



Knightsbridge Tankers Limited

Interim Report September 2006

THIRD QUARTER AND NINE MONTH RESULTS

Knightsbridge Tankers Limited (the "Company") reports net income of \$14.5 million and earnings per share of \$0.85 for the third quarter of 2006. The average daily time charter equivalents ("TCEs") earned by the Company's five VLCCs was \$52,900 compared with \$42,800 in the preceding quarter. The third quarter earnings reflect the strengthening of the tanker market that commenced in the second quarter. Net interest expense for the quarter was \$1.5 million (2005 comparable quarter: \$1.1 million) and at September 30, 2006, all of the Company's debt is floating rate debt. As of November 6, 2006, the Company has an average cash breakeven rate for its vessels of \$18,998 per vessel per day compared to \$19,200 on August 7, 2006.

The net decrease in cash and cash equivalents in the quarter was \$0.1 million. The Company generated cash from operating activities of \$16.4 million, used \$2.8 million to repay loan and credit facilities and distributed \$13.7 million in dividend payments.

For the nine months ended September 30, 2006 the Company reports net income of \$36.6 million and earnings per share of \$2.14. The average daily TCEs for the nine months ended September 30, 2006 was \$50,100. Net interest expense for the period was \$4.1 million (2005 comparable nine months: \$2.9 million).

On November 14, 2006 the Board declared a dividend of \$1.00 per share. The record date for the dividend is November 27, 2006, ex dividend date is November 22, 2006 and the dividend will be paid on or about December 7, 2006.

THE MARKET

The third quarter tanker market was seasonally very strong and, according to Clarkson's, VLCCs averaged a TCE of \$79,300 for the third quarter of 2006.

The International Energy Agency (IEA) reported in November an average OPEC Oil production, including Iraq, of 29.98 million barrels per day during the third quarter of the year, a 0.18 million barrels per day or 0.6 percent increase from second quarter. OPEC decided at its extraordinary meeting held in Doha, Qatar on October 19, 2006 to reduce production by an amount of 1.2 million barrels per day, effective November 1, 2006, as a result of the recent development in the oil market.

IEA estimates that world oil demand averaged 83.9 million barrels per day in the third quarter, a 0.7 percent increase from the second quarter of 2006. The IEA predicts that the average demand for 2007 in total will be 85.9 million barrels per day, or a 1.7 percent growth from 2006, hence showing a firm belief in continued demand growth.

According to Fearnleys, the VLCC fleet totalled 475 vessels at the end of the third quarter of 2006 with eight deliveries and no vessels scrapped during the quarter. The total order book amounted to 165 vessels at the end of the third quarter, up from 147 vessels after the second quarter of 2006. For the remainder of 2006 there are four deliveries expected and there are 31 deliveries expected in 2007. The current orderbook represent 34.7 percent of the current VLCC fleet. A total of 18 VLCCs were ordered during the quarter.

OUTLOOK

The market in the fourth quarter has shown continuing strength, although it has been weaker to date compared with the same quarter in 2005. The average Clarkson TCE reference rate for the quarter until 10 November 2006 is \$51,500 per day. It is expected that the market will strengthen as the winter season sets in, but the increased number of ships in the global fleet may trend rates lower. The Company is well positioned with a low degree of debt and good future contract coverage.

FORWARD LOOKING STATEMENTS

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. 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.

Knightsbridge desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "will," "may," "should," "expect" "pending and similar expressions identify forward-looking statements.

The forward-looking statements in this document are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe 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 our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charterhire 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 Knightsbridge's operating expenses, including bunker prices, drydocking and insurance costs, the market for Knightsbridge's vessels, availability of financing and refinancing, 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 Knightsbridge with the Securities and Exchange Commission.

November 14, 2006
The Board of Directors
Knightsbridge Tankers Limited
Hamilton, Bermuda

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**KNIGHTSBRIDGE TANKERS LIMITED THIRD QUARTER REPORT
(UNAUDITED)**

2005 Jul-Sept	2006 Jul-Sept	INCOME STATEMENT (in thousands of \$)	2006 Jan-Sept	2005 Jan-Sept	2005 Jan-Dec (audited)
19,752	30,379	Operating revenues	81,268	70,045	100,179
		Operating expense			
4,673	6,180	Voyage expenses	14,293	12,362	16,459
5,667	3,589	Ship operating expenses	12,312	12,889	17,211
247	308	Administrative expenses	1,142	810	988
4,315	4,316	Depreciation	12,806	12,805	17,120
14,902	14,393	Total operating expenses	40,553	38,866	51,778
4,850	15,986	Net operating income	40,715	31,179	48,401
		Other income/(expenses)			
220	343	Interest income	1,025	819	959
(1,368)	(1,836)	Interest expense	(5,129)	(3,804)	(5,310)
(57)	6	Other financial items	(47)	(79)	(83)
(1,205)	(1,487)	Total other expenses	(4,151)	(3,064)	(4,434)
3,645	14,499	Net income	36,564	28,115	43,967
17,100	17,100	Average number of ordinary shares outstanding (000's)	17,100	17,100	17,100
\$ 0.22	\$ 0.85	Earnings per share (\$)	\$ 2.14	\$ 1.65	\$ 2.57

BALANCE SHEET (in thousands of \$)	2006 Sept 30	2005 Sept 30	2005 Dec 31 (audited)
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	10,973	11,228	12,634
Restricted cash	10,000	10,000	10,000
Other current assets	15,269	8,886	15,096
<i>Long term</i>			
Vessels, net	272,264	289,385	285,070
Deferred charges and other long-term assets	306	376	359
Total assets	308,812	319,875	323,159
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term debt and current portion of long-term debt	11,200	11,355	11,200
Other current liabilities	9,675	8,789	7,726
<i>Long term</i>			
Long term interest bearing debt	100,800	112,000	109,200
Stockholders' equity	187,137	187,731	195,033
Total liabilities and stockholders' equity	308,812	319,875	323,159

2005 Jul-Sept	2006 Jul-Sept	STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	2006 Jan-Sept	2005 Jan-Sept	2005 Jan-Dec <i>(audited)</i>
		OPERATING ACTIVITIES			
3,645	14,499	Net income	36,564	28,115	43,967
		Adjustments to reconcile net income to net cash provided by operating activities			
4,332	4,333	Depreciation, amortization and foreign exchange	12,857	12,854	17,186
326	(2,456)	Change in operating assets and liabilities	1,778	16,248	8,975
8,303	16,376	Net cash provided by operating activities	51,199	57,217	70,128
		FINANCING ACTIVITIES			
-	-	Proceeds from long-term debt and credit facilities	76	-	-
(6,244)	(2,816)	Repayments of long-term debt and credit facilities	(8,476)	(8,387)	(11,342)
(13,680)	(13,680)	Dividends paid	(44,460)	(69,255)	(77,805)
(19,924)	(16,496)	Net cash used in financing activities	(52,860)	(77,642)	(89,147)
(11,621)	(120)	Net decrease in cash and cash equivalents	(1,661)	(20,425)	(19,019)
22,849	11,093	Cash and cash equivalents at start of period	12,634	31,653	31,653
11,228	10,973	Cash and cash equivalents at end of period	10,973	11,228	12,634