

# Financial Highlights

## Brief Report for 1st Quarter FY2005

5 August 2005

Kawasaki Kisen Kaisha, Ltd.

# 1. Financial Highlights for 1Q 2005F

(unit: billion yen)

		05F 1Q (Result) (b)	05F 1Q (Prospect)** (a)	Comparison (a)-(b)	Comparison (Ratio)
Operating Revenues	Consoli	221.1	215.0	6.1	+3%
	Non	176.2	170.0	6.2	+4%
Operating Income	Consoli	24.0	21.0	3.0	+14%
	Non	16.6	14.0	2.6	+19%
Ordinary Income*	Consoli	24.1	21.0	3.1	+15%
	Non	17.6	15.0	2.6	+17%
Net Income	Consoli	15.5	14.0	1.5	+11%
	Non	10.9	9.0	1.9	+21%
Exchange Rate	Average	¥107.28	¥105	- ¥2	-2%
Bunker Price	Average	\$247.52	\$250	- \$2	-1%

04F 1Q (Result)	Comparison
199.0	22.1
161.0	15.2
26.6	-2.6
20.9	-4.3
27.8	-3.7
22.4	-4.8
17.2	-1.7
13.8	-2.9
¥108.71	+ ¥1
\$180.40	+ \$67

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

\*\* 05F1Q Prospect is as of 13 May 2005, the date of announcement of Yearly 2004 financial close.

Rise/Fall 1 Yen/US\$ in exchange rate affects the level of Ordinary Income\* by +/- 1.25 billion Yen annually.

Increase/Decrease of fuel oil prices at \$10 per metric tons is around 2.7 billion Yen annually.

FYG; Non-Consolidate basis bunker consumption 964 thousand met. Tons (+0.06 met. Tons), cost 23.4 billion yen (+6.8 billion yen)

## 2. Trend of Division-wise Results 1Q 2005F (for Container Business)

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Container: Profits exceeded original prospects (9.3 billion Yen)

- Business expansion  
Enhancement in Asia/U.S. Pacific North West and Asia/U.S. East coast service contributes.  
**(Loaded cargo volume: 661 thousand TEU (approx. equal to original prospects , +7.4%(YoY))**
- Freight restoration  
Freight restoration realized (esp. intra-Asia/trans-Atlantic trades)
- Cost reduction  
Reduce the impact from Charterage increase, Bunker oil price hike

### 3. Trend of Division-wise Results 1Q 2005F (for Bulker & Car Carrier Service)

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#### Bulker & Car Carrier : Profits exceeded original prospects

- Bulker : Business expansion with delivery of new ships  
Freight market condition is in a correction phase, Cargo secured before the market declining.  
**(Operating Tonnage : 35.6 mil. Ton (1Q'04F)**  
**>>> 37.6 mil. Ton (1Q'05F) +5.5%)**
- Car Carrier : Increased volume, Operation cost reduction by efficient ship deployment  
**(Units carried: 488 (1Q'04F)**  
**>>>527 thousand units (1Q'05F) +7.9%)**  
Far East-Central and South America/the Caribbean Sea,  
Australia, Middle and Near East trades (+9.1%)  
Off-shore trades: Trans-Atlantic, Thailand/Australia trade (+37.2%)

## 4. Trend of Division-wise Results 1Q 2005F (for Energy Transportation)

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### Energy Transportation : Securing of stable profit

- LNG Carrier : Stable progress in each project  
One new ship completion for RasGas II in May
- Thermal Coal Carrier : 15 vessel of our basic fleet in stable operation,  
Port congestion reducing, Efficient ship deployment  
**(Loaded Volume : 2.85 (1Q'04F)**  
**>>> 3.11 mil. Ton (1Q'05F) +8.9%)**
- Tanker : Market condition softened temporarily  
Firm oil demand of the U.S.A and China  
>>> Trend of market recovery  
**(Operating Tonnage : 6.76 (1Q'04F)**  
**>>> 7.45 mil. Ton (1Q'05F) +10%)**

# 5. Prospects for FY2005

(unit: billion yen)

		05F 1Q Results	05F 1H Prospects	04F 1H Results	05F Yearly Prospects	FY2004 Results	YoY Comparison	Comparison (Ratio)
Operating Revenues	Consoli	221.1	450.0	413.6	900.0	828.4	+71.6	+8.6%
	Non	176.2	360.0	332.0	710.0	658.7	+51.3	+7.8%
Operating Income	Consoli	24.0	50.0	60.3	105.0	108.1	-3.1	-2.9%
	Non	16.6	37.0	48.3	77.0	85.3	-8.3	-9.7%
Ordinary Income*	Consoli	24.1	50.0	61.9	105.0	107.2	-2.2	-2.1%
	Non	17.6	37.0	50.0	78.0	86.9	-8.9	-10.2%
Net Income	Consoli	15.5	34.0	33.5	69.0	59.9	+9.1	+15.2%
	Non	10.9	23.0	27.2	48.0	49.0	-1.0	-2.0%
Dividend	Non	-	¥9	¥7.5	¥18	¥16.5	+¥1.5	+9.1%
Exchange Rate	Average	¥107	¥109	¥109.43	¥110	¥107.46	-¥2.54	-¥2.4
Bunker Price	Average	\$248	\$255	\$184.24	\$258	\$191.71	+\$73.3	+\$38.2%

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

Rise/Fall 1 Yen/US\$ in exchange rate affects Ordinary Income\* by approx. +/- 1.25 (Consolidated), +/- 1.15 (Non-Consolidated) billion yen, annually.

Increase/Decrease of fuel oil prices at \$10 per met. Tons does approx. by 2.7 (Consolidated), 2.6 (Non-Consolidated) billion yen, annually.

FYG; Bunker consumption 4.2 million met. Tons annually.

## 6. Key Points for FY2006 prospects

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- The prospects for 1st Half is unchanged from original prospects released with the Yearly 2004F financial results.

1Q '05F: +3.1 billion yen from the original prospects

1H '05F:

Improvement factor 1. Weak yen ¥105 >>> ¥110 : +1.6 billion yen

Negative factor 1. Fuel oil price \$230 >>> \$262 : -2.2 billion yen

2. Market downturn : -2.0 billion yen

- The prospect for the 2nd half is unchanged from the original prospects.

Improvement factor 1. Weak yen ¥105 >>> ¥110 : +3.2 billion yen

2. Cost reduction : +2.9 billion yen

Negative factor 1. Fuel oil price \$220 >>> \$260 : -5.4 billion yen

## 7. Fleet Order List and Major Financial Indices

(unit :vessels)					(unit:billion yen)		
	04F	05F Fleet Delivery Plan				FY2004 Results	FY2005 Prospects
		KL Group On balance	Charter	Total			
Containerships	5	2	2	4	Cash Flows from Operating Activities ( Depreciation )	89.4 (24.6)	78.0 (25.4)
Cape-size Bulkers	3	4	5	9	Cash Flows from Investment Activities	-34.4	-70.0
Panamax Handy Bulkers	2	4	3	6	Free Cash Flows	55.0	8.0
Car Carriers	3	0	8	8	Investment amount Vessels	34.4 54.7	70.0 73.0
VLCC·AFRA Max Tanker	3	0	1	1	Others	18.9	24.0
LNG Carriers	2	4	0	4	Asset disposition*	-39.2	-27.0
T o t a l	18	14	19	33	Shareholders' Equity	181.3	239.0
					Interest Bearing Liabilities	239.2	242.0
					R O E	39.6%	33%
					R O A	18.4%	16%
					E q u i t y R a t i o	30%	35%
					D e b t E q u i t y R a t i o	132%	101%

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



## 8. Cost Curtailing Campaign

Target for FY2005 : 5 Billion Yen

(unit:billion yen)

Cost saving items	2004	2005
Vessel cost reduction	0.9	0.5
Various cargo charges reduction	2.1	1.8
Service rationalization	1.1	0.2
Subsidiary company's various cost reduction	1.2	1.0
Administrative cost reduction	0.4	0.5
Container equipment related cost reduction	1.3	1.0
Total	7.0	5.0
(Division wise result/prospect)		
Container Business (Inc. overseas subsidiaries)	4.4	3.0
Others (Inc. overseas subsidiaries)	1.4	1.0
Subsidiaries in Japan	1.2	1.0