

FINANCIAL HIGHLIGHTS

Interim brief report of the first half of fiscal year ending March 31,2008.

[Two Year Summary]

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

	Six Months ended Sep.30,2006	Six Months ended Sep.30,2007	Six Months ended Sep.30,2007	Year ended Mar.31,2007
Consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 518,028	¥ 646,643	\$ 5,602,037	¥ 1,085,539
Operating income (Millions of yen / Thousands of U.S. dollars)	23,502	61,552	533,247	61,356
Net income (Millions of yen / Thousands of U.S. dollars)	20,555	44,044	381,568	51,514
Per share of common stock (Yen / U.S. dollars)	34.75	70.18	0.61	86.67
Total Assets (Millions of yen / Thousands of U.S. dollars)	824,262	955,925	8,281,429	900,438
Net Assets (Millions of yen / Thousands of U.S. dollars)	297,441	412,644	3,574,849	357,624
Per share of common stock (Yen / U.S. dollars)	482.50	627.41	5.44	556.55
Non-consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	409,995	523,659	4,536,599	857,279
Operating income (Millions of yen / Thousands of U.S. dollars)	8,932	42,805	370,838	28,103
Net income (Millions of yen / Thousands of U.S. dollars)	10,191	29,776	257,962	25,250
Per share of common stock (Yen / U.S. dollars)	17.21	47.41	0.41	42.45
Total Assets (Millions of yen / Thousands of U.S. dollars)	525,137	551,091	4,774,253	518,500
Net assets (Millions of yen / Thousands of U.S. dollars)	198,326	275,578	2,387,409	241,181
Per share of common stock (Yen / U.S. dollars)	334.94	433.08	3.75	389.35

The U.S. dollar amounts are converted from the yen amount at ¥115.43=U.S.\$1.00,
the exchange rate prevailing on September 30, 2007.

1. Operating Results

1. Analysis concerning Consolidated Operating Results

(1) Summary of Consolidated Operating Results for First Half of Fiscal 2007

(Unit: 100 million yen/Rounded off to the nearest 100 million)

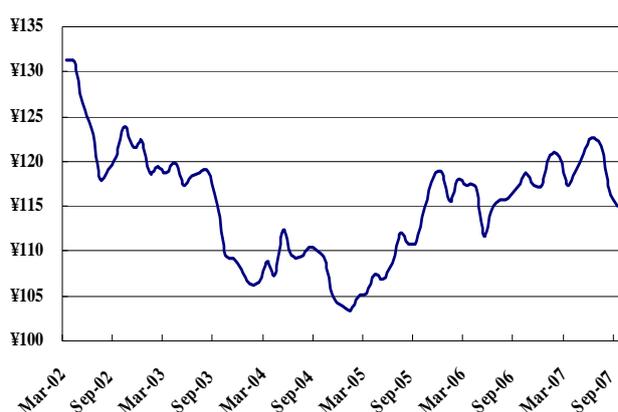
	First half of fiscal 2006 (ended Sep. 30, 2006)	First half of fiscal 2007 (ended Sep. 30, 2007)	Increase in amount/rate
Operating revenues	5,180	6,466	+1,286/+25%
Operating income	235	616	+380/+162%
Ordinary income	246	637	+391/+159%
Net income	206	440	+235/+114%

During the first half of fiscal 2007 (April 1 through September 30, 2007), the economy grew steadily at home and abroad. In the U.S. economy, consumer spending has been generally strong, despite some signs of slowing down in housing investment, and the European countries also saw steady growth in their economies on the whole. In the BRICs countries and natural resource producing countries including countries in the Middle East, economies continued to expand due to brisk capital expenditures and increasing domestic consumption. The Japanese economy was supported by strong business performances and improvement in employment environment. Both capital investment and consumer spending were firm, and exports continued to grow favorably. As for environments surrounding the shipping industry, dry bulk market freight rates continued to hike, and the restoration of freight rate for containership has made a progress in the European services, backed up by continuing brisk cargo movements.

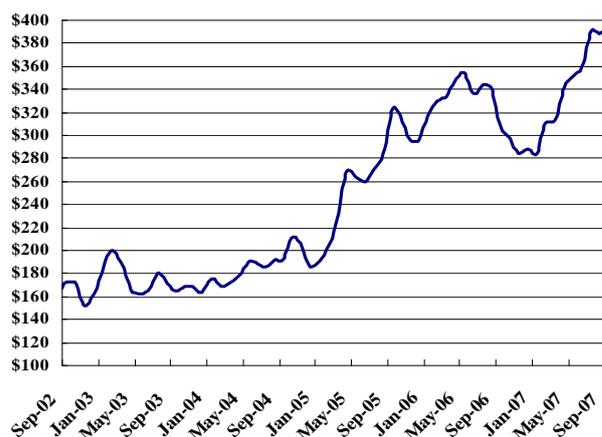
In addition, effects of the fluctuation in foreign exchange rates and fuel prices on the Company's ordinary income are as follows:

	First half of fiscal 2006	First half of fiscal 2007	Increase	Effect
Foreign exchange rate	¥115.26/US\$	¥119.64/US\$	¥4.38/US\$	+¥2.6 billion
Fuel oil prices	US\$337/MT	US\$353/MT	US\$16/MT	-¥2.1 billion

<Trends in exchange rates>



<Trends in unit price of fuel>



Under these circumstances, the “K” LINE Group deployed aggressive business operations in accordance with the policies under the “K” LINE Vision 2008⁺, and focused on expanding the scale of business. As a result, consolidated operating revenues for the 1st half of fiscal 2007 accounted for ¥646.643 billion, an increase by ¥128.614 billion compared with the same period of the preceding year. Consolidated operating income was ¥61.552 billion, an increase by ¥38.049 billion compared with the same period last year, and ordinary income was ¥63.716 billion, an increase by ¥39.130 billion against the same period a year earlier. Consolidated net income for the 1st half of fiscal 2007 was ¥44.044 billion, up by ¥23.489 billion compared with the same period last year. In addition, effective from the 1st half of fiscal 2007, the Company changed the accounting method to recognize freight revenues for containership business to the multiple transportation progress method, from in full as of the date on which a vessel embarks from the port where the cargo was loaded. Under the multiple transportation progress method, freight revenues are recognized in accordance with the progress of transportation for each cargo. With this change, operating revenues, operating income, ordinary income and income before income taxes for the first half of fiscal 2007 decreased by ¥13.964 billion respectively.

In addition, operating revenues and operating income for the first half of fiscal 2007 by business segment are as follows:

(Unit: 100 million yen/Rounded off to the nearest 100 million)

		First half of fiscal 2006 (Apr. to Sep. 2006)	First half of fiscal 2007 (Apr. to Sep. 2007)	Increase in amount/rate
Marine transportation	Operating revenues	4,475	5,716	+1,241/+27.7%
	Operating income	167	539	+371/+221.8%
Logistics/ Harbor Transportation	Operating revenues	604	641	+38/+6.3%
	Operating income	61	62	+2/+3.0%
Others	Operating revenues	102	109	+7/+7.0%
	Operating income	6	14	+8/+135.2%

A) Marine transportation

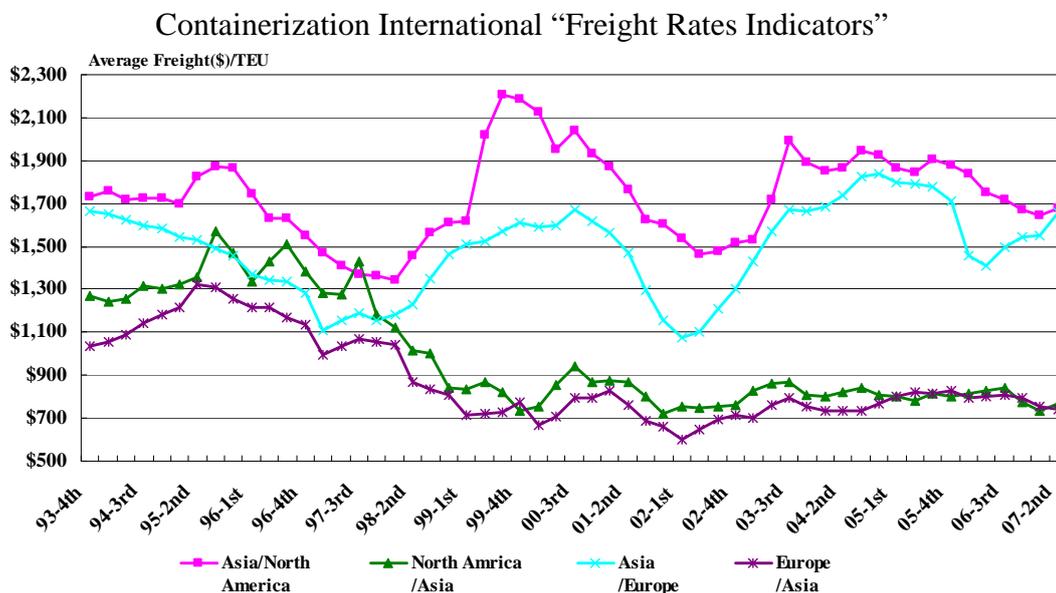
<Containership Business>

Cargo movement in the containership business steadily grew, supported by expanding world economy, and in particular, cargo movement in the overall European service routes grew by around 20% compared with the same period last year, thanks to

expanded EU, stronger euro and the constantly growing Russian economy. Supply and demand relationship for cargo spaces continued to be tight. The Company's tonnage movement in the North European route increased by about 16% compared with the same period last year, contributed by large-sized 8,000 TEU type containerships launched in this service since autumn 2006. In the North American services, though cargo movement of general consumer goods were brisk, tonnage movement of housing related products, the leading item of cargos, was staggered due to the sluggish housing industry in the U.S. As a result, overall cargo movement grew only by the mid-single digits percent compared with the same period of the previous year. On the other hand, in the supply side of cargo spaces, there was no opening for new service routes, and some shipping companies decreased their services. As a result, supply and demand relationship remained tight. The Company's tonnage movement in the North American routes increased by about 17 % from the same period a year earlier, thanks to enhanced cargo space in the U.S. East Coast service in the second half of the previous year.

In other North/South service routes, cargo movements sharply hiked by about 31% against the same period last year, due mainly to two newly opened services in the Europe/South America East Coast route and Asia/ South America East Coast route, and a newly launched large-sized vessel in the Asia/South Africa service, as well as strongly expanding cargo movements.

The overall operating results increased in both operating revenues and profits against the same period a year earlier, due to progresses in restoring of freight rates supported by strong cargo movements in the European service routes and the North/South service routes, despite negative effects from soaring fuel oil prices.



<Bulk Carrier and Car Carrier Business>

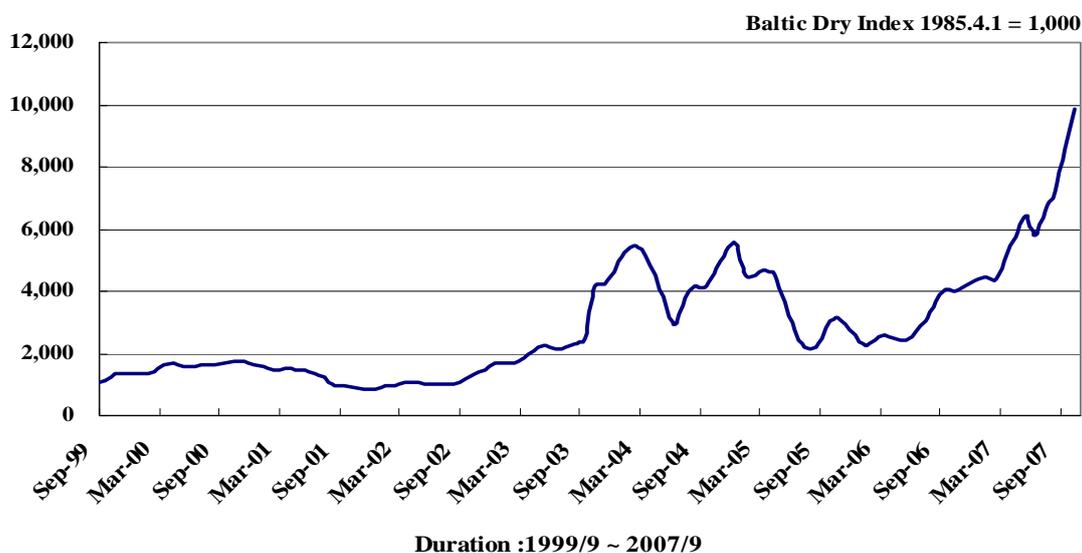
In the dry bulk transport, market freight rate has remained at unprecedented high levels as seen in the Baltic Dry Index continuing to break a record-high level almost daily from July 2007, due to sharply increased China's imports of iron ore and tightened supply and demand relationship in shipping space resulting from prolonged demurrage in Australia. The Company's transportation services of steel raw materials, thermal

coals, and woodchip and pulp secured stable profits by concluding a long-term transportation agreement with each customer, and at the same time, general bulk carriers, particularly small and medium-sized carries increased profits, buoyed by sharply hiked spot freight rates. As a result, the overall dry bulk carrier business increased both its operating revenues and profits against the same period last year.

With respect to the car carrier business, the total number of cars transported by the Company was able to increase by about 9% compared with the same period a year earlier, despite the temporary suspension of shipping of cars by domestic car manufacturers due to Niigata Chuetsu Offshore Earthquake in July this year. As for cargo movements from Japan and Asia, though those for the North America only slightly increased, cargo movements for the Europe and other regions constantly grew, and particularly, those for the Middle East, Africa, and the Central and South America and Caribbean region hiked significantly by around 20% compared with the same period last year. The Company opened a new service connecting China, India, Middle East and South Africa to meet the demand for car transportation, which contributed to increases in number of cars transported.

Operating results of the overall dry bulk carrier and car carrier business for the 1st half of fiscal 2007 rose in both operating revenues and profits against the same period last year.

Baltic Dry Index



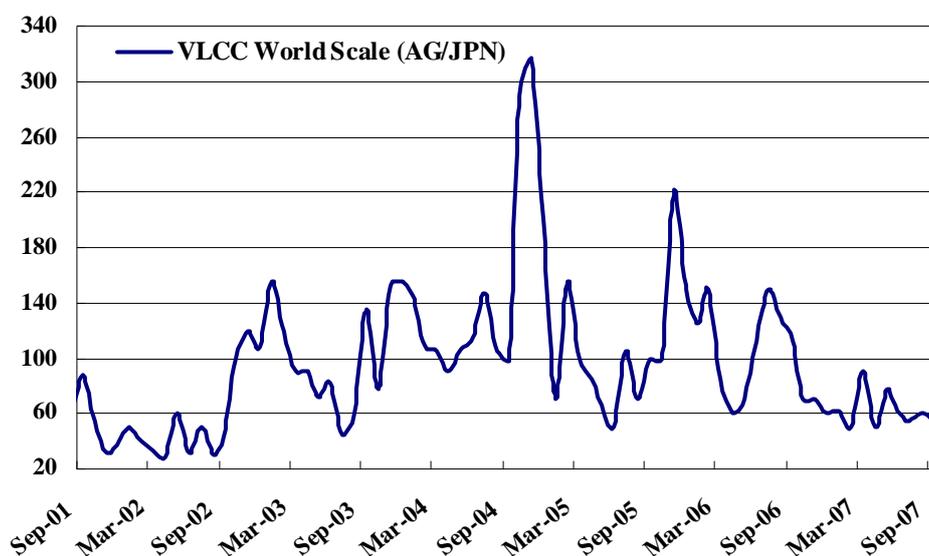
<Energy Transportation and Tanker Business>

As for LNG carriers, the fleet of LNG tankers consisting of 31 carriers including two newly built ones in the preceding year, operated smoothly on the whole, and secured stable profitability. Furthermore, the Company responded flexibly to customer needs by chartering one LNG carrier for the short-term to meet the strong spot demand for LNG.

As for tanker services, one VLCC and two combined carriers for LPG and ammonia were newly completed, which contributed to secure stable profits through long-term

transportation agreements. However, overall profits went below those in the same period last year, due to softened freight rates amid surging crude oil prices. The overall operating revenues of the energy transportation and tanker business increased in operating revenues, but declined in profits on a year-on-year basis.

<Trends in tanker freight rate>



<Coastal Shipping Business>

In the coastal shipping business, the Company secured stable transport volumes for specialized coastal vessels supported by domestic demand, and the fleet of roll-on roll-off ships connecting Hokkaido, Northern Kanto and Kyushu showed results due to active business deployment. As a result, volumes of transportation of general goods hiked. In addition, in the Hachinohe/Tomakomai services which were increased to four services per day, transport volumes of both trucks and passengers increased significantly.

As a result, in the overall marine transportation business, operating revenues for the first half of fiscal 2007 were ¥571.582 billion, and operating income was ¥53.874 billion.

B) Logistics/Harbor Transportation

The comprehensive logistics business saw increases in both operating revenues and profits compared with the same period a year earlier, supported by robust shipment of major customers in the air cargo forwarding business amid the sluggish overall air cargo forwarding market, as well as contribution of other freight forwarding businesses in each overseas country. The harbor transportation business increased its volumes of transport, backed up by strong cargo movement in containership business. The overall operating revenues in this business segment were ¥64.133 billion, and operating income stood at ¥6.241 billion.

C) Other business

As for other business not mentioned above, operating revenues amounted to ¥10.926 billion, and operating income was recorded at ¥1.362 billion.

(2) Prospects for Fiscal 2007

(Unit: 100 million yen/Rounded off to the nearest 100 million)

	Fiscal 2006 (ended March 2007)	Prospects for fiscal 2007 (ending March 2008)	Increase (Decrease) in amount/rate
Operating revenues	10,855	13,000	+2,145/+20%
Operating income	614	1,280	+666/+109%
Ordinary income	639	1,280	+641/+100%
Net income	515	840	+325/+63%
Foreign exchange rates	¥116.91/US\$	¥116.07/US\$	¥0.84/US\$
Fuel oil prices	US\$319/MT	US\$387/MT	+US\$68/MT

With respect to the second half of fiscal 2007, though the containership business goes into a slack season in winter in trunk line East/West services, cargo volumes in the North American routes are expected to grow steadily, and those in the European and the Mediterranean services are forecasted to continue to grow constantly. In the supply side, each shipping company is expected to decrease its services as a countermeasure for the winter season, and particularly, the problem of infrastructures at the North European ports is prevailing. As a result, supply and demand relationship is expected to remain tight.

In the bulk carrier business, demand for marine transportation is anticipated to continue to expand globally as seen in sharp increases in China's imports of iron ore, and dry bulk freight rate will stay at high levels. As for car carrier business, brisk cargo movement will continue generally, in spite of the slightly declining trend in marine transportation of completed cars bound for North America. In the energy transportation and tanker business, the tanker business is certain to secure stable profits, contributed by full operations of three tankers newly built in the first half of fiscal 2007.

Business environments surrounding the shipping industry will continue to make a good progress. However, at the same time, negative factors including continuously hiking fuel oil prices, a rise in interest rates and stronger yen are also forecasted. The Company expects consolidated operating results for fiscal 2007 to be ¥1,300.0 billion for operating revenues, ¥128.0 billion for operating income, ¥128.0 billion for ordinary income and ¥84.0 for net income. As for non-consolidated operating results for fiscal 2007, operating revenues will be ¥1,050.0 billion, and operating income will be ¥86.0 billion. Non-consolidated ordinary income and net income will be ¥89.0 billion and ¥59.0 billion respectively.

In addition, preconditions for foreign exchange rates and fuel oil prices are:

2nd half: Exchange rate ¥112.50 per US dollar, fuel price US\$420 per ton

2. Analysis concerning Consolidated Financial Status

(1) Assets, liabilities and net assets

As of the end of September 2007, total assets as increased by ¥55.486 billion from the end of the preceding fiscal year to ¥955.925 billion, due to increases in vessels and construction in progress, increases in accounts and notes receivable-trade and inventories resulting from the expanded scale of business operations and an increase in investment securities.

Total liabilities increased by ¥0.466 billion from the end of fiscal 2006 to ¥543.280 billion. Current liabilities rose by ¥4.329 billion owing to increases in accounts and notes payable and accrued income taxes resulting from expanded scale of business operations, despite a decrease in short-term loans. Long-term liabilities fell by ¥3.862 billion against the end of the previous year, due mainly to a decrease in bonds, despite increases in long-term debt and accrued expenses for overhaul of vessels. Total net assets increased by ¥55.020 billion from the end of March 2007 to ¥412.644 billion, due primarily to an increase in retained earnings.

As a result, debt/equity ratio improved by 20 percent points from the end of the previous year to 75%.

(2) Consolidated Cash Flows

(Unit: 100 million yen/Rounded off to the nearest 100 million)

Account title	First half of fiscal 2006 (Apr. to Sep. 2006)	First half of fiscal 2007 (Apr. to Sep. 2007)	Increase (Decrease)
Cash and cash equivalents at the beginning of the period	412	605	193
1) Cash flow from operating activities	208	668	460
2) Cash flow from investing activities	-602	-471	132
3) Cash flow from financing activities	437	-212	-650
4) Effect of exchange rate differences on cash and cash equivalents	-4	19	22
Net increase (decrease) in cash and cash equivalents	39	4	-36
Cash and cash equivalents at the end of the period	451	609	157

As of the end of September 2007, cash and cash equivalents were ¥60.886 billion, an increase by ¥0.393 billion from the end of fiscal 2006. Details of consolidated cash flows for the first half of fiscal 2007 are as follows:

Cash flow from operating activities resulted in a gain of ¥66.784 billion, due to an increase in income before income taxes (first half of fiscal 2006: + ¥20.792 billion).

Cash flow from investing activities ended with a loss of ¥47.092 billion, due to expenditures for acquisition of vessels (first half of fiscal 2006: -¥60.246 billion).

Cash flow from financing activities saw an outflow of ¥21.226 billion, owing mainly to expenditures for repayment of borrowings (first half of fiscal 2006: +¥43.724).

(Reference) Changes in cash flow-related indicators

	Fiscal 2003 ended Mar. 2004	Fiscal 2004 ended Mar. 2005	Fiscal 2005 ended Mar. 2006	Fiscal 2006 ended Mar. 2007	First half of fiscal 2007 ended Sep. 2007
Equity ratio (%)	21.6	29.9	34.1	38.3	41.7
Equity ratio (Market cap.) (%)	57.1	72.3	54.3	76.9	112.2
Ratio of debt to cash flow period (Year)	3.6	2.7	3.8	4.9	2.3
Interest coverage ratio	14.3	19.5	16.2	16.0	30.1

* Equity ratio: Shareholders' equity divided by total assets

Equity ratio (Market cap.): Market capitalization divided by total assets

Ratio of debt to cash flow: Interest-bearing debt divided by cash flow

(* For the interim period, cash flow (operating cash flow) is doubled for annualizing.)

Interest coverage ratio: Cash flow divided by interest expenses

Notes:

1. Each indicator is calculated based on consolidated figures.
2. Market capitalization is calculated based on the number of shares outstanding not including treasury stocks.
3. Cash flow in the above refer to operating cash flow.
4. Interest-bearing debt is the sum of all liabilities on the consolidated (interim) balance sheets on which interest is paid (including ¥28.6 billion of Euro-yen Zero Coupon Convertible Bonds). In addition, interest expenses are corresponding figures shown on the consolidated statement of cash flows.

3. Basic Policy on Payment of Dividends and Dividend Payment for the Current Fiscal Year

Basic policy on payment of dividends

“K” LINE considers that maximization of profits returned to the shareholders, after due consideration of matters such as securing internal reserves for capital spending aiming to expand the scale of our operations systematically and for the improvement and enhancement of the corporate structure, as one of its most important issues, and makes it its basic policy to maintain a stable dividend. With respect to dividend payment, the Company will increase the target payout ratio to 20% of the consolidated net income. “K” LINE will make further efforts to increase the payout ratio in the future.

Policy of dividend payment for the current fiscal year

In terms of the interim dividend for the fiscal year ending March 2008, the Company resolved to pay ¥12 per share at the board of directors held on October 30, 2007. In addition, the Company currently intends to pay ¥25 per share as the final dividend for fiscal 2007.

2. “K” LINE Group

Representation is omitted, since there is no material change in descriptions in the “Details of businesses” and “Affiliated companies” in the financial statement filed on June 27, 2007.

3. Management Policies

Representation is omitted, since there is no material change in descriptions in the Financial Highlights for FY 2006 made on May 9, 2007.

Additionally, the Financial Highlights is available at the following websites.

(“K” LINE’s website)

http://www.kline.co.jp/ir/financial_e.html

(TSE’s website)

<http://www.tse.or.jp/listing/compsearch/index.html>

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 the year ended March 31, 2007 and half years ended September 30, 2007 and 2006

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

	Year ended Mar.31,2007	Six Months ended Sep.30,2007	Six Months ended Sep.30,2007	Six Months ended Sep.30,2006
ASSETS				
Current assets :				
Cash and time deposits	¥ 63,927	¥ 64,672	\$ 560,278	¥ 47,402
Accounts and notes receivable-trade	101,434	110,707	959,091	119,331
Short-term loans receivable	4,629	6,111	52,949	14,333
Marketable securities	995	1,321	11,450	1,022
Inventories	21,722	27,893	241,648	20,742
Prepaid expenses and deferred charges	29,351	30,949	268,122	28,809
Other current assets	31,323	31,419	272,194	24,325
Allowance for doubtful receivables	(587)	(640)	(5,553)	(626)
Total current assets	252,798	272,435	2,360,180	255,341
Fixed assets :				
(Tangible fixed assets)				
Vessels	238,151	242,460	2,100,501	209,026
Buildings and structures	24,189	24,044	208,302	26,701
Machinery and vehicles	11,404	14,082	122,004	11,671
Land	32,570	32,651	282,867	34,054
Construction in progress	85,862	116,204	1,006,709	89,864
Other tangible fixed assets	9,611	9,393	81,379	8,132
Total tangible fixed assets	401,789	438,837	3,801,762	379,448
(Intangible fixed assets)				
Total intangible fixed assets	6,091	5,920	51,290	6,236
(Investments and other long-term assets)				
Investments in securities	163,739	171,436	1,485,202	130,259
Long-term loans receivable	34,194	31,099	269,423	12,868
Deferred income taxes	5,963	2,617	22,679	3,519
Other long-term assets	36,527	34,184	296,147	37,078
Allowance for doubtful receivables	(678)	(621)	(5,385)	(510)
Total investments and other long-term assets	239,746	238,716	2,068,066	183,216
Total fixed assets	647,626	683,474	5,921,118	568,902
Deferred assets	13	15	131	18
Total assets	¥ 900,438	¥ 955,925	\$ 8,281,429	¥ 824,262

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2007 and half years ended September 30, 2007 and 2006

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

	Year ended Mar.31,2007	Six Months ended Sep.30,2007	Six Months ended Sep.30,2007	Six Months ended Sep.30,2006
LIABILITIES				
Current liabilities :				
Accounts and notes payable-trade	¥ 75,914	¥ 85,892	\$ 744,110	¥ 91,001
Current portion of bonds payable	10,000	10,000	86,633	3,000
Short-term loans and current portion of long-term debt	83,201	65,297	565,687	70,943
Commercial paper	-	-	-	33,000
Accrued income taxes	14,611	25,650	222,213	10,657
Accrued bonuses	2,063	2,057	17,829	2,036
Accrued bonuses for directors and corporate auditors	374	113	982	-
Current portion of obligations under finance leases	919	918	7,960	3,532
Other current liabilities	43,845	45,330	392,708	37,218
Total current liabilities	230,931	235,260	2,038,121	251,389
Long-term liabilities :				
Bonds	70,666	58,641	508,022	70,000
Long-term debt, less current portion	156,315	161,042	1,395,157	135,979
Deferred income taxes for land revaluation	2,632	3,959	34,302	3,205
Allowance for employees' retirement benefits	10,309	10,107	87,566	9,695
Allowance for directors' and corporate auditors' retirement benefits	2,765	1,757	15,226	2,431
Accrued expenses for overhaul of vessels	17,154	19,896	172,369	15,591
Obligations under finance leases	5,084	5,010	43,403	5,326
Consolidation negative goodwill (new regulation)	33	176	1,532	39
Other long-term liabilities	46,921	47,428	410,881	33,163
Total long-term liabilities	311,883	308,020	2,668,458	275,432
Total liabilities	542,814	543,280	4,706,579	526,821
NET ASSETS				
Shareholder's equity:				
Common stock	39,356	45,369	393,046	29,689
Capital surplus	24,201	30,214	261,754	14,534
Retained earnings	211,602	250,076	2,166,479	184,212
Less treasury stock, at cost	(988)	(955)	(8,274)	(997)
Total shareholders' equity	274,172	324,705	2,813,006	227,439
Valuation and translation adjustments				
Net unrealized holding gain on investments in securities	46,250	47,940	415,317	33,039
Deferred gain on hedges	14,214	13,535	117,261	17,459
Revaluation reserve for land	5,515	4,182	36,237	6,465
Translation adjustments	4,322	8,564	74,200	1,056
Total valuation and translation adjustments	70,303	74,223	643,014	58,020
Minority interests in consolidated subsidiaries	13,148	13,716	118,829	11,981
Total net assets	357,624	412,644	3,574,849	297,441
Total liabilities and net assets	¥ 900,438	¥955,925	\$ 8,281,429	¥ 824,262

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2007 and half years ended September 30, 2007 and 2006

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

	Six Months ended Sep.30,2006	Six Months ended Sep.30,2007	Six Months ended Sep.30,2007	Year ended Mar.31,2007
Operating revenues	¥ 518,028	¥ 646,643	\$ 5,602,037	¥ 1,085,539
Costs and expenses	463,530	549,426	4,759,821	957,847
Gross profits	54,498	97,217	842,216	127,692
Selling, general and administrative expenses	30,995	35,664	308,970	66,335
Operating income	23,502	61,552	533,247	61,356
Non-operating income :				
Interest income	1,351	1,984	17,193	3,076
Dividend income	1,319	1,815	15,729	2,620
Equity in earnings of affiliated companies	869	903	7,830	1,572
Other non-operating income	740	1,108	9,607	1,763
Total non-operating income	4,280	5,812	50,359	9,032
Non-operating expenses :				
Interest expenses	2,104	2,213	19,176	4,228
Exchange loss	662	489	4,237	1,037
Other non-operating expenses	430	946	8,202	1,196
Total non-operating expenses	3,197	3,649	31,615	6,461
Ordinary income	24,585	63,716	551,990	63,927
Extraordinary profits :				
Gain on sales of fixed assets	2,781	3,080	26,687	8,411
Gain on sales of investments in securities	3,926	5,582	48,361	5,829
Other extraordinary profits	10	-	-	143
Total extraordinary profits	6,718	8,662	75,048	14,384
Extraordinary losses :				
Loss on sales of fixed assets	-	-	-	224
Impairment loss on fixed assets	178	-	-	1,061
Other extraordinary losses	311	-	-	672
Total extraordinary losses	489	-	-	1,959
Income before income taxes	30,814	72,378	627,038	76,352
Income taxes : current	9,871	25,133	217,737	23,006
deffered	(343)	2,125	18,412	315
Minority interests	730	1,075	9,321	1,516
Net income	¥ 20,555	¥ 44,044	\$ 381,568	¥ 51,514

Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the half years ended September 30, 2007

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance March 31, 2007	¥ 89,856	¥ 24,201	¥ 211,602	¥ (988)	¥ 274,172
Change of items during the term					
Issuance of new shares	6,012	6,012	-	-	12,025
Cash dividends	-	-	(5,575)	-	(5,575)
Net Income	-	-	44,044	-	44,044
Purchase of treasury stocks	-	-	-	(193)	(193)
Disposal of treasury stocks	-	-	(1)	227	225
Reversal of the revaluation reserve for land	-	-	3	-	3
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	-	2	-	2
Net increase/decrease during the term under review except in Shareholders' Equity	-	-	-	-	-
Net increase/decrease during the term	6,012	6,012	38,473	33	50,532
Balance Sep.30, 2007	¥ 45,389	¥ 30,214	¥ 250,076	¥ (955)	¥ 324,705

	Valuation and translation adjustments				
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Translation adjustments	Total valuation and translation adjustments
Balance March 31, 2007	¥ 46,250	¥ 14,214	¥ 5,515	¥ 4,322	¥ 70,303
Change of items during the term					
Issuance of new shares	-	-	-	-	-
Cash dividends	-	-	-	-	-
Net Income	-	-	-	-	-
Purchase of treasury stocks	-	-	-	-	-
Disposal of treasury stocks	-	-	-	-	-
Reversal of the revaluation reserve for land	-	-	-	-	-
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	-	-	-	-
Net increase/decrease during the term under review except in Shareholders' Equity	1,689	(679)	(1,332)	4,242	3,920
Net increase/decrease during the term	1,689	(679)	(1,332)	4,242	3,920
Balance Sep.30, 2007	¥ 47,940	¥ 13,535	¥ 4,182	¥ 8,564	¥ 74,223

	Minority interests in consolidated subsidiaries	Total net assets
Balance March 31, 2007	¥ 13,148	¥ 357,624
Change of items during the term		
Issuance of new shares	-	12,025
Cash dividends	-	(5,575)
Net Income	-	44,044
Purchase of treasury stocks	-	(193)
Disposal of treasury stocks	-	225
Reversal of the revaluation reserve for land	-	3
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	2
Net increase/decrease during the term under review except in Shareholders' Equity	567	4,487
Net increase/decrease during the term	567	55,020
Balance Sep.30, 2007	¥ 13,716	¥ 412,644

Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the half years ended September 30, 2007

(Thousands of U.S.Dollars)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance March 31, 2007	\$ 340,959	\$ 209,666	\$ 1,833,169	\$ (8,565)	\$ 2,375,229
Change of items during the term					
Issuance of new shares	52,088	52,088	-	-	104,176
Cash dividends	-	-	(48,298)	-	(48,298)
Net Income	-	-	381,568	-	381,568
Purchase of treasury stocks	-	-	-	(1,676)	(1,676)
Disposal of treasury stocks	-	-	(15)	1,968	1,953
Reversal of the revaluation reserve for land	-	-	29	-	29
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	-	25	-	25
Net increase/decrease during the term under review except in Shareholders' Equity	-	-	-	-	-
Net increase/decrease during the term	52,088	52,088	333,310	291	437,777
Balance Sep.30, 2007	\$ 393,046	\$ 261,754	\$ 2,166,479	\$ (8,274)	\$ 2,813,006

	Valuation and translation adjustments				
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Translation adjustments	Total valuation and translation adjustments
Balance March 31, 2007	\$ 400,688	\$ 123,147	\$ 47,779	\$ 37,445	\$ 609,054
Change of items during the term					
Issuance of new shares	-	-	-	-	-
Cash dividends	-	-	-	-	-
Net Income	-	-	-	-	-
Purchase of treasury stocks	-	-	-	-	-
Disposal of treasury stocks	-	-	-	-	-
Reversal of the revaluation reserve for land	-	-	-	-	-
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	-	-	-	-
Net increase/decrease during the term under review except in Shareholders' Equity	14,633	(5,886)	(11,542)	36,755	33,960
Net increase/decrease during the term	14,633	(5,886)	(11,542)	36,755	33,960
Balance Sep.30, 2007	\$ 415,317	\$ 117,261	\$ 36,237	\$ 74,200	\$ 643,014

	Minority interests in consolidated subsidiaries	Total net assets
Balance March 31, 2007	\$ 113,913	\$ 3,098,196
Change of items during the term		
Issuance of new shares	-	104,176
Cash dividends	-	(48,298)
Net Income	-	381,568
Purchase of treasury stocks	-	(1,676)
Disposal of treasury stocks	-	1,953
Reversal of the revaluation reserve for land	-	29
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other	-	25
Net increase/decrease during the term under review except in Shareholders' Equity	4,917	38,877
Net increase/decrease during the term	4,917	476,654
Balance Sep.30, 2007	\$ 118,829	\$ 3,574,849

Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2007 and half years ended September 30, 2007 and 2006

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

	Six Months ended Sep.30,2006	Six Months ended Sep.30,2007	Six Months ended Sep.30,2007	Year ended Mar.31,2007
Cash flows from operating activities :				
Income before income taxes	¥ 30,814	¥ 72,378	\$ 613,902	¥ 76,352
Depreciation	14,326	16,595	140,763	30,387
Amortization	917	824	6,990	1,907
(Reversal of) provision for employees' retirement benefits	(565)	(201)	(1,712)	49
(Reversal of) provision for directors' and statutory auditors' retirement benefits	(283)	(1,010)	(8,568)	46
Accrued expenses for overhaul of vessels	2,284	2,681	22,740	3,799
Interest and dividend income	(2,671)	(3,800)	(32,232)	(5,696)
Interest expense	2,104	2,213	18,774	4,228
Gain on sale of marketable securities and investments in securities	(3,781)	(5,582)	(47,347)	(5,702)
Gain on sale of vessels, property and equipments	(2,781)	(3,080)	(26,128)	(8,411)
Loss on sale of vessels, property and equipments	-	-	-	224
Decrease (increase) in accounts and notes receivable – trade	(12,916)	(9,271)	(78,639)	6,315
Increase (decrease) in accounts and notes payable – trade	8,466	8,931	75,758	(8,742)
Increase in inventories	(803)	(6,116)	(51,881)	(1,725)
Decrease (increase) in short-term assets	(4,154)	398	3,382	(5,880)
Other, net	1,509	4,777	40,519	(1,125)
Sub total	32,465	79,738	676,320	86,024
Interest and dividends received	2,204	3,431	29,105	5,664
Interest paid	(2,113)	(2,217)	(18,806)	(4,163)
Income taxes paid	(11,762)	(14,168)	(120,170)	(21,041)
Net cash provided by operating activities	20,792	66,784	566,450	66,483
Cash flows from investing activities :				
Purchases of marketable securities and investments in securities	(16,575)	(10,697)	(90,730)	(27,836)
Proceeds from sale of marketable securities and investments in securities	6,666	10,802	91,624	10,584
Purchases of vessels, property and equipment	(65,810)	(67,026)	(568,491)	(118,842)
Proceeds from sale of vessels, property and equipment	13,590	19,857	168,427	35,863
Purchases of intangible fixed assets	(577)	(344)	(2,924)	(1,323)
Payment for long-term loans receivable	(27,439)	(8,865)	(75,196)	(37,869)
Proceeds from long-term loans receivable	22,198	12,222	103,668	45,234
Other, net	7,700	(3,041)	(25,801)	(8,663)
Net cash used in investing activities	(60,246)	(47,092)	(399,423)	(102,852)
Cash flows from financing activities :				
Decrease of short-term loans, net	17,609	(10,091)	(85,590)	25,396
Increase (decrease) in commercial paper	12,000	-	-	(21,000)
Proceeds from long-term debt	50,367	23,220	196,952	90,047
Repayment of long-term debt and obligations under finance leases	(30,862)	(28,572)	(242,341)	(56,852)
Proceeds from issuance of bonds	-	-	-	29,754
Repayment of bonds	-	-	-	(3,000)
Cash dividends paid	(5,320)	(5,576)	(47,286)	(10,653)
Cash dividends paid to minority shareholders	(102)	(242)	(2,058)	(292)
Other, net	33	33	288	(23)
Net cash used in financing activities	43,724	(21,226)	(180,035)	53,376
Effect of exchange rate changes on cash and cash equivalents	(291)	1,928	16,361	1,890
Net increase in cash and cash equivalents	3,979	395	3,353	18,898
Cash and cash equivalents at beginning of the period	41,157	60,493	513,088	41,157
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	4	3	34	440
Decrease in cash and cash equivalents arising from exclusion of subsidiaries in consolidation	(2)	(6)	(52)	(3)
Cash and cash equivalents at end of the period	¥ 45,138	¥ 60,886	\$ 516,422	¥ 60,493

Note : Cash and cash equivalents are reconciled to cash and time deposits reflected in the consolidated balance sheets at the end of each periods as follows.

	Sep.30,2006	Sep.30,2007	Sep.30,2007	Mar.31,2007
Cash and time deposits	¥ 47,402	¥ 64,672	\$ 548,540	¥ 63,927
Time deposits with maturity of more than three months after the purchase date	(2,263)	(3,786)	(32,118)	(3,434)
Highly liquid marketable securities with low risk	0	-	-	0
Cash and cash equivalents	¥ 45,138	¥ 60,886	\$ 516,422	¥ 60,493

Consolidated Segment Information

(a) Business segment information

Six months ended Sep.30,2006

(Millions of Yen)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥ 447,463	¥ 60,351	¥ 10,213	¥ 518,028	¥ -	¥ 518,028
(2) Inter-group sales and transfers	3,611	26,845	17,484	47,941	(47,941)	-
Total revenues	451,074	87,197	27,698	565,970	(47,941)	518,028
Operating expenses	434,330	81,140	27,118	542,589	(48,064)	494,525
Operating income	16,743	6,057	579	23,380	122	23,502
Ordinary income	¥ 16,866	¥ 7,006	¥ 660	¥ 24,533	¥ 52	¥ 24,585

Six months ended Sep.30,2007

(Millions of Yen)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥ 571,582	¥ 64,133	¥ 10,926	¥ 646,643	¥ -	¥ 646,643
(2) Inter-group sales and transfers	5,324	31,397	22,821	59,544	(59,544)	-
Total revenues	576,907	95,531	33,748	706,187	(59,544)	646,643
Operating expenses	523,032	89,290	32,385	644,709	(59,618)	585,090
Operating income	53,874	6,241	1,362	61,477	74	61,552
Ordinary income	¥ 54,345	¥ 7,649	¥ 1,667	¥ 63,662	¥ 53	¥ 63,716

Six months ended Sep.30,2007

(Thousands of U.S.Dollars)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	\$ 4,951,769	\$ 555,609	\$ 94,659	\$ 5,602,037	\$ -	\$ 5,602,037
(2) Inter-group sales and transfers	46,126	272,008	197,711	515,845	(515,845)	-
Total revenues	4,997,896	827,617	292,370	6,117,882	(515,845)	5,602,037
Operating expenses	4,531,169	773,548	280,567	5,585,284	(516,494)	5,068,790
Operating income	466,727	54,069	11,802	532,598	649	533,247
Ordinary income	\$ 470,812	\$ 66,274	\$ 14,442	\$ 551,528	\$ 462	\$ 551,990

Year ended Mar.31,2007

(Millions of Yen)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥ 936,943	¥ 127,107	¥ 21,488	¥ 1,085,539	¥ -	¥ 1,085,539
(2) Inter-group sales and transfers	7,707	59,209	35,580	102,497	(102,497)	-
Total revenues	944,651	186,316	57,069	1,188,037	(102,497)	1,085,539
Operating expenses	899,282	172,486	55,285	1,127,053	(102,871)	1,024,182
Operating income	45,368	13,830	1,783	60,983	373	61,356
Ordinary income	¥ 45,136	¥ 16,178	¥ 2,494	¥ 63,810	¥ 117	¥ 63,927

(b) Geographical segment information

Six months ended Sep.30,2006

(Millions of Yen)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	¥ 472,565	¥ 14,594	¥ 12,323	¥ 18,389	¥ 155	¥ 518,028	¥ -	¥ 518,028
(2) Inter-group sales and transfers	5,029	12,188	3,500	7,408	408	28,534	(28,534)	-
Total revenues	477,595	26,782	15,823	25,797	563	546,562	(28,534)	518,028
Operating expenses	462,469	26,120	13,875	20,323	468	523,257	(28,731)	494,525
Operating income	15,125	661	1,947	5,473	95	23,304	197	23,502
Ordinary income	¥ 15,359	¥ 715	¥ 1,894	¥ 6,180	¥ 194	¥ 24,344	¥ 240	¥ 24,585

Six months ended Sep.30,2007

(Millions of Yen)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	¥ 591,831	¥ 14,263	¥ 17,345	¥ 23,003	¥ 198	¥ 646,643	¥ -	¥ 646,643
(2) Inter-group sales and transfers	6,804	12,871	6,726	9,155	520	36,077	(36,077)	-
Total revenues	598,635	27,135	24,071	32,159	719	682,720	(36,077)	646,643
Operating expenses	549,079	26,423	18,783	26,324	651	621,263	(36,172)	585,090
Operating income	49,555	711	5,288	5,834	67	61,457	95	61,552
Ordinary income	¥ 50,309	¥ 901	¥ 5,572	¥ 6,866	¥ 315	¥ 63,964	¥ (248)	¥ 63,716

Six months ended Sep.30,2007

(Thousands of U.S.Dollars)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	\$ 5,127,189	\$ 123,569	\$ 150,268	\$ 199,290	\$ 1,722	\$ 5,602,037	\$ -	\$ 5,602,037
(2) Inter-group sales and transfers	58,947	111,511	58,270	79,314	4,509	312,550	(312,550)	-
Total revenues	5,186,136	235,080	208,538	278,603	6,230	5,914,587	(312,550)	5,602,037
Operating expenses	4,756,821	228,913	162,725	228,059	5,648	5,382,165	(313,375)	5,068,790
Operating income	429,315	6,168	45,813	50,544	583	532,422	825	533,247
Ordinary income	\$ 435,843	\$ 7,810	\$ 48,272	\$ 59,489	\$ 2,731	\$ 554,144	\$ (2,154)	\$ 551,990

Year ended Mar.31,2007

(Millions of Yen)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	¥ 987,297	¥ 32,073	¥ 25,222	¥ 40,582	¥ 363	¥ 1,085,539	¥ -	¥ 1,085,539
(2) Inter-group sales and transfers	11,795	26,251	9,644	16,876	933	65,502	(65,502)	-
Total revenues	999,093	58,325	34,867	57,458	1,297	1,151,041	(65,502)	1,085,539
Operating expenses	958,954	55,345	29,610	45,311	1,100	1,090,322	(66,140)	1,024,182
Operating income	40,138	2,979	5,256	12,147	196	60,719	637	61,356
Ordinary income	¥ 41,609	¥ 3,287	¥ 5,295	¥ 13,763	¥ 571	¥ 64,527	¥ (600)	¥ 63,927

(c) International Business information

Six months ended Sep.30,2006 (Millions of Yen)

	North America	Europe	Asia	Oceania	Other	Total
International revenues	¥ 139,929	¥ 94,512	¥ 116,446	¥ 48,126	¥ 41,420	¥ 440,435
Consolidated revenues						518,028
International revenues as a percentage of consolidated revenues	27.0%	18.2%	22.5%	9.3%	8.0%	85.0%

Six months ended Sep.30,2007 (Millions of Yen)

	North America	Europe	Asia	Oceania	Other	Total
International revenues	¥ 161,513	¥ 96,739	¥ 167,086	¥ 60,632	¥ 61,349	¥ 547,321
Consolidated revenues						646,643
International revenues as a percentage of consolidated revenues	25.0%	14.9%	25.8%	9.4%	9.5%	84.6%

Six months ended Sep.30,2007 (Thousands of U.S.Dollars)

	North America	Europe	Asia	Oceania	Other	Total
International revenues	\$ 1,399,234	\$ 838,078	\$ 1,447,515	\$ 525,275	\$ 531,486	\$ 4,741,588
Consolidated revenues						5,602,037
International revenues as a percentage of consolidated revenues	25.0%	14.9%	25.8%	9.4%	9.5%	84.6%

Year ended Mar.31,2007 (Millions of Yen)

	North America	Europe	Asia	Oceania	Other	Total
International revenues	¥ 296,627	¥ 202,054	¥ 221,959	¥ 104,233	¥ 89,131	¥ 914,006
Consolidated revenues						1,085,539
International revenues as a percentage of consolidated revenues	27.3%	18.6%	20.5%	9.6%	8.2%	84.2%

Transportation business earned outside Japan.

Each segment principally covers following countries or regions:

North America: U.S.A. and Canada

Europe: U.K., Germany, the Netherlands and France

Asia: South-East Asia, The Middle East, the People's Republic of China and India

Oceania: Australia, New Zealand

Other: Central and South America, Africa

Non-consolidated Financial Statements

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

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2007 and six months ended September 30, 2007 and 2006

(Million YEN or Thousands of U.S. Dollars)

	Year ended Mar.31,2007	Six Months ended Sep.30,2007	Six Months ended Sep.30,2007	Six Months ended Sep.30,2006
ASSETS				
Current assets:				
Cash and time deposits	¥ 11,133	¥ 10,259	\$ 88,885	¥ 6,150
Accounts receivable	64,223	70,644	612,007	87,427
Short-term loans receivable	27,588	24,729	214,236	39,091
Advances payments-trade	8,626	10,020	86,808	7,023
Inventories	17,161	22,636	196,106	17,405
Prepaid expenses and deferred charges	28,318	29,895	258,993	26,471
Due from agents	5,663	5,594	48,469	3,915
Deferred income taxes	4,396	5,425	47,002	3,762
Other current assets	5,042	3,735	32,362	3,971
Allowance for doubtful receivables	(186)	(243)	(2,105)	(248)
Total current assets	171,967	182,698	1,582,763	194,971
Fixed assets :				
(Tangible fixed assets)				
Vessels	33,307	30,924	267,909	35,625
Buildings	4,829	4,801	41,601	4,746
Structures	194	180	1,567	190
Equipments	2,512	2,203	19,093	2,941
Land	19,518	19,518	169,091	21,638
Construction in progress	975	4,712	40,825	3
Other tangible fixed assets	1,149	1,188	10,292	1,244
Total tangible fixed assets	62,486	63,530	550,378	66,391
(Intangible fixed assets)				
Software	1,247	1,085	9,403	1,389
Software in progress	15	11	96	174
Other intangible fixed assets	10	10	91	11
Total intangible fixed assets	1,273	1,107	9,590	1,575
(Investments and other long-term assets)				
Investments in securities	135,083	135,130	1,170,674	105,593
Investments in stocks of affiliated company	37,770	39,066	338,448	35,701
Long-term loans receivable	83,341	102,923	891,654	97,678
Long-term prepaid expenses	3,613	3,957	34,286	3,259
Deposits	3,088	3,198	27,713	3,115
Other long-term assets	20,613	20,223	175,204	17,433
Allowance for doubtful receivables	(748)	(750)	(6,500)	(596)
Total investments and other long-term assets	282,763	303,751	2,631,478	262,184
Total fixed assets	346,523	368,388	3,191,447	330,151
Deferred assets				
Bond-issuing expenses	9	4	43	14
Total deferred assets	9	4	43	14
Total assets	¥ 518,500	¥ 551,091	\$ 4,774,253	¥ 525,137

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2007 and six months ended September 30, 2007 and 2006

(Million YEN or Thousands of U.S. Dollars)

	Year ended Mar.31.2007	Six Months ended Sep.30,2007	Six Months ended Sep.30,2007	Six Months ended Sep.30,2006
LIABILITIES				
Current liabilities				
Accounts payable	¥ 63,802	¥ 72,925	\$ 631,774	¥ 75,964
Current portion of bonds payable	10,000	10,000	86,633	3,000
Short-term loans and current portion of long-term debt	27,318	14,122	122,350	43,601
Commercial paper	-	-	-	33,000
Accrued income taxes	10,168	19,475	168,719	6,701
Advance receipt	16,730	19,835	171,840	16,612
Deposit received	6,073	4,563	39,536	5,037
Due to agents	4,013	6,602	57,197	7,428
Accrued bonuses	795	912	7,904	878
Accrued directors' and corporate auditors' bonuses	136	74	641	-
Other current liabilities	3,301	2,919	25,289	2,979
Total current liabilities	142,340	151,430	1,311,883	195,203
Long-term liabilities				
Bonds	70,666	58,641	508,022	70,000
Long-term debt, less current portion	25,124	21,092	182,728	29,831
Allowance for employees' retirement benefits	333	596	5,169	536
Allowance for directors' and corporate auditors' retirement benefits	1,004	-	-	1,004
Accrued expenses for overhaul of vessels	1,413	1,661	14,396	1,274
Deferred income taxes	30,751	31,508	272,967	21,884
Deferred income taxes for land revaluation	2,289	3,616	31,332	2,862
Other long-term liabilities	3,396	6,965	60,347	4,214
Total long-term liabilities	134,979	124,082	1,074,961	131,608
Total liabilities	277,319	275,513	2,386,843	326,811
NET ASSETS				
Shareholder's equity:				
Common stock	39,356	45,369	393,046	29,689
Additional paid-in capital				
Capital surplus	24,201	30,214	261,754	14,534
Total additional paid-in capital	24,201	30,214	261,754	14,534
Retained earnings				
Legal reserve	2,540	2,540	22,008	2,540
Special reserve				
Special depreciation reserve	604	500	4,334	781
Reduced value entry reserve	919	873	7,567	2,114
Special account for reduced value entry reserve	949	949	8,226	-
Other reserve	95,552	110,552	957,741	95,552
Unappropriated earned surplus for current term	22,030	31,382	271,877	10,950
Total retained earnings	122,595	146,798	1,271,751	111,938
Treasury stock, at cost	(891)	(857)	(7,430)	(900)
Total shareholders' equity	185,262	221,524	1,919,122	155,262
Valuation and translation adjustments				
Unrealized holding gain on investments in securities	42,928	44,805	388,163	29,964
Deferred gain on hedges	9,219	6,810	59,004	8,378
Revaluation reserve for land	3,770	2,437	21,120	4,720
Total valuation and translation adjustments	55,918	54,054	468,287	43,063
Total net assets	241,181	275,578	2,387,409	198,326
Total liabilities and net assets	¥ 518,500	¥ 551,091	\$ 4,774,253	¥ 525,137

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2007 and six months ended September 30, 2007 and 2006

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

	Six months ended Sep.30,2006	Six months ended Sep.30,2007	Six months ended Sep.30,2007	Year ended Mar.31,2007
Shipping and other operating revenues	¥ 409,465	¥ 523,102	\$ 4,531,772	¥ 856,209
Shipping and other operating expenses	393,488	472,788	4,095,892	813,966
Total shipping and other operating profits	15,977	50,313	435,880	42,243
Other revenues	530	557	4,827	1,069
Other expenses	253	270	2,344	423
Other profits	276	286	2,483	646
Gross profits	16,253	50,600	438,364	42,890
Selling, general and administrative expenses	7,321	7,794	67,525	14,786
Operating income	8,932	42,805	370,838	28,103
Non-operating income :				
Interest and dividend income	4,126	3,893	33,730	7,862
Other non-operating income	126	243	2,110	367
Total non-operating income	4,253	4,137	35,841	8,229
Non-operating expenses :				
Interest expenses	1,022	1,215	10,532	2,339
Exchange loss	155	1,748	15,144	1,659
Other non-operating expenses	25	167	1,450	391
Total non-operating expenses	1,203	3,131	27,127	4,391
Ordinary income	11,981	43,811	379,552	31,941
Extraordinary profits :				
Gain on sales of fixed assets	199	1	15	1,911
Gain on sales of investments in securities	3,923	5,580	48,345	5,786
Other extraordinary profits	20	-	-	847
Total extraordinary profits	4,143	5,582	48,360	8,545
Extraordinary losses :				
Impairment losses on fixed assets	-	-	-	624
Transfer to reserve for possible loan losses	92	-	-	289
Other extraordinary losses	3	-	-	83
Total extraordinary losses	95	-	-	997
Income before income taxes	16,029	49,393	427,912	39,489
Income taxes: Current	6,211	19,570	169,540	15,271
Deferred	(372)	47	409	(1,031)
Net income	¥ 10,191	¥ 29,776	\$ 257,962	¥ 25,250

Non-Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the six months ended September 30, 2007

(Millions of Yen)

	Shareholder's equity											
	Common stock	Additional paid-in capital			Legal reserve	Retained earnings					Treasury stock, at cost	Total shareholders' equity
		Capital surplus	Total additional paid-in capital	Special depreciation reserve		Reduced value entry reserve	Special account for reduced value entry reserve	Other reserve	Unappropriated earned surplus for current term	Total retained earnings		
Balance March 31, 2007	¥ 89,866	¥ 24,201	¥ 24,201	¥ 2,540	¥ 604	¥ 919	¥ 949	¥ 95,652	¥ 22,080	¥ 122,595	¥ (891)	¥ 185,262
Change in items during the term												
Issuance of new shares	6,012	6,012	6,012	-	-	-	-	-	-	-	-	12,025
Cash dividends	-	-	-	-	-	-	-	-	(6,576)	(6,576)	-	(6,576)
Transferred from reserve	-	-	-	-	(100)	(45)	-	-	149	-	-	-
Provision for reserve	-	-	-	-	-	-	-	16,000	(16,000)	-	-	-
Net Income	-	-	-	-	-	-	-	-	29,776	29,776	-	29,776
Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	-	(193)	(193)
Disposal of treasury stocks	-	-	-	-	-	-	-	-	(1)	(1)	227	226
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	-	3	3	-	3
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
Net changes during the term	6,012	6,012	6,012	-	(100)	(45)	-	16,000	9,352	24,208	83	36,261
Balance September 30, 2007	¥ 46,869	¥ 30,214	¥ 30,214	¥ 2,540	¥ 500	¥ 873	¥ 949	¥ 110,652	¥ 31,382	¥ 146,798	¥ (867)	¥ 221,524

	Valuation and translation adjustments				Total net assets
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance March 31, 2007	¥ 42,928	¥ 9,219	¥ 3,770	¥ 55,918	¥ 241,161
Change in items during the term					
Issuance of new shares	-	-	-	-	12,025
Cash dividends	-	-	-	-	(6,576)
Transferred from reserve	-	-	-	-	-
Provision for reserve	-	-	-	-	-
Net Income	-	-	-	-	29,776
Purchase of treasury stocks	-	-	-	-	(193)
Disposal of treasury stocks	-	-	-	-	225
Reversal of revaluation reserve for land	-	-	-	-	3
Net changes in items other than shareholders' equity	1,876	(2,408)	(1,332)	(1,864)	(1,864)
Net changes during the term	1,876	(2,408)	(1,332)	(1,864)	34,397
Balance September 30, 2007	¥ 44,805	¥ 6,810	¥ 2,437	¥ 54,054	¥ 275,578

Non-Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the six months ended September 30, 2007

(Thousand of U.S. Dollars)

	Shareholder's equity											
	Common stock	Additional paid-in capital			Legal reserve	Retained earnings					Treasury stock, at cost	Total shareholders' equity
		Capital surplus	Total additional paid-in capital	Special depreciation reserve		Reduced value entry reserve	Special account for reduced value entry reserve	Other reserve	Unappropriated earned surplus for current term	Total retained earnings		
Balance March 31, 2007	\$ 340,959	\$ 209,666	\$ 209,666	\$ 22,009	\$ 5,233	\$ 7,963	\$ 8,226	\$ 827,792	\$ 190,862	\$ 1,082,073	\$ (7,721)	\$ 1,604,976
Change in items during the term												
Issuance of new shares	52,088	52,088	52,088	-	-	-	-	-	-	-	-	104,176
Cash dividends	-	-	-	-	-	-	-	-	(48,298)	(48,298)	-	(48,298)
Transferred from reserve	-	-	-	-	(899)	(896)	-	-	1,295	-	-	-
Provision for reserve	-	-	-	-	-	-	-	129,949	(129,949)	-	-	-
Net Income	-	-	-	-	-	-	-	-	257,962	257,962	-	257,962
Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	-	(1,676)	(1,676)
Disposal of treasury stocks	-	-	-	-	-	-	-	-	(16)	(16)	1,968	1,953
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	-	29	29	-	29
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
Net changes during the term	62,088	62,088	62,088	-	(899)	(896)	-	129,949	81,025	209,679	291	314,146
Balance September 30, 2007	\$ 398,046	\$ 261,754	\$ 261,754	\$ 22,009	\$ 4,334	\$ 7,567	\$ 8,226	\$ 957,741	\$ 271,877	\$ 1,271,752	\$ (7,430)	\$ 1,919,122

	Valuation and translation adjustments				Total net assets
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance March 31, 2007	\$ 371,904	\$ 79,872	\$ 32,662	\$ 484,438	\$ 2,096,415
Change in items during the term					
Issuance of new shares	-	-	-	-	104,176
Cash dividends	-	-	-	-	(48,298)
Transferred from reserve	-	-	-	-	-
Provision for reserve	-	-	-	-	-
Net Income	-	-	-	-	257,962
Purchase of treasury stocks	-	-	-	-	(1,676)
Disposal of treasury stocks	-	-	-	-	1,953
Reversal of revaluation reserve for land	-	-	-	-	29
Net changes in items other than shareholders' equity	16,259	(20,868)	(11,542)	(16,151)	(16,151)
Net changes during the term	16,259	(20,868)	(11,542)	(16,151)	297,995
Balance September 30, 2007	\$ 388,163	\$ 59,004	\$ 21,120	\$ 468,287	\$ 2,387,409