

Financial Highlights

Brief Report for 3rd Quarter FY2005

10 February 2005

Kawasaki Kisen Kaisha, Ltd.

1. Financial Highlights for 3Q 2005F

(unit:billion yen)

		05F 1H (Result) (a)	05F 3Q (Result) (b)	05F (1Q-3Q) (a)+(b)	04F (1Q-3Q) (c)	Comparison (Ratio) (a+b)/(c)	05F 3Q (Prospect) as of 11 Nov'05	Comparison (Ratio)
Operating Revenues	Consoli	454.8	234.3	689.0	622.0	+67.0(10%)	690.8	-18 (0.3%)
	Non	362.9	187.8	550.8	495.8	+55.0(11%)	550.9	-1(0.0%)
Operating Income	Consoli	50.2	19.0	69.2	85.9	-16.6(-19%)	69.2	+0 (0.0%)
	Non	35.1	12.7	47.9	66.9	-19.0(-28%)	48.6	-7(-1.4%)
Ordinary Income*	Consoli	49.6	19.9	69.5	85.8	-16.3(-19%)	68.1	+14 (2.0%)
	Non	35.9	13.4	49.3	68.5	-19.2(-28%)	49.9	-6 (-1.2%)
Net Income	Consoli	34.9	15.7	50.6	46.3	+4.3(9%)	49.4	12 (2.4%)
	Non	22.8	11.0	33.7	37.2	-3.5(-9%)	33.8	-1 (0.3%)
Exchange Rate	Average	¥109	¥116	¥112	¥109	-¥3(-2.9%)	¥110	- ¥ 2
Bunker Price	Average	\$261	\$302	\$275	\$188	+\$87(+46.1%)	\$274	+1

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

2. Key Points for 3Q 2005FY

Ordinary Income*: 3Q'05F Prospect** 68.1, 3Q'04F Result 85.8

>>> 3Q'05F Result 69.5 billion yen

(unit: billion yen)	Comparison with 3Q' 05F prospect	Comparison with 3Q '04F result (YoY)
Fluctuation in Exchange Rate	1.8	2.7
Bunker Oil Price	-0.2	-17.6
Market Volatility	-1.2	-3.2
Business Expansion	0.6	2.6
Rationalization/Cost Reduction	0.4	2.6
Others	-	-3.4
Total	1.4	-16.3

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

**2005F prospect is as of 11 November 2005 upon announcement of 1H 2005FY financial close.

3. Outline of Division-wise Results 3Q 2005F (for Container Business)

**Operating revenues : 337.2, Ordinary Income : 28.3 billion yen
(YoY comparison : Operating revenues & profits increased)**

- Business expansion
Enhancement in Asia/U.S. Pacific North West and Asia/U.S. East Coast service contributes.
(Loaded cargo volume: 1980 thousand TEU (+6.3% (YoY))
- Freight rates
Freight restoration was attained in Intra-Asia trades, Trans-Atlantic trades
In Asia/North America trades and North-South trades freight rate hover around the 04F 3Q level
In Asia/Europe trades decline slightly
- Cost reduction (2.5 billion yen) bunker saving with speed reduction
- Negative factors
Charterage increase, Bunker oil price hike

4. Outline of Division-wise Results 3Q 2005F (for Bulker Service)

- Business expansion with delivery of new ships
(Operating Tonnage : 115.7 mil. Ton, +4.6% (YoY))
- Slump with market downturn.

Bulker Market (Pacific Ocean)	2004F	2005F		
	1Q-3Q Average	1Q-3Q Average	3Q	2H** Prospects
170 Type	\$63,611	\$38,778	\$41,667	\$44,000
74 Type	\$32,661	\$18,417	\$18,083	\$22,000
45 Type	\$24,839	\$16,678	\$15,633	\$20,000

**2005F 2H prospects are as of 11 November 2005 upon announcement of 1H 2005FY financial close.

5. Outline of Division-wise Results 3Q 2005F (for Car Carrier Service)

- Increased volume : Off-shore trades (Trans-Atlantic, Thailand/
Australia trade etc.)
- Negative factors :
Bunker oil price hike, Charterage increase
Vessel related cost increase

(thousand units)

Units carried	04F 1Q-3Q Results	05F 1Q-3Q Results	balance
To North America	460	440	-20
To Europe	180	160	-20
To other destinations	270	310	40
Inbound to Japan/Asia	140	100	-40
Off-shore trade	880	980	100
Total	1940	2000	60

*The number of transportation within Europe is included in 'Off-shore trade'.

6. Outline of Division-wise Results 3Q 2005F (for Energy Transportation)

Energy Transportation : Remain unchanged (YoY)

LNG Carrier : Stable progress in each project

Three new ships for Ras Gas II completion in May, October and November >>> Total 29 vessels in our fleet by this 3Q

Thermal Coal Carrier : 15 vessel of our basic fleet in stable operation,

Port congestion reducing, Efficient ship deployment

(Loaded Volume : 9.82 (3Q'04F) >>> 10.08 mil. Ton (3Q'05F), +2.6%)

Tanker : Though market level softened temporarily, firm oil demand is enjoyed overall
AFRAMAX fleet stable operation

(Operating Tonnage : 22.05 (3Q'04F) >>> 22.73 mil. Ton (3Q'05F), +3.1%)

Tanker Market (WS)	04F 1Q-3Q Average	05F 1Q-3Q Average	05F 3Q	05F 2H prospects*
VLCC (Middle East/Japan)	163	104	157	70
AFRAMAX (Southeast Asia/Australia)	236	200	323	200
CLEAN LR II (Middle East/Japan)	241	246	330	200

*2005F 2H prospect is as of 11 November 2005 upon announcement of 1H 2005FY financial close.

7. Prospects for FY2005

(unit:billion yen)

		05F 1H Results	05F 2H Prospects	05F Revised Prospects	05F Prospects**	Comparison (Ratio)	FY2004 Results	Comparison (Ratio)
O p e r a t i n g R e v e n u e s	Consoli	454.8	470.2	925.0	925.0	-	828.4	11.7%
	Non	362.9	372.1	735.0	735.0	-	658.7	11.6%
O p e r a t i n g I n c o m e	Consoli	50.2	40.8	91.0	91.0	-	108.1	-15.8%
	Non	35.1	28.9	64.0	64.0	-	85.3	-25.0%
O r d i n a r y I n c o m e *	Consoli	49.6	41.4	91.0	91.0	-	107.2	-15.1%
	Non	35.9	29.1	65.0	65.0	-	86.9	-25.2%
N e t I n c o m e	Consoli	34.9	29.1	64.0	64.0	-	59.9	6.8%
	Non	22.8	20.2	43.0	43.0	-	49.0	-12.2%
D i v i d e n d	Non	¥9	¥9	¥18	¥18	-	¥16.5	9.1%
Exchange Rate	Average	¥109	¥117	¥113	¥110	-2.7%	¥107	2.8%
Bunker Price	Average	\$261	\$305	\$283	\$280	+1.1%	\$192	45.8%

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

** 2005F prospects are as of 11 November 2005 upon announcement of 1H 2005FY financial close.

8. Key Points for FY2005 prospects

Ordinary Income*:2005F prospect** 91.0, 2004F result 107.2
 >>>91.0 billion yen

(unit: billion yen)

	Comparison with 2005F prospect**	Comparison with 2004F result
Fluctuation in Exchange Rate	3.6	6.6
Bunker Oil Price	-0.8	-24.6
Market Volatility	-3.8	-8.8
Business Expansion	0.6	7.6
Rationalization/Cost Reduction	0.4	5.4
Others	-	-2.4
Total	0	-16.2

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

**2005F prospect is as of 11 November 2005 upon announcement of 1H 2005FY financial close.

9. Key Points for Division-wise prospects

(Container)

Cargo volume : Aside from seasonal factors, such as the Chinese New Year, steady on each trade

Supply-demand balance : Tight situation overall, loosens on some trades

Cost Curtailing : Reducing fuel consumption by navigation slowdown

Service reform : Enhancement in Asia/Med Trade service

(Bulk)

Bulk Market (Pacific Ocean)	05F 1H Results	05F 2H prospect	05F Revised prospects	05F 2H prospects **
170 Type	\$37,333	\$39,333	\$38,333	\$44,000
74 Type	\$18,583	\$19,250	\$18,917	\$22,000
45 Type	\$17,200	\$17,233	\$17,217	\$20,000

(Energy Transportation)

Tanker Market (WS)	05F 1H Results	05F 1-3Q Average	05F 2H Revised prospects	05F Revised prospects	05F 2H. prospects **
VLCC (Middle East/Japan)	78	104	150	114	70
AFRAMAX (Southeast Asia/Australia)	138	200	257	198	200
CLEAN LR II (Middle East/Japan)	203	246	285	244	200

**2005F prospects are as of 11 November 2005 upon announcement of 1H 2005FY financial close.

10. Major Financial Indices

(unit:billion yen)

	FY2004 Results	1H F2005 Results	FY2005 Prospects
Cash Flows from Operating Activities (Depreciation)	89.4 (24.6)	32.5 (13.4)	72.0 (25.4)
Cash Flows from Investment Activities	-34.4	-58.8	-95.0
Investment amount	34.4	58.8	95.0
Vessels	54.7	51.1	91.0
Others	18.9	12.2	19.0
Asset disposition*	-39.2	-4.5	-15.0
Free Cash Flows	55.0	-26.3	-23.0
Shareholders' Equity	181.3	224.6	250.0
Interest Bearing Liabilities	239.2	275.6	275.0
R O E	39.6%	34%	30%
R O A	18.4%	15%	14%
E q u i t y R a t i o	30%	32%	34%
D e b t E q u i t y R a t i o	132%	123%	112%

Key Points :

- * **CF from Operating Activities :**
declining due to profit reduction
- * **CF from Investment Activities :**
increase in initial payment to shipyards for extra ship building or moving up original ship building schedule.
- * Interest Bearing Liabilities increased, and DER up, because of investment increase.
- * As Total Assets grow, ROA down.

* Asset disposition: Collection of ship building cost from sale of ship upon delivery in Japanese Operating Lease scheme

11. Cost Curtailing Campaign

Target for FY2005 : 5.4 Billion Yen

(unit:billion yen)

Cost saving items	1H	2H	05F Revised
Vessel cost reduction	0.2	0.4	0.6
Various cargo charges reduction	1.3	1.6	2.9
Service rationalization	0.1	0.1	0.2
Subsidiary company's various cost reduction	0.1	0.4	0.5
Administrative cost reduction	0.1	0.2	0.3
Container equipment related cost reduction	0.4	0.6	1.0
Total	2.2	3.2	5.4

(Division wise result/prospect)

Container Business (Inc. overseas subsidiaries)	1.8	2.2	4.0
Others (Inc. overseas subsidiaries)	0.2	0.4	0.6
Subsidiaries in Japan	0.2	0.6	0.8