

Financial Highlights

Brief Report for 1st Quarter FY2009

27 July 2009

Kawasaki Kisen Kaisha, Ltd.

Agenda

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A. Financial Highlights for 1st Quarter FY2009

A-1 Financial Results

(Unit: billion yen)

	1Q FY2009 Results	1Q FY2008 Results	YoY Compari son	YoY Compari son (%)
Operating Revenues	191.9	349.5	▲ 157.6	▲45%
Operating Income	▲ 22.1	32.1	▲ 54.3	-
Ordinary Income	▲ 22.7	33.3	▲ 56.0	-
Net Income	▲ 14.9	21.5	▲ 36.4	-
Exchange Rate	¥97.50	¥103.36	▲¥5.86	-
Fuel Price	\$304	\$542	▲\$238	-

*Container Business includes agency and terminal business

(Unit: billion yen)

Business Segment		1Q FY2009 Results	1Q FY2008 Results	YoY Compari son
Container Business*	Operating Revenues	86.2	148.8	▲ 62.7
	Ordinary Income	▲ 20.0	▲ 1.0	▲ 19.1
Other Marine Business	Operating Revenues	86.1	172.4	▲ 86.3
	Ordinary Income	▲ 4.2	33.3	▲ 37.5
Others	Operating Revenues	19.6	28.3	▲ 8.6
	Ordinary Income	1.5	1.0	0.5
Total	Operating Revenues	191.9	349.5	▲ 157.6
	Ordinary Income	▲ 22.7	33.3	▲ 56.0

-Rise 5.86 Yen/US\$ in exchange rate resulted in approx. ▲ 0.65 billion yen of Ordinary Income, Y o Y

-Decrease of fuel oil price by \$238 per met. Ton resulted in approx. +11.3 billion yen of Ordinary Income, Y o Y

A-2. Key Points

<YoY Comparison> Operating Revenues Decrease ▲ 157.6 billion yen
Ordinary Income Decrease ▲ 56.0 billion yen

Variation Factors:

- Cargo volume for marine transportation decline due to world wide recession
- Freight rate market for Containership down
- Freight rate market for Dry Bulk Carrier & Tanker down

<Comparison with Premises for Prospects*>

Revenue & Profit decrease

Variation Factors:

- Freight rate market for Containership down
- Freight rate market for Tanker down

(08F1Q Results 33.3bln. Yen => 09F1Q Results ▲22.7 bln.yen)

Variation Factors	YoY Comparison
Fluctuation in Exchange Rate	▲ 0.6
Bunker Oil Price	11.3
Market Volatility	▲ 61.1
Business Expansion	▲ 13.9
Cost Increase/Decrease	11.5
Related Companies	▲ 2.4
Others	▲ 0.8
Total	▲ 56.0

*Prospects were as of 27 April 2009, FY 2008 yearly results issued.

A-3-1. Outline of Division-wise Results for 1Q FY2009 - for Container Business -



<YoY Comparison , Comparison with Premises for Prospects*> Revenues & Profit decrease

		YoY Comparison	Comparison with Premises for Prospects*
Operating Revenues	86.2 bln. yen	▲62.7 bln. yen	▲ 9.6 bln. yen
Ordinary Income	▲20.0 bln. yen	▲19.1 bln. yen	▲10.0 bln. yen
Loading Volume	729,000 TEU	▲15.1 %	▲2.0 %

Variation Factors

<YoY Comparison>

-Loaded cargo volume down because of global cargo trend slowing down

Asia-> North America : Shrank service size to match declined cargo volume

Asia-> Europe : Cease one of service loops for Northern part of Europe temporarily

-Freight rate dramatically dropped due to supply-demand balance worsened as cargo volume lowered.

<Comparison with Premises for Prospects*>

- Loaded volume slightly decrease

- Freight rate diminish

*Prospects were as of 27 April 2009, FY 2008 yearly results issued.

		Asia- N.America	Asia-Europe	Trans- Atlantic*	Intra-Asia	North-South
Freight Rate:	Dominant	▲29%	▲54%	▲28%	▲29%	▲50%
	Return	▲23%	▲41%	+1%	▲15%	▲9%

*Dominant route in Trans-Atlantic services is west-bound

A-3-2 Outline of Division-wise Results for 1Q FY2009

- Dry Bulk Business -



<YoY Comparison > Revenues & Profit Decrease

<Comparison with Premises for Prospects*> Revenues Decrease, Profit Increase

Operating Tonnage : 49.8 million tons (▲7.1%, YoY)

Variation Factors

<YoY Comparison>

- Market level down after peaked out August 2008
- No. of spot contracts declined due to trading volume down
- Despite moderate recovery, profit was smaller than historical good results for 1Q 2008

<Comparison with Premises for Prospects*>

- Market especially for large-type vessels went up supported by rapid growth of iron ore import by China.

Dry Bulk Market (Pacific Round)	1Q FY 2009	1Q FY 2008	YoY Comparison		1Q FY 2009 Premises for Prospects*
			Amount	Ratio	
Cape (170 type)	\$46,000	\$165,000	▲ \$119,000	▲ 72%	\$30,000
Panamax (74 type)	\$16,000	\$67,000	▲ \$51,000	▲ 76%	\$12,500
Handy (53 type)	\$12,500	\$57,500	▲ \$45,000	▲ 78%	\$7,000

*Prospects were as of 27 April 2009, FY 2008 yearly results issued.

A-3-3 Outline of Division-wise Results for 1Q FY2009

- Car Carrier Business -



<YoY Comparison > Revenues & Profit Decrease

<Comparison with Premises for Prospects*> Almost as Prospected

-Total units carried (inc. intra-Europe) : 386 thousand units (▲57%, YoY)

Variation Factors

<YoY Comparison>

- Inventory correction due to global sales down => Cargo volume rapidly dropped after '08FY 2H

<Comparison with Premises for Prospects*>

- Cargo volume decrease

- Cost cut effect from rationalization in service route and fleet scale shrinking

*Prospects were as of 27 April 2009, FY 2008 yearly results issued.

A-3-4 Outline of Division-wise Results for 1Q FY2009

- Energy Transportation -



<YoY Comparison > Revenues & Profit Decrease

<Comparison with Premises for Prospects*> Revenues flat, Profit Decrease

【LNG】 Revenues Increase & Profit Decrease, YoY

- Cargo volume decrease
- Fleet scale expansion with delivery of new vessels
- Market for short-term charter slowing down

【Oil Tanker】 Revenues & Profit Decrease, YoY

- With delivery of 1 new VLCC our VLCC fleet scale expanded to a total of 7 ships.
- Market level for Aframax, and Clean tankers weakened

Tanker Market (WS)	1Q FY 2009	1Q FY 2008	YoY Comparison		1Q FY 2009 Premises for Prospects*
			Amount	Ratio	
VLCC (M.East/Jpn)	WS 35	WS 174	▲ WS 139	▲ 80%	WS 50
Aframax (S.Asia/Jpn)	WS 60	WS 195	▲ WS 135	▲ 69%	WS 90
Clean 70,000 type(M.East/ Jpn)	WS 63	WS 193	▲ WS 130	▲ 67%	WS 115

*Prospects were as of 27 April 2009, FY 2008 yearly results issued.

A-3-5 Outline of Division-wise Results for 1Q FY2009

- Other Business -



【Heavy Lifter】

<YoY Comparison , Comparison with Premises for Prospects*> Revenues & Profit Increase

- As most of the contracts were concluded before financial crisis, trading volume down has small direct impact
- Fleet scale expansion with delivery of 3 new large vessels from latter half of previous year

【 Short sea / Coastal Shipping 】

<YoY Comparison , Comparison with Premises for Prospects*> Revenues & Profit Decrease

Coastal Non-Liner Service: Noticeable crude steel product reduce due to domestic/global demand slowing down
Transportation by small-type cargo vessel dropped significantly

Coastal Liner Service : Specialized vessels for paper transportation for paper mills secured stable cargo volume
Decrease in transportation for general merchandise

Ferry Service: Increased trucks and passengers between Hachinohe and Tomakomai

【 Logistics 】

<YoY Comparison , Comparison with Premises for Prospects*> Revenues & Profit Decrease

- Handling volume of both air and ocean cargoes significantly decreased

*Prospects were as of 27 April 2009, FY 2008 yearly results issued.

B. Prospects for 1st Half/Yearly FY2009

B-1. Prospects for 1st Half/Yearly FY2009



(Unit: billion yen)

	09F 1H Prospects		Comparison (1)-(2)	08F 1H Results(3)	Comparison (1)-(3)	09F Yearly Prospects		Comparison (a)-(b)	08F Yearly Results©	Comparison (a)-(c)
	Updated(1)	Original*(2)				Updated(a)	Original*(b)			
Operating Revenues	400.0	450.0	▲ 50.0	735.5	▲ 335.5	870.0	950.0	▲ 80.0	1,244.3	▲ 374.3
Operating Income	▲ 41.0	▲ 5.0	▲ 36.0	74.7	▲ 115.7	▲ 35.0	16.0	▲ 51.0	71.6	▲ 106.6
Ordinary Income	▲ 44.0	▲ 7.0	▲ 37.0	75.1	▲ 119.1	▲ 42.0	11.0	▲ 53.0	60.0	▲ 102.0
Net Income	▲ 33.0	▲ 6.0	▲ 27.0	51.2	▲ 84.2	▲ 31.0	6.5	▲ 37.5	32.4	▲ 63.4
Dividend	¥0.0	¥0.0	¥0.0	¥13.5	▲¥13.5	—	¥2.5	—	¥13.5	—
Exchange Rate	¥96.00	¥100.00	▲¥4.00	¥105.66	▲¥9.66	¥96.00	¥100.00	▲¥4.00	¥100.82	▲¥4.82
Bunker Price	\$349	\$300	\$49	\$601	▲ \$252	\$375	\$300	\$75	\$504	▲ \$129

*Original prospects were as of 27 April 2009, upon FY2008 yearly results release

-Fall/Rise 1yen/US\$ in exchange rate affects Ordinary Income by approx. +/-0.45billion yen

-Decrease/Increase of bunker price at \$10 per met. tons does by approx. +/-1.9billion yen

B-2. Business-wise Operating Revenues/Ordinary Income



(Unit: billion yen)

Business Segment		FY2009			FY2008			Comparison		
		1H	2H	Yearly	1H	2H	Yearly	1H	2H	Yearly
Container Business	Operating Revenues	180.0	220.0	400.0	314.8	215.3	530.1	▲ 134.8	4.7	▲ 130.1
	Ordinary Income	▲ 38.0	▲ 20.0	▲ 58.0	▲ 5.9	▲ 31.4	▲ 37.3	▲ 32.1	11.4	▲ 20.7
Other Marine Business	Operating Revenues	180.0	210.0	390.0	364.2	244.9	609.1	▲ 184.2	▲ 34.9	▲ 219.1
	Ordinary Income	▲ 7.0	21.5	14.5	77.9	15.0	92.9	▲ 84.9	6.5	▲ 78.4
Others	Operating Revenues	40.0	40.0	80.0	56.5	48.6	105.2	▲ 16.5	▲ 8.6	▲ 25.2
	Ordinary Income	1.0	0.5	1.5	3.1	1.3	4.4	▲ 2.1	▲ 0.8	▲ 2.9
Total	Operating Revenues	400.0	470.0	870.0	735.5	508.8	1,244.3	▲ 335.5	▲ 38.8	▲ 374.3
	Ordinary Income	▲ 44.0	2.0	▲ 42.0	75.1	▲ 15.1	60.0	▲ 119.1	17.1	▲ 102.0

B-3. Key Points for 1st Half FY2009

<YoY Comparison> Operating Revenues 400.0 bln. yen (▲ 335.5 bln. yen)
 Ordinary Income ▲ 44.0 bln. yen (▲ 119.1 bln. Yen)

Premises: Bunker oil price \$601=>\$349/ton, Exchange rate ¥106 =>¥96/US\$

<Comparison to Original Prospects*> Operating Revenues decrease (▲ 50.0 bln. yen),
 Ordinary Income decrease (▲ 37.0 bln.yen)

Premises: Bunker oil price \$300=>\$349/ton, Exchange rate ¥100 =>¥96/US\$

('08F 1H Results 75.1/'09F 1H Original. Prospects ▲7.0 => '09F 1H Prospects ▲44.0 bln.yen)

Variation Factors	Comparison YoY	Comparison to Original Prospects
Fluctuation in Exchange Rate	▲ 2.3	▲ 0.9
Bunker Oil Price	21.5	▲ 4.7
Market Volatility	▲ 128.2	▲ 21.8
Business Expansion	▲ 27.6	▲ 10.8
Cost Increase/Decrease	28.3	4.6
Related Companies	▲ 6.9	▲ 1.5
Others	▲ 3.9	▲ 1.9
Total	▲ 119.1	▲ 37.0

*Original Prospects were as of 27 April 2009, FY 2008 yearly results issued.

B-4-1. Division-wise Trends for 1H FY2009 Prospects

- Container Business -



<Container Business>

Y o Y Comparison & Comparison with Original Prospects as of April.'09 :

Revenues Decrease & Profit Decrease

Operating Revenues 180.0 bln.yen (Comparison YoY ▲134.8 bln.yen / Org. Prospects ▲28.0 bln.yen)

Ordinary Income ▲38.0 bin.yen (Comparison YoY ▲32.1 bln.yen / Org. Prospects ▲24.0 bln.yen)

-Loading volume estimation : 1.52 million TEU, ▲11.8% YoY)

-Balance of Supply and Demand improved by tonnage adjustment by each company in the industry

- Planning to achieve rate restoration in main trade routes

- Further cost reduction plan by adjustment of operating fleet and rationalization of service with alliance members.

-Freight Rate :

1H Prospects (Y o Y)

	Asia- N.Americ	Asia- Europe	Trans- Atlantic	Intra- Asia	North- South
Dominant	▲31%	▲45%	▲32%	▲27%	▲44%
Return	▲28%	▲38%	▲11%	▲17%	▲11%

*Dominant route in Trans-Atlantic service is west-bound

B-4-2. Division-wise Trends for 1H FY2009 Prospects - Dry Bulk & Car Carrier Business -



<Dry Bulk Business>

Y o Y Comparison: Revenues Decrease & Profit Decrease

Comparison with Original Prospect as of April.'09: Revenues Decrease & Profit Increase

- Steady Cargo movement of Iron ore and coking coal for China
- Increasing demand of grain transport from autumn

Dry Bulk Market (Pacific Round)	Original Prospect(as of April 09)	09FY 1Q Results	09FY 2Q Revised Prospects	09FY 1H Revised Proepcts	09FY 2H Revised Proepcts
Cape(170type)	US\$30,000	\$46,000	\$45,000	\$45,500	\$40,000
Panamax(74type)	US\$12,500	\$16,000	\$22,000	\$19,000	\$20,000
Handy(53type)	US\$7,000	\$12,500	\$10,000	\$11,250	\$10,000

<Car Carrier Business>

Y o Y Comparison: Revenues Decrease & Profit Decrease

Comparison with Original Prospect as of April.'09 : Revenues Decrease & Profit Decrease

- Inventory adjustments by auto-makers in every area seem to have bottomed out around May this year.
- Upward trend of car shipments cars after summer

B-4-3. Division-wise Trends for 1H FY2009 Prospects

- Energy Transportation & Heavy Lifter -



<Energy Transportation>

Y o Y Comparison: Revenues Decrease & Profit Decrease

Comparison with Original Prospect as of April.'09 : Revenues Decrease & Profit Decrease

【LNG Carrier】

- Business scale expands due to deliveries of new buildings.
- Short term vessel charter market recovers gradually

【Tanker】

- Firm Oil demand of emerging countries, China and India.etc
- ⇒ Cargo movement recovers gradually

Tanker Market (WS)	Original Prospect(as of April 09)	09FY 1Q Results	09FY 2Q Revised Prospects	09FY 1H Revised Proepects	09FY 2H Revised Proepects
VLCC (M.East / Jpn)	WS 50	WS 35	WS 33	WS 34	WS 45
Aframax (S.Asia / Jpn)	WS 90	WS 60	WS 60	WS 60	WS 78
Clean 70,000 type (M.East / Jpn)	WS 115	WS 63	WS 80	WS 72	WS 93

< Heavy Lifter >

Y o Y Comparison: Revenues Flat & Profit Increase

Comparison with Original Prospect as of April.'09 : Revenues Increase & Profit Increase

- Stable profitability due to contracted cargo despite downturn of cargo movement

B-5. Forecast and Key Points for 2H FY2009

	<u>Forecast of 2H</u>	<u>Key Points</u>
Containership	Cutting deficits	<ul style="list-style-type: none">○ Attainment of rate restoration○ Further amount of cost reduction○ Deterioration of shipping companies concentrating on Containership business
Dry Bulk	Stable	<ul style="list-style-type: none">○ Sustention of Chinese demand for iron ore○ Demand for Grains (Mid/Small Bulker market)
Car Carrier	Restore profitability	<ul style="list-style-type: none">○ Speed of cargo recovery○ Foreign sales of Japanese automakers
Energy Transportation	Cutting deficits	<ul style="list-style-type: none">○ Recovery of demand in Europe and America○ Expansion of demand in China and India
Heavy Lifters	Stable	

B-6. Tackling of Earning Improvement/Cost Reduction

Original Prospects* 45.0 bil yen => Latest Prospects 58.0 bil : Additional 13.0 bil yen

(Billion Yen)

	Original Prospect(FY09)			Revised Prospect(FY09)		
	Containership	Bulker/PCTC etc.	Total	Containership	Bulker/PCTC etc.	Total
Earning Improvement	<u>16.5</u>	<u>4.5</u>	<u>21.0</u>	<u>20.2</u>	<u>14.1</u>	<u>34.2</u>
Rationalization of Ship Deployment (Decrease service loops, Review ship size/routing, etc.)	14.5	1.0	15.5	19.5	6.9	26.4
Revising charterage, Early termination, etc.	2.0	3.5	5.5	0.7	7.1	7.8
Operating Cost Reduction	<u>10.0</u>	<u>3.5</u>	<u>13.5</u>	<u>11.0</u>	<u>2.5</u>	<u>13.5</u>
Ship Cost Reduction	<u>1.5</u>	<u>2.0</u>	<u>3.5</u>	<u>1.4</u>	<u>3.5</u>	<u>4.8</u>
Fuel Cost Reduction	<u>1.0</u>	<u>4.0</u>	<u>5.0</u>	<u>0.8</u>	<u>1.2</u>	<u>2.0</u>
Administration Cost Reduction	<u>1.0</u>	<u>1.0</u>	<u>2.0</u>	<u>1.8</u>	<u>1.8</u>	<u>3.5</u>
Total	<u>30.0</u>	<u>15.0</u>	<u>45.0</u>	<u>35.0</u>	<u>23.0</u>	<u>58.0</u>

*Original Prospects were as of 27 April 2009, FY 2008 yearly results issued.

Thank you