

Financial Report for 3rd Quarter FY2011

31 January 2012

Kawasaki Kisen Kaisha, Ltd.

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A. Financial Highlights for 3rd Quarter FY2011

A-1. Financial Results for 3rd Quarter FY2011



(unit : billion yen)

	FY2011			FY2010	
	FY2011 1H Result	FY2011 3Q Result	Accumulated Total	Accumulated Total	Y on Y Comparison
Operating Revenues	497.0	235.9	732.9	761.9	▲ 29.0
Operating Income	▲ 18.4	▲ 13.2	▲ 31.6	62.3	▲ 93.9
Ordinary Income	▲ 20.3	▲ 20.3	▲ 40.6	52.6	▲ 93.2
Net Income	▲ 18.6	▲ 23.6	▲ 42.2	33.2	▲ 75.4
Exchange Rate	¥80.24	¥77.51	¥79.33	¥87.46	▲ ¥8.13
Bunker Price	\$656	\$672	\$661	\$471	\$190

(unit : billion yen)

		FY2011			FY2010	Y on Y Comparison
		FY2011 1H Result	FY2011 3Q Result	Accumulated Results	Accumulate d Results	
Containership Business	Operating Revenue	210.1	93.0	303.1	345.7	▲ 42.6
	Ordinary Income	▲ 18.3	▲ 13.4	▲ 31.7	31.3	▲ 63.0
Bulk Shipping Business	Operating Revenue	229.8	114.2	344.0	345.7	▲ 1.7
	Ordinary Income	▲ 2.7	▲ 8.0	▲ 10.6	20.0	▲ 30.6
Others	Operating Revenue	57.1	28.7	85.8	70.4	15.4
	Ordinary Income	3.4	2.1	5.5	4.1	1.3
Adjustment	Operating Revenue	-	-	-	-	-
	Ordinary Income	▲ 2.7	▲ 1.0	▲ 3.7	▲ 2.8	▲ 1.0
Total	Operating Revenue	497.0	235.9	732.9	761.9	▲ 28.9
	Ordinary Income	▲ 20.3	▲ 20.3	▲ 40.6	52.6	▲ 93.2

A-2. Key Points of 3Q Accumulated Results K LINE KAWASAKI KISEN KAISHA, LTD.

<Y on Y Comparison> Revenue Decrease (▲29.0 billion yen) / Profit Decrease(▲ 93.2 billion yen)

Variation Factors	Comparison with FY2010	
Exchange Rate	▲ 6.8	Average Exchange rate in 3Q ¥8.13/\$ higher than last year
Bunker Oil Price	▲ 17.2	Average Bunker Price in 3Q \$190/mt higher than last year
Market Volatility	▲ 53.3	Freight decline in Container and market downturn in Dry Bulk
Business Expansion	▲ 4.0	Cargo Volume of Car carriers decreased
Cost	▲ 0.6	-
Related Companies	▲ 9.5	Appraisal loss resulted from variation of exchange rate of consolidated overseas subsidiaries' debt
Others	▲ 1.8	-
Total	▲ 93.2	

Increase 8.13 Yen / US\$ in exchange rate resulted in approx. ▲ 6.8 billion yen (YoY)

Increase of bunker price \$190 per met.ton resulted in approx. ▲17.2 billion yen (YoY)

A-3. Estimate for Yearly FY2011

(unit: billion yen)

	FY2011			FY2010	Y on Y Comparison	Previous Estimate*		
	Accumulated Results	4Q Estimate	FY Estimate	FY Results		1H	2H	FY
Operating Revenues	732.9	237.1	970.0	985.1	▲ 15.1	497.0	494.0	991.0
Operating Income	▲ 31.6	▲ 11.4	▲ 43.0	58.6	▲ 101.6	▲ 18.4	▲ 11.6	▲ 30.0
Ordinary Income	▲ 40.6	▲ 13.4	▲ 54.0	47.4	▲ 101.4	▲ 20.3	▲ 18.7	▲ 39.0
Net Income	▲ 42.2	▲ 11.8	▲ 54.0	30.6	▲ 84.6	▲ 18.6	▲ 13.4	▲ 32.0
Exchange Rate	¥79.33	¥77.25	¥78.81	¥86.04	▲ ¥7.23	¥80.24	¥77.00	¥78.62
Bunker Price	\$661	\$700	\$671	\$489	\$182	\$656	\$650	\$653

(unit: billion yen)

*Previous Estimate=Estimate as of Oct 2011

		FY2011		
		Accumulated Results	4Q Estimate	FY Estimate
Containership Business	Operating Revenues	303.1	91.9	395.0
	Ordinary Income	▲ 31.7	▲ 9.8	▲ 41.5
Bulk Shipping Business	Operating Revenues	344.0	121.0	465.0
	Ordinary Income	▲ 10.6	▲ 2.9	▲ 13.5
Others	Operating Revenues	85.8	24.2	110.0
	Ordinary Income	5.5	0.6	6.0
Adjustment	Operating Revenues	-	-	-
	Ordinary Income	▲ 3.7	▲ 1.3	▲ 5.0
Total	Operating Revenues	732.9	237.1	970.0
	Ordinary Income	▲ 40.6	▲ 13.4	▲ 54.0

【Dividend Plan】

Interim: None Year-end: None

【Premises】

Exchange Rate 4Q JPY 77.25/US\$

Bunker Price 4Q US\$ 700/MT

【Sensitivity against Ordinary Income in 4Q】

Exchange Rate : ± JPY1/US\$⇒±0.1 billion yen

Bunker Price : ± US\$10/MT⇒±0.1 billion yen

【Main Items of Non-operating Income/Loss and Extraordinary Income/Loss】

3Q : ▲5.4 bil yen appraisal loss resulted from variation of exchange rate of consolidated overseas subsidiaries' debt

+1.0 bil yen impairment loss on revaluation of investment securities (inc. reversal from previous term)

▲ 1.3 bil yen loss on sale of investment securities

▲ 4.3 bil yen impairment loss of ships and real estate

1.2 bil yen income of selling ships

4Q : 1.4 bil yen income of selling ships

▲ 1.9 bil yen impairment loss of ships and cancellation of ship building contracts

A-4. Key Points of Yearly FY2011

<Comparison with Previous Estimate*>

Revenue Decrease (▲21.0 billion yen) / Profit Decrease(▲ 15.0 billion yen)

Variation Factors	Comparison with Previous Estimate*	
Exchange Rate	0.1	Average Estimated Exchange rate in 2011 ¥0.19/\$ lower than Previous Estimate
Bunker Oil Price	▲ 1.9	Average Estimated Bunker Price in 2011 \$18/mt higher than Previous Estimate
Market Volatility	▲ 8.6	Rate decline of Containership business
Business Expansion	▲ 5.2	Cargo Volume of Container decreased
Cost	3.2	-
Related Companies	▲ 3.2	-
Others	0.6	-
Total	▲ 15.0	

*Previous Estimate=Estimate as of Oct 2011

<Y on Y Comparison>

Revenue Increase (15.1 billion yen) / Profit Decrease(▲ 101.4 billion yen)

Variation Factors	Comparison with FY2010	
Exchange Rate	▲ 8.2	Average Estimated Exchange rate in 2011 ¥7.23/\$ higher than last year
Bunker Oil Price	▲ 21.9	Average Estimated Bunker Price in 2011 \$182/mt higher than last year
Market Volatility	▲ 55.3	Freight decline in Container and market downturn in Dry Bulk
Business Expansion	▲ 2.6	Cargo Volume of Car carriers decreased
Cost	▲ 0.9	
Related Companies	▲ 9.4	Appraisal loss resulted from variation of exchange rate of consolidated overseas subsidiaries' debt
Others	▲ 3.1	-
Total	▲ 101.4	

B. Division-wise Trends

B-1. Division-wise Trends

- Containership Business -



<11F 3Q Accumulated Results> Y on Y Comparison: Revenue Decrease/Turning into Red

Freight rate fall due to loosened supply - demand balance caused by sluggish cargo demand and supply of newly built giant containerships

<Key Points of 4Q>

Freight rate trend after Lunar New Year holidays.

Improvement in supply-demand balance and cost reduction throughout winter service suspend program.

		FY2009	FY2010					FY2011			
		FY	1Q	2Q	3Q	4Q	FY	1Q Result	2Q Result	1H Result	3Q Result
Operating Revenues (billion yen)		364.0	112.3	128.4	105.0	99.2	445.0	104.7	105.5	210.1	93.0
Ordinary Income (billion yen)		▲ 67.0	8.9	16.7	5.7	▲ 2.3	29.0	▲ 7.8	▲ 10.5	▲ 18.3	▲ 13.4
Trend of Freight Index FY'08 1Q=100	Asia-North America	72	92	107	99	95	98	94	94	94	91
	Asia-Europe	69	105	107	94	86	98	71	68	70	62
Lifting (10,000 TEU)	Asia-North America	66.8	16.9	17.6	16.4	14.9	65.7	16.3	17.0	33.3	15.6
	Asia-Europe	43.4	12.6	13.1	11.8	11.6	49.1	13.0	13.5	26.5	11.0
Capacity(10,000 TEU)	Asia-North America	70.2	17.0	17.9	17.8	16.7	69.5	17.6	17.8	35.4	17.0
	Asia-Europe	46.1	13.1	13.5	12.4	12.3	51.3	13.4	14.1	27.6	11.8
Utilization	Asia-North America	95%	99%	98%	92%	89%	95%	93%	96%	94%	91%
	Asia-Europe	94%	96%	97%	95%	94%	96%	97%	96%	96%	93%

B-2. Division-wise Trends

-Dry Bulk Business-

<11F 3Q Accumulated Results> Y on Y Comparison: Revenue Increase/Profit Decrease

Market of Capesize : Market recovered and stayed in firm level due to stable iron ore movement toward China

Market of Panamax and under : Market downturn due to vessel capacity surplus caused by slowdown in cargo trend

<Key Points of 4Q>

Market of Capesize : Against the background of high-level iron ore stockpiles in China, deployment of vessels is temporarily slowing down and market level is softening for a while

Market of Panamax and under : Severe circumstances are expected due to supply pressure from newly built ships, etc.

Dry Bulk Market (*)	FY2009	FY2010				FY2011							
	FY	1Q	2Q	3Q	4Q	FY	1Q Result	2Q Result	1H Result	3Q Result	4Q Est	2H Est	FY Est
Cape(170type)	\$42,500	\$40,000	\$26,300	\$34,400	\$8,400	\$27,300	\$8,600	\$17,100	\$12,850	\$28,800	\$13,000	\$20,900	\$16,875
Panamax(74type)	\$22,200	\$29,200	\$21,700	\$18,200	\$14,500	\$20,900	\$13,800	\$12,900	\$13,350	\$14,600	\$11,500	\$13,050	\$13,200
Handy(53type)	\$17,500	\$27,100	\$19,800	\$17,300	\$14,300	\$19,600	\$14,600	\$14,000	\$14,300	\$14,600	\$8,500	\$11,550	\$12,925
Small(28type)	\$12,000	\$19,900	\$15,600	\$12,900	\$10,700	\$14,775	\$11,800	\$10,100	\$10,950	\$10,600	\$9,500	\$10,050	\$10,500

(*) 4 T/C Average

B-3. Division-wise Trends

-Car Carrier Business-

<11F 3Q Accumulated Results> Y on Y Comparison: Revenue Increase/ Turning into Red

Efficiency in fleet deployment worsened because of vessel idling and lay-up in response to car export decline from Japan due to the Great East Japan Earthquake

Cost increase from yen appreciation and fuel oil price hike

<Key Points of 4Q>

Recovery in export from Japan, completely getting out of damage by the earthquake

Impact from shipment decrease due to flood in Thailand

Effect of yen appreciation and economic circumstances in Europe

		FY2009	FY2010					FY2011			
		FY	1Q	2Q	3Q	4Q	FY	1Q Result	2Q Result	1H Result	3Q Result
Loading Results (1,000 units)	Outbound	802	240	254	272	250	1,016	162	252	414	292
	Homebound/Others	808	311	291	314	299	1,216	357	353	710	381
	Intra-Europe	516	203	169	190	230	792	214	204	418	231
	Total	2,127	754	714	776	779	3,024	732	809	1,542	904
Number of Operating vessels		-	83	84	87	87	-	88	97	-	94

B-4. Division-wise Trends

-Energy Transportation and Heavy Lifters-



【 Energy Transportation 】

<11F 3Q Accumulated Results> Y on Y Comparison: Revenue Decrease/Deficit Increase

【LNG】 Long-term contracts performed well and some middle term charter contracts were fixed for some vessels exposed to spot market.

【Tankers】 Profit of VLCC was firm but market of Aframax and Product carriers remained depressed due to excess supply of vessels.

【Offshore Support Vessels】 PSV (Platform Supply Vessels) secured stable profit by middle and long term contracts.

AHTS (Anchor Handling Tug Supply Vessels) operated in firm spot charter market.

<Key Points of 4Q>

【LNG】 Stable operation engaged in middle and long term contracts

【Tankers】 Slight improvement in market due to increasing trend of cargo loading in Africa toward Far East affected by Middle East situation

【Offshore Support Vessels】 Aim for rather stable profit for AHTS even deployment under spot market.

Tanker Market (WS)	2009	FY2010						FY2011					
	FY	1Q	2Q	1H	3Q	4Q	FY	1Q Result	2Q Result	1H Result	3Q Result	4Q Est	2H Est
VLCC (M.East / Jpn)	53	87	51	69	58	62	65	54	47	50	56	52	54
Aframax (S.Asia/Aus)	82	116	101	109	101	94	103	105	95	100	100	103	102
Clean 70,000 type (M.East / Jpn)	97	118	130	124	112	101	115	119	123	121	115	96	106

【 Heavy Lifters 】

< 11F 3Q Accumulated Results / Key Points of 4Q > Y on Y Comparison: Revenue Decrease/Deficit Increase

Freight downturn due to low demand of large project cargo