



KNIGHTSBRIDGE TANKERS LIMITED

***SECOND QUARTER 2000
REPORT TO SHAREHOLDERS***

Knightsbridge Tankers Limited
Registered Office
Cedar House, 41 Cedar Avenue
Hamilton HM 12 Bermuda



Bermuda, July 31, 2000

To the Shareholders of Knightsbridge Tankers Limited:

Enclosed is our report for the second quarter of 2000. The report contains selected unaudited financial information accompanied by a Management's Discussion and Analysis of Financial Condition and Results of Operations for the period ended June 30, 2000.

On February 27, 1997, the Company's ship owning subsidiaries purchased five very large crude carriers ("VLCC's") from their previous owners and delivered them to Shell International Petroleum Company Limited ("Shell International"), as charterer, under separate "hell and high water" bareboat charters. Under those charters, the Company's ship owning subsidiaries receive the greater of a Base Rate of hire in the amount of \$22,069 per day per VLCC or a spot market related rate. After inclusion of a component for operating expenses of \$10,500 per day, the spot market related rate must exceed \$32,569 per day for the Company's subsidiaries to receive any additional charter hire over the Base Rate.

Based upon the determination by the London Tanker Brokers Panel the spot market related rate, after inclusion of the component for operating expenses, totaled \$38,684 per day for the period April 1 through June 30, 2000. (The corresponding spot market related rate for the period April 1 through June 30, 1999, was determined to be \$18,330).

Accordingly, on July 17, 2000, Shell International paid to the Company's vessel owning subsidiaries charter hire in the aggregate amount of \$12,823,720 for the period April 1 through June 30, 2000. (For the period April 1 through June 30, 1999, Shell International paid charter hire at the base rate in the aggregate amount of \$10,041,395).

On July 14, 2000, the Board of Directors of the Company declared a distribution to shareholders of record as of July 24, 2000, payable on or about August 7, 2000, in the amount of \$0.61 per share for the period April 1 through June 30, 2000. (For the period April 1 through June 30, 1999, the distribution was \$0.45 per share.)

The Company has agreed to provide information to shareholders that are United States income tax payers by February 15, 2001, so that they may make the appropriate tax reporting and elections with the United States tax authorities with respect to the Company's status as a "Passive Foreign Investment Company". Under present United States tax rules, the amount of income reported by a shareholder is based on the Company's income on an annual basis. Therefore, the Company will provide information enabling shareholders to determine the tax consequences of their investment in the Company, including the treatment of distributions received from the Company, for the entire year ending December 31, 2000.

We are pleased to answer any inquiries that shareholders may have. Our investor relations contacts are: Ola Lorentzon in Oslo, Norway (Tel: 47 23 11 40 00, Fax: 47 23 11 40 44) and Kate Blankenship in Hamilton, Bermuda (Tel: 441 295-6935, Fax: 441 295-3494). The NASDAQ National Market symbol for the Company's Common Shares is "VLCCF".

Very truly yours,

Ola Lorentzon
Chairman and Chief Executive Officer

Management's Discussion and Analysis of Financial Condition and Results of Operations

Knightsbridge Tankers Limited (the "Company") was incorporated in Bermuda on September 18, 1996. In February 1997, the Company offered and sold to the public 16,100,000 common shares at an initial offering price of \$20 per share. Simultaneously, the Company sold 1,000,000 common shares at a price of \$20 per share to ICB International Limited, an indirect wholly-owned subsidiary of ICB Shipping Aktiebolag (publ) ("ICB"), a Swedish publicly traded ship owning and operating company. The Company used the proceeds of these offerings, together with advances under a \$145.6 million credit facility from an international syndicate of lenders, primarily to fund the purchase by the Company's subsidiaries of five recently constructed very large crude carrier oil tankers ("VLCC's"). Upon their purchase from their previous owners, the VLCC's were delivered on February 27, 1997, to Shell International Petroleum Company Limited ("Shell International"), a company of the Royal Dutch/Shell Group of Companies, under separate "Hell and high water" bareboat charters. The term of these charters is a minimum of seven years, with an option for Shell International to extend the period for each VLCC for an additional seven-year term, to a maximum of 14 years per VLCC. Under the charters, Shell pays the greater of a Base Rate of hire of \$22,069 per day or a spot market related rate, determined quarterly by the London Tankers Brokers Panel. After taking into account a component for operating costs of \$10,500 per day, Shell International pays the higher rate if the award exceeds \$32,569 per day. In addition, for the first three years of the charters, Shell International paid "Supplemental Hire" as described below.

Results of Operations – Six Months Ended June 30, 2000

Revenues

The Company's revenues consisted of charter hire of \$22.9 million for the six months ending June 30, 2000. (Revenues for the corresponding period in 1999 were \$20.0 million).

Operating Expenses

The Company's operating expenses consist of (i) fees due to the Company's manager, ICB Shipping (Bermuda) Ltd (the "Manager"), (ii) depreciation of the vessels and (iii) administration expenses consisting of payments of insurance premiums for directors and officers liability insurance. There can be no assurance, however, that the Company will not have other expenses or contingent liabilities for which reserves will be required.

Interest income and expense

Interest income of \$58,788 was earned during the period. In addition, the Company received interest income of \$5,101 on the principal balance of the receivable note from Shell International. This note was repaid in full on January 18, 2000.

The Company's borrowings under its credit facility have been effectively converted to a fixed rate pursuant to a swap arrangement to which the Company is a party. Interest on the credit facility has effectively been fixed at 7.05 %, which resulted in interest expenses of \$4,436,810

for the first six months of 2000. This has decreased from \$4,641,758 incurred in the first half of 1999 due to the repayment of the final installment of the Amortizing Loan as discussed below.

Liquidity and Capital Resources

Total shareholders' equity of the Company at June 30, 2000 was \$268.0 million compared to \$274.0 million at December 31, 1999. The decrease was due to net income of \$9.0 million for the period January 1 through June 30, 2000 less distributions of \$15.0 million to shareholders for the first half of 2000.

The Company's long-term debt as of June 30, 2000, consists of \$125.4 million borrowed under its credit facility. At December 31, 1999, the Company's long-term debt included an amount of \$1.7 million that represented the "Amortizing Loan" which was payable in eight equal quarterly installments ending on January 15, 2000. Supplemental Hire payable by Shell International was equal to amounts payable by the Company on account of the Amortizing Loan. The balance of the credit facility matures seven years and six months from February 27, 1997. Interest on this balance is payable quarterly in arrears.

Currency Exchange Rates

The international shipping industry's functional currency is the United States Dollar and virtually all of the Company's operating revenues and expenses are expected to be denominated in United States Dollar. Accordingly, the company's operating results, following expiration or termination of the charters with Shell International, are not expected to be significantly affected by movements in currency exchange rates.

KNIGHTSBRIDGE TANKERS LIMITED
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in U.S. Dollars)

	June 30, 2000	December 31, 1999
ASSETS		
Current assets		
Cash	241,430	70,695
Current installments of notes receivable	-	1,681,538
Charter hire receivable	12,823,720	10,175,142
Prepaid expenses	66,866	14,525
Total current assets	13,132,016	11,941,900
Vessels under capital lease, less accumulated depreciation of \$58,838,343 and \$50,041,913	380,983,202	389,779,632
Capitalized financing fees and expenses, less accumulated amortization of \$1,242,607 and \$1,056,835	1,358,198	1,543,969
TOTAL ASSETS	395,473,416	403,265,501
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LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Accrued expenses and other current liabilities	2,107,123	2,206,021
Current installments of credit facility	-	1,681,538
Total current liabilities	2,107,123	3,887,559
Credit facility	125,397,399	125,397,399
Shareholders equity		
Common shares, par value \$0.01 per share:		
Authorized and outstanding 17,100,000	171,000	171,000
Contributed capital surplus account	267,797,894	273,809,543
Total shareholders equity	267,968,894	273,980,543
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	395,473,416	403,265,501
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KNIGHTSBRIDGE TANKERS LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in U.S. Dollars)

	January 1, 2000 to June 30, 2000	January 1, 1999 to June 30, 1999
Charter hire revenue	22,865,115	19,972,445
Operating expenses:		
Depreciation of vessels under capital leases	8,796,430	8,796,430
Management fee	375,000	375,000
Administration expenses	31,701	45,615
	9,203,131	9,217,045
Net operating income	13,661,984	10,755,400
Interest income	63,889	253,068
Interest expense	(4,436,810)	(4,641,758)
Other financial costs	(252,712)	(210,772)
	(4,625,63)	(4,599,462)
Net income	9,036,351	6,155,938
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KNIGHTSBRIDGE TANKERS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in U.S. Dollars)

	January 1, 2000 to June 30, 2000	January 1, 1999 to June 30, 1999
Cash flows from operating activities		
Net income	9,036,351	6,155,938
Items to reconcile net income to net cash provided by operating activities:		
Depreciation	8,796,430	8,796,430
Amortization of capitalized fees and expenses	185,772	185,772
Changes in operating assets and liabilities:		
Receivables	(1,019,381)	3,451,148
Accrued expenses and other current liabilities	(98,899)	(72,276)
Net cash provided by operating activities	16,900,273	18,517,012
Cash flows from financing activities		
Repayments of loan	(1,681,538)	(3,363,076)
Distribution to shareholders	(15,048,000)	(15,390,000)
Net cash used in financing activities	(16,729,538)	(18,753,076)
Net increase (decrease) in cash and cash equivalents	170,735	(236,064)
Cash and cash equivalents at beginning of period	70,695	315,223
Cash and cash equivalents at end of period	241,430	79,159
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KNIGHTSBRIDGE TANKERS LIMITED
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)
(in U.S. Dollars)

	Share capital	Contributed capital surplus account	Retained earnings	Total
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Balance at December 31, 1998	171,000	292,017,066	-	292,188,066
Net income	-	-	12,572,476	12,572,476
Distribution to shareholders	-	(18,207,523)	(12,572,476)	(30,779,999)
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Balance at December 31, 1999	171,000	273,809,543	-	273,980,543
Net income	-	-	9,036,351	9,036,351
Distribution to shareholders	-	(6,011,649)	(9,036,351)	(15,048,000)
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Balance at June 30, 2000	171,000	267,797,894	-	267,968,894
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

Knightsbridge Tankers Limited
(Registrant)

Date August 1, 2000

By /s/ Ola Lorentzon

Ola Lorentzon
Chairman