

## FINANCIAL HIGHLIGHTS

Brief report of the nine months ended December 31,2007.

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Nine Months ended Dec.31,2006	Nine Months ended Dec.31,2007	Nine Months ended Dec.31,2007	Year ended Mar.31,2007
<b>Consolidated</b>				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 800,517	¥ <b>984,643</b>	\$ <b>8,625,876</b>	¥ 1,085,539
Operating income (Millions of yen / Thousands of U.S. dollars)	39,720	<b>100,690</b>	<b>882,088</b>	61,356
Net income (Millions of yen / Thousands of U.S. dollars)	35,580	<b>67,993</b>	<b>595,651</b>	51,514
Per share of common stock (Yen / U.S. dollars)	60.14	<b>107.86</b>	<b>0.94</b>	86.67
Total Assets (Millions of yen / Thousands of U.S. dollars)	846,467	<b>940,288</b>	<b>8,237,304</b>	900,438
Net assets (Millions of yen / Thousands of U.S. dollars)	317,719	<b>405,414</b>	<b>3,551,595</b>	357,624
Per share of common stock (Yen / U.S. dollars)	515.73	<b>614.64</b>	<b>5.38</b>	556.55
<b>Non-consolidated</b>				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	632,751	<b>802,099</b>	<b>7,019,440</b>	857,279
Operating income (Millions of yen / Thousands of U.S. dollars)	16,253	<b>72,551</b>	<b>635,577</b>	28,103
Net income (Millions of yen / Thousands of U.S. dollars)	14,722	<b>50,082</b>	<b>438,745</b>	25,250
Per share of common stock (Yen / U.S. dollars)	24.86	<b>79.38</b>	<b>0.70</b>	42.45
Total Assets (Millions of yen / Thousands of U.S. dollars)	537,850	<b>557,389</b>	<b>4,882,958</b>	518,500
Net assets (Millions of yen / Thousands of U.S. dollars)	208,827	<b>276,179</b>	<b>2,419,442</b>	241,181
Per share of common stock (Yen / U.S. dollars)	352.64	<b>433.21</b>	<b>3.80</b>	389.35

The U.S. dollar amounts are converted from the yen amount at ¥114.15=U.S.\$1.00.  
The exchange rate prevailing on December 31, 2007.

## [Qualitative Information and Financial Statements]

### 1. Qualitative Information about Consolidated Operating Results

In the 3rd Quarter of fiscal 2007 (from April 1 through December 31, 2007), both the global and the Japanese economies grew moderately amid growing concerns over adverse effects from turmoil in financial and capital markets from the last summer triggered by the issue of subprime lending in the U.S. and surging crude oil prices. In the U.S. economy, domestic consumer spending was generally firm, supported by improved employment and income situations, despite some signs of slowing down in housing investment, and the European countries also saw steady growth in their economies. In the Asian region, economies continued to expand, thanks to particularly brisk exports to European countries as well as increasing domestic consumer spending and strong capital investment mainly in China and countries in the Middle East. The Japanese economy was on a recovery trend primarily in the manufacturing industry led by exports to newly emerging countries and Europe.

Under these environments, the “K” Line Group focused on expanding the scale of business while deploying aggressive business operations in accordance with the policies under the “K” LINE Vision 2008<sup>+</sup>. As a result, consolidated operating revenues for the 3rd Quarter of fiscal 2007 accounted for ¥984.643 billion, an increase by ¥184.125 billion compared with the same period last year. Consolidated operating income was ¥100.690 billion, an increase by ¥60.969 billion compared with the same period last year, and ordinary income was ¥100.993 billion, an increase by ¥59.256 billion compared with the same period last year. Consolidated net income for the 3rd Quarter was ¥67.993 billion, an increase by ¥32.413 billion compared with the same period last year. Consolidated performances for the 3rd Quarter significantly improved compared with the same period last year.

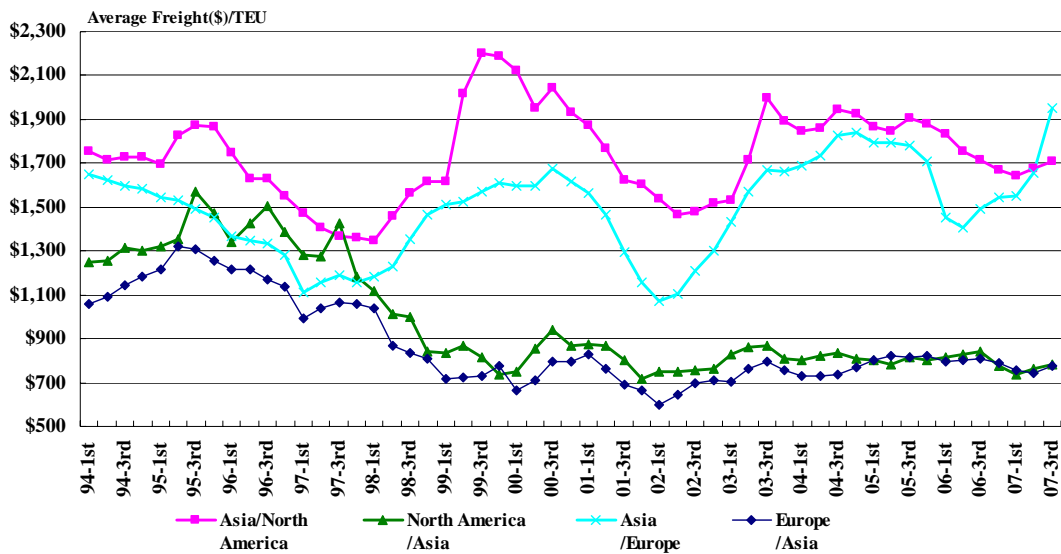
The following is a summary of the activities by business sector.

#### (1) Marine Transportation

##### <Containership Business>

In the Asia/North America services, the growth of cargo movements shipped from Asia slowed down due to sluggish cargo movements of housing-related products originated in subprime lending. However, cargo tonnages and freight rates exceeded those in the same period last year respectively. In the Asia/Europe services, cargo movements to major European countries grew steadily, and those for the Eastern Europe and the Mediterranean Sea also increased favorably. The Company's tonnage movement continued to grow significantly by 17% from the same period last year contributed partly by launching of large-sized 8,000 TEU type containerships, and levels of freight rates exceeded substantially those in the same period a year earlier. In the Inter-Asia services, export cargo steadily increased, which contributed to the growth of the overall tonnage movements in the services. Cargo movements and freight rates in the North/South service routes grew steadily, surpassing those in the same period last year. As a result, the overall operating results of the containership business increased in both operating revenues and profits compared with the same period last year, but the level of profits came under the initial projections, hit partly by further hiking fuel oil prices.

## Containerization International “Freight Rates Indicators”



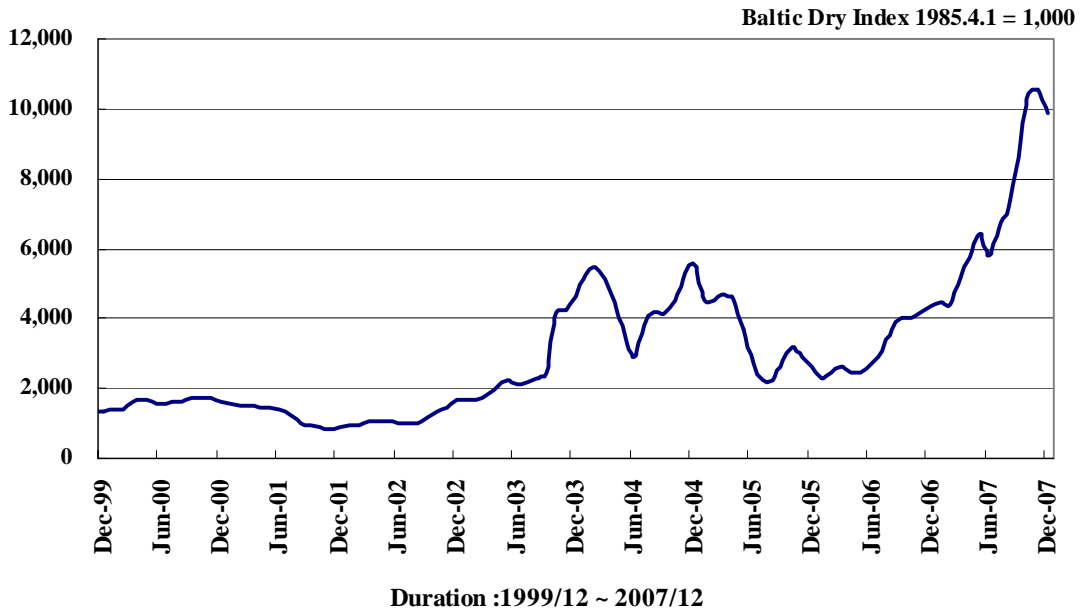
### <Bulk Carrier and Car Carrier Business>

In the dry bulk transport, market freight rates both for large-sized bulk carriers and small- and medium-sized carriers exceeded those in the same period last year through the 3rd Quarter of fiscal 2007. The Company secured stable profits by concluding a long-term transportation agreement with each customer in the transportation services of coal and iron ore, thermal coal and woodchip and pulp, and at the same time, enjoyed significantly hiked spot freight rates mainly for small- and medium-sized bulk carriers. As a result, the overall bulk carrier business saw increases both in operating revenues and profits compared with the same period last year.

With respect to the car carrier business, demand for shipping spaces continued to exceed supply capacity, since auto sales maintained constant growth in resources producing countries of Latin America and Caribbean region, Middle East and Africa, as well as in Europe being benefited from stronger euro and briskly growing Eastern Europe and Russia. The total number of cars transported by the Company increased about 8% from the same period last year, and the car carrier business secured constant earnings.

Operating results of the overall dry bulk carrier and car carrier business for the 3rd Quarter of fiscal 2007 increased both in operating revenues and profits compared with the same period last year.

### Baltic Dry Index



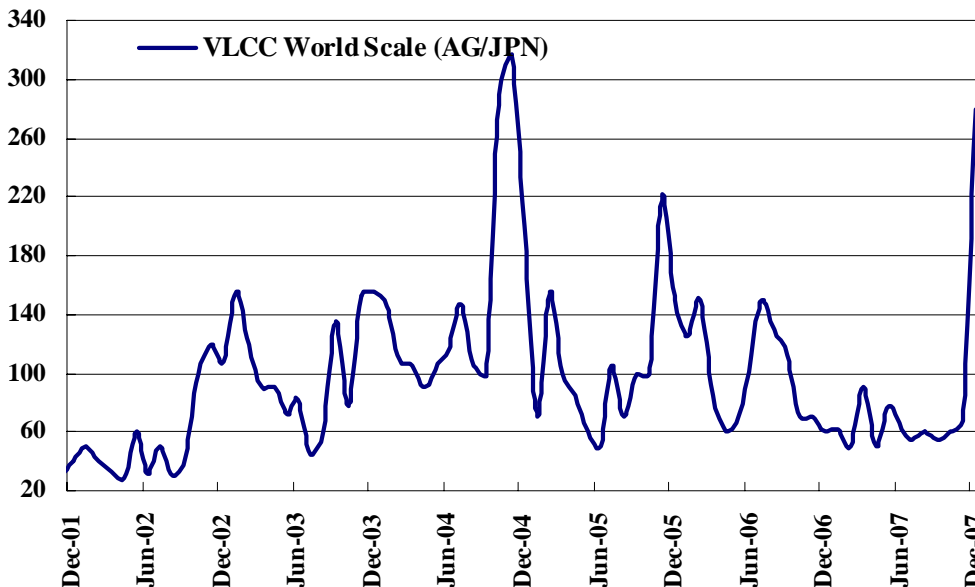
#### <Energy Transportation and Tanker Business >

As for LNG transportation, the newly built carrier for the Cheniere Project operated solely by the “K” Line Group was completed during the 3rd Quarter, and the fleet of LNG tankers increased to 32 carriers. In addition, the LNG tanker chartered for a short-term corresponding to strong spot demand operated smoothly. As a result, the energy transportation business secured stable profits.

In the tanker business, operating results came under those in the same period last year due to softened freight rates amid continuously surging fuel oil prices.

The overall operating results of the energy transportation and tanker business saw a rise in operating revenues but a decline in profits compared with the same period last year.

#### <Trends in Tanker Freight Rate>



### <Coastal Shipping Business>

In the coastal shipping business, the Company actively promoted to ensure transportation volume, by replacing a former bulk limestone carrier with a newly built large-sized bulk limestone carrier in October 2007 to correspond to robust domestic demand for transportation of raw materials and by exchanging ships in the regular roll-on roll-off services. The Hachinohe/Tomakomai ferry services were able to increase transportation volumes by increasing convenience for customers under the four-services-per-day system.

As a result, the overall operating revenues for marine transportation amounted to ¥872.206 billion, and operating income stood at ¥88.099 billion.

### (2) Logistics/Harbor Transportation

With respect to the comprehensive logistics business, competitions intensified in the air cargo forwarding market due partly to the adverse effects of additional charges following souring aircraft fuel. However, the Company expanded its volumes of transport steadily, due partly to the effects of the reinforced alliance among the Group companies at home and abroad. The overall operating revenues of this business segment were ¥95.991 billion, and operating income stood at ¥10.437 billion.

### (3) Other Businesses

As for other businesses not mentioned above, operating revenues amounted to ¥16.445 billion, and operating income was recorded at ¥1.969 billion.

## 2. Qualitative Information about Consolidated Financial Status

At the end of the 3rd Quarter of fiscal 2007, total assets were ¥940.288 billion. Total assets increased ¥39.849 billion compared with the end of the last year, attributable mainly to an increase in construction in progress due to capital spending for vessels, increases in notes and accounts receivable-trade owing to expanded business scale, increases in deferred and prepaid expenses and an increase in inventories compared with the end of the last year, though cash and time deposits, and investment securities decreased due to repayment of borrowings and share price declines respectively.

Total liabilities decreased ¥7.940 billion from the end of the last year to ¥534.873 billion. Current liabilities decreased by ¥0.202 billion from the end of the last year due mainly to a decrease in short term loans, despite increases in notes and accounts payable-trade and accrued income taxes owing to the expanded scale of business. Long term liabilities decreased by ¥7.738 billion compared with the end of the last year thanks primarily to a decrease in bonds.

Net assets increased by ¥47.789 billion from the end of fiscal 2006 to ¥405.414 billion, owing mainly to increased retained earnings, despite a decrease in net unrealized holding gain on investments in securities due to share price declines, etc.

### **3. Qualitative Information about Consolidated Prospects for Fiscal 2007**

The Company has not changed prospects for fiscal 2007 forecasted at the publication of consolidated operating results for the first half of fiscal 2007, and expects the consolidated operating results for the full term of fiscal 2007 to be ¥1,300.0 billion for operating revenues, ¥128.0 billion for operating income, ¥128.0 billion for ordinary income and ¥84.0 billion for net income. In the 4th Quarter of fiscal 2007, demand for containership is expected to decrease due to the off-season. However, the dry bulk carrier business will see no change in the underlying trend of brisk demand, and freight rates are expected to remain at high levels even if there is an adjustment phase temporarily. The car carrier business will be able to secure stable profits thanks to continuously strong cargo movements, and the energy transportation business will also be the same, led by the long-term transportation agreements. Even though there have been severe business circumstances since the start of 2008 such as sharp appreciation of the yen and highly hovering fuel oil prices, consolidated performances for fiscal 2007 forecasted at the publication of consolidated operating results for the first half of fiscal 2007 is expected to be achieved.

In addition, exchange rates and fuel oil prices for the 4th Quarter are estimated to be ¥105 per US dollar and US\$487 per MT respectively.

With regard to dividend payment for fiscal 2007, the Company will finalize it based on actual operating results for fiscal 2007. However, at present, the Company intends to pay ¥25 per share for the full-term (of which, ¥12 was already paid as the interim dividend) as announced on October 30, 2007.

## Consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

### Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2007 and nine months ended December 31, 2007 and 2006

(Millions of Yen/Thousands of U.S.Dollars)

	Year ended Mar.31,2007	Nine Months ended Dec.31,2007	Nine Months ended Dec.31,2007	Nine Months ended Dec.31,2006
<b>ASSETS</b>				
Current assets :				
Cash and time deposits	¥ 63,927	¥ 42,700	\$ 374,069	¥ 45,333
Accounts and notes receivable-trade	101,434	105,375	923,132	101,695
Short-term loans receivable	4,629	14,871	130,280	9,641
Marketable securities	995	772	6,770	1,125
Inventories	21,722	31,256	273,819	19,687
Prepaid expenses and deferred charges	29,351	34,291	300,405	27,136
Other current assets	31,323	33,275	291,509	31,514
Allowance for doubtful receivables	(587)	(634)	(5,560)	(573)
Total current assets	252,798	261,908	2,294,424	235,561
Fixed assets :				
(Tangible fixed assets)				
Vessels	238,151	236,377	2,070,760	208,121
Buildings and structures	24,189	23,715	207,758	24,483
Machinery and vehicles	11,404	13,703	120,048	11,817
Land	32,570	32,509	284,800	33,115
Construction in progress	85,862	144,680	1,267,461	94,921
Other tangible fixed assets	9,611	8,841	77,457	9,175
Total tangible fixed assets	401,789	459,828	4,028,285	381,633
(Intangible fixed assets)				
	6,091	5,993	52,504	6,208
(Investments and other long-term assets)				
Investments in securities	163,739	145,172	1,271,772	155,957
Long-term loans receivable	34,194	29,150	255,374	27,160
Deferred income taxes	5,963	2,651	23,230	3,483
Other long-term assets	36,527	36,157	316,758	36,959
Allowance for doubtful receivables	(678)	(585)	(5,133)	(510)
Total investments and other long-term assets	239,746	212,547	1,862,001	223,049
Total fixed assets	647,626	678,369	5,942,790	610,890
Deferred assets	13	10	90	15
<b>Total assets</b>	¥ 900,438	¥ 940,288	\$ 8,237,304	¥ 846,467

## Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2007 and nine months ended December 31, 2007 and 2006

(Millions of Yen/Thousands of U.S.Dollars)

	Year ended Mar.31,2007	Nine Months ended Dec.31,2007	Nine Months ended Dec.31,2007	Nine Months ended Dec.31,2006
<b>LIABILITIES</b>				
<b>Current liabilities :</b>				
Accounts and notes payable-trade	¥ 75,914	¥ 91,554	\$ 802,055	¥ 76,292
Current portion of bonds payable	10,000	10,000	87,604	-
Short-term loans and current portion of long-term debt	83,201	50,899	445,899	62,458
Commercial paper	-	-	-	30,000
Accrued income taxes	14,611	29,117	255,080	7,598
Accrued bonuses	2,063	1,626	14,251	1,381
Accrued bonuses for directors and corporate auditors	374	206	1,808	33
Current portion of obligations under finance leases	919	871	7,637	1,255
Other current liabilities	43,845	46,452	406,943	38,851
<b>Total current liabilities</b>	<b>230,931</b>	<b>230,728</b>	<b>2,021,277</b>	<b>217,870</b>
<b>Long-term liabilities :</b>				
Bonds	70,666	57,741	505,834	99,995
Long-term debt, less current portion	156,315	164,190	1,438,373	131,985
Deferred income taxes for land revaluation	2,632	3,949	34,599	3,205
Allowance for employees' retirement benefits	10,309	9,823	86,059	9,414
Allowance for directors' and corporate auditors' retirement benefits	2,765	1,863	16,324	2,523
Accrued expenses for overhaul of vessels	17,154	20,223	177,164	16,097
Obligations under finance leases	5,084	4,547	39,835	5,256
Consolidation negative goodwill (new regulation)	33	164	1,439	36
Other long-term liabilities	46,921	41,642	364,806	42,365
<b>Total long-term liabilities</b>	<b>311,883</b>	<b>304,144</b>	<b>2,664,432</b>	<b>310,878</b>
<b>Total liabilities</b>	<b>542,814</b>	<b>534,873</b>	<b>4,685,709</b>	<b>528,748</b>
<b>NET ASSETS</b>				
<b>Shareholder's equity:</b>				
Common stock	39,356	45,819	401,396	29,692
Capital surplus	24,201	30,664	268,631	14,537
Retained earnings	211,602	266,398	2,333,759	193,883
Less treasury stock, at cost	(988)	(945)	(8,281)	(976)
<b>Total shareholders' equity</b>	<b>274,172</b>	<b>341,936</b>	<b>2,995,506</b>	<b>237,137</b>
<b>Valuation and translation adjustments</b>				
Net unrealized holding gain on investments in securities	46,250	32,268	282,681	43,155
Deferred gain on hedges	14,214	10,770	94,358	15,476
Revaluation reserve for land	5,515	4,175	36,575	6,465
Translation adjustments	4,322	2,383	20,879	2,921
<b>Total valuation and translation adjustments</b>	<b>70,303</b>	<b>49,597</b>	<b>434,493</b>	<b>68,020</b>
Minority interests in consolidated subsidiaries	13,148	13,880	121,597	12,561
<b>Total net assets</b>	<b>357,624</b>	<b>405,414</b>	<b>3,551,595</b>	<b>317,719</b>
<b>Total liabilities and net assets</b>	<b>¥ 900,438</b>	<b>¥ 940,288</b>	<b>\$ 8,237,304</b>	<b>¥ 846,467</b>

## Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2007 and nine months ended December 31, 2007 and 2006

(Millions of Yen/Thousands of U.S.Dollars)

	Nine Months ended Dec.31,2006	Nine Months ended Dec.31,2007	Nine Months ended Sep.31,2007	Year ended Mar.31,2007
Operating revenues	¥ 800,517	¥ 984,643	\$ 8,625,876	¥ 1,085,539
Costs and expenses	713,480	831,612	7,285,257	957,847
Gross profits	87,037	153,031	1,340,619	127,692
Selling, general and administrative expenses	47,317	52,341	458,531	66,335
Operating income	39,720	100,690	882,088	61,356
Non-operating income :				
Interest income	2,198	2,920	25,583	3,076
Dividend income	1,923	2,511	22,005	2,620
Equity in earnings of affiliated companies	1,201	1,259	11,031	1,572
Other non-operating income	1,145	1,413	12,379	1,763
Total non-operating income	6,469	8,104	70,997	9,032
Non-operating expenses :				
Interest expenses	3,173	3,307	28,972	4,228
Exchange loss	459	3,469	30,390	1,037
Other non-operating expenses	820	1,024	8,976	1,196
Total non-operating expenses	4,453	7,800	68,339	6,461
Ordinary income	41,736	100,993	884,747	63,927
Extraordinary profits :				
Gain on sales of fixed assets	6,585	3,547	31,075	8,411
Gain on sales of investments in securities	3,927	6,826	59,801	5,829
Other extraordinary profits	19	-	-	143
Total extraordinary profits	10,531	10,373	90,875	14,384
Extraordinary losses	725	-	-	1,959
Income before income taxes	51,543	111,367	975,622	76,352
Income taxes	14,721	41,601	364,443	23,322
Minority interests	1,241	1,772	15,528	1,516
Net income	¥ 35,580	¥ 67,993	\$ 595,651	¥ 51,514

### Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for nine months ended December 31, 2007

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance March 31, 2007	¥ 39,356	¥ 24,201	¥ 211,602	¥ (988)	¥ 274,172
<b>Change of items during the term</b>					
Issuance of new shares	6,462	6,462	-	-	12,925
Cash dividends	-	-	(13,210)	-	(13,210)
Net Income	-	-	67,993	-	67,993
Purchase of treasury stocks	-	-	-	(237)	(237)
Disposal of treasury stocks	-	-	(5)	281	275
Reversal of the revaluation reserve for land	-	-	18	-	18
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	-	0	-	0
Net increase/decrease during the term under review except in Shareholders' Equity	-	-	-	-	-
Net increase/decrease during the term	6,462	6,462	54,795	43	67,764
Balance December 31, 2007	¥ 45,819	¥ 30,664	¥ 266,398	¥ (945)	¥ 341,936

	Valuation and translation adjustments				
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Translation adjustments	Total valuation and translation adjustments
Balance March 31, 2007	¥ 46,250	¥ 14,214	¥ 5,515	¥ 4,322	¥ 70,303
<b>Change of items during the term</b>					
Issuance of new shares	-	-	-	-	-
Cash dividends	-	-	-	-	-
Net Income	-	-	-	-	-
Purchase of treasury stocks	-	-	-	-	-
Disposal of treasury stocks	-	-	-	-	-
Reversal of the revaluation reserve for land	-	-	-	-	-
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	-	-	-	-
Net increase/decrease during the term under review except in Shareholders' Equity	(13,982)	(3,443)	(1,340)	(1,938)	(20,705)
Net increase/decrease during the term	(13,982)	(3,443)	(1,340)	(1,938)	(20,705)
Balance December 31, 2007	¥ 32,268	¥ 10,770	¥ 4,175	¥ 2,383	¥ 49,597

	Minority interests in consolidated subsidiaries	Total net assets
Balance March 31, 2007	¥ 13,148	¥ 357,624
<b>Change of items during the term</b>		
Issuance of new shares	-	12,925
Cash dividends	-	(13,210)
Net Income	-	67,993
Purchase of treasury stocks	-	(237)
Disposal of treasury stocks	-	275
Reversal of the revaluation reserve for land	-	18
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	0
Net increase/decrease during the term under review except in Shareholders' Equity	731	(19,974)
Net increase/decrease during the term	731	47,789
Balance December 31, 2007	¥ 13,880	¥ 405,414

Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for nine months ended December 31, 2007

(Thousands of U.S. dollars)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance March 31, 2007	\$ 344,782	\$ 212,017	\$ 1,853,725	\$ (8,861)	\$ 2,401,863
Change of items during the term					
Issuance of new shares	56,614	56,614	-	-	113,228
Cash dividends	-	-	(115,734)	-	(115,734)
Net Income	-	-	595,651	-	595,651
Purchase of treasury stocks	-	-	-	(2,083)	(2,083)
Disposal of treasury stocks	-	-	(49)	2,463	2,414
Reversal of the revaluation reserve for land	-	-	162	-	162
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	-	4	-	4
Net increase/decrease during the term under review except in Shareholders' Equity	-	-	-	-	-
Net increase/decrease during the term	56,614	56,614	480,035	380	593,643
Balance December 31, 2007	\$ 401,396	\$ 268,631	\$ 2,333,759	\$ (8,281)	\$ 2,995,506

	Valuation and translation adjustments				
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Translation adjustments	Total valuation and translation adjustments
Balance March 31, 2007	\$ 405,176	\$ 124,528	\$ 48,315	\$ 37,865	\$ 615,884
Change of items during the term					
Issuance of new shares	-	-	-	-	-
Cash dividends	-	-	-	-	-
Net Income	-	-	-	-	-
Purchase of treasury stocks	-	-	-	-	-
Disposal of treasury stocks	-	-	-	-	-
Reversal of the revaluation reserve for land	-	-	-	-	-
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	-	-	-	-
Net increase/decrease during the term under review except in Shareholders' Equity	(122,495)	(30,170)	(11,739)	(16,986)	(181,391)
Net increase/decrease during the term	(122,495)	(30,170)	(11,739)	(16,986)	(181,391)
Balance December 31, 2007	\$ 282,681	\$ 94,358	\$ 36,575	\$ 20,879	\$ 434,493

	Minority interests in consolidated subsidiaries	Total net assets
Balance March 31, 2007	\$ 115,190	\$ 3,132,937
Change of items during the term		
Issuance of new shares	-	113,228
Cash dividends	-	(115,734)
Net Income	-	595,651
Purchase of treasury stocks	-	(2,083)
Disposal of treasury stocks	-	2,414
Reversal of the revaluation reserve for land	-	162
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	4
Net increase/decrease during the term under review except in Shareholders' Equity	6,407	(174,984)
Net increase/decrease during the term	6,407	418,659
Balance December 31, 2007	\$ 121,597	\$ 3,551,595

## Consolidated Segment Information

Business segment information

Nine months ended December 31,2006

(Millions of Yen)

	Marine		Logistics / harbour		Total	Eliminations	Consolidated
	Transportation		Transportation	Other			
Revenues							
(1) Operating revenues	¥ 691,589	¥	¥ 92,658	¥ 16,269	¥ 800,517	-	¥ 800,517
(2) Inter-group sales and transfers	5,545		42,874	26,354	74,773	(74,773)	-
<b>Total revenues</b>	<b>697,134</b>		<b>135,533</b>	<b>42,624</b>	<b>875,291</b>	<b>(74,773)</b>	<b>800,517</b>
Operating expenses	668,566		125,252	42,038	835,857	(75,059)	760,797
Operating income	28,567		10,280	585	39,434	285	39,720
Ordinary income	¥ 28,930	¥	¥ 11,898	¥ 817	¥ 41,646	¥ 90	¥ 41,736

Nine months ended December 31,2007

(Millions of Yen)

	Marine		Logistics / harbour		Total	Eliminations	Consolidated
	Transportation		Transportation	Other			
Revenues							
(1) Operating revenues	¥ 872,206	¥	¥ 95,991	¥ 16,445	¥ 984,643	-	¥ 984,643
(2) Inter-group sales and transfers	8,257		47,107	34,136	89,501	(89,501)	-
<b>Total revenues</b>	<b>880,463</b>		<b>143,099</b>	<b>50,581</b>	<b>1,074,145</b>	<b>(89,501)</b>	<b>984,643</b>
Operating expenses	792,363		132,661	48,612	973,638	(89,684)	883,953
Operating income	88,099		10,437	1,969	100,506	183	100,690
Ordinary income	¥ 86,590	¥	¥ 12,479	¥ 2,090	¥ 101,160	¥ (166)	¥ 100,993

Nine months ended December 31,2007

(Thousands of U.S.Dollars)

	Marine		Logistics / harbour		Total	Eliminations	Consolidated
	Transportation		Transportation	Other			
Revenues							
(1) Operating revenues	\$ 7,640,883	\$	\$ 840,926	\$ 144,067	\$ 8,625,876	-	\$ 8,625,876
(2) Inter-group sales and transfers	72,335		412,682	299,051	784,067	(784,067)	-
<b>Total revenues</b>	<b>7,713,218</b>		<b>1,253,607</b>	<b>443,118</b>	<b>9,409,944</b>	<b>(784,067)</b>	<b>8,625,876</b>
Operating expenses	6,941,428		1,162,169	425,867	8,529,464	(785,676)	7,743,788
Operating income	771,790		91,438	17,251	880,480	1,608	882,088
Ordinary income	\$ 758,569	\$	\$ 109,328	\$ 18,311	\$ 886,207	\$ (1,460)	\$ 884,747

Year ended March 31,2007

(Millions of Yen)

	Marine		Logistics / harbour		Total	Eliminations	Consolidated
	Transportation		Transportation	Other			
Revenues							
(1) Operating revenues	¥ 936,943	¥	¥ 127,107	¥ 21,488	¥ 1,085,539	-	¥ 1,085,539
(2) Inter-group sales and transfers	7,707		59,209	35,580	102,497	(102,497)	-
<b>Total revenues</b>	<b>944,651</b>		<b>186,316</b>	<b>57,069</b>	<b>1,188,037</b>	<b>(102,497)</b>	<b>1,085,539</b>
Operating expenses	899,282		172,486	55,285	1,127,053	(102,871)	1,024,182
Operating income	45,368		13,830	1,783	60,983	373	61,356
Ordinary income	¥ 45,136	¥	¥ 16,178	¥ 2,494	¥ 63,810	¥ 117	¥ 63,927

## Non-consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

### Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2007 and nine months ended December 31, 2007 and 2006

(Millions of Yen / Thousands of U.S. Dollars)

	Year ended Mar.31,2007	Nine Months ended Dec.31,2007	Nine Months ended Dec.31,2007	Nine Months ended Dec.31,2006
<b>ASSETS</b>				
Current assets:				
Cash and time deposits	¥ 11,133	¥ 10,787	\$ 94,501	¥ 8,793
Accounts receivable	64,223	67,994	595,657	65,997
Short-term loans receivable	27,588	32,148	281,633	57,178
Advances payments-trade	8,626	10,293	90,175	9,366
Inventories	17,161	25,792	225,951	15,899
Prepaid expenses and deferred charges	28,318	32,938	288,552	25,803
Due from agents	5,663	4,365	38,242	5,039
Deferred income taxes	4,396	5,064	44,364	3,736
Other current assets	5,042	4,245	37,191	4,149
Allowance for doubtful receivables	(186)	(252)	(2,208)	(186)
<b>Total current assets</b>	<b>171,967</b>	<b>193,376</b>	<b>1,694,059</b>	<b>195,777</b>
Fixed assets :				
(Tangible fixed assets)				
Vessels	33,307	34,190	299,525	34,585
Buildings	4,829	4,955	43,415	4,725
Structures	194	173	1,524	190
Equipments	2,512	2,055	18,004	2,727
Land	19,518	19,518	170,987	21,552
Construction in progress	975	4,553	39,891	24
Other tangible fixed assets	1,149	1,249	10,949	1,192
<b>Total tangible fixed assets</b>	<b>62,486</b>	<b>66,697</b>	<b>584,293</b>	<b>64,998</b>
(Intangible fixed assets)				
Software	1,247	1,034	9,059	1,290
Software in progress	15	34	302	100
Other intangible fixed assets	10	10	91	11
<b>Total intangible fixed assets</b>	<b>1,273</b>	<b>1,078</b>	<b>9,452</b>	<b>1,401</b>
(Investments and other long-term assets)				
Investments in securities	135,083	110,278	966,087	130,330
Investments in stocks of affiliated company	37,770	39,300	344,292	35,706
Long-term loans receivable	83,341	116,824	1,023,434	82,490
Long-term prepaid expenses	3,613	4,172	36,551	3,422
Guaranty Deposits	3,088	3,211	28,134	3,125
Other long-term assets	20,613	23,197	203,216	21,181
Allowance for doubtful receivables	(748)	(751)	(6,582)	(597)
<b>Total investments and other long-term assets</b>	<b>282,763</b>	<b>296,234</b>	<b>2,595,132</b>	<b>275,659</b>
<b>Total fixed assets</b>	<b>346,523</b>	<b>364,010</b>	<b>3,188,877</b>	<b>342,059</b>
Deferred assets				
Bond-issuing expenses	9	2	22	12
<b>Total deferred assets</b>	<b>9</b>	<b>2</b>	<b>22</b>	<b>12</b>
<b>Total assets</b>	<b>¥ 518,500</b>	<b>¥ 557,389</b>	<b>\$ 4,882,958</b>	<b>¥ 537,850</b>

(Millions of Yen or Thousands of U.S. Dollars)

	Year ended Mar.31,2007	Nine Months ended Dec.31,2007	Nine Months ended Dec.31,2007	Nine Months ended Dec.31,2006
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	¥ 63,802	¥ 79,602	\$ 697,346	¥ 62,815
Current portion of bonds payable	10,000	10,000	87,604	-
Short-term loans and current portion of long-term debt	27,318	16,858	147,690	36,018
Commercial paper	-	-	-	30,000
Accrued income taxes	10,168	23,326	204,349	3,692
Advance receipt	16,730	19,965	174,902	17,187
Deposit received	6,073	4,021	35,226	5,907
Due to agents	4,013	8,306	72,770	4,843
Accrued bonuses	795	343	3,008	209
Accrued directors' and corporate auditors' bonuses	136	136	1,191	-
Other current liabilities	3,301	2,548	22,323	3,156
<b>Total current liabilities</b>	<b>142,340</b>	<b>165,107</b>	<b>1,446,408</b>	<b>163,832</b>
<b>Long-term liabilities</b>				
Bonds	70,666	57,741	505,834	99,995
Long-term debt, less current portion	25,124	22,692	198,793	27,365
Allowance for employees' retirement benefits	333	607	5,320	447
Accrued expenses for overhaul of vessels	1,413	1,568	13,740	1,197
Deferred income taxes	30,751	24,064	210,817	28,908
Deferred income taxes for land revaluation	2,289	3,616	31,683	2,862
Other long-term liabilities	4,401	5,812	50,921	4,413
<b>Total long-term liabilities</b>	<b>134,979</b>	<b>116,102</b>	<b>1,017,108</b>	<b>165,190</b>
<b>Total liabilities</b>	<b>277,319</b>	<b>281,210</b>	<b>2,463,516</b>	<b>329,022</b>
<b>NET ASSETS</b>				
<b>Shareholder's equity:</b>				
Common stock	39,356	45,819	401,396	29,692
<b>Additional paid-in capital</b>				
Capital surplus	24,201	30,664	268,632	14,537
<b>Total additional paid-in capital</b>	<b>24,201</b>	<b>30,664</b>	<b>268,632</b>	<b>14,537</b>
<b>Retained earnings</b>				
Legal reserve	2,540	2,540	22,254	2,540
<b>Special reserve</b>				
Special depreciation reserve	604	448	3,928	692
Reduced value entry reserve	919	1,794	15,723	2,091
Special account for reduced value entry reserve	949	-	-	-
Other reserve	95,552	110,552	968,480	95,552
Unappropriated earned surplus for current term	22,030	44,129	386,588	10,255
<b>Total retained earnings</b>	<b>122,595</b>	<b>159,464</b>	<b>1,396,974</b>	<b>111,131</b>
Treasury stock, at cost	(891)	(846)	(7,414)	(878)
<b>Total shareholders' equity</b>	<b>185,262</b>	<b>235,101</b>	<b>2,059,587</b>	<b>154,482</b>
<b>Valuation and translation adjustments</b>				
Unrealized holding gain on investments in securities	42,928	29,411	257,655	40,101
Deferred gain on hedges	9,219	9,228	80,843	9,523
Revaluation reserve for land	3,770	2,437	21,357	4,720
<b>Total valuation and translation adjustments</b>	<b>55,918</b>	<b>41,077</b>	<b>359,855</b>	<b>54,344</b>
<b>Total net assets</b>	<b>241,181</b>	<b>276,179</b>	<b>2,419,442</b>	<b>208,827</b>
<b>Total liabilities and net assets</b>	<b>¥ 518,500</b>	<b>¥ 557,389</b>	<b>\$ 4,882,958</b>	<b>¥ 537,850</b>

## Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2007 and nine months ended December 31, 2007 and 2006

(Millions of Yen / Thousands of U.S. Dollars)

	Nine months ended Dec.31,2006	Nine months ended Dec.31,2007	Nine months ended Dec.31,2007	Year ended Mar.31,2007
Shipping and other operating revenues	¥ 631,951	¥ 801,269	\$ 7,019,440	¥ 856,209
Shipping and other operating expenses	605,071	717,580	6,286,296	813,966
Total shipping and other operating profits	26,879	83,688	733,144	42,243
Other revenues	799	829	7,271	1,069
Other expenses	416	392	3,442	423
Other profits	382	437	3,829	646
Gross profits	27,262	84,125	736,973	42,890
Selling, general and administrative expenses	11,009	11,574	101,396	14,786
Operating income	16,253	72,551	635,577	28,103
Non-operating income :				
Interest and dividend income	5,405	6,262	54,865	7,862
Other non-operating income	193	338	2,967	367
Total non-operating income	5,598	6,601	57,832	8,229
Non-operating expenses :				
Interest expenses	1,671	1,692	14,830	2,339
Exchange loss	616	2,533	22,199	1,659
Other non-operating expenses	244	183	1,604	391
Total non-operating expenses	2,533	4,409	38,632	4,391
Ordinary income	19,319	74,742	654,777	31,941
Extraordinary profits :				
Gain on sales of fixed assets	209	1	15	1,911
Gain on sales of investments in securities	3,923	6,824	59,784	5,786
Other extraordinary profits	20	-	-	847
Total extraordinary profits	4,152	6,826	59,799	8,545
Extraordinary losses	184	-	-	997
Income before income taxes	23,287	81,568	714,576	39,489
Income taxes	8,564	31,486	275,831	14,239
Net income	¥ 14,722	¥ 50,082	\$ 438,745	¥ 25,250

## Non-Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. for the nine months ended December 31, 2007

(Millions of Yen)

	Shareholder's equity											
	Common stock	Additional paid-in capital		Retained earnings						Treasury stock, at cost	Total shareholders' equity	
		Capital surplus	Total additional paid-in capital	Legal reserve	Special reserve				Total retained earnings			
					Special depreciation reserve	Reduced value entry reserve	Special account for reduced value entry reserve	Other reserve				Unappropriated earned surplus for current term
Balance March 31, 2007	¥ 39,356	¥ 24,201	¥ 24,201	¥ 2,540	¥ 604	¥ 919	¥ 949	¥ 95,552	¥ 22,030	¥ 122,595	¥ (891)	¥ 185,282
Change in items during the term												
Issuance of new shares	6,462	6,462	6,462	-	-	-	-	-	-	-	-	12,925
Cash dividends	-	-	-	-	-	-	-	-	(13,210)	(13,210)	-	(13,210)
Transferred from reserve	-	-	-	-	(155)	(73)	(949)	-	1,179	-	-	-
Provision for reserve	-	-	-	-	-	949	-	15,000	(15,949)	-	-	-
Net Income	-	-	-	-	-	-	-	-	50,082	50,082	-	50,082
Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	-	(236)	(236)
Disposal of treasury stocks	-	-	-	-	-	-	-	-	(5)	(5)	281	275
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	-	3	3	-	3
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
Net changes during the term	6,462	6,462	6,462	-	(155)	875	(949)	15,000	22,099	36,869	44	49,839
Balance December 31, 2007	¥ 45,818	¥ 30,664	¥ 30,664	¥ 2,540	¥ 448	¥ 1,794	-	¥ 110,552	¥ 44,129	¥ 159,464	¥ (846)	¥ 235,101

	Valuation and translation adjustments				Total net assets
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance March 31, 2007	¥ 42,928	¥ 9,219	¥ 3,770	¥ 55,918	¥ 241,181
Change in items during the term					
Issuance of new shares	-	-	-	-	12,925
Cash dividends	-	-	-	-	(13,210)
Transferred from reserve	-	-	-	-	-
Provision for reserve	-	-	-	-	-
Net Income	-	-	-	-	50,082
Purchase of treasury stocks	-	-	-	-	(236)
Disposal of treasury stocks	-	-	-	-	275
Reversal of revaluation reserve for land	-	-	-	-	3
Net changes in items other than shareholders' equity	(13,517)	8	(1,332)	(14,841)	(14,841)
Net changes during the term	(13,517)	8	(1,332)	(14,841)	34,998
Balance December 31, 2007	¥ 29,411	¥ 9,228	¥ 2,437	¥ 41,077	¥ 276,179

## Non-Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. for the nine months ended December 31, 2007

(Thousands of U.S. Dollars)

	Shareholder's equity											
	Common stock	Additional paid-in capital		Legal reserve	Retained earnings					Treasury stock, at cost	Total shareholders' equity	
		Capital surplus	Total additional paid-in capital		Special depreciation reserve	Special reserve			Total retained earnings			
						Reduced value entry reserve	Special account for reduced value entry reserve	Other reserve				Unappropriated earned surplus for current term
Balance March 31, 2007	\$ 344,782	\$ 212,017	\$ 212,017	\$ 22,254	\$ 5,291	\$ 8,052	\$ 8,318	\$ 837,074	\$ 192,992	\$ 1,073,982	\$ (7,808)	\$ 1,022,973
Change in items during the term												
Issuance of new shares	56,614	56,614	56,614	-	-	-	-	-	-	-	-	113,228
Cash dividends	-	-	-	-	-	-	-	-	(115,734)	(115,734)	-	(115,734)
Transferred from reserve	-	-	-	-	(1,363)	(847)	(8,318)	-	10,329	-	-	-
Provision for reserve	-	-	-	-	-	8,318	-	131,406	(139,724)	-	-	-
Net income	-	-	-	-	-	-	-	-	438,745	438,745	-	438,745
Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	-	(2,069)	(2,069)
Disposal of treasury stocks	-	-	-	-	-	-	-	-	(40)	(40)	2,463	2,414
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	-	29	29	-	29
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
Net changes during the term	56,614	56,614	56,614	-	(1,363)	7,071	(8,318)	131,406	193,596	322,992	393	436,613
Balance December 31, 2007	\$ 401,396	\$ 268,632	\$ 268,632	\$ 22,254	\$ 3,928	\$ 15,723	-	\$ 968,480	\$ 386,588	\$ 1,398,074	\$ (7,414)	\$ 2,059,587

	Valuation and translation adjustments				Total net assets
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance March 31, 2007	\$ 376,074	\$ 80,768	\$ 33,029	\$ 489,870	\$ 2,112,844
Change in items during the term					
Issuance of new shares	-	-	-	-	113,228
Cash dividends	-	-	-	-	(115,734)
Transferred from reserve	-	-	-	-	-
Provision for reserve	-	-	-	-	-
Net income	-	-	-	-	438,745
Purchase of treasury stocks	-	-	-	-	(2,069)
Disposal of treasury stocks	-	-	-	-	2,414
Reversal of revaluation reserve for land	-	-	-	-	29
Net changes in items other than shareholders' equity	(118,419)	76	(11,671)	(130,015)	(130,015)
Net changes during the term	(118,419)	76	(11,671)	(130,015)	306,598
Balance December 31, 2007	\$ 257,655	\$ 80,843	\$ 21,357	\$ 359,855	\$ 2,419,442