

FRONTLINE LTD /  
Form 6-K  
June 07, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO  
RULE 13A-16 OR 15D-16 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934

For the month of June 2018

Commission File Number: 001-16601

FRONTLINE LTD.  
(Translation of registrant's name into English)

Par-la-Ville Place, 14 Par-la-Ville Road, Hamilton, HM 08, Bermuda  
(Address of principal executive offices)

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

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_.

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_.

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Attached hereto as Exhibit 1 is a copy of the press release issued by Frontline Ltd. (the "Company") on May 31, 2018, reporting the Company's results for the first quarter and three months ended March 31, 2018.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRONTLINE LTD.  
(registrant)

Dated: June 7, 2018 By: /s/ Inger M. Klemp  
Name: Inger M. Klemp  
Title: Principal Financial Officer

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## EXHIBIT 1

## FRONTLINE LTD. REPORTS RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2018

Frontline Ltd. (the "Company" or "Frontline"), today reported unaudited results for the three months ended March 31, 2018:

## Highlights

• Reports net loss attributable to the Company and net loss attributable to the Company adjusted for certain non-cash items of \$13.6 million, or \$0.08 per share.

• Three newbuildings were delivered: the VLCC's Front Empire and Front Princess and the LR2 Front Polaris.

• Achieved spot TCE of \$18,000 per day for VLCCs less than 15 years of age, excluding two newbuildings delivered during the quarter.

• Extended its loan facility of up to \$275.0 million by 12 months to November 2019.

Robert Hvide Macleod, Chief Executive Officer of Frontline Management AS commented:

"The spot rate environment was weak in the first quarter as inventory draws impacted a freight market that was already suffering from high fleet growth. While there are encouraging signs that seaborne crude volumes may soon increase as a result of changes by OPEC and a slowing trend of inventory draws, the market is not yet factoring in upside potential."

The average daily time charter equivalents ("TCE") earned by Frontline in the quarter ended March 31, 2018, the prior quarter and in the year ended December 31, 2017 are shown below, along with spot estimates for the second quarter of 2018 and the estimated average daily cash break-even ("BE") rates for the remainder of 2018:

| (\$ per day) | Spot    |         |          | Spot estimates | % covered | Estimated average daily BE rates |
|--------------|---------|---------|----------|----------------|-----------|----------------------------------|
|              | Q1 2018 | Q4 2017 | YTD 2017 |                |           |                                  |
|              |         |         |          | Q2 2018        |           | 2018                             |
| VLCC         | 14,900  | 19,400  | 22,400   | 11,600         | 78 %      | 22,700                           |
| SMAX         | 15,400  | 19,500  | 17,300   | 14,500         | 70 %      | 18,500                           |
| LR2          | 14,800  | 14,400  | 14,400   | 12,400         | 72 %      | 16,300                           |

The estimated average daily cash break-even rates are the daily TCE rates the vessels must earn in order to cover operating expenses including dry dock, repayments of loans, interest on loans, bareboat hire and general and administrative expenses. In the first quarter of 2018, the Company adopted ASU No. 2014-09, Revenue from Contracts with Customers. As a result, the accounting for voyage results has changed from recognizing voyage revenues on a discharge-discharge basis to load-to-discharge and from recognizing voyage costs as incurred, to deferring certain voyage costs prior to load and amortizing these over the charter period. See note 2 for further details. Spot estimates are prepared on a discharge-to-discharge basis. This may result in a timing difference in the recognition

of actual voyage results compared to estimates.

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## The Fleet

As of March 31, 2018, the Company's fleet consisted of 63 vessels, with an aggregate capacity of approximately 12.3 million DWT:

- (i) 46 vessels owned by the Company (12 VLCCs, 16 Suezmax tankers, 18 LR2/Aframax tankers);
- (ii) eight VLCCs that are under capital leases;
- (iii) one VLCC that is recorded as an investment in finance lease;
- (iv) one VLCC where the cost/revenue is split 50/50 with an unrelated third party;
- (v) seven vessels that are under the Company's commercial management (two Suezmax tankers, two LR2 tankers and three Aframax oil tankers)

Furthermore, the Company has two VLCC newbuildings under construction, with an aggregate carrying capacity of 0.6 million DWT.

As of March 31, 2018, the Company had entered into a time charter-out contract for one LR2 tanker with expiry in Q1 2019 at an average rate of \$17,300 per day.

In April, the Company entered into time charter-in arrangements for two VLCCs at a rate of \$21,250 per day for two years, plus an optional third year at \$23,250 per day.

Frontline Shipping Limited ("FSL"), a non-recourse subsidiary of Frontline, has eight VLCCs built 2001-2004 on charter from Ship Finance International Limited ("Ship Finance"). The vessels earned approximately \$12,300 per day in the first quarter of 2018, the third consecutive quarter these vessels earned less than the base rate of \$20,000. Until the spot market recovers above the base rate, FSL will only pay to Ship Finance a charter hire reflective of the rates achieved by these vessels in the spot market. Frontline will continue to be responsible for operating expenses of the vessels in excess of \$9,000 per day.

The vessels continue trading as crude oil tankers, but together with Ship Finance we are actively exploring potential alternative uses for some of these vessels, such as conversion projects, long-term storage or other alternative employment options, with focus on optimizing the use of our invested capital.

## Newbuilding Program/ financing update

As of March 31, 2018, the Company's newbuilding program was comprised of two VLCCs. As of March 31, 2018, total instalments of \$32.9 million had been paid and the remaining commitments amounted to \$130.6 million, of which \$75.0 million is due in 2018 and \$55.6 million is due in 2019, respectively. As of March 31, 2018 Frontline has committed bank financing in place to partially finance delivery of the Company's remaining newbuildings and estimates loan amounts of \$55.3 million to be drawn in 2018 and \$55.3m to be drawn in 2019, respectively.

In February 2018, the Company extended the terms of its senior unsecured loan facility of up to \$275.0 million with an affiliate of Hemen Holding Ltd ("the Credit Facility") by 12 months. Following the extension, the Credit Facility is repayable in November 2019. Frontline's total liquidity as at the end of March 31, 2018 was approximately \$249.0 million, including the undrawn portion of the Credit Facility and marketable securities, net of amounts used as security for borrowings.

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## Corporate Update

Pursuant to the Company's stated dividend policy, the Board has decided not to pay a dividend for the first quarter of 2018.

The Company had 169,809,324 ordinary shares outstanding as of March 31, 2018, and the weighted average number of shares outstanding for the quarter was 169,809,324.

## First Quarter 2018 Results

The Company reports a net loss attributable to the Company of \$13.6 million for the first quarter of 2018 compared with a loss of \$248.4 million in the previous quarter. The net loss attributable to the Company adjusted for certain non-cash items was \$13.6 million for the first quarter. These non-cash items consisted of a \$5.8 million loss on termination of the lease for Front Circassia, a \$0.3 million mark to market loss on marketable securities, a gain on derivatives of \$5.1 million and a gain on sale of shares of \$1.0 million.

Reconciliation of net (loss) income attributable to the Company adjusted for certain non-cash items<sup>1</sup>:

| (in millions of \$)   | Q1 2018 | Q4 2017  | Full year 2017 | Full year 2016 |
|---|---------|----------|----------------|----------------|
| Net (loss) income attributable to the Company                                     | (13.6 ) | (248.4 ) | (264.9 )       | 117.0          |
| Add back:   |         |          |                |                |
| Loss on termination of vessel lease, net of cash paid                             | 5.8     | —        | 3.3            | —              |
| Loss on cancellation of newbuilding contracts                                     | —       | —        | —              | 2.7            |
| Vessel impairment loss  | —       | 142.9    | 164.2          | 61.7           |
| Impairment loss on shares   | —       | —        | —              | 7.2            |
| Unrealised loss on marketable securities  | 0.3     | —        | —              | —              |
| Goodwill impairment loss  | —       | 112.8    | 112.8          | —              |
| Provision for uncollectible receivables   | —       | —        | —              | 4.0            |
| Loss on derivatives   | —       | —        | 3.3            | —              |
| Less:   |         |          |                |                |
| Gain on derivatives   | (5.1 )  | (2.3 )   | (2.5 )         | (3.7 )         |
| Gain on sale of shares  | (1.0 )  | —        | —              | —              |
| Gain on termination of lease  | —       | —        | (20.6 )        | —              |
| Net (loss) income attributable to the Company adjusted for certain non-cash items | (13.6 ) | 5.0      | (4.4 )         | 188.9          |
| (in thousands)  |         |          |                |                |
| Weighted average number of ordinary shares  | 169,809 | 169,809  | 169,809        | 156,973        |
| (in \$)   |         |          |                |                |
| Basic (loss) earnings per share   | (0.08 ) | (1.46 )  | (1.56 )        | 0.75           |
| Basic (loss) earnings per share adjusted for certain non-cash charges             | (0.08 ) | 0.03     | (0.03 )        | 1.20           |

<sup>1</sup> This press release describes net income attributable to the Company adjusted for certain non-cash items and related per share amounts, which are not measures prepared in accordance with US GAAP ("non-GAAP"). We believe the non-GAAP financial measures presented in this press release provides investors with a means of evaluating and understanding how the Company's management evaluates the Company's operating performance. These non-GAAP financial measures should not be considered in isolation from, as substitutes for, nor superior to financial measures

prepared in accordance with GAAP.

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### Strategy and Market Outlook

The past two years have been characterized by a large growth in the global crude oil tanker fleet, and the growth has continued in 2018. Thus far, 13 VLCC's have been delivered this year. An additional 43 VLCCs are scheduled to be delivered in 2018. Although some of these are expected to be pushed to 2019, we expect the final number of deliveries to be between 40 and 45. This compares to 50 VLCCs delivered in 2017 and 47 in 2016.

The number of crude oil tanker newbuilding orders was lower in the first quarter of 2018 than in the prior quarter, and we expect newbuilding ordering to slow further in the near term. Newbuilding prices have increased driven by steel costs and constrained shipyard capacity.

Scrapping has increased considerably in 2018. According to broker reports, 22 VLCCs have been scrapped so far and additional VLCC's have been sold for near-term scrapping. Consistently high scrap prices, combined with a very weak freight market, have compelled owners of older tonnage to dispose of their vessels at a near record pace. If the pace of scrapping continues, the global VLCC fleet will see negative growth in 2018. The surge in scrapping is a positive factor that will help to reduce net fleet growth, but it will likely take some time before the market rebalances.

OPEC and non-OPEC production cuts have resulted in crude oil inventory draws, decreased arbitrage opportunities and ultimately reduced the demand for crude oil tankers. We believe, however, that we are approaching the end of a crude inventory cycle and that inventories will stabilize and then begin to build again. There is a historic relationship between crude oil inventory levels and freight rates, with periods where rates rise as inventories build and decline as inventories are consumed. Despite the persistence of a weak rate environment, cyclical changes are underway, and until then Frontline remains sharply focused on maintaining our cost-efficient operations and low breakeven levels.

### Conference Call and Webcast

On May 31, 2018 at 9:00 A.M. ET (3:00 P.M. CET), the Company's management will host a conference call to discuss the results. Participants should dial into the call 10 minutes before the scheduled time using the following numbers:

|                  |                     |
|------------------|---------------------|
| Norway           | +47 2100 2610       |
| Norway toll free | 800 51084           |
| UK               | +44 (0)330 336 9105 |
| UK Toll Free     | 0800 358 6377       |
| USA              | +1 323-794-2094     |
| USA Toll Free    | 800-263-0877        |
| Conference ID    | 8903662             |

Presentation materials and a webcast of the conference call may be accessed on the Company's website, [www.frontline.bm](http://www.frontline.bm), under the 'Webcast' link. A replay of the conference call will be available for seven days following the live call. The following numbers may be used to access the telephonic replay:

|                      |                      |
|----------------------|----------------------|
| UK                   | +44 (0) 207 660 0134 |
| UK Toll Free         | 0 808 101 1153       |
| Norway Dial-In       | +47 23 50 00 77      |
| Norway toll free     | 800 196 72           |
| USA Toll Free        | 888 203 1112         |
| USA                  | +1 719 457 0820      |
| Replay Access Number | 8903662              |

Participant information required: Full name & company

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## Forward-Looking Statements

Matters discussed in this press release may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. Words, such as, but not limited to "believe," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Frontline believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the control of Frontline, Frontline cannot assure you that they will achieve or accomplish these expectations, beliefs or projections. The information set forth herein speaks only as of the date hereof, and Frontline disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this communication.

The Board of Directors  
Frontline Ltd.  
Hamilton, Bermuda  
May 30, 2017

Questions should be directed to:  
Robert Hvide Macleod: Chief Executive Officer, Frontline Management AS  
+47 23 11 40 84  
Inger M. Klemp: Chief Financial Officer, Frontline Management AS  
+47 23 11 40 76

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## FRONTLINE LTD.

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## CONDENSED CONSOLIDATED INCOME STATEMENT

(in thousands of \$)

|  | 2018<br>Jan-Mar | 2017<br>Jan-Mar | 2017<br>Jan-Dec |
|--|-----------------|-----------------|-----------------|
| Total operating revenues   | 169,621         | 177,127         | 646,326         |
| Other operating gain (loss)  | (6,116 )        | 20,565          | 2,381           |
| Voyage expenses and commission                                     | 89,039          | 55,184          | 259,334         |
| Contingent rental (income) expense                                 | (6,695 )        | (3,769 )        | (26,148 )       |
| Ship operating expenses  | 34,733          | 30,624          | 135,728         |
| Charter hire expenses  | 2,317           | 9,773           | 19,705          |
| Impairment loss on vessels and vessels under capital lease         | —               | 21,247          | 164,187         |
| Impairment loss on goodwill  | —               | —               | 112,821         |
| Administrative expenses  | 9,548           | 8,568           | 37,603          |
| Depreciation   | 31,791          | 35,280          | 141,748         |
| Total operating expenses   | 160,733         | 156,907         | 844,978         |
| Net operating income (loss)  | 2,772           | 40,785          | (196,271)       |
| Interest income  | 140             | 126             | 588             |
| Interest expense   | (21,602 )       | (15,024 )       | (69,815 )       |
| Gain on sale of shares   | 1,026           | 771             | 1,061           |
| Unrealised gain (loss) on marketable securities                    | (311 )          | —               | —               |
| Foreign currency exchange gain (loss)                              | (608 )          | 77              | (55 )           |
| Gain (loss) on derivatives   | 5,085           | (178 )          | (753 )          |
| Other non-operating items  | (44 )           | 554             | 1,213           |
| Net income (loss) before income taxes and non-controlling interest | (13,542 )       | 27,111          | (264,032)       |
| Income tax expense   | (14 )           | (30 )           | (290 )          |
| Net income (loss)  | (13,556 )       | 27,081          | (264,322)       |
| Net (income) loss attributable to non-controlling interest         | (85 )           | (61 )           | (539 )          |
| Net income (loss) attributable to the Company                      | (13,641 )       | 27,020          | (264,861)       |
| Basic earnings per share attributable to the Company (\$)          | (0.08 )         | 0.16            | (1.56 )         |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of \$)

|   | 2018<br>Jan-Mar | 2017<br>Jan-Mar | 2017<br>Jan-Dec |
|---|-----------------|-----------------|-----------------|
| Net income (loss)   | (13,556 )       | 27,081          | (264,322)       |
| Unrealized gain (loss) from marketable securities   | —               | 6,010           | 1,901           |
| Unrealized gain (loss) from marketable securities reclassified to statement of operations | —               | —               | (571 )          |
| Foreign exchange gain (loss)  | 162             | 59              | 158             |
| Other comprehensive income (loss)   | 162             | 6,069           | 1,488           |
| Comprehensive income (loss)   | (13,394 )       | 33,150          | (262,834)       |
| Comprehensive (income) loss attributable to non-controlling interest                      | 85              | 61              | 539             |
| Comprehensive income (loss) attributable to the Company                                   | (13,479 )       | 33,089          | (263,373)       |
| Comprehensive income (loss)   | (13,394 )       | 33,150          | (262,834)       |

## FRONTLINE LTD.

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## CONDENSED CONSOLIDATED BALANCE SHEETS

|  | Mar 31    | Dec 31    |
|--|-----------|-----------|
| (in thousands of \$)                               | 2018      | 2017      |
| <b>ASSETS</b>                                      |           |           |
| Current assets                                     |           |           |
| Cash and cash equivalents                          | 111,769   | 104,145   |
| Restricted cash                                    | 1,655     | 741       |
| Marketable securities                              | 2,423     | 19,231    |
| Marketable securities pledged to creditors         | 10,020    | 10,272    |
| Other current assets                               | 194,665   | 187,225   |
| Total current assets                               | 320,532   | 321,614   |
| Non-current assets                                 |           |           |
| Newbuildings                                       | 33,504    | 79,602    |
| Vessels and equipment, net                         | 2,550,763 | 2,342,130 |
| Vessels under capital lease, net                   | 226,042   | 251,698   |
| Investment in finance lease                        | 19,204    | 21,782    |
| Goodwill   | 112,452   | 112,452   |
| Other long-term assets                             | 9,486     | 4,450     |
| Total non-current assets                           | 2,951,451 | 2,812,114 |
| Total assets                                       | 3,271,983 | 3,133,728 |
| <b>LIABILITIES AND EQUITY</b>                      |           |           |
| Current liabilities                                |           |           |
| Short term debt                                    | 121,324   | 113,078   |
| Current portion of obligations under capital lease | 37,329    | 43,316    |
| Other current liabilities                          | 97,185    | 65,606    |
| Total current liabilities                          | 255,838   | 222,000   |
| Non-current liabilities                            |           |           |
| Long term debt                                     | 1,625,630 | 1,467,074 |
| Obligations under capital lease                    | 231,201   | 255,700   |
| Other long-term liabilities                        | 1,372     | 1,325     |
| Total non-current liabilities                      | 1,858,203 | 1,724,099 |
| Commitments and contingencies                      |           |           |
| Equity   |           |           |
| Frontline Ltd. equity                              | 1,157,536 | 1,187,308 |
| Non-controlling interest                           | 406       | 321       |
| Total equity                                       | 1,157,942 | 1,187,629 |
| Total liabilities and equity                       | 3,271,983 | 3,133,728 |

FRONTLINE LTD.  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

| CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<br>(in thousands of \$)                   | 2018<br>Jan-Mar | 2017<br>Jan-Mar | 2017<br>Jan-Dec |
|--|-----------------|-----------------|-----------------|
| <b>OPERATING ACTIVITIES</b>  |                 |                 |                 |
| Net income (loss)  | (13,556 )       | 27,081          | (264,322)       |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                 |                 |                 |
| Depreciation and amortization of deferred charges  | 32,394          | 35,688          | 143,661         |
| Other operating loss (gain)  | 6,116           | (20,565 )       | (2,378 )        |
| Contingent rental (income) expense   | (6,695 )        | (3,769 )        | (26,148 )       |
| Impairment loss on vessels and vessels under capital lease                               | —               | 21,247          | 164,187         |
| Impairment loss on Goodwill  | —               | —               | 112,821         |
| (Gain) on sale of shares   | (1,026 )        | (771 )          | (1,061 )        |
| Unrealised (gain) loss on marketable securities  | 311             | —               | —               |
| (Gain) loss on derivatives   | (5,018 )        | (139 )          | (93 )           |
| Other, net   | 1,064           | 770             | 1,953           |
| Change in operating assets and liabilities   | (1,545 )        | 20,242          | 1,865           |
| Net cash provided by operating activities  | 12,045          | 79,784          | 130,485         |
| <b>INVESTING ACTIVITIES</b>  |                 |                 |                 |
| Additions to newbuildings, vessels and equipment   | (186,171)       | (246,755)       | (713,560)       |
| Finance lease payments received  | 2,471           | 2,356           | 9,745           |
| Purchase of DHT shares   | —               | (46,100 )       | (46,100 )       |
| Proceeds from the sale of DHT shares   | 17,757          | 7,104           | 27,412          |
| Net cash (used in) provided by investing activities                                      | (165,943)       | (283,395)       | (722,503)       |
| <b>FINANCING ACTIVITIES</b>  |                 |                 |                 |
| Proceeds from debt   | 191,881         | 189,475         | 683,532         |
| Repayment of debt  | (26,245 )       | (16,840 )       | (83,951 )       |
| Repayment of capital leases  | (3,200 )        | (16,460 )       | (31,854 )       |
| Lease termination payments   | —               | —               | (19,006 )       |
| Debt fees paid   | —               | (1,620 )        | (3,495 )        |
| Dividends paid   | —               | (25,883 )       | (51,401 )       |
| Net cash provided by (used in) financing activities                                      | 162,436         | 128,672         | 493,825         |
| Net change in cash and cash equivalents and restricted cash                              | 8,538           | (74,939 )       | (98,193 )       |
| Cash and cash equivalents and restricted cash at start of period                         | 104,886         | 203,079         | 203,079         |
| Cash and cash equivalents and restricted cash at end of period                           | 113,424         | 128,140         | 104,886         |

## FRONTLINE LTD.

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN

## EQUITY

(in thousands of \$ except number of shares)

|  | 2018<br>Jan-Mar  | 2017<br>Jan-Mar  | 2017<br>Jan- Dec |
|--|------------------|------------------|------------------|
| <b>NUMBER OF SHARES OUTSTANDING</b>                        |                  |                  |                  |
| Balance at beginning and end of period                     | 169,809,324      | 169,809,324      | 169,809,324      |
| <b>SHARE CAPITAL</b>                                       |                  |                  |                  |
| Balance at beginning and end of period                     | 169,809          | 169,809          | 169,809          |
| <b>ADDITIONAL PAID IN CAPITAL</b>                          |                  |                  |                  |
| Balance at beginning of period                             | 197,399          | 195,304          | 195,304          |
| Stock compensation expense                                 | 338              | 709              | 2,095            |
| Balance at end of period                                   | 197,737          | 196,013          | 197,399          |
| <b>CONTRIBUTED CAPITAL SURPLUS</b>                         |                  |                  |                  |
| Balance at beginning of period                             | 1,090,376        | 1,099,680        | 1,099,680        |
| Cash dividends   | —                | —                | (9,304 )         |
| Balance at end of period                                   | 1,090,376        | 1,099,680        | 1,090,376        |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                   |                  |                  |                  |
| Balance at beginning of period                             | 2,227            | 739              | 739              |
| Adjustment on adoption of changes in ASC 825               | (2,896 )         | —                | —                |
| Other comprehensive income (loss)                          | 162              | 6,069            | 1,488            |
| Balance at end of period                                   | (507 )           | 6,808            | 2,227            |
| <b>RETAINED EARNINGS (DEFICIT)</b>                         |                  |                  |                  |
| Balance at beginning of period                             | (272,503 )       | 34,069           | 34,069           |
| Net income (loss) attributable to the Company              | (13,641 )        | 27,020           | (264,861 )       |
| Adjustment on adoption of ASC 606                          | (16,631 )        | —                | —                |
| Adjustment on adoption of changes in ASC 825               | 2,896            | —                | —                |
| Cash dividends   | —                | (25,497 )        | (41,711 )        |
| Balance at end of period                                   | (299,879 )       | 35,592           | (272,503 )       |
| <b>EQUITY ATTRIBUTABLE TO THE COMPANY</b>                  | <b>1,157,536</b> | <b>1,507,902</b> | <b>1,187,308</b> |
| <b>NON-CONTROLLING INTEREST</b>                            |                  |                  |                  |
| Balance at beginning of period                             | 321              | 168              | 168              |
| Net income (loss) attributable to non-controlling interest | 85               | 61               | 539              |
| Dividend paid to non-controlling interest                  | —                | (387 )           | (386 )           |
| Balance at end of period                                   | 406              | (158 )           | 321              |
| <b>TOTAL EQUITY</b>  | <b>1,157,942</b> | <b>1,507,744</b> | <b>1,187,629</b> |

FRONTLINE LTD.

SELECTED NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Frontline Ltd. (the "Company" or "Frontline") is a Bermuda based shipping company engaged primarily in the ownership and operation of oil and product tankers. The Company's ordinary shares are listed on the New York Stock Exchange and the Oslo Stock Exchange.

2. ACCOUNTING POLICIES

Basis of accounting

The condensed consolidated financial statements are stated in accordance with accounting principles generally accepted in the United States. The condensed consolidated financial statements do not include all of the disclosures required in the annual and interim consolidated financial statements, and should be read in conjunction with the Company's annual financial statements included in the Company's Annual Report on Form 20-F for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission on March 19, 2018.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2017, with the exception of certain changes noted below.

In the first quarter of 2018, the Company adopted ASU No. 2014-09, Revenue from Contracts with Customers. The Company has determined that under the new standard voyage charter revenue will continue to be recognized over time, however the period over which it is recognized will change from discharge-to-discharge to load-to-discharge. The Company believes that performance obligations under a voyage charter begin to be met from the point at which a cargo is loaded until the point at which a cargo is discharged. While this represents a change in the period over which revenue is recognized, the total voyage results recognized over all periods would not change. The new guidance also specifies revised treatment for certain contract related costs, being either incremental costs to obtain a contract, or cost to fulfill a contract. Under the new guidance, certain voyage expenses incurred between signing the charter party and arrival at loading port, have been deferred and amortized during the charter period. The Company has elected to apply the modified retrospective approach. Upon adoption, the Company recognized a cumulative effect of \$16.6 million as an increase in the opening balance of retained deficit as of January 1, 2018. Prior periods have not been retrospectively adjusted.

On January 1, 2018, the Company adopted the targeted improvements to ASC 825-10 Recognition and Measurement of Financial Assets and Liabilities. The Company has adopted the new guidance using the modified retrospective method, with no changes recognized in the prior year comparatives and a cumulative catch up adjustment recognized in the opening retained deficit. As a result of the adoption of this guidance the Company is required to recognize the movement in the fair value of Marketable Securities in the Consolidated Statement of Operations. The Company has recognized a decrease in the retained deficit of \$2.9 million upon adoption, and has recognized a mark to market loss of \$0.3 million in the Consolidated Statement of Operations in relation to the movement in the fair value of its Marketable Securities in the first quarter of 2018.

In the first quarter of 2018, the Company adopted ASU No. 2016-18, Statement of cash flows: Restricted Cash. The new standard requires that the statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The Company adopted the amendments of the standard using a retrospective transition method to each period presented. As a result, amounts



generally described as restricted cash in prior periods are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

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### 3. EARNINGS PER SHARE

The components of the numerator and the denominator in the calculation of basic earnings per share are as follows:

|  | 2018      | 2017    | 2017      |
|--|-----------|---------|-----------|
| (in thousands of \$)                       | Jan-Mar   | Jan-Mar | Jan-Dec   |
| Net income attributable to the Company     | (13,641 ) | 27,020  | (264,861) |
| (in thousands)                             |           |         |           |
| Weighted average number of ordinary shares | 169,809   | 169,809 | 169,809   |

### 4. OTHER OPERATING GAIN (LOSS)

In February 2018, the Company agreed with Ship Finance International Limited ("Ship Finance") to terminate the long-term charter for the 1998-built VLCC Front Circassia upon the sale and delivery of the vessel by Ship Finance to an unrelated third party. The charter with Ship Finance terminated in February and the charter counter party Frontline Shipping Limited ("FSL"); a non recourse subsidiary of Frontline; has agreed to pay a compensation of approximately \$8.9 million for the termination of the charter to Ship Finance, which has been recorded as an interest-bearing note payable by FSL. The termination has reduced obligations under capital leases by approx. \$20.6 million. The Company has recorded a loss on termination, including this termination payment, of \$5.8 million in the first quarter of 2018.

### 5. NEWBUILDINGS

In January 2018, the Company took delivery of the VLCC newbuildings Front Empire and Front Princess and the LR2 newbuilding Front Polaris.

### 6. DEBT

The Company drew down \$32.0 million in the three months ended March 31, 2018 from its \$321.6 million term loan facility with China Exim Bank in connection with one LR2/Aframax tanker delivered in the period.

The Company drew down \$54.9 million in the three months ended March 31, 2018 from its \$110.5 million term loan facility with Credit Suisse in connection with one VLCC delivered in the period.

The Company drew down \$54.9 million in the three months ended March 31, 2018 from its second \$110.5 million term loan facility with Credit Suisse in connection with one VLCC delivered in the period.

The Company drew down \$50.0 million in the three months ended March 31, 2018 from its senior unsecured facility of up to \$275.0 million with an affiliate of Hemen Holding Ltd. In February 2018 the Company extended the terms of the facility by 12 months. Following the extension, the facility is repayable in May 2019. \$135.0 million remains available and undrawn as at March 31, 2018.

The Company has recorded debt issuance costs (i.e. deferred charges) of \$11.6 million at March 31, 2018 as a direct deduction from the carrying amount of the related debt.

## 7. MARKETABLE SECURITIES

In March 2018, the Company sold 1.3 million shares in GOGL for proceeds of \$10.4 million. At the same time the Company entered into a forward contract to repurchase 1.3 million shares in GOGL in June 2018 for \$10.4 million. The transaction has been accounted for as a secured borrowing, with the shares retained in marketable securities and a liability recorded within debt for \$10.3 million.

In the first quarter of 2018, the Company sold its remaining 4.7 million shares of DHT Holdings Inc., recognizing a gain on disposal of \$1.0 million in the income statement.

## 8. SHARE CAPITAL

The Company had an issued share capital at March 31, 2018 of \$169,809,324 divided into 169,809,324 ordinary shares (December 31, 2017: \$169,809,324 divided into 169,809,324 ordinary shares) of \$1.00 par value each.

## 9. RELATED PARTY TRANSACTIONS

The Company's most significant related party transactions are with Ship Finance, a company under the significant influence of the Company's largest shareholder. The Company leased eight of its vessels from Ship Finance at March 31, 2018 and pays Ship Finance profit share based on the earnings of these vessels. Profit share arising in the three months ended March 31, 2018 was zero, which was \$6.7 million less than the amount accrued in the lease obligations payable when the leases were recorded at fair value at the time of the merger with Frontline 2012.

In February 2018, the Company agreed with Ship Finance to terminate the long-term charter for the 1998-built VLCC Front Circassia upon the sale and delivery of the vessel by Ship Finance to an unrelated third party. See Note 4. for further details.

In the three months ended March 31, 2018 the Company drew down \$50.0 million from its senior unsecured loan facility of up to \$275.0 million facility with an affiliate of Hemen Holding Ltd. See Note 6.

Amounts earned from other related parties comprise 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 and guarantee fees.

## 10. COMMITMENTS AND CONTINGENCIES

As of March 31, 2018, the Company's newbuilding program was comprised of two VLCCs. As of March 31, 2018, total instalments of \$32.9 million had been paid and the remaining commitments amounted to \$130.6 million, of which \$75.0 million is due in 2018 and \$55.6 million is due in 2019, respectively.