

Financial Highlights

Brief Report for 3rd Quarter FY2009

29 January 2010

Kawasaki Kisen Kaisha, Ltd.

A. Financial Highlights for 3rd Quarter FY2009

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A-1-1. Financial Results

(Unit: Billion Yen)

	FY2009			FY2008	
	1H	3Q	Accumulated	Accumulated	Y on Y Comparison
Operating Revenues	400.5	212.5	613.0	1,053.6	▲ 440.6
Operating Income	▲ 42.5	▲ 10.4	▲ 52.9	89.7	▲ 142.5
Ordinary Income	▲ 49.9	▲ 14.6	▲ 64.5	81.8	▲ 146.3
Net Income	▲ 43.3	▲ 18.7	▲ 62.0	40.7	▲ 102.7
Exchange Rate	¥96.12	¥89.49	¥93.91	¥103.50	▲ ¥9.59
Bunker Price	\$353	\$447	\$386	\$562	▲ \$176

Increase 9.59 Yen / US\$ in exchange rate resulted in approx. ▲3.1 billion yen (Y o Y)

Decrease of fuel oil price \$176 per met. Ton resulted in approx. 24.3 billion yen (Y o Y)

A-1-2. Financial Results

(Business-wise Operating Revenues/Ordinary Income)



(Unit: billion yen)

Business Segment		FY2009			FY2008	
		1H	3Q	Accumulated	Accumulated	Y on Y Comparison
Container Business	Operating Revenues	178.3	90.6	269.0	449.1	▲ 180.2
	Ordinary Income	▲ 47.1	▲ 15.5	▲ 62.6	▲ 20.3	▲ 42.3
Other Marine Business	Operating Revenues	183.2	102.1	285.3	523.5	▲ 238.2
	Ordinary Income	▲ 4.6	▲ 0.2	▲ 4.8	97.6	▲ 102.4
Others	Operating Revenues	39.0	19.7	58.7	81.0	▲ 22.3
	Ordinary Income	1.9	1.1	2.9	4.5	▲ 1.6
Total	Operating Revenues	400.5	212.5	613.0	1,053.6	▲ 440.6
	Ordinary Income	▲ 49.9	▲ 14.6	▲ 64.5	81.8	▲ 146.3

A-2. Key Points

< Y o Y Comparison >

Revenues decrease (▲440.6 billion yen) / Profit decrease (▲146.3 billion yen)

< Comparison with Previous Estimate* >

Revenues and Profit are almost as expected.

<Variation Factors>

(YoY Comparison)

- Loading volume decreased by Worldwide recession
- Freight decline in Container market
- Downtrend in Dry Bulk Carrier market and Tanker market
- Cargo volume for Car Carriers decline

(’08FY 3Q Accumulated 81.8 => ’09FY 3Q Accumulated ▲64.5 bln.yen)

Variation Factors	Comparison YoY
Fluctuation in Exchange Rate	▲ 3.1
Bunker Oil Price	24.3
Market Volatility	▲ 162.8
Business Expansion	▲ 41.4
Cost Increase/Decrease	48.5
Related Companies	▲ 6.5
Others	▲ 5.3
Total	▲ 146.3

*Previous Estimate is as of Oct 2009

A-3-1. Outline of Division-wise Results

— for Container Business —



< Y o Y Comparison > Revenues Decrease / Profit Decrease

Operating Revenues 269.0 billion yen (Revenues decrease ▲ 180.2 billion yen)

Ordinary Income ▲ 62.6 billion yen (Income decrease ▲ 42.3 billion yen)

- Total loaded cargo volume (2,328 thousand TEU) , ▲ 5.9% (Y o Y)

< Comparison with Previous Estimate* > Revenues and Profit are almost as expected.

<Variation Factors>

YoY Comparison - Both Freight rate and Loading volume decreased

<Market Overview>

Freight rate for Asia-Europe trade and North-South trade were restored after summer.

Freight Rates:

1Q-3Q Results (Y o Y)

	Asia- N.America	Asia- Europe	Trans- Atlantic	Intra-Asia	North- South
Dominant	▲31%	▲32%	▲31%	▲21%	▲28%
Return	▲29%	▲28%	▲19%	▲18%	▲12%

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

*Previous Estimate is as of Oct 2009

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

< Y o Y Comparison > Revenues Decrease / Profit Decrease

< Comparison with Previous Estimate* > Almost as expected.

*Previous Estimate is as of Oct 2009

- Operating Tonnage: 155.2 mil. Ton , ▲1.2 % (Y on Y)

<Variation Factor>

- Compared with rising market last year, average charter rate fell.

<Market Overview>

- Market is steady supported by brisk demand although fluctuated wildly.

Dry Bulk Market (Pacific Round)	FY2009 1Q-3Q Average	FY2008 1Q-3Q Average	Y on Y Comparison	Prev.Estimate 2H 2009
Cape (170 type)	\$46,500	\$95,200	▲ \$48,700	\$40,000
Panamax (74 type)	\$20,500	\$39,500	▲ \$19,000	\$20,000
Handy (53 type)	\$16,000	\$34,300	▲ \$18,300	\$15,000

Prev.Estimate for 2H 2009 is as of October 2009.

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

< Y o Y Comparison > Revenues Decrease / Profit Decrease

< Comparison with Previous Estimate* > Almost as expected.

*Previous Estimate is as of Oct 2009

Total units carried (inc. intra-Europe) : 1,465 thousand units (▲43.3 % (Y o Y))

<Variation Factor>

- Cargo volume decreased drastically.

<Market Overview>

- Gradual recovery of cargo volume after inventory adjustment.

A-3-4. Outline of Division-wise Results

— for Energy Transportation —

< Y o Y Comparison > Revenues Decrease / Profit Decrease

< Comparison with Previous Estimate* > Almost as expected.

*Previous Estimate is as of Oct 2009

<Variation Factors>

(LNG) Profitability of spot vessels were worsened.

(Tanker) Market of mid-small Tankers and Product carriers were downturn.

<Market Overview>

(LNG) Although demand is on an upward trend, it takes time to attain the full-scale recovery.

(Tanker) Recovery trend particularly in Product carriers.

Tanker Market (WS)	FY2009 1Q-3Q Average	FY2008 1Q-3Q Average	Y on Y Comparison	Prev.Estimate 2H 2009
VLCC (M.East/Jpn)	WS 42	WS 130	▲ WS 88	WS 51
Aframax (S.Asia/Jpn)	WS 67	WS 198	▲ WS 131	WS 68
Clean 70,000type(M.East/Jpn)	WS 83	WS 327	▲ WS 244	WS 88

Prev.Estimate for 2H 2009 is as of October 2009.

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

(Heavy Lifter)

< Y o Y Comparison > Revenues Decrease • Profits Decrease

- Investment for Energy/Infrastructure slow down globally.
- Tough competition of heavy lifter operators for middle and light weight cargo.

(Logistics)

< Y o Y Comparison > Revenues Decrease • Profits Decrease

- Forwarding business of air and ocean shipments was steady tone.
- Container inland transportation business was weak.

(Short sea / Coastal Shipping)

< Y o Y Comparison > Revenues Decrease • Profits Decrease

- Coastal Non-Liner Services – Generally steady operation of limestone carriers.
- Coastal Liner Services - Specialized vessels for paper transportation for paper mills and transportation of general merchandise secured stable cargo volume.
- Ferry Services – Secured cargo volume almost as same as previous year.

B. Estimate for FY 2009

B-1. Estimate for Yearly FY2009

- Almost same as previous estimate announced with 2Q results (as of Oct. 2009)

- Structural reform cots for Container Business 50.0 => 43.0 billion yen (Unit: billion yen)

	FY2009					FY2008	
	9 months accumulated	4Q Estimate	Yearly Estimate (a)	Estimate as of Oct. '09 (b)	Balance (a)-(b)	Yearly Results (c)	Balance (a)-(c)
Operating Revenues	613.0	217.0	830.0	810.0	20.0	1,244.3	▲ 414.3
Operating Income	▲ 52.9	▲ 5.1	▲ 58.0	▲ 59.0	1.0	71.6	▲ 129.6
Ordinary Income	▲ 64.5	▲ 6.5	▲ 71.0	▲ 71.0	0.0	60.0	▲ 131.0
Net Income	▲ 62.0	▲ 8.0	▲ 70.0	▲ 79.0	9.0	32.4	▲ 102.4
Exchange Rate (average)	¥93.91	¥90.70	¥93.11	¥93.06	¥0.05	¥100.82	▲ ¥7.71
Fuel Price (average)	\$386	\$485	\$411	\$401	\$10	\$504	▲ \$93

-Fall/Rise 1yen/US\$ in exchange rate affects Ordinary Income by approx.+/-0.1 billion yen, for the 4Q FY2009

-Decrease/Increase of fuel oil prices at \$10 per met. tons does by approx. +/-0.35 billion yen, for the 4Q FY 2009

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

<Comparison with estimate as of October '09>

- **Profit/Loss for Container Business is improving due to freight rate restoration**
- **Recovery pace in car shipments for Car Carriers is slow**

(Unit: billion yen)

Business Segment		FY2009					Estimate as of Oct.'09 (b)	Balance (a)-(b)	FY2008	
		1Q Results	2Q Results	3Q Results	4Q Estimate	Yearly Estimate (a)			Yearly Results (c)	Balance (a)-(c)
Container Business*	Operating Revenues	86.2	92.1	90.6	91.0	360.0	340.0	20.0	530.1	▲ 170.1
	Ordinary Profit/Loss	▲ 20.0	▲ 27.1	▲ 15.5	▲ 9.4	▲ 72.0	▲ 74.0	2.0	▲ 37.3	▲ 34.7
Other Marine Business	Operating Revenues	86.1	97.1	102.1	104.7	390.0	386.0	4.0	609.1	▲ 219.1
	Ordinary Profit/Loss	▲ 4.2	▲ 0.4	▲ 0.2	5.8	1.0	3.6	▲ 2.6	92.9	▲ 91.9
Others	Operating Revenues	19.6	19.3	19.7	21.3	80.0	84.0	▲ 4.0	105.2	▲ 25.2
	Ordinary Profit/Loss	1.5	0.3	1.1	▲ 2.9	0.0	▲ 0.6	0.6	4.4	▲ 4.4
Total	Operating Revenues	191.9	208.5	212.5	217.0	830.0	810.0	20.0	1,244.3	▲ 414.3
	Ordinary Profit/Loss	▲ 22.7	▲ 27.2	▲ 14.6	▲ 6.5	▲ 71.0	▲ 71.0	0.0	60.0	▲ 131.0

B-3. Key Points for Yearly FY2009 Estimate

Operating Revenues: 830.0 billion yen , Ordinary Income : ▲ 71.0 billion yen

<Comparison with estimate as of October '09> **almost as estimated**

Operating Revenues: increase 20.0 billion yen

Ordinary Income : just as estimated

Preconditions: Fuel Price US\$401=> 411/Met.ton, Exchange Rate: yen ¥93=> ¥93/US\$

<YoY comparison> Operating Revenues Decrease ▲414.3 billion yen

Ordinary Income Decrease ▲131.0 billion yen

Preconditions: Fuel Price US\$504=> 411/Met. ton, Exchange Rate: yen ¥101 => ¥93/US\$

('08F Yearly Results 60.0 bln yen / '09FY Prev. Estimate* ▲71.0 => Revised ▲71.0 bln. yen)

Variation Factors	YoY Comparison	Comparison to Prev. Prospects*
Fluctuation in Exchange Rate	▲ 3.3	0.0
Bunker Oil Price	17.3	▲ 1.1
Market Volatility	▲ 150.3	8.7
Business Expansion	▲ 39.6	0.8
Cost Increase/Decrease	54.0	▲ 8.4
Related Companies	▲ 3.3	▲ 0.3
Others	▲ 5.8	0.3
Total	▲ 131.0	0.0

* Prev. Estimate is as of Oct. 2009

B-4-1. Division-wise Trends for Yearly FY2009 Estimate (Container Business)



<Container Business>

Comparison with Previous Estimate*: Revenues & Profit Increase

YoY Comparison : Revenues & Profit Decrease

- Operating Revenues : 360.0 bln. yen

(+20.0 bln. yen compared with Previous Estimate*/ ▲170.1 bln. yen YoY)

- Ordinary Income : ▲72.0 bln. yen

(+2.0 bln. yen compared with Previous Estimate */ ▲ 34.7 bln. yen YoY)

*Previous Estimate is as of Oct. 2009.

- Total loading cargo volume: 3.07 million TEU (▲1.0% YoY Comparison)

- Overview : Fleet scale adjustment corresponding to cargo volume,

Service rationalization in cooperation with alliance members,

Freight restoration in Asia-Europe, North-South trades due to space supply demand balance improved

- Freight Rate:

YoY Comparison

Yearly Estimate

	Asia- N.America	Asia- Europe	Trans- Atrantic*	Intra-Asia	North- South
Dominant	▲28%	▲17%	▲26%	▲15%	▲13%
Return	▲23%	▲19%	▲17%	▲16%	▲10%

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

B-4-2. Division-wise Trends for Yearly FY2009 Estimate (Dry Bulk Business/Car Carrier Business)



<Dry Bulk Business>

Comparison with Previous Estimate*: Revenues & Profit Increase

- Market keeps positive level in spite of swings

Y o Y Comparison: Revenues & Profit Decrease

- Market is relatively lower tone compared to the previous year when it was in wild ups and downs.

Dry Bulk Market (Pacific Round)	1Q Results	2Q Results	3Q Results	4Q Estimate	Yearly Estimate
Cape (170type)	\$46,000	\$40,500	\$53,000	\$40,000	\$45,000
Panamax (74type)	\$16,000	\$18,500	\$27,000	\$25,000	\$21,500
Handy (53type)	\$12,500	\$15,000	\$20,500	\$18,000	\$16,500

<Car Carriers>

Comparison with Previous Estimate*: Revenues Almost as Expected, Profit Decrease

Car shipment volume is not attained full scale recovery

Y o Y Comparison: Revenues & Profit Decrease

Drastic decrease in car sales, and in line with inventory correction, car shipment also decrease sharply

*Previous Estimate is as of Oct. 2009.

B-4-3. Division-wise Trends for Yearly FY2009 Estimate (Energy Transportation/Heavy Lifters)



<Energy Transportation>

Comparison with Previous Estimate* : Almost as expected

Y o Y Comparison: Revenues & Profit Decrease

(LNG)

Severe market situation continues in spot charter market.

(Tanker)

Recovery trend in recent spot charter market.

<Heavy Lifter>

Comparison with Previous Estimate* : Almost as expected

Y o Y Comparison: Revenues & Profit Decrease

Prominent demand decline and freight downtrend.

*Previous Estimate is as of Oct. 2009

To The Slides
for Revised Mid-term Management Plan