

Financial Highlights

Brief Report for 1st Quarter FY2010

29 July 2010

Kawasaki Kisen Kaisha, Ltd

Agenda

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A. Financial Highlights for 1st Quarter FY2010

A-1. Financial Results for 1st Quarter FY2010



(Unit: billion yen)

	FY2010 1QResult	FY2009 1QResult	YoY Compasiron (a)-(b)
Operating Revenues	253.8	191.9	61.9
Operating Income	23.1	▲ 22.1	45.2
Ordinary Income	20.6	▲ 22.7	43.3
Net Income	15.8	▲ 14.9	30.7
Exchange Rate	¥92.81	¥97.50	¥▲ 4.69
Bunker Price	\$475	\$304	\$171

09F1Q ▲22.7bil yen => 10F1Q 20.6 bil yen (+43.3 bil yen)

(Unit: billion yen)

		FY2010 1QResult	FY2009 1QResult(*)	YoY Compasiron (a)-(b) (*)
Container Busniess	Operating Revenues	112.3	86.2	26.1
	Ordinary Income	8.9	▲ 20.0	28.9
Bulk Shipping	Operating Revenues	118.4	86.1	/
	Ordinary Income	11.7	▲ 4.2	
Others	Operating Revenues	23.1	19.6	
	Ordinary Income	0.7	1.5	
Adjustment	Operating Revenues	-		
	Ordinary Income	▲ 0.7		
Total	Operating Revenues	253.8	191.9	61.9
	Ordinary Income	20.6	▲ 22.7	43.3

(*)Just for your convenience, FY2009 Q1 result is on basis old segment basis, although divisions are different, the impact to Y on Y comparison is small.

Increase 4.69 Yen / US\$ in exchange rate resulted in approx. ▲ 0.52 billion yen (YoY)

Increase of bunker price \$171 per met.ton resulted in approx. ▲8.1 billion yen (YoY)

< Comparison with 1Q FY2009 > Revenue Increase 61.9 billion yen / Profit increase 43.3 billion yen

- Freight restoration of Container business caused by improvement of demand and supply
- Recovery of Dry Bulk market , Improvement of cargo volume for Car Carriers

< Comparison with Previous Estimate > Revenue Increase/ Profit increase

- Amount of freight restoration of Container business was more than expected
- Dry Bulk Market was firm in first half of 1Q 2010

A-2. Estimate for 1st Half/Yearly FY2010



(Unit: billion yen)

	FY2010			FY2009			YoY Comparison	Previous Estimate of FY2010*	
	1H	2H	FY	1H	2H	FY		1H	FY
Operating Revenues	505.0	480.0	985.0	400.5	437.6	838.0	147.0	470.0	950.0
Operating Income	42.0	15.0	57.0	▲ 42.5	▲ 9.6	▲ 52.1	109.1	17.0	32.0
Ordinary Income	36.0	12.0	48.0	▲ 49.9	▲ 16.4	▲ 66.3	114.3	14.0	26.0
Net Income	25.0	7.0	32.0	▲ 43.3	▲ 25.5	▲ 68.7	100.7	11.0	18.0
Exchange Rate	¥88.90	¥90.00	¥89.45	¥96.12	¥89.96	¥93.04	¥▲ 3.59	¥90.00	¥90.00
Bunker Price	\$475	\$500	\$488	\$353	\$459	\$407	\$81	\$500	\$500

*Previous Estimate of FY2010 is Estimate as of April.2010

(Unit: billion yen)

		FY2010		
		1H	2H	FY
Container Business	Operating Revenues	228.0	210.0	438.0
	Ordinary Income	20.0	1.0	21.0
Bulk Shipping	Operating Revenues	231.5	225.0	456.5
	Ordinary Income	17.0	10.5	27.5
Others	Operating Revenues	45.5	45.0	90.5
	Ordinary Income	1.0	2.5	3.5
Adjustment	Operating Revenues	0.0	0.0	0.0
	Ordinary Income	▲ 2.0	▲ 2.0	▲ 4.0
Total	Operating Revenues	505.0	480.0	985.0
	Ordinary Income	36.0	12.0	48.0

【Dividend Plan】

Annual Dividend 5.5 yen (Interim Dividend 2.5yen)

⇒ To be reviewed with Estimate for 2H

at the announcement of Financial result of 2Q

【Premises】

Exchange Rate 2Q ¥85.00/\$ 2H ¥90.00/\$

Bunker Price 2Q \$475/MT 2H \$500/MT

【Sensitivity against Ordinary Income】

Exchange Rate : 干 ¥1/\$ ⇒ ±0.9 billion yen

Bunker Price : 干 \$10/MT ⇒ ±1.0 billion yen

A-3.Key Points

<Variation Factors>

- **Progress of Freight restoration of Container business**
- Firm cargo demand of Iron ore transportation(1Q), Recovery of cargo volume for Car Carriers

<Y on Y Comparison>

1Q :Revenue Increase(+61.9 billion yen) / Profit Increase(+43.3 billion yen)

1H :Revenue Increase(+104.5 billion yen) / Profit Increase(+85.9 billion yen)

Variation Factors	1Q Results YoY Comparison	1H Estimate YoY Comparison	Key Points
Fluctuation in Exchange Rate	▲ 0.5	▲ 1.1	Strong Yen 10F1Q ▲¥4.69/\$ 10F1H ▲¥7.22/\$
Bunker Oil Price	▲ 8.1	▲ 11.7	High Bunker 10F1Q +\$171/MT 10F1H +122/MT
Market Volatility	32.9	66.0	Freight Restoration of Container Business progress
Cargo Volume	17.2	26.2	Cargo Volume of Container and Car Carriers recovering
Cost Increase/Decrease	4.3	1.9	—
Related Companies	1.7	3.3	—
Others	▲ 4.2	1.3	—
Total	43.3	85.9	

B. Division-wise Trends

B-1. Division-wise Trends

-Container Business-

<10F1Q Result> **Y on Y Comparison: Revenue Increase/Turning into Black**
Comparison with Previous Estimate*: Revenue Increase/Profit Increase
 Cargo demand for Europe and North America recovered
 Accomplishment of Freight Restoration
 *Previous Estimate= Estimate as of April 2010

<Key Points after 2nd Quarter>

Impact of Financial Crisis in Europe and Economic Trend of North America are main fears

		FY2009					FY2010
		1Q	2Q	3Q	4Q	FY	1QResult
Operating Revenues (billion yen)		86.2	92.1	90.6	95.0	364.0	112.3
Ordinary Income (billion yen)		▲ 20.0	▲ 27.1	▲ 15.5	▲ 4.4	▲ 67.0	8.9
Trend of Freight Index FY'08 1Q=100	Asia-North America	71	66	70	79	-	92
	Asia-Europe	46	61	76	97	-	105
Lifting (10,000 TEU)	Asia-North America	15.9	18.0	16.8	16.0	66.8	16.9
	Asia-Europe	11.1	12.1	10.3	9.9	43.4	12.6
Capacity(10,000 TEU)	Asia-North America	17.9	18.4	17.4	16.6	70.2	17.0
	Asia-Europe	12.3	12.5	10.7	10.5	46.1	13.1
Utilization	Asia-North America	89%	98%	97%	97%	95%	99%
	Asia-Europe	90%	97%	96%	94%	94%	96%

*Yearly figures(FY) are average for Utilization, accumulated total for Lifting/Capacity

B-2. Division-wise Trends -Dry Bulk Business-

< 10F1QResult > Y on Y Comparison: Revenue Increase/Profit Increase

Comparison with Previous Estimate*: Revenue Increase/Profit Increase

Operating Tonnage 56 mil, Ton (+13% Y on Y)

Demand for transportation of Iron Ore and Grains were driver of market

Market of Cape size entered adjustment phase after June,

Market for Small-Mid size still remain firm

*Previous Estimate= Estimate as of April 2010

< Key Points after 2nd Quarter >

Time of recovery for Iron Ore transportation demand which is currently in low tone
It is expected that market will recover gradually in latter half of this year
after adjustment period including seasonal factors.

Dry Bulk Market (*)	FY2009					FY2010
	1Q	2Q	3Q	4Q	FY	1Q Result
Cape(170type)	\$46,000	\$40,500	\$53,000	\$30,600	\$42,500	\$40,000
Panamax(74type)	\$16,000	\$18,500	\$27,000	\$27,250	\$22,200	\$29,200
Handy(53type)	\$12,500	\$15,000	\$20,500	\$21,500	\$17,500	\$27,100

(*)Till FY2009 Pacific Round basis, From FY2010 , 4T/C Average

B-3. Division-wise Trends

-Car Carrier Business-



< 10F1Q Result > Y on Y Comparison: Revenue Increase/Turning into Black Comparison with Previous Estimate*: Revenue Increase/Profit Increase

Total units carried (including intra-Europe) : 754 thousands units(+95% Y on Y)

Recovery trend in cargo movement generally, demand for Europe and North America are moderate but demand for developing countries are firm.

*Previous Estimate= Estimate as of April 2010

< Key Points after 2nd Quarter >

Generally still gradual recovery trend

Need to be careful about negative impact by Financial Crisis in Europe and Weak Euro

		FY2009					FY2010
		1Q	2Q	3Q	4Q	FY	1Q Result
Loading Results (1,000 units)	Outbound	140	185	251	226	802	240
	Homebound/Others	150	153	258	247	809	311
	Intra-Europe	96	115	117	188	517	203
	Total	386	454	626	661	2,127	754
Number of Operating Vessels		84	86	82	78	-	83

B-4. Division-wise Trends

-Energy Transportation and Heavy Lifters-



【 Energy Transportation 】

<10F1Q Result> **Y on Y Comparison: Revenue Increase/Deficit Reduced**

Comparison with Previous Estimate*: Revenue Increase/Deficit Reduced

【LNG】 Long term contract performed well but short term charter market was in low tone

【Tankers】 VLCC market was firm against background of increased cargo demand for China

<Key Points after 2nd Quarter>

【LNG】 Short term charter market remains low for a while

【Tankers】 Gradual recovery is expected after 2H, although generally low trends in 2Q

Tanker Market (WS)	FY2009					FY2010
	1Q	2Q	3Q	4Q	FY	1Q Result
VLCC (M.East / Jpn)	35	35	50	93	53	87
Aframax (*)	60	60	80	127	82	116
Clean 70,000 type (M.East / Jpn)	63	83	110	130	97	118

*: S.Asia/Jpn until FY2009, S.Asia/Aus in FY2010

【 Heavy Lifters】 < 10F1Q Result / Key Points after 2nd Quarter >

Y on Y Comparison: Revenue Decrease/Profit Decrease

Comparison with Previous Estimate*: Almost as expected

Cargo movement of large cargo low tone

Although business chances are increasing due to restart of major projects, impact to profit will be after next year.

*Previous Estimate= Estimate as of April 2010