



Knightsbridge Tankers Limited

Interim Report January - March 2005

FIRST QUARTER RESULTS

The Board of Knightsbridge Tankers Limited (the "Company") is pleased to report net income of \$17.1 million and earnings per share of \$1.00 for the first quarter of 2005. The average daily time charter equivalents ("TCEs") earned by the Company's five VLCCs was \$56,900 compared with \$84,300 in the immediately preceding quarter. These reduced earnings reflect the relative weakening of the tanker market in the first quarter of 2005 compared with the exceptionally high rates experienced in the fourth quarter of 2004. Net interest expense for the quarter was \$0.9 million (2004 comparable quarter: \$2.3 million) and at March 31, 2005, all of the Company's debt is floating rate debt. As of May 2, 2005, the Company has an average cash breakeven rate for its vessels of \$15, 895.

The net decrease in cash and cash equivalents in the quarter was \$1.1 million. The Company generated cash from operating activities of \$31.7 million, used \$2.9 million to repay debt and credit facilities and paid dividends of \$29.9 million.

On May 6, 2005, the Board declared a dividend of \$1.50 per share. The record date for the dividend is May 19, 2005, ex dividend date is May 17, 2005 and the dividend will be paid on or about June 1, 2005.

THE MARKET

The strong VLCC market that we experienced in the fourth quarter of 2004 weakened in the first quarter of 2005. The market experienced a strong correction in January and rates did not bottom out until we reached Worldscale ("WS") 70 level. However, in February and March the market rebounded and stayed at about WS 150 for the remaining part of the quarter. The average WS rate Arabian Gulf to East was about 107 compared with 257 in the fourth quarter of 2004. This equates to a daily time charter equivalent of approximately \$55,000 per day. The weakening of the market, and the cutback in OPEC production, came despite a continued growth in oil demand particularly in China. The cutbacks had a psychological effect on the market, and this resulted in a larger correction in the freight market than could be explained just on the basis of demand for transportation services.

According to IEA, the average OPEC oil production, including Iraq, in the first quarter of 2005 was approximately 28.9 million barrels per day (b/d), a decrease of about 2.2 percent from the fourth quarter 2004 when they produced about 29.5 million b/d. OPEC had expected an overproduction and a gradual softening of the prices during the quarter, but in spite of the record high oil prices it appears that demand remained firm and OPEC had to announce an increase in their production in March

IEA estimates that world oil demand averaged 84.6 million b/d in the first quarter, an increase of 0.1 percent from the fourth quarter of 2004. IEA further predicts that the average demand for 2005 will be 84.3 million b/d. There are still oil analysts that think that IEA are conservative in their estimates and that demand will be considerably higher.

The world trading VLCC fleet totalled 451 vessels at the end of the first quarter 2005, an increase of seven vessels or 1.6 percent over the quarter. No VLCCs were scrapped in the period and seven were delivered. The total order book is now at 83 vessels down from 86 after the fourth quarter of 2004. This represents 19.1 percent of the current VLCC fleet. A total of four VLCCs were ordered during the quarter.

The tanker market continues to look healthy. The freight futures market is still optimistic, and it is possible to sell freight futures for the remainder of the year 2005 at a level that equates to TCEs of approximately \$57,000 for VLCCs, and for \$49,000 for 2006

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.

May 9, 2005

The Board of Directors
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**KNIGHTSBRIDGE TANKERS LIMITED FIRST QUARTER REPORT
(UNAUDITED)**

INCOME STATEMENT <i>(in thousands of \$)</i>	2005 Jan-Mar <i>(unaudited)</i>	2004 Jan-Mar <i>(unaudited)</i>	2004 Jan-Dec <i>(unaudited)</i>
Operating revenues	29,369	36,561	135,695
Voyage expenses	3,811	1,302	14,240
Ship operating expenses	3,102	601	9,868
Administrative expenses	229	376	1,114
Operating income before depreciation	22,227	34,282	110,473
Depreciation	4,221	4,358	17,219
Operating income after depreciation	18,006	29,924	93,254
Interest income	307	26	449
Interest expense	(1,185)	(2,300)	(7,877)
Other financial items	(16)	(4,279)	13
Net income (loss)	17,112	23,371	85,839
Average number of ordinary shares outstanding	17,100	17,100	17,100
Earnings per Share (\$)	\$ 1.00	\$ 1.37	\$ 5.02

BALANCE SHEET <i>(in thousands of \$)</i>	2005 Mar 31 <i>(unaudited)</i>	2004 Mar 31 <i>(unaudited)</i>	2004 Dec 31 <i>(unaudited)</i>
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	40,535	42,347	41,653
Other current assets	12,336	22,424	22,009
<i>Long term</i>			
Vessels and equipment, net	297,969	315,050	301,500
Deferred charges and other long-term assets	376	346	392
Total assets	351,216	380,167	365,554
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term interest bearing debt	11,200	11,200	11,309
Other current liabilities	6,358	9,640	4,974
<i>Long term</i>			
Long term interest bearing debt	117,600	128,800	120,400
Stockholders' equity	216,058	230,527	228,871
Total liabilities and stockholders' equity	351,216	380,167	365,554

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	2005 Jan-Mar <i>(unaudited)</i>	2004 Jan-Mar <i>(unaudited)</i>	2004 Jan-Dec <i>(unaudited)</i>
OPERATING ACTIVITIES			
Net income (loss)	17,112	23,371	85,839
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortisation	4,237	4,358	17,219
Adjustment of financial derivatives to market value	-	4,295	-
Other	-	61	110
Change in operating assets and liabilities	10,367	3,377	3,420
Net cash provided by operating activities	31,716	35,462	106,588
INVESTING ACTIVITIES			
Compensation on vessel redelivery	-	-	690
Net cash provided by activities	-	-	690
FINANCING ACTIVITIES			
Proceeds from long-term debt, net of fees paid	-	139,650	139,556
Repayments of long-term debt and credit facilities	(2,909)	(125,397)	(133,688)
Dividends paid	(29,925)	(13,680)	(77,805)
Net cash used in financing activities	(32,834)	573	(71,937)
Net increase (decrease) in cash and cash equivalents	(1,118)	36,035	35,341
Cash and cash equivalents at start of period	41,653	6,312	6,312
Cash and cash equivalents at end of period	40,535	42,347	41,653