

FINANCIAL HIGHLIGHTS

Brief report of the three months ended June 30, 2008.

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Three months ended Jun.30, 2007	Three months ended Jun.30, 2008	Three months ended Jun.30, 2008
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 309,174	¥ 349,489	\$ 3,284,063
Operating income (Millions of yen / Thousands of U.S. dollars)	32,306	32,146	302,076
Net income (Millions of yen / Thousands of U.S. dollars)	25,804	21,531	202,326
Per share of common stock (Yen / U.S. dollars)	41.37	33.80	0.32

	Year ended Mar.31, 2008	Three months ended Jun.30, 2008	Three months ended Jun.30, 2008
Total Assets (Millions of yen / Thousands of U.S. dollars)	¥ 968,629	¥ 1,027,546	\$ 9,655,577
Net assets (Millions of yen / Thousands of U.S. dollars)	376,277	397,513	3,735,331
Per share of common stock (Yen / U.S. dollars)	558.46	591.28	5.56

	Three months ended Jun.30, 2008	Three months ended Jun.30, 2008
Net cash provided by operating activities (Millions of yen / Thousands of U.S. dollars)	¥ 15,692	\$ 147,455
Net cash provided by investing activities (Millions of yen / Thousands of U.S. dollars)	(47,159)	(443,144)
Net cash provided by financing activities (Millions of yen / Thousands of U.S. dollars)	32,776	307,994

The U.S. dollar amounts are converted from the yen amount at ¥106.42=U.S.\$1.00.
The exchange rate prevailing on June 30, 2008.

[Qualitative Information and Financial Statements]

1. Qualitative Information about Consolidated Operating Results

During the 1st Quarter of fiscal 2008 (April 1 through June 30, 2008), the global economy showed a moderate growth on the whole, despite spreading effects of the subprime lending issue on the real economies and surging crude oil and resources prices. In the U.S. economy, the housing market has been remaining in the adjustment phase, and capital investment and domestic consumption leveled off. The economies in the European countries maintained a solid growth supported by favorable employment environments despite increasing concerns over slowing down of the economy. The Japanese economy made a generally sluggish progress hit by significant price hikes of crude oil and resources, as seen in peaked exports and leveled off personal consumption. On the other hand, in the Asian region, the economies continued to expand moderately assisted by brisk exports bound to Europe and newly emerging countries.

In the environments for the shipping industry, while the dry bulk market continued to remain at a high level, impacts from negative factors on earnings including slowing cargo movements to the U.S. and soaring fuel oil prices have become increasingly conspicuous.

Under these circumstances, the “K” Line Group strived to expand the scale of business and to enhance business structures in accordance with the policies under the “K” LINE Vision 100 published in April this year. As a result, consolidated operating revenues for the 1st Quarter of fiscal 2008 accounted for ¥349.489 billion, an increase by ¥40.315 billion compared with the same period of the preceding year. Consolidated operating income was ¥32.146 billion, a decrease by ¥0.159 billion compared with the same period last year, and ordinary income was ¥33.330 billion, a decrease by ¥2.723 billion compared with the same period last year. Consolidated net income for the 1st Quarter of fiscal 2008 was ¥21.531 billion, a decrease by ¥4.272 billion compared with the same period last year.

The following is a summary of the activities by business sector.

(1) Marine transportation

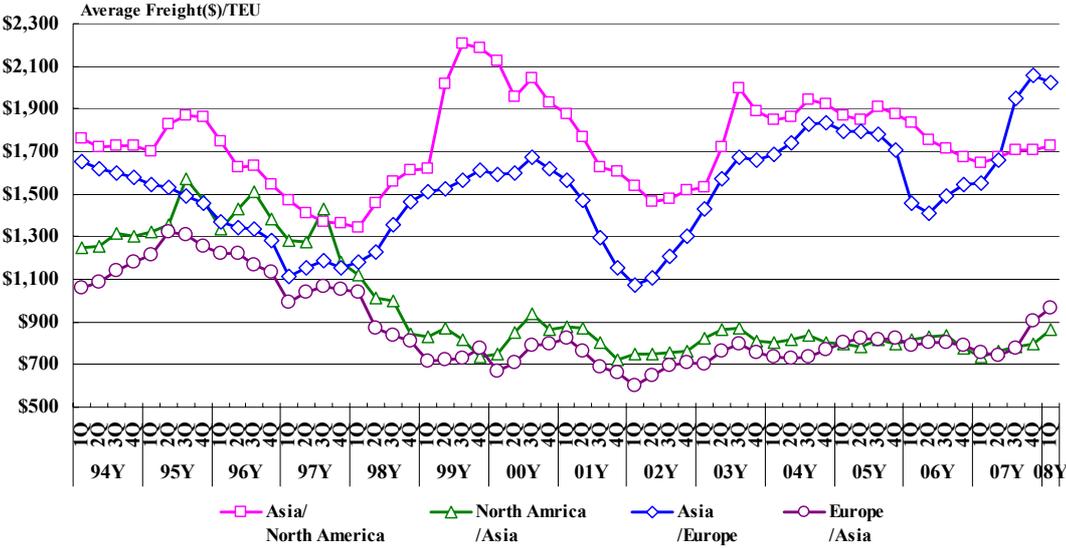
<Containership Business>

The Company increased tonnage movements in the Asia/Europe services where transportation capacity was reinforced with the launching of the large-sized 8,000TEU type containerships, Asia/South America West Coast services and Asia/South America East Coast services where transport capacity was enhanced with the opening of new services, and consequently the Company's overall tonnage movements increased 6% from the same period last year.

Exports bound to the North America shipped from Asia were affected by sluggish U.S. economy, and in particular, housing related goods continued to decline compared with the same period of the preceding year. As a result, the Company's tonnage movements decreased about 9% from the same period last year. On the other hand, cargo movements to the Asian countries shipped from the North America have increased assisted by weakened U.S. dollar and a shift in the dry bulk cargoes towards containership transportation due to surging bulk carrier markets. As a result, the Company was able to significantly expand its tonnage movements by 46% compared with the same period of the previous year. Cargo movements in the European service routes have continued to constantly grow, including those in the Asia/East Mediterranean Sea and the Black Sea services, and the Company's tonnage movements from Asia to Europe/Mediterranean Sea rose by 5% compared with the same

period last year. The North/South service routes also saw a sharp climb by 33% compared with the same period of the preceding year, due partly to opening of a new service route. The average freight rates for the 1st Quarter of fiscal 2008 generally exceeded those in the same period of the previous year, but higher freight rates were unable to absorb increased operating costs including fuel oil costs. As a result, operating revenues increased but profits declined on a year-on-year basis.

Containerization International “Freight Rates Indicators”



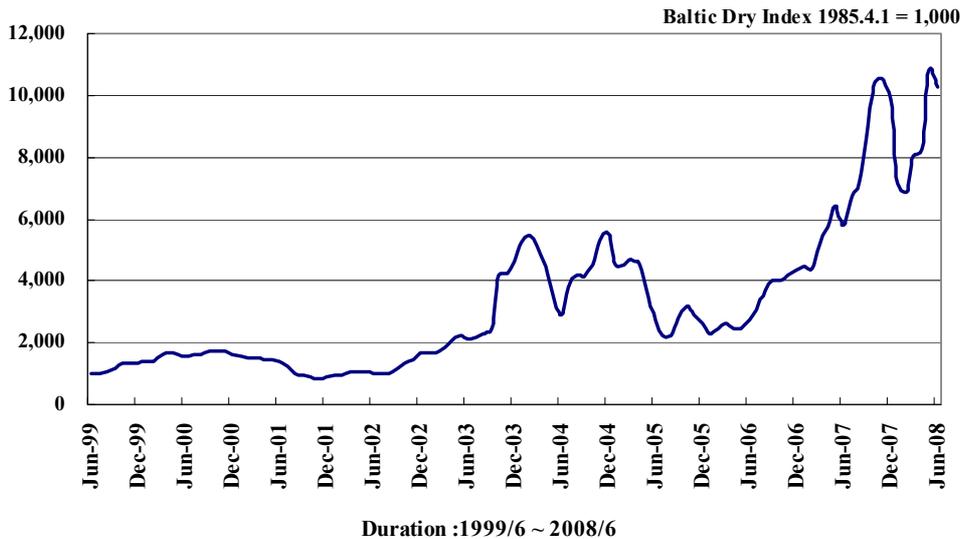
<Bulk Carrier and Car Carrier Business>

In the dry bulk transportation, cargo demand constantly grew as seen in the significant increase in imports of iron ore by China, and the relationship of supply and demand in cargo capacity continued to be tight throughout the 1st Quarter of fiscal 2008. Under this relationship of supply and demand, dry bulk market rates remained at a high level significantly exceeding the initial projection. The Company secured stable profits concluding a long-term transportation contract with each customer, and at the same time, was able to enjoy hiking spot freight rates. As a result, the overall dry bulk carrier business increased both its operating revenues and profits on a year-on-year basis.

With respect to the car carrier business, the number of cars transported to the U.S. decreased hit by slowing down of car sales due to the sluggish U.S. economy and hikes of crude oil prices. However, the total number of cars transported by the Company increased by 7% compared with the same period of the preceding year, assisted by strong demand from newly emerging countries and natural resources producing countries, as well as the delivery of two newly-built car carriers. As a result, the car carrier business showed favorable performances.

Under such favorable business environment, the Company promoted effective ship operations, and operating results for the 1st Quarter of fiscal 2008 exceeded initial projections. Operating results of the overall bulk carrier and car carrier business for the 1st Quarter of fiscal 2008 increased both its operating revenues and profits on a year-on-year basis.

Baltic Dry Index

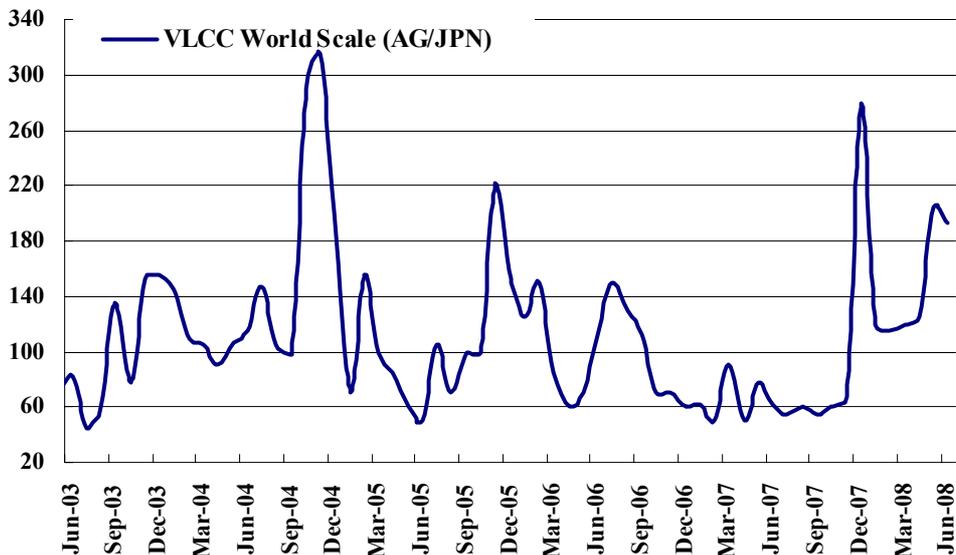


<Energy Transportation and Tanker Business>

As for LNG transportation, the fleet of LNG carrier that the Company owns or is involved expanded to 38 due to the delivery of five 210,000 m³ type newly-built carriers during the 1st Quarter of fiscal 2008. In addition, the LNG carrier, chartered for short-term in response to strong spot demand, operated smoothly. As a result, the LNG carrier business secured stable profits. In the tanker business, the market was sluggish affected by a non-demand season for oil products carriers in the northern hemisphere and slow cargo movements due to steep rises in petroleum products prices. However, the Company strived for effective transportation and market freight rates for crude oil carriers remained strong due to brisk cargo movements of crude oil to newly emerging countries such as China. As a result, the performances of the tanker business were above the initial projection.

The overall operating results of the energy transportation and tanker business for the 1st Quarter of fiscal 2008 increased both its operating revenues and profits on a year-on-year basis.

Trends in Tanker Freight Rate



<Heavy Lift Shipping Business>

In the heavy lift shipping business, the fleet of heavy lifters expanded to 16 vessels in operation adding the first newly-built heavy lifter since the commencement of the heavy lift shipping business last year. The heavy lifter business for the 1st Quarter enjoyed continuous full-capacity loads assisted by brisk cargo movements of infrastructure-related cargoes including power generation equipment and oil refinery-related large-sized goods, securing earnings as expected.

<Coastal Shipping Business>

In the coastal shipping business, the Company increased transportation volume by launching a newly built large-sized vessel in the bulk limestone carrier services by means of replacement of a former carrier and was actively involved in activities to acquire new cargoes in the regular roll-on roll-off services. In addition, the Company expanded transportation volumes in the Hachinohe/Tomakomai ferry services as a response to customer needs. Performances of the overall coastal shipping business exceeded those in the same period of the previous year.

As a result, the overall operating revenues for marine transportation segment amounted to ¥313.305 billion, and operating income stood at ¥28.981 billion.

(2) Logistics/Harbor Transportation

In the logistics business, the air cargo forwarding business was affected by slowing down of the U.S. economy and the transportation volumes stagnated mainly in the Trans Pacific route, but those in the European and the Asian services grew constantly. In other harbor transportation businesses, cargo volumes grew steadily.

As a result, the overall operating revenues of this business segment were ¥30.134 billion, and operating income stood at ¥2.867 billion.

(3) Other Businesses

As for other businesses not mentioned above, the overall operating revenues amounted to ¥6.049 billion, and operating income was recorded at ¥0.270 billion.

2. Qualitative Information about Consolidated Financial Status

As of the end of the 1st Quarter of fiscal 2008, total assets increased by ¥58.916 billion compared with the end of the consolidated fiscal 2007 to ¥1,027.546 billion, which is attributable primarily to an increase in accounts receivable-trade with expansion of the scale of business and an increase in vessels and construction in progress resulting from the Company's active promotion of grading up of its fleet of vessels.

Total liabilities were ¥630.032 billion, an increase by ¥37.680 billion against the end of the previous year, due mainly to increases in accounts payable-trade following expansion of the scale of business and long-term debt resulting from investment in vessels.

Net assets as of the end of the 1st Quarter of fiscal 2008 increased by ¥21.236 billion from the end of the preceding year to ¥397.513 billion, due mainly to an increase in retained earnings.

3. Qualitative Information about Consolidated Prospects for Fiscal 2008

The containership business is expected to continue to enjoy brisk cargo movements in the Asia/Europe services, the North/South services and exports shipped from the North America due partly to the business entering the summer peak-season, despite a concern over slowdown in cargo volumes bound to the North America shipped from Asia. In the bulk carrier business, strong demand is forecasted to continue mainly in China. As for the car carrier business, although there is concern for slowing down in cargo movements bound for the U.S., the overall movements of completed cars will constantly grow supported by brisk demand from newly emerging countries and natural resources producing countries. With regard to the energy transportation and tanker business, petroleum demand in China, India and other emerging countries will continue to be brisk and support tankers market, despite the concern for a temporary slowdown in oil demand due to soaring crude oil prices.

Under business environments surrounding the shipping industry as mentioned above, demand for marine transportation is anticipated to grow constantly, and the Company's overall business will ensure stable earnings, despite concerns for negative factors including further hikes of fuel oil prices and higher interest rates. In addition, at the revision of forecasts for operating results, the Company raised US\$180 per MT for the assumption of the fuel oil price for the 2nd Quarter of fiscal 2008 (July through September 2008) to US\$700 per MT, and raised US\$230 per MT for the 2nd half of fiscal 2008 to US\$750 per MT. However, the Company has not revised existing assumptions for foreign exchange rates, marine transportation markets and cargo movements.

In addition, preconditions for foreign exchange rates and fuel oil prices for the 2nd Quarter onward are as follows:

	2nd Quarter (Jul. through Sept, 2008)	2nd Half (Oct. 2008 through Mar. 2009)
Foreign exchange rates (¥/US\$)	¥100.00	¥100.00
Fuel oil prices (US\$/MT)	US\$700.00	US\$750.00

The Company expects consolidated operating results for fiscal 2008 to be ¥1,400 billion for operating revenues, ¥124 billion for operating income, ¥121 billion for ordinary income and ¥78 billion for net income, based on assumptions and situations in the above.

With regard to dividend payment for fiscal 2008, at present, the Company intends to pay ¥13.5 per share for both interim and year-end dividends (¥27 for full-term dividend) as forecasted initially.

Consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for three months ended June 30, 2008 and the year ended March 31, 2008

(Millions of Yen/Thousands of U.S.Dollars)

	Year ended Mar.31, 2008	Three months ended Jun. 30, 2008	Three months ended Jun. 30, 2008
ASSETS			
Current assets :			
Cash and time deposits	¥ 50,700	¥ 48,131	\$ 452,277
Accounts and notes receivable-trade	101,034	127,487	1,197,966
Short-term loans receivable	10,713	13,747	129,183
Marketable securities	22	23	217
Inventories	34,264	38,455	361,356
Prepaid expenses and deferred charges	37,280	35,337	332,059
Other current assets	32,841	27,525	258,651
Allowance for doubtful receivables	(678)	(565)	(5,310)
Total current assets	266,179	290,143	2,726,398
Fixed assets :			
(Tangible fixed assets)			
Vessels	266,001	277,710	2,609,573
Buildings and structures	23,818	23,237	218,357
Machinery and vehicles	13,317	11,502	108,086
Land	32,440	32,232	302,881
Construction in progress	170,040	182,858	1,718,268
Other tangible fixed assets	9,049	8,713	81,876
Total tangible fixed assets	514,669	536,254	5,039,041
(Intangible fixed assets)			
Goodwill	9,120	8,595	80,772
Other intangible fixed assets	6,112	5,935	55,774
Total intangible fixed assets	15,232	14,531	136,547
(Investments and other long-term assets)			
Investments in securities	121,146	135,819	1,276,262
Long-term loans receivable	26,624	20,592	193,502
Deferred income taxes	2,839	2,755	25,890
Other long-term assets	22,253	28,003	263,143
Allowance for doubtful receivables	(582)	(553)	(5,206)
Total investments and other long-term assets	172,280	186,617	1,753,592
Total fixed assets	702,182	737,403	6,929,179
Deferred assets	266	-	-
Total assets	¥ 968,629	¥ 1,027,546	\$ 9,655,577

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for three months ended June 30, 2008 and the year ended March 31, 2008

(Millions of Yen/Thousands of U.S.Dollars)

	Year ended Mar. 30, 2008	Three months ended Jun. 30, 2008	Three months ended Jun. 30, 2008
LIABILITIES			
Current liabilities :			
Accounts and notes payable-trade	¥ 82,075	¥ 115,916	\$ 1,089,232
Short-term loans and current portion of long-term debt	67,918	52,784	496,001
Commercial paper	-	8,000	75,174
Accrued income taxes	36,454	14,239	133,803
Accrued bonuses	2,415	1,764	16,581
Accrued bonuses for directors and corporate auditors	490	66	622
Other current liabilities	57,127	49,913	469,025
Total current liabilities	246,481	242,684	2,280,439
Long-term liabilities :			
Bonds	57,741	57,641	541,637
Long-term debt, less current portion	198,856	240,574	2,260,612
Deferred income taxes for land revaluation	3,943	3,943	37,055
Allowance for employees' retirement benefits	9,672	9,287	87,269
Allowance for directors' and corporate auditors' retirement benefits	2,022	1,668	15,682
Accrued expenses for overhaul of vessels	24,655	24,579	230,968
Other long-term liabilities	48,979	49,653	466,584
Total long-term liabilities	345,870	387,348	3,639,806
Total liabilities	592,352	630,032	5,920,245
NET ASSETS			
Shareholder's equity:			
Common stock	45,819	45,869	431,022
Capital surplus	30,664	30,714	288,614
Retained earnings	281,384	293,827	2,761,020
Less treasury stock, at cost	(929)	(940)	(8,834)
Total shareholders' equity	356,938	369,471	3,471,822
Valuation and translation adjustments			
Net unrealized holding gain on investments in securities	17,808	25,890	243,283
Deferred gain on hedges	(23,140)	(10,619)	(99,787)
Revaluation reserve for land	4,186	4,186	39,341
Translation adjustments	(29)	(12,194)	(114,585)
Total valuation and translation adjustments	(1,175)	7,263	68,251
Minority interests in consolidated subsidiaries	20,514	20,779	195,258
Total net assets	376,277	397,513	3,735,331
Total liabilities and net assets	¥ 968,629	¥ 1,027,546	\$ 9,655,577

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for three months ended June 30, 2008

(Millions of Yen/Thousands of U.S.Dollars)

	Three months ended Jun. 30, 2008	Three months ended Jun. 30, 2008
Operating revenues	¥ 349,489	\$ 3,284,063
Costs and expenses	299,954	2,818,588
Gross profits	49,535	465,475
Selling, general and administrative expenses	17,388	163,399
Operating income	32,146	302,076
Non-operating income :		
Interest income	543	5,106
Dividend income	1,186	11,145
Equity in earnings of affiliated companies	382	3,598
Exchange gain	46	435
Other non-operating income	625	5,882
Total non-operating income	2,784	26,167
Non-operating expenses :		
Interest expenses	1,298	12,203
Other non-operating expenses	302	2,844
Total non-operating expenses	1,601	15,047
Ordinary income	33,330	313,196
Extraordinary profits :		
Gain on sales of fixed assets	773	7,268
Gain on sales of investments in securities	61	578
Total extraordinary profits	835	7,846
Extraordinary losses :		
Loss on sales of fixed assets	2	27
Allowance for bad debts (extraordinary losses)	29	277
Total extraordinary losses	32	304
Income before income taxes	34,133	320,739
Income taxes	11,457	107,665
Minority interests	1,143	10,748
Net income	¥ 21,531	\$ 202,326

Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for three months ended June 30, 2008

(Millions of Yen/Thousands of U.S.Dollars)

	Three months ended Jun. 30, 2008	Three months ended Jun. 30, 2008
Cash flows from operating activities :		
Income before income taxes	¥ 34,133	\$ 320,739
Depreciation	8,776	82,468
Amortization	395	3,712
Reversal of employees' retirement benefits	(385)	(3,618)
Reversal of directors' and corporate auditors' retirement benefits	(348)	(3,274)
Accrued expenses for overhaul of vessels	153	1,443
Interest and dividend income	(1,729)	(16,252)
Interest expense	1,298	12,203
Gain on sale of marketable securities and investments in securities	(61)	(578)
Gain on sale of vessels, property and equipments	(773)	(7,268)
Loss on sale of vessels, property and equipments	2	27
Increase in accounts and notes receivable – trade	(31,007)	(291,366)
Increase in accounts and notes payable – trade	36,459	342,598
Increase in inventories	(4,654)	(43,738)
Decrease in short-term assets	8,105	76,164
Other, net	(2,658)	(24,981)
Sub total	47,705	448,278
Interest and dividends received	1,346	12,648
Interest paid	(1,243)	(11,685)
Income taxes paid	(32,116)	(301,787)
Net cash provided by operating activities	15,692	147,455
Cash flows from investing activities :		
Purchases of marketable securities and investments in securities	(3,427)	(32,208)
Proceeds from sale of marketable securities and investments in securities	403	3,788
Purchases of vessels, property and equipment	(48,853)	(459,068)
Proceeds from sale of vessels, property and equipment	3,390	31,857
Purchases of intangible fixed assets	(297)	(2,794)
Payment for long-term loans receivable	(6,665)	(62,638)
Proceeds from long-term loans receivable	9,298	87,378
Other, net	(1,006)	(9,459)
Net cash used in investing activities	(47,159)	(443,144)
Cash flows from financing activities :		
Increase in short-term loans, net	3,503	32,921
Increase in commercial paper	8,000	75,174
Proceeds from long-term debt	37,172	349,303
Repayment of long-term debt and obligations under finance leases	(7,336)	(68,939)
Cash dividends paid	(8,432)	(79,238)
Cash dividends paid to minority shareholders	(119)	(1,126)
Other, net	(10)	(101)
Net cash used in financing activities	32,776	307,994
Effect of exchange rate changes on cash and cash equivalents	(3,819)	(35,891)
Net decrease in cash and cash equivalents	(2,509)	(23,586)
Cash and cash equivalents at beginning of the period	48,044	451,461
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	6	57
Cash and cash equivalents at end of the period	¥ 45,540	\$ 427,932

Consolidated Segment Information

Business segment information

Three months ended June 30,2008

(Millions of Yen)

	Logistics / harbour			Total	Eliminations	Consolidated
	Marine Transportation	Transportation	Other			
Revenues						
(1) Operating revenues	¥ 313,305	¥ 30,134	¥ 6,049	¥ 349,489	-	¥ 349,489
(2) Inter-group sales and transfers	2,794	14,057	10,907	27,759	(27,759)	-
Total revenues	316,100	44,191	16,956	377,249	(27,759)	349,489
Operating expenses	287,118	41,324	16,686	345,128	(27,785)	317,343
Operating income	28,981	2,867	270	32,120	26	32,146
Ordinary income	¥ 29,819	¥ 3,374	¥ 117	¥ 33,311	¥ 19	¥ 33,330

Three months ended June 30,2008

(Thousands of U.S.Dollars)

	Logistics / harbour			Total	Eliminations	Consolidated
	Marine Transportation	Transportation	Other			
Revenues						
(1) Operating revenues	\$ 2,944,051	\$ 283,168	\$ 56,844	\$ 3,284,063	-	\$ 3,284,063
(2) Inter-group sales and transfers	26,259	132,090	102,496	260,845	(260,845)	-
Total revenues	2,970,310	415,258	159,340	3,544,908	(260,845)	3,284,063
Operating expenses	2,697,976	388,312	156,795	3,243,083	(261,097)	2,981,987
Operating income	272,334	26,946	2,545	301,825	251	302,076
Ordinary income	\$ 280,204	\$ 31,708	\$ 1,104	\$ 313,017	\$ 179	\$ 313,196

(Reference Information)

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for three month ended June 30, 2007

(Millions of Yen)

	Three months ended Jun. 30, 2007
Operating revenues	¥ 309,174
Costs and expenses	259,838
Gross profits	49,336
Selling, general and administrative expenses	17,029
Operating income	32,306
Non-operating income :	
Interest income	922
Dividend income	1,690
Equity in earnings of affiliated companies	420
Exchange gain	2,091
Other non-operating income	414
Total non-operating income	5,539
Non-operating expenses :	
Interest expenses	1,127
Other non-operating expenses	664
Total non-operating expenses	1,792
Ordinary income	36,053
Extraordinary profits :	
Gain on sales of fixed assets	103
Gain on sales of investments in securities	4,304
Total extraordinary profits	4,408
Income before income taxes	40,461
Income taxes	14,143
Minority interests	514
Net income	¥ 25,804

(Reference Information)
Consolidated Segment Information

Business segment information

Three months ended June 30, 2007

(Millions of Yen)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥ 273,177	¥ 30,788	¥ 5,209	¥ 309,174	-	¥ 309,174
(2) Inter-group sales and transfers	2,583	14,696	11,049	28,328	(28,328)	-
Total revenues	275,760	45,484	16,258	337,503	(28,328)	309,174
Operating expenses	247,508	42,204	15,557	305,270	(28,401)	276,868
Operating income	28,252	3,280	700	32,233	72	32,306
Ordinary income	¥ 31,490	¥ 3,991	¥ 823	¥ 36,306	¥ (252)	¥ 36,053