



## **Knightsbridge Tankers Limited**

### **FIRST QUARTER 2007 RESULTS**

Knightsbridge Tankers Limited (the "Company") reports net income of \$9.7 million and earnings per share of \$0.57 for the first quarter of 2007. This compares with net income of \$14.2 million and earnings per share of \$0.83 for the first quarter of 2006. The average daily time charter equivalent ("TCEs") earned by the Company's five VLCCs was \$43,800 compared with \$41,700 in the preceding quarter. The increase represents recovery from the seasonal weakening of the tanker market which had occurred in the prior quarter. Net operating income was \$11.1 million (2006 comparable quarter: \$15.4 million) and net interest expense for the quarter was \$1.4 million (2006 comparable quarter: \$1.3 million) At March 31, 2007 all of the Company's debt is floating rate debt.

The net decrease in cash and cash equivalents in the quarter was \$3.9 million. The Company generated cash from operating activities of \$12.6 million, used \$2.8 million to repay loan facilities and distributed \$13.7 million in dividend payments. As of May 14, 2007, the Company has an average cash breakeven rate for its vessels of \$18,439 per vessel compared to \$18,540 on February 5, 2007.

During the quarter the Company terminated the pooling arrangement with Frontline Ltd for the two vessels Mayfair and Chelsea. On March 27, 2007 the Mayfair began a three year time charter with third party at a rate of \$45,000 per day while the Chelsea continues to trade on the spot market.

On May 15, 2007 the Board declared a dividend of \$0.60 per share. The record date for the dividend is May 26, 2007 and the dividend will be paid on or about June 11, 2007.

### **THE MARKET**

The year opened flat at around Worldscale ("WS") 53 (TCE \$28,900) for VLCCs and after a number of fluctuations during the period ended the quarter at about WS 92 (TCE \$63,500). The average rate for VLCCs from MEG to Japan in the first quarter was about WS 70 (TCE \$44,500) compared to about WS 110 (TCE \$71,300) in the first quarter of 2006. The average Clarkson reference TCE rate for the second quarter to date is approximately \$51,800.

Bunker prices increased throughout the quarter and averaged approximately \$296/mt at Fujairah. The lowest bunker quote from this port was \$255/mt, set a week into the quarter, while the high was reached on the last day of the quarter at \$341/mt.

In April, the International Energy Agency (IEA) reported average OPEC Oil production including Iraq and Angola, of 30.22 million barrels per day during the first quarter of the year, a 0.43 million barrels per day or 1.4 percent decrease from the fourth quarter after adjusting for Angola. There was no mention of production targets at the last OPEC meeting which was widely seen as signifying no change from the existing policy.

IEA estimates that world oil demand averaged 85.5 million barrels per day in the first quarter, a 1.4 percent increase from the fourth quarter of 2006. IEA further predicts that the average demand for 2007 in total will be 85.8 million barrels per day, or a 1.8 percent growth from 2006, hence showing a firm belief in continued demand growth.

According to Fearnleys, the VLCC fleet totalled 485 vessels at the end of the first quarter with five deliveries and no vessels scrapped during the first three months of the year. The total orderbook amounted to 159 vessels at the end of the first quarter, down from 160 vessels after the fourth quarter of 2006. There are 23 additional deliveries expected in 2007 and 39 in 2008. The current orderbook represents 32.8 percent of the VLCC fleet with a total of four VLCCs ordered during the quarter.

## **OUTLOOK**

On May 9, 2007, the Company announced that it has agreed to purchase two newbuilding contracts, each for a Capesize bulk carrier of approximately 170,000 deadweight tons ("dwt"). With this transaction, the Board is aiming to expand the Company and to renew its fleet through the acquisition of new tonnage. In entering into this transaction, the focus has been on increasing the Company's long term earning per share without adding large risk. The transaction also gives the possibility to materially improve the long term dividend capacity by locking in one or both ships at what are very attractive time charter rates.

The Company currently has four out of its five VLCC's fixed under three to five years charters expiring between 2009 and 2012. This term coverage provides good long term stability by limiting financial risk. The Board believes that the existing business combined with the newbuilding projects outlined above will provide good prospects for the future of the Company.

## **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.

May 15, 2007  
The Board of Directors  
Knightsbridge Tankers Limited  
Hamilton, Bermuda

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## KNIGHTSBRIDGE TANKERS LIMITED FIRST QUARTER REPORT (UNAUDITED)

<b>INCOME STATEMENT</b> <i>(in thousands of \$)</i>	<b>2007</b> <b>Jan-Mar</b>	<b>2006</b> <b>Jan-Mar</b>	<b>2006</b> <b>Jan-Dec</b> <i>(audited)</i>
<b>Operating revenues</b>	<b>24,058</b>	<b>27,211</b>	<b>105,728</b>
<b>Operating expenses</b>			
Voyage expenses	4,353	3,114	20,015
Ship operating expenses	4,035	4,044	15,835
Administrative expenses	372	385	1,492
Depreciation	4,221	4,221	17,121
<b>Total operating expenses</b>	<b>12,981</b>	<b>11,764</b>	<b>54,463</b>
<b>Net operating income</b>	<b>11,077</b>	<b>15,447</b>	<b>51,265</b>
<b>Other income/(expenses)</b>			
Interest income	262	324	1,383
Interest expense	(1,671)	(1,593)	(6,881)
Other financial items	-	(2)	(50)
<b>Total other expenses</b>	<b>(1,409)</b>	<b>(1,271)</b>	<b>(5,548)</b>
<b>Net income</b>	<b>9,668</b>	<b>14,176</b>	<b>45,717</b>
Average number of ordinary shares outstanding (000's)	17,100	17,100	17,100
Earnings per share (\$)	\$0.57	\$0.83	\$2.67

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>2007</b> <b>Mar 31</b>	<b>2006</b> <b>Mar 31</b>	<b>2006</b> <b>Dec 31</b> <i>(audited)</i>
<b>ASSETS</b>			
<i>Short term</i>			
Cash and cash equivalents	4,608	17,290	8,538
Restricted cash	10,000	10,000	10,000
Other current assets	14,552	13,037	14,723
<i>Long term</i>			
Vessels, net	263,728	280,849	267,949
Deferred charges and other long-term assets	272	342	289
<b>Total assets</b>	<b>293,160</b>	<b>322,148</b>	<b>301,499</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<i>Short term</i>			
Short term debt and current portion of long-term debt	11,200	11,276	11,211
Other current liabilities	11,582	8,943	13,098
<i>Long term</i>			
Long term interest bearing debt	95,200	106,400	98,000
Stockholders' equity	175,178	195,529	179,190
<b>Total liabilities and stockholders' equity</b>	<b>293,160</b>	<b>322,148</b>	<b>301,499</b>

<b>STATEMENT OF CASHFLOWS</b> <i>(in thousands of \$)</i>	<b>2007</b> <b>Jan-Mar</b>	<b>2006</b> <b>Jan-Mar</b>	<b>2006</b> <b>Jan-Dec</b> <i>(audited)</i>
<b>OPERATING ACTIVITIES</b>			
Net income	9,668	14,176	45,717
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, amortization and foreign exchange	4,238	4,238	17,191
Change in operating assets and liabilities	(1,345)	3,276	5,745
<b>Net cash provided by operating activities</b>	<b>12,561</b>	<b>21,690</b>	<b>68,653</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from long-term debt and credit facilities	-	-	87
Repayments of long-term debt and credit facilities	(2,811)	(2,724)	(11,276)
Dividends paid	(13,680)	(13,680)	(61,560)
<b>Net cash used in financing activities</b>	<b>(16,491)</b>	<b>(16,404)</b>	<b>(72,749)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,930)</b>	<b>5,286</b>	<b>(4,096)</b>
<b>Cash and cash equivalents at start of period</b>	<b>8,538</b>	<b>12,634</b>	<b>12,634</b>
<b>Cash and cash equivalents at end of period</b>	<b>4,608</b>	<b>17,920</b>	<b>8,538</b>