

Financial Highlights

Brief Report for 3rd Quarter FY2008

30 January 2009

Kawasaki Kisen Kaisha, Ltd.

Agenda

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A. Financial Highlights for 3rd Quarter FY2008

A-1-1. Financial Results



(Unit: billion yen)

| Consolidated | FY2008 | | | FY2007 | Y o Y Comparison | Y o Y Comparison (%) |
|--------------------|----------------|---------------|----------------|----------------|---------------------|-------------------------|
| | 1H Results | 3Q Results | YTD | YTD | | |
| Operating Revenues | 735.5 | 318.1 | 1053.6 | 984.6 | 69.0 | 7% |
| Operating Income | 74.7 | 14.9 | 89.7 | 100.7 | ▲ 11.0 | -11% |
| Ordinary Income | 75.1 | 6.6 | 81.8 | 101.0 | ▲ 19.2 | -19% |
| Net Income | 51.2 | ▲ 10.5 | 40.7 | 68.0 | ▲ 27.3 | -40% |
| Exchange Rate | ¥105.67 | ¥99.17 | ¥103.50 | ¥117.57 | ▲ ¥14.07 | -12% |
| Bunker Price | \$601 | \$483 | \$562 | \$382 | \$181 | 47% |

Increase 14 Yen / US\$ in exchange rate resulted in approx. – 13.2 billion yen (Y o Y)

Increase of fuel oil price \$181 per met. Ton resulted in approx. -31.2 billion yen (Y o Y)

【Loss on revaluation of investments and related company in securities 16.3 billion yen】

A-1-2. Financial Results



(Business-wise Operating Revenues/Ordinary Income)

(Unit: billion yen)

| Business Segment | | FY2008 | | | FY2007 | Y o Y | Y o Y |
|-----------------------|---------------------|--------------|---------------|---------------|--------------|---------------|----------------|
| | | 1H Results | 3Q Results | YTD | YTD | Comparison | Comparison (%) |
| Container Business | Operating Revenues | 314.8 | 134.3 | 449.1 | 453.6 | ▲ 4.5 | -1% |
| | Ordinary Pofit/Loss | ▲ 5.9 | ▲ 14.4 | ▲ 20.3 | 9.5 | ▲ 29.9 | -313% |
| Other Marine Business | Operating Revenues | 364.2 | 159.3 | 523.5 | 447.3 | 76.2 | 17% |
| | Ordinary Pofit/Loss | 77.9 | 19.6 | 97.6 | 86.7 | 10.8 | 12% |
| Others | Operating Revenues | 56.5 | 24.4 | 81.0 | 83.7 | ▲ 2.8 | -3% |
| | Ordinary Pofit/Loss | 3.1 | 1.4 | 4.5 | 4.7 | ▲ 0.2 | -4% |
| Total | Operating Revenues | 735.5 | 318.1 | 1053.6 | 984.6 | 69.0 | 7% |
| | Ordinary Pofit/Loss | 75.1 | 6.6 | 81.8 | 101.0 | ▲ 19.2 | -19% |

A-2. Key Points

< Y o Y Comparison >

Revenues increase (+69.0 billion yen) / Profit decrease (-19.2 billion yen)

Factor of Revenues increase

- Loading Volume Increase

Factors of Profit decrease

- High Yen Appreciation (14 yen/\$ higher)
- High Bunker Price (\$181/ton higher)
- Cost Increase

07F3Q YTD 101.0 Billion Yen => 08F3Q YTD 81.8 Billion Yen

| Variation Factors | Comparison Y on Y |
|---------------------------|-------------------|
| Fluction in exchange rate | ▲ 13.2 |
| Bunker oil price | ▲ 31.2 |
| Market volatility | 0.9 |
| Loading volume | 28.9 |
| Cost increase/decrease | ▲ 16.2 |
| Related companies | ▲ 1.5 |
| Others | 13.1 |
| Total | ▲ 19.2 |

A-3-1. Outline of Division-wise Results — for Container Business —



< Y o Y Comparison >

Operating Revenues 449.1 billion yen (Revenues decrease ▲ 4.5 billion yen)

Ordinary Income ▲ 20.3 billion yen (Income decrease ▲ 29.9 billion yen)

- Total loaded cargo volume (2,475 thousand TEU) , +1.5%(Y o Y)

Negative Factors

- High Yen (14 yen/\$ higher)
- High Bunker Price (\$181/ton higher)
- Rise of variable cost

| Freight Rates: | Comparison Y on Y | | | | | |
|-----------------|--------------------------|----------|---------|----------------|------------|-------------|
| | 1-3Q Actual Rate Results | Asia-USA | Asia-EU | Trans-Atlantic | Intra-Asia | North-South |
| Dominant Return | | +8.3% | ▲7.2% | ▲5.1% | +1.9% | +5.7% |
| | | +32.7% | +30.4% | +36.2% | +2.8% | +17.6% |

*Dominant route in Trans-Atlantic services is West-bound.

A-3-2. Outline of Division-wise Results — for Dry Bulk Business —



< Y o Y Comparison > Revenues Increase / Profit Decrease

- Operating Tonnage: 157.2 mil. Ton , +2.0% (Y on Y)

Negative Factors

- Market for large-size : Market fell sharply in September. Worse than same period of last year.
- Market for mid-size : Sharply fell as same as large-size vessel. Preferable rate is very limited.
- Market for small-size : Sharply fell affected by above larger vessels market.

| Dry Bulk Market (Pacific Round) | FY2008 | | | Y on Y Comparison | | FY2007 1Q-3Q Results (Average) |
|------------------------------------|---------------|-------------------------------|---|-------------------|--------|---|
| | 3Q Results | 1Q-3Q Results (Average) | Preconditions for 2H as of Oct'08 | Amount | Ratio | |
| Cape (170 type) | \$8,000 | \$96,000 | \$20,000 | -\$31,000 | -24.4% | \$127,000 |
| Panamax (74 type) | \$6,500 | \$40,500 | \$11,500 | -\$21,500 | -34.7% | \$62,000 |
| Handy (53 type) | \$7,000 | \$35,000 | \$10,250 | -\$15,000 | -30.0% | \$50,000 |

A-3-3. Outline of Division-wise Results — for Car Carrier Business —



< Y o Y Comparison >

Operating Revenues increase/Ordinary Income almost flat

- Total units carried (inc. intra-Europe) :2,585 thousand units (+2.7%(Y o Y))
- Loaded volume growth with reinforcement in transport capacity
 - Loading volume increased compared with 3Q of 2007, but cargo situation has decreased sharply after middle of 3Q by effect of inventory adjustment due to economic slowdown in the world.
- Cargo movement from Japan/Far East to Latin America and Caribbean area, and also to Middle East and Africa, and cross transport are remain relatively firm.
- Minimize transportation cost by effective ship operation.

A-3-4. Outline of Division-wise Results — for Energy Transportation —



< Y o Y Comparison > Revenues increase / Profits increase

LNG carrier : 12 ships for the projects we got engaged delivered by 3Q of FY2008.

Stable operation of 45 vessels in each existing project.

Tanker : Market of Aframax and Clean tanker much stronger than same period of last year.

Business expansion (1 LPG and 1 Aframax delivered by 3Q of FY 2008)

Operating tonnage : expanded to 33,882 thousand tons(+9.3%,Y on Y)

| Tanker Market (WS) | FY2008 | | FY2007 | Y on Y Comparison | | FY2008 |
|------------------------------|------------|-------------------------|-------------------------|-------------------|-------|-----------------------------------|
| | 3Q Results | 1Q-3Q Results (Average) | 1Q-3Q Results (Average) | Amount | Ratio | Preconditions for 2H as of Oct'08 |
| VLCC (M.East/Jpn) | 80 | 129 | 70 | 59 | 84.3% | 110 |
| Aframax (S.Asia/Jpn) | 165 | 198 | 120 | 78 | 65.0% | 210 |
| Clean 70,000type(M.East/Jpn) | 210 | 243 | 135 | 108 | 80.0% | 230 |

A-3-5. Outline of Division-wise Results — for Other Business —



(Heavy Lifter)

<Consolidated from the end of FY2007>

- Keeping high utilization ratio due to strong demand for large cargo such as wind power generator, transformer for electric power plant ,ship’s engine and demand for construction of oil refinery.

(Short sea / Coastal Shipping)

<Y o Y Comparison > Revenues increase •Profits increase

- Steady cargo volume for limestone carrier.
- Increased trucks on ferry between Hachinohe and Tomakomai.

(Logistics)

<Y o Y Comparison > Revenues decrease •Profits decrease

- Handling volume of air and ocean shipments from China/Asia to USA decreased.

B. Prospects for FY 2008

B-1. Prospects for Yearly FY2008



(Unit: Billion Yen)

(Unit: Billion Yen)

| Consolidated Revised Forecasts | FY2008 | | | | | | FY2007 | | |
|--------------------------------|---------------|--------------|----------------------|------------------------------|-----------------|-------------|--------------------|-----------------|-------------|
| | 1Q-3Q Results | 4Q Prospects | Yearly Prospects (a) | Prospects as of Oct. '08 (b) | Balance (a)-(b) | Balance (%) | Yearly Results (c) | Balance (a)-(c) | Balance (%) |
| Operating Revenues | 1,053.6 | 226.4 | 1,280.0 | 1,380.0 | ▲ 100.0 | -7% | 1,331.0 | ▲ 51.0 | -4% |
| Operating Income | 89.7 | ▲ 12.7 | 77.0 | 108.0 | ▲ 31.0 | -29% | 129.6 | ▲ 52.6 | -41% |
| Ordinary Income | 81.8 | ▲ 14.8 | 67.0 | 105.0 | ▲ 38.0 | -36% | 125.9 | ▲ 58.9 | -47% |
| Net Income | 40.7 | ▲ 10.7 | 30.0 | 71.0 | ▲ 41.0 | -58% | 83.0 | ▲ 53.0 | -64% |
| Dividend | ¥13.5 | - | ¥13.5 | ¥25 | ▲¥11.50 | -46% | ¥26 | ▲¥12.50 | -48% |
| Exchange Rate (Average) | ¥103.50 | ¥90.34 | ¥100.21 | ¥102.83 | ▲¥2.62 | -3% | ¥115.29 | ▲¥15.08 | -13% |
| Fuel Oil Price (Average) | \$562 | \$275 | \$490 | \$550 | ▲\$60 | -11% | \$407 | \$84 | 21% |

【Annual dividend for FY2008: 13.5 yen per share, Year-end dividend 0 yen , Payout ratio 29%】

-Fall/Rise 1yen/US\$ in exchange rate affects Ordinary Income by approx.+/-0.15 billion yen, for the 4Q FY2008

-Decrease/Increase of fuel oil prices at \$10 per met. tons does by approx. +/-0.4 billion yen, for the 4Q FY 2008

B-2. Yearly Prospects (Business-wise Operating Revenues/Ordinary Income)



(Unit: Billion Yen)

| Business Segment | | FY 2008 | | | Prospects as of Oct. '08 (b) | Balance (a)-(b) | FY2007 | |
|-----------------------|----------------------|--------------|--------|------------|---------------------------------|-----------------|------------|-----------------|
| | | 1-3Q Results | 4Q | Yearly (a) | | | Yearly (c) | Balance (a)-(c) |
| Container Business* | Operating Revenues | 449.1 | 87.9 | 537.0 | 600.0 | ▲ 63.0 | 599.8 | ▲ 62.8 |
| | Ordinary Profit/Loss | ▲ 20.3 | ▲ 13.5 | ▲ 33.8 | ▲ 18.9 | ▲ 14.9 | 4.7 | ▲ 38.6 |
| Other Marine Business | Operating Revenues | 523.5 | 107.9 | 631.4 | 673.0 | ▲ 41.6 | 615.8 | 15.6 |
| | Ordinary Profit/Loss | 97.6 | ▲ 0.3 | 97.3 | 119.5 | ▲ 22.2 | 115.3 | ▲ 18.0 |
| Others | Operating Revenues | 81.0 | 30.6 | 111.6 | 107.0 | 4.6 | 115.5 | ▲ 3.9 |
| | Ordinary Profit/Loss | 4.5 | ▲ 1.0 | 3.5 | 4.4 | ▲ 0.9 | 5.9 | ▲ 2.4 |
| Total | Operating Revenues | 1,053.6 | 226.4 | 1,280.0 | 1,380.0 | ▲ 100.0 | 1,331.0 | ▲ 51.0 |
| | Ordinary Profit/Loss | 81.8 | ▲ 14.8 | 67.0 | 105.0 | ▲ 38.0 | 125.9 | ▲ 58.9 |

*Container Business includes agency and terminal business

B-3. Key Points for Yearly FY2008 Prospects

<Comparison with prospects as of October '08> :

Operating Revenues Decrease ▲100.0 billion yen

Ordinary Income Decrease ▲ 38.0 billion yen

<YoY comparison> : Operating Revenues Decrease ▲51.0 billion yen

Ordinary Income Decrease ▲ 58.9 billion yen

(Comparison with the prospects) Premises for 2H: Fuel price \$500=>\$379/MT, Exchange rate ¥100=>¥95/US\$

(YoY comparison) Yearly Premises: Fuel price \$407=>\$490/MT, Exchange rate ¥115=>¥100/US\$

(07F results 125.9 bln yen, 08F prospects as of Oct. '08 121.0 bln yen

⇒ revised prospects for 08F 67.2 bln yen)

| Variation Factors | Comparison with F08 Prospects as of October '08 | Comparison with F07 Results |
|------------------------------|---|-----------------------------------|
| Fluctuation in exchange rate | ▲ 1.5 | ▲ 14.0 |
| Buker oil price | 9.7 | ▲ 26.5 |
| Market volatility | ▲ 23.6 | ▲ 25.9 |
| Business expansion | ▲ 16.9 | 17.5 |
| Cost increase/decrease | ▲ 1.7 | ▲ 20.1 |
| Related companies | ▲ 1.4 | 0.3 |
| Others | ▲ 2.6 | 9.8 |
| Total | ▲ 38.0 | ▲ 58.9 |

-Fall/Rise 1yen/US\$ in exchange rate affects Ordinary Income by approx. +/-0.3billion yen, for the 2H FY2008

-Decrease/Increase of fuel oil prices at \$10 per met. tons does by approx. +/-0.8billion yen, for the 2H FY 2008

B-4-1. Division-wise Trends for Yearly FY2008 Prospects (Container Business)



<Container Business>

Operating Revenues : 537.0 billion yen, Ordinary Income: ▲33.8 billion yen

<Comparison with prospects as of October '08> : Revenues decrease (▲63.0 bln.yen),

Operating Income decrease (▲14.9 bln yen)

<YoY Comparison> : Revenues decrease (▲62.8 bln.yen),

Operating Income decrease (▲38.6 bln. yen)

Freight rate and loading volume decrease

◀ Service rationalization, Cost reduction such as fuel oil consumption decrease, etc.

- Overview: In almost all of our major trades, Asia-North America, Asia-Europe, Between East and West Coast of South America, or Intra-Asia, etc., cargo volume decreasing, and service rationalization and cost reduction is being promoted.

- Total loading cargo volume: 3.12 million TEU (▲10% from the plan, ▲ 3% YoY)

- Freight Rate :

| Yearly Prospects (YoY) | Asia- N.America | Asia- Europe | Trans- Atrantic* | Intra-Asia | North- South |
|------------------------|--------------------|-----------------|---------------------|------------|-----------------|
| Dominant | +4.3% | ▲16.7% | ▲6.1% | ▲3.5% | ▲2.2% |
| Return | +31.4% | +16.0% | +33.8% | +2.6% | +12.3% |

*Dominant route in Trans-Atlantic services is west-bound

B-4-2. Division-wise Trends for Yearly FY2008 Prospects (Dry Bulk Business/Car Carrier Business)



<Dry Bulk Business>

Revenues & Profit fall, YoY comparison/ compared to forecasts as of October '08

Profit decrease factors : Market level down, Cargo volume decrease caused by economic slowdown and credit squeeze

| Dry Bulk Market (Pacific Round) | 1Q - 3Q Results (Average) | 4Q Prospects | 2H Prospects | 08FY Prospects | Prospects for 4Q as of Oct. '08 | 07FY Results |
|------------------------------------|------------------------------|-----------------|-----------------|-------------------|------------------------------------|-----------------|
| Cape (170type) | US\$96,000 | US\$10,000 | US\$9,000 | US\$74,500 | US\$20,000 | US\$122,250 |
| Panamax (74type) | US\$40,500 | US\$5,000 | US\$5,750 | US\$31,625 | US\$11,500 | US\$59,500 |
| Handy (53type) | US\$35,000 | US\$2,500 | US\$4,750 | US\$26,875 | US\$10,250 | US\$49,500 |

<Car Carriers>

Revenues & Profit fall, YoY comparison/ compared to forecasts as of October '08

Profit decrease factors : Cargo volume down affected by inventory adjustment due to economic slowdown

B-4-3. Division-wise Trends for Yearly FY2008 Prospects (Energy Transportation/Heavy Lifters)



<Energy Transportation>

<Comparison with prospects as of October '08> : **Revenues & Profit decline**

<YoY Comparison> : **Revenues & Profit increase**

Revenue increase factors: Fleet expansion (14 LNG carriers & 5 tankers to be delivered within FY '08)

Profit/Loss : Market for Aframax and Clean tankers staying in higher level than FY'07 => improvement, YoY
however, slightly lower than our assumptions as of Oct.'08=> worse than forecasts

| Tanker Market (WS) | 1Q - 3Q Results (Average) | 4Q Prospects | 2H Prospects | 08FY Prospects | 4Q Prospects as of Oct. '08 | 07FY Results |
|-----------------------------------|------------------------------|-----------------|--------------|-------------------|--------------------------------|-----------------|
| VLCC (M.East / Jpn) | WS 129 | WS 80 | WS 80 | WS 117 | WS 110 | WS 94 |
| Aframax (S. Asia / Australia) | WS 198 | WS 85 | WS125 | WS170 | WS 210 | WS151 |
| Clean 70,000 type (M. East / Jpn) | WS 243 | WS 85 | WS 148 | WS 204 | WS 230 | WS 148 |

<**Heavy Lifter**> As prospected

Fleet expansion with delivery of 3 newbuildings within FY '08

Supply and demand for heavy cargo transportation is continuously tight

B-5. Financial Indices



| | '07F Yearly Results | '08F 3Q Results | '08F Yearly Prospects (revised) | '08F Yearly Prospects (original plan) | '08F Yearly Prospects (as of Oct. '08) |
|--|---------------------|-----------------|---------------------------------|---------------------------------------|--|
| Operating Revenues | 1,331.0 | 1,053.6 | 1,280.0 | 1,340.0 | 1,380.0 |
| Ordinary Income | 125.9 | 81.8 | 67.0 | 121.0 | 105.0 |
| Net Income | 83.0 | 40.7 | 30.0 | 78.0 | 71.0 |
| Operating C/F | 141.2 | 75.4 | 62.0 | - | 95.0 |
| (Depreciation) | 34.8 | 29.8 | 41.8 | - | 41.8 |
| Investment C/F | △145.5 | △134.8 | △146.0 | - | △155.0 |
| FCF | △4.3 | △54.7 | △84.0 | - | 60.0 |
| Shareholders' Equity | 355.8 | 331.3 | 320.6 | 426.0 | 408.4 |
| Interest-bearing Liabilities | 329.7 | 426.3 | 431.3 | - | 406.9 |
| Equity Ratio | 37% | 33% | 32% | 37% | 37% |
| ROE | 24% | 16% | 9% | - | 19% |
| ROA | 13% | 11% | 7% | 12% | 10% |
| NET DER | 78% | 112% | 117% | - | 86% |
| Interest-bearing Liabilities/Operating C/F | 2.3 | 4.2 | 7.0 | - | 4.3 |

DER : Result at the end of 3Q 129%, Prospects at the end of FY2008 135%