestic product, or GDP, which had a significant impact on shipping demand. The growth rate of China's GDP for the year ended December 31, 2014, is estimated to be around 7.4%, down from a growth rate of 7.7% for the year ended December 31, 2013, and remaining below pre-2008 levels. China and other countries in the Asia Pacific region may continue to experience slowed or even negative economic growth in the future. The Combined Company's financial condition and results of operations, as well as the Combined Company's future prospects, would likely be impeded by a continuing or worsening economic downturn in any of these countries.

The inability of countries to refinance their debts could have a material adverse effect on the Combined Company's revenue, profitability and financial position.

As a result of the credit crisis in Europe, the European Commission created the European Financial Stability Facility, or the EFSF, and the European Financial Stability Mechanism, or the EFSM, to provide funding to Eurozone countries in financial difficulties that seek such support. In September 2012, the European Council established a permanent stability mechanism, the European Stability Mechanism, or the ESM, to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries. Despite these measures, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations. Potential adverse developments in the outlook for European countries could reduce the overall demand for oil cargoes and for the Combined Company's services. Market perceptions concerning these and related issues, could affect the Combined Company's financial position, results of operations and cash flow.

The current state of the global financial markets and current economic conditions may adversely impact the Combined Company's ability to obtain financing on acceptable terms and otherwise negatively impact the Combined Company's business.

Global financial markets and economic conditions have been, and continue to be, volatile. This volatility has negatively affected the general willingness of banks and other financial institutions to extend credit, particularly in the shipping industry, due to the historically volatile asset values of vessels. The shipping industry, which is highly dependent on the availability of credit to finance and expand operations, has been and may continue to be negatively affected by this decline.

Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets has increased as many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and in some cases ceased, to provide funding to borrowers. Due to these factors, the Combined Company cannot be certain that financing will be available if needed and to the extent required, on acceptable terms. If financing is not available when needed, or is available only on unfavorable terms, the Combined Company may be unable to meet its obligations as they come due or the Combined Company may be unable to enhance its existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

In addition, at times, lower demand for crude oil and oil products as well as diminished trade credit available for the delivery of such crude oil and oil products have led to decreased demand for tankers creating downward pressure on charter rates.

If the current global economic environment worsens, the Combined Company may be negatively affected in the following ways:

- the Combined Company may not be able to employ its vessels at charter rates as favorable to it as historical rates or at all or operate the Combined Company's vessels profitably; and
- the market value of the Combined Company's vessels could decrease, which may cause it to recognize losses if any of the Combined Company's vessels are sold or if their values are impaired.

The occurrence of any of the foregoing could have a material adverse effect on the Combined Company's business, results of operations, cash flows, financial condition and ability to pay dividends.

Acts of piracy on ocean-going vessels could adversely affect the Combined Company's business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean and in the Gulf of Aden off the coast of Somalia. Although the frequency of sea piracy worldwide decreased in 2014 as compared to 2013, sea piracy incidents continue to occur, particularly in the Gulf of Aden off the coast of Somalia and increasingly in the Gulf of Guinea, with tankers particularly vulnerable to such attacks. If these piracy attacks occur in regions in which the Combined Company's vessels are deployed that insurers characterize as "war risk" zones or by the Joint War Committee as "war and strikes" listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs which may be incurred to the extent the Combined Company employs on-board security guards, could increase in such circumstances. The Combined Company may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on it. In addition, detention hijacking as a result of an act of piracy against the Combined Company's vessels, or an increase in cost, or unavailability of insurance for its vessels, could have a material adverse impact on the Combined Company's business, results of operations, cash flows, financial condition and ability to pay dividends and may result in loss of revenues, increased costs and decreased cash flows to the Combined Company's customers, which could impair their ability to make payments to it under the Combined Company's charters.

World events could affect the Combined Company's results of operations and financial condition.

Continuing conflicts in the Middle East and North Africa, and the presence of United States and other armed forces in Afghanistan, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect the Combined Company's ability to obtain financing on terms acceptable to it or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South

China Sea and the Gulf of Aden off the coast of Somalia. Any of these occurrences, or the perception that the Combined Company's vessels are potential terrorist targets, could have a material adverse impact on the Combined Company's business, financial condition, results of operations and ability to pay dividends.

The Combined Company's vessels may call on ports located in countries that are subject to restrictions imposed by the U.S. or other governments, which could adversely affect the Combined Company's reputation and the market for the Combined Company's common shares.

From time to time on charterers' instructions, Frontline or Frontline 2012 vessels may call on ports located in countries subject to sanctions and embargoes imposed by the United States government and countries identified by the U.S. government as state sponsors of terrorism, such as Cuba, Iran, Sudan and Syria. In the past, certain of the Frontline's vessels have made port calls to Iran, however, none of its vessels made any port calls to Iran during 2014. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. With effect from July 1, 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act, or CISADA, which expanded the scope of the Iran Sanctions Act. Among other things, CISADA expands the application of the prohibitions to companies, such as ours, and introduces limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products. In addition, on May 1, 2012, President Obama signed Executive Order 13608 which prohibits foreign persons from violating or attempting to violate, or causing a violation of any sanctions in effect against Iran or facilitating any deceptive transactions for or on behalf of any person subject to U.S. sanctions. Any persons found to be in violation of Executive Order 13608 will be deemed a foreign sanctions evader and will be banned from all contacts with the United States, including conducting business in U.S. dollars. Also in 2012, President Obama signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012, or the Iran Threat Reduction Act, which created new sanctions and strengthened existing sanctions. Among other things, the Iran Threat Reduction Act intensifies existing sanctions regarding the provision of goods, services, infrastructure or technology to Iran's petroleum or petrochemical sector. The Iran Threat Reduction Act also includes a provision requiring the President of the United States to impose five or more sanctions from Section 6(a) of the Iran Sanctions Act, as amended, on a person the President determines is a controlling beneficial owner of, or otherwise owns, operates, or controls or insures a vessel that was used to transport crude oil from Iran to another country and (1) if the person is a controlling beneficial owner of the vessel, the person had actual knowledge the vessel was so used or (2) if the person otherwise owns, operates, or controls, or insures the vessel, the person knew or should have known the vessel was so used. Such a person could be subject to a variety of sanctions, including exclusion from U.S. capital markets, exclusion from financial transactions subject to U.S. jurisdiction, and exclusion of that person's vessels from U.S. ports for up to two years.

On November 24, 2013, the P5+1 (the United States, United Kingdom, Germany, France, Russia and China) entered into an interim agreement with Iran entitled the "Joint Plan of Action" ("JPOA"). Under the JPOA it was agreed that, in exchange for Iran taking certain voluntary measures to ensure that its nuclear program is used only for peaceful purposes, the U.S. and EU would voluntarily suspend certain sanctions for a period of six months. On January 20, 2014, the U.S. and E.U. indicated that they would begin implementing the temporary relief measures provided for under the JPOA. These measures included, among other things, the suspension of certain sanctions on the Iranian petrochemicals, precious metals, and automotive industries from January 20, 2014 until July 20, 2014. The U.S. extended sanctions relief under the JPOA to November 24, 2014, then further extended such relief until June 30, 2015, and eventually to July 14, 2015. On July 14, 2015, the United States, Russia, China, France, the United Kingdom, Germany, and the European Union announced that they reached an agreement with Iran titled, the Joint Comprehensive Plan of Action Regarding the Islamic Republic of Iran's Nuclear Program," or JCPOA. In light of the JCPOA, the JPOA has been extended for a yet undetermined period of time through "Implementation Day," which is a defined term in the JCPOA. It is expected that Implementation Day will not occur until at least January 2016.

Although each of Frontline and Frontline 2012 believes that it has been in compliance with all applicable sanctions and embargo laws and regulations, and intends to maintain such compliance, there can be no assurance that it will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could severely impact such company's ability to access U.S. capital markets and conduct its business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, such company's common stock may adversely affect the price at which the company's common stock trades. Moreover, charterers of Frontline or Frontline 2012 may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve it or its vessels, and those violations could in turn negatively affect Frontline or Frontline 2012's reputation. In addition, the reputation of Frontline or Frontline 2012 and the market for its securities may be adversely affected if it engages in certain other activities, such as entering into charters with individuals or entities in countries subject to U.S. sanctions and embargo laws that are not controlled by the governments of those countries, or engaging in operations associated with those countries pursuant to contracts with third parties that are unrelated to those countries or entities controlled by their governments. Investor perception of the value of Frontline's or Frontline 2012's common stock may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

Compliance with safety and other vessel requirements imposed by classification societies may be costly and could reduce the Combined Company's net cash flows and net income.

The hull and machinery of every commercial vessel must be certified as being "in class" by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention.

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel's machinery may be placed on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. The Combined Company expects its vessels to be on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be dry docked every two and a half to five years for inspection of its underwater parts.

Compliance with the above requirements may result in significant expense. If any vessel does not maintain its class or fails any annual, intermediate or special survey, the vessel will be unable to trade between ports and will be unemployable, which could have a material adverse effect on the Combined Company's business, results of operations, cash flows, financial condition and ability to pay dividends.

The Combined Company is subject to complex laws and regulations, including environmental laws and regulations that can adversely affect its business, results of operations and financial condition.

The Combined Company's operations will be subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which the Combined Company's vessels operate or are registered, which can significantly affect the ownership and operation of its vessels. These requirements include, but are not limited to, European Union regulations, the U.S. Oil Pollution Act of 1990, or OPA, the U.S. Clean Air Act, the U.S. Clean Water Act, the International Maritime Organization, or IMO, International Convention on Civil Liability for Oil Pollution Damage of 1969, generally referred to as CLC, the IMO International Convention on Civil Liability for Bunker Oil Pollution Damage, the IMO International Convention for the Prevention of Pollution from Ships of 1973, generally referred to as MARPOL, the IMO International Convention for the Safety of Life at Sea of 1974, generally referred to as SOLAS, the IMO International Convention on Load Lines of 1966 and the U.S. Maritime Transportation Security Act of 2002, or the MTSA. Compliance with such laws and regulations, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of the Combined Company's vessels. Compliance with such laws and regulations may require it to obtain certain permits or authorizations prior to commencing operations. Failure to obtain such permits or authorizations could materially impact the Combined Company's business results of operations, financial conditions and ability to pay dividends by delaying or limiting its ability to accept charterers. The Combined Company may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions including greenhouse gases, the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of the Combined Company's ability to address pollution incidents. Additionally, the Combined Company cannot predict the cost of compliance with any new regulations that may be promulgated as a result of the 2010 BP plc Deepwater Horizon oil spill in the Gulf of Mexico or other similar incidents in the future. These costs could have a material adverse effect on the Combined Company's business, results of operations, cash flows and financial condition.

The IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. The BWM Convention will not become effective until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping. To date, there has not been sufficient adoption of this standard for it to take force. Many of the implementation dates in the BWM Convention have already passed, so that once the BWM Convention enters into force, the period of installation of mandatory ballast water exchange requirements would be extremely short, with several thousand ships a year needing to install ballast water management systems (BWMS). For this reason, on December 4, 2013, the IMO Assembly passed a resolution revising the application dates of the BWM Convention so that they are triggered by the entry into force date and not the dates originally in the BWM Convention. This, in effect, makes all vessels constructed before the entry into force date "existing vessels" and allows for the installation of a BWMS on such vessels at the first renewal survey following entry into force of the convention. Once mid-ocean ballast exchange or ballast water treatment requirements become mandatory, the cost of compliance could increase for ocean carriers. Although the Combined Company does not believe that the costs of such compliance would be material, it is difficult to predict the overall impact of such a requirement on its operations.

A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of the Combined Company's operations. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject it to liability, without regard to whether the Combined Company was negligent or at fault. Under OPA, for example, owners, operators and bareboat charterers are jointly and severally strictly liable for the discharge of oil in U.S. waters, including the 200-nautical mile exclusive economic zone around the United States. An oil spill could also result in significant liability, including fines, penalties, criminal liability and remediation costs for natural resource damages under other international and U.S. Federal, state and local laws, as well as third-party damages, including punitive damages, and could harm the Combined Company's reputation with current or potential charterers of its tankers. The Combined Company will be required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Although the Combined Company's technical manager will arrange for insurance to cover the Combined Company's vessels with respect to certain environmental risks, there can be no assurance that such insurance will be sufficient to cover all such risks or that any claims will not have a material adverse effect on its business, financial condition, results of operations and cash flows.

If the Combined Company fails to comply with international safety regulations, the Combined Company may be subject to increased liability, which may adversely affect its insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of the Combined Company's vessels is affected by the requirements set forth in the IMO's International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code. The ISM Code requires shipowners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. If the Combined Company fails to comply with the ISM Code, it may be subject to increased liability, including the invalidation of existing insurance or a decrease of available insurance coverage for its affected vessels and such failure may result in a denial of access to, or detention in, certain ports.

Maritime claimants could arrest one or more of the Combined Company's vessels, which could interrupt the Combined Company's cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien-holder may enforce its lien by "arresting" or "attaching" a vessel through foreclosure proceedings. The arrest or attachment of one or more of the Combined Company's vessels could result in a significant loss of earnings for the related off-hire period.

In addition, in jurisdictions where the "sister ship" theory of liability applies, such as South Africa, a claimant may arrest the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. In countries with "sister ship" liability laws, claims might be asserted against the Combined Company or any of its vessels for liabilities of other vessels that the Combined Company owns.

Governments could requisition the Combined Company's vessels during a period of war or emergency resulting in a loss of earnings.

A government of a vessel's registry could requisition for title or seize one or more of the Combined Company's vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. A government could also requisition one or more of the Combined Company's vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of the Combined Company's vessels could have a material adverse effect on the Combined Company's business, results of operations, cash flows, financial condition and ability to pay dividends.

Risks Related to the Combined Company's Business

The Combined Company will need to procure additional financing in order to complete the construction of its newbuilding vessels, which may be difficult to obtain on acceptable terms or at all.

We cannot guarantee that the Combined Company will be able to obtain additional financing at all or on acceptable terms. If adequate funds are not available, the Combined Company may have to reduce expenditures for investments in new and existing projects, which could hinder its growth and prevent it from realizing potential revenues from prior investments that will have a negative impact on its cash flows and results of operations.

The Combined Company has significant capital requirements for its newbuilding vessels. As of June 30, 2015, the remaining commitments for its 22 newbuilding vessels were approximately $1,169.2 million. As of June 30, 2015, Frontline 2012 has obtained commitment for $198 million of debt financing for 6 vessels. The Combined Company intends to finance the remaining 16 newbuilding vessels to be delivered in the period between the second half of 2016 and the end of 2017 with a combination of proceeds from debt and cash on hand. There can be no assurance that the Combined Company will be able to obtain such financings on a timely basis or on terms it deems reasonable or acceptable. If such financing is not available when the Combined Company's capital commitments are due, it may be unable to meet such obligations and finance its other and future obligations. If for any reason the Combined Company fails to take delivery of the newbuilding vessels described above, it would be prevented from realizing potential revenues from these vessels, it may be required to forego deposits on construction, which amounted to an aggregate of $131.2 million (excluding capitalized interest and newbuilding supervision costs) as of June 30, 2015, and it may incur additional costs and liability to the shipyard under the construction contracts.

The Combined Company is dependent on the spot market and any decrease in spot market rates in the future may adversely affect its earnings and its ability to pay dividends.

As of June 30, 2015, the total fleet of the Combined Company consisted of 89 vessels. Of those, 24 vessels, comprised of six VLCCs, eight Suezmax tankers and ten product tankers, are owned by the Combined Company; 21 vessels, comprised of 14 VLCCs and seven Suezmax tankers, are vessels under capital leases; 14 vessels, comprised of four VLCCs, two Suezmax tankers and eight product/crude oil tankers, are under commercial management by the Combined Company; eight product tankers are chartered-in on short term time charters with a remaining duration of less than one year; and 22 vessels are newbuildings yet to be delivered. Of the vessel owned or leased by the Combined Company, 39 vessels are currently employed in the spot market exposing the Combined Company to fluctuations in spot market charter rates.

Historically, the tanker market has been volatile as a result of the many conditions and factors that can affect the price, supply and demand for tanker capacity. The spot market may fluctuate significantly based upon supply and demand of vessels and cargoes. The successful operation of the Combined Company's vessels in the competitive spot market depends upon, among other things, obtaining profitable charters and minimizing, to the extent possible, time spent waiting for charters and time spent in ballast. The spot market is very volatile, and, in the past, there have been periods when spot rates have declined below the operating cost of vessels. If future spot market rates decline, then the Combined Company may be unable to operate the Combined Company's vessels trading in the spot market profitably, meet the Combined Company's obligations, including payments on indebtedness, or to pay dividends in the future. Furthermore, as charter rates in the spot market are fixed for a single voyage, which may last up to several weeks, during periods in which charter rates are rising, the Combined Company will generally experience delays in realizing the benefits from such increases.

The Combined Company's ability to renew the charters on its vessels on the expiration or termination of its current charters, or on vessels that the Combined Company may acquire in the future, or the charter rates payable under any replacement charters and vessel values will depend upon, among other things, economic conditions in the sectors in which the Combined Company's vessels operate at that time, changes in the supply and demand for vessel capacity and changes in the supply and demand for the seaborne transportation of energy resources.

A drop in spot market rates may provide an incentive for some charterers to default on their charters, and the failure of the Combined Company's counterparties to meet their obligations could cause it to suffer losses or otherwise adversely affect the Combined Company's business.

The Combined Company has entered into various contracts, including charter parties with the Combined Company's customers, which subject it to counterparty risks. The ability of each of the counterparties to perform its obligations under a contract with the Combined Company or contracts entered into on its behalf will depend on a number of factors that are beyond the Combined Company's control and may include, among other things, general economic conditions, the condition of the shipping sector, the overall financial condition of the counterparty, charter rates received for tankers and the supply and demand for commodities. Should a counterparty fail to honor its obligations under any such contracts, the Combined Company could sustain significant losses that could have a material adverse effect on its business, financial condition, results of operations, cash flows and ability to pay dividends.

When the Combined Company enters into a time charter or bareboat charter, charter rates under that charter are fixed for the term of the charter. If the spot market rates or short-term time charter rates in the tanker industry become significantly lower than the time charter equivalent rates that some of the Combined Company's charterers are obligated to pay it under the Combined Company's existing charters, the charterers may have incentive to default under that charter or attempt to renegotiate the charter. If the Combined Company's charterers fail to pay their obligations, it would have to attempt to re-charter its vessels, which if re-chartered at lower rates, may affect the Combined Company's ability to operate its vessels profitably and may affect the Combined Company's ability to comply with current or future covenants contained in its loan agreements.

Further, if the charterer of a vessel in the Combined Company's fleet that is used as collateral under any loan agreement enters into default on its charter obligations to it, such default may constitute an event of default under the loan agreement, which could allow the bank to exercise remedies under the loan agreement. If the Combined Company's charterers fail to meet their obligations to it or attempt to renegotiate the Combined Company's charter agreements, it could sustain significant losses which could have a material adverse effect on the Combined Company's business, financial condition, results of operations and cash flows, as well as its ability to pay dividends, if any, in the future, and compliance with current or future covenants in its loan agreements.

Changes in the price of fuel, or bunkers, may adversely affect the Combined Company's profits.

For vessels on voyage charters, fuel oil, or bunkers, is a significant, if not the largest, expense. Changes in the price of fuel may adversely affect the Combined Company's profitability to the extent it has vessels on voyage charters. The price and supply of fuel is unpredictable and fluctuates based on events outside the Combined Company's control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Despite lower fuel prices in the beginning of 2015, fuel may become much more expensive in the future, which may reduce the profitability and competitiveness of the Combined Company's business versus other forms of transportation, such as truck or rail.

The operation of tankers involves certain unique operational risks.

The operation of tankers has unique operational risks associated with the transportation of oil and oil products. A spill of crude oil or oil products may cause significant environmental damage, and a catastrophic spill could exceed the insurance coverage available. Compared to other types of vessels, tankers are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision, or other cause, due to the high flammability and high volume of the oil transported in tankers.

Further, the Combined Company's vessels and their cargoes will be at risk of being damaged or lost because of events such as marine disasters, bad weather and other acts of God, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events. Changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes and boycotts. These hazards may result in death or injury to persons, loss of revenues or property, the payment of ransoms, environmental damage, higher insurance rates, damage to the Combined Company's customer relationships and market disruptions, delay or rerouting.

If the Combined Company's vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and may be substantial. The Combined Company may have to pay drydocking costs that its insurance does not cover at all or in full. The loss of revenues while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, may adversely affect the Combined Company's business and financial condition. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. The Combined Company may be unable to find space at a suitable drydocking facility or its vessels may be forced to travel to a drydocking facility that is not conveniently located relative to the Combined Company's vessels' positions. The loss of earnings while these vessels are forced to wait for space or to travel to more distant drydocking facilities may adversely affect the Combined Company's business and financial condition. Further, the total loss of any of its vessels could harm the Combined Company's reputation as a safe and reliable vessel owner and operator. If the Combined Company are unable to adequately maintain or safeguard its vessels, the Combined Company may be unable to prevent any such damage, costs or loss which could negatively impact the Combined Company's business, financial condition, results of operations, cash flows and ability to pay dividends.

Purchasing and operating secondhand vessels may result in increased operating costs and vessels off-hire, which could adversely affect the Combined Company's earnings.

Even following a physical inspection of secondhand vessels prior to purchase, the Combined Company does not have the same knowledge about their condition and cost of any required (or anticipated) repairs that it would have had if these vessels had been built for and operated exclusively by it. Accordingly, the Combined Company may not discover defects or other problems with such vessels prior to purchase. Any such hidden defects or problems, when detected may be expensive to repair, and if not detected, may result in accidents or other incidents for which the

Combined Company may become liable to third parties. Also, when purchasing previously owned vessels, the Combined Company does not receive the benefit of any builder warranties if the vessels it buys are older than one year.

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In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel efficient than more recently constructed vessels due to improvements in engine technology. Governmental regulations, safety and other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment to some of the Combined Company's vessels and may restrict the type of activities in which these vessels may engage. The Combined Company cannot assure you that, as its vessels age, market conditions will justify those expenditures or enable it to operate its vessels profitably during the remainder of their useful lives. As a result, regulations and standards could have a material adverse effect on the Combined Company's business, financial condition, results of operations, cash flows and ability to pay dividends.

The Combined Company's ability to obtain additional debt financing may be dependent on the performance of its then-existing charters and the creditworthiness of its charterers.

We may incur additional bank debt in the future to fund, among other things, our general corporate purposes or the expansion of our fleet. The actual or perceived credit quality of the Combined Company's charterers, and any defaults by them, may materially affect the Combined Company's ability to obtain the additional capital resources required to fund its commitments, purchase additional vessels or may significantly increase its costs of obtaining such capital. The Combined Company's inability to obtain additional financing at anticipated costs or at all may materially affect its results of operations and its ability to implement its business strategy.

Because the market value of the Combined Company's vessels may fluctuate significantly, the Combined Company may incur losses when the Combined Company sell vessels which may adversely affect the Combined Company's earnings, or could cause it to incur impairment charges.

The fair market value of vessels may increase and decrease depending on but not limited to the following factors:

- general economic and market conditions affecting the shipping industry;
- competition from other shipping companies;
- types and sizes of vessels;
- the availability of other modes of transportation;
- cost of newbuildings;
- shipyard capacity;
- governmental or other regulations;
- age of vessels;
- prevailing level of charter rates;
- the need to upgrade secondhand and previously owned vessels as a result of charterer requirements; and
- technological advances in vessel design or equipment or otherwise.

During the period a vessel is subject to a charter, the Combined Company will not be permitted to sell it to take advantage of increases in vessel values without the charterers' agreement. If the Combined Company sell a vessel at a time when ship prices have fallen, the sale may be at less than the vessel's carrying amount on the Combined Company's financial statements, with the result that the Combined Company could incur a loss and a reduction in earnings. In addition, if the Combined Company determine at any time that a vessel's future limited useful life and earnings require it to impair its value on the Combined Company's financial statements, that could result in a charge against the Combined Company's earnings and a reduction of the Combined Company's shareholders' equity. The Combined Company recorded an impairment charge of $97.7 million in the year ended December 31, 2014, as compared to an impairment charge of $103.7 million in the year ended December 31, 2013 ($32.0 million, including $27.3 million recorded in discontinued operations, in the year ended December 31, 2012). It is possible that the market value of the Combined Company's vessels will continue to decline in the future and could adversely affect the Combined Company's ability to comply with current or future financial covenants contained in the Combined Company's loan agreements or other financing arrangements. Any impairment charges incurred as a result of declines in charter rates and other market deterioration could negatively affect the Combined Company's business, financial condition, operating results or the trading price of the Combined Company's common shares.

Conversely, if vessel values are elevated at a time when the Combined Company wish to acquire additional vessels, the cost of acquisition may increase and this could adversely affect the Combined Company's business, results of operations, cash flow and financial condition.

The Combined Company may be unable to successfully compete with other vessel operators for charters, which could adversely affect the Combined Company's results of operations and financial position.

The operation of tankers and transportation of crude oil and oil products is extremely competitive. Through the Combined Company's operating subsidiaries the Combined Company compete with other vessel owners (including major oil companies as well as independent companies), and, to a lesser extent, owners of other size vessels. The tanker market is highly fragmented. It is possible that the Combined Company could not obtain suitable employment for the Combined Company's vessels, which could adversely affect the Combined Company's results of operations and financial position.

The Combined Company may be unable to locate suitable vessels for acquisition which would adversely affect the Combined Company's ability to expand the Combined Company's fleet.

Changing market and regulatory conditions may limit the availability of suitable vessels because of customer preferences or because they are not or will not be compliant with existing or future rules, regulations and conventions. Additional vessels of the age and quality the Combined Company desire may not be available for purchase at prices the Combined Company are prepared to pay or at delivery times acceptable to us, and the Combined Company may not be able to dispose of vessels at reasonable prices, if at all. If the Combined Company are unable to purchase and dispose of vessels at reasonable prices in response to changing market and regulatory conditions, the Combined Company's business may be adversely affected.

As the Combined Company expands its fleet, the Combined Company may not be able to recruit suitable employees and crew for the Combined Company's vessels which may limit the Combined Company's growth and cause the Combined Company's financial performance to suffer.

As the Combined Company expands its fleet, it will need to recruit suitable crew, shoreside, administrative and management personnel. The Combined Company may not be able to continue to hire suitable employees as the Combined Company expands its fleet of vessels. If the Combined Company is unable to recruit suitable employees and crews, the Combined Company may not be able to provide the Combined Company's services to customers, the Combined Company's growth may be limited and the Combined Company's financial performance may suffer.

Increased inspection procedures, tighter import and export controls and new security regulations could increase costs and cause disruption of the Combined Company's business.

International shipping is subject to security and customs inspection and related procedures in countries of origin, destination and trans-shipment points. Under the U.S. Maritime Transportation Security Act of 2002, or MTSA, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. These security procedures can result in delays in the loading, offloading or trans-shipment and the levying of customs duties, fines or other penalties against exporters or importers and, in some cases, carriers. Future changes to the existing security procedures may be implemented that could affect the tanker sector. These changes have the potential to impose additional financial and legal obligations on carriers and, in certain cases, to render the shipment of certain types of goods uneconomical or impractical. These additional costs could reduce the volume of goods shipped, resulting in a decreased demand for vessels and have a negative effect on the Combined Company's business, revenues and customer relations.

Failure to comply with the U.S. Foreign Corrupt Practices Act and other anti-corruption or anti-bribery laws and regulations and trade sanctions could result in fines, criminal penalties and an adverse effect on the Combined Company's business.

We operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption and anti-bribery laws and regulations and have adopted a code of business conduct and ethics which is consistent and in full compliance with the U.S. Foreign Corrupt Practices Act of 1977. We are subject, however, to the risk that the Combined Company, its affiliated entities or their respective officers, directors, employees and agents may take actions determined to be in violation of such anti-corruption and anti-bribery laws and regulations, including the U.S. Foreign Corrupt Practices Act, U.K. Bribery Act of 2010, applicable Norwegian law and sanctions at EU and U.S. level. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect the Combined Company's business, results of operations or financial condition. In addition, actual or alleged violations could damage the Combined Company's reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of the Combined Company's senior management.

Incurrence of expenses or liabilities may reduce or eliminate distributions.

The Combined Company expects to continue a policy to make distributions to shareholders based on earnings and cash flow. The amount and timing of dividends will depend on the Combined Company's earnings, financial condition, cash position, Bermuda law affecting the payment of distributions and other factors. However, we could incur other expenses or contingent liabilities that would reduce or eliminate the cash available for distribution by the Combined Company as dividends. In addition, the declaration and payment of dividends is subject at all times to the discretion of the Combined Company's board of directors. We cannot assure you that the Combined Company will pay dividends.

The aging of the Combined Company's fleet may result in increased operating costs in the future, which could adversely affect the Combined Company's earnings.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. The age of the Combined Company's fleet is approximately 7.8 years for the operational vessels. As the Combined Company's fleet ages, it will incur increased costs. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations, including environmental regulations, safety or other equipment standards related to the age of vessels, may require expenditures for alterations, or the addition of new equipment, to the Combined Company's vessels and may restrict the type of activities in which these vessels may engage. As the Combined Company's vessels age, market conditions might not justify those expenditures or enable the Combined Company to operate its vessels profitably during the remainder of their useful lives.

If the Combined Company does not set aside funds and is unable to borrow or raise funds for vessel replacement at the end of a vessel's useful life, its revenue will decline, which would adversely affect the Combined Company's business, results of operations, financial condition and ability to pay dividends.

If we do not set aside funds and are unable to borrow or raise funds for vessel replacement, the Combined Company will be unable to replace the vessels in its fleet upon the expiration of their remaining useful lives. The Combined Company's cash flows and income are dependent on the revenues earned by the chartering of its vessels. If we are unable to replace the vessels in the Combined Company's fleet upon the expiration of their useful lives, the Combined Company's business, results of operations, financial condition and ability to pay dividends would be adversely affected. Any funds set aside for vessel replacement will not be available for dividends.

The Combined Company may not have adequate insurance to compensate it if its vessels are damaged or lost.

The Combined Company procures insurance for its fleet against those risks that it believes companies in the shipping industry commonly insure. These insurances include hull and machinery insurance, protection and indemnity insurance, which include environmental damage and pollution insurance coverage, and war risk insurance. The Combined Company can give no assurance that it will be adequately insured against all risks and it cannot guarantee that any particular claim will be paid, even if it has previously recorded a receivable or revenue in respect of such claim. The Combined Company's insurance policies may contain deductibles for which it will be responsible and limitations and exclusions, which may increase the Combined Company's costs or lower its revenues.

We cannot assure you that the Combined Company will be able to obtain adequate insurance coverage for its vessels in the future or renew its existing policies on the same or commercially reasonable terms, or at all. For example, more stringent environmental protection laws and regulations have in the past led to increased costs for, and in the future may result in the lack of availability of, protection and indemnity insurance against risks of environmental damage or pollution. Any uninsured or underinsured loss could harm the Combined Company's business, results of operations, cash flows, financial condition and ability to pay dividends. In addition, the Combined Company's insurance may be voidable by the insurers as a result of certain of its actions, such as its vessels failing to maintain certification with applicable maritime self-regulatory organizations. Further, it cannot assure you that the Combined Company's insurance policies will cover all losses that it incurs, or that disputes over insurance claims will not arise with the Combined Company's insurance carriers. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. In addition, the Combined Company's insurance policies may be subject to limitations and exclusions, which may increase its costs or lower its revenues, thereby possibly having a material adverse effect on its business, results of operations, cash flows, financial condition and ability to pay dividends.

The Combined Company may be subject to calls because it obtains some of its insurance through protection and indemnity associations.

The Combined Company may be subject to increased premium payments, or calls, if the value of its claim records, the claim records of its fleet managers, and/or the claim records of other members of the protection and indemnity associations through which the Combined Company receives insurance coverage for tort liability (including pollution-related liability) significantly exceeds projected claims. In addition, the Combined Company's protection and indemnity associations may not have enough resources to cover claims made against them. The Combined Company's payment of these calls could result in significant expense to it, which could have a material adverse effect on the Combined Company's business, results of operations, cash flows, financial condition and ability to pay dividends.

The unaudited pro forma financial data for Frontline and Frontline 2012 included in this joint proxy statement/prospectus are preliminary, and the Combined Company's actual financial position and operations after the completion of the Merger Transactions may differ materially from the unaudited pro forma financial data included in this joint proxy statement/prospectus.

The unaudited pro forma financial data for both Frontline and Frontline 2012 in this joint proxy statement/prospectus are presented for illustrative purposes only and are not necessarily indicative of what the Combined Company's actual financial position or operations would have been had the Merger been completed on the dates indicated. See section entitled "Unaudited Pro Forma Condensed Combined Financial Information."

THE COMBINED COMPANY

In this section, references to "we", "us" and "our" and to the "Combined Company" are references to the combined company resulting from the Merger. All statistics and other financial information in this section are presented on a pro forma basis, giving effect to the Merger.

Overview

Following the Merger, we expect to be an international shipping company that will own and operate a fleet of crude oil and product tanker vessels. As of June 30, 2015, the Combined Company had a fleet of 89 vessels, including 21 vessels under capital leases, with an aggregate capacity of approximately 15.3 million dwt, consisting of VLCCs, Suezmaxes, LR2s and MRs. As of June 30, 2015, the fleet of the Combined Company consisted of 24 vessels, comprised of six VLCCs, eight Suezmax tankers and ten product tankers, that are owned by the Combined Company; 21 vessels, comprised of 14 VLCCs and seven Suezmax tankers, that are under capital leases; 14 vessels, comprised of four VLCCs, two Suezmax tankers and eight product/crude oil tankers, that are under commercial management by the Combined Company; eight product tankers that are chartered-in on short term time charters with a remaining duration of less than one year; and 22 vessels, comprised of four VLCCs, six Suezmax tankers and 12 LR2s, that are newbuildings on order.

The Combined Company has significant capital requirements for its newbuilding vessels. As of June 30, 2015, the remaining commitments for our 22 newbuilding vessels were approximately $1,169.2 million. As of June 30, 2015, Frontline 2012 has obtained commitments for $198 million of debt financing for six vessels. The Combined Company intends to finance the remaining 16 newbuilding vessels to be delivered in the period between the second half of 2016 and the end of 2017 with a combination of proceeds from debt and cash on hand. There can be no assurance that we will be able to obtain such financings on a timely basis or on terms we deem reasonable or acceptable. See "Risk Factors—The completion of the Merger will expose Frontline to increased risks relating to the construction of its newbuilding vessels because of the increased number of newbuilding vessels."

Our Combined Fleet

The following table summarizes key information about the fleet of vessels (not including newbuildings) of the Combined Company as of June 30, 2015:

Vessel	Built	Approximate Dwt	Flag	Type of Employment
Tonnage Owned Directly				
VLCC				
Front Kathrine	2009	297,000	Marshall Islands	Spot Market
Front Queen	2009	297,000	Marshall Islands	Spot Market
Front Eminence (1)	2009	321,300	Marshall Islands	Time Charter
Front Endurance	2009	321,300	Marshall Islands	Spot Market
Front Cecilie	2010	297,000	Hong Kong	Spot Market
Front Signe	2010	297,000	Hong Kong	Spot Market
Suezmax				
Front Ull	2014	156,000	Marshall Islands	Spot Market
Front Idun	2015	156,000	Marshall Islands	Spot Market
Front Thor (2)	2010	156,000	Marshall Islands	Time Charter
Front Loki (2)	2010	156,000	Marshall Islands	Time Charter
Front Odin	2010	156,000	Marshall Islands	Spot Market
Front Njord	2010	156,000	Hong Kong	Spot Market
Front Balder(3)	2009	156,000	Marshall Islands	Time Charter
Front Brage(3)	2011	156,000	Marshall Islands	Time Charter
LR2 Tankers				

Front Lion(4)	2014	115,000	Marshall Islands	Time Charter
Front Puma(5)	2015	115,000	Marshall Islands	Time Charter
Front Panther(5)	2015	115,000	Marshall Islands	Time Charter
Front Tiger	2015	115,000	Marshall Islands	Spot Market
MR Tankers				
Front Arrow	2013	50,000	Marshall Islands	Spot Market
Front Avon	2013	50,000	Marshall Islands	Spot Market
Front Clyde	2014	50,000	Marshall Islands	Spot Market
Front Dee	2014	50,000	Marshall Islands	Spot Market
Front Esk	2014	50,000	Marshall Islands	Spot Market
Front Mersey	2014	50,000	Marshall Islands	Spot Market

Tonnage Chartered in from Ship Finance International Limited and German KG Companies				
VLCC				
MT Front Vanguard(6)	1998	300,000	Marshall Islands	Time Charter
MT Front Century (6)	1998	311,000	Marshall Islands	Time Charter
MT Front Circassia (6)	1999	306,000	Marshall Islands	Time Charter
MT Front Scilla	2000	303,000	Marshall Islands	Spot Market
MT Front Commodore(7)	2000	299,000	Liberia	Spot Market
MT Front Tina(7)	2000	299,000	Liberia	Spot Market
MT Front Ariake	2001	299,000	Bahamas	Spot Market
MT Front Serenade	2002	299,000	Liberia	Spot Market
MT Front Stratus	2002	299,000	Liberia	Spot Market
MT Hakata	2002	298,000	Bahamas	Spot Market
MT Front Falcon	2002	309,000	Bahamas	Spot Market
MT Front Page	2002	299,000	Liberia	Spot Market
MT Front Force	2004	305,000	Marshall Islands	Spot Market
MT Front Energy	2004	305,000	Marshall Islands	Spot Market

Tonnage Chartered in from Ship Finance International Limited and German KG Companies				
Suezmax				
Front Symphony(7)	2001	150,000	Liberia	Spot Market
Front Melody(7)	2001	150,000	Liberia	Spot Market
MT Front Splendour(8)	1995	150,000	Marshall Islands	Spot Market
MT Front Glory(9)	1995	150,000	Marshall Islands	Spot Market
MT Front Ardenne	1997	150,000	Marshall Islands	Time Charter
MT Front Brabant(10)	1998	150,000	Marshall Islands	Time Charter
MT Mindanao	1998	150,000	Singapore	Spot Market

(1) This vessel commenced a time charter in October 2010 with earliest possible re-delivery in October 2015.
(2) This vessel commenced an index-related time charter in December 2014/January 2015 with earliest possible re-delivery in the first quarter of 2016.
(3) This vessel commenced a time charter in March 2015 with the earliest possible re-delivery in March 2016.
(4) This vessel commenced a time charter in August 2015 with the earliest possible re-delivery in January 2018.
(5) This vessel commenced a time charter in April 2015 with the earliest possible re-delivery in the first quarter of 2016.
(6) This vessel commenced a fixed rate, time charter in February 2015 with earliest possible re-delivery in May 2016
(7) The lessor has a fixed price option to sell this vessel to us at the end of the lease on December 31, 2015. The aggregate option price for the four vessels is $36.0 million.
(8) This vessel has been sold by Ship Finance and the charter is expected to terminate in the fourth quarter of 2015.
(9) This vessel has been sold by Ship Finance and the charter for the vessel terminated on September 10, 2015.
(10) This vessel commenced a time charter in June 2015 with earliest possible re-delivery in May 2016.

Management of Our Business

The Combined Company will be managed by its wholly-owned subsidiary incorporated in Bermuda, Frontline Management (Bermuda) Ltd., which in turn will subcontract services to Frontline Management AS, a subsidiary incorporated in Norway. We will refer to Frontline Management (Bermuda) Ltd. and Frontline Management AS together as Frontline Management. The principal executive officer and the principal financial officer of Frontline will be employed by Frontline Management AS. See section entitled "Other Important Information Regarding the Companies."

Recent Developments of Frontline

On May 29, 2015, Frontline announced that Mr. Jens Martin Jensen has resigned from his position as a Director of Frontline. Mr. Jensen will continue as a Board member in other Hemen Related Companies. Frontline further announced the appointments of Robert Hvide Macleod and Ola Lorentzon as Directors on the Board. Mr. Macleod joined Frontline as Chief Executive Officer of Frontline Management AS in 2014. Mr. Lorentzon was the Managing Director of Frontline Management AS from April 2000 until September 2003. Mr. Lorentzon is also a Director and Chairman of Golden Ocean Group Limited and a Director of Erik Thun AB and Laurin Shipping AB.

In August 2015, Frontline agreed with Ship Finance to terminate the long term charter for the 1995 built Suezmax tanker Front Glory. Ship Finance has simultaneously sold the vessel to an unrelated third party. The charter with Ship Finance was terminated on September 10, 2015. Frontline received a compensation payment of $2.2 million from Ship Finance for the termination of the current charter.

In September 2015, Frontline agreed with Ship Finance to terminate the long term charter for the 1995 built Suezmax tanker Front Splendour. Ship Finance has simultaneously sold the vessel to an unrelated third party. The charter with Ship Finance is expected to terminate in the fourth quarter of 2015. Frontline will receive a compensation payment of approximately $1.3 million from Ship Finance for determination of the current charter. Following this termination, the number of vessels on charter from Ship Finance will be reduced to 15 vessels, including 12 VLCCs and three Suezmax tankers.

On September 18, 2015, Frontline announced that Robert Hvide Macleod was appointed as Principal Executive Officer and that John Fredriksen will continue to serve as Chairman of the Board of Directors.

On September 28, 2015, Frontline executed an amendment to the Merger Agreement solely for the purpose of deleting the requirement that the Frontline common shares issuable in the Merger be listed on the London Stock Exchange.

Recent Developments of Frontline 2012

On May 29, 2015, Miss Cecile Fredriksen and Mr. Harald Thorstein resigned from their positions as Directors of the Frontline 2012 and Frontline 2012 announced the appointment of Jens Martin Jensen, Paul Leand and Hans Petter Aas as Directors to fill three of the vacancies on the Board.

On September 28, 2015, Frontline 2012 executed an amendment to the Merger Agreement solely for the purpose of deleting the requirement that the Frontline common shares issuable in the Merger be listed on the London Stock Exchange.

COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

Frontline common shares are listed on NYSE, the Oslo Stock Exchange, or OSE, and the London Stock Exchange, under the trading symbol "FRO." Frontline 2012 common shares are registered on NOTC, under the trading symbol "FRNT." After the Merger, Frontline's common shares will continue to be listed on NYSE and the OSE under the symbol "FRO" but Frontline 2012's ordinary shares will no longer be registered on NOTC. The following table sets forth, for the respective calendar year and quarters indicated, the high and low trading prices of Frontline common shares on the NYSE and the OSE and the high and low trading prices per share of Frontline 2012 common shares on NOTC. Frontline's common shares have been thinly traded on the London Stock Exchange and as a result, historical trading information is not provided below.

	Frontline (NYSE)		Frontline (OSE)		Frontline 2012 (NOTC)	
	High	Low	High	Low	High	Low
Fiscal year ended December 31,						
2014	$5.18	$1.18	NOK 34.20	NOK 7.50	NOK 40.74	NOK 25.51
2013	$4.05	$1.71	NOK 25.00	NOK 9.90	NOK 40.20	NOK 21.65
2012	$9.47	$3.02	NOK 48.50	NOK 17.24	NOK 27.06	NOK 13.92
2011	$27.76	$2.52	NOK 169.50	NOK 14.76	N/A	N/A
2010	$38.85	$24.98	NOK 236.70	NOK 146.40	N/A	N/A
Fiscal year ended December 31, 2015						
First quarter	$5.05	$2.29	NOK 18.30	NOK 17.80	NOK 35.62	NOK 28.60
Second quarter	$3.13	$2.17	NOK 25.50	NOK 17.70	NOK 47.50	NOK 29.55
Third quarter	$3.40	$2.08	NOK 27.82	NOK 16.75	NOK 56.00	NOK 38.50
Fiscal year ended December 31, 2014						
First quarter	$5.18	$3.47	NOK 34.20	NOK 21.40	NOK 40.74	NOK 34.40
Second quarter	$4.13	$2.22	NOK 25.10	NOK 13.30	NOK 38.57	NOK 34.79
Third quarter	$3.05	$1.18	NOK 18.70	NOK 7.50	NOK 36.91	NOK 28.60
Fourth quarter	$2.95	$1.19	NOK 21.00	NOK 8.00	NOK 33.24	NOK 25.51
Fiscal year ended December 31, 2013						
First quarter	$3.77	$1.81	NOK 20.60	NOK 10.95	NOK 35.56	NOK 21.65
Second quarter	$2.55	$1.71	NOK 14.65	NOK 9.90	NOK 35.64	NOK 27.06
Third quarter	$3.17	$1.78	NOK 17.80	NOK 10.60		

					NOK 32.66	NOK 27.44
Fourth quarter	$4.05	$2.03	NOK 25.00	NOK 12.25	NOK 40.20	NOK 31.69

The table below sets forth the high and low trading prices for each of the respective calendar months in 2015, unless otherwise indicated, for Frontline common shares and Frontline 2012 common shares.

	Frontline (NYSE)		Frontline (OSE)		Frontline 2012 (NOTC)	
	High	Low	High	Low	High	Low
October 2015	$3.34	$ 2.67	NOK 27.88	NOK 22.80	NOK 60.00	NOK 53.00
September 2015	$3.00	$ 2.49	NOK 24.85	NOK 20.70	NOK 54.30	NOK 38.50
August 2015	$3.04	$ 2.08	NOK 25.36	NOK 16.75	NOK 53.00	NOK 38.50
July 2015	$3.40	$ 2.21	NOK 27.82	NOK 18.50	NOK 56.00	NOK 40.00
June 2015	$2.96	$ 2.41	NOK 22.70	NOK 19.52	NOK 47.50	NOK 36.83
May 2015	$3.13	$ 2.31	NOK 25.50	NOK 17.70	NOK 38.70	NOK 35.22
April 2015	$3.12	$ 2.17	NOK 24.80	NOK 17.90	NOK 38.78	NOK 29.55
March 2015	$2.64	$ 2.17	NOK 20.90	NOK 17.80	NOK 35.62	NOK 31.69
February 2015	$3.08	$ 2.36	NOK 23.00	NOK 17.50	NOK 33.63	NOK 28.60
January 2015	$5.05	$ 2.29	NOK 38.80	NOK 17.50	NOK 35.17	NOK 29.38

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EXCHANGE RATES

As of October 30, 2015, the exchange rate of NOK per one USD was 8.4855. The following table shows for the period from January 1, 2010 through October 30, 2015, the low, high, average and period end exchange rate of NOK per one USD.

Reference Date	Low	High	Average	Period End
Year				
2015 (through October 30)	NOK 7.2912	NOK 8.6017	NOK 7.9482	NOK 8.4855
2014	NOK 5.8995	NOK 7.4841	NOK 6.3083	NOK 7.4520
2013	NOK 5.4550	NOK 6.2516	NOK 5.8789	NOK 6.1466
2012	NOK 5.5569	NOK 6.1232	NOK 5.8174	NOK 5.5851
2011	NOK 5.2454	NOK 6.0268	NOK 5.6059	NOK 5.9751
2010	NOK 5.6088	NOK 6.7073	NOK 6.0448	NOK 5.8218

Reference Date	Low	High	Average	Period End
Month				
October 2015	NOK 8.0389	NOK 8.5991	NOK 8.2744	NOK 8.4855
September 2015	NOK 8.0688	NOK 8.5340	NOK 8.2847	NOK 8.5155
August 2015	NOK 8.1554	NOK 8.3792	NOK 8.2517	NOK 8.2850
July 2015	NOK 7.9352	NOK 8.2355	NOK 8.1254	NOK 8.1826
June 2015	NOK 7.6580	NOK 7.9581	NOK 7.8010	NOK 7.8529
May 2015	NOK 7.3089	NOK 7.8048	NOK 7.5587	NOK 7.7716
April 2015	NOK 7.5249	NOK 8.1093	NOK 7.8826	NOK 7.5328
March 2015	NOK 7.6655	NOK 8.3124	NOK 7.9743	NOK 8.0608
February 2015	NOK 7.5143	NOK 7.7291	NOK 7.5961	NOK 7.6655
January 2015	NOK 7.4520	NOK 7.8315	NOK 7.6676	NOK 7.7291

Source: Bloomberg Finance L.P.

The rates presented above may differ from the actual rates used in the preparation of Frontline's or Frontline 2012's financial statements and other financial information appearing in this document. The inclusion of such rates is not meant to suggest that the NOK amounts actually represent U.S. dollar amounts or that such amounts could have been converted at any particular rate.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF FRONTLINE

The following table sets forth certain selected historical consolidated financial data of Frontline prepared in accordance with U.S. generally accepted accounting principles, or US GAAP. The selected statement of operations data with respect to the fiscal years ended December 31, 2014, 2013 and 2012 and the selected balance sheet data for as of December 31, 2014 and 2013 have been derived from the audited consolidated financial statements of Frontline included in its annual report on Form 20-F for the fiscal year ended 2014 filed with the SEC on March 16, 2015 and incorporated herein by reference. The selected statement of operations data with respect to the years ended December 31, 2011 and 2010 and the selected balance sheet data as of December 31, 2012, 2011 and 2010 have been derived from Item 3.A. Selected Financial Data included in Frontline's annual report on Form 20-F for the fiscal year ended December 31, 2014. The unaudited information as at and for the six month periods ended June 30, 2015 and June 30, 2014 has been prepared on the same basis as its audited consolidated financial statements and, in the opinion of management, include all material adjustments, consisting only of normal recurring adjustments considered necessary for a fair statement of Frontline's financial statements, in accordance with US GAAP, which are not intended to be a complete set of interim financial statements. The selected balance sheet data and selected statement of operations data as at and for the six month periods ended June 30, 2015 and June 30, 2014 has been derived from the interim financial statements of Frontline for the six months ended June 30, 2015 as filed on Form 6-K with the Commission on October 5, 2015 and incorporated herein by reference. The information presented below is only a summary and should be read in conjunction with the respective audited and unaudited financial statements of Frontline, including the notes thereto, incorporated by reference in this joint proxy statement/prospectus. See the section entitled "Where You Can Find More Information."

			Fiscal year ended December 31,				
	For the six months ended June 30, 2015	For the six months ended June 30, 2014	2014	2013	2012	2011	2010
(in thousands of $, except common shares, per share data and ratios)							
Statement of Operations Data (1) (2):							
Total operating revenues	279,154	288,970	559,688	517,190	578,361	723,495	1,028,303
Total operating expenses	206,663	333,212	632,908	641,182	594,212	849,476	812,047
Net operating income (loss)	72,491	(59,969)	(48,600)	(100,434)	18,908	(406,784)	247,191
Net income (loss) from continuing operations	48,715	(94,158)	(171,660)	(189,878)	(71,231)	(530,741)	114,091
Net (loss) income from discontinued operations	—	—	—	(1,204)	(12,544)	1,731	50,131
Net income (loss)	48,715	(94,158)	(171,660)	(191,082)	(83,775)	(529,010)	164,004
Net income (loss) attributable to Frontline Ltd.	48,494	(90,315)	(162,938)	(188,509)	(82,754)	(529,601)	161,407
Basic earnings (loss) per share from continuing operations, excluding loss attributable to non-controlling interest ($)	$0.35	$(0.95)	$(1.63)	$(2.35)	$(0.90)	$(6.82)	$1.43
Diluted earnings (loss) per share from continuing operations, excluding loss attributable to non-controlling interest ($)	$0.35	$(0.95)	$(1.63)	$(2.35)	$(0.90)	$(6.82)	$1.33
	$0.35	$(0.95)	$(1.63)	$(2.36)	$(1.06)	$(6.80)	$2.07

Basic earnings (loss) per share attributable to Frontline Ltd. ($)							
Diluted earnings (loss) per share attributable to Frontline Ltd. ($)	$0.35	$(0.95)	$(1.63)	$(2.36)	$(1.06)	$(6.80)	$2.01
Cash dividends per share paid ($)	$—	$—	$—	$—	$—	$0.22	$2.00

		At December 31,				
	At June 30, 2015	2014	2013	2012	2011	2010
(in thousands of $, except common shares and ratios)						
Balance Sheet Data (at end of period) (2)(3):						
Cash and cash equivalents	78,159	64,080	53,759	137,603	160,566	176,639
Newbuildings	—	15,469	29,668	26,913	13,049	224,319
Vessels and equipment, net	111,382	56,624	264,804	282,946	312,292	1,430,124
Vessels and equipment under capital lease, net	450,952	550,345	704,808	893,089	1,022,172	1,427,526
Investment in unconsolidated subsidiaries and associated companies	41,168	60,000	58,658	40,633	27,340	3,408
Total assets	872,586	962,179	1,367,605	1,688,221	1,840,569	3,797,920
Short-term debt and current portion of long-term debt	4,006	165,357	22,706	20,700	19,521	173,595
Current portion of obligations under capital leases	79,588	78,989	46,930	52,070	55,805	193,379
Long-term debt	54,018	27,500	436,372	463,292	493,992	1,190,763
Obligations under capital leases(4)	324,994	564,692	742,418	898,490	957,431	1,336,908
Share capital	198,376	112,343	86,512	194,646	194,646	194,646
Total equity (deficit) attributable to Frontline Ltd.	215,593	(70,981)	(26,952)	119,675	200,984	747,133
Common shares outstanding	198,375,854	112,342,989	86,511,713	77,858,502	77,858,502	77,858,502
Weighted average common shares outstanding	136,869,450	99,938,586	79,750,505	77,858,502	77,858,502	77,858,502
Other Financial Data:						
Equity to assets ratio (percentage) (5)	24.7 %	(7.4)%	(2.0)%	7.1 %	10.9 %	19.7 %

Debt to (deficit) equity ratio (6)	2.1	(11.8)	(46.3)	12.0	7.6	3.9
Price earnings ratio (7)	7.0	(1.5)	(1.6)	(3.1)	(0.6)	12.3
Time charter equivalent revenue (8)	183,079	235,546	191,695	282,731	411,002	731,092

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Notes:

1. Frontline terminated the lease on its final OBO carrier in March 2013 at which time it recorded the results of its OBO carriers as discontinued operations. The statement of operations data for the year ended December 31, 2013 and all prior years presented above has been presented on a comparable basis.

2. Frontline completed a restructuring of its business in December 2011, which involved the sale of 15 wholly-owned special purpose companies (which owned six VLCCs, including one on time charter, four Suezmax tankers and five newbuilding contracts) to an equity method investee of Frontline, and the renegotiation of the majority of the Frontline's charter parties relating to vessels chartered in by Frontline. A summary of the major changes to the balance sheet at December 31, 2011 is as follows:

   - The net book value of 'Vessels and equipment, net' was reduced by $864.9 million.
   - The net book value of 'Vessels and equipment under capital lease, net' was reduced by $156.3 million.
   - Capital lease obligations with Ship Finance, a related party, were reduced by $232.5 million and capital lease obligations with other counter parties, not related to Frontline, were reduced by $29.8 million.
   - Bank debt was eliminated.
   - The net book value of 'Newbuildings' was reduced by $237.1 million.
   - Newbuilding commitments were reduced by $325.5 million.

3. In July 2014, Frontline de-consolidated the Windsor group and removed restricted cash balances of $17.9 million, other current assets of $28.1 million, vessels of $174.8 million, other current liabilities of $28.6 million and debt of $179.8 million from its balance sheet.

4. In June 2015, the Company and Ship Finance agreed to amendments to the leases on 12 VLCCs and five Suezmaxes, along with amendments to the charter ancillary agreements and related management agreements. As a result, the daily hire payable to Ship Finance was reduced to $20,000 per day and $15,000 per day for VLCCs and Suezmaxes, respectively. Management fees due from Ship Finance were increased from $6,500 per day per vessel to $9,000 per day per vessel. In return, the Company issued 55.0 million new shares to Ship Finance in June 2015 with a value of $150.2 million and the profit share above the new daily hire rates was increased from 25 percent to 50 percent. As a result of this, obligations under capital leases were reduced by $217.5 million and vessels under capital leases were reduced by $67.3 million at June 30, 2015 due to the allocation of the $150.2 million share issue to vessels under capital lease.

5. Equity-to-assets ratio is calculated as total equity attributable to Frontline divided by total assets.

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

7. Price earnings ratio is calculated by dividing the closing year end share price by basic earnings per share.

8. A reconciliation of time charter equivalent revenues to total operating revenues as reflected in the consolidated statements of operations is as follows:

	For the six months ended June 30,	2014	2013	2012	2011	2010

	2015					
(in thousands of $)						
Total operating revenues	279,154	559,688	517,190	578,361	723,495	1,028,303
Less:						
Other income	(20,356)	(37,775)	(25,754)	(25,785)	(20,969)	(20,678)
Voyage expense	(75,719)	(286,367)	(299,741)	(269,845)	(291,524)	(276,533)
Time charter equivalent revenue	183,079	235,546	191,695	282,731	411,002	731,092

Consistent with general practice in the shipping industry, Frontline uses time charter equivalent revenue, which represents operating revenues less other income and voyage expenses, as a measure to compare revenue generated from a voyage charter to revenue generated from a time charter. Time charter equivalent revenue, a non-GAAP measure, provides additional meaningful information in conjunction with operating revenues, the most directly comparable GAAP measure, because it assists Frontline management in making decisions regarding the deployment and use of its vessels and in evaluating Frontline's financial performance.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF FRONTLINE 2012

The following table sets forth certain selected historical consolidated financial data of Frontline 2012 prepared in accordance with US GAAP. The selected statement of operations data with respect to the fiscal years ended December 31, 2014, 2013 and 2012 and the selected balance sheet data for as of December 31, 2014 and 2013 have been derived from the audited consolidated financial statements of Frontline 2012, which are included elsewhere in this joint proxy statement/prospectus. The selected balance sheet data and selected statement of operations data as at and for the six month periods ended June 30, 2015 and June 30, 2014 has been derived from the interim financial statements of Frontline 2012 for the six months ended June 30, 2015, which are included in this joint proxy statement/prospectus. Frontline 2012 has determined that the stock dividend of 77.4 million shares in Knightsbridge Shipping Limited (renamed Golden Ocean Group Limited on March 31, 2015) in June 2015 represents a significant strategic shift in its business and has, therefore, recorded the results of its dry bulk segment as discontinued operations in the six months ended June 30, 2015. The statement of operations data for the year ended December 31, 2014 and the balance sheet data as of December 31, 2014 have been restated on this basis. No periods prior to this require restatement.

	For the six month ended June 30, 2015	For the six month ended June 30, 2014	Fiscal year ended December 31, 2014	2013	2012
(in thousands of $, except common shares, per share data and ratios)					
Statement of Operations Data :					
Total operating revenues	197,455	113,548	241,826	133,900	140,849
Total operating expenses	119,478	91,472	190,103	125,416	115,176
Net operating income	141,712	57,989	120,712	65,755	25,673
Net income from continuing operations	134,899	74,350	137,414	69,499	8,055
Net loss from discontinued operations	(131,006)	76,764	(51,159)	—	—
Net income	3,893	31,378	86,255	69,499	8,055
Net income attributable to Frontline 2012 Ltd.	34,198	151,114	149,469	69,499	8,055
Basic and diluted earnings per share from continuing operations ($)	$0.55	$0.30	$0.56	$0.31	$0.06
Basic and diluted (loss) earnings per share from discontinued operations, including net loss attributable to non-controlling interest ($)	$(0.41)	$0.31	$0.05	$—	$—
Basic and diluted earnings per share attributable to Frontline 2012 Ltd. ($)	$0.14	$0.61	$0.61	$0.31	$0.06
Cash dividends per share paid ($)	$—	$—	$0.10	$0.05	$—

	At June 30, 2015	At December 31, 2014	2013
(in thousands of $, except common shares and ratios)			
Balance Sheet Data (at end of period):			
Cash and cash equivalents	167,978	235,801	347,749
Newbuildings	187,930	227,050	388,157
Vessels and equipment, net	1,076,960	861,919	703,061
Investment in associated companies	—	59,448	90,724
Total assets	1,560,379	2,501,768	1,673,980
Short-term debt and current portion of long-term debt	52,882	44,052	90,492
Long-term debt	600,893	473,523	501,971
Share capital	498,200	498,200	498,200

Treasury shares	(50,397)	(50,397)	-
Total equity attributable to Frontline 2012 Ltd.	806,373	1,447,350	1,063,157
Common shares outstanding (excluding treasury shares)	242,307,883	242,307,883	249,100,000
Weighted average common shares outstanding	242,307,883	245,467,965	224,269,444
Other Financial Data:			
Equity to assets ratio (percentage)	51.2 %	57.9 %	63.5 %
Debt to equity ratio	0.8	0.4	0.6
Price earnings ratio	20.8	8.9	26.3
Time charter equivalent revenue	143,255	119,212	70,462

	For the six month ended June 30, 2015	Fiscal year ended December 31, 2014	2013	2012
(in thousands of $)				
Total operating revenues	197,455	241,826	133,900	140,849
Less:				
Other income	(2,237)	(1,615)	-	-
Voyage expense	(51,963)	(120,999)	(63,438)	(58,440)
Time charter equivalent revenue	143,255	119,212	70,462	82,409

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION
(Amounts presented in thousands of U.S. dollars unless otherwise stated, except per share amounts)
Introduction
The following unaudited pro forma condensed combined financial information is presented to illustrate the merger of a wholly-owned subsidiary of Frontline, and Frontline 2012, together the Combined Company, which was agreed on July 1, 2015, or the Merger. The unaudited pro forma condensed combined balance sheet as of June 30, 2015 and the unaudited pro forma condensed combined statements of income for the six months ended June 30, 2015 and the year ended December 31, 2014 are based upon, derived from, and should be read in conjunction with (i) the unaudited interim financial statements of Frontline for the six months ended June 30, 2015, which were filed on Form 6-K with the Securities and Exchange Commission, or the Commission, on October 5, 2015, (ii) the audited financial statements of Frontline, which are available in Frontline's Annual Report on Form 20-F for the year ended December 31, 2014, which was filed with the Commission, on March 16, 2015, (iii) the unaudited interim financial statements of Frontline 2012 for the six months ended June 30, 2015, which are included in this joint proxy statement/prospectus, and (iv) the audited financial statements of Frontline 2012 for the year ended December 31, 2014, which are included in this joint proxy statement/prospectus.
The accompanying unaudited pro forma condensed combined financial information give effect to adjustments that are (i) directly attributable to the Merger, (ii) factually supportable, and (iii) with respect to the unaudited condensed combined statements of income, are expected to have a continuing impact on the consolidated results. The unaudited condensed combined balance sheet gives effect to the merger as if it occurred on June 30, 2015 and the unaudited condensed combined statements of income give effect to the merger as if it happened on January 1, 2014.
The Merger will be accounted for as a business combination using the acquisition method of accounting under the provisions of Accounting Standards Codification 805, "Business Combinations" ("ASC 805"), with Frontline 2012 selected as the accounting acquirer under this guidance.
The pro forma adjustments are preliminary and are based upon available information and certain assumptions which management believes are reasonable under the circumstances and which are described in the accompanying notes to the unaudited pro forma condensed combined financial information. Actual results may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information. Under ASC 805, generally all assets acquired and liabilities assumed are recorded at their acquisition date fair value. For pro forma purposes, the fair value of Frontline's identifiable tangible and intangible assets acquired and liabilities assumed are based on a preliminary estimate of fair value. Certain preliminary estimates were used which will be updated upon finalization of the purchase accounting in our historical financial statements for periods reflecting the acquisition. Management believes the estimated fair values utilized for the assets to be acquired and liabilities to be assumed are based on reasonable estimates and assumptions. Preliminary fair value estimates may change as additional information becomes available and such changes could be material, as certain valuations and other studies have yet to commence or progress to a stage where there is sufficient information for a definitive measurement.
The unaudited pro forma condensed combined financial information has been prepared by management in accordance with the regulations of the SEC and is not necessarily indicative of the combined financial position or results of operations that would have been realized had the merger occurred as of the dates indicated, nor is it meant to be indicative of any anticipated combined financial position or future results of operations that the Combined Company will experience after the merger. In addition, the accompanying unaudited pro forma condensed combined statement of income does not include any expected cost savings or operating synergies, which may be realized subsequent to the merger or the impact of any non-recurring activity and one-time transaction-related or integration-related items.
This unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes and assumptions as well as the above referenced audited and unaudited financial statements of both Frontline and Frontline 2012.

Unaudited Pro Forma Condensed Combined Balance Sheet
as of June 30, 2015

in USD thousands	Historic Frontline 2012	Historic Frontline	Pro Forma Adjs.	Note 3	Pro Forma Combined
Assets					
Current Assets					
Cash and equivalents	167,978	78,159			246,137
Restricted cash	14,700	411			15,111
Marketable securities	10,123	23,423			33,546
Trade receivables, net	20,261	29,277			49,538
Related party receivables	8,570	13,810	(9,861)	(2)	12,519
Other receivables	26,528	14,320			40,848
Inventories	18,241	21,661	(1,201)	(1)	38,701
Voyages in progress	20,611	35,851			56,462
Prepaid expenses and accrued income	2,038	4,331			6,369
Investment in finance lease		3,304			3,304
Derivative instruments receivable		18			18
Other current assets	727				727
Total current assets	289,777	224,565	(11,062)		503,280
Newbuildings	187,930				187,930
Vessels and equipment, net	1,076,960	111,382	20,618	(1)	1,208,960
Vessels under capital lease, net		450,952	364,344	(1)	815,296
Goodwill			213,922	(1)	213,922
Investments in associated companies		41,168	(41,168)	(1)	
Deferred charges	4,666	442	(442)	(1)	4,666
Other long term assets	1,046				1,046
Investment in finance lease		44,077	(5,115)	(1)	38,962
Total assets	1,560,379	872,586	541,097		2,974,062
Liabilities and shareholders' equity					
Current liabilities					
Short term debt and current portion of long-term debt	52,882	4,006			56,888
Current portion of obligations under capital lease		79,588	43,808	(1)	123,396
Related party payables	5,588	49,483	(9,861)	(2)	45,210
Trade accounts payable	5,155	11,353			16,508
Accrued expenses	13,957	22,861			36,818
Deferred charter revenue		2,982			2,982
Unfavorable time charter contracts			4,738	(1)	4,738
Other current liabilities	75,531	2,087			77,618
Total current liabilities	153,113	172,360	38,685		364,158
Long-term debt	600,893	54,018			654,911
Related party payables		103,579			103,579
Obligations under capital lease		324,994	178,889	(1)	503,883
Other long term liabilities		2,042			2,042
Total liabilities	754,006	656,993	217,574		1,628,573
Shareholders' equity					
Share capital	498,200	198,376	85,362	(1)	781,938
Other shareholders' equity	308,173	16,814	238,564	(1)	563,551
	806,373	215,190	323,926		1,345,489

Non-controlling interest		403	(403)	(1)	
Total shareholders' equity	806,373	215,593	323,523		1,345,489
Total liabilities and shareholders' equity	1,560,379	872,586	541,097		2,974,062

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Six Months ended June 30, 2015

in USD thousands	Historic Frontline 2012	Historic Frontline	Pro Forma Adjs.	Note 4	Pro Forma Combined
Operating revenue					
Time charter revenue	51,425	40,514	3,364	(1)	95,303
Voyage charter revenue	143,793	218,284			362,077
Other income	2,237	20,356	(5,481)	(2)	17,112
Total operating revenue	197,455	279,154	(2,117)		474,492
Gain on cancellation and sale of newbuilding contracts	63,735				63,735
Operating expenses					
Voyage expenses and commissions	51,963	75,719			127,682
Ship operating expenses	28,673	42,047	(917)	(2)	69,803
Charter hire expense	17,076				17,076
Contingent rental expense		34,470			34,470
Administrative expenses	2,786	20,363	(4,564)	(2)	18,585
Depreciation	18,980	34,064	26,380	(1)	79,424
Total operating expenses	119,478	206,663	20,899		347,040
Net operating income (loss)	141,712	72,491	(23,016)		191,187
Interest income	8	25			33
Interest expense	(6,023)	(26,882)	(5)	(1)	(32,910)
(Loss) gain on derivatives financial instruments	(2,258)	18			(2,240)
Share of results from associated companies	2,727	2,271	(2,271)	(1)	2,727
Impairment loss on shares	(1,138)				(1,138)
Gain on redemption of debt		333			333
Dividends received, net		397			397
Foreign currency exchange (loss) gain	(57)	57			
Other financial items	(72)	7			(65)
Income (loss) before income taxes and non-controlling interest	134,899	48,717	(25,292)		158,324
Income taxes		(2)			(2)
Income (loss) from continuing operations	134,899	48,715	(25,292)		158,322
Income from continuing operations attributable to non-controlling interest		(221)			(221)
Income (loss) from continuing operations attributable to common shareholders	134,899	48,494	(25,292)		158,101
Weighted-average number of common shares outstanding (000s)					
Basic and diluted	242,308	136,869			720,431
Earnings from continuing operations attributable to common shareholders ($)					
Basic and diluted	0.55	0.35			0.22

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year ended December 31, 2014

in USD thousands	Historic Frontline 2012	Historic Frontline	Pro Forma Adjs.	Note 5	Pro Forma Combined
Operating revenue					
Time charter revenue	37,928	15,601	2,528	(1)	56,057
Bare boat charter revenue		9,289			9,289
Voyage charter revenue	202,283	497,023			699,306
Other income	1,615	37,775	(10,102)	(2)	29,288
Total operating revenue	241,826	559,688	(7,574)		793,940
Gain on cancellation and sale of newbuilding contracts	68,989	24,620			93,609
Operating expenses					
Voyage expenses and commissions	103,708	286,367			390,075
Ship operating expenses	49,607	89,674	(1,476)	(2)	137,805
Contingent rental expense		36,900			36,900
Administrative expenses	4,943	40,787	(8,626)	(2)	37,104
Vessel impairment loss		97,709			97,709
Depreciation	31,845	81,471	41,084	(1)	154,400
Total operating expenses	190,103	632,908	30,982		853,993
Net operating income (loss)	120,712	(48,600)	(38,556)		33,556
Interest income	118	47			165
Interest expense	(7,421)	(75,825)	(441)	(1)	(83,687)
Gain on sale of shares	16,850				16,850
Loss on interest rate swaps	(8,779)				(8,779)
Share of results from associated companies	16,064	3,866	(4,571)	(1)	15,359
Gain on redemption of debt		1,486			1,486
Debt conversion expense		(41,067)			(41,067)
Loss from de-consolidation of subsidiaries		(12,415)			(12,415)
Dividends received, net		296			296
Foreign currency exchange gain (loss)	18	(179)			(161)
Other financial items	(148)	1,190			1,042
Income (loss) before income taxes and non-controlling interest	137,414	(171,201)	(43,568)		(77,355)
Income taxes		(459)			(459)
Income (loss) from continuing operations	137,414	(171,660)	(43,568)		(77,814)
Income from continuing operations attributable to non-controlling interest		8,722			8,722
Income (loss) from continuing operations attributable to common shareholders	137,414	(162,938)	(43,568)		(69,092)
Weighted-average number of common shares outstanding (000s)					
Basic and diluted	245,468	99,939			683,501
Earnings (loss) from continuing operations attributable to common shareholders ($)					
Basic and diluted	0.56	(1.63)			(0.10)

1. Description of Transaction

On July 1, 2015, Frontline Ltd., or Frontline, Frontline Acquisition Ltd, or Frontline Acquisition, a newly formed and wholly-owned subsidiary of Frontline, and Frontline 2012 Ltd., or Frontline 2012, entered into an agreement and plan of merger, or the Merger Agreement, pursuant to which Frontline Acquisition and Frontline 2012 agreed to enter into a merger transaction, with Frontline 2012 as the surviving legal entity, or the Surviving Company, and thus becoming a wholly-owned subsidiary of Frontline. Subsequent to the merger, the Surviving Company is expected to merge into Frontline, or the Combined Company, which will retain Frontline's name. Shareholders in Frontline 2012 at the time the merger is completed will receive shares in Frontline as merger consideration. One share in Frontline 2012 gives the right to receive 2.55 shares in Frontline, and Frontline expects to issue approximately 584 million shares to shareholders in Frontline 2012. This is based on the total number of Frontline 2012 shares at June 30, 2015 of 249.1 million less the treasury shares held by Frontline 2012 of 6.8 million and the 13.46 million Frontline 2012 shares held by Frontline, both of which will be cancelled upon completion of the merger and will not qualify for consideration shares. Frontline had approximately 198.4 million common shares in issue at June 30, 2015. Upon completion of the merger, existing shareholders in Frontline and Frontline 2012 are expected to own approximately 25.4% and 74.6%, respectively, of the Combined Company.

Prior to the merger announcement, the Hemen Shareholder, a company indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family, and certain of its affiliates, owned approximately 13% of the common shares in Frontline, approximately 59% of the ordinary shares in Frontline 2012, and approximately 37% of the ordinary shares in Ship Finance. Prior to the merger announcement, Ship Finance owned approximately 28% of the common shares in Frontline. Approval of the merger requires that a minimum of 75% of the voting Frontline 2012 shareholders and 50% of the voting Frontline shareholders vote in favour of the merger. In connection with the special general meetings of Frontline and Frontline 2012, the Hemen Shareholder and Ship Finance have entered into voting agreements to vote all of their respective shares in favour of the merger.

Following completion of the merger, the Combined Company will have approximately 782 million shares outstanding and it is expected that its two largest shareholders, the Hemen Shareholder and Ship Finance, will own approximately 52% and 7%, respectively.

2. Accounting for the Merger

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting under the provisions of Accounting Standards Codification 805, "Business Combinations" and is based on the historical financial information of Frontline and Frontline 2012. The acquisition method of accounting, based on ASC 805, uses the fair value concepts defined in ASC 820, "Fair Value Measurement". Acquisition accounting is dependent upon certain valuations and other studies that have yet to be completed. Accordingly, the purchase price allocation included herein is preliminary and has been presented solely for the purpose of providing pro forma financial information and will be revised as additional information becomes available and as additional analyses are performed. The process for estimating the fair values of identifiable intangible assets and certain tangible assets requires the use of judgment in determining the appropriate assumptions and estimates. Differences between preliminary estimates in the unaudited pro forma condensed combined financial information and the final acquisition accounting will occur and could have a material impact on the accompanying pro forma condensed combined financial information and the combined company's future consolidated financial statements. The unaudited pro forma condensed combined financial information has been prepared on the basis that the required bank consents for the merger are obtained, such that the short term and long term classification of debt does not change.

The merger of Frontline and Frontline 2012 will be accounted for as a business combination using the acquisition method of accounting under the provisions of ASC 805, with Frontline 2012 selected as the accounting acquirer under this guidance. The factors that were considered in determining that Frontline 2012 should be treated as the accounting acquirer in the merger transaction were the relative voting rights in the Combined Company, the composition of the board of directors in the Combined Company and the controlling interest of the Hemen Shareholder, the relative sizes of Frontline and Frontline 2012, the composition of senior management of the Combined Company, the name of the Combined Company, the terms of exchange of equity interests and the continued stock exchange listings of the Combined Company. Management believes that the relative voting rights in the Combined Company, the composition of the board of directors in the Combined Company and the controlling interest of the Hemen Shareholder and the relative sizes of Frontline and Frontline 2012 were the most significant factors in determining Frontline 2012 as the accounting acquirer.

With respect to the relative voting rights, it is noted that after the completion of the merger, the Frontline shareholders and the shareholders of Frontline 2012 will own approximately 198.4 million and 583.6 million shares, respectively, or approximately 25.4% and 74.6%, respectively. The analysis of the relative voting rights in a business combination involving entities with common shareholders should consider the former shareholder groups of the combining entities and not the individual owners that are common to the combining entities. The former shareholder group that retains or receives the largest portion of the voting rights in the combined entity would be the accounting acquirer, absent the consideration of any of the other factors provided in ACS 805. In this transaction, the Frontline 2012 shareholders, including the Hemen Shareholder, will own approximately 74.6% of the resulting company and shareholders of Frontline, including the Hemen Shareholder, will own approximately 25.4% of the resulting company and so the Frontline 2012 shareholder group will receive the largest voting percentage. This points to Frontline 2012 as the accounting acquirer.

While there are no changes to the board of directors of the Combined Company as compared to Frontline as a result of this transaction, it is noted that three of the five members of the board are also directors of Frontline 2012 and that the Hemen Shareholder, the controlling shareholder of Frontline 2012 will become the controlling shareholder of the Combined Company following the merger. This will give the Hemen Shareholder the ability to determine the composition of the board of directors of the Combined Company and this points to Frontline 2012 as the accounting acquirer.

Frontline 2012 does not have any employees and, under the supervision of its Board of Directors, and contracts all day-to-day management of Frontline 2012 to a subsidiary of Frontline. The absence of a Frontline 2012 management team and the continuation of Frontline's existing management in the Combined Company points to Frontline as the accounting acquirer.

While Frontline had larger revenues in 2014 it is noted that Frontline 2012 has been in growth phase following its creation in December 2011. Due to this, and the fact that Frontline 2012 is significantly larger in terms of total assets, net book value of equity and market capitalization, Frontline 2012 is considered to be the larger company and this points to Frontline 2012 as the accounting acquirer.

Due to the long history of Frontline in the oil tanker business, management believes that Frontline's name is more widely known and decided to take advantage of this when deciding on the name of the Combined Company. While this points to Frontline as the accounting acquirer, it is not considered to be an important factor in the determination compared with the various factors discussed above.

It is noted that Frontline's current listings on the New York Stock Exchange and the OSE will continue after the merger of Frontline Acquisition and Frontline 2012 and the latter's Norwegian OTC listing will disappear. While this points to Frontline as the accounting acquirer, it is not considered to be an important factor in the determination compared with the various factors discussed above.

The following represents the preliminary purchase calculation (in thousands, total amounts may not recalculate due to rounding):

Number of shares in thousands	
Total number of Frontline 2012 shares	249,100
Cancellation of treasury shares	(6,792)
Cancellation of Frontline 2012 shares held by Frontline	(13,460)
Total number of Frontline 2012 shares	228,848
Frontline 2012 shares that would be issued to maintain Combined Company shareholdings (1)	77,794
Total number of Frontline 2012 shares if it was the legal acquirer	306,642

(1) As Frontline 2012 shareholders will own approximately 74.6% of the Combined Company, it is calculated that Frontline 2012 would issue approximately 77,794,000 shares in order to retain a 74.6% shareholding if it was the legal acquirer.

in USD thousands	
Frontline 2012 shares that would be issued to maintain Combined Company shareholdings	77,794
Closing Frontline 2012 share price on October 22, 2015	$6.93
Total estimated purchase price consideration	$539,116

If the share price of Frontline 2012 increases or decreases by $0.01, the purchase price consideration and amount of goodwill will increase or decrease, respectively, by approximately $778,000.

The following represents the calculation of the goodwill arising and the allocation of the total purchase price based on management's preliminary valuation (in thousands, total amounts may not recalculate due to rounding):

in USD thousands	
Total estimated purchase price consideration	539,116
Fair value of net assets acquired and liabilities assumed	(325,194)
Goodwill	213,922
Current assets	222,953
Restricted cash	411
Vessels and equipment, net	132,000
Vessels held under capital lease, net	815,296
Investments in finance lease	38,962
Current liabilities	(220,906)
Non-current liabilities	(663,522)
Fair value of net assets acquired and liabilities assumed	325,194

Frontline's stock options are not considered to have a material impact on the purchase price consideration and their effect is not included in the estimated purchase price consideration for purposes of these pro forma financial statements.

3. Unaudited Pro Forma Condensed Combined Balance Sheet Adjustments as of June 30, 2015

Pro Forma Adjustments for the Merger

The following table and subsequent notes describe the purchase accounting fair value adjustments. The table also includes the elimination of historical transactions between Frontline and Frontline 2012.

in USD thousands	Pro Forma Adjustments(1)		Eliminations(2)		Total
Assets					
Current assets					
Related party receivables			(9,861	)	(9,861)
Inventories	(1,201	)(a)			(1,201)
Total current assets	(1,201	)	(9,861	)	(11,062)
Vessels and equipment, net	20,618	(b)			20,618
Vessels under capital lease, net	364,344	(c)			364,344
Goodwill	213,922	(d)			213,922
Investments in associated companies	(41,168	)(e)			(41,168)
Deferred charges	(442	)(f)			(442)
Investments in finance lease	(5,115	)(g)			(5,115)
Total assets	550,958		(9,861	)	541,097
Liabilities and shareholders' equity					
Current liabilities					
Current portion of obligations under capital lease	43,808	(h)			43,808
Related party payables			(9,861	)	(9,861)
Unfavorable time charter contracts	4,738	(i)			4,738
Total current liabilities	48,546		(9,861	)	38,685
Obligations under capital lease	178,889	(h)			178,889
Total liabilities	227,435		(9,861	)	217,574
Shareholders' equity					
Share capital	85,362	(j)			85,362
Other shareholders' equity	238,564	(j)			238,564
	323,926				323,926
Non-controlling interest	(403	)(j)			(403)
Total shareholders' equity	323,523				323,523
Total liabilities and shareholders' equity	550,958		(9,861	)	541,097

(1) Pro Forma Adjustments

a) Inventories – This fair value adjustment is based on management's estimate of the difference in the carrying value of bunker inventory compared to its market value. There is no impact on the condensed combined statement of operations as this item is non-recurring in nature.

b) Vessels and equipment, net – The estimated fair value and the book value of Frontline's vessel is $132.0 million and $111.4 million, respectively, giving rise to a preliminary purchase price allocation adjustment of $20.6 million. The estimated fair value is based on management's estimates after considering market values obtained from independent ship brokers, which are inherently uncertain, and based on charter free vessels. In addition, vessel values are highly volatile; as such, these estimates may not be indicative of the current or future basic market value of the vessels or prices that could be achieved if the vessels were sold.

c) Vessels held under capital lease, net – The preliminary purchase price allocation has been made on the basis of the fair value of the leasehold interest, which has been calculated based on the expected future cash flows from the leased vessels over the remaining terms of the lease and discounted at 7.5%. Management has used this interest rate as it believes that it is a reasonable estimate of the required rate of return in the market.

d) Goodwill – This adjustment is the goodwill arising on consolidation from the difference between the estimated purchase price consideration and the fair value of the assets and liabilities assumed.

e) Investments in associated companies – This fair value adjustment relates to the shares in Frontline 2012 held by Frontline, which are cancelled as a result of the merger.

f) Deferred charges – This fair value adjustment relates to the deferred charges in Frontline, which were assessed to have a fair value of nil.

g) Investment in finance lease – The preliminary purchase price allocation has been made on the basis of the fair value of the leasehold interest, which has been calculated based on the expected future cash flows derived from the time charter out of the vessel over the remaining term of the lease. These cash flows have been discounted at 7.5% compared with the implicit rate in the lease of 11.5%, which resulted in an increase in value of $4.4 million. This was offset by the present value of estimated dry docking costs of $9.5 million.

h) Current and long term obligations under capital lease – The preliminary purchase price allocation has been made on the basis of the fair value attributed to the obligations under capital leases at June 30, 2015, which were valued based on the renegotiated lease terms agreed with Ship Finance in June 2015. The fair value is based on management's estimate of discounted contractual lease obligations based on equivalent lease terms as assumed for the capital lease assets (see c) above). For the vessels chartered in from Ship Finance the fair value of the obligation includes the estimated fair value of the 50% profit share due under the terms of the renegotiated leases. The contractual lease obligations and estimated profit share expense have been discounted at 7.5%.

i) Unfavorable time charter contracts – The adjustment relates to five time charter contracts and is the difference between the estimated current market rate for a similar contracts and the rate specified in the contracts. The adjustment has been discounted at 7.5%.

j) Equity – The following adjustments have been made to equity;

in USD thousands	Share Capital	Other Shareholders' Equity	Sub total	Non-controlling interest	Shareholders' Equity
Issuance by Frontline 2012 of 77.8 million shares at $6.93 per share being the closing share price on October 22, 2015	155,589	383,527	539,116		539,116
Re-allocation (see below)	128,149	(128,149)			
Elimination of Frontline's historic balances	(198,376)	(16,814)	(215,190)	(403)	(215,593)
	85,362	238,564	323,926	(403)	323,523

The re-allocation of $128.1 million between share capital and other shareholders' equity is due the fact that Frontline 2012 is the accounting acquirer and Frontline is the legal acquirer. Consequently, Frontline 2012 historic balances have been used and need to be adjusted in order to correlate with the number of Frontline shares in issue.

(2) Pro Forma Eliminations

Relates to transactions between Frontline and Frontline 2012 and will be considered intercompany transactions once the merger is consummated.

4. Unaudited Pro Forma Condensed Combined Statement of Operations Adjustments for the Six Months Ended June 30, 2015

Pro Forma Adjustments for the Merger

The following notes describe the pro forma adjustments made to Frontline's audited financial statements and the elimination of historical transactions between Frontline and Frontline 2012.

in USD thousands	Pro Forma Adjustments(1)		Eliminations(2)	Total
Operating revenue				
Time charter revenue	3,364	(a)		3,364
Other income			(5,481)	(5,481)
Total operating revenue	3,364		(5,481)	(2,117)
Operating expenses				
Ship operating expenses			(917)	(917)
Administrative expenses			(4,564)	(4,564)
Depreciation	26,380	(b)		26,380
Total operating expenses	26,380		(5,481)	20,899
Net operating loss	(23,016)			(23,016)
Interest expense	(5)	(c)		(5)
Share of results from associated companies	(2,271)	(d)		(2,271)
Loss before income taxes and non-controlling interest	(25,292)			(25,292)

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(1) Pro Forma adjustments

a) Time charter revenues – The adjustment comprises two elements:

(i) The amortization of the unfavorable time charter contracts, which increased revenues by $2.9 million, and

(ii) An increase in time charter revenues of $0.5 million as a consequence of the fair value adjustment to the investment in the finance lease. The interest revenue related to the investment in capital lease has been recognized as time charter revenue in Frontline's financial statements.

b) Depreciation – This adjustment comprises two elements:

(i) The depreciation expense for owned vessels for the period has been increased by $0.3 million as a consequence of the fair value adjustment to the carrying balance of two vessels for which the remaining estimated useful lives are 24 years and 24.5 years, as part of the preliminary purchase price allocation, and

(ii) The depreciation expense related to 21 vessels held under capital lease has been increased by $26.0 million as a consequence of the fair value adjustment to the carrying balance of vessels held under capital lease as part of the preliminary purchase price allocation. The estimated useful lives of the capital lease assets range from approximately one to 12 years.

c) Interest expense –This adjustment comprises two elements:

(i) Interest expense has been reduced by $0.3 million to reflect the fair value of nil assigned to deferred finance costs, as such there will be no amortization charge.

(ii) Interest expense related to 21 vessels held under capital lease has been increased by $0.3 million as a consequence of the fair value adjustment to the obligations under capital lease as part of the preliminary purchase price allocation.

d) Share of results from associated companies - This adjustment relates to the shares in Frontline 2012 held by Frontline, which are cancelled as a result of the merger and as such no share of results will be recognized.

(2) Pro Forma Eliminations

These eliminations relate to administrative costs, newbuilding supervision fees and technical management fees, which are charged by Frontline to Frontline 2012, and will be considered intercompany transactions once the merger is consummated.

5. Unaudited Pro Forma Condensed Combined Statement of Operations Adjustments for the Year Ended December 31, 2014

Pro Forma Adjustments for the Merger

The following notes describe the pro forma adjustments made to Frontline's audited financial statements and the elimination of historical transactions between Frontline and Frontline 2012.

in USD thousands	Pro Forma Adjustments(1)		Eliminations(2)	Total
Operating revenue				
Time charter revenue	2,528	(a)		2,528
Other income			(10,102)	(10,102)
Total operating revenue	2,528		(10,102)	(7,574)
Operating expenses				
Ship operating expenses			(1,476)	(1,476)
Administrative expenses			(8,626)	(8,626)
Depreciation	41,084	(b)		41,084
Total operating expenses	41,084		(10,102)	30,982
Net operating loss	(38,556)			(38,556)
Interest expense	(441)	(c)		(441)
Share of results from associated companies	(4,571)	(d)		(4,571)

Loss before income taxes and non-controlling interest	(43,568)	(43,568)

(3) Pro Forma adjustments

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a) Time charter revenues – The adjustment comprises two elements:

(i) The amortization of an unfavorable time charter contract, which increased revenues by $2.0 million, and

(ii) An increase in time charter revenues of $0.5 million as a consequence of the fair value adjustment to the investment in the finance lease. The interest revenue related to the investment in capital lease has been recognized as time charter revenue in Frontline's financial statements.

b) Depreciation – This adjustment comprises two elements:

(ii) The depreciation expense for owned vessels for the period has been increased by $0.2 million as a consequence of the fair value adjustment to the carrying balance of one vessel for which the remaining estimated useful lives is 24.5 years, as part of the preliminary purchase price allocation, and

(ii) The depreciation expense related to 21 vessels held under capital lease has been increased by $40.9 million as a consequence of the fair value adjustment to the carrying balance of vessels held under capital lease as part of the preliminary purchase price allocation. The estimated useful lives of the capital lease assets range from approximately one to 12 years.

c) Interest expense –This adjustment comprises two elements:

(i) Interest expense has been reduced by $0.6 million to reflect the fair value of nil assigned to deferred finance costs, as such there will be no amortization charge.

(ii) Interest expense related to 21 vessels held under capital lease has been increased by $1.1 million as a consequence of the fair value adjustment to the obligations under capital lease as part of the preliminary purchase price allocation.

d) Share of results from associated companies - This adjustment relates to the shares in Frontline 2012 held by Frontline, which are cancelled as a result of the merger and as such no share of results will be recognized.

(4) Pro Forma Eliminations

These eliminations relate to administrative costs, newbuilding supervision fees and technical management fees, which are charged by Frontline to Frontline 2012, and will be considered intercompany transactions once the merger is consummated.

6. Earnings per Share

The unaudited pro forma condensed combined basic earnings per share calculation is based on the consolidated basic weighted average shares of the Combined Company. The pro forma basic weighted average shares outstanding is a combination of historic Frontline shares and the shares issued as part of the merger to Frontline 2012 shareholders at an exchange ratio of 2.55 Frontline shares per Frontline 2012 share.

The weighted average numbers of common shares outstanding for the six months ended June 30, 2015 was calculated as follows:

(number of shares in thousands)	Frontline	Frontline 2012	Pro Forma Combined
Weighted-average number of common shares outstanding:			
Basic	136,869	583,562	720,431

The weighted average numbers of common shares outstanding for the year ended December 31, 2014 was calculated as follows:

(number of shares in thousands)	Frontline	Frontline 2012	Pro Forma Combined
Weighted-average number of common shares outstanding:			
Basic	99,939	583,562	683,501

There are no dilutive securities outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF FRONTLINE 2012

The following discussion and analysis should be read in conjunction with the "Selected Historical Consolidated Financial Data of Frontline 2012" and the accompanying financial statements and related notes included elsewhere in this joint proxy statement/prospectus. The following discussion and analysis is being provided up to June 30, 2015. The following discussion contains forward-looking statements that reflect Frontline 2012's future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside Frontline 2012's control. Frontline 2012's actual results could differ materially from those discussed in these forward-looking statements. Please read the sections entitled "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements."

Overview

Frontline 2012 was incorporated in Bermuda on December 12, 2011. On December 16, 2011, Frontline 2012 completed a private placement of 100 million new ordinary shares of $2.00 par value at a subscription price of $2.85, raising $285.0 million in gross proceeds, subject to certain closing conditions. These conditions were subsequently fulfilled and Frontline 2012 was registered on the NOTC in Oslo on December 30, 2011. The Hemen Shareholder was allocated 50 million shares representing 50% of the share capital of Frontline 2012. Frontline was allocated 8,771,000 shares, representing approximately 8.8% of the share capital of Frontline 2012.

On December 30, 2011, Frontline 2012 acquired five VLCC newbuilding contracts, six modern VLCCs, including one on time charter, and four modern Suezmax tankers from Frontline at fair market value of $1,120.7 million. Frontline 2012 paid $128.9 million in cash and assumed $666.3 million in bank debt and assumed $325.5 million in remaining new building commitments. Frontline 2012 accounted for the purchase of assets from Frontline as a business combination after determining that it had acquired a business and not a group of assets.

Frontline 2012 is a crude and product transportation company with a modern fleet in the core tanker segments. As of June 30, 2015, Frontline 2012's fleet consisted of 22 vessels and comprised six VLCCs, six Suezmax tankers, six Medium Range, or MR, product tankers and four Long Range 2, or LR2, product tanker. As of June 30, 2015, Frontline 2012's fleet had total tonnage of approximately 3.5 million dwt, and an average age of approximately 3.0 years. Frontline 2012's newbuilding program, excluding newbuildings agreed to be sold and MR and Capesize newbuilding contracts with STX Dalian and STX Korea, comprises 12 LR2 newbuildings, four VLCC newbuildings and six Suezmax tanker newbuildings.

As of June 30, 2015, Hemen is the largest shareholder of Frontline 2012, owning approximately 61%, and Frontline has an ownership of approximately 6%.

Newbuildings

In 2012 and 2013, Frontline 2012 cancelled all of its five newbuilding contracts at Jinhaiwan ship yard, which were acquired from Frontline in December 2011, and has received an aggregate refund of $321.0 million in respect of installments paid on these five contracts and accrued interest. Frontline 2012 has no outstanding claims from Jinhaiwan.

In June 2015, the Company cancelled the final two MR newbuilding contracts (hulls D2175 and D2176) at STX Dalian due to the excessive delay compared to the contractual delivery date and demanded payment of installments paid and accrued interest from STX Dalian and the refund guarantee bank. At June 30, 2015, the Company had entered into arrangements for resolving the disputes with STX Korea in respect of the failure to construct four Capesize newbuildings and hulls D2175 and D2176 originally ordered from STX Korea but subcontracted to STX Dalian. Such arrangements include entering into an agreement with STX Korea for two VLCC newbuildings to be delivered in the period from March to June 2017, securing options for a further four VLCC newbuildings and receiving a refund of the installments paid and interest in respect of hulls D2175 and D2176. Of the eight vessels ordered solely from STX Dalian, three of the newbuildings (hulls D2172, D2173 and D2174) have been cancelled with installments and interest paid to the Company, one newbuilding (hull D2171) has been cancelled is the subject of arbitration proceedings (in respect of which the Company expects to recover installments and interest) and claims in respect of four Capesize vessels have been registered with the administrator handling STX Dalian's bankruptcy which was declared in March 2015. With respect to the claims for the four Capesize vessels, there may be limited prospects of any significant recovery due to the huge debt at the yard. In August 2015, the Company received $14.6 million in respect of newbuilding contracts D2175 and D2176 and expects to record a gain of $3.0 million in the third quarter of 2015. Frontline 2012 has received an aggregate refund of $44.3 million in respect of installments paid on five newbuilding contracts at STX Dalian (including accrued interest). Frontline 2012 has an outstanding claim of approximately $11 million against STX Dalian for one newbuilding contract, which has been cancelled is the subject of arbitration proceedings.

As of June 30, 2015, Frontline 2012's newbuilding program, excluding newbuildings agreed to be sold and MR tankers and Capesize newbuilding contracts with STX Dalian and STX Korea, comprises 12 LR2 newbuildings, four VLCC newbuildings and six Suezmax tanker newbuildings. As of June 30, 2015 total installments of approximately $131 million have been paid and the remaining installments to be paid amounted to $1,169.2 million. Subsequent to June 30, 2015, Frontline 2012 exercised options for two LR2 newbuilding contracts and Frontline 2012's newbuilding program currently comprises 24 newbuildings.

Avance Gas

On October 2, 2013, Frontline 2012 entered into an agreement with Stolt-Nielsen Limited, a public company incorporated in Bermuda and listed on the OSE and Sungas Holdings Ltd., a private company incorporated in the British Virgin Islands, whereby Frontline 2012 became a 37.5% shareholder in Avance Gas Holdings Limited, or AGHL, for a purchase consideration of $70.7 million. Frontline 2012 also provided AGHL with a loan of $33.4 million comprising a $10.0 million equity shareholder loan and a $23.4 million debt shareholder loan. In October 2013, Frontline 2012 declared the distribution of a dividend consisting of 12.5% of the capital stock of AGHL to its shareholders. All non-U.S. shareholders holding 12,500 shares or more, received one share in AGHL for every 124.55 shares they held in Frontline 2012, rounded down to the nearest whole share. All U.S. shareholders holding 12,500 shares or more and all shareholders with less than 12,500 shares and fractional shares were paid in cash. In addition, shareholder loans in the amount of $33.4 million were converted to equity in AGHL.

AGHL registered on the over-the-counter market in Oslo on October 17, 2013 and completed a private placement of 5,882,352 new shares on November 28, 2013, which generated gross proceeds of approximately $100 million to AGHL. Frontline 2012 did not participate in this private placement. Following the dividend distribution, the conversion of shareholder loans to equity and the private placement in AGHL, Frontline 2012 owned 6,955,975 shares in AGHL at December 31, 2013 representing 22.89% of the total number of shares outstanding.

In November 2013, Frontline 2012 entered into an agreement with AGHL whereby AGHL shall acquire eight, fuel efficient 83,000 cbm VLGC newbuildings from Frontline 2012 immediately following their delivery from the yard. These newbuildings have been ordered by Frontline 2012 from the Jiangnan Changxing Shipyard in China. AGHL will pay $75.0 million for each newbuilding. AGHL paid $139.2 million (being $17.4 million per newbuilding) to Frontline 2012 in January 2014 and the balance of $460.8 million (being $57.6 million per vessel) will be paid upon delivery from the yard. As of June 30, 2015, four vessels have been delivered in 2015 and the remaining vessels are expected to be delivered in the second half of 2015.

On April 9, 2014, AGHL completed an initial public offering, or IPO, of 4,894,262 new ordinary shares. Frontline 2012 did not participate in the IPO. Also on April 9, 2014, Frontline 2012 sold 2,854,985 shares in AGHL, following which, it owned 4,100,990 shares in AGHL at December 31, 2014 representing 11.62% of the total number of shares outstanding.

In March 2015, Frontline 2012 paid a stock dividend consisting of its full holding of AGHL shares. All shareholders holding 60.74 shares or more, received one share in AGHL for every 60.74 shares they held, rounded down to the nearest whole share. The remaining fractional shares were paid in cash.

Knightsbridge

On April 3, 2014, Frontline 2012 and Knightsbridge Shipping Limited (NASDAQ: VLCCF), renamed Golden Ocean Group Limited, or Knightsbridge, entered into an agreement pursuant to which Frontline 2012 sold all of the shares of five SPCs, each owning a cash balance and a Capesize newbuilding, to Knightsbridge. On April 23, 2014, the closing date of the transaction, Knightsbridge issued 15.5 million newly issued common shares to Frontline 2012 as consideration and Knightsbridge assumed $150.0 million in remaining newbuilding installments in connection with the SPCs. Frontline 2012 also agreed to continue the performance guarantees given in favor of the yard until the delivery of each newbuilding for no consideration and, Knightsbridge agreed to hold Frontline 2012 harmless against any claim under the performance guarantee after the closing date of the transaction. Knightsbridge also had the right but not the obligation to sell the SPC back to Frontline 2012 if it reached a point whereby the newbuilding contract could be cancelled. All five newbuildings were delivered to Knightsbridge during 2014. Frontline 2012 owned approximately 31.6% of the total shares outstanding in Knightsbridge with a market value of $194.4 million as a consequence of this transaction and commenced equity accounting for this investment.

In April 2014, Frontline 2012 also agreed to sell twenty-five SPCs to Knightsbridge, each owning a fuel efficient dry bulk newbuilding. Thirteen of the SPCs were sold in September 2014 at which time Knightsbridge issued 31.0 million shares to Frontline 2012 and assumed $490.0 million in respect of remaining newbuilding installments. Frontline 2012 owned approximately 58% of the total shares outstanding in Knightsbridge as a consequence of this transaction and accounted for it as a business combination achieved in stages with Frontline 2012 selected as the accounting acquirer.

Frontline 2012 sold the remaining twelve SPCs in March 2015 and received 31.0 million shares as consideration. Knightsbridge assumed $404.0 million in respect of remaining newbuilding installments, net of a cash payment from Frontline 2012 of $108.6 million. Frontline 2012 owned approximately 70% of the total shares outstanding in Knightsbridge as a consequence of this transaction.

On October 7, 2014, Knightsbridge and Golden Ocean Group Limited, entered into an agreement and plan of merger, or the Knightsbridge Merger, pursuant to which the two companies agreed to merge, with Knightsbridge as the surviving legal entity. The Knightsbridge Merger was completed on March 31, 2015, at which time Knightsbridge acquired 100% of Golden Ocean Group Limited's outstanding shares and the name of Knightsbridge was changed to Golden Ocean Group Limited. Shareholders in Golden Ocean Group Limited received shares in Knightsbridge as merger consideration. Pursuant to the Knightsbridge Merger Agreement, one share in Golden Ocean Group Limited gave the right to receive 0.13749 shares in Knightsbridge, and Knightsbridge issued a total of 61.4 million shares to shareholders in Golden Ocean Group Limited as merger consideration. Frontline 2012 de-consolidated Knightsbridge as of March 31, 2015, as its shareholding in Knightsbridge fell to approximately 45% as a result of the Knightsbridge Merger and commenced equity accounting for its investment in Knightsbridge.

In June 2015, Frontline 2012 paid a stock dividend consisting of 75.4 million Knightsbridge shares. All shareholders holding 3.2142 shares or more, received one share in Knightsbridge for every 3.2142 shares held, rounded down to the nearest whole share. The remaining fractional shares were paid in cash. Frontline 2012 held 77.5 million Knightsbridge shares prior to this stock dividend and retained 2.1 million Knightsbridge shares in respect of the treasury shares held by Frontline 2012. This stock dividend triggered discontinued operations presentation of Frontline 2012's results of operations from Knightsbridge.

Market overview and trend information

Crude

The market rate for a VLCC trading on a standard 'TD3' voyage between the Arabian Gulf and Japan in the fourth quarter of 2014 was WS 52, representing an increase of WS 7 points from the third quarter of 2014 and WS 1 point lower than the fourth quarter of 2013. The flat rate decreased by 6.7 percent from 2013 to 2014. The average rate for a VLCC trading on a standard 'TD3' voyage between the Arabian Gulf and Japan in the second quarter of 2015 was WS 64, representing an increase of 5 WS points from the first quarter of 2015.

The market rate for a Suezmax trading on a standard 'TD5' voyage between West Africa and Philadelphia in the fourth quarter of 2014 was WS 87, representing an increase of WS 16 points from the third quarter of 2014 and an increase of WS 21 points from the fourth quarter of 2013. The flat rate decreased by 6 percent from 2013 to 2014. The market rate for a Suezmax trading on a standard 'TD20' voyage between West Africa and Rotterdam in the second quarter of 2015 was WS 88, representing a decrease of 2 WS points from the first quarter of 2015.

Bunkers at Fujairah averaged $447/mt in the fourth quarter of 2014 compared to $598/mt in the third quarter of 2014. Bunker prices varied between a high of $568/mt on the 1st of October and a low of $320/mt on December 19th.

The International Energy Agency's ("IEA") February 2015 report stated an OPEC crude production of 30.5 million barrels per day (mb/d) in the fourth quarter of 2014. This was unchanged from third quarter of 2014.

The IEA estimates that world oil demand averaged 93.5 mb/d in the fourth quarter of 2014, which is an increase of 0.4 mb/d compared to the previous quarter. IEA estimates that world oil demand in 2015 will be 93.4 mb/d, representing an increase of 1.1 percent or 1 mb/d from 2014.

The VLCC fleet totalled 638 vessels at the end of the fourth quarter of 2014, four vessels up from the previous quarter. Five VLCCs were delivered during the quarter, one was removed. The order book counted 82 vessels at the end of the fourth quarter, which represents approximately 13 percent of the VLCC fleet.

The Suezmax fleet totalled 450 vessels at the end of the fourth quarter, same as at the end of the previous quarter. Two vessels were delivered during the quarter whilst two were removed. The order book counted 63 vessels at the end of the fourth quarter, which represents approximately 14 percent of the Suezmax fleet.

As of June 30, 2015, the VLCC fleet totalled 639 vessels at the end of the quarter, whilst the Suezmax fleet counted 449 vessels at the end of the quarter. As of that date, the order book for tankers represented about 16% of the overall tanker fleet.

Product

The market rate for an MR trading on a standard "TC2" voyage between Rotterdam and New York in the fourth quarter of 2014 was WS 164, representing an increase of WS 67 points from the third quarter of 2014 and an increase of WS 72 points from the fourth quarter of 2013. The flat rate decreased by 5.3 percent from 2013 to 2014. For MR's trading on a standard 'TC2' voyage between Rotterdam and New York the market rates for the second quarter of 2015 was WS 155, representing an increase of 12 points from the first quarter of 2015. Average market rates for an LR2 trading on a standard "TC1" voyage between Middle East and Japan in the second quarter of 2015 was WS 110, representing an increase of 11 points from the first quarter of 2015.

Bunkers in Rotterdam averaged $417/mt in the fourth quarter of 2014 compared to $561/mt in the third quarter of 2014. Bunker prices varied between a high of $549/mt on the 1st of October and a low of $299/mt on December the 18th. Bunkers in Rotterdam averaged $326/mt in the second quarter of 2015 compared to $280/mt in the first quarter of 2015.

The MR product fleet totalled 1,698 vessels at the end of the fourth quarter of 2014, up from 1,673 vessels at the end of the previous quarter. The order book counted 355 vessels at the end of the fourth quarter, which represents approximately 20 percent of the MR fleet.

The LR2 fleet totalled 232 vessels at the end of the fourth quarter of 2014, up six from the previous quarter. The order book is at 61 vessels at the end of the fourth quarter, which represents approximately 26 percent of the LR2 fleet.

Critical Accounting Policies and Estimates

The preparation of Frontline 2012's financial statements in accordance with accounting principles generally accepted in the United States 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.

Management believes that the following accounting policies are the most critical in fully understanding and evaluating Frontline 2012's reported financial results as they require a higher degree of judgment in their application resulting from the need to make estimates about the effect of matters that are inherently uncertain. See Note 2 to Frontline 2012's audited Consolidated Financial Statements included herein for details of all of its material accounting policies.

Revenue and expense recognition

Revenues and expenses are recognized on the accruals basis. Revenues are generated from voyage charters and time charters. Voyage revenues are recognized ratably over the estimated length of each voyage and, therefore, are allocated between reporting periods based on the relative transit time in each period. Voyage expenses are recognized as incurred. Probable losses on voyages are provided for in full at the time such losses can be estimated. Time charter revenues are recorded over the term of the charter as a service is provided. If the time charter is based on an index, Frontline 2012 recognizes revenue when the index has been determined. Frontline 2012 uses a discharge-to-discharge basis in determining percentage of completion for all spot voyages and voyages servicing contracts of affreightment whereby it recognizes revenue ratably from when product is discharged (unloaded) at the end of one voyage to when it is discharged after the next voyage. However, Frontline 2012 does not recognize revenue if a charter has not been contractually committed to by a customer and Frontline 2012, even if the vessel has discharged its cargo and is sailing to the anticipated load port on its next voyage.

Revenues and voyage expenses of the vessels operating in pool arrangements are pooled and the resulting net pool revenues, calculated on a time charter equivalent basis, are allocated to the pool participants according to an agreed formula on the basis of the number of days a vessel operates in the pool. The pools are responsible for paying voyage expenses and distribute net pool revenues to the participants. Pool revenues are reported net of voyage expenses as voyage charter revenue for all periods presented.

Claims for unpaid charter hire and damages for early termination of time charters are recorded upon receipt of cash when collectability is not reasonably assured. Such amounts related to services previously rendered are recorded as time charter revenue. Amounts in excess of services previously rendered are classified as other operating income.

Other income comprises rebates received from the ship yard for newbuildings sold to Knightsbridge prior to the consolidation of Knightsbridge, and is recognized when such rebates are contractually due to the Company.

Gain on cancellation and sale of newbuilding contracts

Gain on cancellation and sale of newbuilding contracts relate to gains arising on (i) the cancellation of newbuilding contracts, which are considered to be contingent gains, and are recognized when the gain is virtually certain which is generally on a cash basis, and (ii) the sale of newbuilding contracts, which are recognized when Frontline 2012 is reasonably assured that substantially all of the risks of the newbuilding contract have been transferred.

Vessels and Depreciation

The cost of the vessels less estimated residual value is depreciated on a straight-line basis over the vessels' estimated remaining economic useful lives. The estimated economic useful life of Frontline 2012's vessels is 25 years. The residual values are calculated by multiplying the lightweight tonnage of the vessel by the market price of scrap per tonne. The market price for scrap per tonne is calculated as the ten year average, up to the date of purchase of the vessel, across the three main recycling sites (Far East, Indian sub-continent and Bangladesh). Residual values are reviewed annually.

Vessel Impairment

The carrying values of Frontline 2012's vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuildings. Historically, both charter rates and vessel values tend to be cyclical. The carrying amounts of vessels held and used by Frontline 2012 and newbuildings are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular vessel may not be fully recoverable. Such indicators may include depressed spot rates and depressed second hand tanker values. In such instances, an impairment charge would be recognized if the estimate of the undiscounted future cash flows expected to result from the use of the vessel and its eventual disposition is less than the vessel's carrying amount. The impairment charge is measured as the amount by which the carrying value exceeds the estimated fair value. This assessment is made at the individual vessel level as separately identifiable cash flow information for each vessel is available.

In developing estimates of future cash flows, Frontline 2012 must make assumptions about future performance, with significant assumptions being related to charter rates, ship operating expenses, utilization, drydocking requirements, residual value, the estimated remaining useful lives of the vessels and the probability of lease terminations for vessels held under capital lease. These assumptions are based on historical trends as well as future expectations. Specifically, in estimating future charter rates, management takes into consideration rates currently in effect for existing time charters and estimated daily time charter equivalent rates for each vessel class for the unfixed days over the estimated remaining lives of each of the vessels. The estimated daily time charter equivalent rates used for unfixed days are based on a combination of (i) time charter forecasts, and (ii) the trailing 25-year historical average rates, based on quarterly average rates published by an independent third party maritime research service. Recognizing that the transportation of crude oil and oil products is cyclical and subject to significant volatility based on factors beyond Frontline 2012's control, management believes the use of estimates based on the combination of internally forecast rates and 25-year historical average rates calculated as of the reporting date to be reasonable.

Estimated outflows for operating expenses and drydocking requirements are based on historical and budgeted costs and are adjusted for assumed inflation. Finally, utilization is based on historical levels achieved and estimates of a residual value are consistent with the pattern of scrap rates used in management's evaluation of salvage value.

The more significant factors that could impact management's assumptions regarding time charter equivalent rates include (i) loss or reduction in business from significant customers, (ii) unanticipated changes in demand for transportation of crude oil and oil products, (iii) changes in production of or demand for oil and oil products, generally or in particular regions, (iv) greater than anticipated levels of tanker newbuilding orders or lower than anticipated levels of tanker scrappings, and (v) changes in rules and regulations applicable to the tanker industry, including legislation adopted by international organizations such as IMO and the EU or by individual countries. Although Frontline 2012's management believes that the assumptions used to evaluate potential impairment are reasonable and appropriate at the time they were made, such assumptions are highly subjective and likely to change, possibly materially, in the future.

Frontline 2012 (excluding Knightsbridge) did not prepare undiscounted cash flow forecasts at December 31, 2014 for the purposes of impairment testing as it determined that no trigger events had occurred. Frontline 2012 (excluding Knightsbridge) has not recorded any vessel impairment losses up to March 31, 2015 in respect of its own vessels and did not record a vessel impairment loss in the three months ended June 30, 2014. Each of the carrying values of Frontline 2012's vessels as of June 30, 2015 was lower than the estimated fair value based on independent ship broker reports. Frontline 2012 recorded a vessel impairment loss of $62.5 million in the three months ended March 31, 2015 in relation to five dry bulk vessels owned by Knightsbridge, which has been included within income (loss) from discontinued operations.

Newbuildings

The carrying value of the vessels under construction, or Newbuildings, represents the accumulated costs to the balance sheet date which Frontline 2012 has had to pay by way of purchase installments and other capital expenditures together with capitalized interest and associated finance costs. No charge for depreciation is made until the vessel is available for use.

Business Combinations and Goodwill Impairment

Frontline 2012 is required to allocate the purchase price of an acquired company to the tangible and intangible assets acquired and liabilities assumed based on their fair values. Such a valuation requires its management to make significant estimates and assumptions. Management's assumptions about fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate, and unanticipated events and circumstances may occur, which may affect management's estimates.

Goodwill arising from a business combination is subject to annual review for impairment (or more frequently should indications of impairment arise). Impairment of goodwill is determined using a two-step approach, initially based on a comparison of the reporting unit's fair value to its carrying value; if the fair value is lower than the carrying value, then the second step compares the asset's fair value (implied fair value for goodwill) with its carrying value to measure the amount of the impairment. Any excess of carrying value over fair value is recognized as an impairment loss. The full amount of the goodwill arising on consolidation of Knightsbridge, which operated in the dry bulk sector, was written off in the fourth quarter of 2014 following Frontline 2012's impairment assessment at December 31, 2014, which was triggered by the significant fall in rates per the Baltic Dry Index and the significant fall in Knightsbridge's share price in the fourth quarter.

Factors Affecting Frontline 2012's Results

The principal factors which affect Frontline 2012's results of operations and financial position include:

- the earnings from its vessels;
- gain on cancellation and sale of newbuilding contracts;
- vessel operating expenses;
- administrative expenses;
- goodwill impairment losses;
- depreciation;
- interest expense;
- gains and on sale shares;
- share of results from associated companies and gain on equity interest; and
- mark to market gains (losses) on derivatives.

Frontline 2012 derives earnings from time charters, voyage charters and pool arrangements. As of December 31, 2014, 2013 and 2012, 14 of its 17 vessels, 9 of its 12 vessels and 6 of its 10 vessels, respectively, operated in the voyage charter market. The tanker industry has historically been highly cyclical, experiencing volatility in profitability, vessel values and freight rates. In particular, freight and charter rates are strongly influenced by the supply of tanker vessels and the demand for oil and refined products transportation services.

Gains on the cancellation of newbuilding contracts are considered to be contingent gains and are recognized when the gain is virtually certain, which is generally on a cash basis. Gains on the sale of newbuilding contracts are recognized when Frontline 2012 is reasonably assured that substantially all of the risks of the newbuilding contract have been transferred.

Vessel operating costs are the direct costs associated with running a vessel and include crew costs, vessel supplies, repairs and maintenance, drydockings, lubricating oils and insurance.

Administrative expenses are comprised of recharges from Frontline for personnel and property costs, legal and professional fees and other general administrative expenses.

The goodwill impairment loss, which is recorded in discontinued operations, relates to the write off of goodwill originally recognized on the consolidation of Knightsbridge.
Depreciation, or the periodic costs charged to income for the reduction in usefulness and long-term value of Frontline 2012's vessels, is related to the number of vessels Frontline 2012 owns lease. Frontline 2012 depreciates the cost of vessels it owns, less their estimated residual value, over their estimated useful life on a straight-line basis. No charge is made for depreciation of vessels under construction until they are delivered.
Interest expense relates to vessel specific debt facilities. Interest expense depends on Frontline 2012's overall borrowing levels and may significantly increase when Frontline 2012 acquires vessels or on the delivery of newbuildings. Interest incurred during the construction of a newbuilding is capitalized in the cost of the newbuilding. Interest expense may also change with prevailing interest rates, although the effect of these changes may be reduced by interest rate swaps or other derivative instruments.
The gain on sale of shares relates solely to the disposal of AGHL shares.
Share of results from associated companies and gain on equity interest includes Frontline 2012's share of the investees' earnings, gains arising on the dilution of Frontline 2012's shareholding in AGHL and a revaluation gain of Frontline 2012's interest in Knightsbridge at the time it commenced consolidation, which has been included within income (loss) from discontinued operations.
Mark to market gains (losses) relate to Frontline 2012's interest rate swap agreements.
Lack of Historical Operating Data for Vessels before their Acquisition
Consistent with shipping industry practice, other than inspection of the physical condition of the vessels and examinations of classification society records, there is no historical financial due diligence process when Frontline 2012 acquires vessels. Accordingly, Frontline 2012 does not obtain the historical operating data for the vessels from the sellers because that information is not material to its decision to make acquisitions, nor does it believe it would be helpful to potential investors in its common shares in assessing its business or profitability. Most vessels are sold under a standardized agreement, which, among other things, provides the buyer with the right to inspect the vessel and the vessel's classification society records. The standard agreement does not give the buyer the right to inspect, or receive copies of, the historical operating data of the vessel. Prior to the delivery of a purchased vessel, the seller typically removes from the vessel all records, including past financial records and accounts related to the vessel. In addition, the technical management agreement between the seller's technical manager and the seller is automatically terminated and the vessel's trading certificates are revoked by its flag state following a change in ownership.
Consistent with shipping industry practice, Frontline 2012 treats the acquisition of a vessel (whether acquired with or without charter) as the acquisition of an asset rather than a business. Although vessels are generally acquired free of charter, Frontline 2012 has agreed to acquire (and may in the future acquire) some vessels with time charters. Where a vessel has been under a voyage charter, the vessel is delivered to the buyer free of charter. It is rare in the shipping industry for the last charterer of the vessel in the hands of the seller to continue as the first charterer of the vessel in the hands of the buyer. In most cases, when a vessel is under time charter and the buyer wishes to assume that charter, the vessel cannot be acquired without the charterer's consent and the buyer's entering into a separate direct agreement with the charterer to assume the charter. The purchase of a vessel itself does not transfer the charter, because it is a separate service agreement between the vessel owner and the charterer. When Frontline 2012 purchases a vessel and assumes a related time charter, Frontline 2012 must take all or some of the following steps before the vessel will be ready to commence operations:

- obtain the charterer's consent to us as the new owner;
- obtain the charterer's consent to a new technical manager;
- in some cases, obtain the charterer's consent to a new flag for the vessel;
- arrange for a new crew for the vessel;

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- replace all hired equipment on board, such as gas cylinders and communication equipment;
- negotiate and enter into new insurance contracts for the vessel through its insurance brokers;
- register the vessel under a flag state and perform the related inspections in order to obtain new trading certificates from the flag state;
- implement a new planned maintenance program for the vessel; and
- ensure that the new technical manager obtains new certificates for compliance with the safety and vessel security regulations of the flag state.

Inflation

Although inflation has had a moderate impact on Frontline 2012's vessel operating expenses and corporate overheads, management does not consider inflation to be a significant risk to direct costs in the current and foreseeable economic environment. It is anticipated that insurance costs, which have risen over the last three years, may well continue to rise moderately over the next few years. Oil transportation is a specialized area and the number of vessels is increasing. There will therefore be an increased demand for qualified crew and this has and will continue to put inflationary pressure on crew costs. However, in a shipping downturn, costs subject to inflation can usually be controlled because shipping companies typically monitor costs to preserve liquidity and encourage suppliers and service providers to lower rates and prices in the event of a downturn.

Six months ended June 30, 2015 compared with the six months ended June 30, 2014

Amounts included in the following discussion are derived from Frontline 2012's unaudited condensed consolidated financial statements for the six months ended June 30, 2015 and June 30, 2014.

Total operating revenues and voyage expenses and commissions

	Six months ended June 30,	
(in thousands of $)	2015	2014
Time charter revenues	51,425	20,424
Voyage charter revenues	143,793	93,124
Other income	2,237	—
Total operating revenues	197,455	113,548
Voyage expenses and commissions	51,963	49,950

Time charter revenues increased in the six months ended June 30, 2015 as compared to the six months ended June 30, 2014 primarily due to:

- an increase of $11.8 million due to three LR2 tankers chartered-in in January 2015 on existing time charters,
- an increase of $7.9 million due to an increase in market rates,
- an increase of $7.6 million due to the purchase of two Suezmax tankers in March 2015,
- an increase of $6.2 million due to the delivery of two LR2 tanker newbuildings in January and March 2015, and
- an increase of $2.1 million due to the delivery of one MR tanker onto time charter in April 2015.

These factors were partially offset by a decrease of $4.6 million due to the delivery of four MR tankers onto voyage charters (in January, March, April and June 2014) and one VLCC onto voyage charter in January 2014.

Voyage charter revenues increased in the six months ended June 30, 2015 as compared to the six months ended June 30, 2014 primarily due to:

- an increase of $13.4 million due to the delivery of four MR tankers onto voyage charters (in January, March, April and June 2014) and one VLCC onto voyage charter in January 2014,
- an increase of $12.2 million due to Frontline 2012 chartering in four MR tankers in March, April and May 2015,
- an increase of $11.6 million due to the delivery of three LR2 tankers in January, March and June 2015,
- an increase of $12.4 million due to an increase in market rates, and
- an increase of $2.5 million due to a decrease in off-hire and commercial waiting time.

These factors were partially offset by a decrease of $1.4 million due to the delivery of one MR tanker onto time charter in April 2015.

Other income in the six months ended June 30, 2015 relates to yard commissions received in the period following the de-consolidation of Knightsbridge Shipping Limited (renamed Golden Ocean Group Limited on March 31, 2015), or Knightsbridge, relating to newbuildings sold to Knightsbridge.

Voyage expenses and commissions increased in the six months ended June 30, 2015 as compared to the six months ended June 30, 2014 primarily due:

- an increase of $5.0 million in costs due to Frontline 2012 chartering in four MR tankers between March and May 2015, and
- an increase of $5.0 million due to the delivery of four LR2 tanker newbuildings between September 2014 and June 2015.
- an increase of $2.0 million due to the reduction in off-hire and waiting days, an increase in consumption due to an increase in vessel speed, plus additional commissions as a result of higher charter rates,

These factors were partially offset by a decrease of $10.2 million due to a reduction in bunker costs.

Gain on cancellation and sale of newbuilding contracts

(in thousands of $)	Six months ended June 30, 2015	2014
Gain on sale of newbuilding contracts	38,778	—
Gain on cancellation of newbuilding contracts;		
- hull J0026	—	35,913
- hull D2174	1,735	—
- hull J0106	23,222	—
	63,735	35,913

The gain on sale of newbuilding contracts in the six months ended June 30, 2015 comprises (i) a gain of $19.1 million in January 2015 on the first two VLGC newbuildings, Front Mistral and Front Monsoon, sold and delivered to Avance Gas Holdings Limited, or AGHL, and (ii) gains of $9.7 million and $9.9 million in April and June 2015, respectively, on the third and fourth VLGC newbuildings, Front Breeze and Front Passat, sold and delivered to AGHL

In January 2015, Frontline 2012 recorded a gain of $1.7 million following the receipt of $7.6 million in connection with the cancellation of hull D-2174.

In June 2015, Frontline 2012 recorded a gain of $23.2 million following the receipt of $24.7 million in connection with the cancellation of hull J0106.

In April 2014, Frontline 2012 recorded a gain of $35.9 million following the receipt of $99.3 million in connection with the cancellation of its first newbuilding contract (hull J0025) at Jinhaiwan. $44.9 million of the amount received was used to repay bank debt, which was secured on the cancelled newbuilding contract.

Ship operating expenses

(in thousands of $)	Six months ended June 30, 2015	2014
VLCC	8,819	12,872
Suezmax	11,618	5,805
MR	5,623	4,634
LR2	2,613	—
Total ship operating expenses	28,673	23,311

Ship operating expenses are the direct costs associated with running a vessel and include crew costs, vessel supplies, repairs and maintenance, dry dockings, lubricating oils and insurance.

VLCC operating costs decreased in the six months ended June 30, 2015 as compared to the six months ended June 30, 2014 primarily due to a $3.0 million decrease in dry docking costs as a result of two vessels docking in the six months ended June 30, 2015 as compared to four vessels in the six months ended June 30, 2014 and a decrease of $1.0 million due to a general decrease in other operating expenses.

Suezmax operating costs increased in the six months ended June 30, 2015 as compared to the six months ended June 30, 2014 primarily due to an increase in dry docking costs of $3.4 million due to four vessels docking in the six months ended June 30, 2015 compared with no vessels in the six months ended June 30, 2014 and an increase of $2.2 million due to the purchase of two Suezmax tankers in March 2015.

MR operating costs increased in the six months ended June 30, 2015 as compared to the six months ended June 30, 2014 primarily due to the delivery of four MR tankers between January and March 2014.

LR2 operating costs increased in the six months ended June 30, 2015 as compared to the six months ended June 30, 2014 primarily due to the delivery of four LR2 tankers between September 2014 and June 2015.

Charter hire expense

	Six months ended June 30,	
(in thousands of $)	2015	2014
Charter hire expense	17,076	—

Charter hire expense in the six months ended June 30, 2015 comprises (i) $11.7 million relating to three LR2 tankers chartered-in in January 2015, (ii) $3.5 million relating to two MR tankers chartered-in in March 2015, and (iii) $1.9 million relating to two MR tankers chartered-in in April and May 2015.

Administrative expenses

	Six months ended June 30,	
(in thousands of $)	2015	2014
Administrative expenses	2,786	2,826

Administrative expenses in the six months ended June 30, 2015 are at a similar level as in the six months ended June 30, 2014.

Depreciation

	Six months ended June 30,	
(in thousands of $)	2015	2014
Depreciation	18,980	15,385

Depreciation expense increased in the six months ended June 30, 2015 as compared to the six months ended June 30, 2014 primarily due to:

- an increase of $1.9 million due to the delivery of four LR2 tanker newbuildings between September 2014 and June 2015,
- an increase of $1.2 million due to the purchase of two Suezmax tankers in March 2015, and
- an increase of $0.4 million due to the delivery of four MR tanker newbuildings between January and March 2014.

Interest income

	Six months ended June 30,	
(in thousands of $)	2015	2014
Interest income	8	105

Interest income in the six months ended June 30, 2015 primarily comprises bank interest income. Interest income in the six months ended June 30, 2014 primarily comprises interest received on a loan to AGHL.

Interest expense

	Six months ended June 30,	
(in thousands of $)	2015	2014
Interest expense	(6,023)	(4,081)

Interest expense increased in the six months ended June 30, 2015 as compared to the six months ended June 30, 2014 primarily due to:

- a $1.0 million decrease in the capitalization of interest on newbuildings,
- an increase of $0.9 million due to increased borrowings, and
- an increase of $0.2 million on the amortization of deferred charges, primarily as a result of the increase in the $136.5 million loan facility to $466.5 million.

These factors were partially offset by a decrease of $0.4 million following the cancellation of newbuilding contract J0106 and repayment of the related debt.

Gain on sale of shares

	Six months ended June 30,	
(in thousands of $)	2015	2014
Gain on sale of shares	—	16,850

Gain on sale of shares in the six months ended June 30, 2014 relates to the sale of 2,854,985 shares in AGHL in April 2014 for $57.1 million.

Share of results from associated companies

	Six months ended June 30,	
(in thousands of $)	2015	2014
Share of results from associated companies	2,727	9,114

Share of results from associated companies in the six months ended June 30, 2015 relates to Frontline 2012's share of results of AGHL. Share of results from associated companies in the six months ended June 30, 2014 comprises (i) a gain of $5.9 million on the dilution of Frontline 2012's ownership in AGHL following a private placement by AGHL in April 2014, and (ii) $3.2 million for share of results of AGHL.

Impairment loss on shares

Six months ended June 30,

(in thousands of $)	2015	2014
Impairment loss on shares	(1,138)	—

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The impairment loss on shares in the six months ended June 30, 2015 relates to the shares held in Knightsbridge and was incurred in the period from March 31, 2015 (being the date of de-consolidation of Knightsbridge) and June 26, 2015 (being the date of Frontline 2012's stock dividend of Knightsbridge shares). The total impairment loss in this period was $41.7 million, of which $1.1 million was allocated to continuing operations and $40.6 million was allocated to discontinued operations based on the number of Knightsbridge shares that were dividended and retained. The impairment loss was recognized as it was determined that the loss was other than temporary in view of the significant fall in rates in the Baltic Dry Index.

Mark to market loss on derivatives

	Six months ended June 30,	
(in thousands of $)	2015	2014
Mark to market loss on derivatives	(2,258)	(5,575)

The mark to market loss on derivatives in the six months ended June 30, 2015 and the six months ended June 30, 2014 relates to interest rate swap agreements.

Other non-operating items

	Six months ended June 30,	
(in thousands of $)	2015	2014
Other non-operating items	(72)	(76)

Other non-operating items in the six months ended June 30, 2015 and the six months ended June 30, 2014 primarily relate to general bank charges and fees.

Net (loss) income from discontinued operations

	Six months ended June 30,	
(in thousands of $)	2015	2014
Net (loss) income from discontinued operations	(131,006)	76,764

The net (loss) income from discontinued operations in the six months ended June 30, 2015 and the six months ended June 30, 2014 relates to the operations of Knightsbridge.

In June 2015, the Company paid a stock dividend consisting of 75.4 million Knightsbridge shares. This stock dividend was deemed to trigger discontinued operations presentation of the results of Knightsbridge as it represented a strategic shift that has a major effect on the Company's financial and operational results. The results of operations and balance sheet of Knightsbridge were included within the dry bulk segment in prior periods. See Note 4 to the interim financial statements for an analysis of the results from discontinued operations.

The loss in the six months ended June 30, 2015 primarily relates to:

- a $62.5 million impairment loss on five vessels owned by Knightsbridge,

- a $40.6 million impairment loss on the shares held in Knightsbridge,

- a $14.9 million share of Knightsbridge's losses between March 31, 2015, being the date of de-consolidation of Knightsbridge and June 26, 2015 being the date of the stock dividend,

• a net loss of $13.2 million for Knightsbridge in the period it was consolidated between January 1 and March 31, 2015.

The income in the six months ended June 30, 2014 comprises a gain of $74.8 million resulting from the sale of newbuilding contracts to Knightsbridge in April 2014, and (ii) Frontline 2012's share of results in Knightsbridge in the period from April to June 2014.

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Net loss attributable to non-controlling interest

(in thousands of $)	Six months ended June 30, 2015	2014
Net loss attributable to non-controlling interest	30,305	—

Net loss attributable to non-controlling interest relates to the non-controlling interest in the results of Knightsbridge.

Year ended December 31, 2014 compared with the year ended December 31, 2013

Total operating revenues and voyage expenses and commissions

(in thousands of $)	2014	2013	Change $	%
Time charter revenues	37,928	39,517	(1,589)	(4.0)
Voyage charter revenues	202,283	94,383	107,900	114.3
Other income	1,615	-	1,615	100.0
Total operating revenues	241,826	133,900	107,926	80.6
Voyage expenses and commissions	103,708	63,438	40,270	63.5

Time charter revenues decreased in 2014 as compared to 2013 primarily due to:

- A decrease of $13.1 million due to the redelivery of two VLCCs in January 2014 and December 2013 from short term time charters.
- A decrease of $1.3 million due to the redelivery of two MR product tankers in January 2014 and November 2013 from short term time charters.

These factors were partially offset by:

- An increase of $7.4 million due to increased earnings on indexed linked time charters on two Suezmax tankers.
- An increase of $5.5 million due to the delivery of four newbuilding MR product tankers between January and March 2014, which commenced trading on short term time charters.

Voyage charter revenues increased in 2014 as compared to 2013 primarily due to:

- An increase of $30.9 million due to the delivery of four newbuilding MR product tankers between January and March 2014, which commenced trading on short term time charters in 2014 and subsequently traded in the spot market.
- An increase of $30.0 million due to the redelivery of two VLCCs in January 2014 and December 2013 from short term time charters.
- An increase of $22.2 million, net of a decrease of $4.2 million due to off-hire days, due to an increase in market rates in 2014.
- An increase of $20.3 million due to the redelivery of two MR product tankers in January 2014 and November 2013 from short term time charters.
- An increase of $3.3 million due to the delivery of one LR2 product tanker newbuilding, in September 2014, which commenced trading in the spot market.

The increase in other income in 2014 as compared to 2013 is primarily due to an increase in rebates earned for newbuildings.

Voyage expenses and commissions increased in 2014 as compared to 2013 primarily due to the following reasons:

- The delivery of six MR product tankers between September 2013 and March 2014 and one LR2 product tanker in September 2014 resulting in an increase of $25.8 million.
- An increase of $16.2 million due to the redelivery of two VLCCs in January 2014 and December 2013 from short term time charters.

These factors were partially offset by a decrease of $1.7 million primarily due to lower bunker costs.

Gain on cancellation and sale of newbuilding contracts

(in thousands of $)	2014	2013	Change $	%
Gain on cancellation and sale of newbuilding contracts	68,989	57,271	11,718	20.5

The gain on cancellation and sale of newbuilding contracts in 2014 comprises gains (i) $35.9 million in connection with the cancellation of hull J0025 at Jinhaiwan, (ii) $28.9 million in connection with the cancellation of hull J0028 at Jinhaiwan, (iii) $2.2 million in connection with the cancellation of hull D2172 at STX Dalian, and (iv) $2.0 million in connection with the cancellation of hull D2173 at STX Dalian.

In 2013, Frontline 2012 recorded gains of $30.3 million and $27.0 million, respectively, in connection with the cancellation of hulls J0026 and J0027, respectively, at Jinhaiwan.

Ship operating expenses

(in thousands of $)	2014	2013	Change $	%
VLCC	24,652	20,207	4,445	22.0
Suezmax	12,697	11,877	820	6.9
LR2	585	-	585	100.0
MR	11,673	899	10,774	1,198.4
Total ship operating expenses	49,607	32,983	16,624	50.4

Ship operating expenses are the direct costs associated with running a vessel and include crew costs, vessel supplies, repairs and maintenance, dry dockings, lubricating oils and insurance.

VLCC operating costs increased in 2014 as compared to 2013 primarily due a $4.9 million increase in dry docking costs (four vessels were dry docked in 2014 compared to one vessel in 2013).

Suezmax operating costs increased in 2014 as compared to 2013 primarily due a $1.0 million increase in dry docking costs (one vessel was dry docked in 2014 compared to none in 2013).

LR2 product tanker operating costs increased by $0.7 million due to the delivery of one vessel from shipyard in September 2014.

MR product tanker operating costs increased by $11.5 million due to the delivery of six newbuilding vessels from the shipyard between September 2013 and March 2014.

Administrative expenses

			Change	
(in thousands of $)	2014	2013	$	%
Administrative expenses	4,943	3,851	1,092	28.4

Administrative expenses increased in 2014 as compared to 2013 primarily due to:

- An increase of $0.7 million due to additional recharges from Frontline following the growth of Frontline 2012's fleet in 2014.
- An increase of $0.4 million due to an increase in transactional and other related administrative expenses due to the growth of Frontline 2012.

Depreciation

			Change	
(in thousands of $)	2014	2013	$	%
Depreciation	31,845	25,144	6,701	26.7

Depreciation expense increased by $6.7 million in 2014 as compared to 2013 primarily due to the delivery of six MR product tankers between November 2013 and March 2014, plus one LR2 product tanker in November 2014.

Interest income

			Change	
(in thousands of $)	2014	2013	$	%
Interest income	118	29	89	306.9

Interest income 2014 and 2013 relates solely to interest received on bank deposits.

Interest expense

			Change	
(in thousands of $)	2014	2013	$	%
Interest expense	(7,421)	(12,044)	4,623	38.4

Interest expense decreased in 2014 as compared to 2013 primarily due to:

- A decrease of $5.8 million due to lower levels of debt throughout 2014 as a result of loan repayments.
- A decrease in the amortization of deferred charges primarily due to the fact that the $5.0 million fee paid to Hemen for its assistance in the financing of the pre- and post-delivery funding requirements for five VLCC newbuilding contracts purchased from Frontline was fully amortized in 2013 following the cancellation of the newbuilding contracts. This reduced the amortization charge by $1.4 million in 2014.
- A decrease of $0.6 million due to increased capitalization of interest on newbuildings.

This was partially offset by a $3.2 million increase as a result of additional financing secured on newly delivered vessels.

Gain on sale of shares

			Change	
(in thousands of $)	2014	2013	$	%
Gain on sale of shares	16,850	-	16,850	100.0

The gain on sale of shares resulted from the disposal of 2,854,985 AGHL shares in April 2014.

Share of results from associated companies

			Change	
(in thousands of $)	2014	2013	$	%
Share of results from associated companies and gain on equity interest	16,064	8,783	7,281	82.9

In 2014, Frontline 2012 recognized earnings of $10.1 million from its investment in AGHL and a gain of $5.9 million on dilution of its ownership in AGHL following a private placement in April 2014, in which Frontline 2012 did not participate.

In 2013, Frontline 2012 recognized earnings of $2.3 million from its investment in AGHL and a gain of $6.5 million on dilution of its ownership in AGHL following a private placement in November 2013, in which Frontline 2012 did not participate.

Mark to market (loss) gain on derivatives

(in thousands of $)	2014	2013	Change $	%
Mark to market (loss) gain on derivatives	(8,779)	7,083	(15,862)	(223.9)

Mark to market of derivatives relate to a loss on interest rate swap agreements in 2014 of $8.8 million compared to a gain of $7.1 million in 2013.

Other non-operating expenses

(in thousands of $)	2014	2013	Change $	%
Other non-operating expenses	(148)	(101)	(47)	(46.5)

Other non-operating expenses relate primarily to bank fees and other financial expenses.

Net loss from discontinued operations

(in thousands of $)	2014	2013	Change $	%
Net loss from discontinued operations	(51,159)	-	(51,159)	100.0

Net loss from discontinued operations relates to the operations of Knightsbridge, which are classified as discontinued operations following the stock dividend of 75.4 million Knightsbridge shares in June 2015. The loss in 2014 primarily relates to (i) a $149.5 million goodwill impairment loss following Frontline 2012's impairment assessment at December 31, 2014, which was triggered by the significant fall in rates per the Baltic Dry Index and the significant fall in Knightsbridge's share price in the fourth quarter, and (ii) $1.0 million of operating losses of Knightsbridge, net of finance costs, in the period it was consolidated between September and December 2014. These items were partially offset by (i) a $74.8 million gain on sale of newbuilding contracts to Knightsbridge in April 2014, (ii) a gain of $24.4 million arising on the revaluation of the investment in Knightsbridge upon the commencement of consolidation, and (iii) a $0.3 million share of results of Knightsbridge when equity accounted for between April and September 2014.

Net loss attributable to non-controlling interest

(in thousands of $)	2014	2013	Change $	%
Net loss attributable to non-controlling interest	63,214	-	63,214	100.0

Net loss attributable to non-controlling interest relates to the non-controlling interest in the results of Knightsbridge.

Year ended December 31, 2013 compared with the year ended December 31, 2012
Total operating revenues and voyage expenses and commissions

(in thousands of $)	2013	2012	Change $	%
Time charter revenues	39,517	41,901	(2,384)	(5.7)
Voyage charter revenues	94,383	98,948	(4,565)	(4.6)
Total operating revenues	133,900	140,849	(6,949)	(4.9)
Voyage expenses and commissions	63,438	58,440	4,998	8.6

Total operating revenues in 2013 and 2012 do not include any revenues from the dry bulk segment.
Time charter revenues decreased in 2013 as compared to 2012 primarily due to:

- A decrease of $8.7 million due to the termination of the time charters on two Suezmax tankers in December 2012.
- A decrease of $0.7 million due to lower earnings on index linked time charters
- A decrease of $0.4 million due to the redelivery of one VLCC from time charter in December 2014

These factors were partially offset by:

- An increase of $5.6 million due to one VLCC commencing a short term time charter in April 2013.
- An increase of $1.8 million due to the delivery of two MR product tankers, which commenced short term time charters in September and December 2013.

Voyage charter revenues decreased in 2013 as compared to 2012 primarily due to the following reasons:

- A decrease of $17.8 million due to the delivery of one VLCC on to short term time charter in March 2013.
- A decrease of $15.3 million due to lower market rates.

These factors were partially offset by:

- An increase of $25.5 million due to the redelivery of two Suezmax tankers from time charters at the end of 2012.
- An increase of $1.9 million due to the redelivery of one MR product tanker from short term time charter in November 2013.
- An increase of $1.2 million due to the redelivery of one VLCC from time charter in December 2013.

Voyage expenses and commissions increased in 2013 as compared to 2012 primarily due to the following reasons:

- An increase of $17.4 million due to the redelivery of two Suezmax tankers from time charters at the end of 2012.
- An increase of $1.1 million due to the redelivery of one MR product tanker from short term time charter in November 2013.
- An increase of $0.3 million due to the redelivery of one VLCC from time charter in December 2013.

These factors were partially offset by:
· A decrease of $9.4 million due to the delivery of one VLCC on to short term time charter in March 2013.
· A decrease of $4.5 million due to lower bunker costs and commissions.
Gain on cancellation and sale of newbuilding contracts

			Change	
(in thousands of $)	2013	2012	$	%
Gain on cancellation and sale of newbuilding contracts	57,271	-	57,271	100.0

In 2013, Frontline 2012 recorded gains of $30.3 million and $27.0 million, respectively, in connection with the cancellation of hulls J0026 and J0027, respectively, at Jinhaiwan.
Ship operating expenses

			Change	
(in thousands of $)	2013	2012	$	%
VLCC	20,207	17,666	2,541	14.3
Suezmax	11,877	10,980	897	8.2
MR	899	-	899	100.0
Total ship operating expenses	32,983	28,646	4,327	15.1

Ship operating expenses are the direct costs associated with running a vessel and include crew costs, vessel supplies, repairs and maintenance, dry dockings, lubricating oils and insurance.
VLCC operating expenses increased in 2013 as compared to 2012 primarily due to a $2.2 million increase in drydocking costs (one vessel was dry docked in 2013 compared to none in 2012) and an increase of $0.8 million due to a general increases in other operating expenses. This was partially offset by a $0.5 million settlement received from a claim in October 2013.
Suezmax operating expenses increased in 2013 as compared to 2012 primarily due a $0.9 million general increase in operating expenses.
MR product tanker operating expenses increased by $0.9 million due to the delivery of two newbuilding vessels in September and December 2013.
Administrative expenses

			Change	
(in thousands of $)	2013	2012	$	%
Administrative expenses	3,851	3,347	504	15.1

Administrative expenses increased in 2013 as compared to 2012 primarily due additional company and professional fees resulting from the growth of Frontline 2012.
Depreciation

			Change	
(in thousands of $)	2013	2012	$	%
Depreciation	25,144	24,743	401	1.6

Depreciation expense increased in 2013 as compared to 2012 primarily due to the delivery of two newbuilding vessels in September 2013 and December 2013.
Interest income

			Change	
(in thousands of $)	2013	2012	$	%
Interest income	29	198	(169)	(85.4)

Interest income 2013 and 2012 relates solely to interest received on bank deposits.
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Interest expense

(in thousands of $)	2013	2012	Change $	%
Interest expense	(12,044)	(17,504)	(5,460)	(31.2)

Interest expense decreased in 2013 as compared to 2012 primarily due:

- A decrease of $0.7 million due to lower levels of debt throughout 2013 as a result of loan repayments.
- A decrease in the amortization of deferred charges primarily due to the fact that the $5.0 million fee paid to the Hemen Shareholder for its assistance in the financing of the pre- and post-delivery funding requirements for five VLCC newbuilding contracts purchased from Frontline was fully amortized in 2013 following the cancellation of the newbuilding contracts. This reduced the amortization charge by $1.7 million in 2013.
- A decrease of $3.0 million due to increased capitalization of interest on newbuildings.

Share of results from associated companies and gain on equity interest

(in thousands of $)	2013	2012	Change $	%
Share of results from associated companies and gain on equity interest	8,783	-	8,783	100.0

In 2013, Frontline 2012 recognized earnings of $2.3million from its investment in AGHL, along with a further gain of $6.5 million on dilution of its ownership in AGHL following a private placement in November 2013, in which Frontline 2012 did not participate.

Mark to market gain on derivatives

(in thousands of $)	2013	2012	Change $	%
Market to market gain on derivatives	7,083	-	7,083	100.0

The mark to market gain on derivatives of $7.1 million in 2013 relates to interest rate swap agreements.

Other non-operating expenses

(in thousands of $)	2012	2013	Change $	%
Other non-operating expenses	(101)	(317)	216	68.1

Other non-operating expenses relate primarily to bank fees and other financial expenses.

Recent Accounting Pronouncements

Accounting Standards Update No. 2014-08-Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360). Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. The amendments in this Update change the requirements for reporting discontinued operations in Subtopic 205-20. Under the amendments in this Update only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results will be reported as discontinued operations in the financial statements. The Amendments in this Update will become effective for Frontline 2012 for 2015 and interim periods within 2015. Frontline 2012 commenced discontinued operations presentation of its results of operations relating to Knightsbridge in the second quarter of 2015.

Accounting Standards Update No. 2014-09-Revenue from Contracts with Customers (Topic 606). The FASB and the IASB initiated a joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. To meet those objectives, the FASB is amending the FASB Accounting Standards Codification and creating a new Topic 606, Revenue from Contracts with Customers. The amendments in this Update are effective for Frontline 2012 for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is permitted for periods beginning after December 15, 2016. Frontline 2012 is currently considering the impact of these amendments on its consolidated financial statements.

Accounting Standards Update No. 2014-15-Presentation of Financial Statements-Going Concern (Subtopic 205-40). The amendments in this Update provide guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures and are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. Frontline 2012 is currently considering the impact of these amendments on its consolidated financial statements.

Accounting Standards Update No. 2015-02-Consolidation (Topic 810). The amendments in this Update affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to re-evaluation under the revised consolidation model. Specifically, the amendments (i) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities, (ii) eliminate the presumption that a general partner should consolidate a limited partnership, (iii) affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships, and (iv) provide a scope exception from consolidation guidance for reporting entities with interests in certain legal entities. The amendments in this Update are effective for Frontline 2012 for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Frontline 2012 is currently considering the impact of these amendments on its consolidated financial statements.
Accounting Standards Update No. 2015-03 Interest-Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs. This Update was issued as part of an initiative to reduce complexity in accounting standards (the Simplification Initiative). The objective of the Simplification Initiative is to identify, evaluate, and improve areas of generally accepted accounting principles for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of financial statements. To simplify presentation of debt issuance costs, the amendments in this Update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. The amendments in this Update will affect Frontline 2012 for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Frontline 2012 had debt issuance costs of $4.8 million at December 31, 2014, which will be required to be presented as a deduction from the carrying amount of its debt.
Accounting Standards Update No. 2015-11-Inventory (Topic 330)-Simplifying the Measurement of Inventory. The FASB issued this Update as part of its Simplification Initiative. The amendments in this Update do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. An entity should measure inventory within the scope of this Update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. The amendments in this Update more closely align the measurement of inventory in GAAP with the measurement of inventory in IFRS. The amendments in this Update will affect Frontline 2012 for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Frontline 2012 is currently considering the impact of these amendments on its consolidated financial statements.
Accounting Standards Update 2015-14 Revenue from Contracts with Customers (Topic 606) Deferral of the Effective Date. On May 28, 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) for which the effective date for Frontline 2012 was for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The amendments in this Update defer the effective date of Update 2014-09 for all entities by one year.

Accounting Standards Update 2015-15 Interest-Imputation of Interest (Subtopic 835-30) Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements. Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015. This Update made certain amendments to Subtopic 835-30 concerning Interest-Imputation of Interest and Other Presentation Matters. The amendments in this Update will affect Frontline 2012 for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years.
Liquidity and Capital Resources

Liquidity

Frontline 2012 operates in a capital intensive industry and has historically financed its purchase of tankers and other capital expenditures through a combination of cash generated from operations, equity capital and borrowings from commercial banks. Frontline 2012's ability to generate adequate cash flows on a short and medium term basis depends substantially on the trading performance of its vessels in the market. Historically, market rates for charters of its vessels have been volatile. Periodic adjustments to the supply of and demand for oil and product tankers causes the industry to be cyclical in nature. Frontline 2012 expects continued volatility in market rates for its vessels in the foreseeable future with a consequent effect on its short and medium term liquidity.

Frontline 2012's funding and treasury activities are conducted within corporate policies to increase investment returns while maintaining appropriate liquidity for its requirements. Cash and cash equivalents are held primarily in U.S. dollars with some balances held in Norwegian Kroner and Singapore dollars.

Frontline 2012's short-term liquidity requirements relate to payment of operating costs (including drydocking), funding working capital requirements, repayment of debt financing, payment of newbuilding installments and maintaining cash reserves against fluctuations in operating cash flows. Sources of short-term liquidity include cash balances, restricted cash balances, short-term investments and receipts from customers. Revenues from time charters are generally received monthly or fortnightly in advance while revenues from voyage charters are received upon completion of the voyage.

Frontline 2012's medium and long-term liquidity requirements include payment of newbuilding installments, funding the equity portion of investments in new or replacement vessels and repayment of bank loans. Additional sources of funding for Frontline 2012's medium and long-term liquidity requirements include new loans, refinancing of existing arrangements, equity issues, public and private debt offerings, vessel sales, sale and leaseback arrangements and asset sales.

Net cash provided by operating activities in the year ended December 31, 2014 was $58.6 million compared with $22.9 million in the year ended December 31, 2013. Net cash provided by operating activities in the six months ended June 30, 2015 was $88.1 million compared with $37.2 million in the six months ended June 30, 2014. Frontline 2012's reliance on the spot market contributes to fluctuations in cash flows from operating activities as a result of its exposure to highly cyclical tanker rates. Any increase or decrease in the average time charter equivalent, or TCE, rates earned by Frontline 2012's vessels in periods subsequent to December 31, 2014, compared with the actual TCE rates achieved during 2014 and for the six months ended June 30, 2015, will have a positive or negative comparative impact, respectively, on the amount of cash provided by operating activities. As of June 30, 2015, Frontline 2012 estimates average total cash cost breakeven rates for the remainder of 2015 on a TCE basis for VLCCs, Suezmax tankers, MR product tankers and LR2 tankers of approximately $24,000, $19,100, $13,400 and $13,700, respectively. These are the daily rates Frontline 2012's vessels must earn to cover budgeted operating costs, estimated interest expenses and scheduled loan principal repayments, bareboat hire and corporate overhead costs in the remainder of 2015. These rates do not take into account capital expenditures.

As of December 31, 2014, 2013 and 2012 and June 30, 2015, Frontline 2012 had cash and cash equivalents of $235.8 million, $347.7 million, $132.7 million and $168.0 million, respectively. As of December 31, 2014, 2013 and 2012 and June 30, 2015, Frontline 2012 had restricted cash balances of $35.8 million, nil, nil and $14.7 million, respectively. In January 2014, Frontline 2012 received $139.2 million from AGHL, an equity method investee. This was in connection with the agreed sale of eight VLGC newbuildings to AGHL immediately following their delivery to Frontline 2012 from the yard. This restricted cash is to be used for installments to be paid by Frontline 2012, past and future construction supervision costs and also includes a profit element to be transferred to cash and cash equivalents on delivery of each newbuilding. Four of the newbuildings were delivered to AGHL in the six months ended June 30, 2015 and $21.1 million was transferred to cash and cash equivalents. The restricted cash balance as of June 30, 2015 will be transferred to cash and cash equivalents when the newbuildings are delivered. As of December 31, 2014, $103.4 million has been used for the payment of related newbuilding instalments and the balance of $35.8 million is recorded as short term restricted cash.

In 2012 and 2013, Frontline 2012 cancelled all of its five newbuilding contracts at Jinhaiwan ship yard, which were acquired from Frontline in December 2011, and has received an aggregate refund of $321.0 million in respect of installments paid on these five contracts and accrued interest. $144.6 million was received in 2013 and $151.7 was received in 2014 of which, $89.8 million was used to repay debt. $24.7 million was received in 2015. Frontline 2012 has no outstanding claims from Jinhaiwan.

Frontline 2012 has cancelled all six of its MR tanker newbuilding contracts at STX Dalian. $22.1 million was received in 2014 in respect of installments paid on two of these contracts and accrued interest and an aggregate refund of $22.2 million was received in 2015 in respect of three contracts. Frontline 2012 has an outstanding claim of $11.5 million against STX Dalian in respect of the remaining contract.

As of June 30, 2015, the remaining commitments for Frontline 2012's 22 newbuilding contracts, which excludes the newbuildings agreed to be sold and MR tankers and Capesize newbuilding contracts with STX Dalian and STX Korea, amounted to $1,169.2 million with expected payments of $376.6 million due in less than one year and $792.5 million due in one to three years. As of June 30, 2015, Frontline 2012 had obtained commitments for $198 million of debt financing for six newbuilding vessels, which have outstanding commitments of $109.0 million and $108.2 million in 2015 and 2016, respectively. Frontline 2012 intends to finance the remaining 16 newbuilding vessels to be delivered in the period between the second half of 2016 and the end of 2017 with a combination of proceeds from debt and cash on hand. There can be no assurance that Frontline 2012 will be able to obtain such financings on a timely basis or on terms it deems reasonable or acceptable. If such financing is not available when Frontline 2012 capital commitments are due, it may be unable to meet such obligations and finance its other and future obligations.

Frontline 2012 believes that cash on hand, internally generated cash flow and borrowings under its credit facilities will be sufficient to fund its working capital for, at least, the 12 months from June 30, 2015.

On July 1, 2015, Frontline, Frontline Acquisition Ltd, or Frontline Acquisition, a newly formed and wholly-owned subsidiary of Frontline, and Frontline 2012 entered into an agreement and plan of merger, or the Merger Agreement, pursuant to which Frontline Acquisition and Frontline 2012 agreed to enter into a merger transaction, with Frontline 2012 as the surviving legal entity, or the Surviving Company, and thus becoming a wholly-owned subsidiary of

Frontline. Subsequent to the merger, the Surviving Company is expected to merge into Frontline, or the Combined Company, which will retain Frontline's name. After the merger is completed the Combined Company expects to become one of the world's leading tanker companies. Pursuant to the Merger Agreement, one share in Frontline 2012 will give the holder the right to receive 2.55 shares in Frontline. The exchange ratio is based on June 30, 2015 net asset value broker estimates for Frontline and Frontline 2012. Frontline is expected to issue a total of approximately 584 million shares to shareholders in Frontline 2012 following cancellation of treasury shares held by Frontline 2012 and Frontline 2012's shares held by Frontline (subject to rounding for fractional shares). Completion of the merger is subject to the execution of certain definitive documents, customary closing conditions and regulatory approvals. The merger is also subject to approval by the shareholders of Frontline and Frontline 2012 in special general meetings expected to be held in the fourth quarter of 2015 and the merger is expected to close as soon as possible thereafter. Following completion of the merger, Frontline will (subject to rounding for any fractional shares) have approximately 782 million shares outstanding. This transaction will be accounted for as a business combination using the acquisition method of accounting under the provisions of ASC 805, with Frontline 2012 selected as the accounting acquirer under this guidance.

Equity Issues

In January 2013, Frontline 2012 issued 59.0 million new ordinary shares of $2.00 par value at a subscription price of $5.25 and in September 2013, Frontline 2012 issued 34.1 million new ordinary shares of $2.00 par value at a subscription price of $6.60. These share issuances generated net proceeds of $527.8 million.

Between March and August 2014, Frontline 2012 acquired 6,792,117 of its own shares at an average price of $7.42 per share for total consideration of $50.4 million. These shares are recorded as treasury shares.

Borrowing Activities

$420.0 million term loan facility

This loan facility was assumed by Frontline 2012 in December 2011 when it acquired the assets from Frontline. This facility bears interest at LIBOR plus a margin. In February 2014, Frontline 2012 agreed with the banks to amend various covenants and restrictions and made a voluntary prepayment of $67.6 million. Repayments are made on a semi-annual basis, each in an amount $9.4 million, with a balloon payment on the final maturity date in October 2017. As of June 30, 2015, Frontline 2012 had $181.4 million of outstanding borrowings under this facility and no available, undrawn amount.

$146.4 million term loan facility

This loan facility was assumed by Frontline 2012 in December 2011when it acquired the assets from Frontline. This facility bears interest at LIBOR plus a margin. In February 2014, Frontline 2012 agreed with the banks to amend various covenants and restrictions and made a voluntary prepayment of $22.8 million. Repayments are made on a quarterly basis, each in an amount $1.9 million, with a balloon payment on the final maturity date in August 2020. As of June 30, 2015, Frontline 2012 had $78.8 million of outstanding borrowings under this facility and no available, undrawn amount.

$200.0 million term loan facility

This loan facility was assumed by Frontline 2012 in December 2011when it acquired the assets from Frontline. This facility bears interest at LIBOR plus a margin and originally matured in July 2015. In February 2014, an amendment to initial loan agreement was made whereby the loan maturity date was changed to July 2016 and Frontline 2012 agreed with the banks to amend various covenants and restrictions and made a voluntary prepayment of $21.4 million. Repayments are made on a quarterly basis, each in an amount $1.7 million, with a balloon payment on the final maturity date in July 2016. As of June 30, 2015, Frontline 2012 had $137.7 million of outstanding borrowings under this facility and no available, undrawn amount.

$147.0 million term loan facility

This loan facility was assumed by Frontline 2012 in December 2011when it acquired the assets from Frontline and relates to two of the five newbuilding contracts (hulls J0025 and J0026) that were acquired. This facility bore interest at LIBOR plus a margin. The newbuilding contract for hull J0026 was cancelled in January 2013, and the debt related to this newbuilding contract of $44.9 million was repaid in 2013. The newbuilding contract for J0025 was cancelled in September 2012, and the remaining debt of $44.9 million was repaid in April 2014 following the receipt of $99.3 million from the refund guarantee bank.

$466.5 million term loan facility

In July 2013, Frontline 2012 entered into a $136.5 million term loan facility, which was to be used to partially fund the six MR product tankers. This facility had an original maturity date of November 2018. This facility bore interest at LIBOR plus a margin and commitment fee on the undrawn facility. Repayments were to be made on a quarterly basis, in an amount $2.350 million, with a balloon payment on the final maturity date in November 2018. During 2013, $45.5 million was drawn down on delivery of two of the MR product tankers. During December 2014, the facility was increased to $466.5 million such that a further ten tranches of $33.0 million, each for a LR2 vessel, could be drawn down. The repayment schedule was amended to installments on a quarterly basis, in an amount of $0.4 million for each MR product tanker and $0.4 million for each LR2 tanker with a balloon payment on the final maturity date in April 2021. During 2014, $124.0 million was drawn down on delivery of four of the MR product tankers and one LR2 tanker. Frontline 2012 drew down three tranches of $33.0 million each to part finance the second, third and fourth LR2 newbuildings delivered in January, March and June 2015, respectively. As of June 30, 2015, Frontline 2012 had $255.9 million of outstanding borrowings under this facility and the available, undrawn amount was $198 million.

$60.6 million term loan facility

In March 2015, Frontline 2012 entered into, and fully drew down, a $60.6 million term loan facility in order to part finance the purchase of two Suezmax tankers, Front Balder (ex Roxen Star) and Front Brage (ex Chapter Genta). This facility has a maturity date of March 2021 and bears interest of LIBOR plus a margin of 1.80%. Repayments are to be made on a quarterly basis, in an amount $0.9 million, with a balloon payment on the final maturity date.

Frontline 2012's loan agreements contain loan-to-value clauses, which could require it to post additional collateral or prepay a portion of the outstanding borrowings should the value of the vessels securing borrowings under each of such agreements decrease below required levels. In addition, the loan agreements contains certain financial covenants, including the requirement to maintain a certain level of free cash, positive working capital and a value adjusted equity covenant. With regards to free cash, Frontline 2012 has covenanted to retain at least $28.1 million of cash and cash equivalents at December 31, 2014 (2013: $26.8 million). Failure to comply with any of the covenants in the loan agreements could result in a default, which would permit the lender to accelerate the maturity of the debt and to foreclose upon any collateral securing the debt. Under those circumstances, Frontline 2012 might not have sufficient funds or other resources to satisfy its obligations. Frontline 2012 was in compliance with all of the financial covenants contained in its loan agreements as of June 30, 2015.

Research and Development, Patents and Licenses, etc.

Frontline 2012 does not undertake any significant expenditure on research and development, and have no significant interests in patents or licenses.

Off-Balance Sheet Arrangements

One vessel was on a fixed rate time charter at June 30, 2015 (December 31, 2014: one). Six vessels were on index linked time charters at June 30, 2015 (December 31, 2014: five). All leases are classified as operating leases.

Tabular Disclosure of Contractual Obligations

At June 30, 2015, Frontline 2012 had the following contractual obligations and commitments:

	Payment due by period				
(in thousands of $)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Bank debt (1)	653,775	52,882	288,199	71,043	241,651
Newbuilding instalments	1,169,167	376,645	792,522	-	-
Operating leases	27,203	27,000	203	-	-
Total contractual cash obligations	1,850,145	456,527	1,080,924	71,043	241,651

(1) All of Frontline 2012's loan facilities are at floating interest rates based on LIBOR plus a margin and Frontline 2012 has entered into various interest rate swaps. While these swaps are associated with one loan facility, hedge accounting is not being followed. The amounts included above do not include interest payments.

Qualitative and Quantitative Disclosure about Market Risk

Interest Rate Risk

Frontline 2012 is exposed to the impact of interest rate changes primarily through its floating-rate borrowings that require Frontline 2012 to make interest payments based on LIBOR. Significant increases in interest rates could adversely affect operating margins, results of operations and ability to service debt. Frontline 2012 uses interest rate swaps to reduce its exposure to market risk from changes in interest rates. The principal objective of these contracts is to minimize the risks and costs associated with its floating-rate debt. Frontline 2012 is exposed to the risk of credit loss in the event of non-performance by the counterparty to the interest rate swap agreements.

As of June 30, 2015, all of Frontline 2012's outstanding debt was at variable interest rates and the outstanding debt, net of the amount subject to interest rate swap agreements, was $419.6 million. Based on this, a one percentage point increase in annual LIBOR interest rates would increase its annual interest expense by approximately $4.2 million, excluding the effects of capitalization of interest.

Currency Risk

The majority of Frontline 2012's transactions, assets and liabilities are denominated in U.S. dollars, its functional currency. Certain of its subsidiaries report in Norwegian Kroner or Singapore Dollars and risks of two kinds arise as a result: a transaction risk, that is, the risk that currency fluctuations will have an effect on the value of cash flows; and a translation risk, which is the impact of currency fluctuations in the translation of foreign operations and foreign assets and liabilities into U.S. dollars in the consolidated financial statements.

Inflation

Inflation has only a moderate effect on Frontline 2012's expenses given current economic conditions. In the event that significant global inflationary pressures appear, these pressures would increase operating, voyage, general and administrative, and financing costs.

Interest Rate Swap Agreements

In February 2013, Frontline 2012 entered into six interest rate swaps with Nordea Bank whereby the floating interest rate on an original principal amount of $260 million of the then anticipated debt on 12 MR product tanker newbuildings was switched to fixed rate. As of June 30, 2015, Frontline 2012 had borrowed $255.9 million (December 31, 2014: $162.5 million) in this respect. Frontline 2012 recorded a mark to market loss on these interest swaps of $2.7 million in the six months ended June 30, 2015 (2014 full year: loss of $8.8 million).

RELATED PARTY TRANSACTIONS

Set forth below are related party transactions of Frontline 2012 and Frontline. The following should be read in conjunction with the other information in this joint proxy statement/prospectus and the information incorporated by reference into this joint proxy statement/prospectus.

The Relationship with the Hemen Related Companies

Frontline has or had contractual relationships with the following related parties: Frontline 2012, Ship Finance International Limited, Northern Offshore Ltd, Seadrill Limited, Bryggegata AS, Golden Ocean Group Limited, Arcadia Petroleum Limited, or Arcadia, Deep Sea Supply Plc, or Deep Sea, Archer Limited, Farahead Holdings Limited, or Farahead, Seatankers Management Co. Ltd, North Atlantic Drilling Ltd, CalPetro Tankers (Bahamas I) Limited, CalPetro Tankers (Bahamas II) Limited and CalPetro Tankers (IOM) Limited.

Frontline 2012 has or had contractual relationships with the following related parties: Frontline and its subsidiaries (Frontline Management (Bermuda) Ltd, ICB Shipping (Bermuda) Ltd and Seateam Management Pte Ltd) and Ship Finance International Limited. The Hemen Shareholder is a principal shareholder for all of the companies listed above. In addition, in November 2014, Highlander Tankers AS, or Highlander Tankers, a post fixture manager for the Frontline 2012 became a related party of both Frontline and Frontline 2012 as Robert Hvide Macleod, the owner and director of Highlander Tankers, was appointed the Chief Executive Officer of Frontline Management AS. None of Frontline, Frontline 2012 or the Combined Company can provide assurance that it will realize any benefits from its relationship with the Hemen Related Companies. Also, members of the Frontline Board and the Frontline 2012 Board may face conflicts of interest due to their relationship with other Hemen Related Companies and this may result in conflicts that could be resolved in a manner that is adverse to Frontline, Frontline 2012 or the Combined Company. See the risk factor entitled "Some of the directors of the Frontline Board and the Frontline 2012 Board are affiliated with other Hemen Related Companies, which could result in conflicts of interest that may not be resolved in our favor."

Related Party Transactions of Frontline

The majority of Frontline's leased vessels are leased from Ship Finance and Ship Finance is entitled to a profit share of Frontline's earnings on these vessels under a Charter Ancillary Agreement. This profit share was increased from 20% to 25% with effect from January 1, 2012. A summary of leasing transactions with Ship Finance during the years ended December 31, 2014, 2013 and 2012 is as follows:

(in thousands of $)	2014	2013	2012
Charter hire paid (principal and interest): continuing operations	123,225	150,891	161,840
Charter hire paid (principal and interest): discontinued operations	—	434	14,492
Lease termination fees (expense) income: continuing operations	—	(5,204)	22,766
Lease termination fees expense: discontinued operations	—	—	(24,543)
Contingent rental expense: continuing operations	32,663	—	20,020
Contingent rental expense: discontinued operations	—	—	32,156
Remaining lease obligation	593,998	726,717	875,670

A summary of net amounts earned (incurred) from related parties, excluding the Ship Finance lease related balances above, for the years ended December 31, 2014, 2013 and 2012 are as follows:

(in thousands of $)	2014	2013	2012
Seatankers Management Co. Ltd	2,320	1,416	1,009
Golar LNG Limited	1,631	2,119	1,820
Ship Finance International Limited	6,281	5,094	4,261
Golden Ocean Group Limited	5,393	3,166	5,566
Bryggegata AS	(2,013)	(1,982)	(1,455)

Arcadia Petroleum Limited	646	7,962	5,423
Seadrill Limited	2,348	1,475	2,574
Archer Limited	466	410	390
Deep Sea Supply Plc	149	69	41
Aktiv Kapital ASA	—	40	21
Orion Tankers Ltd	—	—	343
Frontline 2012 Ltd	10,102	7,410	(4,004)
North Atlantic Drilling Ltd	1,128	60	—
CalPetro Tankers (Bahamas I) Limited	80	54	51
CalPetro Tankers (Bahamas II) Limited	80	54	51
CalPetro Tankers (IOM) Limited	80	54	51
Windsor group	287	—	—
Knightsbridge Shipping Limited	2,341	—	—

Net amounts earned from other related parties comprise charter hire, office rental income, technical and commercial management fees, newbuilding supervision fees, freights, corporate and administrative services income and interest income. Amounts paid to related parties comprise primarily rental for office space. In addition, Frontline chartered in two vessels from Frontline 2012 on floating rate time charters during 2012 under which the charter hire expense was equal to the time charter equivalent earnings of the vessels. Both charters were terminated in December 2012.

A summary of short term balances due from related parties as at December 31, 2014 and 2013 is as follows:

(in thousands of $)	2014	2013
Receivables		
Ship Finance International Limited	3,444	2,272
Seatankers Management Co. Ltd	320	394
Archer Ltd	100	8
Golar LNG Limited	—	942
Northern Offshore Ltd	13	13
Golden Ocean Group Limited	1,490	1,219
Seadrill Limited	557	1,478
Frontline 2012 Ltd	3,672	2,860
CalPetro Tankers (Bahamas I) Limited	—	14
CalPetro Tankers (Bahamas II) Limited	—	14
CalPetro Tankers (IOM) Limited	—	14
Deep Sea Supply Plc	61	4
Aktiv Kapital Ltd	—	6
Arcadia Petroleum Limited	124	174
North Atlantic Drilling Ltd	817	75
Knightsbridge Shipping Limited	2,039	—
	12,637	9,487

A summary of short term balances due to related parties as at December 31, 2014 and 2013 is as follows:

(in thousands of $)	2014	2013
Payables		
Ship Finance International Limited	(45,244)	(8,528)
Seatankers Management Co. Ltd	(343)	(506)
Golar LNG Limited	—	(155)
Golden Ocean Group Limited	(914)	(1,047)
Frontline 2012 Ltd	(3,048)	(1,183)
Knightsbridge Shipping Limited	(320)	—
Windsor group	(5,844)	—
	(55,713)	(11,419)

Receivables and payables with related parties comprise unpaid management, technical advisory, newbuilding supervision and technical management, administrative service and rental charges and charter hire payments. In addition, certain payables and receivables arise when Frontline pays an invoice, or receives a supplier rebate, on behalf of a related party and vice versa. The payable with Ship Finance at December 31, 2014 includes unpaid contingent rental expense. Receivables and payables with related parties are generally settled quarterly in arrears with the exception of profit share due to Ship Finance which is settled annually.

The long term related party balance is due to Ship Finance and is the remaining termination fee payable for Front Champion, Golden Victory, Front Commerce, Front Comanche and Front Opalia the balance is being repaid using similar repayment terms to the original lease and incurs interest at 7.250%. Interest expense of $5.9 million has been recorded in 2014.

In July 2014, Frontline agreed with Ship Finance to terminate the long term charter parties for the 1999 VLCCs Front Commerce, Front Comanche and Front Opalia with Ship Finance simultaneously selling the vessels to unrelated third parties. The charter parties were terminated in November 2014 upon the redelivery of the vessels to Ship Finance. Frontline recorded an impairment loss of $85.3 million in the third quarter of 2014 and a net gain of $40.4 million in the fourth quarter of 2014 on the termination of these leases. Frontline agreed to a compensation payment to Ship Finance of $58.8 million for the early termination of the charter parties, of which $10.5 million was paid upon termination and the balance was recorded as notes payable, with similar amortization profiles to the current lease obligations. The long term related party balance at December 31, 2014 is as follows:

(in thousands of $)	
7.254% loan note payable due 2021 and 2022	78,616
7.25% loan note payable due 2022 and 2023	48,385
Loan note repayments	(6,018)
Total loan note	120,983
Less: current portion of loan note (included in short term related party balance)	(11,031)
	109,952

The note balance at December 31, 2014 is repayable as follows:

(in thousands of $)	
Year ending December 31,	
2015	11,031
2016	14,070
2017	15,107
2018	16,197
2019	17,366
Thereafter	47,212
	120,983

Frontline transacts business with the following related parties, being companies in which the Hemen Related Companies have a significant interest: Ship Finance International Limited, Northern Offshore Ltd, Seadrill Limited, Bryggegata AS, Golden Ocean Group Limited, Arcadia Petroleum Limited, or Arcadia, Deep Sea Supply Plc, or Deep Sea, Archer Limited, Farahead Holdings Limited, or Farahead, Seatankers Management Co. Ltd, North Atlantic Drilling Ltd, Frontline 2012 Ltd, CalPetro Tankers (Bahamas I) Limited, CalPetro Tankers (Bahamas II) Limited, and CalPetro Tankers (IOM) Limited . Frontline 2012 Ltd was equity accounted for during the full period. CalPetro Tankers (Bahamas I) Limited, CalPetro Tankers (Bahamas II) Limited and CalPetro Tankers (IOM) Limited were equity accounted up to October 1, 2014 and consolidated from that date. Golar LNG Limited ceased to be a related party in September 2014.

On July 15, 2014, several of the subsidiaries and related entities in the Windsor group, which owned four VLCCs, filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court in Wilmington, Delaware. Frontline had been consolidating the Windsor group under the variable interest entity model and de-consolidated the group on July 15, 2014 as it lost control of the group as a consequence of the Chapter 11 filing. The Windsor group emerged from Chapter 11 in January 2015 at which time all of the debt in the Windsor group was converted into equity and ownership was transferred to the then current bondholders.

Frontline earned freights on chartering vessels to Arcadia in the year ended December 31, 2013 of $7.5 million.

In January 2013, Frontline received termination payments from Ship Finance in the aggregate amount of $7.8 million in respect of the lease terminations for Titan Aries (now renamed Edinburgh) and recorded a gain on $7.6 million in the first quarter of 2013.

In January 2013, Frontline paid $6.0 million for 1,143,000 shares in a private placement by Frontline 2012 of 59 million new ordinary shares at a subscription price of $5.25 per share. Following the private placement, Frontline's ownership in Frontline 2012 was reduced from 7.9% to 6.3%. Frontline recognized a gain on the dilution of its ownership of $5.2 million in the first quarter of 2013.

In February 2013, Frontline agreed with Ship Finance to terminate the long term charter party for the Suezmax tanker Front Pride and the charter party terminated on February 15, 2013. Frontline made a compensation payment to Ship Finance of $2.1 million in March 2013 for the early termination of the charter and recorded a loss on the termination of the lease of $0.2 million in the first quarter of 2013.

In September 2013, Frontline 2012 completed a private placement of 34.1 million new ordinary shares of $2.00 par value at a subscription price of $6.60. Frontline did not buy any of the shares and its ownership decreased from 6.3% to 5.4%. Frontline recognized a gain on the dilution of its ownership of $4.7 million in the third quarter of 2013.

In October 2013, Frontline 2012 paid a stock dividend of one share in Avance Gas for every 124.55 shares held in Frontline 2012. Frontline received 108,069 shares valued at $1.3 million, which was credited against the investment and recorded as a marketable security in the fourth quarter of 2013.

In October 2013, Frontline agreed with Ship Finance, to terminate the long term charter parties for the VLCCs Front Champion and Golden Victory, and Ship Finance simultaneously sold the vessels to unrelated third parties. The charter parties were terminated in November 2013 upon the redelivery of the vessels to Ship Finance. Frontline recorded an impairment loss of $88.1 million in 2013 and a net gain of $13.8 million in the fourth quarter of 2013 on the termination of these leases. Frontline agreed to a compensation payment to Ship Finance of $89.9 million for the early termination of the charter parties, of which $10.9 million was paid upon termination and the balance was recorded as notes payable, with similar amortization profiles to the current lease obligations, with reduced rates until 2015 and full rates from 2016. Front Champion and Golden Victory had the highest charter rates among the vessels chartered in from Ship Finance and the level of compensation is a reflection of this.

In 2012, Frontline received termination payments from Ship Finance in the aggregate amount of $22.2 million in respect of the lease terminations for Titan Orion (ex-Front Duke) and Ticen Ocean (now renamed Front Lady). Frontline made lease termination payments to Ship Finance in 2012 in the aggregate amount of $32.6 million in respect of the lease terminations for the OBO vessels Front Striver, Front Rider, Front Climber, Front Viewer and Front Guider which have been included in discontinued operations.

In May 2012, Frontline paid $13.3 million for 3,546,000 shares in a private placement by Frontline 2012 of 56 million new ordinary shares at a subscription price of $3.75 per share. Following the private placement, Frontline's ownership in Frontline 2012 was reduced from 8.8% to 7.9%. Frontline recognized a gain on the dilution of its ownership of $0.7 million in the second quarter of 2012.

Related Party Transactions of Frontline 2012

Frontline 2012 transacts business with the following related parties, being companies in which the Hemen Related Companies have a significant interest: Frontline Ltd. and its subsidiaries (Frontline Management (Bermuda) Ltd, ICB Shipping (Bermuda) Ltd and Seateam Management Pte Ltd) and Ship Finance. In November 2014, Highlander Tankers AS, or Highlander Tankers, post fixture managers for the Company became a related party as Robert Hvide Macleod, the owner and director of Highlander Tankers, was appointed the Chief Executive Officer of Frontline Management AS.

The Hemen Shareholder Transactions

In December 2011, Frontline 2012 paid $5.0 million to the Hemen Shareholder for its assistance to be provided in the financing of the pre- and post-delivery funding requirements for the newbuildings acquired from Frontline at that time. This fee was recorded in deferred charges and was fully amortized in 2013 following the cancellation of the final newbuilding contract to which it related.

In May 2012, Frontline 2012 completed a private placement of 56 million new ordinary shares of $2.00 par value at a subscription price of $3.75 per share. In May 2012, Frontline 2012 also concluded an agreement to acquire 16 newbuilding contracts and eight fixed price option contracts from the Hemen Shareholder. These newbuilding contracts were within the crude oil and petroleum product markets and were arranged, financed and originally entered into by the Hemen Shareholder, with a contract value of $578 million. The contracts were transferred to Frontline 2012 at original contracting terms. These contracts included in some cases address commissions payable to the Hemen Shareholder. All of these benefits were assigned to Frontline 2012. The Hemen Shareholder remained responsible for any performance guarantees towards the yards on these contracts. An aggregate amount of $48.2 million was paid to the Hemen Shareholder as consideration for these newbuilding contracts, being the installments paid by the Hemen Shareholder at that time. Further, $10.0 million was paid to the Hemen Shareholder as consideration for underwriting the private placement, for costs incurred by the Hemen Shareholder in connection with the contracts and agreeing that it, or a company affiliated with it, would provide performance guarantees on behalf of Frontline 2012 for its respective obligations under the contracts at such time as a request is received from the counterparties. The transaction was recorded at historical carrying values as it was determined to be between entities under common control and the difference of $10.0 million between the aggregate consideration paid by Frontline 2012 and the historic carrying values recognized in the Hemen Shareholder was recorded as a reduction of Retained Earnings to the extent retained earnings were available and as a reduction of Additional Paid In Capital.

Knightsbridge Transactions

On April 3, 2014, Frontline 2012 and Knightsbridge, entered into an agreement pursuant to which Frontline 2012 sold all of the shares of five SPCs, each owning a Capesize newbuilding, to Knightsbridge. On April 23, 2014, the closing date of the transaction, Knightsbridge issued 15.5 million newly issued common shares to Frontline 2012 as consideration and Knightsbridge assumed $150.0 million in remaining newbuilding installments in connection with the SPCs. Frontline 2012 disposed of cash of $43.4 million on the sale of the SPCs. Frontline 2012 owned approximately 31.6% of the total shares outstanding in Knightsbridge as a consequence of this transaction and commenced equity accounting for this investment.

In April 2014, Frontline 2012 also agreed to sell twenty-five SPCs to Knightsbridge, each owning a fuel efficient dry bulk newbuilding. Thirteen of the SPCs were sold in September 2014 at which time Knightsbridge issued 31.0 million shares to Frontline 2012 and assumed $490.0 million in respect of remaining newbuilding installments. Cash of $25.1 million was disposed of on the sale of the SPCs. Frontline 2012 owned approximately 58% of the total shares outstanding in Knightsbridge as a consequence of this transaction and accounted for it as a business combination achieved in stages.

Frontline 2012 sold the remaining twelve SPCs in March 2015 and received 31.0 million shares as consideration. Knightsbridge assumed $404.0 million in respect of remaining newbuilding installments, net of a cash payment from Frontline 2012 of $108.6 million.

On June 26, 2015, Frontline 2012 paid a stock dividend consisting of 75.4 million Knightsbridge shares. All shareholders holding 3.2142 shares or more, received one share in Knightsbridge for every 3.2142 shares held, rounded down to the nearest whole share. The remaining fractional shares were paid in cash. Frontline 2012 held 77.5 million Knightsbridge shares prior to this stock dividend and retained 2.1 million Knightsbridge shares in respect of the treasury shares held by Frontline 2012. This stock dividend triggered discontinued operations presentation in the second quarter of 2015 of Frontline 2012's results of operations from Knightsbridge.

General Management Agreement

Knightsbridge was provided with general administrative services up to March 31, 2015, at which time the General Management Agreement was terminated, by ICB Shipping (Bermuda) Limited, or ICB, a subsidiary of Frontline. ICB was entitled to a management fee of $2.3 million per annum, plus a commission of 1.25% on gross freight revenues from Knightsbridge's tanker vessels, 1% of proceeds on the sale of any of Knightsbridge's vessels, and 1% of the cost of the purchase of vessels. In addition, Knightsbridge, in its discretion, has awarded equity incentives to ICB based upon its performance. Such awards were subject to the approval the Knightsbridge Board.

Technical Management

The technical management of the Knightsbridge's vessels was provided by ship mangers subcontracted by its General Manager.

General Management Agreement fees, Technical Management fees, newbuilding commission and newbuilding supervision fees earned by Frontline were $0.7 million, $0.2 million, $0.2 million and $1.5 million, respectively, for the period September 15, 2014 to December 31, 2014.

Commercial Management with Golden Ocean Group Limited

Pursuant to a commercial management agreement, or the Dry Bulk Commercial Management Agreement, Golden Ocean Group Limited managed Knightsbridge's dry bulk carriers. The Dry Bulk Manager was able to subcontract some or all of the services provided to Knightsbridge and its subsidiaries to its affiliates or third parties. Pursuant to the Dry Bulk Commercial Management Agreement, the Dry Bulk Manager was entitled to receive a commission of 1.25% of all gross freight earned by Knightsbridge's dry bulk carriers. In addition, Knightsbridge, in its discretion, awarded equity incentives to the Dry Bulk Manager based on its performance. Such awards were subject to the approval of the Knightsbridge Board.

Golden Ocean Group Limited was considered a related party from September 15, 2014 when Knightsbridge became a majority-owned subsidiary of the Company. Management fees earned by Golden Ocean Group Limited were $0.4 million for the period September 15, 2014 to December 31, 2014.

Frontline Transactions

Frontline Management (Bermuda) Limited, a wholly owned subsidiary of Frontline is providing all management services to Frontline 2012 and management fees of $3.2 million, $2.5 million and $2.4 million were incurred in the years ended December 31, 2014, 2013 and 2012, respectively.

During 2014, newbuilding supervision fees of $5.4 million (2013: $4.1 million and 2012: $1.6 million) were charged to Frontline 2012 by Frontline.

During 2014, technical management fees of $1.6 million (2013: $0.7 million and 2012: $0.8 million) were charged to Frontline 2012 by SeaTeam Management Pte Ltd, a majority owned subsidiary of Frontline.

Frontline 2012 chartered two vessels to Frontline until the fourth quarter of 2012 on floating rate time charters under which the charter hire income is equal to the earnings of the vessels in the Orion Suezmax tankers pool. Revenues earned in 2012 in relation to these two vessels totaled $8.7 million.

Ship Finance Transactions
In January 2014, Frontline 2012 commenced a pooling arrangement with Ship Finance, between two of its Suezmax tankers (Front Odin and Front Njord) and two Ship Finance vessels (Glorycrown and Everbright).

In 2013, Frontline 2012 and Ship Finance entered into a joint project between four of Frontline 2012's vessels (Front Odin, Front Njord, Front Thor, Front Loki) and two Ship Finance vessels (Glorycrown and Everbright). All costs in relation to the conversion will be shared on a pro rata basis. At December 31, 2014 Frontline 2012 is owed $0.7 million from Ship Finance in respect of this project.

Highlander Tankers Transactions

Highlander Tankers was the post fixture manager for six of Frontline 2012's MR tankers during 2014. Highlander Tankers ceased to act as post fixture manager for three vessels in December 2014 and the remaining three vessels in January and February 2015. Post fixture fees of $0.3 million were charged to Frontline 2012 by Highlander Tankers in 2014.

AGHL Transactions

In January 2014, Frontline 2012 received $139.2 million from AGHL, an equity investee, in connection with the agreed sale of eight VLGC newbuildings to AGHL immediately following their delivery to Frontline 2012 from the yard. This receipt was placed in a restricted account to be used for installments to be paid by Frontline 2012, past and future construction supervision costs. It also included a profit element to be transferred to cash and cash equivalents on delivery of each newbuilding. The balance on this account at December 31, 2014, is classified as short-term as all vessels are expected to be delivered in 2015. $6.4 million of this amount is to be used for a newbuilding installment and the remaining balance will be transferred to cash and cash equivalents when the newbuildings are delivered.

Related party balances
A summary of short term balances due from related parties as at December 31, 2014 and 2013 is as follows:

(in thousands of $)	2014	2013
Ship Finance	691	
Frontline group companies	2,801	1,181
	3,492	1,181

A summary of short term balances due to related parties as at December 31, 2014 and 2013 is as follows:

(in thousands of $)	2014	2013
Frontline group companies	(5,621)	(2,860)
Golden Ocean Group Limited	(356)	—
	(5,977)	(2,860)

THE MERGER

Background and Reasons for the Merger

Each of Frontline and Frontline 2012 periodically monitor the shipping and financial markets for opportunities that may be available to achieve their long-term operational and financial goals and to enhance shareholder value through potential strategic transactions, including business combinations, divestitures, acquisitions and similar transactions. Since the Hemen Shareholder and companies affiliated with the Hemen Shareholder have been major shareholders in both Frontline and Frontline 2012 since the inception of Frontline 2012, Mr. Fredriksen, being Chairman of Frontline and Frontline 2012, requested in June 2015 from the management of Frontline 2012 and Frontline, Mr. Macleod and Ms. Klemp, to consider whether it would be in the shareholders' best interest to consider a merger between Frontline 2012 and Frontline.

The rationale for considering the merger was that both Companies operate in the tanker market and the Companies are exposed to the same market dynamics. In addition, Frontline is the manager for the Frontline 2012 fleet. The Companies believe that the consolidation of two companies in the same industry with similar management will create a more efficient investment vehicle for shareholders and lenders as well as remove any concerns regarding conflicts of interest for management.

Following the initial request to consider a merger, the Companies' management teams discussed the structure for a merger and the valuations of the two Companies. Frontline 2012 engaged Advokatfirmaet BA-HR DA, or BA-HR, to act as legal advisor in connection with the merger. Frontline engaged Seward & Kissel LLP, or Seward & Kissel, to act as legal advisor in connection with the merger. MJM Limited, or MJM, was engaged to act as Bermuda counsel. The Companies management teams considered various structures for merging the Companies in accordance with Bermuda law. The Companies' priorities were to find a structure that (i) was fair to all shareholders and properly valued the Companies; (ii) could maintain the NYSE and OSE listings, (iii) could maintain all contracts, loans and bonds within the Combined Company, and (iv) was simple to execute from a transactional point. Each of the Companies did not at the time consider any merger structure involving entities other than Frontline and Frontline 2012 and no other entities have contacted or have been contacted by either Frontline or Frontline 2012 about a possible merger.

On June 22, 2015, Ms. Klemp, Ms. Blankenship and Mr. Aage Østern, Vice President, Finance, of Frontline Management AS, attended a telephonic meeting with attorneys from Seward & Kissel and BA-HR to discuss the various structures for merging the Companies from a legal perspective. Following the meeting, MJM was consulted as well. On June 23, 2015, Ms. Klemp, Ms. Blankenship and Mr. Østern attended another telephonic meeting with attorneys from Seward & Kissel, BA-HR and MJM to discuss additional legal details on structuring the merger of the Companies.

Following the meetings the management teams continued to prepare for a possible merger, including preparing a merger agreement for the possible merger.

In considering the relative valuation and corresponding exchange ratio between Frontline and Frontline 2012, Frontline 2012 engaged Danske Bank A/S, Norwegian Branch, or Danske Bank, on June 22, 2015, and Frontline engaged Pareto Securities Inc., or Pareto, also on June 22, 2015, to prepare fairness opinions for a proposed transaction based on NAV. Management of Frontline 2012 did not provide a range of potential exchange ratios to Danske Bank and management of Frontline did not provide a range of potential exchange ratios to Pareto. In connection with the possible merger, the Companies ordered the vessel appraisals as of June 30, 2015 and distributed them to each of the advisors.

On July 1, 2015, the Frontline management received the fairness opinion from Pareto, which was reviewed by management and distributed to the Frontline Board. On the same day, the Frontline 2012 management received the fairness opinion from Danske Bank, which was reviewed by management and distributed to the Frontline 2012 Board. The NAV estimates and fairness opinion from Pareto for both Companies as of June 30, 2015 supported an exchange ratio between 2.41 and 2.90. The NAV estimates and fairness opinion from Danske Bank for both Companies as of June 30, 2015 supported an exchange ratio of 2.43; however, Danske Bank noted that the valuation of the SFL Leases is highly sensitive to changes in the assumptions of prevailing market conditions and charter rates going forward and, utilizing assumptions set forth in a "low case" scenario, would support an exchange ratio of 3.33.

The Companies called for board meetings to be held on July 1, 2015.

Frontline held a board meeting on July 1, 2015, where Pareto presented its fairness opinion to the Frontline Board. This meeting was attended by members of the Frontline Board, including Mr. Lorentzon, Ms. Blankenship, Mr. Macleod, and Ms. Sousa; executive management of Frontline represented by Ms. Klemp of Frontline Management AS; Mr. Jim Abbott of Seward & Kissel, Frontline's U.S. counsel; and Mr. Peter Martin of MJM, Frontline's Bermuda counsel. Mr. Abbott presented the main terms in the Merger Agreement and Mr. Martin discussed the legal requirements for a board of directors to consider under Bermuda law.

At this meeting, the members of the Frontline Board, after the presentation of the fairness opinion by Pareto and the legal requirements of the Merger Agreement, discussed the merits of the Merger and the potential exchange ratio of Frontline shares to Frontline 2012 shares. The Board considered a number of factors, including but not limited to the following:

- The valuations of Frontline and Frontline 2012;
- Each Company's business prospects;
- The fact that Frontline shares have historically traded at a premium to net asset value;
- The impact low trading volumes may have had on the trading price of Frontline 2012 shares on the NOTC;
- The exchange ratio range presented in Pareto's presentation;
- The expected benefits of operating a larger company in the tanker market;
- The fact that Frontline 2012 operates in the same market as Frontline, and that Frontline already is the manager for Frontline 2012's fleet;
- That a merger with Frontline 2012 would be expected to improve Frontline's fleet quality, with Frontline 2012 having a relative modern fleet of wholly-owned vessels; and
- That the existing familiarity between the Companies is expected to support a smooth transition as a result of the Merger.

The Board also heard from management of Frontline, who expressed their general agreement with the conclusions of Pareto's fairness opinion and provided additional background on the proposed structure and expected benefits of the Merger.

After considering the factors described above, it was deemed to be in the shareholders' best interest to combine the Companies, which would result in a Combined Company with a large fleet and a strong balance sheet which puts the Combined Company in a position to gain further market share through acquisitions and consolidation opportunities and to regain Frontline's position as a leading tanker company. The Disinterested Directors of the Frontline Board then determined to enter into the Merger Agreement, whereby Frontline 2012 would merge into Frontline Acquisition Ltd., a wholly-owned subsidiary of Frontline, with Frontline 2012 continuing as the surviving company and as wholly-owned subsidiary of Frontline. Based on the information presented to and considered by the Disinterested Directors of Frontline's Board, the Disinterested Directors determined to propose an exchange ratio of 2.55 shares of Frontline for each share of Frontline 2012 as fair consideration, which was at the lower end of the exchange ratio range between 2.41 and 2.90 presented in Pareto's fairness opinion. Using this exchange ratio, Frontline would issue approximately 583.6 million shares to the Frontline 2012 shareholders as consideration.

Frontline 2012 held a board meeting on July 1, 2015, where Danske Bank presented its fairness opinion to the Frontline 2012 Board. This meeting was attended by members of the Frontline 2012 Board, including Ms. Blankenship, Mr. Jensen, Mr. Leand, Mr. Aas and Ms. Sousa; executive management of Frontline 2012 represented by Mr. Macleod and Ms. Klemp; and Mr. Martin, Bermuda counsel to Frontline 2012. Management of Frontline 2012 presented the terms of the offer made by the Frontline Board. Mr. Martin discussed the legal requirements for a board of directors to consider under Bermuda law.

At this meeting, the members of the Frontline 2012 Board, after the presentation of the fairness opinion by Danske Bank, the parameters of the offer from Frontline and the legal requirements of the Merger Agreement, discussed the merits of the Merger and the exchange ratio of 2.55 Frontline shares for each Frontline 2012 share proposed by the Frontline Board.

The Board also heard from management of Frontline 2012, who expressed their general agreement with the conclusions of Danske Bank's presentation and conclusion and provided additional background on the proposed structure and expected benefits of the Merger. The Disinterested Directors of the Frontline 2012 Board then determined that if Frontline 2012 engaged in the Merger, it would benefit from being part of a larger company with a large fleet and that it was in the best interest of Frontline 2012 and its shareholders to enter into the Merger Agreement, whereby Frontline 2012 would merge into Frontline Acquisition Ltd., a wholly-owned subsidiary of Frontline, with Frontline 2012 continuing as the surviving company and as a wholly-owned subsidiary of Frontline. Based on the information presented to and considered by the Disinterested Directors of Frontline 2012's Board, the Disinterested Directors agreed that the exchange ratio of 2.55 shares of Frontline for each share of Frontline 2012 represented fair consideration, noting that this exchange ratio was higher than estimated exchange ratio determined by Danske Bank of 2.43 and the exchange ratio based on then-current market prices for Frontline and Frontline 2012 shares of 1.97, though it was below the ratio determined by Danske Bank utilizing the low case scenario in determining the NAV of Frontline, which was 3.33. Based on the agreed-upon exchange ratio, Frontline would issue approximately 583.6 million shares to the Frontline 2012 shareholders as consideration.

With the current strong tanker market and attractive cash break-even rates, the Companies believe the Combined Company will generate significant cash flow. The intention is to pay out excess cash as dividends at the discretion of the board of directors of the Combined Company.

Recommendations of the Frontline 2012 Board and the Frontline Board

On July 1, 2015, the Disinterested Directors of the Frontline 2012 Board and the Frontline Board, respectively, after carefully considering the factors described above, including the fairness opinions of their respective financial advisors, unanimously determined that the Merger Transactions were fair to and in the best interests of Frontline 2012 and Frontline, respectively, and their shareholders, including its Unaffiliated Shareholders, and approved the Merger Transactions, including the submission of the Merger Transactions to their shareholders for adoption.

Opinion of Frontline 2012's Financial Advisor, Danske Bank, Norwegian Branch

On July 1, 2015, at a meeting of the Frontline 2012 Board held to evaluate the Merger, Danske Bank delivered to the Frontline 2012 Board a draft opinion, which opinion was confirmed by delivery of a final written opinion dated July 1, 2015, to the effect that, as of that date and based upon and subject to various assumptions, reservations, qualifications, matters considered and limitations, or Qualifications, described in its opinion, the Merger Consideration to be received by the holders of Frontline 2012 common shares was fair from a financial point of view to such holders. Holders of Frontline 2012 common shares are urged to read Danske Bank's opinion carefully and in its entirety. The Frontline 2012 Board engaged Danske Bank to provide its opinion based on its Qualifications, experience, and reputation. Danske Bank and its affiliates form one of the leading financial enterprises in Northern Europe with an active investment banking group covering a wide range of industries across the Nordic countries, including all aspects of maritime business including ship finance. Danske Bank and its affiliates are regularly engaged in the valuation of businesses in connection with mergers and acquisitions, private and public equity and debt placements, and valuations for corporate and other purposes.

The scope of Danske Bank's engagement was to review the Merger from a financial point of view and Frontline 2012 did not provide instructions to Danske Bank regarding its opinion, nor did Frontline 2012 impose any limitations on the scope of Danske Bank's investigation and or analysis. Danske Bank's opinion was authorized for issuance pursuant to its internal procedures, including review by qualified personnel not involved with the Merger.

The full text of Danske Bank's opinion, including supporting information delivered to the Frontline 2012 Board in connection with the opinion, describes certain assumptions made, procedures followed, matters considered and Qualifications and limitations of the review undertaken by Danske Bank. This opinion is attached as Appendix D to this joint proxy statement/prospectus and is incorporated herein by reference. Danske Bank's opinion was provided solely for the benefit of the Frontline 2012 Board in connection with, and for the purpose of, its evaluation of the Merger, and addresses only the fairness of the Merger Consideration to be received by the holders of Frontline 2012 common shares from a financial point of view. The opinion does not address any other aspect of the Merger, and does not constitute a recommendation as to how any holder of Frontline 2012 common shares should vote with respect to the Merger or any matter related thereto. The summary of Danske Bank's opinion set forth below is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Danske Bank has, among other things:

- Reviewed two vessel valuations prepared by industry recognized shipbrokers Nordic and Fearnley's, both as provided by Frontline 2012, which are referred to in this joint proxy statement/prospectus as the Appraisals, as well as certain other third party information such as third party equity research value considerations;
- Analysed and evaluated such financial information, press releases, share trading history and other publicly available business and financial information regarding Frontline, Frontline 2012 and others as it deemed relevant;
- Familiarized itself with the business, operations, properties, financial condition, capitalization and prospects of Frontline and Frontline 2012;
- Reviewed and analysed certain documents and information provided by Frontline 2012 to assist Danske Bank with its analysis;
- Conferred with the management team of Frontline 2012 with respect to the proposed Merger; and
- Performed such other analysis and had such discussions as it deemed customary, or that it deemed otherwise appropriate, for the purposes of its opinion.

In connection with its review and analysis and in rendering its opinion, Danske Bank relied upon, and assumed, without independent verification, the accuracy and completeness of the information provided to it or publicly available, and that no information was misleading or withheld. Danske Bank assumed that third party research reports, analysis pertaining to the vessels that are subject of the Appraisals, or the Vessels, and other third party information, as well as the Appraisals, which were produced by Nordic and Fearnley's on behalf of Frontline 2012 and Frontline and which were of material importance to Danske Bank's opinion, were independently and reasonably prepared. Danske Bank assumed that any assumptions made in such third party reports and analysis pertaining to the Vessels (including, but not limited to, the Appraisals), were correct as of the date thereof and remained correct as of the date of its opinion. Danske Bank also assumed that there was no material change in the value of the Vessels since the date of the valuations, which was as of June 30, 2015. Danske Bank did not conduct any independent verification as to the status or value of Frontline 2012's and Frontline's assets and liabilities, including the Vessels, nor did Danske Bank conduct any physical inspection of the properties or assets of Frontline 2012 and Frontline, including the Vessels or consider the condition of the Vessels, or review all charter contracts applicable to the Vessels, but instead relied upon representations and information provided it by Frontline 2012 and Frontline, or third parties. Danske Bank did not assess the underlying calculations of the numbers and other data on which third party information used by it was based upon, nor evaluate any tax, accounting, legal, regulatory, solvency, technical or similar issues relating to the Merger or the business of the companies participating in the Merger. No financial, legal, technical or other due diligence reviews were reviewed or conducted by Danske Bank.

Danske Bank's opinion was based on economic, monetary, regulatory, market and other conditions existing and which could be evaluated as of the date of the opinion. Danske Bank expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion of which it became aware after the date of the opinion.

Danske Bank made no independent investigation of any legal or accounting matters affecting Frontline 2012 or Frontline, and Danske Bank assumed the correctness in all respects material to its analysis of all legal and accounting advice given to the Frontline 2012 Board, including, without limitation, advice as to the legal, accounting, regulatory, governmental or other consent and tax consequences of the terms of, and transactions contemplated by, the Merger Agreement to Frontline 2012 and to the holders of Frontline 2012 common shares. In addition, in preparing its opinion, Danske Bank did not take into account any tax consequences of the transaction to any holder of Frontline 2012 common shares. Danske Bank also assumed that in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the Merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Frontline 2012, Frontline or the contemplated benefits of the Merger.

Danske Bank's opinion does not address the relative merits of the transactions contemplated by the agreement and plan of Merger as compared to any alternative transaction or opportunity that might be available to Frontline 2012, nor does it address the underlying business decision by Frontline 2012 to engage in the Merger or the terms of the relevant merger agreements or the documents referred to therein. In addition, Danske Bank was not asked to address, and its opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of Frontline 2012, other than the holders of Frontline 2012 common shares. Danske Bank expressed no opinion as to the price at which Frontline 2012 common shares or Frontline common shares would trade at any time. Furthermore, Danske Bank did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable or to be received by any of Frontline 2012's officers, directors or employees, or any class of such persons, in connection with the Merger.

As specified in its opinion, Danske Bank disclaims all and any legal or financial liability related to its assessment or for any consequences resulting from acting to or relying on statements made in its opinion; and any reader of its opinion specifically agrees to have accepted such disclaimer.

In arriving at its opinion, Danske Bank assumed, among other things, that:

- the Merger will be consummated in accordance with the terms of the Merger Agreement and the Bermuda Merger Agreement;
- any representations and warranties made in the Merger Agreement and the Bermuda Merger Agreement were accurate and complete at the time of the opinion;
- there was no change in the assets, liabilities, financial condition, results of operations, business, or prospects of Frontline 2012 or Frontline since the date of the most recent information made available to Danske Bank that would be material to the analyses conducted by Danske Bank, and that there was no information or facts that would make the information reviewed by Danske Bank incomplete or misleading; and
- all governmental, regulatory or other consents and approvals necessary for the consummation of the Merger will be obtained without any adverse effect on Frontline 2012 or Frontline or the contemplated benefits expected to be derived from the Merger Transactions.

The following is a brief summary of the material financial analyses presented to the Frontline 2012 Board in connection with Danske Bank's opinion on July 1, 2015, and the methodology used by Danske Bank. The financial analyses summarized below include some of the information presented in greater detail to the Frontline 2012 Board in supporting materials to Danske Bank's opinion.

Analysis and Methodology

In arriving at Danske Bank's opinion as to the fairness to holders of common shares in Frontline 2012, from a financial point of view, of the consideration to be paid by Frontline in the Merger, Danske Bank have prepared and analysed a relative contribution analysis of the exchange ratio between Frontline 2012 and Frontline in the Merger. Pursuant to this analysis, Danske Bank assessed the fair consideration to be paid by Frontline resulting from various calculation metrics, expressed as the number of new Frontline shares issued as consideration for each Frontline 2012 share. Danske Bank focused on the NAV valuation methodology, for each of Frontline 2012 and Frontline relying on, inter alia, the following data:

(i) the Appraisals prepared by Nordic and Fearnley's

(ii) discounted cash flow analysis of Frontline's capital leases

(iii) estimated normalized working capital as of June 30, 2015 for both Frontline 2012 and Frontline

(iv) estimated cash balance as of June 30, 2015 for both Frontline 2012 and Frontline

(v) estimated capital commitments and debt outstanding as of June 30, 2015 for Frontline 2012, and the estimated debt outstanding as of June 30, 2015 for Frontline; and

(vi) estimated market value of treasury shares and shares owned by Frontline and Frontline 2012 in other companies.

As both Frontline and Frontline 2012 are shipping companies with similar assets and exposure to the same underlying markets, the NAV methodology was chosen as this compares the value of the underlying assets and liabilities of the two companies. Under these particular circumstances, a market-value based valuation approach may have limited utility due to the different trading volumes of the merger entities, risk and asset return profiles, and variable or limited coverage by equity research analysts. Also, a per vessel discounted cash flow valuations are highly sensitive to charter rates which historically have been volatile and therefore this method may be more accurate only for those periods during which charter rates are fully contracted and less relevant for modern ships with a long remaining useful life. Taking into account these limitations, Danske Bank did also consider these and other valuation methodologies as it deemed relevant and appropriate for the transactions, including assessing equity research analyst's valuations and prevailing and historical market trading and historical purchase and sale valuations. Danske Bank also assessed the sensitivities to its assumptions.

Frontline NAV

1) Appraisals

Danske Bank reviewed the Appraisals prepared by the industry recognized independent shipbrokers Nordic and Fearnley's. The Appraisals were based on a charter-free basis, free of liens and encumbrances and ready for prompt delivery. The fair market value estimates contained in such Appraisals were, as is customary in ship valuation, based on an assessment of the values that could be achieved in transactions involving a willing buyer and a willing seller. Based on the information and the assumptions mentioned above, Danske Bank estimated a fair valuation of the vessels Front Ull and Front Idun to be approximately $132 million as of June 30, 2015.

2) Outstanding debt

Danske Bank estimated the gross outstanding debt in Frontline to be approximately $173 million as of June 30, 2015, comprising of approximately $58 million in debt related to Front Ull and Front Idun and approximately $115 million related to the notes outstanding to Ship Finance.

3) SFL leases

A subsidiary of Frontline has 17 vessels on charter from Ship Finance (the "SFL Leases"), an affiliate of Frontline, with an average remaining charter period of 7.7 years. As disclosed on May 29, 2015, Frontline and Ship Finance agreed on an amended charter structure, with the following terms:

- Charter rates for VLCC vessels: $20,000 per day
- Charter rates for Suezmax vessels: $15,000 per day
- Operating expenditures for all vessels: $9,000 per day, payable by Ship Finance
- Profit split between Frontline and Ship Finance: 50%/50% above the new time charter rates
- 55 million Frontline common shares to be issued to Ship Finance

Danske Bank used a Net Present Value Approach to assign a value to the SFL Leases. When assessing the prevailing market rates through the remaining charter period, Danske Bank applied prevailing timecharter rate estimates obtained from independent market providers as a proxy for the state of the shipping market over the next five years. Thereafter, a steady decrease in rates was applied to reflect amongst other things the age profile of the vessels. The near-term freight market was assumed to be in accordance with the rates observable in the market today.

Based on the above as well as other appropriate assumptions with regards to, inter alia, dry-docking, earnings utilization and a weighted average cost of capital of 8.23 %, Danske Bank estimated the value of the SFL Leases to be approximately $198 million as of June 30, 2015.

Danske Bank noted that the valuation of the SFL Leases is highly sensitive to changes in the assumptions of prevailing market conditions and charter rates going forward. As an illustration, Danske Bank also presented to the Frontline 2012 Board a "low case" where the market rates decreased more rapidly. In the "low case", the value of the SFL Leases was estimated to be approximately $83 million as of June 30, 2015.

4) KG leases

Frontline has four vessels chartered in from German kommanditgesellschaften, or KGs, with a profit sharing mechanism pursuant to which Frontline may be required to pay approximately $16 million to the KGs at the end of the charter-in period, based on prevailing market rates through the period. Based on the same assumptions as applied in assessing the value of the SFL Leases, as well as other appropriate assumptions, Danske Bank estimated the value of the KG leases to be approximately zero as of June 30, 2015.

5) Separate valuation of MT Dewi Maeswara

Frontline has chartered out MT Dewi Maeswara on a timecharter until January 6, 2020. Based on the same assumptions as applied in assessing the Ship Finance leases, as well as other appropriate assumptions, Danske Bank estimated the value of MT Dewi Maeswara to be approximately $39 million as of June 30, 2015.

6) Cash balance

Danske Bank estimated the Frontline cash balance to be approximately $74 million as of June 30, 2015.

7) Shareholdings in other listed entities

Frontline owns shares in other listed entities and based on prevailing market prices and a USD/NOK exchange rate of 7.88. Danske Bank estimated the value of Frontline's shareholdings to be approximately $93 million as at June 30, 2015.

8) Net Working Capital

Danske Bank estimated the normalized applicable Net Working Capital in Frontline to be approximately $62 million as of June 30, 2015.

Based on 198.4 million shares outstanding, the above assumptions yielded a NAV of $2.14 per Frontline share. Noting that the valuation of the SFL Leases is highly sensitive to changes in the assumptions of prevailing market conditions and charter rates going forward, Danske Bank noted that, utilizing the "low case" scenario, the value of the SFL Leases was estimated to be approximately $83 million as of June 30, 2015, which yielded a NAV of $1.56 per Frontline share.

Frontline 2012 NAV

1) Appraisals

Danske Bank reviewed Appraisals prepared by the industry recognized independent shipbrokers Nordic and Fearnley's. The Appraisals were based on a charter-free basis, free of liens and encumbrances and ready for prompt delivery. The fair market value estimates contained in such Appraisals were, as is customary in ship valuation, based on an assessment of the values that could be achieved in transactions involving a willing buyer and a willing seller.

Based on the information and the assumptions mentioned above, Danske Bank estimated a fair valuation of the fleet, including newbuildings, of approximately $2.77 billion as of June 30, 2015.

2) Outstanding debt

Danske Bank estimated the gross outstanding debt in Frontline 2012 to be approximately $654 million as of June 30, 2015.

3) Remaining commitments

Danske Bank estimated the remaining net capital expenditure commitments related to the Frontline 2012 newbuildings to be approximately $1.16 billion as of June 30, 2015.

4) Cash balance

Danske Bank estimated the Frontline 2012 cash balance to be approximately $176 million as of June 30, 2015.

5) Treasury shares and shareholdings in other listed entities

Frontline 2012 holds treasury shares and shares held in other listed entities. Based on prevailing market prices and a USD/NOK exchange rate of 7.88, Danske Bank estimated the value of Frontline 2012's shareholdings to be approximately $45 million as at June 30, 2015.

6) Net Working Capital

Danske Bank estimated the normalized applicable Net Working Capital in Frontline 2012 and other assets to be approximately $48 million as of June 30, 2015.

7) Claim from STX Dalian

Frontline 2012 is a party to ongoing arbitration proceedings related to the construction of vessels at STX Dalian Shipyard. Danske Bank estimated the value of the refund claim to be approximately $26 million as of June 30, 2015.

8) VLGC profits

Frontline 2012 will receive immediate profits from the agreed sales of four Very Large Gas Carriers, or VLGCs, to Avance Gas Holding Limited in the second half of 2015. Danske Bank estimated the value of the VLGC agreements to be approximately $32 million as of June 30, 2015.

Based on the abovementioned items, Danske Bank arrived at a fair NAV for Frontline 2012 of approximately $1.29 billion, or approximately $5.19 per common share (based on 249.1 million Frontline 2012 common shares outstanding).

Exchange ratio

An estimated Frontline NAV per share of approximately $2.14 and an estimated Frontline 2012 NAV per share of approximately $5.19 yields an exchange ratio (defined as number of shares in Frontline issued per share in Frontline 2012) of 2.43.

Noting that the valuation of the SFL Leases is highly sensitive to changes in the assumptions of prevailing market conditions and charter rates going forward, Danske Bank noted that utilizing the "low case" scenario yielded an estimated Frontline NAV of approximately $1.56 per share and an estimated Frontline 2012 NAV of approximately $5.19 per share yields an exchange ratio of 3.33.

Danske Bank further noted that market trading as of July 1, 2015 implied an exchange ratio of 1.97 (based on a share price of $2.58 in Frontline common shares, a share price of NOK 40.00 in Frontline 2012 common shares, and a USD/NOK exchange rate of 7.88).

Additionally, Danske Bank noted a number of factors that, in its opinion, support a premium valuation being given to Frontline 2012, including, among other things, the factors set out below:

- Market valuations of Frontline 2012 reflect its OTC listing and limited trading volumes. The investor universe able to or willing to invest in OTC traded vehicles may also be smaller than the investor universe able to or willing to invest in companies listed on regulated markets.
- Market trading in Frontline may reflect a value of the SFL Leases (and potentially the KG leases) well beyond what Danske Bank has calculated with its NPV based approach. Building a proper NAV for Frontline is, as Danske Bank noted, demanding, and Danske Bank noted the spread in, and discrepancies among, the assessment of the various elements of Frontline's NAV by equity analysts.
- Frontline appears to trade at higher Price / NAV levels than the majority of the applicable crude tanker peer group, while Frontline 2012 seems to trade below the majority of its applicable peer group, in particular taking its product tanker exposure into account.
- An older fleet and higher operating leverage due to the profit sharing agreement with Ship Finance underpin a higher inherent financial risk profile in the Frontline fleet, compared to the Frontline 2012 fleet.
- Substantial upside in Frontline 2012's NAV remains as asset prices continues to rise, while limited direct ownership exposure limits the asset value sensitivity in Frontline's NAV.
- Frontline 2012 has over time delivered a superior market performance evidenced by rates achieved in both the crude and product markets.

Miscellaneous

Under the terms of Danske Bank's engagement, Frontline 2012 has agreed to pay Danske Bank for its financial advisory services in connection with the proposed transaction an aggregate fee of $500,000. In addition, Frontline 2012 has agreed to reimburse Danske Bank for its reasonable and documented out-of-pocket expenses up to $25,000 and to indemnify Danske Bank and related parties against liabilities relating to or arising out of its engagement.

During the two year period prior to the date of its fairness opinion, and other than the engagement to provide its opinion to the Frontline 2012 Board, no material relationship existed between Danske Bank and either Frontline 2012 or Frontline. Danske Bank and its affiliates have in the past, and may in the future, lend to and provide banking and other services to Frontline or Frontline 2012, for which it or its affiliates have received, and expect to receive, compensation and fees. During 2013, 2014 and 2015 (to June 30, 2015), Frontline 2012 paid affiliates of Danske Bank $0.11 million in total and Frontline paid affiliates of Danske Bank $0.05 million. Danske Bank may provide financial or other services to Frontline 2012, Frontline, and other companies affiliated with Mr. Fredriksen in the future, and in connection with any such services Danske Bank may receive compensation.

In the ordinary course of its business, Danske Bank and its affiliates may trade or hold securities of Frontline 2012, Frontline and/or their respective affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions in those securities. In addition, Danske Bank may seek to, in the future, provide financial advisory and financing services to Frontline 2012, Frontline or entities that are affiliated with Frontline 2012 or Frontline, for which Danske Bank would expect to receive compensation.

Opinion of Frontline's Financial Advisor, Pareto Securities Inc.

On July 1, 2015, at a meeting of the Frontline Board held to evaluate the Merger, Pareto Securities Inc. delivered to the Frontline Board an oral opinion, which opinion was subsequently confirmed by a written opinion dated as of July 1, 2015 , to the effect that, as of that date and based upon and subject to various assumptions, matters considered and limitations described in its opinion, the Merger Consideration to be paid by Frontline in connection with the Merger was fair from a financial point of view to Frontline and its unaffiliated shareholders. Holders of Frontline common shares are urged to read Pareto's opinion carefully and in its entirety.

The Frontline Board engaged Pareto to provide its opinion based on Pareto's qualifications, experience, and reputation in shipping and financial services. The Pareto group is a large and internationally recognized investment banking firm headquartered in Oslo, Norway, with a long track record in providing financial services and research for maritime and energy related industries. The Pareto group regularly prepares financial research and market analysis on the shipping markets, and has a long track-record in capital raisings and mergers and acquisitions in the shipping industry.

The scope of Pareto's engagement was to review the Merger from a financial point of view and Frontline did not provide instructions to Pareto regarding its opinion, nor did Frontline impose any limitations on the scope of Pareto's investigation.

The full text of Pareto's opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Pareto. This opinion is attached as Appendix E to this joint proxy statement/prospectus and is incorporated herein by reference. Pareto's opinion was provided for the benefit of the Frontline Board in connection with, and for the purpose of, its evaluation of the Merger, and only addresses the fairness, as of the date of such opinion, of the Merger Consideration to be paid by Frontline from a financial point of view to Frontline and its unaffiliated shareholders. The opinion does not address any other term or aspect of the Merger, and does not constitute a recommendation as to how any holder of Frontline common shares should vote with respect to the merger or any matter related thereto. Pareto's opinion was necessarily based upon economic, monetary, market and other conditions as in effect on, and the information made available to Pareto as of, the date of its opinion. Pareto's opinion did not predict or take into account any changes or events which may occur, or information which may become available, after July 1, 2015. Subsequent developments may affect the conclusion expressed in Pareto's opinion and Pareto has not undertaken to update or revise its opinion based on circumstances or events occurring after the date of its opinion.

The summary of Pareto's opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Frontline common shares are urged to read Pareto's opinion carefully and in its entirety.

In arriving at its opinion, Pareto, among other things:

- reviewed valuations of the Vessels prepared by Nordic and Fearnley's as provided by Frontline;
- analyzed and evaluated relevant financial information regarding Frontline and Frontline 2012;
- familiarized itself with the business, operations, properties, financial condition, capitalization and prospects of Frontline and Frontline 2012;
- reviewed and analysed documents provided by Frontline, to assist Pareto with its analysis;
- conferred with the management team of Frontline with respect to the proposed Merger; and
- performed such other analyses and diligence as are customary, or that Pareto has deemed otherwise appropriate for the purposes of the opinion expressed therein.

In arriving at its opinion, no due diligence review or other verification exercises were performed by Pareto in connection with the Merger and the Merger Transactions, nor did Pareto conduct any analysis concerning the solvency of Frontline and Frontline 2012 or obtain any evaluations or appraisals, other than the Appraisals, of any of the assets and liabilities of Frontline or Frontline 2012. In rendering its opinion, Pareto relied on and assumed, with Frontline's consent, the accuracy and completeness of all of the financial, accounting, tax and other information that was available to Pareto from public sources, that was provided to Pareto by Frontline or its representatives, or that was otherwise reviewed by Pareto, and did not independently verify such information. In arriving at its opinion, Pareto assumed that:

- the Merger will be consummated in accordance with the terms of the Merger Agreement and the Bermuda Merger Agreement;
- any representations and warranties made in the Merger Agreement and the Bermuda Merger Agreement were accurate and complete;
- there was no change in the assets, liabilities, financial condition, results of operations, business, or prospects of Frontline or Frontline 2012 since the date of the most recent information made available to Pareto that would be material to the analyses conducted by Pareto, and that there was no information or facts that would make the information reviewed by Pareto incomplete or misleading; and
- all governmental, regulatory or other consents and approvals necessary for the consummation of the Merger will be obtained without any adverse effect on Frontline or Frontline 2012 or the contemplated benefits expected to be derived from the Merger Transactions.

The following is a brief summary of the material financial analyses presented to the Frontline Board in connection with Pareto's opinion on July 1, 2015. The financial analyses summarized below include information presented in tabular format. In order to fully understand Pareto's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Pareto's financial analyses.

Analysis and Methodology

In arriving at Pareto's opinion as to the fairness to Frontline and its Unaffiliated Shareholders, from a financial point of view, of the consideration to be paid by Frontline in the Transaction, Pareto conducted a relative contribution analysis of the exchange ratio between Frontline and Frontline 2012, under which Pareto calculated the fair consideration to be paid by Frontline resulting from various calculation metrics, expressed as the number of new Frontline shares issued as consideration for each Frontline 2012 share. Pareto focused on the Net Asset Value valuation methodology, or NAV, for each of Frontline and Frontline 2012 utilizing the following data:

(i) the Appraisals
(ii) discounted cash flow analysis of Frontline's capital leases
(iii) estimated working capital as of June 30, 2015 for both Frontline and Frontline 2012
(iv) estimated cash balance as of June 30, 2015 for both Frontline and Frontline 2012
(v) estimated capital commitments and debt outstanding as of June 30, 2015 for Frontline 2012 and the estimated debt outstanding as of June 30, 2015 for Frontline, and
(vi) estimated market value of shares owned by Frontline and Frontline 2012 in other companies.

As both Frontline and Frontline 2012 are shipping companies with similar assets and exposure to the same market, the NAV methodology was chosen as this compares the value of the underlying assets and liabilities of the two companies.

Frontline NAV

Appraisals

In arriving at NAV for Frontline, Pareto reviewed the Appraisals prepared by the independent ship brokers Nordic and Fearnley's. The Appraisals were based on a charter-free basis, free of liens and encumbrances and ready for prompt delivery. The fair market value estimates contained in such Appraisals were, as is customary in ship valuation, based on an assessment of the values that could be achieved in transactions involving a willing buyer and a willing seller.

Discounted cash flow analysis of Frontline's capital leases

A subsidiary of Frontline has 17 vessels on charter from Ship Finance, an affiliate of Frontline, with an average remaining charter period of 7.7 years. On May 29, 2015 Frontline and Ship Finance announced that the two parties had reached an agreement on an amended charter structure with the following terms:

- Charter rates for VLCC vessels: $20,000 per day
- Charter rates for Suezmax tankers: $15,000 per day
- Operating expenditures for all vessels: $9,000 per day, payable by Ship Finance
- Profit split between Frontline and Ship Finance: 50%/50% above new time charter rates
- 55 million Frontline shares will be issued to Ship Finance

Based on the above terms, Pareto estimated the fair value of the remaining life of the leases through three different scenarios; i) a High Case, ii) a Base Case and iii) a Low Case.

In the High Case scenario spot rates of $60,000 and $40,000 per day for VLCC vessels and Suezmax vessels, respectively, were applied for the next 12 months. Following the initial 12 months, rates reflecting a steady state return on capital of 10% were then assumed throughout the life of the leases.

In the Base Case scenario spot rates of $47,000 and $30,000 per day for VLCC vessels and Suezmax vessels, respectively, were applied for the next 12 months. Following the initial 12 months, rates reflecting a steady state return on capital of 10% were then assumed throughout the life of the leases.

In the Low Case scenario rates of $40,000 and $30,000 per day for VLCC vessels and Suezmax vessels, respectively, were applied for the next 3 years. Following the three year period, rates were set to equal cost of operating the vessel, i.e. yielding zero profit to Frontline.

In all 3 scenarios, a discount rate of 10% for future cash earnings was applied.

The below table summarizes the main assumptions.

ASSUMPTIONS					
High Case		VLCC		Suezmax	
Rates next 12 months	USD/d	60,000		40,000	
Rates thereafter	"	32,300		21,600	
Base Case					
Rates next 12 months	USD/d	47,000		30,000	
Rates thereafter	"	32,300		21,600	
Low Case					
Rates next 3 years	USD/d	40,000		30,000	
Rates thereafter	"	Equal to cost of lease		Equal to cost of lease	
Discount rate	%	10	%	10	%

The High Case, Base Case and Low Case scenarios returned values of $219 million, $202 million and $146 million, respectively.

In addition, future dry dock provisions and off-hire expenses throughout the 17 leases were set to $20 million, yielding the following net value of the Ship Finance leases.

		High Case	Base Case	Low Case
Value of leases	USDm	219	202	146
DD provisions	"	20	20	20
Net value	"	199	182	126

Other items included in the estimated Frontline NAV

- Frontline has four vessels chartered in from German kommanditgesellschaften, or KGs, with a profit sharing/sweep mechanism. Frontline may be required to pay approximately $16 million to the KGs by the end of the charter-in period based on prevailing market rates through the charter-in period. Based on the same assumptions as applied in assessing the value of the SFL Leases, as well as other appropriate assumptions, Pareto has estimated the value of the KG leases to be on or about $0 million, as of June 30, 2015