

Financial Highlights

Brief Report for 1st Half FY2005

11 November 2005

Kawasaki Kisen Kaisha, Ltd.

1. Financial Highlights for 1H 2005F

(unit: billion yen)

		05F 1H (Result) (a)	04F 1H (Result) (b)	Comparison (c) (a-b)	Comparison (Ratio) c / b
Operating Revenues	Consoli	454.8	413.6	41.2	+10%
	Non	362.9	332.0	30.9	+9%
Operating Income	Consoli	50.2	60.3	-10.1	-16%
	Non	35.1	48.3	-13.2	-27%
Ordinary Income *	Consoli	49.6	61.9	-12.3	-20%
	Non	35.9	50.0	-14.1	-28%
Net Income	Consoli	34.9	33.5	+1.4	+4%
	Non	22.8	27.2	-4.4	-16%
Dividend	Non	¥9	¥7.5	+ ¥1.5	+ 20%
Exchange Rate	Average	¥109	¥109	-	-%
Bunker Price	Average	\$261	\$184	+ \$77	+42%

05F 1H (Prospect) ** (d)	Comparison (e) (a-d)	Comparison (Ratio) e / d
450.0	+4.8	+1%
360.0	+2.9	+1%
50.0	+0.2	-%
37.0	-1.9	-5%
50.0	-0.4	-1%
37.0	-1.1	-3%
34.0	+0.9	+3%
23.0	-0.2	-1%
¥9	-	-%
¥109	-	-%
\$255	+\$6	+2%

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

** 05F1H Prospect is as of 4 August 2005, the date of announcement of '05 1Q financial close.

2. Key Points for 1H 2005FY

Ordinary Income*:2005F prospect** 50.0, 2004F result 61.9
 >>>49.6 billion yen

(unit: billion yen)

	Comparison with 2005F prospect	2004F result
Fluctuation in exchange rate	-	-
Bunker Oil Price	-0.4	-10.4
Market volatility	-	-2.0
Business Expansion	-	2.0
Rationalization/Cost Reduction	-	2.2
Others	-	-4.1
Total	-0.4	-12.3

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

**2005F prospect is as of 4 August 2005 upon announcement of 1Q 2005FY financial close.

3. Outline of Division-wise Results 1H 2005F (for Container Business)

Operating revenues 222.8 , Ordinary Income 20.6 billion yen

(YoY comparison : Operating revenues increased, profits unchanged)

- Business expansion
Enhancement in Asia/U.S. Pacific North West and Asia/U.S. East coast service contributes.
(Loaded cargo volume: 1330 thousand TEU (+6.7% (YoY))
- Freight restoration
Freight restoration realized (esp. intra-Asia/North-South trades,
Inbound routes to Asia in East-West trades)
- Cost reduction (1.5 billion yen)
- Negative factors
Charterage increase, Bunker oil price hike

4. Outline of Division-wise Results 1H 2005F (for Bulker Service)

- Business expansion with delivery of new ships
(Operating Tonnage : 77.3 mil. Ton, +6.2% (YoY))
- Slump with market downturn.

Bulker Market (Pacific Ocean)	04F 1H Results	05F 1H results	Premises for 05F 1H prospects**
170 Type	\$54,494	\$38,398	\$65,000
74 Type	\$30,667	\$18,583	\$35,000
45 Type	\$22,975	\$17,200	\$25,000

**2005F 1H prospect is as of 4 August 2005 upon announcement of 1Q 2005FY financial close.

5. Outline of Division-wise Results 1H 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 1H	05F 1H	balance
To North America	300	290	-10
To Europe	120	120	-10
To other destinations	180	200	20
Inbound to Japan/Asia	80	70	-20
Off-shore trade	580	640	60
Total	1250	1300	50

6. Outline of Division-wise Results 1H 2005F (for Energy Transportation)

Energy Transportation : Remain unchanged (YoY)

- LNG Carrier : Stable progress in each project
 One new ship completion for RasGas II in May, Total 27 vessels
- Thermal Coal Carrier : 15 vessel of our basic fleet in stable operation,
 Port congestion reducing, Efficient ship deployment
(Loaded Volume : 6.71 (1H'04F)
>>> 6.97 mil. Ton (1H'05F) +3.8%)
- Tanker : AFRAMAX Market condition softened
(Operating Tonnage : 14.31 (1H'04F)
>>> 14.68 mil. Ton (1H'05F) +2.6%)

Tanker Market (WS)	04F 1H Average	05F 1H Average	Premises for 05F 1H prospects**
VLCC (Middle East/Japan)	111	78	70
AFRAMAX (Southeast Asia/Australia)	178	138	200
CLEAN LR2 (Middle East/Japan)	186	203	180

**2005F 1H prospect is as of 4 August 2005 upon announcement of 1Q 2005FY financial close. 7

7. Prospects for FY2005

(unit:billion yen)

		05F 1H Results	05F 3Q Prospects	05F 4Q Prospects	05F 2H Prospects	05F Revised Prospects	05F Prospects**	Comparison (Ratio)	FY2004 Results	Comparison (Ratio)
Operating Revenues	Consoli	454.8	236.0	234.2	470.2	925.0	900.0	2.8%	828.4	11.7%
	Non	362.9	188.0	184.1	372.1	735.0	710.0	3.5%	658.7	11.6%
Operating Income	Consoli	50.2	19.0	21.8	40.8	91.0	105.0	-13.3%	108.1	-15.8%
	Non	35.1	13.5	15.4	28.9	64.0	77.0	-16.9%	85.3	-25.0%
Ordinary Income*	Consoli	49.6	18.5	22.9	41.4	91.0	105.0	-13.3%	107.2	-15.1%
	Non	35.9	14.0	15.1	29.1	65.0	78.0	-16.7%	86.9	-25.2%
Net Income	Consoli	34.9	14.5	14.6	29.1	64.0	69.0	-7.2%	59.9	6.8%
	Non	22.8	11.0	9.2	20.2	43.0	48.0	-10.4%	49.0	-12.2%
Dividend	Non	¥9	¥-	¥9	¥9	¥18	¥18	-	¥16.5	9.1%
Exchange Rate	Average	¥109	¥110	¥110	¥110	¥110	¥110	-	¥107	2.8%
Bunker Price	Average	\$261	\$300	\$300	\$300	\$280	\$258	+8.5%	\$192	45.8%

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

** 2005F prospect is as of 4 August 2005 upon announcement of 1Q 2005FY financial close.

Rise/Fall1 Yen/US\$ in exchange rate affects Ordinary Income* by approx. -/+0.6 billion yen, per half year.

Increase/Decrease of fuel oil prices at \$10 per met. Tons does approx. by 1.3 billion yen, per half year.

8. Key Points for FY2005 prospects

Ordinary Income*:2005F prospect** 105.0, 2004F result 107.2

>>>>91.0 billion yen

(unit: billion yen)

	Comparison with 2005F prospect	2004F result
Fluctuation in exchange rate	-	3.1
Bunker Oil Price	-5.4	-24.3
Market volatility	-7.0	-5.0
Business Expansion	-	7.0
Rationalization/Cost Reduction	-	5.0
Others	-1.6	-2.0
Total	-14.0	-16.2

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

**2005F prospect is as of 4 August 2005 upon announcement of 1Q 2005FY financial close.

9. Key Points for Division-wise prospects

(Container)

Cargo volume : Increase for U.S., Europe and intra-Asia

Supply-demand balance : continuing tight condition

Service reform : Enhancement in Asia/Middle East, and Asia/Med Trade service

(Bulkier)

Market premise (Pacific Ocean)	1H Results	2H prospect	Premises for 2H prospects **
170 Type	\$38,398	\$44,000	\$65,000
74 Type	\$18,583	\$22,000	\$35,000
45 Type	\$17,200	\$20,000	\$25,000

(Energy Transportation)

Tanker Market (WS)	05F 1H Average	05F 2H premise
VLCC (Middle East/Japan)	78	70
AFRAMAX (Southeast Asia/Australia)	138	200
CLEAN LR II (Middle East/Japan)	203	200

**2005F prospect is as of 4 August 2005 upon announcement of 1Q 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	245.0
Interest Bearing Liabilities	239.2	275.6	275.0
R O E	39.6%	34%	30%
R O A	18.4%	15%	14%
Equity Ratio	30%	32%	34%
Debt Equity Ratio	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.

11. Progress of Fleet Order Plan

(unit : no. of vessels)

	Mar 05F	Sep 05F	Mar 06F	Mar 09F	09F original plan	Comparison
Containerships	73	74	78	88	70	18
Bulkers for Steel materials	73	67	76	80	74	6
Bulkers for general cargoes	62	54	60	81	75	6
Car Carriers	78	81	81	89	85	4
LNG Carriers	26	27	30	44	43	1
Thermal Coal Carriers	14	15	15	19	21	-2
Tanker	19	20	20	31	38	-7
Coastal / Ferry etc.	45	46	49	54	55	-1
Total	390	384	409	486	461	25

12. Cost Curtailing Campaign

Target for FY2005 : 5 Billion Yen

(unit:billion yen)

Cost saving items	1H	2H	05F Revised
Vessel cost reduction	0.3	0.3	0.6
Various cargo charges reduction	1.0	1.0	2.0
Service rationalization	0.1	0.1	0.2
Subsidiary company's various cost reduction	0.3	0.9	1.2
Administrative cost reduction	0.1	0.1	0.2
Container equipment related cost reduction	0.4	0.4	0.8
Total	2.2	2.8	5.0
(Division wise result/prospect)			
Container Business (Inc. overseas subsidiaries)	1.5	1.5	3.0
Others (Inc. overseas subsidiaries)	0.4	0.4	0.8
Subsidiaries in Japan	0.3	0.9	1.2