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FRONTLINE LTD /
Form 6-K
November 23, 2005

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

FORM 6-K

Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of November 2005

Frontline Ltd.

(Translation of registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b): 82-

Item 1. INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Attached as Exhibit 1 is a copy of the press release of Frontline Ltd. (the
"Company") dated November 13, 2005.

Exhibit 1

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Frontline Ltd. Interim Report July to September 2005

Highlights

- o Frontline reports net income of \$73.8 million and earnings per share of \$0.99 for the third quarter of 2005.
- o Frontline reports nine month results of \$473.1 million and earnings per share of \$6.32.
- o Frontline announces a cash dividend of \$1.50 per share.

Third Quarter and Nine Months Results

The Board of Frontline Ltd. (the "Company") announces net income of \$73.8 million for the third quarter of 2005, equivalent to earnings per share of \$0.99. Operating income for the quarter was \$142.1 million compared to \$185.1 million in the second quarter. This reflects the continued decrease in the market during the third quarter. The average daily time charter equivalents ("TCEs") earned in the spot and period market by the Company's VLCCs, Suezmax tankers and Suezmax OBO carriers were \$37,100, \$26,200 and \$34,700 respectively compared with \$50,300, \$34,100 and \$36,400 respectively in the second quarter of 2005. In the third quarter, a gain of \$32.4 million was reported on the sale of a Suezmax tanker.

Interest income was \$10.9 million in the quarter, of which, \$5.9 million relates to restricted deposits held by subsidiaries reported in Independent Tankers Corporation ("ITC"). The Company recorded interest expense of \$50.3 million in the third quarter of which \$15.7 million relates to ITC.

The total for other financial items in the third quarter was a gain of \$17.2 million compared to a net gain of \$2.7 million in the second quarter of 2005. An increase in the forward curve for Libor rates in the quarter has resulted in valuation gains of \$8.4 million on interest rate swaps in the third quarter compared to valuation losses of \$8.0 million in the second quarter of 2005. As at September 30, 2005, the Company had interest rate swaps with a total notional principal of \$622.6 million of which \$572.6 million relates to Ship Finance International Limited ("Ship Finance"). The valuation of freight future agreements to market value has resulted in a gain of \$0.4 million compared to a gain of \$2.7 million in the second quarter.

Frontline announces net income of \$473.1 million for the nine months ended September 30, 2005, equivalent to earnings per share of \$6.32. The TCEs earned in the spot and period market by the Company's VLCCs, Suezmax tankers, and Suezmax OBO carriers were \$54,300, \$39,200 and \$35,600, respectively.

As at September 30, 2005, the Company had total cash and cash equivalents of \$794.2 million which includes \$602.9 million of restricted cash. Restricted cash includes \$310.3 million relating to deposits in ITC and \$289.7 million in Frontline Shipping Limited and Frontline Shipping II Limited. As of November 2005, the Company has cash breakeven rates on a TCE basis for VLCCs and Suezmaxes of \$27,712 and \$20,990 respectively.

The results for the quarter and nine months ended September 30, 2004 and the year ended December 31, 2004 have been restated to reflect discontinued operations related to the dry bulk operations sold during 2004 and 2005.

Corporate and Other Matters

In August 2005, Frontline sold the Suezmax tanker Front Hunter to a third party for \$71 million. The deal resulted in the cancellation of the long term charter agreement between Ship Finance and Frontline.

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In August 2005, Frontline sold its last remaining dry bulk vessel, the Cos Hero, to a third party for net proceeds of \$20.7 million.

On August 18, 2005, Golden Ocean Group Limited ("Golden Ocean") exercised its option to acquire the second of two newbuilding Panamax bulk carriers from the Company at Frontline's cost plus Frontline's funding expenses. The vessel was delivered to Golden Ocean in early September 2005.

On November 13, 2005, the Board declared a dividend of \$1.50 per share. The record date for the dividend is November 29, 2005, the ex dividend date is 25 November, 2005 and the dividend will be paid on or about 13 December, 2005.

At September 30, 2005, 74,825,169 ordinary shares were outstanding and the weighted average number of shares outstanding for the quarter and nine months then ended was also 74,825,169.

The Market

The overall downward trend of the VLCC market witnessed in the second quarter of the year shifted to a significantly more positive trend during the third quarter. July started off on a rebound, seeing a peak in rates at Worldscale ("WS") 107 for the benchmark route from the Arabian Gulf to the East. The market experienced great volatility during the quarter, demonstrated by a fall in rates down to WS 60 levels in the first half of August. However, at the end of the quarter the rates rose dramatically, seeing fixtures being concluded at WS 105 levels at period end. The average WS rate from Arabian Gulf to the East was about WS 83 compared to WS 72 in the second quarter of 2005. This equates to a TCE of approximately \$34,000 per day. The Suezmax market experienced a downward trend compared to the second quarter. The benchmark route from West Africa to the East coast of U.S. started off falling from a peak in rates at the end of the second quarter down to WS 100 levels. The rates remained relatively stable until the end of September, when the market strengthened considerably and rates rose to WS 165 at period end. The average WS rate from West Africa to the East coast of the U.S. was about 115, or approximately \$25,500 per day, compared to WS 133 in the second quarter.

The hurricane activity in the Gulf of Mexico during the quarter led to shut downs of refinery capacity and production capacity. The shut downs boosted the U.S. demand for sweeter crude from West Africa. Consequently, a larger portion of heavier, sour crude from the Caribbean went eastwards. Combined with a seasonal strengthening of the market, the increase in long haul transportation stimulated the demand side, and led to an upwards pressure on rates.

The International Energy Agency (IEA) reported in its October report an average OPEC oil production, including Iraq, of approximately 29.7 million barrels per day during the third quarter of the year, an increase of 0.4 million barrels per day or 1.4 percent from the second quarter. OPEC announced in September that, should it be necessary, it would make the entire spare production capacity of 2 million barrels per day available.

IEA estimates that world oil demand averaged 82.4 million barrels per day in the third quarter, a 0.7 percent increase from the second quarter in 2005. IEA further predicts that the average demand for 2005 in total will be 83.4 million barrels per day, or a 1.6 percent growth from 2004. The organisation estimates world oil demand in 2006 to average 85.2 million barrels per day, showing a belief in continued demand growth.

The world trading VLCC fleet totalled 461 vessels at the end of the third quarter of 2005, an increase of 1.1 percent over the quarter. One VLCC was scrapped in the period and six were delivered. The total order book is at 98 vessels at the end of the third quarter, up from 94 vessels after the second

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quarter of 2005. This represents 21.3 percent of the current VLCC fleet. A total of ten VLCCs were ordered during the quarter.

The world Suezmax fleet totalled 333 vessels at the end of the quarter, up from 328 vessels after the second quarter of 2005, a 1.6 percent fleet growth. No Suezmaxes were scrapped during the quarter and five were delivered. The total order book at the end of the quarter is 64, down from 69 after the second quarter. This represents 19.3 percent of the Suezmax fleet. No Suezmaxes were ordered during the period.

The freight futures market maintains an optimistic view, demonstrated through the possibility of selling freight futures for the remainder of the year at a level that equates to TCEs for VLCCs of approximately \$120,000, and \$47,500 for the calendar year 2006.

Strategy

The Board of Frontline has seen limited upside in modern secondhand prices in 2005 and has as a result shown a cautious approach to new investments. Several ships have been sold. Newbuilding prices as well as secondhand prices have in the recent months shown a negative development, mainly due to the softening freight market, and partly caused by the strengthening of the U.S. dollar against Asian currencies but also driven by lower steel prices. The Board will closely monitor this development which can create interesting opportunities to renew and grow the fleet. Frontline will continue its efforts to seek consolidation among the big tanker companies.

Frontline has recently concluded a new two year time charter of one of the Company's Suezmaxes at a TCE rate of \$36,750 per day. Totally 14 vessels or approximately 23 percent of the fleet are now fixed out on time charter agreements with more than a year remaining. The cash breakeven rate for the remaining fleet operating in the spot market has through these arrangements been reduced to \$12,950 for Suezmaxes and \$25,400 for the VLCCs. A number of the time charters also have upside participation.

Through this chartering strategy Frontline has lowered the cash break rates which reduce the financial risk and secures a high degree of long term earnings stability. This in turn supports Frontline's dedicated high dividend strategy.

The high oil price is believed to leave room for a strong increase in offshore field development utilizing the FPSO concept. Frontline's uniform single hull fleet is believed to be well suited for conversion, and the Board has therefore decided to establish a team of experienced employees to manage these efforts. The team will be fully operational from January 2006.

Frontline has decided to postpone the sale of the Company's remaining 16 percent in Ship Finance until a later stage. The recent weakness in U.S. shipping stocks created partly by an oversupply of new companies to the market has influenced the decision. Frontline sees good value in the Ship Finance stock and feels that Frontline's shareholders will benefit through waiting for a better timing of the sale or spin off.

Outlook

The Board of Frontline has on several occasions warned about the dampening effect the high oil price will have on the world wide oil consumption. We have recently seen that crude prices at \$60 per barrel lead analysts to reduce their growth estimates, however the resistance to lower growth has surprised the Board and indicate a very strong underlying demand.

The VLCC and Suezmax tanker fleets have in the first ten months of 2005 grown by approximately five percent. In 2006 the delivery schedules for VLCCs will be

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reduced to 18 units from the 32 units delivered in 2005, while IEA estimates annual oil demand increase to move from 1.5 percent in 2005 to 2.0 percent in 2006. Such a reduction in deliveries combined with expectations for lower oil prices and refinery margins, indications of liberalisation in China's governmental control of the domestic oil market likely to lead to higher Chinese imports, reduced U.S. and North Sea production, and reduced efficiency of the single hull fleet, may change the momentum in the tanker market back to the benefit of the owners. Increased use for floating storage and conversion of existing units to offshore purposes further increases the likelihood for such a scenario. The most important factor is however the uncertainty created by the fact that 28 percent of the current VLCC and Suezmax tanker fleets are subject to the potential single hull ban coming into effect in 2010.

The market has developed positively in the fourth quarter. Frontline has the last week fixed VLCCs at TCEs of \$115-130,000 and Suezmax tonnage at \$50-60,000 per day on round voyage basis. So far approximately 62 percent of the Suezmax capacity and 80 percent of the VLCC capacity have been concluded for the quarter at TCE rates of \$38,400 and \$53,700 respectively. The recent rise in rates is likely to lead to increased numbers for the quarter overall. The current strength in the market combined with the forward nature of the fixtures will also give a solid basis for the earnings going in to 2006. The results for the fourth quarter will in line with the third quarter be negatively influenced by the accounting treatment of the Ship Finance profit sharing. The result for the year is likely to be above \$570 million.

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.

November 13, 2005
The Board of Directors
Frontline Ltd.
Hamilton, Bermuda

Questions should be directed to:

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Tom Jebsen, Chief Financial Officer, Frontline Management AS
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FRONTLINE GROUP THIRD QUARTER REPORT (UNAUDITED)

2004 Jul-Sep (restated)	2005 Jul-Sep	INCOME STATEMENT (in thousands of \$)	2005 Jan-S
402,401	291,546	Total operating revenues	1,08
-	32,429	Gain (loss) from sale of assets	7
91,591	83,724	Voyage expenses and commission	24
33,264	38,514	Ship operating expenses	11
10,412	3,911	Charterhire expenses	
6,478	5,931	Administrative expenses	1
45,396	49,754	Depreciation	14
187,141	181,834	Total operating expenses	52
215,260	142,141	Operating income	63
6,957	10,883	Interest income	2
(50,701)	(50,294)	Interest expense	(16)
1,587	628	Share of results from associated companies	
(26,161)	17,269	Other financial items	4
2,728	2,938	Foreign currency exchange gain (loss)	1
149,670	123,565	Income before taxes and minority interest	56
(13,279)	(54,922)	Minority Interest	(9)
-	(2)	Taxes	
5,139	5,156	Discontinued operations	1
141,530	73,797	Net income	47
		Basic Earnings Per Share Amounts (\$)	
\$1.83	\$0.92	EPS from continuing operations before cumulative effect of change in accounting principle	
\$1.90	\$0.99	EPS	
		Income on timecharter basis (\$ per day per ship)*	
67,200	37,100	VLCC	5
45,900	26,200	Suezmax	3
27,300	34,700	Suezmax OBO	3

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

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BALANCE SHEET	2005
(in thousands of \$)	Sep 3

ASSETS

Short term	
Cash and cash equivalents	19
Restricted cash	60
Other current assets	21
Long term	
Newbuildings and vessel purchase options	1
Vessels and equipment, net	2,50
Vessels under capital lease, net	68
Investment in finance lease	10
Investment in associated companies	2
Deferred charges and other long-term assets	4
Total assets	4,39

LIABILITIES AND STOCKHOLDERS' EQUITY

Short term	
Short term debt and current portion of long term debt	17
Current portion of obligations under capital lease	2
Other current liabilities	15
Long term	
Long term debt	2,23
Obligations under capital lease	71
Other long term liabilities	2
Minority interest	45
Stockholders' equity	61
Total liabilities and stockholders' equity	4,39

2004	2005		2005
Jul-Sep	Jul-Sep	STATEMENT OF CASHFLOWS	Jan-Sep
		(in thousands of \$)	

OPERATING ACTIVITIES

141,530	73,797	Net income (loss)	473,0
		Adjustments to reconcile net income to net cash provided by operating activities	
48,717	51,731	Depreciation and amortisation	164,8

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(4,944)	(298)	Unrealised foreign currency exchange (gain) loss	(5,2
-	(37,963)	Gain or loss on sale of assets	(111,5
(1,587)	(628)	Results from associated companies	(3,8
16,298	(5,620)	Adjustment of financial derivatives to market value	(8,1
12,071	55,722	Other, net	106,6
12,905	35,596	Change in operating assets and liabilities	203,6
224,990	172,337	Net cash provided by operating activities	819,3
INVESTING ACTIVITIES			
27,613	19,235	Maturity (placement) of restricted cash	(10,3
-	(1,874)	Acquisition of minority interest	(5,8
(61,107)	(37,165)	Additions to newbuildings, vessels and equipment	(525,5
1,480	-	Advances to associated companies, net	(2,6
-	-	Proceeds from sale of investments in associated companies	
-	-	Acquisition of subsidiaries, net of cash acquired	
946	-	Receipt from investment in finance lease and loans receivable	14,4
-	-	Purchase of other assets	(98,8
-	100,632	Proceeds from sale of assets	403,
-	-	Loan advances to related parties	(33,7
			50,
	50,571	Repayment of loan advances by related parties	(208,9
(31,068)	131,399	Net cash provided by (used in) investing activities	
FINANCING ACTIVITIES			
119,155	163,986	Proceeds from long-term debt, net of fees paid	1,584,5
(147,111)	(231,307)	Repayments of long-term debt	(1,326,3
(5,569)	(5,958)	Repayment of capital leases	(16,4
(159,392)	(181,170)	Dividends paid	(766,5
45,735	-	Issue of shares, net	
(147,182)	(254,449)	Net cash used in financing activities	(524,8
46,740	49,287	Net increase (decrease) in cash and cash equivalents	85,5
112,859	142,008	Cash and cash equivalents at start of period	105,7
159,599	191,295	Cash and cash equivalents at end of period	191,2

SIGNATURES

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

Frontline Ltd.
(Registrant)

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Date November 22, 2005

By /s/ Tom E. Jebsen

Tom E. Jebsen
Principal Financial Officer

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