

OCEAN BREEZE

News About The Wide World of "K" LINE

Contents

New Year Message from the President.....	P1-3	Bulletin Board.....	P7
News Roundup.....	P4-7	Welcome Aboard.....	P8
CKYH Alliance to Rearrange European Routs		CARRIBEAN HIGHWAY	
Opening of "K" Line Maritime Academy (India)		CAPE SOPHIA	
"K" LINE Makes a Structural Change to Management of LNG Carriers		Special Feature.....	P9-10
Japan-Chile Relationship Deepening		Significance of Diwali Festival	
1st Contract Concluded with JSW Steel Limited, India for Transport of Australian Coal		Photo Gallery.....	P11
(report from a student of "K" Line University) Re-visiting Tokyo		The City of Chicago	



Safety in Navigation and Cargo Operation is our Top-Priority Assignment

Some grave marine mishaps, including ship accidents, happened around the globe last year. Fortunately, our “K” LINE Group did not incur any serious problems, although quite a few small incidents, so-called “near misses” were reported that both startled and horrified all of us. In reality, only a slight difference exists between a near miss, small incident and huge accident. According to our present management plan, our fleet scale is expected to expand from 427 ships as of the end of September 2006 to 500 by the end of Fiscal 2008, and to a total of 700 by the mid-2010’s. To safely operate such a rapidly-developing fleet, there is a great deal of need for reinforcement of “K” LINE Group’s ship administration structure. In deep consideration of this, we arranged and mapped out “Ship Management Structure to Sustain Safety and Quality” in May last year. As one of the concrete measures taken, our ship inspection system was substantially strengthened by increasing superintendents for ship inspection purposes. Consequently, we carried out inspections on about 230

“K” LINE’s Total Group Joins Forces to Ensure Safest Possible Ship Navigation and Cargo Operations

To all “K” LINE and Group Company Colleagues, Happy New Year to each and every one of you!

ships in total, including both controlled and chartered ships, in compliance with “K” LINE-QUALITY guidelines in an attempt to upgrade ship quality of our entire fleet, and further ensure safety in ship navigation and cargo operations. The above reference to “near miss” is a reminder of the potential for a big accident; therefore, each accident that actually struck the other companies should be carefully studied by all of us. For that reason, I request every one of you to brace yourself with keen sense as to the constant threat of such happenings, whatever and wherever they may be. When an emergency arises, sound judgment made on the ground must work well without fail. I have heard about some cases where acting cowardly or fearfully has ultimately led to safe ship operation, since being a coward also requires us to be courageous, so one needs to be aware that there is a place for all of us when we are unexpectedly required to respond. While it is possible to monetarily compensate our customers for damages, we should keep in mind that once their confidence in our services based on ship safety has been shattered or lost, it may take many long years to recover their respect.

Progress of “K” LINE Vision 2008⁺

I wish to briefly report on the status of “K” LINE Vision 2008⁺, our intermediate management plan, with an explanation on our financial position on a

consolidated basis for Fiscal 2006, the initial year of the plan. For the 1st half of the year, both operating income and ordinary income declined significantly as compared with last year and ended below our targeted numerical goals. This of course can be attributed to the hike of US\$76.00 per M/T in fuel oil price over last year, also the delay in recovery of freight rates in containership operations, particularly in our Asia/Europe services. During the 2nd half of the year, it is prospected that the business environment is to improve since fuel oil prices are staying lower as well as calmer and freight rates in Asia/Europe containership services are getting back on track towards recovery. In addition, there is a tail wind bringing steady improvement in our dry bulk business. For the entire Fiscal 2006, I think that it will be possible to accomplish ordinary income amounting to ¥61 billion that was announced previously, despite being unable to reach our targeted numerical goal in “K” LINE Vision 2008⁺. In operating revenues, each business sector is promoting respective expansion that is supported by the global economy being in fairly good shape. I have bright prospects that on a consolidated basis, the Company will be able to reach operating revenues in the amount of ¥1 trillion for the first time ever. In “K” LINE Vision 2008⁺, after having envisaged what each business sector’s dreams and desires are for the mid-2010’s, we posted such numerical goals as 700-ship fleet scale; operating revenues ¥1.5 trillion; ordinary income ¥150 billion; and net



income ¥100 billion on a consolidated basis. In terms of expansion of business scale, we set a target for 500 ships in operation as of the end of Fiscal 2008 that can be regarded as Phase 1 which includes completion of 47 newbuildings during Fiscal 2006, 25 for Fiscal 2007 and 41 for Fiscal 2008.

Last autumn, two 8,000TEU containerships, the largest to ever be deployed by our group, were completed, each being environmentally-friendly and equipped with highly-sophisticated devices. Such 8,000TEU containerships are expected to constitute our key fleet for the future of Containership Service that is our core business. Another two containerships of the same size are to be completed this spring and further four ships from 2008 to 2009, enhancing our fleet with a total of eight of the newest and largest highly-sophisticated containerships. In Dry Bulk Carrier Services, Car Carrier Services and Energy Transportation and Tanker Services, I can see prospects for profitability accumulating with certainty owing to acquisition of long-term contracts and new customers, and favorable results from everybody's efforts in their continual pursuit and exploration of overseas markets. I'd like to emphasize that I have every strong intention to further continue improving those business services and also making steady enlargement in our fleet scale. When it comes to Total Logistics business and placing it in the position of a new strategic business, we will focus on enlarging it and setting numerical targets so that this sector's overall business activities can be clearly seen from all

aspects of its worldwide operations. Last July, we launched "K" LINE LOGISTICS CO. LTD. as the nucleus for our logistics business that provides one-stop service linking air/sea/land services. At the same time, we established Logistics Business Promoting Group in the Tokyo Head Office as a unit supporting logistics business conducted by all our group companies. The above concept is being pursued to best utilize the synergy of the global network of our "K" LINE Group. I am sure that this concept will gradually bear substantial fruit.

Vigorous and Courageous Attitude towards Development of Business

One of our current assignments is to improve profitability of Containership Services, and that plan itself is advancing with steadiness on the whole. I am asking you, however, to consider what we have to do to accomplish the huge goals that should be realized before the mid-2010's. From the perspective of reinforcement of fleet, I must report that all shipyard berths are already fully occupied at each shipbuilding dockyard, so we are therefore required to discuss and direct our attention to matters happening 4-5 years from now. Naturally, any prospects for markets of 4-5 years in the future have some uncertainties. But it can be said quite assuredly that global cargo movements are anticipated to grow at an annual rate of 3 to 4%. Therefore, we can expect to be favored with a similar increase in cargo movements that will substantially provide a steady base for our business expansion. Fortunately, our Company is becoming stronger and more capable to make necessary investment in business expansion and exploring new business fields, even if we have to take some certain degree of risk. Realistically, there is also little alternative other than accepting the fact that

Japan-centered trade is reaching a point of fruition and therefore it has become all the more necessary to strengthen our overseas business bases at a more accelerated speed than ever before. In the year before last, Car Carrier Division opened offices in St. Petersburg and Istanbul as business bases for Eastern Europe and proceeded further with starting an office in Johannesburg for Africa. Dry Bulk Carrier Division established a business base in Shanghai last February as well as a new Drybulk Project Business Division in our Tokyo Head Office. This series of efforts show how diligently and vigorously "K" LINE Group is trying to build and reinforce the business structure necessary for overseas development at an accelerated speed. We also are planning on reopening a liaison office in Vietnam, an area that is being regarded as a predominant potential production base, particularly considering the possibility of its joining the WTO this year. I'd like every one of you to understand that when it comes to safety in ship navigation, we can accept being cowardly or fearful to some degree, but for business development, we definitely need to be courageous, bold and daring.

At a Higher Speed

For the current fiscal year, we expect to attain ¥1 trillion in operating revenues for the first time in our company's history. The organization continues to be operated by a relatively small number of staff, but each of whom I firmly trust as being very resourceful and active. We are continuously required to devote considerable care to our traditional "K" LINE Spirit, exhibiting vigorousness in taking action in advance of other people. If one were to just do the same thing as other companies, we would not be doing the way of our "K" LINE Spirit. In that regard, I dare to ask whether you are

spending your time and labor only in attending various committees or meetings. My anxieties are increasing in parallel with the substantially increasing number of meetings. More precisely, I am asking you whether we are spoiling "K" LINE's edges and the strong points attributed to our organizational compactness and quickness. Of course, satisfactory discussion is important, but quickness in action is also of equal or more importance as well. It is rather natural that some committees deviate from their original reason or purpose at the time of establishment as time passes or situations change. Rather, if I may say so, it would not be natural that they last for ever. Last year the Company introduced an Executive Officer System and made a structural review of criteria for resolutions, etc. This was aimed at speedier decision-making and quicker execution through transformation of authorization. I strongly request you to have the best possible understanding of our institutional reformation and simultaneously address yourselves to reformation and diligent improvement of your assignments step-by-step (I often say "Kotsu-Kotsu" in Japanese) and speedily at all times.

Educating and Training our Human Resources

I recognize that it is a vitally important assignment to secure and foster human resources regardless of whether at sea or on land. Without having young and new blood to carry the next generation on their shoulders, we will not be able to succeed in realization of the high goals we have set for the 2010's. New graduates are regarded as "young blood," whereas adopted staff members with working experience in other companies or industries are regarded as "new blood." Experience and knowledge that new-blood staff gained outside our Company

should provide us with fresh and invaluable assets we have never had before. For the past one year, 13 new blood staff have joined us for a total of 64 including those people who have already been very active in the front lines. While overseas development is in progress at an accelerated speed, staff members being sent overseas from our Head Office have become much younger, with 51 staff working abroad in their 20's and 30's. As opportunities for young people to work overseas will increase still more, the Company is trying to provide them with a variety of training and educational courses for working overseas. About 200 people are taking such courses every year including Chinese language classes; gaining work experience in the U.S.; educational embarkation onboard ships; position- or rank-classified classes and intra-office classes in English conversation; etc. Since some years ago, "K" Line University has been operating in 3 places around the world. It is an educational system in which mainly middle-management staff take classes at overseas offices including Tokyo Head Office. Graduates total as many as 262, i.e., 97 graduates from Richmond Campus in the U.S., 90 from London Campus and 75 from Tokyo Campus. Needless to say, they come back to their workplaces highly upgraded, tackling their jobs with greater aspirations and vigor. In terms of acquisition, education and training of seafarers on a global basis, in April next year, the Company is planning to open a new educational/training institute in Mumbai, India named "K" Line Maritime Academy (India) under the concept of "K" Line Maritime Academy (KLMA). Some 500 Indian officers are expected to take the educational and training courses annually. The opening of this facility follows another new Philippine institute whose groundbreaking ceremony took place quite recently. All training centers of the "K" LINE

Group are aimed at upgrading and better aligning with "K" LINE's standards, technical level and motivation of seafarers employed by all ship management companies of the "K" LINE Group. Summarizing the above, I would like to re-emphasize the following:



- a. To basically recognize safety in ship navigation and cargo operations as our top-priority assignment
- b. To successfully achieve various goals posted in "K" LINE Vision 2008+ by boldly and courageously challenging every business development and executing every job diligently, step-by-step (Kotsu-Kotsu), progressing steadily at the highest speed possible
- c. To carry out concerted and patient efforts for educating and training our young and new human resources

When and if the above 3 items are met, I am firmly convinced that we will be able to reach new and unexplored levels of mountain peaks by the 2010's, a picture I have envisaged together with you in our "K" LINE Vision 2008+. At the end, I heartily pray that all employees of the entire "K" LINE Group at sea and on shore, at home and abroad, including their families as well, may be blessed with good health, abundant happiness and increased prosperity in this New Year 2007.

Hiroyuki Maekawa
President and CEO

CKYH Alliance to Rearrange European Routes

Following up the previous announcement on the alteration of its routes in November 2006, CKYH Alliance (Coscon, "K" LINE, Yang Ming, Hanjin Shipping) has exercised another rearrangement for the European routes in January 2007 to further improve joint operations and service efficiency.

Changed European routes will eliminate overlapping service links of the member carriers to reduce transit time and ensure schedule reliability significantly. The members of CKYH Alliance will also be able to exchange their slots more effectively.

The changed service routes and call ports are as follows:

New Service Routes:

1. NCX/AE1 (North China Express Service)
Shanghai — Dalian — Qingdao — Ningbo — Singapore — Rotterdam — Felixstowe — Hamburg — Antwerp — Singapore — Hong Kong — Shanghai

2. AEX/AE2 (Asia Europe Express Service)
Shanghai — Ningbo — Yantian — Port Kelang — Colombo — Hamburg — Rotterdam — Le Havre — Colombo — Port Kelang — Shanghai
Eastbound Port Kelang, Malaysia newly included

3. FEX/AE3 (Far East Europe Express Service)
Xingang — Kwangyang — Pusan — Kaohsiung — Chiwan — Singapore — Hamburg — Rotterdam — Felixstowe — Singapore — Kaohsiung — Xingang

*Two Asian ports, Kaohsiung and Chiwan, newly included

*Rotterdam-Hamburg rotation changed to Hamburg-Rotterdam

4. SCX/AE4 (South China Express Service)
Nansha — Yantian — Hong Kong — Jeddah — Hamburg — Felixstowe — Rotterdam — Antwerp — Singapore — Nansha
Rotterdam, the Netherlands and Singapore newly included

5. AES1 (Asia — Europe Service Loop I)
Shanghai — Ningbo — Xiamen — Kaohsiung — Yantian — Singapore — Rotterdam — Hamburg — Felixstowe — Antwerp — Singapore — Kaohsiung — Shanghai
Xiamen and Yantian, China newly included

6. AES2 (Asia — Europe Service Loop II)
Kobe — Nagoya — Tokyo — Hong Kong — Singapore — Port Said — Rotterdam — Felixstowe — Le Havre — Port Said — Singapore — Hong Kong — Kobe
Port Said E/B calling newly included

Opening of "K" Line Maritime Academy (India)

On May 25, 2006 "K" LINE announced "K" LINE's Ship Management Structure to Sustain Safety and Quality as the principle and the various initiatives to establish a ship management structure geared to sustain safety and quality and to promote the planned expansion of business operations advocated in the newly revised interim management plan "K" LINE Vision 2008+.

The "K" Line Maritime Academy (KLMA) scheme is one of the frameworks of this concept. "K" LINE recently decided formally to open the new training facility "K" Line Maritime Academy (India), at Mumbai City of India. The new training facility is planned to be equipped with various training equipment in the space of about 215 m² in the Andheri district of Mumbai City, and to train about 500 Indian trainees every year.

Training system for engineers and chief engineers include elements such as: Main Engine Remote Control System (NABCO) for training of trouble-shooting in an early stage and taking quick corrective actions; an actual reefer container for practical training necessary for engineers; learning system

incorporating full-mission engine simulator to acquire basic knowledge of Engine Room Systems and Machinery; exercises on trouble shootings of various systems; Aux boiler Burner simulation & control panel for trouble shooting.

As for captains and navigation officers, the Academy will conduct training for prevention of ship collision and for prevention of grounding, using a ship maneuvering simulator, and will ensure that trainees thoroughly understand the dos and don'ts concerning safety and quality. And by using cargo handling simulator for crude oil tanker (VLCC & Aframax), Product Tanker, LPG tanker and LNG tanker and various equipment, the Academy will conduct training in order to secure thoroughly safe cargo works. Academy will conduct training in Automatic Unloading System (AUS) for Oil tanker for understanding of cargo pump discharging system.

Academy plans to take approval for ship maneuvering simulator and full mission engine simulator courses from Director

General Of Shipping (India) so that these training certificates can be used during their exams for the higher licenses.

To supply highly-skilled seafarers, "K" LINE Group members are at work and are the main force behind the training center project, aiming to further improve and maintain the "K" LINE brand of Security, Safety, and Trust.

Overview of Training Facilities in India

Name (Tentative):

"K" Line Maritime Academy (India)

Opening:

April 2007 (Scheduled)

Number of Trainees:

Approx. 500 every year

Shipyard:

Samsung Heavy Industries Co., Ltd.

Major Training Equipment:

- 1) Ship Maneuvering Simulator
- 2) Full Mission Engine Room Simulator
- 3) Liquid Cargo Handling Simulator
- 4) Main Engine Maneuvering System Simulator (Nabco)
- 5) Automatic Unloading System for Tanker Cargo Operation Simulator
- 6) Actual Reefer Container

“K” LINE Concludes Long-term Contract with Electricité de France

“K” LINE has concluded a long-term time charter contract with Electricité de France (EDF), the largest power company in Europe, of a large bulk carrier.

The carrier for the time charter contract is a 170,000-180,000 DWT cape-sized bulk carrier under the wing of “K” LINE and the contract comes into effect in 2009.

In “K” LINE Vision 2008+, our new intermediate management plan, “K” LINE ranks

enhancement of dry bulk business as one of the most important management issues.

Our priority issues include fleet reinforcement and business structure globalization of the Coal & Iron Ore Carrier Group in particular. We are slated to achieve 10% of the world share in Coal & Iron Ore transportation in the first half of the 2010s. The contract with EDF this time is made in line with this aspiring new management plan.

In addition, the fleet upgrading plan of our Coal & Iron Ore Carrier Group is as follows:

2006	9 vessels (including vessels already delivered)
2007	6 vessels
2008	5 vessels
2009	5 vessels
2010 and later	13 vessels
Total	38 vessels

“K” LINE Makes a Structural Change to Management of LNG Carriers

The Company has shifted in January management of its LNG carriers trading mainly in the Asia Pacific region to “K” Line Ship Management Co., Ltd. (KLSM), a ship management subsidiary owned 100% by “K” LINE.

KLSM is one of the key in-house ship management companies in the “K” LINE Group and is currently engaged in management of LPG carriers, oil and product tankers in addition to container ships.

“K” LINE participated in LNG transport as the first Japanese owner and operator in 1983, and ever since, has made continuous efforts to expand its business during the past quarter of a century. As of today, “K” LINE owns 31 LNG carriers and manages 7 of them, 4 from Tokyo and 3 from London.

Coping with the continually strong worldwide demand for LNG as a clean energy source, “K” LINE has succeeded in expanding its share in this business, and will increase LNG ship fleet to a total of 48 by 2009, with 15 of them to be managed by the “K” LINE Group.

“K” LINE recognizes the importance of its role as an ocean carrier in promoting the value of LNG in the energy chain. As a result of making every possible effort to provide safe and reliable transportation services, its LNG ship operations have achieved a “zero accident” track record.

In the process of business expansion, “K” LINE is restructuring the organization

and transferring ship management handled by Tokyo Head Office to KLSM in order to enhance the overall LNG ship management system and provide the safest, most efficient and effective ship operations through integration of expertise, technical information, management techniques and know-how cultivated by “K” LINE and KLSM, especially with regard to gas carriers and oil/product tankers. Concurrently with this restructuring and ship management transfer, the Company is further developing and promoting its dedicated educational programs for attracting and securing the best qualified seafarers possible for those vessels operated worldwide by any member of the “K” LINE Group.

(report from “K” Line Pte Ltd (KLPL))

KLPL’s 5th Anniversary of Foundation Celebrated at Shangri-La Hotel

On 5th December 2006, KLPL celebrated its 5th anniversary at Shangri-La Hotel in Singapore.

Joining us in this grand celebration were about 150 guests including customers, government officials, bankers, and business associates in Singapore as well as overseas, such as Malaysia, Thailand, India, Dubai, Hong Kong, Australia and Japan. Gracing the occasion were “K” LINE top officials from Tokyo, Mr. Hiroyuki Maekawa, President and CEO of “K” LINE, and Mr. Isao Shintani, Board Counsellor of “K” LINE.

In his opening address, Mr. Kenichi Kuroya, Managing Director of KLPL, expressed his appreciation to all who were present for their strong support in the past

five years, and reaffirmed his commitment to providing quality service fleet in all shipping sectors.

Mr. Maekawa made a speech, pointing out KLPL’s unexpected rapid expansion and said “Thank You” to all guests.

Guest of honor for the evening, Mr. Peter Ong, Chairman of Maritime & Port Authority of Singapore (MPA), congratulated KLPL for achieving this significant milestone with steady growth.

After 5 years, KLPL is now operating 10 Aframax tankers, 9 bulk carriers, 3 container vessels and doing trade management / operation of “K” LINE’s container and car-carrier business with more than 90 staff.

The evening was filled with warmth from

the reception, beautiful bouquets of flowers, splendid food and wine as well as friendly conversation. The event also provided a chance for networking among the guests.

It was a good opportunity for KLPL to reconfirm the strong relationship with the guests and set a new starting line for further success.



Japan-Chile Relationship Deepening



Only a few people know that Chile is a long chili-shaped country extending from the north down to the south. She is far away from Japan and is situated on the back side of the earth. Chile has a close relationship with Japan, also with "K" LINE.

As Chilean seasons are contrary to Japanese, grapes, lemons, strawberries, etc. are exported to Japan when not in their harvest season in Japan. Further, urchins, abalone and agar from Chile adorn the tables of our households. Many Japanese industries rely on mineral resources such as copper, molybdenum, iron ore, etc. and also

on forestry resources such as wood-chips and pulp.

The 24th Japan-Chile Business Co-operation Committee took place in Chile on September 7 and 8, 2006. The Committee has been run by civic business people of both countries; 1st meeting held in Tokyo in 1979. Discussed at the latest meeting was the Japan-Chile Economic Partnership Agreement negotiations which started in January on a governmental level, a joint announcement was approved requesting both governments to complete an early conclusion.

On September 22, 2006, it was announced that both governments had come to a broad agreement on the above matter. It is expected to come into force at the beginning of the year 2008. Most export items from Japan such as cars, machinery, electronics commodities, etc. are going to be tax-free whereas tariffs on import items from Chile to Japan are expected to be lifted

instantly or step by step; eventually some 90% of total trade amount will be tax-free. From the perspective of Japan, it is said that she can enjoy the merits of securing a stronghold necessary for deeper embarkation into the markets in South America.



The meeting's attendees were invited to a dinner party sponsored by President Bachelet of Chile, with all persons concerned successfully impressed with how much importance the Chilean Government is giving to its relationship with Japan and the role of the Committee.

1st Contract Concluded with JSW Steel Limited, India for Transport of Australian Coal

We have concluded a contract with JSW Steel Limited (JSW; Corporate office: Mumbai, India) of the O.P. Jindal Group for transport of raw coal by Panamax bulkers.

JSW Steel Limited is the core company of the O.P. Jindal Group and produced 3,800,000 tons of crude steel in 2006. On a private sector basis excluding state-owned companies, the company is second in scale to Tata Steel in India.

We take pride that we have been able to succeed in this 1st contract with JSW.

"K" LINE has been accelerating its positive activities in overseas markets in line with our intermediate plan "K" LINE Vision 2008⁺: This contract marks one step in the process of the Plan to carry out our commitment to development of "K" LINE's dry-bulk business in the Indian market with its strong potential for the future.

Contract is outlined as follows:

Period:

7 years commencing January 2007

Trade:

Transport of raw coal from Eastern Australia to India

Transport Volume:

Approximately 500,000 tons per year

Number of Voyages:

7 voyages per year

"K" LINE and Hanjin Shipping Purchase Each Other's Company Stock

On December 6, 2006 "K" LINE and Hanjin Shipping Co., Ltd. (Hanjin) announced an agreement on purchasing each other's company stock.

"K" LINE is to purchase about 3% of Hanjin's stock and Hanjin in turn will purchase a similar amount of "K" LINE stock as

capital investment. This reciprocal stock purchase will further solidify our partnership and bring our mutual objectives even closer than at present.

The two companies are thereby expecting to make more timely and most appropriate management decisions for each organization

in today's dynamic business environment.

Our CKYH Alliance in the global containership business will continue to enjoy its unprecedented solidarity and an even greater spirit of cooperation in the future following the steps which are to be taken as outlined above.

(report from a student of "K" Line University) Re-visiting Tokyo

Contributed by Mr. Peter Menzel, Deputy General Manager, Car Carrier Group – Trade Management/Marketing, "K" Line (Europe) Limited

Here we are again, the plane approaches green countryside with small villages and fields. Hold on, that's not the way I remember Tokyo from my first quick visit 4 years ago!

What I do remember are the long queues at immigration and the never ending voyage by bus to the city (much smother though than going around on the M25!).

Here we are then on a pleasant Sunday morning in the middle of Tokyo and yes, that's the way I remember it: big, clean and busy!

I am here for this year's "K" Line University, hosted by our head office and I am looking forward to a week of meeting new colleagues, seeing the "big" office and especially seeing "old" friends again.

After a short rest in the hotel, off we go for some lunch, looking for some local flavour. The building next to the hotel offers a variety of little restaurants and our lack of Japanese language skills is being compensated by the famous colourful plastic displays. This does not mean that we know what we are going to eat but hey, what looks that great can't really taste bad can it? And no, we are not being disappointed, an experience which will repeat itself throughout the week.

The working week starts with a joint walk to the office but what sounds simple ends up to be a very

confusing walk thru the subterranean parts of Tokyo, avoiding the downpour above. It turns out to be that confusing, that we have to ask our guide to help us out again and again in the morning, until finally a sunny morning allows us to explore the above ground and much easier route. Thank you very much Muramatsu-san for your patience with us!

Perhaps a few words who us actually is. Our group is comprised of delegates from Singapore, Indonesia (Hello Kitty!), Taiwan, Hong Kong, China, Australia (no Nick, you are not having the Ashes back!), the US (the famous navigator with no sense of direction), Holland (what will his next prank be?), Malaysia, Chile, Spain (sorry Leandro, we are out of Edamame!), the Philippines and Korea and me, the German from the UK (represented by the Union Jack!)

Finally in the office, we start with introductions and the several presentations given by senior staff of the different business groups. The venue announces itself with a spectacular view from the conference room over a lit up Tokyo and usually ends up with a few bevies in one of the many little salary man bars of the Shimbashi area.

Wednesday, after visiting the Asakusa temple and the "K" LINE operated Ohi container terminal, we are being treated to something special: a dinner cruise

on Tokyo Bay! The views are just fantastic!

Thursday and Friday, all delegates have the opportunity to present their offices and businesses. It was interesting to see the different approaches to the regional markets and problems and I believe everybody could take a few hints and tips home.

The ever busy and very helpful organizers left enough room in the otherwise packed schedule for individual meetings and dinners and I had the pleasure of sumptuous food in little upstairs/downstairs places in good company!

Did the trip meet my expectations? It certainly did and more, than that: it made me want to come back!



Bulletin Board

New Buildings

Name:	CAPE VANGUARD
Type:	Cape-Size Bulk Carrier
Delivered:	Nov. 17, 2006
Built:	Imabari Shipbuilding CO., Ltd. Saijo Shipyard
LOA:	299.94m
Breadth:	50.0m
Draft:	16.10m
DWT:	206,180mt
Service Speed:	14.90knots




Name:	LONDON HIGHWAY
Type:	PCTC
Delivered:	Nov. 22, 2006
Built:	Imabari Shipbuilding CO., Ltd. Marugame Shipyard
LOA:	199.94m
Breadth:	32.20m
Draft:	8.70m
DWT:	17,765mt
Capacity:	6,057units
Service Speed:	20.0knots



Name:	HANNOVER BRIDGE
Type:	Containership
Delivered:	Nov. 27, 2006
Built:	IHI Marine United Inc. Kure Shipyard
LOA:	336.0m
Breadth:	45.80m
Draft:	13.00m
DWT:	87,180mt
Capacity:	8,212TEU
Service Speed:	24.5knots



Name:	CAPE PROGRESS
Type:	Cape-Size Bulk Carrier
Delivered:	Nov. 28, 2006
Built:	Kawasaki Shipbuilding Corporation, Sakaide Shipyard
LOA:	290.00m
Breadth:	47.0m
Draft:	16.50m
DWT:	185,920mt
Service Speed:	14.70knots



Name:	EASTERN HIGHWAY
Type:	PCTC
Delivered:	Dec. 12, 2006
Built:	Shin Krusima Dockyard Co., Ltd. Onishi Shipyard
LOA:	188.03m
Breadth:	28.20m
Draft:	7.50m
DWT:	12,991mt
Capacity:	3,893units
Service Speed:	20.0knots



Name:	YAMATOGAWA
Type:	VLCC
Delivered:	Dec. 28, 2006
Built:	Kawasaki Shipbuilding Corporation, Sakaide Shipyard
LOA:	333.00m
Breadth:	60.00m
Draft:	20.443m
DWT:	302,488mt
Service Speed:	15.58Knots



CARIBBEAN HIGHWAY

Contributed by the Crew of CARIBBEAN HIGHWAY

M. V. CARIBBEAN HIGHWAY — floats with joy and honor

Like many renowned historical events that unfolded in the earlier centuries and alluring aura that captivated the hearts of millions into the Caribbean region, there rises a floating gem — the M. V. CARIBBEAN HIGHWAY, crafted into an equally modern Pure Car Carrier that exudes efficiency, flexibility and competitiveness that will surely play an interesting role in the realm of maritime transport.

She was molded by Tsuneishi Shipbuilding Co., Ltd. in March 2002 and since then, employed in rigorous transport to every corner of the world. Designed to carry 4,000 units of standard cars, a 42,238 GT, stable on submerged 9.67 meters Summer Draft, a beauty in her well-tailored 179.5 meters LOA and well trimmed 32.2 meters beam. She is propelled by Kawasaki Man B&W 8S60MC — 13,489KW/105RPM with a service speed of 20.0 knots to meet the demands and satisfaction of her customers. She will embark on her

33rd voyage and through the countless tests of time, labor and hectic services, she stands out in the ranks among the elite. She is one of the recipients of “Best Quality Award” for the 1st period of 2005 given by no less than “K” LINE in recognition of Damage Prevention Campaign activities.

Owing to impeccable support and management by TNKC, Master and its crew who join hands in bringing out her best — as long as these people are behind her helm, there’s no doubt, the “HIGHLY-RATED” reputation of CARIBBEAN HIGHWAY will be preserved.



CAPE SOPHIA

Contributed by Capt. Lucino A. Daniel Master of M. V. CAPE SOPHIA

CAPE SOPHIA — Transporter Specialist for Nippon Steel Business

M. V. CAPE SOPHIA, a junior cape-size under the Coal and Iron Operation Team, has its principal trade mission of transporting coal and iron ore bulk cargo to fast growing Nippon Steel Mills across Japan. The Vessel is dedicated to Nippon Steel Corporation rendering high-quality service comparing to other non-dedicated vessels. Their niche: the transporter specialist of Nippon Steel Business.

It was designed to only carry bulk cargo. Its overall length measures 249.94m with breath of 43.0m. Her summer draught (extreme) is 12.907m with summer deadweight of 99,047mt with total of 6 cargo holds.

The naming & delivery ceremony was held in Marugame Headquarters on November 1, 2005. MV CAPE SOPHIA, whose age is still young since her recent birth at Imabari Shipbuilding Co.,

Ltd. in 2005, was constructed with the latest technology to provide environmental protection against air and marine pollution. Although perceived by many as a barge-like vessel, MV CAPE SOPHIA, whose dedicated team’s primary concern is to promote protection for the sea and save mother earth, floats and carries her cargo across vast oceans, testing its endurance as it meets boisterous weather of the North Pacific.

Such achieved success in a relatively short period of time was through the collective efforts of the vessel’s hardworking all-Filipino crew precisely selected from Ventis Maritime’s (Ventis) finest roster of seafarers, under the stewardship of TNKC Manila whose unending provision of support molded the vessel to be one of those that challenge today’s shipping industry. Its seaworthiness can persevere to reach at least 25 years of sea service that will be beneficial both to owner, principal, the operator, manager and manning agent.

Significance of Diwali Festival

An Hindu' light festival; It starts on November 7 and ends on November 11, 2007. A date changes every year.

Contributed by Capt. Takehiko Ibusuki, Chief Representative, "K" Line Ship Management Co., Ltd. Mumbai Liaison Office

Diwali

Diwali, also called Deepavali, is a major Hindu festival that is also very significant in Sikhism and Jainism known as the "Festival of Lights," symbolising the victory of good over evil, and lamps are lit as a sign of celebration and hope for mankind. Celebrations focus on lights and lamps, particularly traditional diyas. Fireworks are associated with the festival in many regions of India. Diwali is celebrated for five consecutive days at the end of Hindu month of Ashwayuja. It usually occurs in October/November, and is one of the most popular and eagerly awaited festivals in India. Diwali comes exactly twenty days after Dussehra. It is regarded as a celebration of life and uses the occasion to strengthen family and social relationships. According to this calendar, the festival of Deepavali marks New Year's Day and is therefore an especially significant festival, as it marks the victory of good over evil. The Sanskrit word Deepavali means an array of lights that stands for victory of brightness over darkness. On the day of Diwali, many wear new clothes, share sweets and snacks and light firecrackers. The North Indian business community usually starts their financial new year on Diwali and new account books are opened on this day.



Diwali also celebrates the return of Lord Rama, King of Ayodhya, with his wife Sita and brother Lakshmana to Ayodhya from a war in which he killed the demon king Ravana. It is believed that the people lit oil lamps along the way to light their path in the darkness. This is the reason, why the festival is celebrated a day earlier in South India since Lord Rama travelled from the south to his kingdom in the north.

The First & Second Day

The First day is called Dhanteras which falls on the thirteenth day of the month of Aasho. The word Dhan means wealth. Believing this day to be auspicious, women purchase some gold or silver or at least one or two new utensils. The Second day is called Narkachaturdashi or Choti Diwali which falls on the fourteenth day of the month of Aasho. This day therefore is dedicated to lights and prayers heralding a future full of joy and laughter.

The Third Day

The Third day of the festival of Diwali is the most important day of Lakshmi-Puja which is entirely devoted to the propitiation of Goddess Lakshmi. On this very day the sun enters his second course and passes Libra which is represented by the balance or scale. Hence, this design of Libra is believed to have suggested the balancing of account books and their closing. Despite the fact that this day falls on an amavasya (new moon) day it is regarded as the most auspicious.

The Fourth & Fifth Day

The fourth day is Padwa. Govardhan-Puja is also performed in the North on this day. The Fifth and final day of Diwali Festival is known by the name of Bhayya-Duj. As the legend goes, Yamraj the God of Death visited his sister Yami on this particular day. She put the auspicious tilak on his forehead, garlanded him and fed him with special dishes and while parting Yamraj gave her a special gift as a token of his love. That day Yamraj announced that anyone who receives tilak from his sister will never be thrown. Since then, this day is being observed as a symbol of love between sisters and brothers.



Economics of Diwali

Diwali is an annual stimulus for the Indian economy. Indians purchase gold, gifts, decorations, crackers (fireworks) and household appliances during this festival and many Indian films (Bollywood, Tollywood, Kollywood, etc.) are released during this period. Companies offer huge discounts during the Diwali season to attract customers, which helps the economy and also helps the poor. Food distributed as acts of charity during community festivities also helps the underprivileged. Diwali also brings tourists to the country. Schools in India are closed during this festival, and many young people have the free time and the money to spend on luxury items. Also, people buy new clothes to wear during Diwali.

Celebration of Diwali — Lakshmi Puja in KLSM- Mumbai on 20th October 2006

The Pooja started with Offerings to:

Lord Ganesha — He is called Vighneshvara or Vighnahartaa, the Lord of and destroyer of obstacles. We worship Him asking for siddhi, success in undertakings, and buddhi, intelligence. He is worshipped before any venture is started. He is also the God of education, knowledge and wisdom, literature, and the fine arts
Lakshmi Puja — Divine Energy (Shakti) which is entirely devoted to the propitiation of Goddess Lakshmi — Goddess of Wealth
Saraswati Puja — devoted to the propitiation of Goddess Saraswati — Goddess of Knowledge.

Kuber Puja - devoted to the propitiation of Lord Kuber — for Wealth (one who gives away wealth)

Finally, the Puja ended with a Prayer for Welfare & Prosperity of the Company, Staff, Crew onboard & Safety of all Crew & Vessels.



ACTIVITIES OVER LAST ONE YEAR AT KLSM MUMBAI

KLSM-Mumbai Liaison Office

KLSM-Mumbai expanded its operations in early 2005 which required more space. So, KLSM-Mumbai shifted to its present address on the auspicious DEEPAVALI day of 2005 (November 1, 2005). Since that time, the strength of Indian command vessels has almost doubled with addition of 11 vessels in last about one year namely: VGRB, VCTB, GGB, BHB, RHB, HANB, FUJ, ISU, KUM, FTR and TER. KLSM-Mumbai also organized and conducted the 4th Seminar at The Sariska Palace in Rajasthan in March 2006. This was the first seminar arranged on its own, by KLSM Mumbai. With rapidly expanding fleet and increasing requirements of Indian Officers, KLSM Mumbai has selected Trainees, both for Deck and Engine departments from various reputed institutes namely: T. S. Chanakya, Vels Academy, Meri and AMET. In addition to this, KLSM-Mumbai also sponsored awards for highest performing Cadets who graduated from T. S. Chanakya in 2006. For meeting up with our floating staff, KLSM-Mumbai went to all metros and had dinner parties for staff and families as a token of appreciation of their services on-board our ships. The responsibilities assigned to KLSM-Mumbai now cover not only India but also Bangladesh. KLSM-Mumbai at present supervises three Manning Agents namely: Confidence Shipping Co. Pvt. Ltd., “K” Steam Ship Agencies Pvt. Ltd., and Haque & Sons Ltd. KLSM-Mumbai is also under the process of obtaining ISO-9001 Certification which is expected by early 2007.

“K” Line Maritime Academy (India)

Formation of “K” Line Maritime Academy (India) is ongoing and the civil work has already begun. Supply of Simulators like Ship Maneuvering Simulator (SMS), Engine Room Full Mission Simulator (ERMS) and Liquid Cargo Handling Simulator (LCHS) has already been fixed up. SMS and ERMS are targeted to be DG-approved courses. The Reefer Container is being imported from Tokyo which will impart practical Reefer Training to our floating staff. It is also planned to install Main Engine Control Room System (NABCO), Hydraulics, Boiler Control, Automatic Unloading System and other smaller equipment which will be supplied from Japan and imported for installation at “K” Line Academy (India). The target date for completion of all jobs for commencement of training is May 2007. “K” LINE is eagerly looking forward to commence the training activities which will enhance the skills and knowledge of their staff and contribute towards better operation of vessels.

Photo Gallery

The City of Chicago

The Pottawatomie tribe called the marshes upon which Chicago was built "Checagou." It's pronounced 'She-Ka-Gan' and translated means wild onion or garlic. European explorers eventually assigned the name to the Chicago River; later settlers assigned it to the City.

Contributed by Mr. Shaun Gannon, Vice President "K" Line America, Inc. Chicago Office

The City of Chicago, once known for its large buildings and high city life, was devastated on the dry fall day of October 8, 1871. It was around 9 pm when the local fire brigade was returning home that a call came to attend a fire that had started at the home of Patrick O' Leary. By the time the brigade responded, the fire had already reached several other homes and was completely out of control. The fire burned until the early morning of October 10, 1871 when a rain storm doused the fire. Over 100,000 people were left homeless and more than 300 died. It was later "determined" that the fire started when a cow kicked over a lantern. However, to this day, people still debate the actual cause and history behind the Great Chicago Fire.

Since that time, Chicago has grown into the third largest city in the United States with nearly 9 million people in the metropolitan area. It's filled with a diverse, vibrant, creative and soulful mix of cultures that makes Chicago a place anyone from around the world can visit and feel comfortable. In 1998, the city officially opened the Campus Museum on 10 acres of land on the lakefront of Lake Michigan. The campus surrounds three of the City's main museums: The Adler Planetarium, The Field Museum and The Shedd Aquarium. In addition, Chicago is known for its Chicago Blues, Chicago Jazz and Gospel. This strong custom of music and innovations continues into the contemporary styles of today. Another must see for every visitor is the famous bar called "House of Blues."

On average, over 30 million people visit Chicago annually. Many are here to visit the shopping along the Magnificent Mile or one of its fabulous restaurants such as the Gene and Georgetti's, Chop House, Gibson's, and the Weber Grill. Others come to visit because Chicago has positioned itself as a global architectural capital. Taking a tour down the Chicago River and looking up at the sky scrapers, and then taking an elevator to the top floor of the second tallest building on earth, the Sears tower, is breathtaking.

Chicago has a total of 15 sports teams and one of only a few cities to have its major sports teams play downtown. It has two Major League Baseball teams, the Chicago Cubs and the Chicago White Sox, who won the 2005 World Series. The Chicago Bulls are the world's most recognized basketball team, thanks to the success of Michael Jordan. The Bulls won six NBA titles. Then there's the Chicago Bears, who are on a string of wins this year. Fans and enthusiasts believe the Bears will make it to this year's Super Bowl.

I would be remiss if I didn't mention one of the strongest attributes of Chicago, one that affects all of us who work for "K" Line America, Inc. – the transportation infrastructure. Chicago is the premier transportation hub in the United States. 65% of "K" LINE's cargo that moves IPI from either of the U.S. Coasts moves through the Chicago area. Chicago is a key component in the Global distributions market and is one of the largest inter-modal ports in the world. In addition, it is the only city in North America where all six Class I railroads meet. From the famous Global II facility, which "K" LINE has been a part of since its inception November 1, 1989, to the new state of the art Union Pacific Facility in Rochelle, IL, thousands of containers move through this city daily.

The "K" Line America, Inc. teams located in the Chicago area welcome all of our friends from other parts of the world to visit our great city to see the operations and experience the city life.



Down Town Chicago at Night



Rochelle



River North Chicago



Global II yard



Wrigley field



Chicago Skyline

Ocean Breeze

Published by IR & PR Group (IPRG) Kawasaki Kisen Kaisha, Ltd. ("K" LINE)
Address: 2-9, Nishi-Shinbashi 1-chome, Minato-ku, Tokyo 105-8421, Japan
Telephone: 81-3-3595-5063 Telefax: 81-3-3595-5001
E-mail Address: kljtyoiprg@jp.kline.com Home page: <http://www.kline.co.jp>
Ocean Breeze is printed in Japan on recycled paper