

Supplementary Report

May 2006

Kawasaki Kisen Kaisha, Ltd.

1. Shipping Markets

2. Financial Data

3. Historical Data

Supplemental Information-1

- Shipping Markets -

1-1. “K” Line Container Loading Volume

Loading Volume	E/W Bound	04F 1H	04F 2H	04F Yearly	05F 1H	05F 2H	05F Yearly
(Unit: 1,000TEU)							
Asia/N. America	E/Bound	279	266	545	336	310	646
	W/Bound	107	114	222	114	133	248
		386	381	767	450	443	893
Asia/Europe	W/Bound	193	195	388	215	222	437
	E/Bound	121	117	238	123	134	256
		314	312	626	338	356	693

Load Factor (%)	E/W Bound	04F 1H	04F 2H	04F Yearly	05F 1H	05F 2H	05F Yearly
Asia/N. America	E/Bound	89.9%	82.0%	85.9%	91.0%	87.8%	89.4%
	W/Bound	54.3%	52.5%	53.4%	49.4%	58.1%	53.7%
		76.0%	70.2%	73.0%	75.0%	76.1%	75.5%
Asia/Europe	W/Bound	93.6%	92.4%	93.0%	100.7%	92.0%	96.1%
	E/Bound	79.8%	76.5%	78.2%	79.2%	77.0%	78.0%
		87.8%	85.7%	86.7%	91.6%	85.8%	88.5%

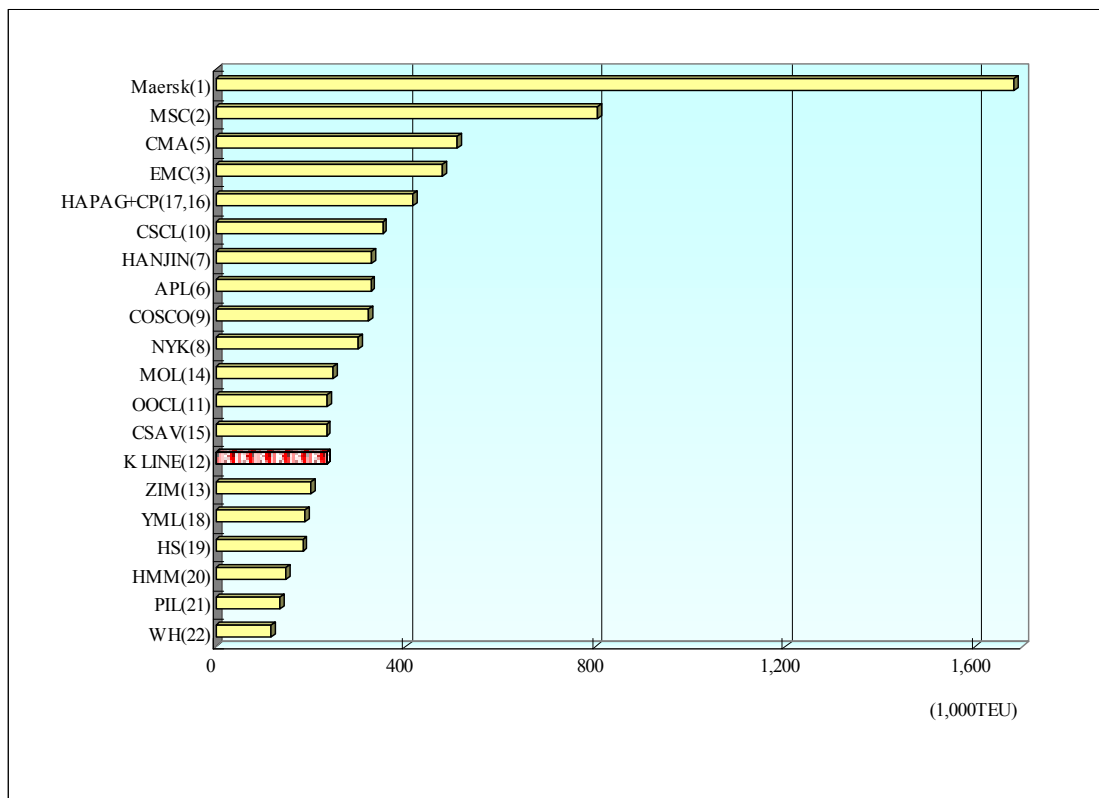
1-2. Line/Alliance wise Vessel/Capacity Comparison

Top 20 Container Carriers ranked by operating capacity

as of January 2006

Rank	Operator	TOTAL	
		TEU(Jan 2006)	TEU(Jan 2005)
1	Maersk(1)	1,681,420	1,015,908
2	MSC(2)	805,205	637,358
3	CMA(5)	509,825	408,131
4	EMC(3)	477,911	443,938
5	HAPAG+CP(17,16)	416,594	383,240
6	CSCL(10)	352,483	253,999
7	HANJIN(7)	328,794	283,664
8	APL(6)	327,399	310,745
9	COSCO(9)	322,326	276,506
10	NYK(8)	301,322	278,893
11	MOL(14)	247,367	199,588
12	OOCL(11)	234,589	218,140
13	CSAV(15)	233,732	199,118
14	K LINE(12)	233,496	207,584
15	ZIM(13)	201,432	202,472
16	YML(18)	188,269	181,594
17	HS(19)	184,438	152,991
18	HMM(20)	149,189	148,681
19	PIL(21)	136,073	128,313
20	WH(22)	116,992	94,066

Rank	Alliance	TEU(Jan 2006)	TEU(Jan 2005)
1	Maersk	1,681,420	1,015,908
2	CKYH	1,072,885	949,348
3	GA	993,048	880,273
4	MSC	805,205	637,358
5	TNWA	723,955	659,014
6	EMC	477,911	443,938
7	CMA	509,825	408,131
8	CSCL	352,483	253,999
9	CSAV	233,732	199,118

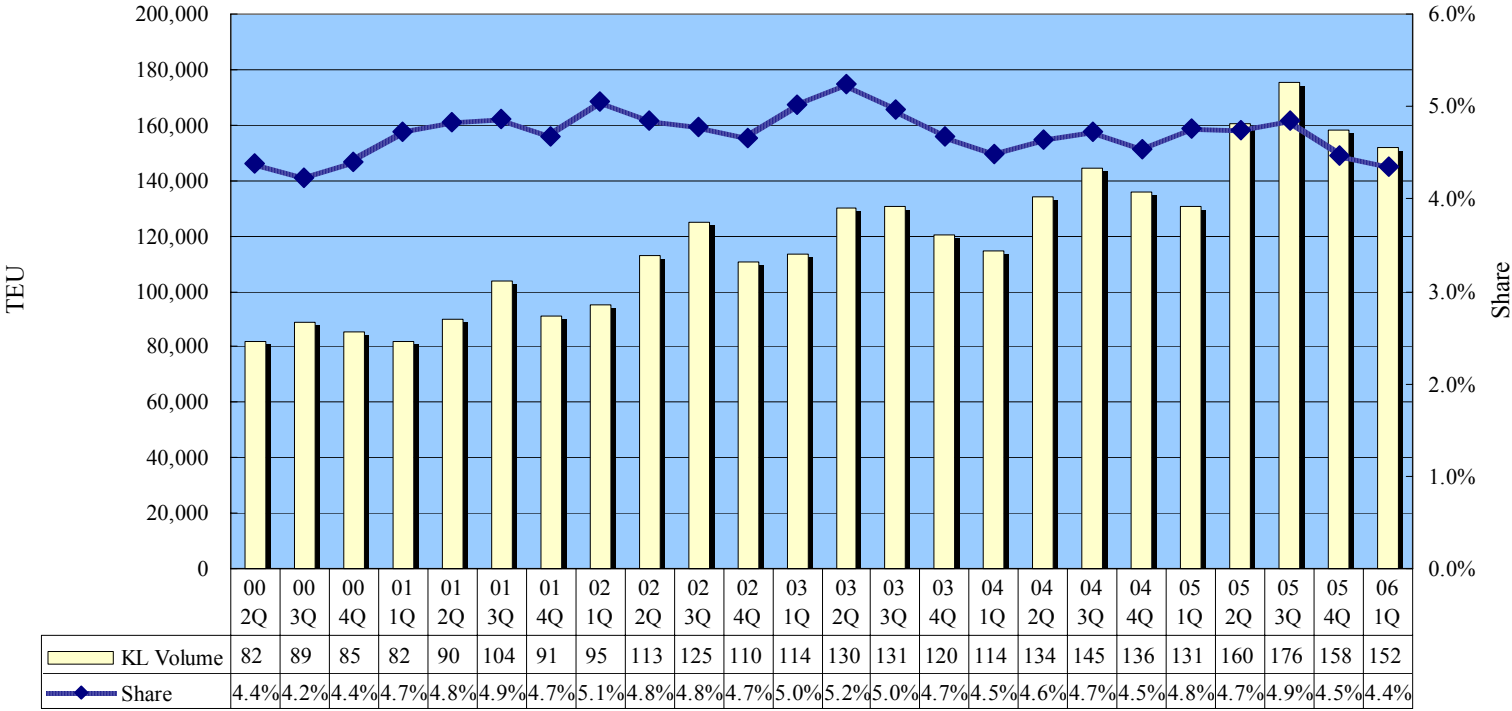


Source : Alphaliner (<http://www.alphaliner.com/>)

1-3. "K" Line Container Volume & Share

(Asia to North America 00F-05F)

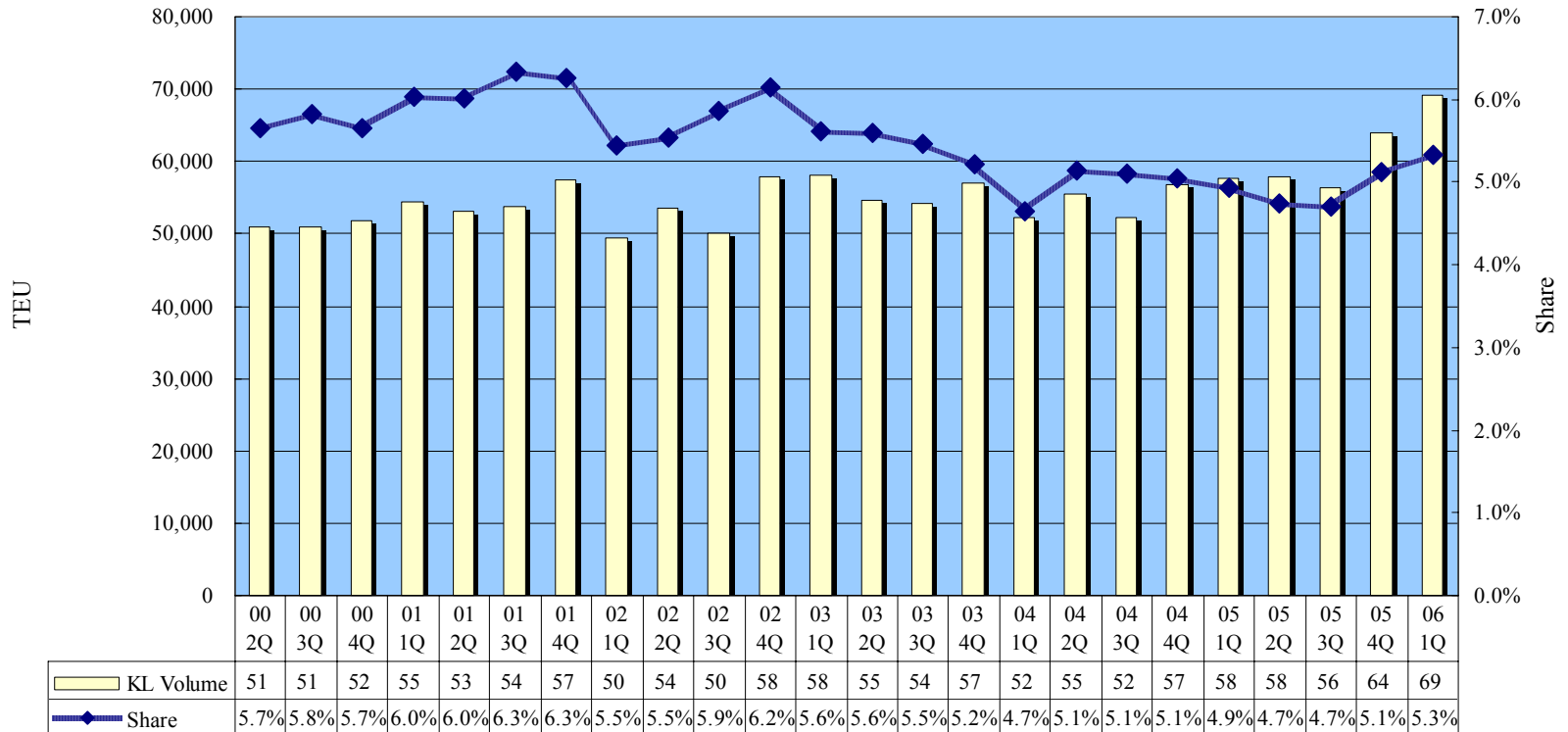
TPS EB KL Results



1-4. "K" Line Container Volume & Share

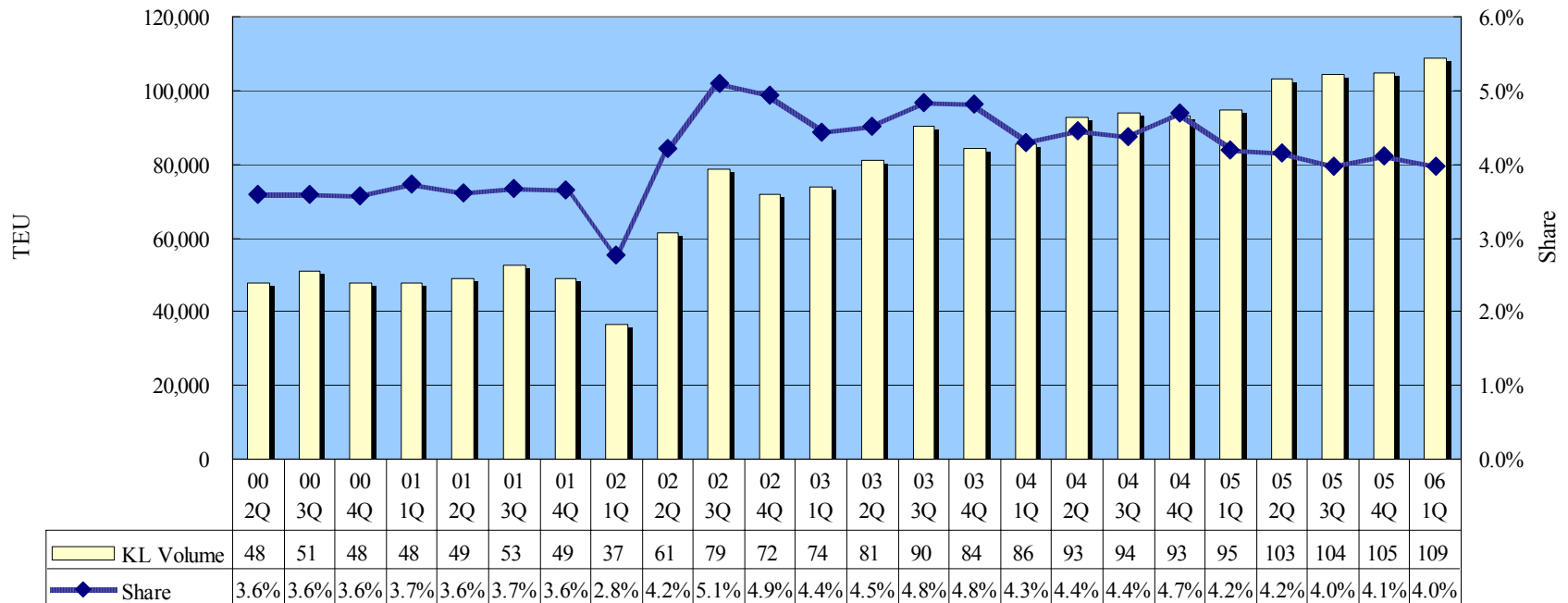
(North America to Asia 00F-05F)

TPS WB KL Results



1-5. "K" Line Container Volume & Share (Asia (ex. India) to Europe 00F-05F)

AES WB KL Results



1-6. "K" Line Container Volume & Share

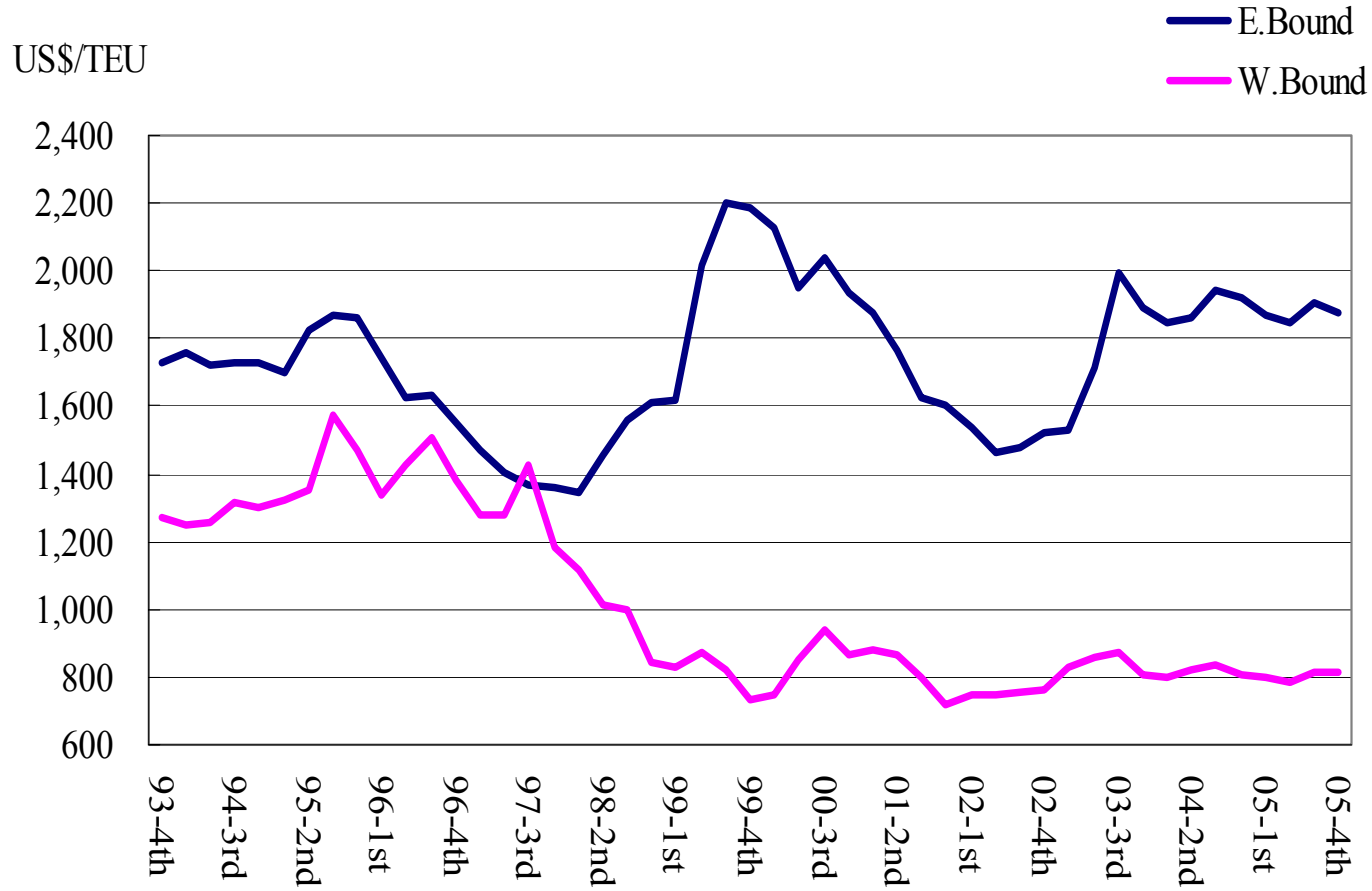
(Europe to Asia (ex. India) 00F-05F)

AES EB KL Results



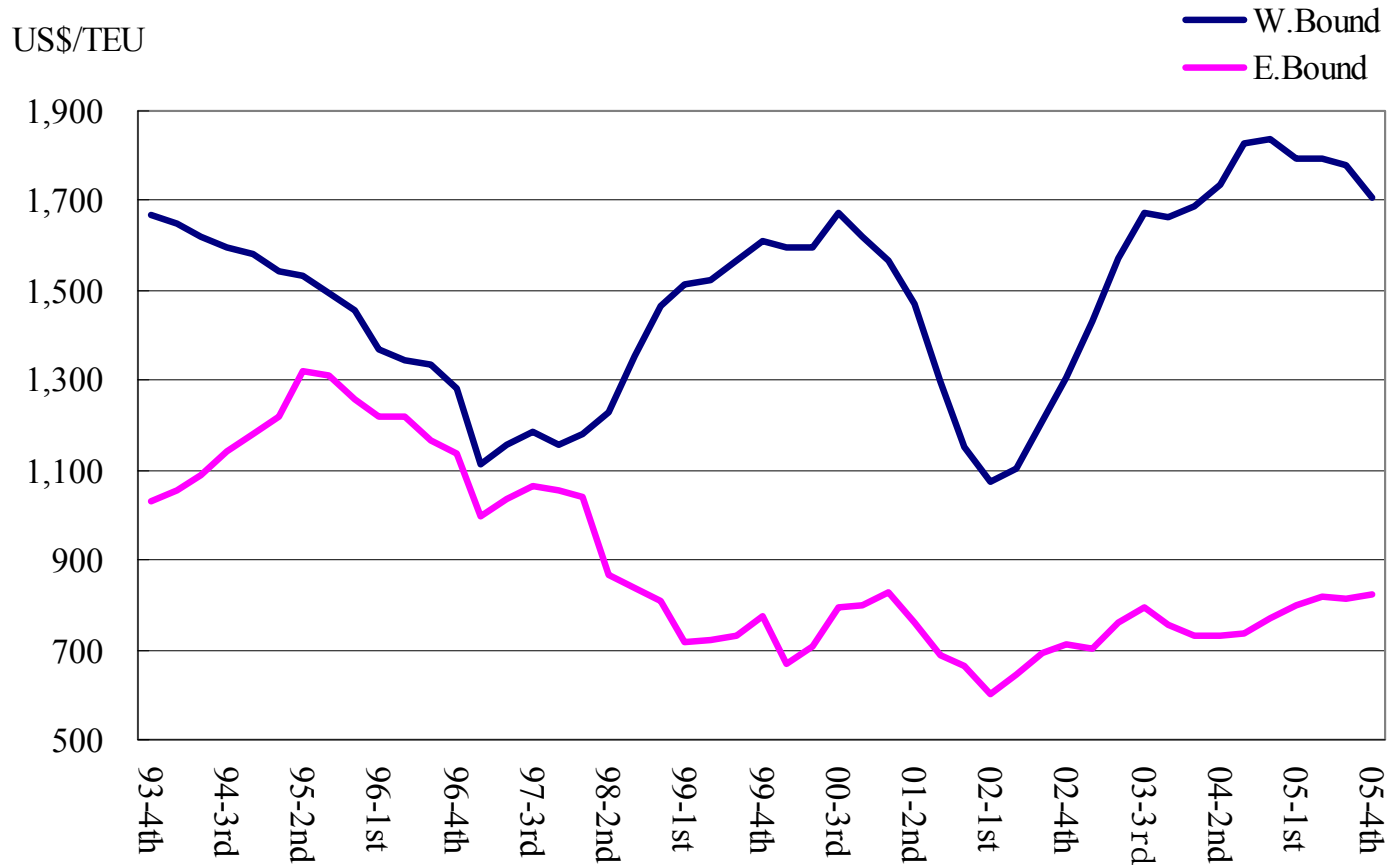
1-7. Trend of Average Container Freight (Asia-North America Trade)

(Data: CONTAINERIZATION INTERNATIONAL)

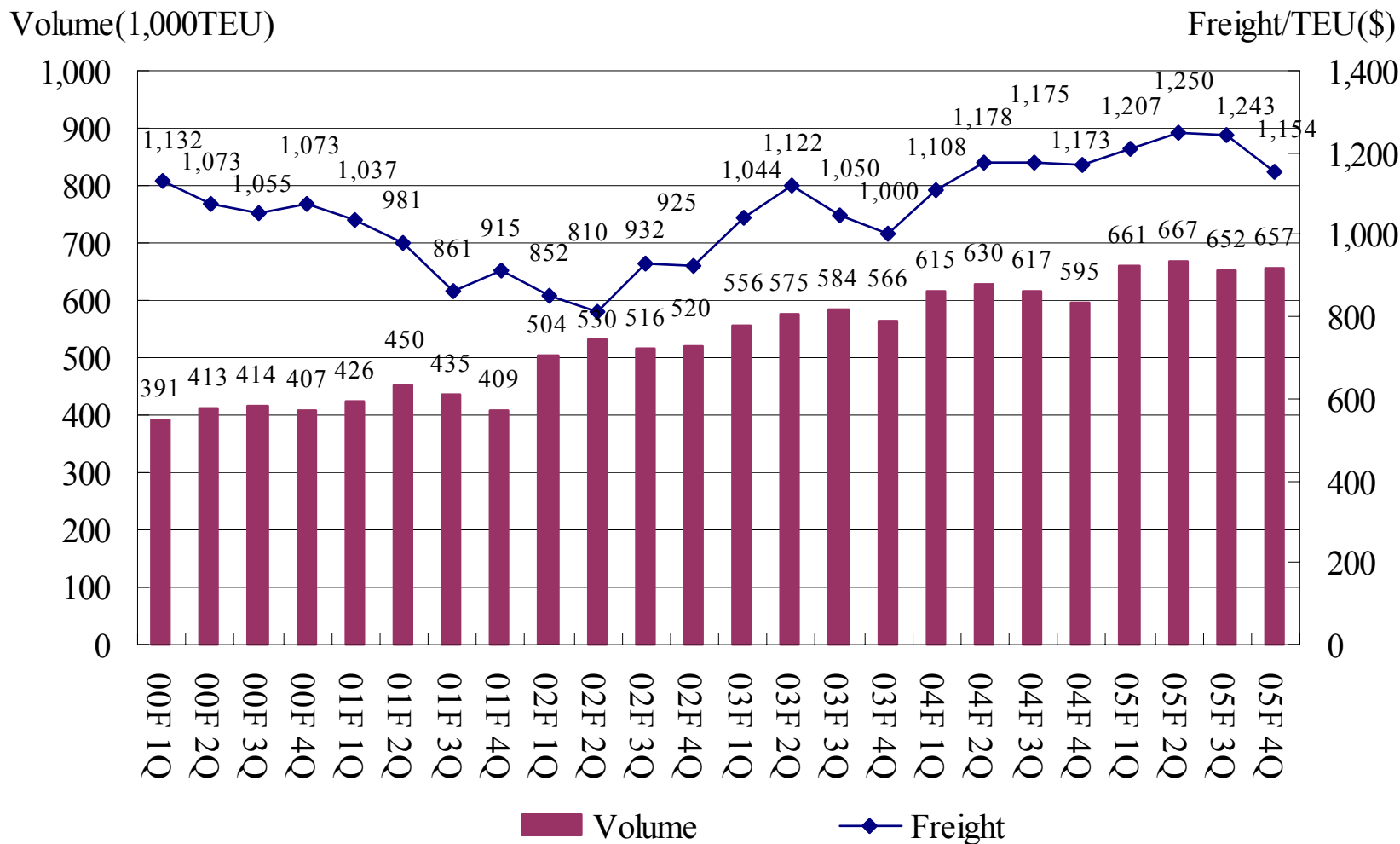


1-8. Trend of Average Container Freight (Asia-Europe Trade)

(Data: Containerization International)

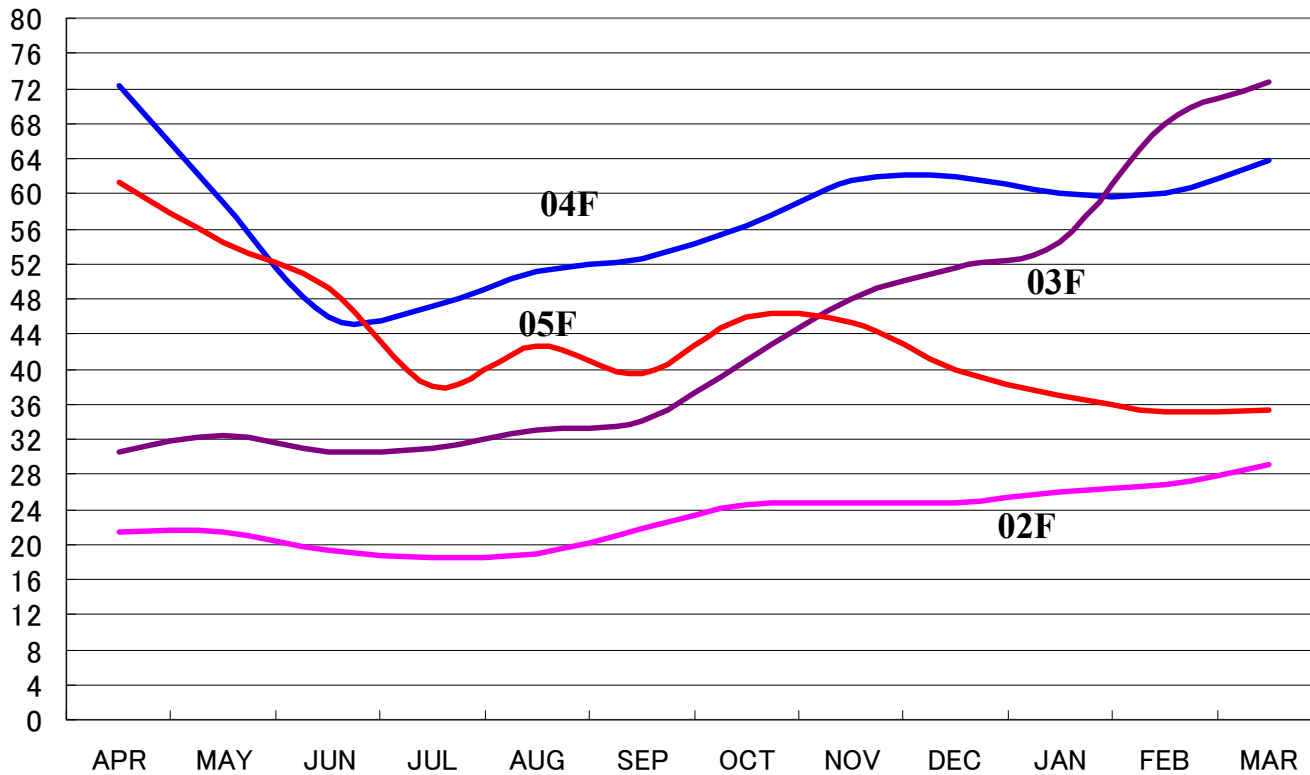


1-9. Trend of Average Container Freight/Volume (“K” Line All Trades) (00F-05F 4Q)



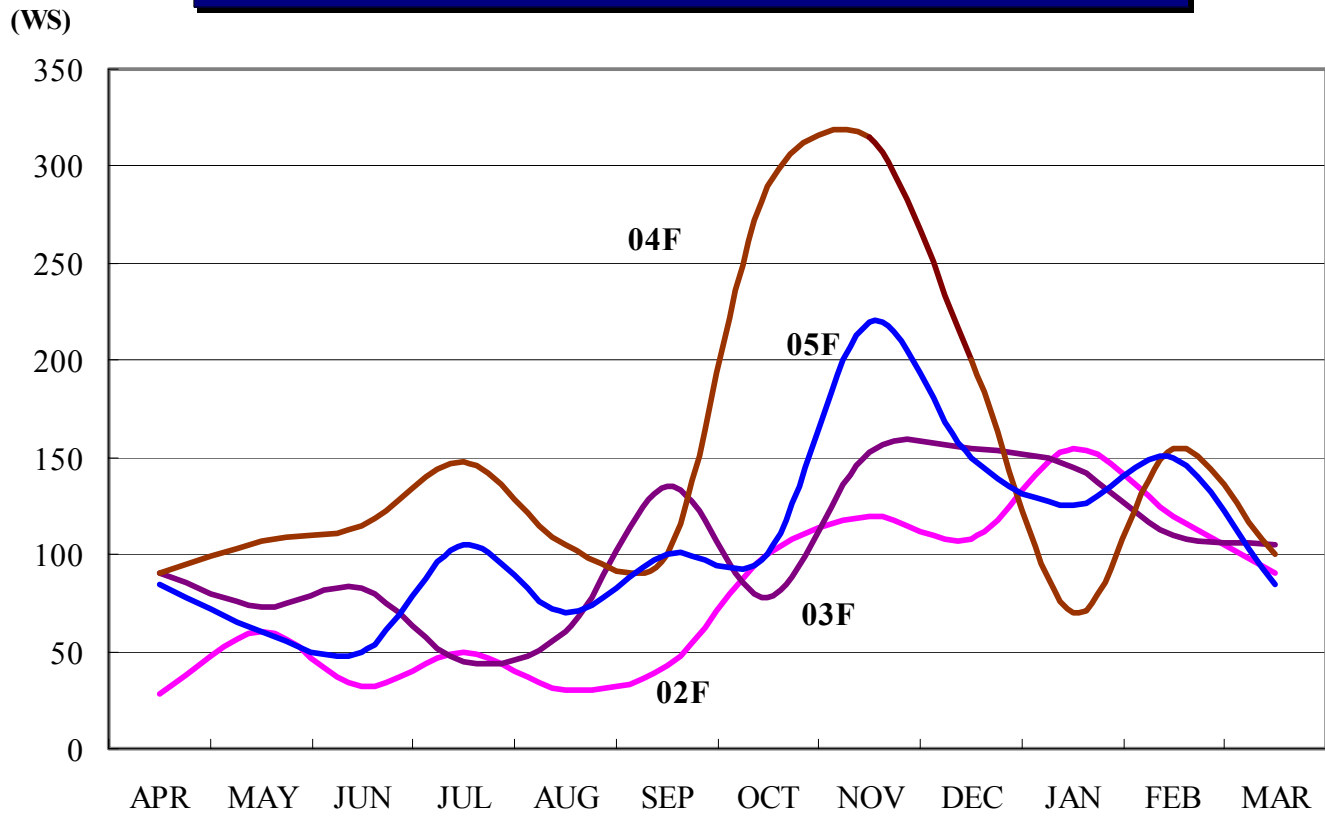
1-10. Bulker Market

(\$/KT)

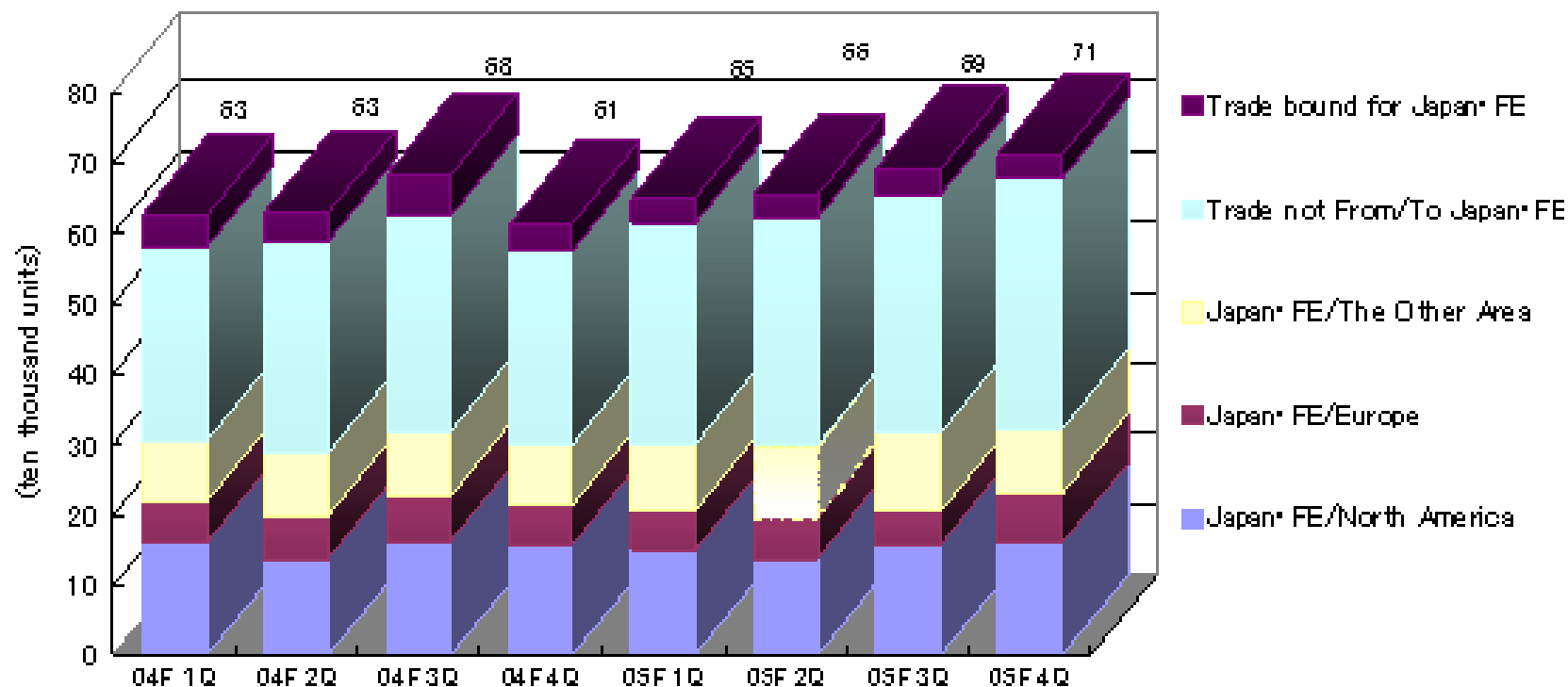
(PANAMAX US GULF/JAPAN GRAIN)


1-11. Tanker Market

TANKER MARKET (VLCC ARABIAN GULF/JAPAN)

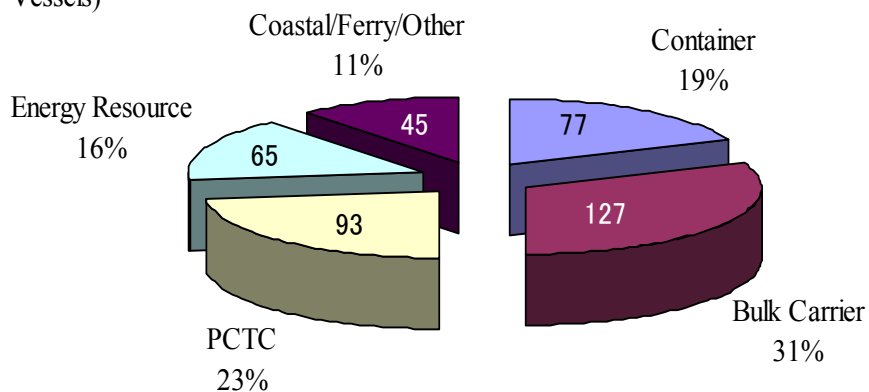


1-12. Transition of Cars/Trucks Transported by “K” Line PCTC Fleet

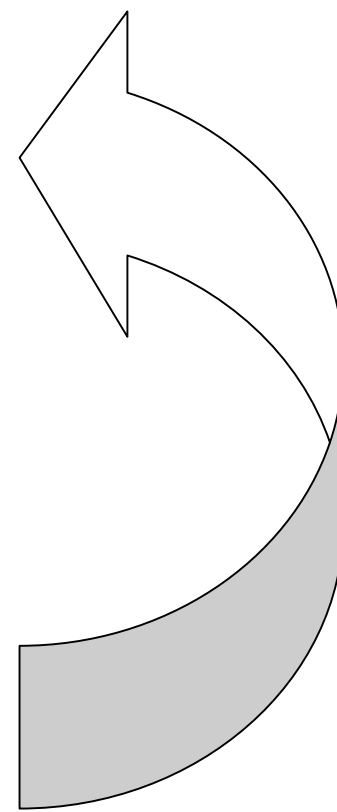
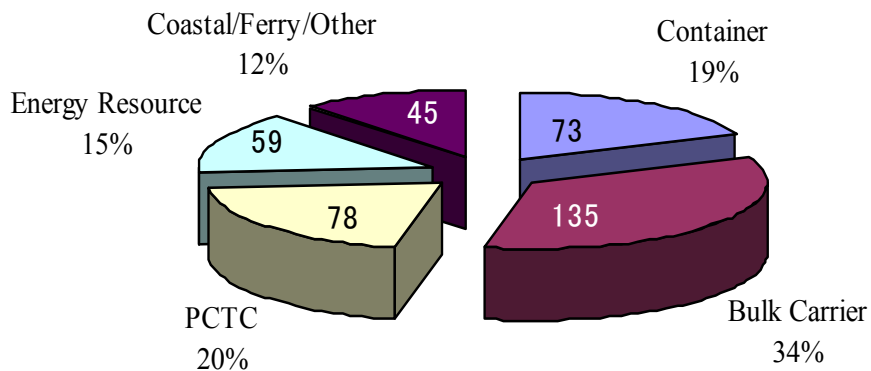


1-13. "K" Line Vessel Fleet Composition

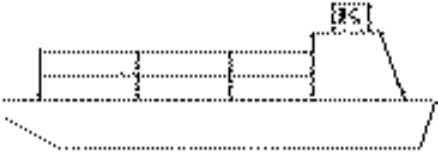
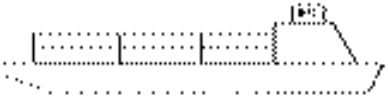
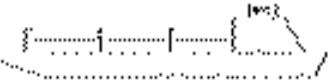
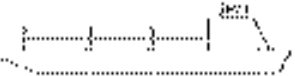
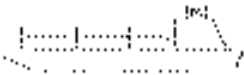
March 2006
(Total 407 Vessels)



March 2005
(Total 390 Vessels)

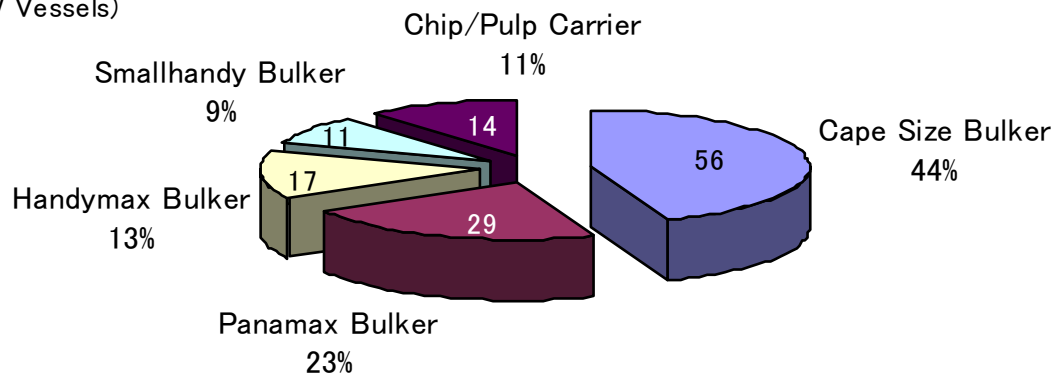


1-14. “K” Line Container Vessel Fleet Composition

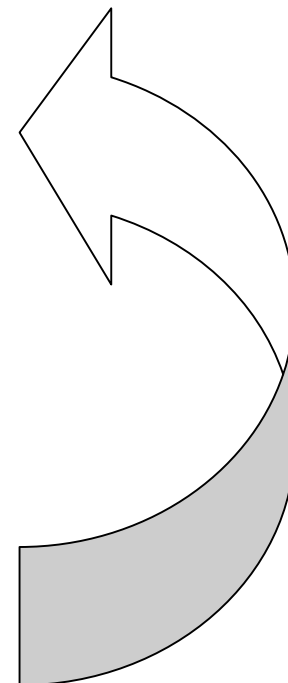
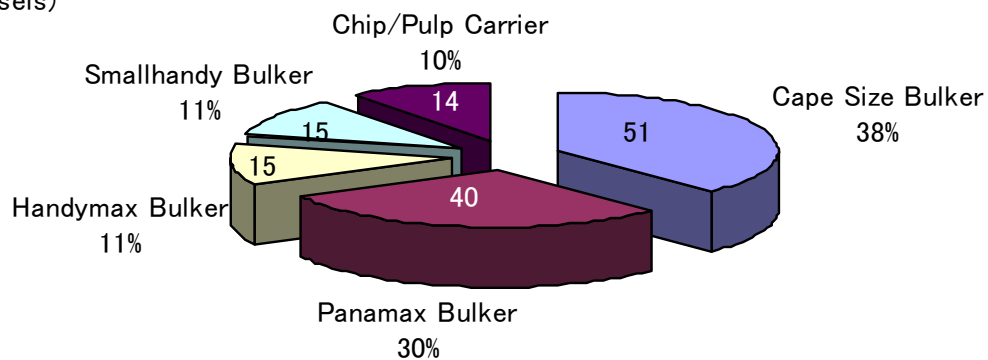
		04F 4Q	05F 4Q
	5500TEU over	13	15
	3500TEU (3400 - 4700)	22	25
	2800TEU (2700 - 2900)	5	5
	2000TEU (1500 - 2500)	11	9
	<u>1400TEU or under</u>	<u>22</u>	<u>23</u>
	Total	73	77

1-15. "K" Line Bulk Carrier Fleet Composition

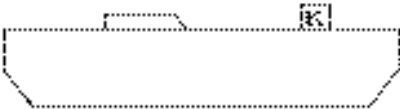
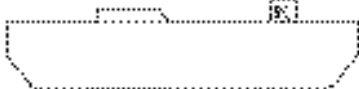
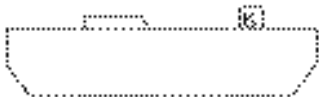
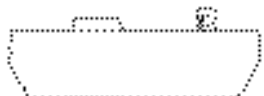
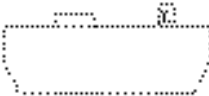
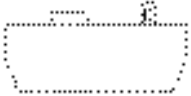
March 2006
(Total 127 Vessels)



March 2005
(Total 135 Vessels)

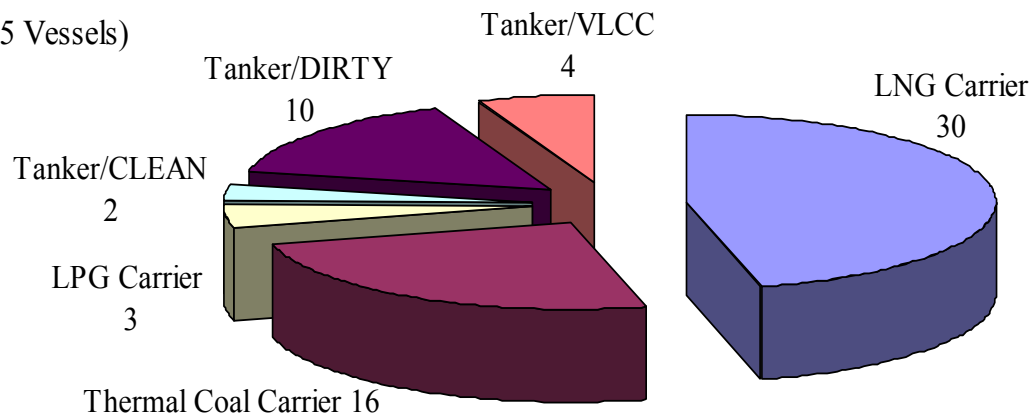


1-16. “K” Line PCTC Vessel Fleet Composition

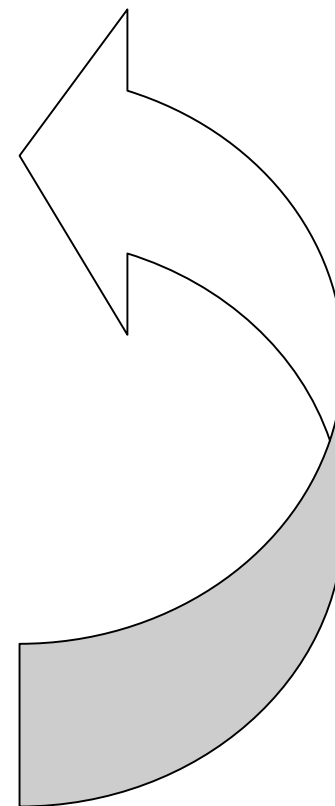
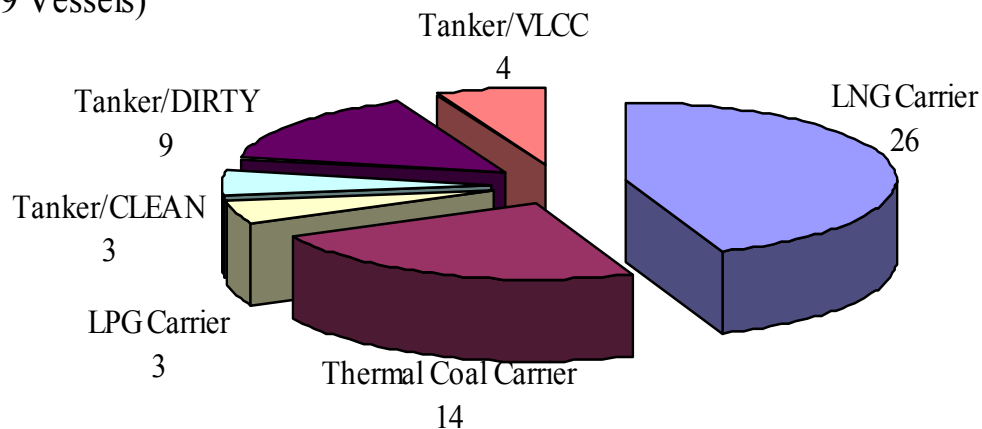
		04F 4Q	05F 4Q
	6000 units	10	12
	5000 units (4750 - 5650)	26	29
	4000 units (3800 - 4600)	17	20
	3000 units (2800 - 3500)	13	15
	2000 units (1600 - 2500)	2	2
	<u>800 units (800 - 850)</u>	<u>10</u>	<u>15</u>
	Total	78	93

1-17. "K" Line Energy Transport Fleet Composition

March 2006
(Total 65 Vessels)



March 2005
(Total 59 Vessels)



<Business Prospect – Containership>

1. Containership Business

[Business Environments]

International division of labour, Enlargement of FTA, and population growth sustain growth of containership market

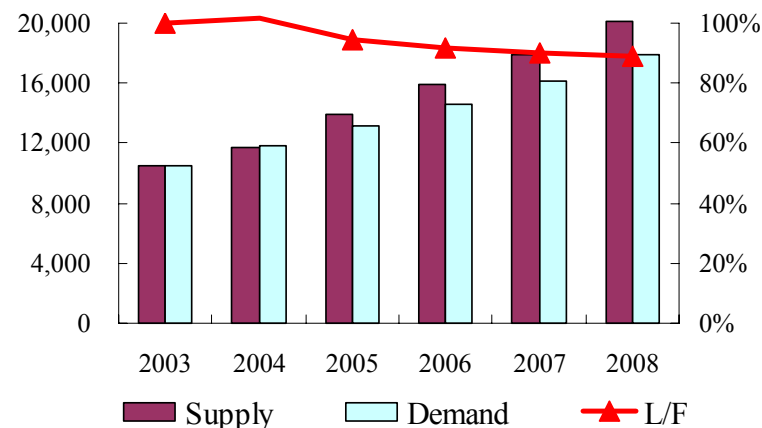
[Business Strategy]

- Improvement in portfolio of containership services
(enhancement in North-South loops, routes for emerging countries)
- Stabilization of cost and enhancement of cost-competitiveness by upgrading a fleet of vessels
- Expansion of multi-year contracts to stabilize freight rates and costs
- Proper response to globalization of customers by reinforcing service networks
- Action to environmental issues, improvement in transportation quality and technique, IT enhancement
- Aggressive entry into terminal business service

[Prospect of Containership Movement]

Shipping route	2006	2007	2008
Asia - North America	11%	11%	11%
Asia – E.U.	13%	13%	13%
Atlantic ocean	3%	2%	3%
Average	10%	10%	10%

[Supply and Demand in East-West Trunk Lines] (thousand TEU) (L/F)



<Business Prospect – Bulk Carrier>

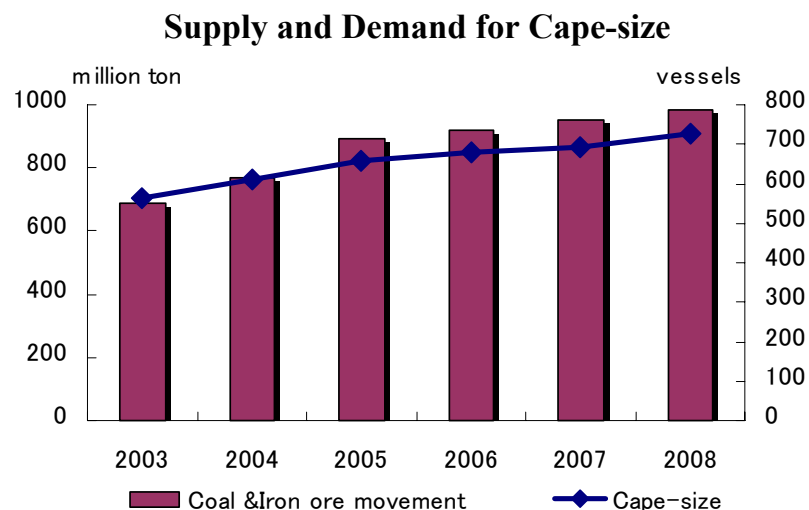
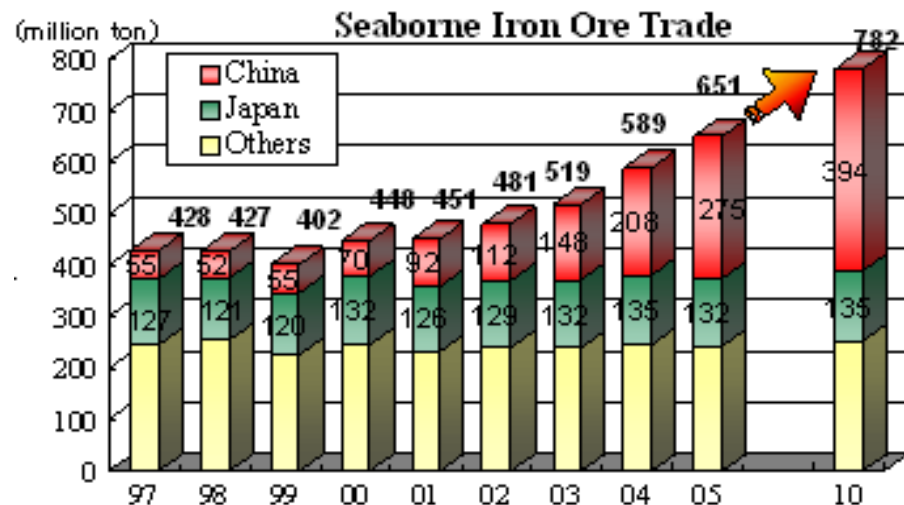
2. Coal & Iron Ore Carrier

[Business Environments]

- Continuous expansion of world crude steel production
 - 1130 million tons (2005)
 - 1200 million tons (2007) <approx>
 - 1300 million tons (2010) <approx>
- Increase in crude steel production and iron ore import in China
 - 350 million ton (2005)
 - 450 – 500 million tons (2008 - 10)
- In India, Brazil, Eastern Europe, Turkey:
 - Increase of steel product demand
 - >> Increase in coal & iron ore transportation

[Business Strategy]

- World top class cape-size operator
 - Operating 100 cape-size fleet
 - Annual loading cargo volume 100 million tons (World share 10%)
- Global business expansion
 - Enhancement of overseas bases; London, Singapore and Shanghai
- High quality transportation and differentiated customer service



<Business Prospect – Bulk Carrier>

3. General Bulk Carrier

[Business Environments]

- Increase of soybean and feed movements for Asia
- Increase of coal movements for European region and for Asia, especially China
- Steady demand for Panamax, and Handy-max
- Promotion of scrapping Small-handy
- Growing demand of wood-chip carriers for China

[Business Strategy]

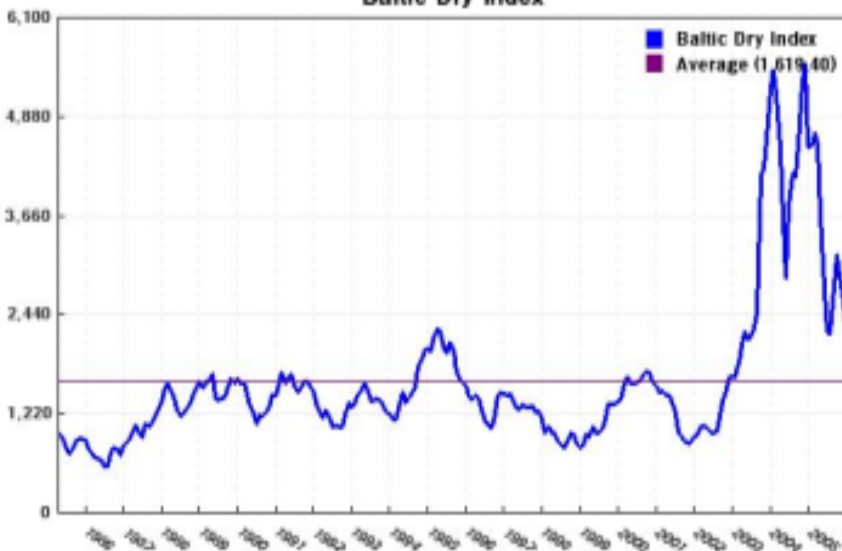
- Establishment of the most competitive fleet possible
- Expanding base of customers
- Advance to businesses in Europe, expansion in Asia

Schedule of Delivery

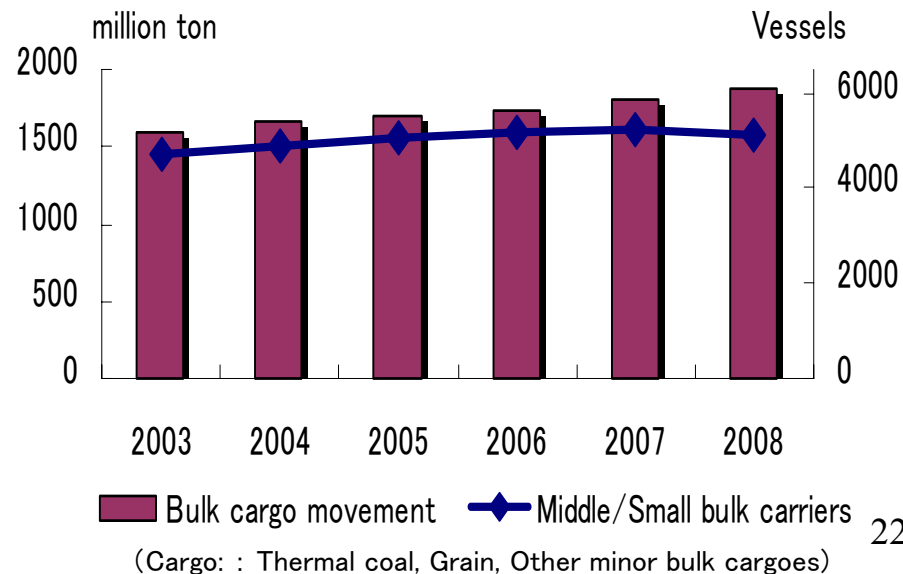
		Dec31 2005		Orderbook & Delivery Schedule				
		No.	m.Dwt	No.	m.Dwt	2006	2007	2008+
Panamax	60-100' dwt	1,299	93.7	265	21.1	9.2	7.6	4.3
Handymax	40-60' dwt	1,402	66.4	228	12.1	5.7	4	2.5
Handysize	10-40' dwt	2,769	74.1	167	4.6	2	1.5	1.1
Total Fleet		5,470	234.2	660	37.8	16.9	13.1	7.9

(Resource: Clarkson Research Studies)

Baltic Dry Index



Supply & Demand for Middle / Small-size Bulk Carriers



4. Car Carrier Business

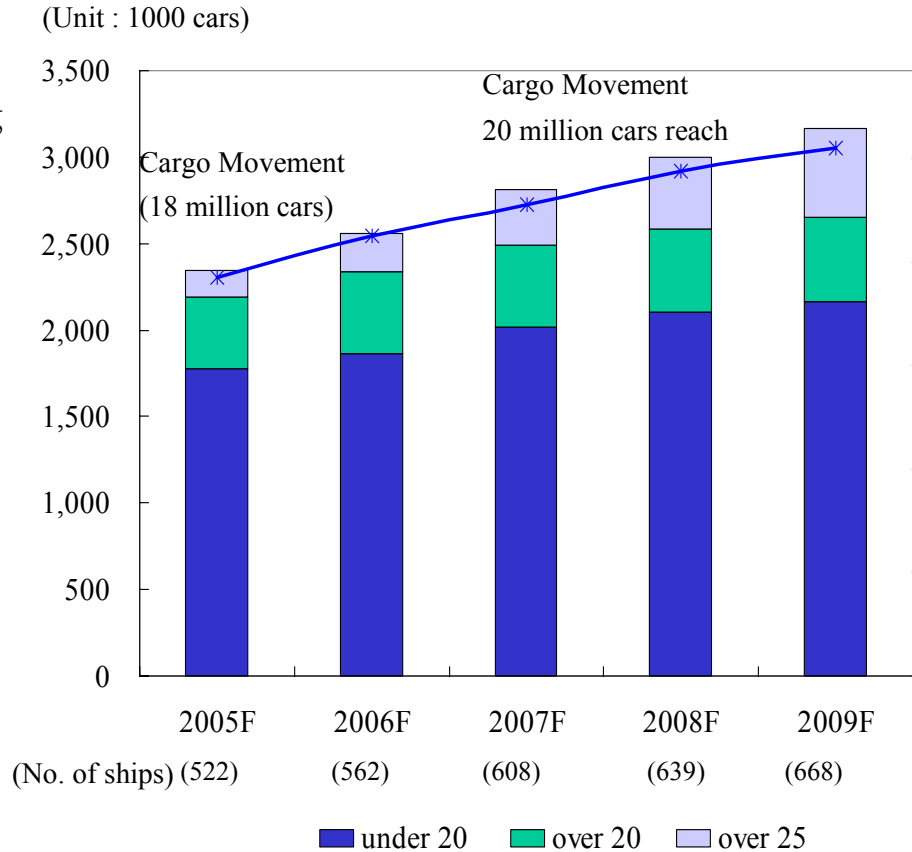
[Business Environments]

- Annual car sales in the world was over 61 million units in 2005
- Further expansion focused on BRICS or emerging countries
- Global marine transportation for 2005 was 18 million, and over 20 million cars are expected for 2008, including used cars.
- Hereafter, import to Russia and Eastern Europe, and also export from India and China are expected to increase.

[Business Strategy]

- Systematic upgrading of fleet to be capable of responding to market growth
- Accurate response to diversification in trading types
- Deployment of marketing staff by entrenchment in local areas and further enhancement of activities by overseas bases
- Constant efforts for ensuring safe and stable transportation, and providing globally uniform and highest quality services

Global Shipping Capacity and Cargo Movement Prospects



1. Capacity is counted as total of car carriers operated in the market
2. Cargo movement is calculated based on 5% growth annually after 2005

5. Thermal Coal Carrier

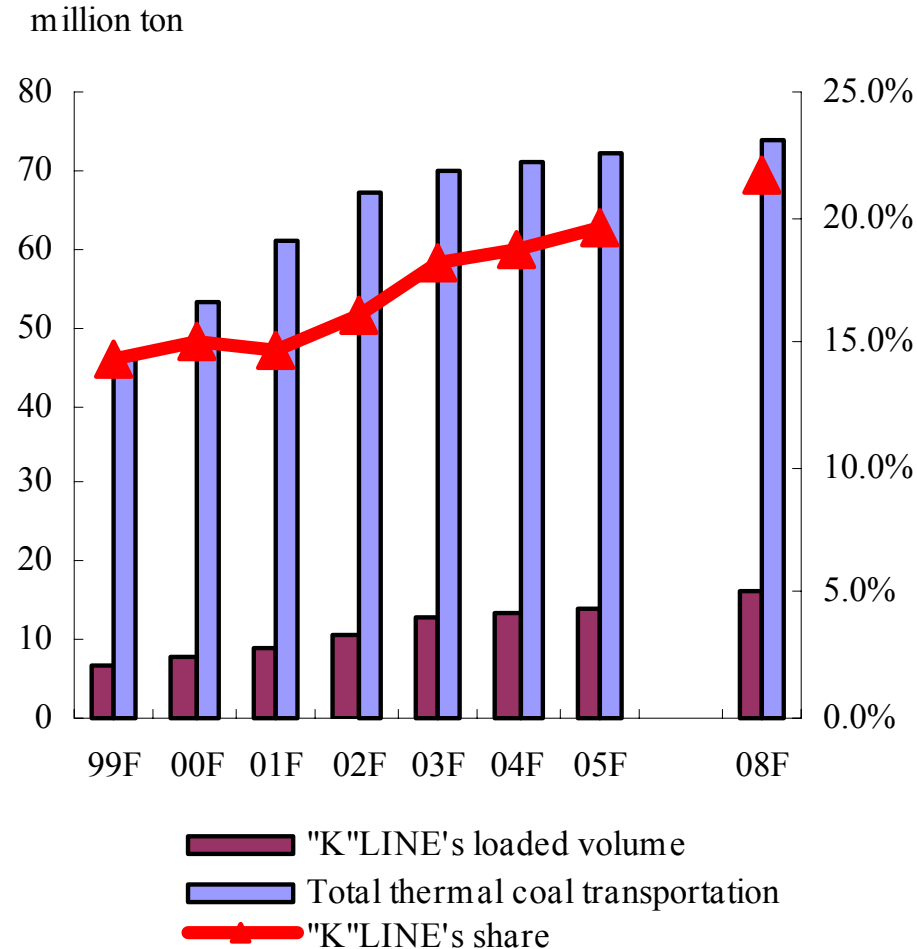
[Business Environments]

- Thermal coal market scale in Japan:
70 - 75 million ton
- Thermal coal shipment to China, India and Europe areas is enhanced

[Business Strategy]

- Enhancement of fleet centering on Corona-type
- Participation in thermal coal businesses for Asia and Europe area
- As a member of ‘coal chain’, strengthening ship management system directly-connected to safe navigation

Thermal Coal Shipment for Japan



6. LNG Carrier

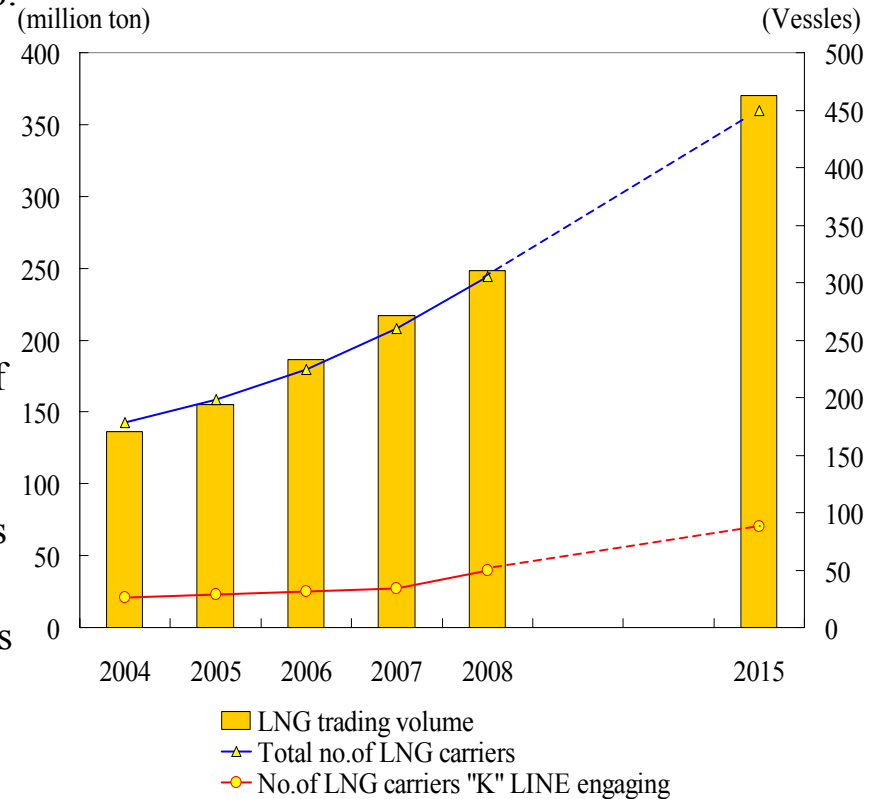
[Business Environments]

- Rapid growth of ship demand for E.U. and the U.S.
- Increase of spot type cargo, and middle or short term vessel charter contracts
- New operators and ship-owners entering market along with increase of new projects

[Business Strategy]

- Securing long-term stable profit by enlargement of fleet owned and in our own ship management system
- Establishment and enhancement of global business structure (operation and ship management)
- Positive engagement of “market-creating” business model (CNG carriers, etc.)

World LNG Supply-Demand Forecast



(Source) LNG demand/No. of LNG carriers :

Poten & Partners and “K” LINE’s estimation

7. Tanker

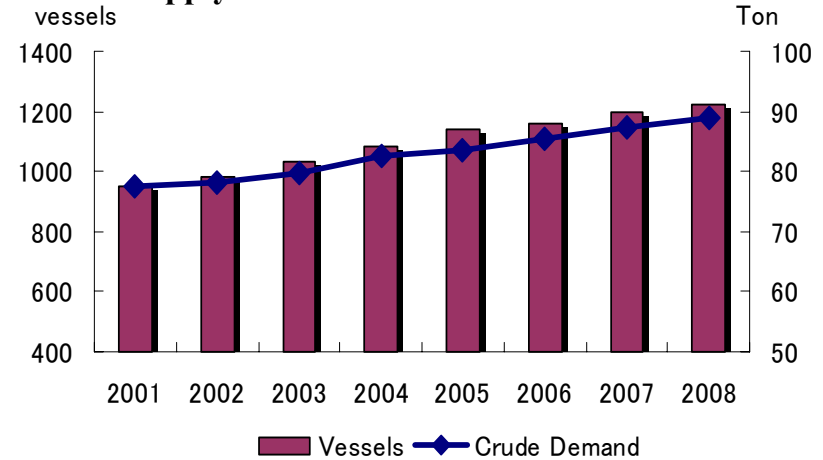
[Business Environments]

- Continuous increase in oil demand
- As market is volatile, stable transition in general
- Over capacity risk is limited. (lack of shipyard, ship price hike, restriction on single-hull tankers)

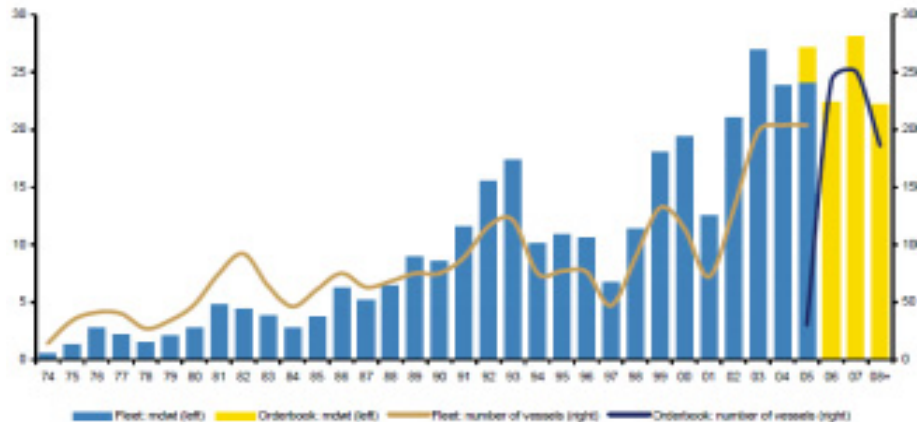
[Business Strategy]

- Aiming at the first-class global tanker operator based on safe navigation
- VLCC : to operate under middle or long-term contracts
- AFRAMAX : Securing of COA (Contract of Affreightment)
- Product Tanker : Combined use of transportation contract and hedging scheme

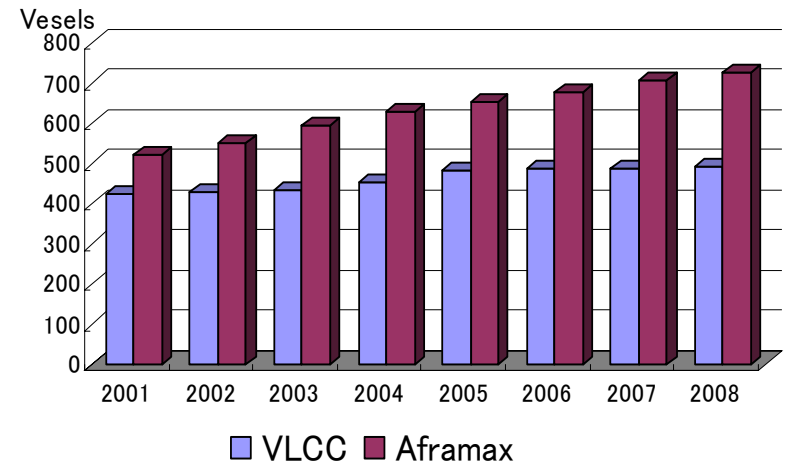
Supply & Demand for Crude Oil Tanker



Tanker fleet age profile



Number of VLCC/AFRAMAX Tankers



8. Freight Forwarding/Harbor Transportation Business

[Business Environments]

- Acceleration of business tie-up or M&A
- Intensified competition against integrators

[Business Strategy]

- Consolidation of logistic services provided by group companies meeting local requirement
- Active capital investment for enhancement of air cargo business
- Active capital investment in freight forwarding and harbor transportation throughout Asia, including China



Supplemental Information-2

- Financial Data -

2-1. Breakdown on Non-Operating, Extra-Ordinary Items (2005F Yearly)

(unit: billion yen)

1. Non-Operating Income/Loss

	1H	2H	Total
Consolidated Total	-0.3	0.9	0.6
Financial Gain/Loss	-0.7	-0.4	-1.1
Exchange Gain/Loss	0.4	1.1	1.5
Others	0.0	0.3	0.3

	1H	2H	Total
Non-Consolidated Total	0.8	0.4	1.2
Financial Gain/Loss	0.8	0.5	1.3
Exchange Gain/Loss	0.0	-0.3	-0.3
Others	0.0	0.1	0.1

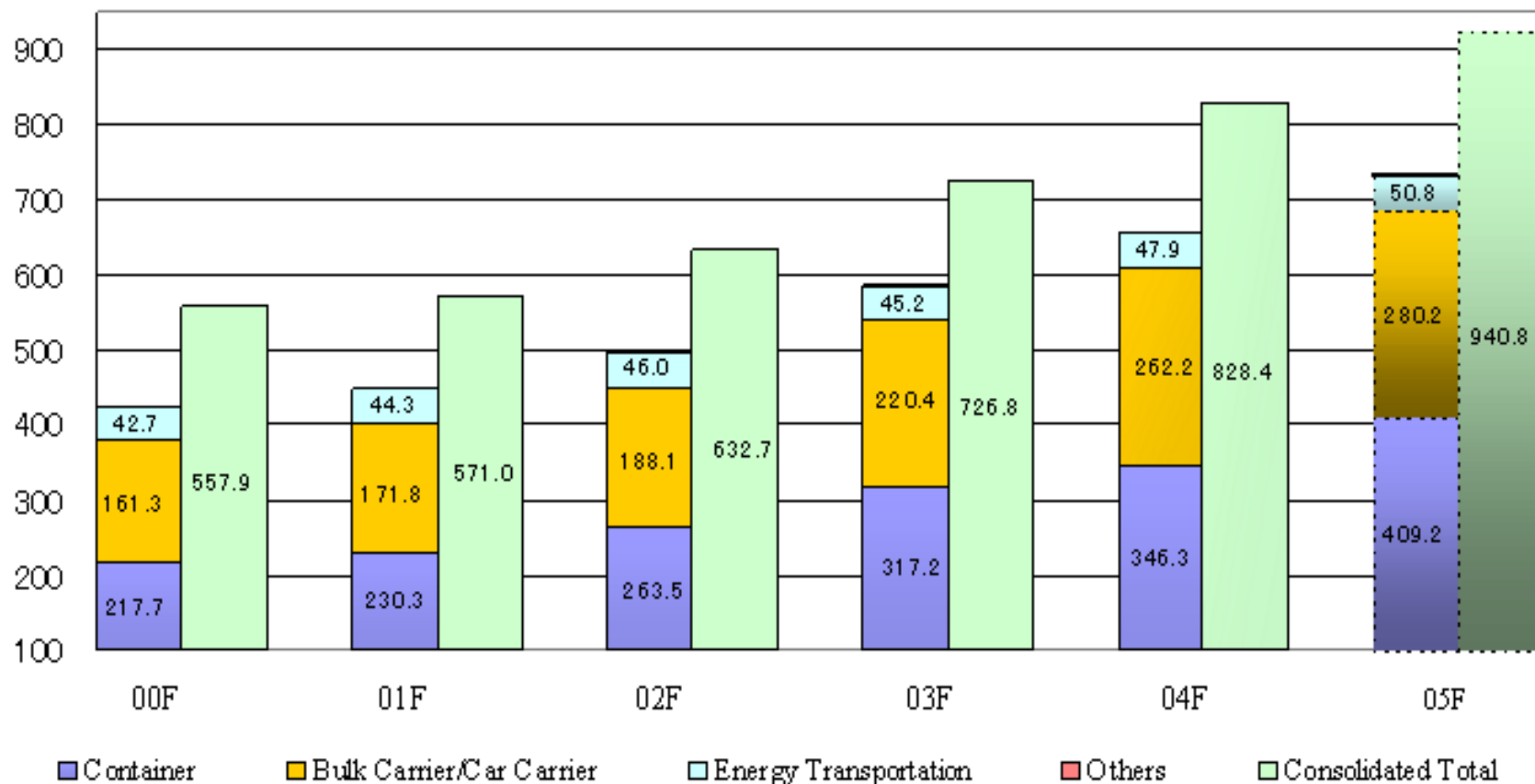
2. Extra-Ordinary Income/Loss

	1H	2H	Total
Consolidated Total	3.1	3.6	6.7
Sales and disposal of fixed assets	3.0	1.2	4.2
Sales of securities	0.0	2.5	2.5
Others	0.1	-0.1	0.0

	1H	2H	Total
Non-Consolidated Total	0.5	3.7	4.2
Sales and disposal of fixed assets	0.5	0.9	1.4
Sales of securities	0.0	2.5	2.5
Others	0.0	0.3	0.3

2-2. Transition of Operating Revenues

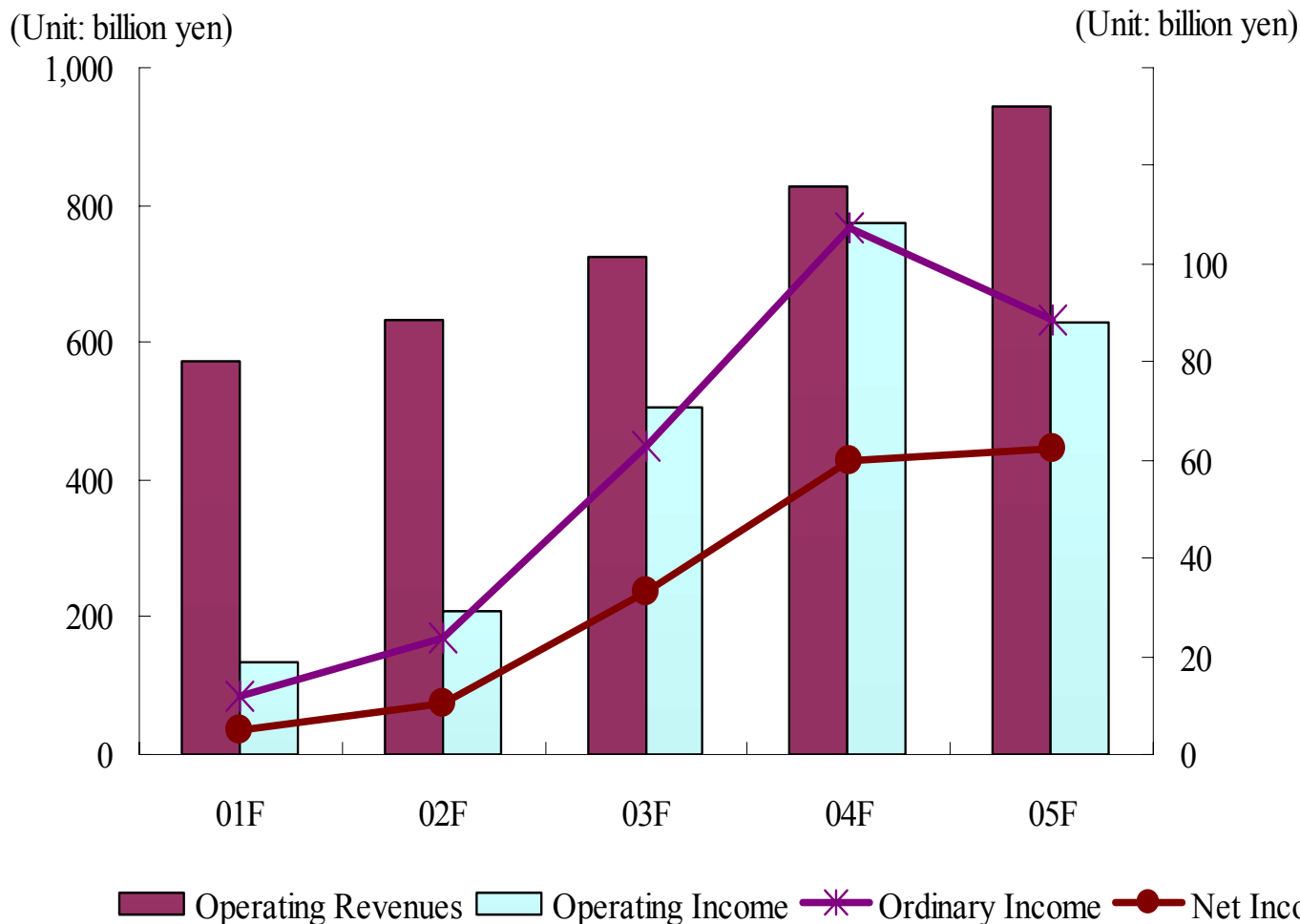
(billion yen)



Supplemental Information-3

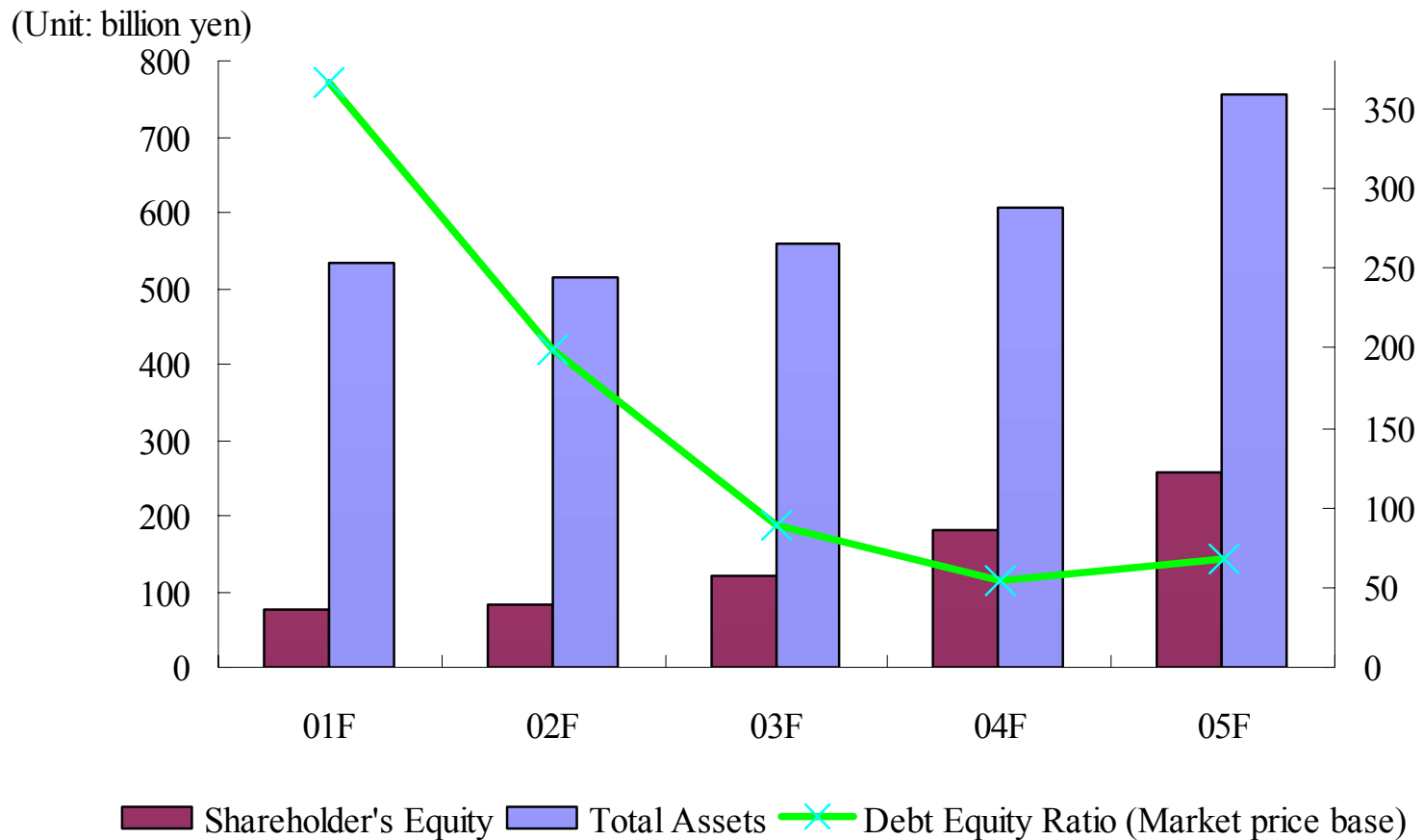
- Historical Data -

3-1. Consolidated Revenues & Incomes



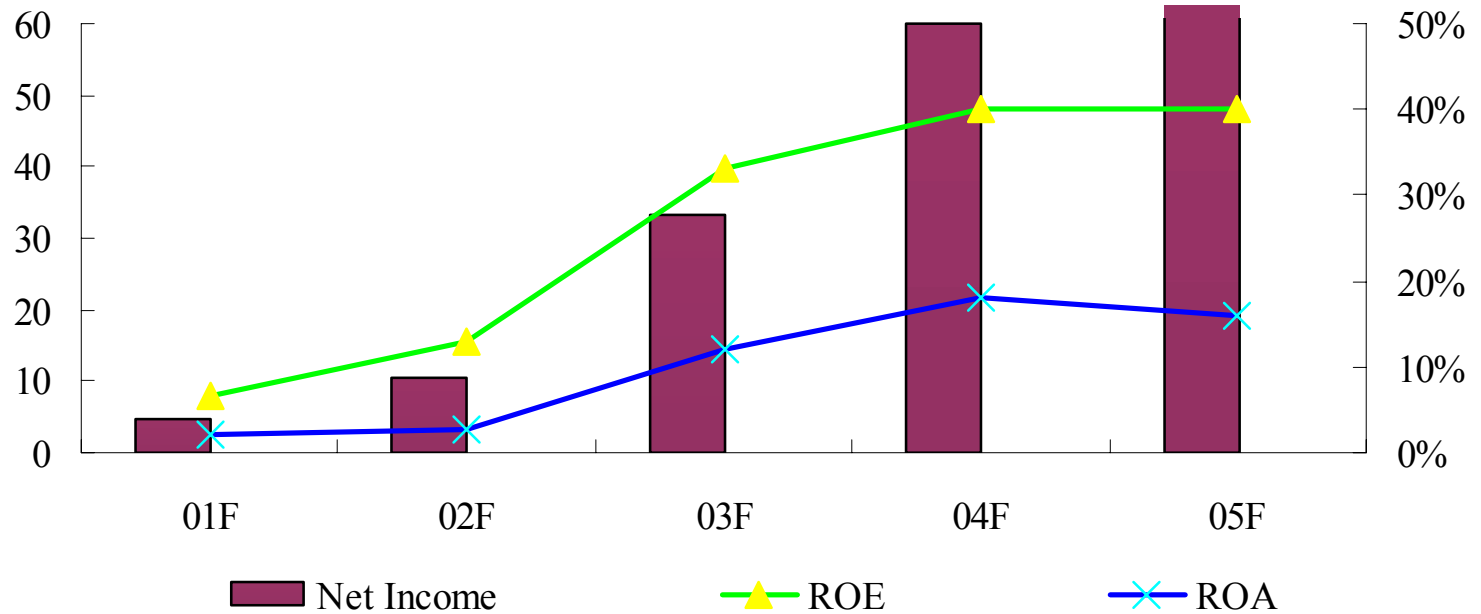
* Ordinary income is income before income taxes and extra-ordinary items.

3-2. Consolidated Debt Equity Ratio



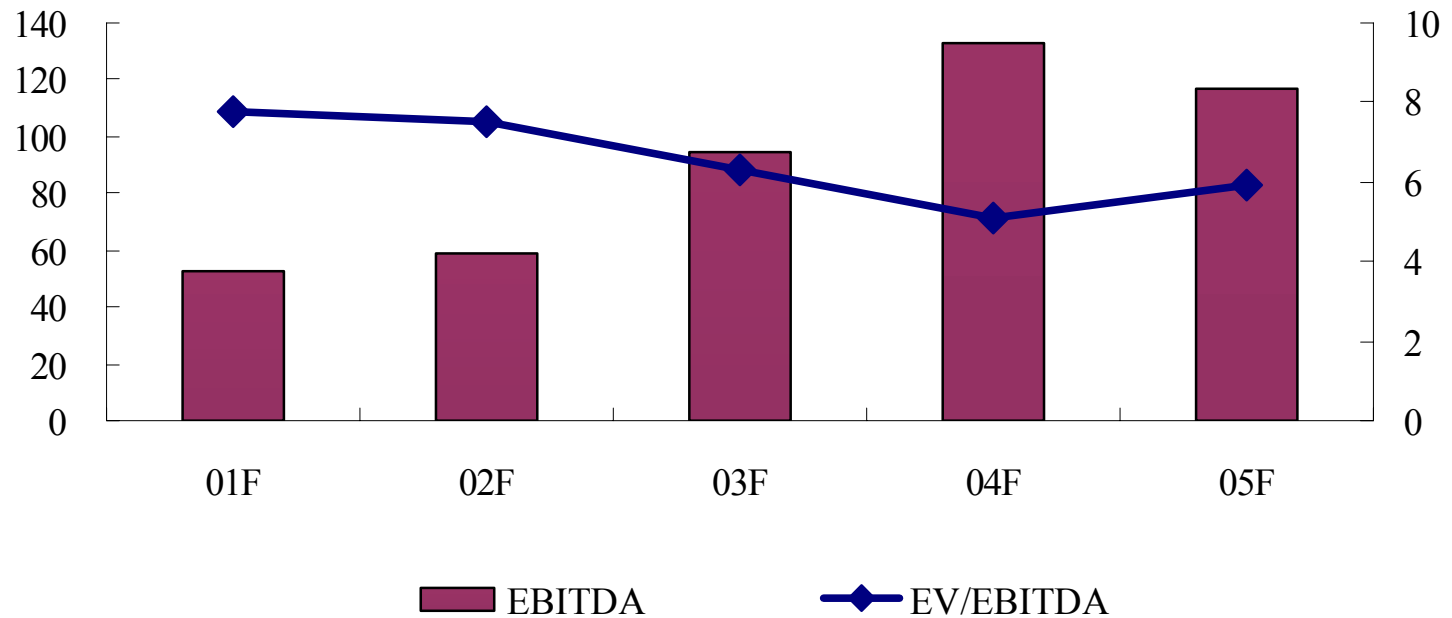
3-3. Consolidated ROE/ROA

(unit: billion yen)

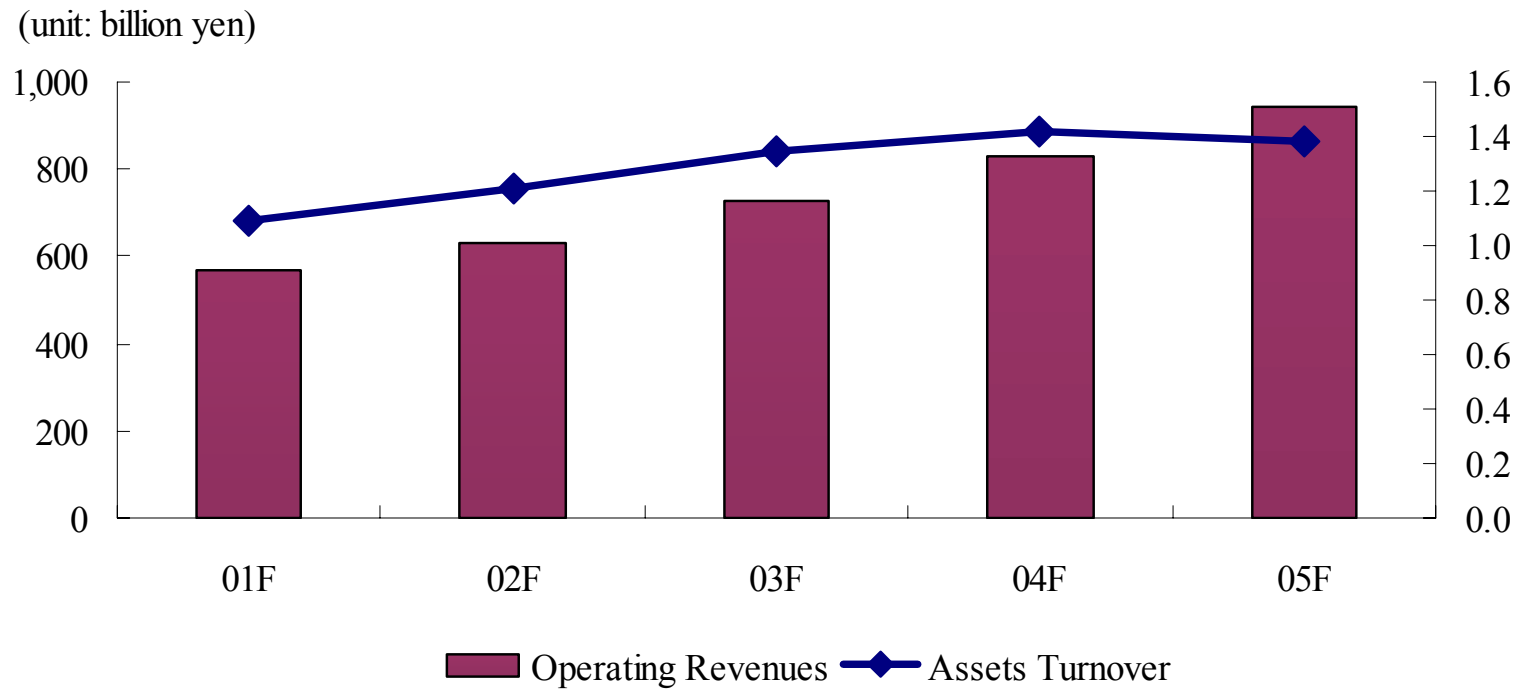


3-4. Consolidated EV/EBITDA

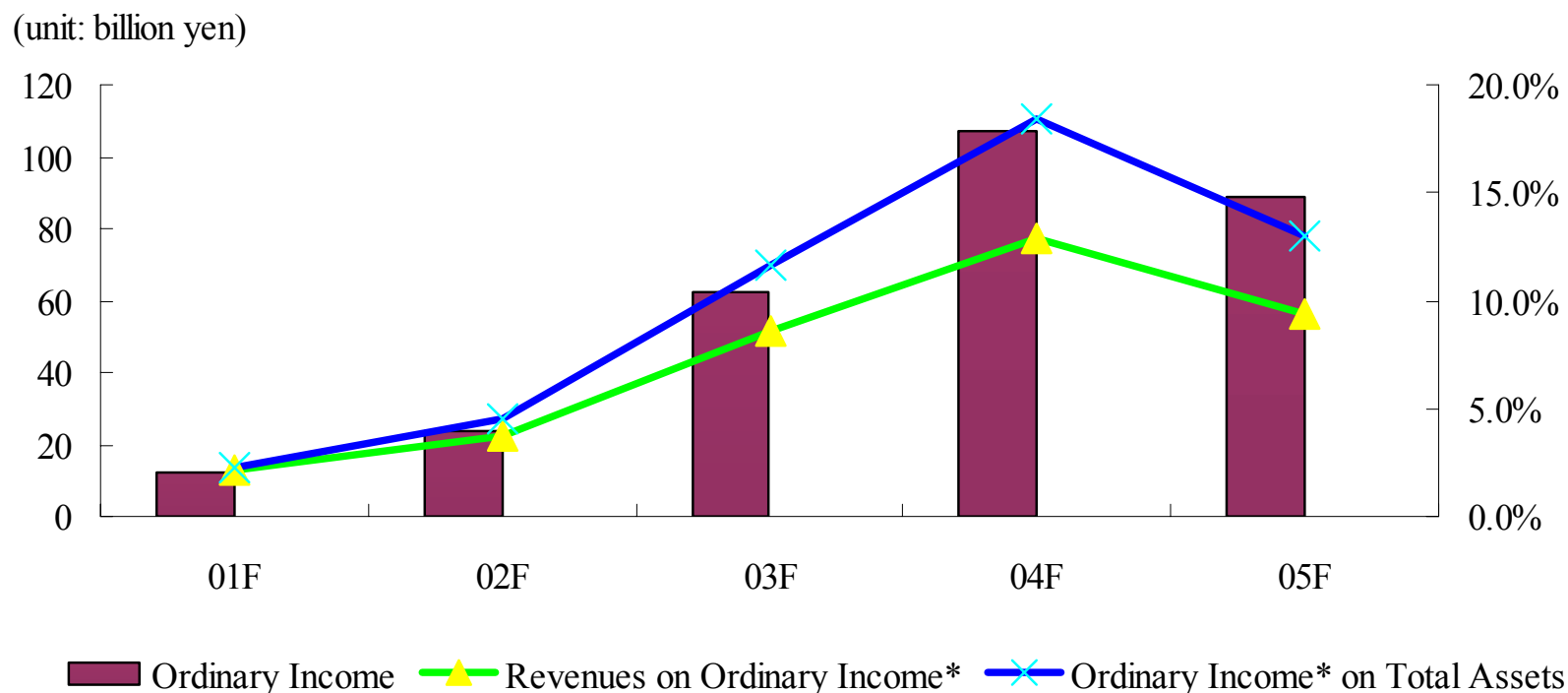
(unit: billion yen)



3-5. Consolidated Assets Turnover



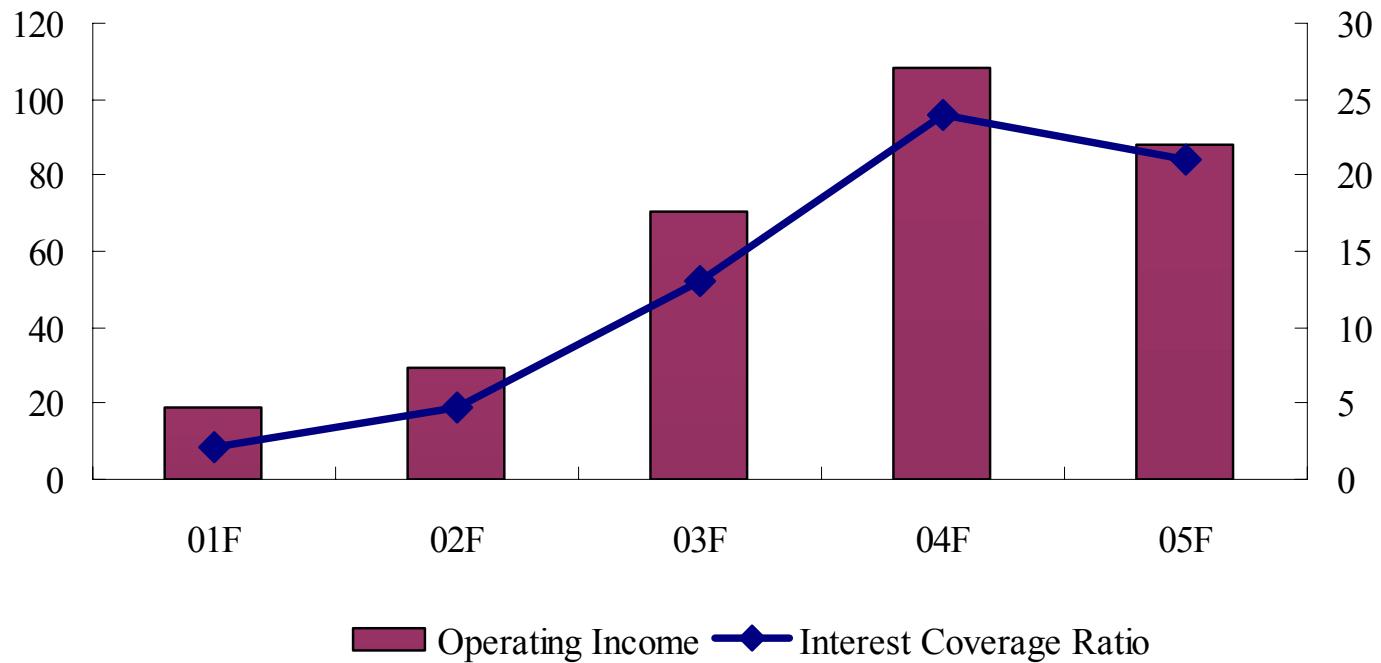
3-6. Consolidated Ordinary Income* on Revenues/Ordinary Income on Total Assets



* Ordinary income is income before income taxes and extra-ordinary items.

3-7. Consolidated Interest Coverage Ratio

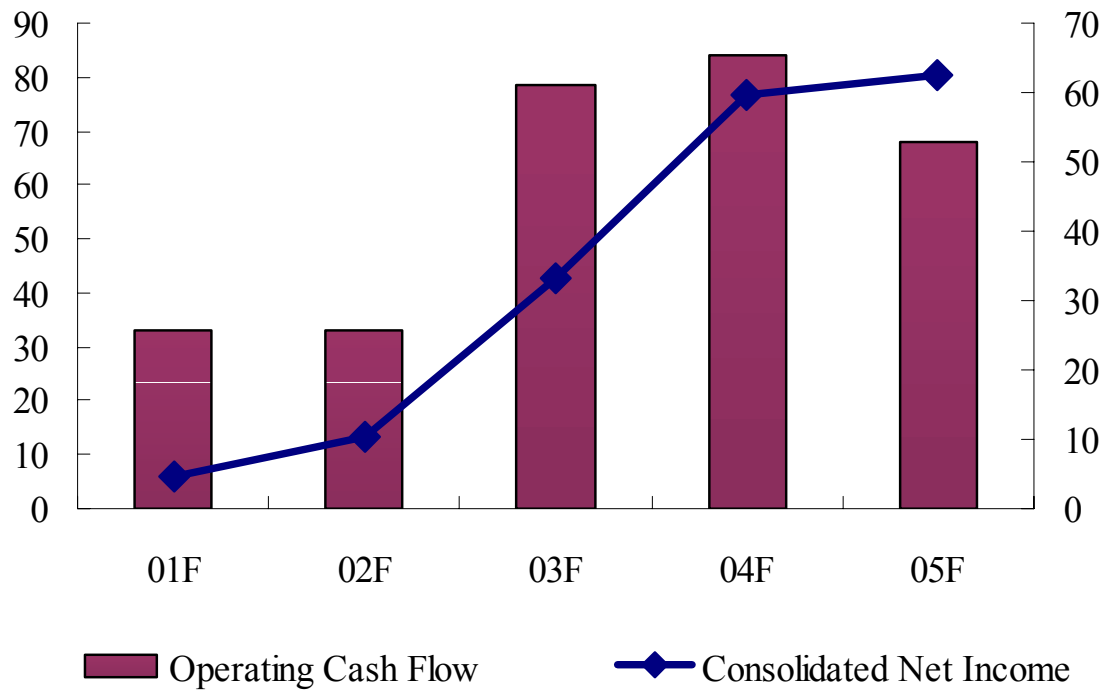
(unit: billion yen)



3-8. Consolidated Net Income/Operating Cash Flow

(unit: billion yen)

(unit: billion yen)



3-9. Consolidated Segment Information

(unit: million yen)

	01F	02F	03F	04F	05F
Operating Revenues					
Marine Transportation	481,200	530,228	622,118	713,961	806,646
Freight Forwarding/ Harbor Transportation	75,757	88,773	89,885	101,710	114,098
Others	14,055	13,722	12,662	12,773	20,073
Total	571,012	632,723	724,665	828,444	940,818
Operating Income					
Marine Transportation	13,148	22,383	61,267	97,808	74,426
Freight Forwarding/ Harbor Transportation	4,536	4,800	8,062	8,865	11,650
Others	1,274	2,087	1,269	1,083	1,506
Total	18,958	29,270	70,598	107,756	87,583
Eliminations	89	10	-65	298	392
Consolidated	19,047	29,280	70,533	108,054	87,976

3-10. Non-Consolidated Financial Data

(unit: million yen)

	01F	02F	03F	04F	05F
Operating Revenues	449,153	499,791	584,958	658,699	742,554
Container	230,353	263,456	317,185	346,321	409,216
Bulk & Carrier	171,837	188,112	220,364	262,182	280,220
Energy Transportation	44,363	46,045	45,231	47,870	50,807
Other Shipping Business	1,800	1,396	1,291	1,372	1,291
Other Business	799	780	882	949	1,020
Operating Income	8,299	19,843	55,068	85,288	56,678
Ordinary Income*	7,115	16,434	49,670	86,873	57,849
Net Income	2,786	6,535	24,452	49,012	38,820
Total Assets	259,200	269,140	329,965	376,345	481,541
Total Liabilities	194,792	203,268	233,126	233,326	292,575
Shareholder's Equity	64,408	65,872	96,839	143,019	188,965
Dividend per Share	3	5	10	16.5	18
Dividend ratio	63.9	45.9	24.4	20.0	27.5

* Ordinary income is income before income taxes and extra-ordinary items.