

Financial Highlights

Brief Report for 3rd Quarter FY2007

1 February 2008

Kawasaki Kisen Kaisha, Ltd.

Agenda

A. Financial Highlights for 3rd Quarter FY2007

- A-1 Financial Results for 3rd Quarter FY2007
- A-2 Key Points for 3rd Quarter FY2007
- A-3 Outline of Division-wise Results-Container Business-
- A-4 Outline of Division-wise Results-Dry Bulk Business-
- A-5 Outline of Division-wise Results-Car Carrier Business-
- A-6 Outline of Division-wise Results-Energy Transportation-
- A-7 Outline of Division-wise Results-Other Business-

B. Prospects for Yearly FY2007

- B-1 Prospects for Yearly FY2007
- B-2 Business-wise Operating Revenues / Ordinary Profit Loss
- B-3 Key Points for FY2007 Prospects
- B-4 Outline of Division-wise Prospects-Container Business-
- B-5 Outline of Division-wise Prospects-Other Marine Business-

A. Financial Highlights for 3rd Quarter FY2007

A-1. Financial Results for 3rd Quarter FY2007



(Unit: billion yen)

		FY2007			FY2006	Y o Y	Y o Y
		1H Results	3Q Results	YTD	YTD	Comparison	Comparison (%)
Operating Revenues	Cons.	646.6	338.0	984.6	800.5	184.1	23%
	Non.	523.7	278.4	802.1	632.8	169.3	27%
Operating Income	Cons.	61.6	39.1	100.7	39.7	61.0	154%
	Non.	42.8	29.7	72.6	16.3	56.2	344%
Ordinary Income	Cons.	63.7	37.3	101.0	41.7	59.3	142%
	Non.	43.8	30.9	74.7	19.3	55.5	288%
Net Income	Cons.	44.0	23.9	68.0	35.6	32.4	91%
	Non.	29.8	20.3	50.1	14.7	35.4	241%
Exchange Rate	Average	¥119.64	¥113.45	¥117.57	¥115.96	¥1.61	-
Bunker Price	Average	\$353	\$438	\$381	\$325	\$56	-

【 Fall 1.61 Yen / US\$ in exchange rate resulted in approx. + 1.5 billion yen Y o Y
 Increase of fuel oil price \$56 per met. Ton resulted in approx. -11.0 billion yen Y o Y 】

A-2. Key Points for 3rd Quarter FY2007

< Y o Y Comparison > Revenues increase (+184.1 billion yen)
Profits increase (+59.3 billion yen)

Revenue and Profit increase factors :

- Business expansion in all divisions
18 new ships delivered
- Recovery of freight rate in containership
Asia/Europe trade
- Continuing positive bulker market

(3Q YTD 41.7 billion yen ⇒ 101.0 billion yen)

Variation Factors	Y o Y Comparison
Fluctuation in Exchange Rate	1.5
Bunker Oil Price	▲ 11.0
Market Volatility	68.5
Business Expansion	19.6
Cost Increase / Decrease	▲ 6.1
Change in Accounting Standard	▲ 13.2
Total	59.3

Profit increase factors exceeded decrease of
high bunker oil price and change in the accounting standard

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



< Y o Y Comparison > Operating Revenues 453.6 billion yen (Revenues increase +81.1 billion yen)
Ordinary Income 9.5 billion yen (Income increase +15.0 billion yen)

Revenue and Profit increase factors

- Business expansion - Enhancement in ‘East-West’ trades.
(Delivery of 8,000 TEU-type ships, the largest in our fleet,
Start-up new service from South East Asia, India, to U.S. East Coast via Suez Canal, etc.)
- Enhancement in ‘North-South’ trades.
(Start-up two new services from Europe to East Coast of South America
and from Asia to East Coast of South America.)
- Total loaded cargo volume (2,437 thousand TEU) :Steady cargo movements (+10.5%(Y o Y))
- Freight rate (improvement (Y o Y))

Y o Y	Asia – N.America	Asia – Europe	Trans – Atlantic	Intra – Asia	North – South
Dominant	3%	+31%	▲7%	+13%	+9%
Return	2%	▲8%	+11%	+1%	-
- Cost increase :Bunker oil price \$382 / MT (+\$56 (Y o Y))
- Change in accounting standard to “Percentage of complex transportation method” :▲13.2 billion yen.

A-4. Outline of Division-wise Results — for Dry Bulk Business —



< Y o Y Comparison > Revenues increase / Profits increase

Revenue increase factors

- Business Expansion Delivery of new ships (9 ships already delivered by the end of 3Q)
- Operating Tonnage : 140.9 mil. Ton ⇒ 154.1 mil. Ton (+9.4 % (Y o Y))

Profit increase factors

- Market for large-size : Continuing unprecedented inflated phase, exceeding the same period last year
- Market for mid-size : Demand steady, market stayed in the stratosphere exceeding the same period last year
- Market for small-size : Staying higher level with increase demand for cement, steel products, etc.

Market (Pacific Round)	FY2007			Y o Y Comparison		FY2006
	3Q Results	1Q-3Q Results (Average)	Prospects as of Oct. '07	Amount	Ratio	1Q-3Q Results (Average)
Cape (170 type)	\$179,000	\$127,000	\$112,500	\$77,000	154.0%	\$50,000
Panamax (74 type)	\$82,000	\$62,000	\$60,000	\$35,000	129.6%	\$27,000
Handy (53 type)	\$65,000	\$50,000	\$45,000	\$24,000	92.3%	\$26,000

A-5. Outline of Division-wise Results — for Car Carrier Business —



< Y o Y Comparison > Revenues increase / Profits increase

Revenue increase factors:

- Business expansion

Delivery of two 6,000-unit large ships by the end of 3Q, 8 ships delivered in '06F in full operation.

- Strong demand on Japanese and Korean automobiles, Steady cargo movements with developing overseas production by auto manufacturers
- Increase cargo from Japan/Far East to Latin America and Caribbean area, and also to Middle East and Africa, and cross transport
- Expansion of transportation intra-Europe region

- Total units carried (inc. intra-Europe) : 2,321 ⇒ 2,515 thousand units (+8.4%(Y o Y))

Profit increase factors:

- Loaded volume growth with reinforcement in transport capacity
- Proper allotment of ships depending on cargo movement for each trade
- Taking positive cargo demand for Latin America and Caribbean area from Japan/Far East, and for cross transport

A-6. Outline of Division-wise Results — for Energy Transportation —



< Y o Y Comparison > Revenues increase / Profits decrease

Revenue increase factors

- Business expansion

LNG Carrier: Stable operation in each project including a short-term chartered ship (total 33 vessels)

Tanker: Three new ships delivered in 1H stably operated (VLCC x 1 / Ammonia Carrier x 2)

Operating Tonnage: 23.48 mil. Ton ⇒ 30.99 mil. Ton (+32.0%(Y o Y))

Profit decrease factors

- While bunker oil price was escalating, freight rate was below the last year level which started to recover in 3Q

Tanker Market (WS)	FY2007			Y o Y Comparison		FY2006
	3Q Results	1Q-3Q Results (Average)	Prospects as of Oct. '07	Amount	Ratio	1Q-3Q Results (Average)
VLCC (M.East/Jpn)	WS 136	WS 85	WS 70	▲ WS 7	▲ 7.5%	WS 92
Aframax (S.Asia/Jpn)	WS 183	WS 153	WS 120	▲ WS 19	▲ 11.2%	WS 172
Clean 70,000 type (M.East/Jpn)	WS 155	WS 145	WS 135	▲ WS 46	▲ 24.1%	WS 191

A-7. Outline of Division-wise Results — for Other Business —



(Short Sea / Coastal Shipping)

< Y o Y Comparison > Revenues increase • Profits increase

- Steady demand for domestic raw material
- Contribution from new specialized lime stone carrier, proper allotment, increase service frequency to 4 times / day

(Logistics)

< Y o Y Comparison > Revenues increase • Profits increase

- Handling volume increased with reinforcement of the cooperation among domestic and foreign group companies

B. Prospects for Yearly FY2007

B-1 Prospects for Yearly FY2007



(Unit : billion yen)

(Unit : billion yen)

		FY2007						
		1H Results	2H Prospects			07FY Prospects (a)	Prospects as of Oct. '07 (b)	Comparison (a) - (b)
			3Q Results	4Q Prospects	2H Prospects			
Operating Revenues	Cons.	646.6	338.0	315.4	653.4	1,300.0	1,300.0	-
	Non.	523.7	278.4	247.9	526.3	1,050.0	1,050.0	-
Operating Income	Cons.	61.6	39.1	27.3	66.4	128.0	128.0	-
	Non.	42.8	29.7	13.4	43.2	86.0	86.0	-
Ordinary Income	Cons.	63.7	37.3	27.0	64.3	128.0	128.0	-
	Non.	43.8	30.9	14.3	45.2	89.0	89.0	-
Net Income	Cons.	44.0	23.9	16.0	40.0	84.0	84.0	-
	Non.	29.8	20.3	8.9	29.2	59.0	59.0	-
Dividend	Non.	¥12	-	-	¥13	¥25	¥25	-
Exchange Rate	Average	¥119.64	¥113.45	¥105.00	¥109.23	¥114.43	¥116.07	▲¥1.64
Bunker Price	Average	\$353	\$438	\$487	\$463	\$408	\$387	\$21

FY2006		
06FY Results (c)	Comparison (a) - (c)	Comparison (%)
1,085.5	214.5	20%
857.3	192.7	22%
61.4	66.6	109%
28.1	57.9	206%
63.9	64.1	100%
31.9	57.1	179%
51.5	32.5	63%
25.3	33.8	134%
¥18	¥7	39%
¥116.91	▲¥2.48	-
\$319	\$89	-

(Reference : Transition of Financial Highlights <1Q-4Q>)

(Unit : billion yen)

	FY2006				FY2007			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Consolidated Ordinary Income	10.1	14.5	17.1	22.2	36.1	27.6	37.3	27.0

B-2. Business-wise Operating Revenues / Ordinary Profit Loss



(Unit: billion yen)

Business Segment		FY2007			FY2006			Comparison	
		1H	2H	Yearly	1H	2H	Yearly	1H	Yearly
Container Business	Operating Revenues	300.8	299.2	600.0	243.9	259.5	503.5	56.9	96.5
	Ordinary Profit/Loss	8.1	▲ 2.3	5.8	▲ 3.2	▲ 4.7	▲ 7.8	11.3	13.6
Other Marine Business	Operating Revenues	296.1	291.9	588.0	220.4	248.0	468.4	75.7	119.6
	Ordinary Profit/Loss	52.4	63.2	115.6	25.4	40.7	66.0	27.0	49.6
Others	Operating Revenues	49.7	62.3	112.0	53.7	59.9	113.6	▲ 4.0	▲ 1.6
	Ordinary Profit/Loss	3.2	3.4	6.6	2.4	3.3	5.7	0.8	0.9
Total	Operating Revenues	646.6	653.4	1,300.0	518.0	567.5	1,085.5	128.6	214.5
	Ordinary Profit/Loss	63.7	64.3	128.0	24.6	39.3	63.9	39.1	64.1

*Container Business includes agency and terminal business

B-3. Key Points for FY2007 Prospects

< Y o Y Comparison >

Revenues increase (+214.5 billion yen) / Profits increase (+64.1 billion yen)

Pre-conditions : Fuel oil price \$319 ⇒ \$408, Exchange rate ¥116.91 ⇒ ¥114.43

Market improvements, Business expansion

< Comparison with prospects as of October '07 > Flat

Pre-conditions : Fuel oil price \$387 ⇒ \$408, Exchange rate ¥116.07 ⇒ ¥114.43

(Premise for 4Q : Fuel oil price \$450 ⇒ \$487, Exchange rate ¥110 ⇒ ¥105)

(06F results 63.9 bln yen, 07F prospects as of Oct. '07 128.0 bln yen

⇒ revised prospects 128.0 bln yen)

Profit increase due to favorable bulk market offset profit decrease caused by strong yen and high bunker oil price

Variation Factors	Comparison with '06 FY Results	Comparison with '07FY Prospects as of October '07
Fluctuation in exchange rate	▲ 3.0	▲ 2.5
Bunker oil price	▲ 23.1	▲ 5.4
Market volatility	81.3	9.3
Business expansion	25.1	▲ 1.8
Cost increase/decrease	▲ 5.1	0.4
Others	1.7	▲ 1.2
Change of the accounting standard	▲ 12.8	1.2
Total	64.1	0.0

B-4. Outline of Division-wise Prospects - Container Business -



< Container Business >

Y o Y comparison

Operating Revenues 600.0 billion yen (+ 96.5 billion yen) / Ordinary Income 5.8 billion yen (+13.6 billion yen)

Comparison with prospects as of October '07

Revenues decrease (▲10.0 billion yen) / Profits decrease (▲8.2 billion yen)

Expected our loading volume: 3.20 mil. TEU per year (+9% increase (Y o Y),
▲1% decrease (prospects as of October '07))

Freight rate :

Y o Y	Asia- N.America	Asia- Europe	Trans- Atlantic	Intra- Asia	North- South
Dominant	+4%	+31%	▲6%	+14%	+8%
Return	+2%	-	+11%	+2%	-

Overview :

Average freight rate has been almost as prospected

However Revenues and Profits decrease is expected from previous prospects as of October '07 due to slowing cargo volume growth and escalating fuel oil price

B-5. Outline of Division-wise Prospects - Other Marine Business-



< Dry Bulk Carriers > Revenues and Profits increase (Y o Y)

Revenues and Profits increase (Compared to prospects as of Oct. '07)

Dry Bulk: Market has entered a correction phase since November, but continued level exceeding the same period last year

Delivery of 10 new ships in '07FY. Business expansion ⇒ Profits increase

Dry Bulk Market (Pacific Round)	1Q - 3Q Results (Average)	Current Market	4Q Prospects	2H Prospects	07FY Prospects	2H Prospects as of Oct. '07	06FY Results
Cape (170type)	US\$127,000	US\$90,000	US\$80,000	US\$129,500	US\$115,000	US\$112,500	US\$54,500
Panamax (74type)	US\$62,000	US\$36,000	US\$50,000	US\$66,000	US\$59,000	US\$60,000	US\$29,000
Handy (53type)	US\$50,000	US\$28,000	US\$40,000	US\$52,000	US\$48,000	US\$45,000	US\$27,500

Car Carriers : Delivery of 4 new ships in '07FY. Business expansion / Service enhancement

⇒ Stable operation. Profits increase

< Energy Transportation >

LNG Carriers : Delivery of 3 new ships in '07FY, Project carriers expanded to 34 vessels in total ⇒ Stable

Tanker: Market has rapidly recovered since November, but has been prospected to be below '06FY level

⇒ Profits decrease

Tanker Market (WS)	1Q - 3Q Results (Average)	Current Market	4Q Prospects	2H Prospects	07FY Prospects	2H Prospects as of Oct. '07	06FY Results
VLCC (M.East / Jpn)	WS 85	WS 125	WS 80	WS 108	WS 84	WS 70	WS 86
Aframax (S. Asia / Australia)	WS 153	WS 135	WS 160	WS 172	WS 154	WS 120	WS 164
Clean 70,000 type (M. East / Jpn)	WS 145	WS 165	WS 160	WS 158	WS 149	WS 135	WS 177