



## **Knightsbridge Tankers Limited**

### **PRELIMINARY FOURTH QUARTER AND FINANCIAL YEAR 2006 RESULTS**

Knightsbridge Tankers Limited (the "Company") reports net income of \$9.2 million and earnings per share of \$0.53 for the fourth quarter of 2006. The average daily time charter equivalents ("TCEs") earned by the Company's five VLCCs was \$41,700 compared with \$52,900 in the preceding quarter. The decrease represents a seasonal weakening of the tanker market. Net interest expense for the quarter was \$1.4 million (2005 comparable quarter: \$1.4 million), and at December 31, 2006 all of the Company's debt is floating rate debt.

The net decrease in cash and cash equivalents in the quarter was \$2.4 million. The Company generated cash from operating activities of \$17.5 million, used \$2.8 million to repay loan and credit facilities and distributed \$17.1 million in dividend payments. As of February 5, 2007, the Company has an average cash breakeven rate for its vessels of \$18,540 per vessel compared to \$16,700 on January 31, 2006.

For the financial year ended December 31, 2006 the Company reports net income of \$45.7 million and earnings per share of \$2.67 compared with \$44.0 million and \$2.57, respectively in 2005. The average daily TCEs in 2006 was \$48,000 compared with \$47,100 in 2005. Net interest expense for the year was \$5.5 million (2005: \$4.3 million).

The net decrease in cash and cash equivalents in 2006 was \$4.1 million. The Company generated cash from operating activities of \$68.7 million, used \$11.3 million to repay loan and credit facilities and distributed \$61.5 million in dividend payments. The total dividend paid per share in 2006 was \$3.60 compared to \$4.55 in 2005.

On February 13, 2007 the Board declared a dividend of \$0.80 per share. The record date for the dividend is February 26, 2007 and the dividend will be paid on or about March 9, 2007.

### **THE MARKET**

The fourth quarter was seasonally relatively weak for the VLCC segment and the average was calculated to World Scale ("WS") 69.5 based on data from the benchmark route MEG to Japan. This equated to a daily TCE of approximately \$35,750 per day compared to approximately WS 156 (\$95,500 per day) in the fourth quarter of 2005. Freight was quoted at approximately WS 102 (\$64,000 per day) at the start of the quarter for the given route but markets declined throughout the period and ended at approximately WS 60 (\$27,000 per day) at December 31, 2006.

The International Energy Agency ("IEA") reported in January an average OPEC oil production, including Iraq, of 29.07 million barrels per day during the fourth quarter of the year, a 0.90 million barrels per day or 3.0 percent decrease from the third quarter. OPEC decided at its extraordinary meeting held in Abuja, the Federal Republic of Nigeria on December 14, 2006 to "reduce OPEC production by a further 500,000 barrels per day, with effect from February 1, 2007 in order to balance supply and demand". This adds to their previously announced cut of 1.2 million barrels per day effective November 1, 2006. On January 1, 2007, Angola became the twelfth member of OPEC.

IEA estimates that world oil demand averaged 85.7 million barrels per day in the fourth quarter, a 1.9 percent increase from the third quarter of 2006. IEA further predicts that the average demand for 2007 in total will be 85.8 million barrels per day, or a 1.6 percent growth from 2006, hence showing a firm belief in continued demand growth.

According to Fearnleys, the VLCC fleet totalled 479 vessels at the end of the fourth quarter with four deliveries and no vessels scrapped during the last quarter of the year. The total order book amounted to 161 vessels at the end of the fourth quarter, down from 165 vessels after the third quarter of 2006. There are 30 deliveries expected in 2007 and 39 in 2008. The current order book represent 33.6 percent of the VLCC fleet.

## **OUTLOOK**

The average Clarkson TCE reference rate for the first quarter to date is \$54,400 per day. However, the market has softened recently and this may be due to seasonal factors. In light of the Company's low degree of debt and good future contract coverage the Board remains satisfied with the Company's position.

## **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," "except," "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.

February 13, 2007  
The Board of Directors  
Knightsbridge Tankers Limited  
Hamilton, Bermuda

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

<b>2005 Oct-Dec</b>	<b>2006 Oct-Dec</b>	<b>INCOME STATEMENT (in thousands of \$)</b>	<b>2006 Jan-Dec</b>	<b>2005 Jan-Dec (audited)</b>
<b>30,134</b>	<b>24,460</b>	<b>Operating revenues</b>	<b>105,728</b>	<b>100,179</b>
		<b>Operating expenses</b>		
4,097	5,722	Voyage expenses	20,015	16,459
4,322	3,523	Ship operating expenses	15,835	17,211
178	350	Administrative expenses	1,492	988
4,315	4,315	Depreciation	17,121	17,120
<b>12,912</b>	<b>13,910</b>	<b>Total operating expenses</b>	<b>54,463</b>	<b>51,778</b>
<b>17,222</b>	<b>10,550</b>	<b>Net operating income</b>	<b>51,265</b>	<b>48,401</b>
		<b>Other income/(expenses)</b>		
140	358	Interest income	1,383	959
(1,506)	(1,752)	Interest expense	(6,881)	(5,310)
(4)	(3)	Other financial items	(50)	(83)
<b>(1,370)</b>	<b>(1,397)</b>	<b>Total other expenses</b>	<b>(5,548)</b>	<b>(4,434)</b>
<b>15,852</b>	<b>9,153</b>	<b>Net income</b>	<b>45,717</b>	<b>43,967</b>
17,100	17,100	Average number of ordinary shares outstanding (000's)	17,100	17,100
\$0.93	\$0.53	Earnings per share (\$)	\$2.67	\$2.57

<b>BALANCE SHEET (in thousands of \$)</b>	<b>2006 Dec 31</b>	<b>2005 Dec 31 (audited)</b>
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	8,538	12,634
Restricted cash	10,000	10,000
Other current assets	14,723	15,096
<i>Long term</i>		
Vessels, net	267,949	285,070
Deferred charges and other long-term assets	289	359
<b>Total assets</b>	<b>301,499</b>	<b>323,159</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term debt and current portion of long-term debt	11,211	11,200
Other current liabilities	13,098	7,726
<i>Long term</i>		
Long term interest bearing debt	98,000	109,200
Stockholders' equity	179,190	195,033
<b>Total liabilities and stockholders' equity</b>	<b>301,499</b>	<b>323,159</b>

<b>2005</b> <b>Oct-Dec</b>	<b>2006</b> <b>Oct-Dec</b>	<b>STATEMENT OF CASHFLOWS</b> <i>(in thousands of \$)</i>	<b>2006</b> <b>Jan-Dec</b>	<b>2005</b> <b>Jan-Dec</b> <i>(audited)</i>
		<b>OPERATING ACTIVITIES</b>		
15,852	9,153	Net income	45,717	43,967
		Adjustments to reconcile net income to net cash provided by operating activities		
4,332	4,332	Depreciation, amortization and foreign exchange	17,191	17,186
(7,273)	3,969	Change in operating assets and liabilities	5,745	8,975
<b>12,911</b>	<b>17,454</b>	<b>Net cash provided by operating activities</b>	<b>68,653</b>	<b>70,128</b>
		<b>FINANCING ACTIVITIES</b>		
-	11	Proceeds from long-term debt and credit facilities	87	-
(2,955)	(2,800)	Repayments of long-term debt and credit facilities	(11,276)	(11,342)
(8,550)	(17,100)	Dividends paid	(61,560)	(77,805)
<b>(11,505)</b>	<b>(19,889)</b>	<b>Net cash used in financing activities</b>	<b>(72,749)</b>	<b>(89,147)</b>
<b>1,406</b>	<b>(2,435)</b>	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,096)</b>	<b>(19,019)</b>
<b>11,228</b>	<b>10,973</b>	<b>Cash and cash equivalents at start of period</b>	<b>12,634</b>	<b>31,653</b>
<b>12,634</b>	<b>8,538</b>	<b>Cash and cash equivalents at end of period</b>	<b>8,538</b>	<b>12,634</b>