



Knightsbridge Tankers Limited

Interim Report June 2006

SECOND QUARTER AND SIX MONTHS RESULTS

Knightsbridge Tankers Limited (the "Company") reports net income of \$7.9 million and earnings per share of \$0.46 for the second quarter of 2006. The average daily time charter equivalents ("TCEs") earned by the Company's five VLCCs was \$42,800 compared with \$54,300 in the immediately preceding quarter. The second quarter earnings reflect the weakening of the tanker market that occurred in the first quarter and early into the second quarter of 2006 before a steady recovery that continued through the end of the second quarter. Net interest expense for the quarter was \$1.3 million (2005 comparable quarter: \$1.0 million) and at June 30, 2006, all of the Company's debt is floating rate debt. As of August 7, 2006, the Company has an average cash breakeven rate for its vessels of \$19,200 per vessel per day compared to \$18,900 on May 8, 2006. This increase is as result of increased general market interest rates.

The completion of the drydocking for TI Ningbo (formerly named Hampstead) resulted in approximately 18.3 days of off-hire in the second quarter. All of the Company's five vessels have now completed their scheduled ten year drydocking and special survey.

The net decrease in cash and cash equivalents in the quarter was \$6.8 million. The Company generated cash from operating activities of \$13.2 million, used \$2.9 million to repay the Company's loan and credit facilities and distributed \$17.1 million in dividend payments.

For the six months ended June 30, 2006 the Company reports net income of \$22.1 million and earnings per share of \$1.29. The average daily TCEs for the six months ended June 30, 2006 was \$48,600. Net interest expense for the period was \$2.6 million (2005 comparable six months: \$1.8 million).

On August 11, 2006, the Board declared a dividend of \$0.80 per share. The record date for the dividend is August 25, 2006, ex dividend date is August 23, 2006 and the dividend will be paid on or about September 8, 2006.

THE MARKET

The downward pressure at the end of the first quarter for VLCCs eased late in the first week of the second quarter. The lowest rate in the second quarter was witnessed in the first week of April with approximately World Scale ("WS") 55, for the benchmark route MEG to Japan. This equated to a TCE of approximately \$18,500 per day. The benchmark rate increased gradually until mid May and thereafter accelerated to its high of approximately WS 120 (\$80,500 per day) in the third week of June. The quarter ended with the VLCC market in a gradual decline to approximately WS 97 (\$58,500/day).

The average rate from the MEG to Japan in the second quarter of 2006 was approximately WS 80 (\$41,700 per day), compared to about WS 71 (\$32,600 per day) in the second quarter of 2005.

Bunkers continued the upward trend seen in the first quarter with Fujairah's highest bunker quote for the quarter early May at \$359 per mt, for thereafter slowly decreasing to \$325 per mt at the end of the quarter with an average of \$335 per mt. This represents an increase from the average in the second quarter of 2005 of \$79/mt.

The International Energy Agency (IEA) reported in July an average OPEC Oil production, including Iraq, of 29.68 million barrels per day during the second quarter of the year, a 0.19 million barrels per day or 0.6 percent decrease from the first quarter. OPEC decided at its extraordinary meeting held in Caracas on June 1 to maintain current production levels. The Conference's next ordinary meeting is to take place in Vienna on September 11, 2006.

IEA estimates that world oil demand averaged 83.3 million barrels per day in the second quarter, a 1.9 percent increase from the first quarter of 2006. IEA further predicts that the average demand for 2006 in total will be 84.8 million barrels per day, or a 1.5 percent growth from 2005, hence showing a firm belief in continued demand growth.

According to Fearnleys the VLCC fleet totalled 473 vessels at the end of the second quarter of 2006, an increase of 0.9 percent over the quarter. No VLCCs were scrapped in the period whilst four were delivered. The total order book now stands at 149 vessels at the end of the second quarter, up from 130 vessels after the first quarter of 2006. For the remainder of 2006 there are seven deliveries expected and there are 32 counted for 2007. The current order book represents 31.5 percent of the current VLCC fleet. A total of 23 VLCCs were ordered during the quarter.

At the end of July it was possible to sell freight futures for the remainder of 2006 at a level that equated to TCEs for VLCCs at approximately \$84,000 per day.

OUTLOOK

In June 2006, the Company announced it had entered into new time charter agreements for its VLCCs: TI Ningbo and TI Qingdao. The two VLCCs will commence their new time charter employment directly after the current charters expire in the first half of 2007. The TI Ningbo and TI Qingdao have been chartered to Frontline Ltd for a period of four and five years, respectively. The charter income for each VLCC will consist of a fixed base rate of \$37,750 per day plus a market related element being 50 percent of the difference between a spot market related rate index and the base rate. The Board believes that the new charters will serve the Company well. The new charters create secured income into the next decade and at the same time allow the Company to benefit from spot market increases.

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.

August 11, 2006
The Board of Directors
Knightsbridge Tankers Limited
Hamilton, Bermuda

Questions should be directed to:

Contact: Ola Lorentzon
 + 46 703 998886

 Inger M. Klemp
 + 47 23 11 40 76

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

2005 Apr-Jun	2006 Apr-Jun	INCOME STATEMENT (in thousands of \$)	2006 Jan-Jun	2005 Jan-Jun	2005 Jan-Dec (audited)
20,924	23,678	Operating revenues	50,889	50,293	100,179
		Operating expense			
3,878	4,999	Voyage expenses	8,113	7,689	16,459
4,120	4,679	Ship operating expenses	8,723	7,222	17,211
334	449	Administrative expenses	834	563	988
4,269	4,269	Depreciation	8,490	8,490	17,120
12,601	14,396	Total operating expenses	26,160	23,964	51,778
8,323	9,282	Net Operating income	24,729	26,329	48,401
		Other income/(expenses)			
292	358	Interest income	682	599	959
(1,251)	(1,700)	Interest expense	(3,293)	(2,436)	(5,310)
(6)	(51)	Other financial items	(53)	(22)	(83)
(965)	(1,393)	Total Other income/(expenses)	(2,664)	(1,859)	(4,434)
7,358	7,889	Net income (loss)	22,065	24,470	43,967
17,100	17,100	Average number of ordinary shares outstanding	17,100	17,100	17,100
\$ 0.43	\$ 0.46	Earnings per Share (\$)	\$ 1.29	\$ 1.43	\$ 2.57

BALANCE SHEET (in thousands of \$)	2006 Jun 30	2005 Jun 30	2005 Dec 31 (audited)
ASSETS			
<i>Short term</i>			
Cash and cash equivalents (including restricted cash)	21,093	32,849	22,634
Other current assets	13,074	9,033	15,096
<i>Long term</i>			
Vessels, net	276,580	293,700	285,070
Deferred charges and other long-term assets	323	360	359
Total assets	311,070	335,942	323,159
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term debt and current portion of long-term debt	11,216	14,766	11,200
Other current liabilities	9,936	8,610	7,726
<i>Long term</i>			
Long term interest bearing debt	103,600	114,800	109,200
Stockholders' equity	186,318	197,766	195,033
Total liabilities and stockholders' equity	311,070	335,942	323,159

2005 Apr-Jun	2006 Apr-Jun	STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	2006 Jan-Jun	2005 Jan-Jun	2005 Jan-Dec <i>(audited)</i>
		OPERATING ACTIVITIES			
7,358	7,889	Net income	22,065	24,470	43,967
		Adjustments to reconcile net income to net cash provided by operating activities			
4,285	4,286	Depreciation and amortisation	8,524	8,522	17,186
5,555	958	Change in operating assets and liabilities	4,234	15,922	8,975
17,198	13,133	Net cash provided by operating activities	34,823	48,914	70,128
		FINANCING ACTIVITIES			
766	-	Proceeds from long-term debt and credit facilities	76	766	-
-	(2,860)	Repayments of long-term debt and credit facilities	(5,660)	(2,909)	(11,342)
(25,650)	(17,100)	Dividends paid	(30,780)	(55,575)	(77,805)
(24,884)	(19,960)	Net cash used in financing activities	(36,364)	(57,718)	(89,147)
(7,686)	(6,827)	Net increase (decrease) in cash and cash equivalents	(1,541)	(8,804)	(19,019)
40,535	27,920	Cash and cash equivalents at start of period	22,634	41,653	41,653
32,849	21,093	Cash and cash equivalents at end of period	21,093	32,849	22,634