

## **FRONTLINE LTD. FIRST QUARTER 2015 RESULTS**

### **Highlights**

- Frontline reports net income attributable to the Company of \$31.1 million for the first quarter of 2015, equivalent to earnings per share of \$0.25.
- Today, Frontline announced that it has entered into a heads of agreement to amend the terms of the long term charter agreements with Ship Finance for the remainder of the charter period with effect from July 1, 2015.
- In January 2015, the ATM program was increased to having aggregate sales proceeds of up to \$150.0 million, from up to \$100.0 million. Frontline issued 12,191,291 new shares under its ATM program in the first quarter.
- In April 2015, the Company issued 12,900,323 new shares under the ATM program.
- In May 2015, the Company issued 5,941,251 new shares under the ATM program and the existing ATM program is fully utilized.
- In February 2015, Frontline bought \$33.3 million notional principal of its convertible bond at a purchase price of 99%.
- In April 2015, the remaining outstanding balance on the convertible bond of \$93.4 million was repaid in full upon maturity.
- In January 2015, Frontline took delivery of Front Idun.

### **First Quarter 2015 Results**

The Board of Frontline Ltd. (the "Company" or "Frontline") announces net income attributable to the Company of \$31.1 million in the first quarter, equivalent to earnings per share of \$0.25, compared with a net loss of \$13.0 million for the previous quarter, equivalent to a loss per share of \$0.12. The net loss attributable to the Company in the previous quarter includes a non-cash gain of \$40.3 million arising on the termination of the charter parties for Front Opalia, Front Comanche and Front Commerce, a non-cash gain of \$1.5 million arising on the convertible bond buy back in October and a non-cash loss of \$41.1 million arising on the convertible bond swaps in October and December.

The average daily time charter equivalents ("TCEs") earned in the spot and period market in the first quarter by the Company's VLCCs and Suezmax tankers were \$49,400 and \$33,100 compared with \$27,900 and \$26,000 in the previous quarter. The spot earnings for the Company's VLCCs and Suezmax vessels were \$52,200 and \$35,000 compared with \$27,400 and \$27,200 in the preceding quarter.

Operating expenses were in line with the previous quarter. No vessels were dry docked in the first quarter or the previous quarter.

Contingent rental expense represents amounts accrued following changes to certain charter parties in December 2011 and increased in the first quarter as compared to the preceding quarter primarily due to an increase in actual spot market rates.

In May 2015, the Company estimates average daily total cash cost breakeven rates for the second quarter of 2015 on a TCE basis for its VLCCs and Suezmax tankers of approximately \$31,300 and \$23,100, respectively, including estimated cash sweep to Ship Finance International Limited ("Ship Finance") of \$6,500/day.

Following the agreement with Ship Finance to amend the terms of the long term charter agreements with effect from July 1, 2015, the Company estimates average daily total cash cost breakeven rates for the second half of 2015 on a TCE basis for its VLCCs and Suezmax tankers of approximately \$24,800 and \$19,500, respectively.

### **Fleet Development**

During the first quarter, the Company entered into the following time charters: The VLCC Front Falcon (built 2002) has been chartered out for a period of approximately 6 months from January 2015 at a rate of \$55,000 per day. The VLCC Front Century (built 1998) has been chartered out for a period of approximately 14 months from February 2015 at a rate of \$42,250 per day. The VLCC Front Circassia (built 1999), has been chartered out for a period of approximately 14 months from February at a rate of \$44,600 per day. The VLCC Front Vanguard (built 1998) has been chartered out for a period of approximately 15 months from February 2015 at a rate of \$42,500 per day.

## **Newbuilding Program**

The Company took delivery of Front Idun in January 2015 and drew down the remaining \$30.0 million balance on its \$60.0 million term loan facility in order to part finance this vessel. The Company had no newbuildings under construction as of March 31, 2015.

## **Corporate**

In January 2015, the Company filed with the United States Securities and Exchange Commission a prospectus supplement covering the second amendment and restatement of its previously announced equity distribution agreement with Morgan Stanley & Co. LLC, ("Morgan Stanley"), under which the amount of new ordinary shares the Company may offer and sell, at any time and from time to time through Morgan Stanley in an at-the-market offering, was increased to having aggregate sales proceeds of up to \$150.0 million, from up to \$100.0 million.

The Company issued 12,191,291 new shares under its ATM program the first quarter. Following such issuance, Frontline has an issued share capital of \$124,534,280 divided into 124,534,280 ordinary shares.

In April 2015, Frontline issued 12,900,323 new shares under the ATM program and in May 2015, Frontline issued 5,941,251 new shares under the ATM program and the existing ATM program is fully utilized. Following such issuance, Frontline has an issued share capital of \$143,375,854 divided into 143,375,854 ordinary shares.

In February 2015, the Company bought \$33.3 million notional principal of its 4.50% Convertible Bond Issue 2010/2015 at a purchase price of 99% and recorded a gain of \$0.3 million.

In April 2015, the remaining outstanding balance on the convertible bond of \$93.4 million was repaid in full upon maturity.

In May 2015, Frontline announced that it has entered into a heads of agreement to amend the terms of the long term charter agreements with Ship Finance for the remainder of the charter period with effect from July 1, 2015. Please see separate press release issued by Frontline today for full description of the transaction.

The Company announces that Mr. Jens Martin Jensen today has resigned from his position as a Director of the Company. Mr. Jensen will continue as a Board member in other related group companies.

The Company further announces the appointments of Robert Hvide Macleod and Ola Lorentzon as Directors on the Board. Mr. Hvide Macleod joined the Company as CEO of Frontline Management AS in 2014. Mr. Lorentzon was the Managing Director of Frontline Management AS, a subsidiary of Frontline, 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.

## **The Market**

The market rate for a VLCC trading on a standard 'TD3' voyage between the Arabian Gulf and Japan in the first quarter of 2015 was WS 59, representing an increase of 3 WS point from the fourth quarter of 2014 and 8 WS points higher than the first quarter of 2014. The flat rate decreased by 2.25 percent from 2014 to 2015.

The market rate for a Suezmax trading on a standard 'TD20' voyage between West Africa and Rotterdam in the first quarter of 2015 was WS 90, representing an increase of 2 WS points from the fourth quarter of 2014 and an increase of 11 WS points from the first quarter of 2014. The flat rate decreased by 1.7 percent from 2014 to 2015.

Bunkers at Fujairah averaged \$323/mt in the first quarter of 2015 compared to \$447/mt in the fourth quarter of 2014. Bunker prices varied between a high of \$386.5/mt on the 18<sup>th</sup> of February and a low of \$264.5/mt on January 13<sup>th</sup>.

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

The IEA estimates that world oil demand averaged 93 mb/d in the first quarter of 2015, which is a decrease of 0.7 mb/d compared to the previous quarter. IEA estimates that world oil demand in 2015 will be 93.6 mb/d, representing an increase of 1.2 percent or 1.1 mb/d from 2014.

The VLCC fleet totalled 642 vessels at the end of the first quarter of 2015, four vessels up from the previous quarter. Five VLCCs were delivered during the quarter, one were removed. The order book counted 87 vessels at the end of the first quarter, which represents 13.5 percent of the VLCC fleet.

The Suezmax fleet totalled 455 vessels at the end of the first quarter, five vessels up from the previous quarter. Six vessels were delivered during the quarter whilst one was removed. The order book counted 71 vessels at the end of the first quarter, which represents approximately 16 percent of the Suezmax fleet.

## **Strategy and Outlook**

Several recent events have considerably improved the outlook for Frontline.

The Company's raising of approximately \$88 million in new equity under the ATM program in 2015, the full repayment upon maturity of the remaining outstanding balance on the convertible bond loan of \$93.4 million and the continued positive development in the crude tanker market in the first and second quarter of 2015, have all considerably improved the financial position and outlook of the Company.

Further, today's announcement of the agreement with Ship Finance amending the long term chartering agreements will reduce Frontlines cash break-even rates significantly and ensure a more sustainable long-term structure. This agreement significantly strengthens Frontline's balance sheet and reduces the financial risk. The Board and management can now shift the focus from balance sheet restructuring to business development and growth. This represents a major milestone for the company.

The continued positive development in the crude tanker market into the second quarter is likely to give total operating revenues in the second quarter in line with the first quarter. However, due to dry docking of four vessels in the second quarter compared to no vessels in the first quarter, the operating result (excluding one time gains and losses) in the second quarter is likely to be lower than in the first quarter.

## **Forward Looking Statements**

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

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

The Board of Directors  
Frontline Ltd.  
Hamilton, Bermuda  
May 28, 2015

Questions should be directed to:  
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**FRONTLINE LTD.**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

| <b>CONDENSED CONSOLIDATED INCOME STATEMENTS</b><br><i>(in thousands of \$)</i> | <b>2015</b><br><b>Jan-Mar</b> | <b>2014</b><br><b>Jan-Mar</b> | <b>2014</b><br><b>Jan-Dec</b> |
|--|-------------------------------|-------------------------------|-------------------------------|
| <b>Total operating revenues</b>  | <b>144,377</b>                | <b>169,998</b>                | <b>559,688</b>                |
| <b>(Loss) gain on sale of assets and amortization of deferred gains</b>        | -                             | <b>(15,727)</b>               | <b>24,620</b>                 |
| Voyage expenses and commission   | 43,232                        | 80,701                        | 286,367                       |
| Ship operating expenses  | 18,521                        | 23,052                        | 89,674                        |
| Contingent rental expense  | 16,212                        | 13,023                        | 36,900                        |
| Administrative expenses  | 9,995                         | 9,070                         | 40,787                        |
| Impairment loss on vessels   | -                             | -                             | 97,709                        |
| Depreciation   | 16,933                        | 22,846                        | 81,471                        |
| <b>Total operating expenses</b>  | <b>104,893</b>                | <b>148,692</b>                | <b>632,908</b>                |
| <b>Net operating income (loss)</b>   | <b>39,484</b>                 | <b>5,579</b>                  | <b>(48,600)</b>               |
| Interest income  | 11                            | 7                             | 47                            |
| Interest expense   | (14,683)                      | (21,565)                      | (75,825)                      |
| Share of results from associated companies                                     | 5,748                         | 562                           | 3,866                         |
| Foreign currency exchange gain (loss)  | 65                            | (31)                          | (179)                         |
| Debt conversion expense  | -                             | -                             | (41,067)                      |
| Gain on bond buy back  | 333                           | -                             | 1,486                         |
| Loss from de-consolidation of subsidiaries                                     | -                             | -                             | (12,415)                      |
| Other non-operating items  | 263                           | 306                           | 1,486                         |
| <b>Net income (loss) before tax and noncontrolling interest</b>                | <b>31,221</b>                 | <b>(15,142)</b>               | <b>(171,201)</b>              |
| Taxes  | (53)                          | (70)                          | (459)                         |
| <b>Net income (loss)</b>   | <b>31,168</b>                 | <b>(15,212)</b>               | <b>(171,660)</b>              |
| Net (income) loss attributable to noncontrolling interest                      | (44)                          | 3,127                         | 8,722                         |
| <b>Net income (loss) attributable to Frontline Ltd.</b>                        | <b>31,124</b>                 | <b>(12,085)</b>               | <b>(162,938)</b>              |
| <b>Basic earnings (loss) per share attributable to Frontline Ltd.</b>          | <b>\$0.25</b>                 | <b>\$(0.13)</b>               | <b>\$(1.63)</b>               |

|  |        |        |        |
|--|--------|--------|--------|
| <b>Income on time charter basis (\$ per day)*</b>  |        |        |        |
| VLCC   | 49,400 | 32,700 | 24,800 |
| Suezmax  | 33,100 | 27,700 | 21,100 |
| <i>Basis = Calendar days minus off-hire. Figures after deduction of broker commission.</i> |        |        |        |

| <b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)</b><br><i>(in thousands of \$)</i> | <b>2015</b><br><b>Jan-Mar</b> | <b>2014</b><br><b>Jan-Mar</b> | <b>2014</b><br><b>Jan-Dec</b> |
|--|-------------------------------|-------------------------------|-------------------------------|
| <b>Net income (loss)</b>   | <b>31,168</b>                 | <b>(15,212)</b>               | <b>(171,660)</b>              |
| Unrealized (loss) gain from marketable securities  | (64)                          | 269                           | (980)                         |
| Foreign currency translation (loss) gain   | (60)                          | 25                            | 25                            |
| <b>Other comprehensive (loss) gain</b>   | <b>(124)</b>                  | <b>294</b>                    | <b>(955)</b>                  |
| <b>Comprehensive income (loss)</b>   | <b>31,044</b>                 | <b>(14,918)</b>               | <b>(172,615)</b>              |
| <b>Comprehensive income (loss) attributable to noncontrolling interest</b>                   | <b>44</b>                     | <b>(3,127)</b>                | <b>(8,722)</b>                |
| <b>Comprehensive loss attributable to Frontline Ltd.</b>                                     | <b>31,000</b>                 | <b>(11,791)</b>               | <b>(163,893)</b>              |
|  | <b>31,044</b>                 | <b>(14,918)</b>               | <b>(172,615)</b>              |

See accompanying notes that are an integral part of these condensed consolidated financial statements.

**FRONTLINE LTD.**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

| <b>CONDENSED CONSOLIDATED BALANCE SHEETS</b><br><i>(in thousands of \$)</i> | <b>2015</b><br><b>Mar 31</b> | <b>2014</b><br><b>Mar 31</b> | <b>2014</b><br><b>Dec 31</b> |
|---|------------------------------|------------------------------|------------------------------|
| <b>ASSETS</b>   |                              |                              |                              |
| <b>Short term</b>   |                              |                              |                              |
| Cash and cash equivalents   | 88,161                       | 111,229                      | 64,080                       |
| Restricted cash   | 363                          | 74,868                       | 42,074                       |
| Other current assets  | 112,588                      | 144,686                      | 127,089                      |
| <b>Long term</b>  |                              |                              |                              |
| Newbuildings  | -                            | 30,277                       | 15,469                       |
| Vessels and equipment, net  | 112,369                      | 219,390                      | 56,624                       |
| Vessels under capital lease, net  | 534,389                      | 686,404                      | 550,345                      |
| Investment in finance lease   | 44,952                       | 48,119                       | 45,790                       |
| Investment in unconsolidated subsidiaries and associated companies          | 62,530                       | 58,547                       | 60,000                       |
| Other long-term assets  | 524                          | 561                          | 708                          |
| <b>Total assets</b>   | <b>955,876</b>               | <b>1,374,081</b>             | <b>962,179</b>               |
| <b>LIABILITIES AND EQUITY</b>   |                              |                              |                              |
| <b>Short term liabilities</b>   |                              |                              |                              |
| Short term debt and current portion of long term debt                       | 97,425                       | 58,806                       | 165,357                      |
| Current portion of obligations under capital lease                          | 85,620                       | 47,639                       | 78,989                       |
| Other current liabilities   | 61,092                       | 67,310                       | 84,242                       |
| <b>Long term liabilities</b>  |                              |                              |                              |
| Long term debt  | 162,536                      | 459,931                      | 137,452                      |
| Obligations under capital lease   | 547,239                      | 730,148                      | 564,692                      |
| Other long term liabilities   | 1,996                        | 3,420                        | 2,096                        |
| <b>Equity</b>   |                              |                              |                              |
| Frontline Ltd. (deficit) equity   | (408)                        | 1,053                        | (70,981)                     |
| Noncontrolling interest   | 376                          | 5,774                        | 332                          |
| Total (deficit) equity  | (32)                         | 6,827                        | (70,649)                     |
| <b>Total liabilities and equity</b>   | <b>955,876</b>               | <b>1,374,081</b>             | <b>962,179</b>               |

See accompanying notes that are an integral part of these condensed consolidated financial statements.

**FRONTLINE LTD.**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

| <b>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</b><br><i>(in thousands of \$)</i>    | <b>2015<br/>Jan-Mar</b> | <b>2014<br/>Jan-Mar</b> | <b>2014<br/>Jan-Dec</b> |
|--|-------------------------|-------------------------|-------------------------|
| <b>OPERATING ACTIVITIES</b>  |                         |                         |                         |
| Net income (loss)  | 31,168                  | (15,212)                | (171,660)               |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                         |                         |                         |
| Depreciation and amortization  | 17,117                  | 23,544                  | 83,727                  |
| Unrealized foreign currency exchange gain  | 112                     | 9                       | 113                     |
| Gain on sale of assets and amortization of deferred gains                                | -                       | 15,727                  | (24,620)                |
| Contingent rental expense  | 6,267                   | -                       | 4,237                   |
| Equity earnings of associated companies  | (5,748)                 | (562)                   | (3,866)                 |
| Impairment losses  | -                       | -                       | 97,709                  |
| Loss from de-consolidation of subsidiaries   | -                       | -                       | 12,415                  |
| Debt conversion expense  | -                       | -                       | 41,067                  |
| Provision for doubtful debts   | 506                     | 108                     | 68                      |
| Gain on bond buy back  | (333)                   | -                       | (1,486)                 |
| Other, net   | (317)                   | (405)                   | (1,375)                 |
| Change in operating assets and liabilities   | (5,800)                 | (2,057)                 | 17,065                  |
| <b>Net cash provided by operating activities</b>   | <b>42,972</b>           | <b>21,152</b>           | <b>53,394</b>           |
| <b>INVESTING ACTIVITIES</b>  |                         |                         |                         |
| Change in restricted cash  | 41,711                  | (6,505)                 | 8,396                   |
| Additions to newbuildings, vessels and equipment   | (41,281)                | (541)                   | (44,990)                |
| Finance lease payments received  | 699                     | 591                     | 2,555                   |
| Impact of reconsolidation of subsidiaries  | -                       | -                       | 638                     |
| Net proceeds from sale of vessels and equipment and shares in subsidiary                 | -                       | 27,164                  | 53,136                  |
| Net investment in associated companies   | -                       | 673                     | 2,019                   |
| <b>Net cash provided by (used in) investing activities</b>                               | <b>1,129</b>            | <b>21,382</b>           | <b>21,754</b>           |
| <b>FINANCING ACTIVITIES</b>  |                         |                         |                         |
| Net proceeds from issuance of shares   | 39,048                  | 40,557                  | 52,934                  |
| Proceeds from long-term debt, net of fees paid   | 30,023                  | -                       | 29,372                  |
| Repayment of long-term debt  | (70,122)                | (12,185)                | (90,612)                |
| Repayment of capital leases  | (17,089)                | (11,561)                | (39,918)                |
| Lease termination payments   | -                       | -                       | (10,500)                |
| Payment of related party loan note   | (1,880)                 | (1,875)                 | (6,103)                 |
| <b>Net cash (used in) provided by financing activities</b>                               | <b>(20,020)</b>         | <b>14,936</b>           | <b>(64,827)</b>         |
| <b>Net change in cash and cash equivalents</b>   | <b>24,081</b>           | <b>57,470</b>           | <b>10,321</b>           |
| <b>Cash and cash equivalents at start of period</b>                                      | <b>64,080</b>           | <b>53,759</b>           | <b>53,759</b>           |
| <b>Cash and cash equivalents at end of period</b>  | <b>88,161</b>           | <b>111,229</b>          | <b>64,080</b>           |

See accompanying notes that are an integral part of these condensed consolidated financial statements.

**FRONTLINE LTD.**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

| <b>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY</b><br><i>(in thousands of \$ except number of shares)</i> | <b>2015</b><br><b>Jan-Mar</b> | <b>2014</b><br><b>Jan-Mar</b> | <b>2014</b><br><b>Jan-Dec</b> |
|--|-------------------------------|-------------------------------|-------------------------------|
| <b>NUMBER OF SHARES OUTSTANDING</b>  |                               |                               |                               |
| Balance at beginning of period   | 112,342,989                   | 86,511,713                    | 86,511,713                    |
| Shares issued  | 12,191,291                    | 8,829,063                     | 25,831,276                    |
| Balance at beginning and end of period   | <b>124,534,280</b>            | <b>95,340,776</b>             | <b>112,342,989</b>            |
| <b>SHARE CAPITAL</b>   |                               |                               |                               |
| Balance at beginning of period   | 112,343                       | 86,512                        | 86,512                        |
| Shares issued  | 12,191                        | 8,829                         | 25,831                        |
| Balance at end of period   | <b>124,534</b>                | <b>95,341</b>                 | <b>112,343</b>                |
| <b>ADDITIONAL PAID IN CAPITAL</b>  |                               |                               |                               |
| Balance at beginning of period   | 244,018                       | 149,985                       | 149,985                       |
| Stock option expense   | -                             | 37                            | 37                            |
| Shares issued  | 27,382                        | 30,930                        | 40,091                        |
| Debt-for equity exchange   | -                             | -                             | 54,008                        |
| Loss on sale of subsidiary   | -                             | -                             | (103)                         |
| Balance at end of period   | <b>271,400</b>                | <b>180,952</b>                | <b>244,018</b>                |
| <b>CONTRIBUTED SURPLUS</b>   |                               |                               |                               |
| Balance at beginning and end of period   | <b>474,129</b>                | <b>474,129</b>                | <b>474,129</b>                |
| <b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>  |                               |                               |                               |
| Balance at beginning of period   | (4,258)                       | (3,303)                       | (3,303)                       |
| Other comprehensive (loss) income  | (124)                         | 294                           | (955)                         |
| Balance at end of period   | <b>(4,382)</b>                | <b>(3,009)</b>                | <b>(4,258)</b>                |
| <b>RETAINED DEFICIT</b>  |                               |                               |                               |
| Balance at beginning of period   | (897,213)                     | (734,275)                     | (734,275)                     |
| Net income (loss)  | 31,124                        | (12,085)                      | (162,938)                     |
| Balance at end of period   | <b>(866,089)</b>              | <b>(746,360)</b>              | <b>(897,213)</b>              |
| <b>FRONTLINE LTD. (DEFICIT) EQUITY</b>   | <b>(408)</b>                  | <b>1,053</b>                  | <b>(70,981)</b>               |
| <b>NONCONTROLLING INTEREST</b>   |                               |                               |                               |
| Balance at beginning of period   | 332                           | 8,901                         | 8,901                         |
| Impact of sale of shares in subsidiary   | -                             | -                             | 153                           |
| Net income (loss)  | 44                            | (3,127)                       | (8,722)                       |
| Balance at end of period   | <b>376</b>                    | <b>5,774</b>                  | <b>332</b>                    |
| <b>TOTAL (DEFICIT) EQUITY</b>  | <b>(32)</b>                   | <b>6,827</b>                  | <b>(70,649)</b>               |

See accompanying notes that are an integral part of these condensed consolidated financial statements.

**FRONTLINE LTD.**  
**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 tankers. The Company's ordinary shares are listed on the New York Stock Exchange, the Oslo Stock Exchange and the London Stock Exchange.

**2. ACCOUNTING POLICIES**

**Basis of accounting**

The condensed consolidated financial statements are prepared 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 consolidated financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2014.

**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 consolidated financial statements for the year ended December 31, 2014.

**3. DEBT**

In February 2015, the Company bought \$33.3 million notional principal of its convertible bond at a purchase price of 99% and recorded a gain of \$0.3 million. As of March 31, 2015, \$93.4 million was outstanding on the Company's convertible bond debt (December 31, 2014: \$126.7 million). The conversion price of the Company's convertible bonds at March 31, 2015 and December 31, 2014 was \$36.5567.

**4. SHARE CAPITAL**

The Company issued 12,191,291 new ordinary shares under the ATM program during the first quarter. 124,534,280 ordinary shares were outstanding as of March 31, 2015.

**5. RELATED PARTY TRANSACTIONS**

The Company's most significant related party transactions are with Ship Finance International Limited ("Ship Finance"), a company under the significant influence of our principal shareholder, as the Company leases the majority of its vessels from Ship Finance and pays Ship Finance contingent rental expense and profit share based on the earnings of these vessels.

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.

**6. SUBSEQUENT EVENTS**

In April 2015, the Company repaid the remaining outstanding balance on the convertible bond of \$93.4 million upon maturity.

In April 2015, the Company has issued 12,900,323 new shares under the ATM program.

In May 2015, the Company issued 5,941,251 new shares under the ATM program and the existing ATM program is fully utilized.

In May 2015, the Company entered into a heads of agreement to amend the terms of the long term charter agreements with Ship Finance for the remainder of the charter period with effect from July 1, 2015. Please see separate press release issued by Frontline today for full description of the transaction.

The Company announces that Mr. Jens Martin Jensen today has resigned from his position as a Director of the Company. Mr. Jensen will continue as a Board member in other group related companies.

The Company further announces the appointments of Robert Hvide Macleod and Ola Lorentzon as Directors on the Board. Mr. Hvide Macleod joined the Company as CEO of Frontline Management AS in 2014. Mr. Lorentzon was the Managing Director of Frontline Management AS, a subsidiary of Frontline, 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.