FINANCIAL HIGHLIGHTS

Brief report of the year ended March 31,2009

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Year ended Mar.31, 2008	Year ended Mar.31, 2009	Year ended Mar.31, 2009
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 1,331,048	¥ 1,244,317	$ 12,667,387
Operating income (Millions of yen / Thousands of U.S. dollars)	129,648	71,603	728,941
Net income (Millions of yen / Thousands of U.S. dollars)	83,011	32,420	330,047
Per share of common stock (Yen / U.S. dollars)	131.36	50.89	0.52
Total Assets (Millions of yen / Thousands of U.S. dollars)	968,629	971,602	9,891,102
Net assets (Millions of yen / Thousands of U.S. dollars)	376,277	356,152	3,625,701
Per share of common stock (Yen / U.S. dollars)	558.46	525.43	5.35
Net cash provided by operating activities (Millions of yen / Thousands of U.S. dollars)	141,237	77,614	790,130
Net cash provided by investing activities (Millions of yen / Thousands of U.S. dollars)	(145,540)	(148,304)	(1,509,763)
Net cash provided by financing activities (Millions of yen / Thousands of U.S. dollars)	(7,460)	99,843	1,016,429
Non-consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	1,063,705	960,108	9,774,090
Operating income (Millions of yen / Thousands of U.S. dollars)	89,715	24,612	250,562
Net income (Millions of yen / Thousands of U.S. dollars)	58,938	799	8,138
Per share of common stock (Yen / U.S. dollars)	93.19	1.25	0.01
Cash dividends (Millions of yen / Thousands of U.S. dollars)	16,561	8,608	87,634
Per share of common stock (Yen / U.S. dollars)	26.00	13.50	0.14
Total Assets (Millions of yen / Thousands of U.S. dollars)	541,450	498,021	5,069,957
Net assets (Millions of yen / Thousands of U.S. dollars)	258,075	225,504	2,295,683
Per share of common stock (Yen / U.S. dollars)	404.80	353.65	3.60

The U.S. dollar amounts are converted from the yen amount at ¥98.23=U.S.$1.00.
The exchange rate prevailing on March 31, 2009.

1. [Operating Results]

(1) Analysis of Operating Results

(i) Summary of Consolidated Operating Results for FY2008

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

	Fiscal 2007 (ended March 2008)	Fiscal 2008 (ended March 2009)	Increase (Decrease) in amount/rate
Operating revenues	13,310	12,443	-867/-7%
Operating income	1,296	716	-580/-45%
Ordinary income	1,259	600	-659/-52%
Net income	830	324	-506/-61%

During consolidated fiscal 2008 (April 1, 2008 through March 31, 2009), the world encountered an unprecedented financial and economic crises as the global economy, which had sustained a strong economic performance since fiscal 2003, rapidly slowed down, triggered by the failure of some of the major U.S. banks in September. In the U.S. economy, in addition to a sharp decline in sales of consumer durable goods such as housing and automobiles due to dysfunction of the financial market, general consumption also fell due to worsened employment environments and drops in asset values. Corporate earnings also materially declined. In the European countries, both capital spending and consumer spending notably showed downward trends, backed by credit contraction due to financial crises. As a result, the Chinese economy which had been leading the world economy and the economies of newly emerging countries and resources producing countries were affected in no small way. With worsened economies in the U.S. and European countries and sharp appreciation of the yen from early autumn in 2008, the Japanese economy and its business environments, particularly those for companies heavily dependent on export rapidly deteriorated.

In the environment surrounding the shipping industry, while fuel oil prices which had remained high in the 3rd Quarter in fiscal 2008 showed downward trends, business circumstance in and after the 3rd Quarter has become extremely severe as seen in sharp appreciation of the yen, significant decline in dry bulk freight rates from the 2nd Quarter, and steeply declined cargo movements in businesses related to containership transportation and the marine transportation of cars.

The “K” Line Group established the medium-term management plan “K” LINE Vision 100 in April 2008. However, supply and demand balance for marine transportation worsened significantly due to sharp drop in transported volumes resulting from unprecedented financial and economic crises, and the business environment has also drastically changed. As it was forecasted that it would take some time for the business environment to fully recover, the “K” Line Group established the Economic Crisis Emergency Task Force in December 2008, and started activities towards complete improvement of profitability, cost reduction and risk management.

Consolidated operating revenues for consolidated fiscal 2008 accounted for ¥1,244.317 billion, a decrease by ¥86.730 billion compared with the same period last year, operating income was ¥71.603 billion, a decrease by ¥58.045 billion from the previous year, and ordinary income was ¥60.010 billion, a decrease by ¥65.857 billion compared with the preceding year. Consolidated net income for fiscal 2008 was ¥32.420 billion, down by ¥50.591 on year-on-year basis.

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

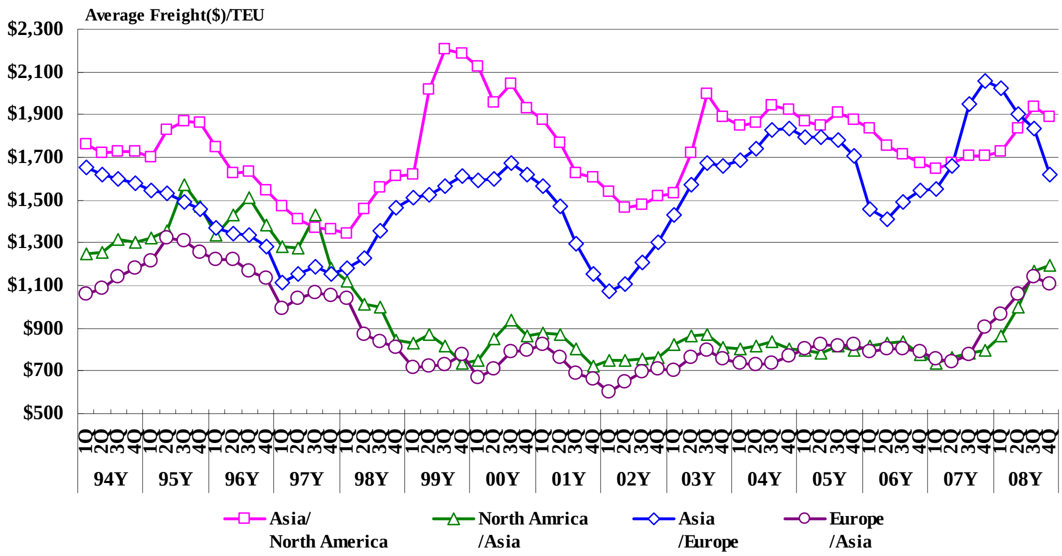
(1) Marine transportation

[Containership Business]
A decrease in cargo movements due to the recession has spread not only in Europe and the United States but also all over the world. In North American trade, cargo movements to North America shipped from Asia decreased, and the number of loaded containers of the Company fell by 13% compared with the last year. Cargo movements to Asia shipped from North America enjoyed brisk demand in the 1st half of fiscal 2008, but in the 2nd half, they suddenly changed to steeple decline, affected by the global economic downturn, and cargo movements for the full-term of fiscal 2008 resulting in an increase by 8% on a year-on-year basis. On the North European service routes, the overall cargo movements entered a slowdown phase, but the Company’s cargo movements increased by 13% against the last year, benefiting from the launching of large containerships. On the other hand, on the Mediterranean Sea service routes, the Company promoted rationalization of services in response to declining cargo movements and suspended one service on the eastern Mediterranean Sea service routes, and the number of loaded containers decreased by 6% from the preceding year. The

Company’s overall number of loaded containers dropped by 4% against the previous year.

Amid worsened supply and demand balance of tonnage and decline of average freight rates due to decreased cargo movements on the European service routes and Asia/South American service routes, the Company strived to promote rationalization of ship operations and cost reduction including reduction of services on the East/West service routes such as North American routes and European routes and integration of services on the North/South service routes such as Asia/South American East Coast routes, Asia/South American West Coast routes and Asia/Middle East routes. However, both operating revenues and profits decreased compared with the previous year.

Containerization International “Freight Rates Indicators”

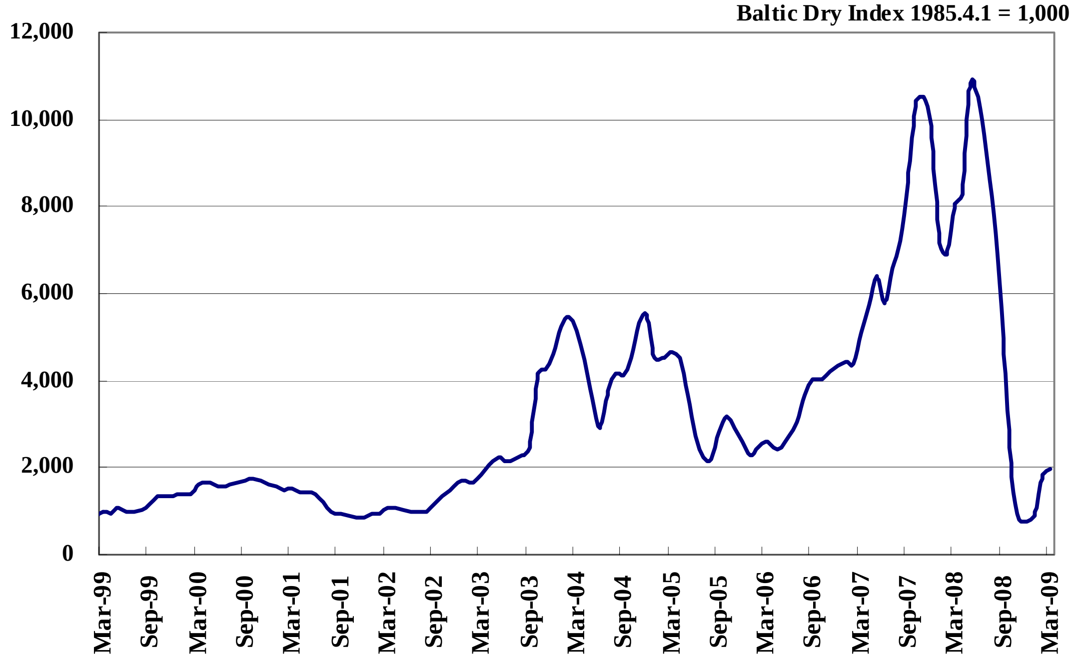


[Bulk Carrier and Car Carrier Business]

In the dry bulk carrier business, dry bulk market freight rates rose significantly, hitting the record high at one time, backed up by sharp increases in China’s imports of iron ore including impacts of special procurement demands due to the Beijing Olympic Games, and the Company recorded the record high profits for the cumulative period for the 2nd Quarter of fiscal 2008. From the 3rd Quarter onward, cargo movements were sluggish affected by a sharp decrease in the demand for resources mainly from newly emerging countries due to worldwide recession, and market rate suddenly changed and dived into the record low zone. The Company made efforts to minimize adverse effects from fluctuations of spot freight rates by increasing the ratio of medium-term and long-term contracts for cargo transportation and strived to reduce fuel costs and operation costs by means of efficient ship operations and low-speed navigation, but negative effects from sharply worsened freight rates were not covered. As a result, both operating revenues and profits decreased from the previous year.

With respect to the car carrier business, while cargo movements steadily increased up to the 2nd Quarter of fiscal 2008, they sharply dropped hit by slowdown of the global economy from the 3rd Quarter onward, mainly in those bound to the U.S. and newly emerging countries and resources producing countries where cargo movements were comparatively steady before. The number of cars transported by the Company decreased by 9% against the preceding year. The Company made efforts to reduce costs by reducing consumption of fuel oils through navigation at low speed while benefiting from decreased fuel oil unit prices and by adjusting tonnage through the scrap of aged vessels. However, both operating revenues and profits decreased from the last year. As a result, operating results and profits for the overall bulk carrier and car carrier business for fiscal 2008 decreased compared with the previous year.

Baltic Dry Index



Duration :1999/3 ~ 2009/3

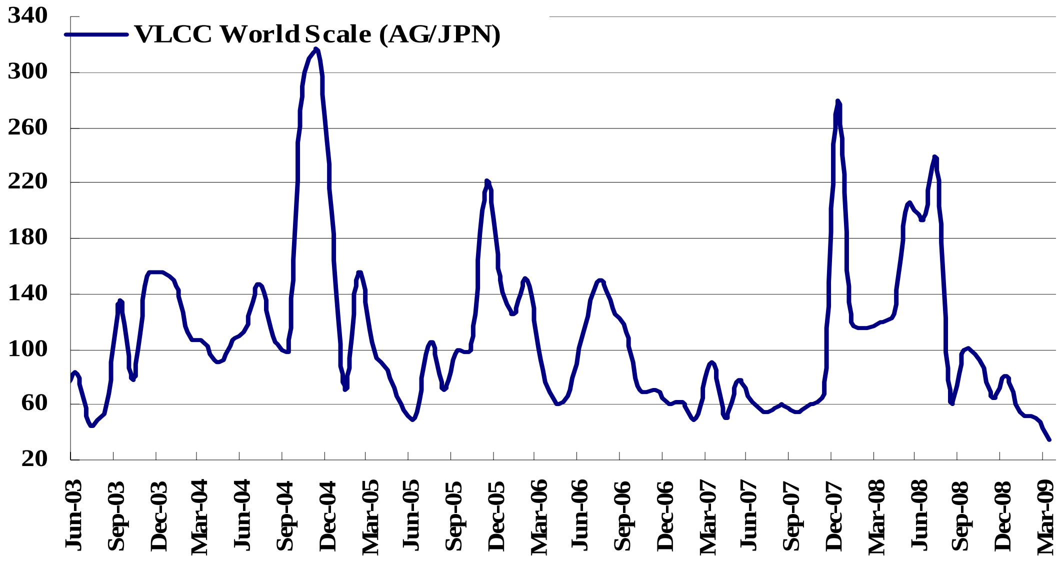
[Energy Transportation and Tanker business]

As for LNG transportation, a total of 14 newly-built LNG carriers were launched during fiscal 2008, including eight large LNG carriers for the RasGasIII Project and three LNG carriers for the Tangguh Project. As a result, the fleet of LNG that the Company owns or is involved with increased sharply to 47 carriers. The LNG carrier business expanded its fleet of carriers and secured stable profits.

As for the tanker business, freight rates of tankers for petroleum products firmed up, supported primarily by strong demand for transportation of diesel and jet fuel bound to Europe, and the tanker business secured profits significantly exceeding those in the preceding year.

Overall, the energy transportation and tanker business marked increases both in revenues and profits from the previous year.

Trends in Tanker Freight Rate



[Heavy Lift Shipping Business]

In the heavy lift shipping business, cargo movements of heavy cargoes including petrochemical plant and infrastructure-related heavy lifts continued to grow constantly, assisted by soaring resource prices, and the Company's fleet of heavy lifters maintained a level of full cargo. As a result, the heavy lift shipping business secured stable profits, due partly to effects from declining fuel prices from the 3rd Quarter onward.

[Coastal Shipping Business]
As for the coastal shipping business, steel carrier and cement carriers continued to secure constant cargo volumes respectively in the non-regular liner service. A newly built coal carrier was completed in the 1st Quarter and the 3rd Quarter of fiscal 2008 respectively, and they started transportation of coals within Tokyo Bay. In regular liner service, the paper carriers ensured stable cargo volume by making a long-term transportation contract with customers, but high fuel prices up to the 2nd Quarter put pressure on profits. The Hachinohe/Tomakomai ferry service increased transportation of trucks helped by effects from increased services under the four ferries operations.

As a result, the overall operating revenues for the marine transportation segment amounted to ¥1,110.475 billion, and the operating income stood at ¥60.004 billion.

(2) Logistics/Harbor Transportation

In the comprehensive logistics business, the domestic trailer transportation services secured same level of profits as the previous year, while profits of the buyer’s consolidation services worsened due to world-wide decline in marine container cargos. The air cargo forwarding services worsened in profits, affected by steep decline in air cargo movements from the 3rd Quarter of fiscal 2008.

As a result, the overall operating revenues for this segment were ¥108.874 billion, and operating income stood at ¥9.288 billion.

(3) Other Businesses

As for other businesses not mentioned above, the overall operating revenues amounted to ¥24.967 billion, and operating income stood at ¥2.234 billion.

(ii) Prospects for Fiscal 2009

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

	Fiscal 2008 (ended March 2009)	Prospects for Fiscal 2009 (ending March 2010)	Increase (Decrease) in amount/rate
Operating revenues	12,443	9,500	-2,943/-24%
Operating income	716	160	-556/-78%
Ordinary income	600	110	-490/-82%
Net income	324	65	-259/-80%

Foreign exchange rate	¥100.82/US$	¥100.00/US$	-¥0.82/US$
Fuel oil prices	US$504/MT	US$300/MT	-US$204/MT

Assumptions for the prospects: Foreign exchange rate (For the full term): ¥100/US$

Fuel oil price: rate (For the full term): US$300/MT

With respect to the consolidated operating results for fiscal 2009, the Company expects to be ¥950 billion for operating revenues, ¥16 billion for operating income, ¥11 billion for ordinary income and ¥6.5 billion for net income.

As for the marine transportation markets during fiscal 2009, the business environment will generally deteriorate further due to the global recession. Since the reduction in cargo movements of containership has been significant, the Company has been promoting rationalization of services by reducing, temporarily suspending, integrating services, and reviewing service schedules, jointly with the alliance members, for almost of all major service routes, including those to North America, Europe, South American West and East Coast and Inter-Asia service routes. At the same time, a concerted effort to reduce costs will be made across the Group in the world. Consolidated operating revenues in the containership business for fiscal 2009 will decrease due partly to worsened freight rates on major service routes, despite some signs of possibility of an increase in freight rates on some service routes. However, the Company expects a contraction of deficits through implementation of earning recovery and cost reduction measures in this business. As for the bulk carrier and car carrier business, in the dry bulk carrier business, the Company expects marine cargo movements at the same level as those in the preceding year. The Company will strive to improve profitability by implementing complete cost reduction activities and reviewing the scale of the fleet of carriers including suspending investment in newly-built carriers, returning high-cost vessels, and selling and scrapping unprofitable carriers and excessive carriers, and at the same time, will reinforce overseas marketing at mainly foreign bases to expand the sales structure. With respect to the car carrier business, though inventories of completed built-up cars (CBU) around the world are forecasted to return to normal levels in the near future, the Company considers recovery of the number of CBU transported by marine transportation will take time and the gross cargo movements of completed cars will decrease by 30% from the preceding year. Under the unprecedented business environment, the Company will make every effort to improve profitability by cost reduction activities for ship operation costs including reduction of fuel costs through navigation at low speed and reduction of canal tolls for Suez and Panama Canals by switching the service routes to the route to double the Cape of Good Hope. Concerning the energy transportation and tanker business, the Company's fleet of LNG carriers will expand to 48 vessels with completion of a newly built carrier during the fiscal year 2009. The Company will continue to respond to diversified needs for LNG transportation flexibly and aggressively to expand the scope of the business. In the tanker business, though freight rates will continue to be sluggish due to the global economic stagnation, newly emerging countries' demand for petroleum is expected to be firm. The supply and demand balance of world tonnage will not face extremely excessive situations, since decommissioning of single-hull vessels and delay in delivery of newly built vessels are forecasted. As for the tankers for petroleum products, freight rate may soften temporarily. However, cargo movements will recover gradually, assisted by full-scale operation of newly built export-oriented oil refineries and constant demand for petroleum products from Europe.

The business environment surrounding the shipping industry is difficult to forecast as mentioned above under the current demand and supply conditions, the USD exchange rate and trends in interest rates. However, the Company will strive to further promote efficient ship operations and cost reductions.

In addition, with respect to the foreign exchange rates and fuel oil prices for fiscal 2009, the Company is assuming ¥100 per US$ as the USD exchange rate and US$300 per MT for fuel oil prices.

(2) Analysis of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets at the end of March 2009 resulted in value of 971.602 billion JPY, increasing by 2.973 billion JPY over the end of the previous period, mainly due to the acquisition of more vessels although investment securities were down because of the fallen value of accounts receivable and shareholdings.

Total liabilities resulted in 615.45 billion JPY, a year-on-year increase of 23.097 billion JPY. Current liabilities decreased by 58.927 billion JPY due to a decrease in trade accounts payable short-term borrowings and income taxes payable due to a downturn in the movement of goods. Fixed liabilities increased by 82.024 billion JPY, compared with the end of the previous period, mainly due to increased long-term borrowings.

Net assets decreased by 20.124 billion JPY to 356.152 billion JPY in comparison to the end of fiscal 2008, due to the write-down of the valuation and conversion differential in the face of falling values for shareholdings.

2) Consolidated Cash Flow

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

Item	Fiscal 2007 (ended March 2008)	Fiscal 2008 (ended March 2009)	Increase/(decrease) on a year-on-year basis
Cash and cash equivalents at the beginning of the period	605	480	-124
1) Cash flow from operating activities	1,412	776	-636
2) Cash flow from investing activities	-1,455	-1,483	-28
3) Cash flow from financing activities	-75	998	1,073
4) Effect of exchange rate changes on cash and cash equivalents	-7	-75	-68
Net increase (decrease) in cash and cash equivalents	-124	217	341
Cash and cash equivalents at the end of the period	480	697	217

The total of cash and cash equivalent at the end of current consolidated financial year increased from the end of previous financial year by 21.656 billion JPY to 69.7 billion JPY. Each cash flow situation is described as follows:-

Operating cash flow for the current period resulted in 77.614 billion JPY credit compared to 141.237 billion JPY credit for the previous period. This was mainly due to the dwindling net revenue for the current period.

Investment cash flow for the current period resulted in 148.34 billion JPY debit, due to the expenditures to acquire more vessels compared to 145.54 billion JPY debit for the previous period.
Financial cash flow for the current period resulted in 99.843 billion JPY credit, due to incomings from borrowing compared to 7.46 billion JPY debit for the previous period.

(Reference) Changes in cash flow-related indicators

	Fiscal 2004 ended Mar. 2005	Fiscal 2005 ended Mar. 2006	Fiscal 2006 ended Mar. 2007	Fiscal 2007 ended Mar. 2008	Fiscal 2008 ended Mar. 2009
Equity ratio (%)	29.9	34.1	38.3	36.7	34.5
Equity ratio (Market cap.) (%)	72.3	54.3	76.9	63.7	20.0
Ratio of debt to cash flow period (Year)	2.7	3.8	4.9	2.3	5.7
Interest coverage ratio	19.5	16.2	16.0	27.7	12.6

* 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
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 refers to operating cash flow.
4. Interest-bearing debt is the sum of all liabilities on the consolidated balance sheets on which interest is paid (including 27.6 billion JPY of Euro-yen Zero Coupon Convertible Bonds). In addition, interest expenses are corresponding figures shown on the consolidated statement of cash flows.

3) Basic Dividend Policy and Dividend Payment for the Current and Following Fiscal Year

Our important task is to maximize returns to our shareholders while giving consideration to our main task of the management plan that is to maintain a necessary inner reserve for investment in plant and equipment for sustainable growth and to improve and strengthen the nature of our company. Our policy is to raise distribution

payout ratio gradually setting an intermediate target which is distribution payout ratio, 25% at financial year 2011 with an idea of achieving distribution payout ratio, 30% of consolidated net profit at the mid 2010.
Interim distribution for the current period was at 13.5 JPY per share. Unfortunately, the year-end distribution has to be put off because Interim distribution itself resulted in achieving distribution payout ratio of 26% which exceeds the targeted annual ratio of 22%, due to worsening business performance during the second half of the financial year.
For the following period we plan to pay an annual dividend of 2.5 JPY per share, which will represent a 23% payout ratio. As to an interim dividend for the following period, at this moment we plan to skip it due to the uncertain situation surrounding our company.
The shipping market is going through hard times and the prospects are still grim. Under the business environment while foreign exchange and interest rate are unpredictable, our present prime management task is to maintain a strong balance sheet. We will continuously work on the urgent strategy to improve the management balance with thorough rationalization and cost reduction as our core activity and will make a maximum effort to increase the distribution of profits.

(4) Business Risk

The “K”Line Group is developing its business internationally. When unpredictable events occur, whether they are caused by sociopolitical or natural phenomena, they can have a negative impact on business in related areas and markets. Furthermore, in the Group's main business field, marine transport, market conditions for cargo handling and marine transportation are heavily influenced by international factors such as economic trends in various countries, product market conditions, supply and demand balance for ships, and competitive relationships. Changes in any of those factors can have a negative impact on the “K”Line Group's marketing activities and business results. In particular, economic conditions such as tax systems and inflation or implementation of regulations or political policies such as protective trade policies in major trading regions and countries like North America, Europe, Japan, and China can worsen conditions for the freight market when shipping volume is already down and cost competition is already harsh. This can have a serious impact on the “K”Line Group's financial situation and operating results.
Other major risks that can have a negative impact on the “K”Line Group's business activities include the following.

1) Exchange rate fluctuations

A large percentage of the “K”Line Group's business revenue comes in freight revenue denominated in US dollars. The exchange rate at conversion can have an influence after conversion to yen. The Group works to minimize negative impacts from exchange rate fluctuations by incurring costs in dollars and creating currency hedges, but a stronger yen against the US dollar can still have a negative influence on the “K”Line Group's financial situation and operating results.

2) Fuel oil price fluctuations

Fuel oil prices account for a major portion of the “K”Line Group's ship operations costs. Fluctuations in fuel oil prices are determined mainly by factors in which the “K”Line Group has no input, such as crude oil supply and demand balance, attitudes in OPEC and other oil-producing nations, and political conditions and local production situations in producing countries. Such factors are extremely difficult to predict. The Group utilizes futures contracts in order to mitigate the impact of unstable elements on its bottom line, but remarkable and sustained rises in fuel oil prices along with decreased supplies can force the “K”Line Group's business costs upwards. This would have a negative impact on the Group's financial situation and operating results.

3) Interest rate fluctuations

The “K”Line Group carries out ongoing capital investment in the construction of new ships and so on. The Group strives to reduce interest-bearing debt to the extent possible by investing its own capital and engaging in off–balance sheet deals such as operating leases, but a high percentage still must rely on borrowing from financial institutions. The Groups takes out loans for capital investment in ships and equipment at fixed rates and uses interest fixing swaps in accordance with their repayment in order to avoid increases in capital procurement costs through rises in future interest rates. However, capital procurement costs are affected by interest rate fluctuations, and this can have an impact on the “K”Line Group's financial situation and operating results.

4) Public regulation

The marine transportation business in general is influenced by international treaties on ship operation, registration, and construction, as well as business licensing, taxes, and other laws and regulations in various individual countries and territories. It is possible that in the future, new laws or regulations will be enacted that constrain the “K”Line

Group's business development or increase its business costs. This would result in a negative impact on the “K”Line Group's financial situation and operating results.
The ships that the “K”Line Group operates managed and operated in compliance with existing laws and regulations, and they carry appropriate hull insurance. Nevertheless, relevant legal regulations could change, and compliance with new regulations could generate additional costs.

5) Safe ship operation and environmental protection
The “K”Line Group makes thoroughly safe ship operation and environmental protection as the highest priorities as it maintains and improves its safe operations standards and crisis management system. If an accident, especially an accident involving an oil spill, should occur despite these efforts, causing ocean pollution, it could have a negative impact on the “K”Line Group's financial situation and operating results. Furthermore, increasing losses due to piracy, operation in areas of political instability or conflict, and the increasing risk of terrorism directed at ships could cause major damage to “K”Line Group ships and place its seamen in danger. These factors could have a negative impact on the “K”Line Group's safe ship operation, voyage planning and management, and marine transport business as a whole.

6) The competitive environment, etc.
The “K”Line Group carries out business development in the international marine transportation market. In its competitive relationships with outstanding groups of marine transportation companies from Japan and abroad, the Group's industry position and operating results can be negatively impacted by the degree to which other companies allocate their management resources to each sector and by differences in competitiveness such as costs and technologies.
In the very competitive environment of the container shipping sector, the Group is striving to maintain and improve the competitiveness of its services by participating in alliances with foreign marine transportation companies. However, factors over which the “K”Line Group has no control, such as other companies deciding on their own to end alliances, could have a negative impact on the Group's marketing activities, financial situation, and operating results.
Matters referring to the future are as judged by the “K”Line Group as of the date of submission of its financial statement report. In addition, the items discussed here do not represent every risk to the “K”Line Group.

3. [Management Policies]

[Issues that must be addressed]

Following the failures of some major financial institutions in the United States of America last autumn, the global financial system's essential functions declined remarkably. Furthermore, stock markets almost everywhere in the world fell sharply. Eventually, this affected the real economy, causing a major drop in the movement of goods by sea. After achieving record profits during the first half of the year on a half-year basis due mainly to a historic jump in market conditions for dry bulk, the second half saw a complete reversal, as the business environment for marine transportation and “K”Line rapidly declined. Under these circumstances, “K”Line's results for the entirety of FY 2008 fell well below initial expectations. Last April, “K”Line set forth its new medium-term management plan, “K”Line Vision 100, and has been addressing its primary goals of synergy for all and sustained growth. Responding to the sudden worsening of the business environment, however, the entire “K”Line Group has also been working on rationalization, focusing primarily on earnings recovery and cost cutting.

1) Establishment of an Economic Crisis Emergency Headquarters

With prospects of a global economic recovery extremely uncertain, in December “K”Line established an Economic Crisis Emergency Headquarters with the company's President & CEO as Chair and its Vice President as Deputy Chair. It immediately developed and implemented urgent measures to improve the company's balance sheet by thoroughly rationalizing, cutting cots, and managing risks. In particular, it is working to strengthen “K”Line's financial position by rethinking investment, especially in ships.

2) Efforts to protect the environment

In addition to "hard" measures such as adoption of energy-saving systems for ship operations, ground cargo handling, and ground transport, and effective use of exhaust energy, “K”Line works to cut CO_2 emissions to the extent possible and help prevent global warming through "soft" measures such as carrying out transport at appropriate speeds. The company makes the utmost effort to help create a global environment with clean oceans and clean skies for all people and all living things.

3) Administrative structure for undeviating safe ship operation

"K"Line has applied its unique expertise to establishing a global standard for its KL Safety Standard management system. Fulfillment of KL Quality and improvement of the company's ship inspection system have ensured safe ship operation and better ship quality for all ships in operation. Furthermore, creation of the KL Safety Network has promoted information sharing throughout the Group, as "K"Line works to upgrade its safety management system and improve its ground support systems. Moreover, the company is working to improve its ability to secure and train foreign technicians through steps such as improving its sourcing system for foreign seamen, upgrading the "K"Line Maritime Academy, improving its seamen's training program, and providing attractive work environments. "K"Line aims to create an administrative structure for undeviating safe ship operation.

4) Borderless management through the best, strongest organization possible

As the globalization of the "K"Line Group's business activities accelerates, borderless management that applies the "K"Line Standard to business and corporate culture anywhere in the world is necessary. "K"Line promotes cooperation and personal interaction among Group companies in order to build the Group's overall strength. At the same time, through improved training of personnel suited for global business and unceasing efforts to improve its work, the company works towards leaps in labor productivity that will support its global competitiveness. Furthermore, through shared vision, clarification of roles, personnel assignments that put the right people in the right places, and fair treatment of employees, "K"Line is aiming to create challenging and exciting workplace environments for the Group's personnel around the world. Through these efforts, the company is building industry-leading competitiveness in terms of cost competitiveness, technical ability, and quality of service.

5) Proper allocation of strategic investment and management resources

In light of the fact that the global economic and financial crisis is causing major changes in the business environment surrounding "K"Line, the company has undertaken a significant revision of the investment plan, primarily in ships, described in the "K"LINE Vision 100. In more concrete terms, this means steps to shrink investment cash flow to a large degree, including an effective freeze on new investment, putting off already decided items, changes to types of ships holding, and selling of older vessels. On the other hand, regarding fields ripe for strategic expansion or opportunities for new participation, “K”Line will allocate appropriate management resources after careful analysis of profitability and risk. With an investment strategy premised on a sound financial structure, the company is working to position itself for the future even as it rides out the current dramatic difficulties.

6) Improved corporate value and thorough risk management

“K”Line aims for sustained growth based on a stable revenue base through business development that emphasizes profitability and capital efficiency. During this process, the company exposes potential risks such as predicted markets, exchange rates, personnel, safety and environment, and accidents and examines measures to prevent them. It carries out thorough risk management so that when causes of risks appear they can be swiftly dealt with. In addition to ensuring soundness in terms of finances, thorough management of risks that are outside the balance sheet helps to raise management soundness, place the company on the path to sustained growth based on a stable revenue base, and improve corporate value.

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, 2009 and 2008

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

	Year ended Mar.31, 2008	Year ended Mar.31, 2009	Year ended Mar.31, 2009
ASSETS			
Current assets :			
Cash and time deposits	¥ 50,700	¥ 73,144	$ 744,627
Accounts and notes receivable-trade	101,034	72,740	740,509
Short-term loans receivable	10,713	15,399	156,775
Marketable securities	22	0	8
Inventories	34,264	-	-
Prepaid expenses and deffered charges	37,280	22,963	233,775
Raw material and supplies	-	19,974	203,346
Other current assets	32,841	30,766	313,212
Allowance for doubtful receivables	(678)	(504)	(5,132)
Total current assets	266,179	234,486	2,387,121
Fixed assets :			
(Tangible fixed assets)			
Vessels	266,001	347,898	3,541,674
Buildings and structures	23,818	23,932	243,632
Machinery and vehicles	13,317	10,934	111,317
Land	32,440	30,990	315,489
Construction in progress	170,040	155,652	1,584,569
Other tangible fixed assets	9,049	9,055	92,183
Total tangible fixed assets	514,669	578,463	5,888,864
(Intangible fixed assets)			
Goodwill	9,120	10,228	104,133
Other intangible fixed assets	6,112	5,986	60,941
Total intangible fixed assets	15,232	16,215	165,074
(Investments and other long-term assets)			
Investments in securities	121,146	89,618	912,329
Long-term loans receivable	26,624	17,603	179,210
Deferred income taxes	-	10,103	102,851
Other long-term assets	25,092	26,003	264,719
Allowance for doubtful receivables	(582)	(890)	(9,066)
Total investments and other long-term assets	172,280	142,437	1,450,043
Total fixed assets	702,182	737,116	7,503,981
Deferred assets	266	-	-
Total assets	¥ 968,629	¥ 971,602	$ 9,891,102

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2009 and 2008

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

	Year ended Mar. 31, 2008	Year ended Mar.31, 2009	Year ended Mar.31, 2009
LIABILITIES			
Current liabilities :			
Accounts and notes payable-trade	¥ 82,075	¥ 63,058	$ 641,950
Short-term loans and current portion of long-term debt	67,918	55,343	563,406
Commercial paper	-	22,000	223,964
Accrued income taxes	36,454	4,594	46,770
Accrued bonuses	2,415	1,808	18,407
Accrued bonuses for directors and corporate auditors	490	221	2,250
Other current liabilities	57,127	40,529	412,594
Total current liabilities	246,481	187,554	1,909,341
Long-term liabilities :			
Bonds	57,741	57,641	586,796
Long-term debt, less current portion	198,856	301,011	3,064,358
Deferred income taxes for land revaluation	3,943	2,635	26,827
Allowance for employees' retirement benefits	9,672	8,525	86,794
Allowance for directors' and corporate auditors' retirement benefits	2,022	1,941	19,768
Accrued expenses for overhaul of vessels	24,655	20,236	206,007
Other long-term liabilities	48,979	35,904	365,511
Total long-term liabilities	345,870	427,895	4,356,061
Total liabilities	592,352	615,450	6,265,402
NET ASSETS			
Shareholder's equity:			
Common stock	45,819	45,869	466,959
Capital surplus	30,664	30,714	312,677
Retained earnings	281,384	298,638	3,040,193
Less treasury stock, at cost	(929)	(938)	(9,553)
Total shareholders' equity	356,938	374,283	3,810,275
Valuation and translation adjustments			
Net unrealized holding gain on investments in securities	17,808	(4,874)	(49,623)
Deferred gain on hedges	(23,140)	(17,708)	(180,276)
Revaluation reserve for land	4,186	2,048	20,850
Translation adjustments	(29)	(18,975)	(193,177)
Total valuation and translation adjustments	(1,175)	(39,510)	(402,226)
Minority interests in consolidated subsidiaries	20,514	21,379	217,651
Total net assets	376,277	356,152	3,625,701
Total liabilities and net assets	¥ 968,629	¥ 971,602	$ 9,891,102

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2009 and 2008

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

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2009	Year ended Mar. 31, 2009
Marine transportation and other operating revenues	¥ 1,331,048	¥ 1,244,317	$ 12,667,387
Marine transportation and other operating expenses	1,127,017	1,105,346	11,252,632
Gross profits	204,030	138,971	1,414,755
Selling, general and administrative expenses	74,381	67,367	685,814
Operating income	129,648	71,603	728,941
Non-operating income :			
Interest income	3,715	2,165	22,047
Dividend income	2,831	2,797	28,484
Equity in earnings of affiliated companies	1,642	1,120	11,405
Other non-operating income	2,004	1,643	16,726
Total non-operating income	10,193	7,727	78,663
Non-operating expenses :			
Interest expenses	5,105	6,181	62,927
Exchange loss	7,688	11,831	120,448
Other non-operating expenses	1,180	1,307	13,310
Total non-operating expenses	13,974	19,320	196,685
Ordinary income	125,867	60,010	610,919
Extraordinary profits :			
Gain on sales of investments in securities	7,743	453	4,619
Gain on sales of fixed assets	3,941	3,713	37,803
Gain on reversal of accrued expenses for overhaul of vessels	-	2,152	21,915
Other extraordinary profits	149	72	737
Total extraordinary profits	11,834	6,392	65,074
Extraordinary losses :			
Loss from devaluation of investment securities	257	17,813	181,343
Loss on sales of fixed assets	467	29	304
Allowance for bad debts (extraordinary losses)	4	459	4,682
Other extraordinary losses	143	2,327	23,690
Total extraordinary losses	873	20,630	210,020
Income before income taxes	136,828	45,772	465,973
Income taxes : current	47,579	6,997	71,235
deferred	2,422	1,188	12,101
Income taxes	50,001	8,186	83,336
Minority interests	3,815	5,165	52,590
Net income	¥ 83,011	¥ 32,420	$ 330,047

Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2009 and 2008

	Year ended Mar.31, 2008	Year ended Mar.31, 2009	Year ended Mar.31, 2009
Shareholders' equity			
Common stock			
Balance at beginning of year	¥ 39,356	¥ 45,819	$ 466,450
Change in the item during the term			
Issuance of new shares	6,462	50	509
Net changes during term	6,462	50	509
Balance at end of term	45,819	45,869	466,959
Additional paid-in capital			
Balance at beginning of year	24,201	30,664	312,168
Change in the item during the term			
Issuance of new shares	6,462	50	509
Net changes during term	6,462	50	509
Balance at end of term	30,664	30,714	312,677
Retained earnings			
Balance at beginning of year	211,602	281,384	2,864,543
Effect of accounting method changes in foreign subsidiaries	-	180	1,833
Change in the item during the term			
Cash dividends	(13,210)	(17,533)	(178,498)
Net Income	83,011	32,420	330,047
Disposal of treasury stocks	(12)	(13)	(134)
Reversal of the revaluation reserve for land	9	2,150	21,895
Net change in retained earnings resulting from inclusion or exclustion of subsidaries and other	(15)	49	506
Net changes during term	69,781	17,073	173,817
Balance at end of term	281,384	298,638	3,040,193
Treasury stock, at cost			
Balance at beginning of year	(988)	(929)	(9,462)
Change in the item during the term			
Purchage of treasury stocks	(247)	(56)	(572)
Disposal of treasury stocks	307	47	480
Net changes during term	59	(9)	(92)
Balance at end of term	(929)	(938)	(9,553)
Total of shareholders' equity			
Balance at beginning of year	274,172	356,938	3,633,700
Effect of accounting method changes in foreign subsidiaries	-	180	1,833
Change in the item during the term			
Issuance of new shares	12,925	100	1,018
Cash dividends	(13,210)	(17,533)	(178,498)
Net Income	83,011	32,420	330,047
Purchage of treasury stocks	(247)	(56)	(572)
Disposal of treasury stocks	294	33	346
Reversal of the revaluation reserve for land	9	2,150	21,895
Net change in retained earnings resulting from inclusion or exclustion of subsidaries and other	(15)	49	506
Net changes during term	82,765	17,164	174,743
Balance at end of term	¥ 356,938	¥ 374,283	$ 3,810,275

Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2009 and 2008

	Year ended Mar.31, 2008	Year ended Mar.31, 2009	Year ended Mar.31, 2009
Valuation and translation adjustments			
Unrealized holding gain (loss) on investments in securities			
Balance at beginning of year	¥ 46,250	¥ 17,808	$ 181,294
Change in the item during the term			
Net changes in the item other than shareholders' equity	(28,442)	(22,683)	(230,918)
Net changes during term	(28,442)	(22,683)	(230,918)
Balance at end of term	17,808	(4,874)	(49,623)
Deferred gain (loss) on hedges			
Balance at beginning of year	14,214	(23,140)	(235,578)
Change in the item during the term			
Net changes in the item other than shareholders' equity	(37,355)	5,432	55,303
Net changes during term	(37,355)	5,432	55,303
Balance at end of term	(23,140)	(17,708)	(180,276)
Revaluation reserve for land			
Balance at beginning of year	5,515	4,186	42,621
Change in the item during the term			
Net changes in the item other than shareholders' equity	(1,328)	(2,138)	(21,770)
Net changes during term	(1,328)	(2,138)	(21,770)
Balance at end of term	4,186	2,048	20,850
Translation adjustments			
Balance at beginning of year	4,322	(29)	(300)
Change in the item during the term			
Net changes in the item other than shareholders' equity	(4,351)	(18,946)	(192,877)
Net changes during term	(4,351)	(18,946)	(192,877)
Balance at end of term	(29)	(18,975)	(193,177)
Total valuation and total adjustments			
Balance at beginning of year	70,303	(1,175)	(11,964)
Change in the item during the term			
Net changes in the item other than shareholders' equity	(71,478)	(38,335)	(390,262)
Net changes during term	(71,478)	(38,335)	(390,262)
Balance at end of term	(1,175)	(39,510)	(402,226)
Minotiry interests in consolidated subsidiaries			
Balance at beginning of year	13,148	20,514	208,837
Change in the item during the term			
Net changes in the item other than shareholders' equity	7,365	865	8,814
Net changes during term	7,365	865	8,814
Balance at end of term	20,514	21,379	217,651
Total net assets			
Balance at beginning of year	357,624	376,277	3,830,573
Effect of accounting method changes in foreign subsidiaries	-	180	1,833
Change in the item during the term			
Issuance of new shares	12,925	100	1,018
Cash dividends	(13,210)	(17,533)	(178,498)
Net income	83,011	32,420	330,047
Purchage of treasury stocks	(247)	(56)	(572)
disposal of treasury stocks	294	33	346
Reversal of revaluation reserve for land	9	2,150	21,895
Net change in retained earnings resulting from inclusion or exclustion of subsidaries and other	(15)	49	506
Net changes in the item other than shareholders' equity	(64,113)	(37,469)	(381,448)
Net changes during term	18,652	(20,304)	(206,705)
Balance at end of term	¥ 376,277	¥ 356,152	$ 3,625,701

Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2009 and 2008

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

	Year ended Mar.31,2008	Year ended Mar.31,2009	Year ended Mar.31,2009
Cash flows from operating activities :			
Income before income taxes	¥ 136,828	¥ 45,772	$ 465,973
Depreciation and amortization	36,362	39,427	401,378
Reversal of provision for employees' retirement benefits	(637)	(1,142)	(11,630)
Reversal of provision for directors' and corporate auditors' retirement benefits	(741)	(64)	(655)
Accrued expenses for overhaul of vessels	7,567	(4,030)	(41,035)
Interest and dividend income	(6,546)	(4,963)	(50,531)
Interest expense	5,105	6,181	62,927
Gain on sale of marketable securities and investments in securities	(7,738)	(452)	(4,602)
Gain on sale of vessels, property and equipment	(3,473)	(3,683)	(37,498)
Loss of revaluation of marketable securities and investments in securities	-	17,813	181,343
Decrease in accounts and notes receivable – trade	1,320	22,885	232,976
(Decrease) increase in accounts and notes payable – trade	3,858	(11,853)	(120,669)
Decrease (increase) in inventories	(12,381)	13,415	136,574
Decrease (increase) in short-term assets	(10,122)	15,408	156,866
Other, net	16,309	(4,052)	(41,255)
Subtotal	165,712	130,661	1,330,161
Interest and dividends received	6,441	4,959	50,489
Interest paid	(5,101)	(6,154)	(62,651)
Income taxes paid	(25,814)	(51,852)	(527,869)
Net cash provided by operating activities	141,237	77,614	790,130
Cash flows from investing activities :			
Purchases of marketable securities and investments in securities	(11,145)	(28,326)	(288,368)
Proceeds from sale of marketable securities and investments in securities	14,121	3,910	39,809
Payment for acquisition of newly consolidated subsidiaries	(12,090)	(4,783)	(48,700)
Purchases of vessels, property and equipment	(158,437)	(164,711)	(1,676,790)
Proceeds from sale of vessels, property and equipment	28,216	48,036	489,016
Purchases of intangible fixed assets	(1,204)	(1,285)	(13,083)
Payment for long-term loans receivable	(16,596)	(13,125)	(133,620)
Proceeds from long-term loans receivable	19,381	17,077	173,850
Other, net	(7,787)	(5,096)	(51,879)
Net cash used in investing activities	(145,540)	(148,304)	(1,509,763)
Cash flows from financing activities :			
Decrease of short-term loans, net	(7,723)	(5,852)	(59,575)
Increase in commercial paper	-	22,000	223,964
Proceeds from long-term debt	77,225	140,954	1,434,942
Repayment of long-term debt and obligations under finance leases	(53,381)	(37,650)	(383,285)
Repayment of bonds	(10,000)	-	-
Cash dividends paid	(13,215)	(17,528)	(178,446)
Cash dividends paid to minority shareholders	(414)	(2,924)	(29,768)
Proceeds from stock issuance to minority shareholders	-	866	8,822
Other, net	49	(22)	(226)
Net cash provided by financing activities	(7,460)	99,843	1,016,429
Effect of exchange rate changes on cash and cash equivalents	(865)	(7,505)	(76,411)
Net decrease in cash and cash equivalents	(12,628)	21,648	220,385
Cash and cash equivalents at beginning of the period	60,493	48,044	489,102
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	186	7	81
Decrease in cash and cash equivalents arising from exclusion of subsidiaries in consolidation	(6)	-	-
Cash and cash equivalents at end of the period	¥ 48,044	¥ 69,700	$ 709,567

Consolidated Segment Information

(1) Business segment information

Year ended March 31,2008 (Millions of Yen)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥ 1,176,943	¥ 131,315	¥ 22,788	¥ 1,331,048	-	¥ 1,331,048
(2) Inter-group sales and transfers	11,318	62,857	47,162	121,338	(121,338)	-
Total revenues	1,188,262	194,173	69,951	1,452,386	(121,338)	1,331,048
Operating expenses	1,074,685	180,458	67,763	1,322,907	(121,508)	1,201,399
Operating income	113,576	13,714	2,187	129,478	170	129,648
Ordinary income	¥ 107,636	¥ 16,546	¥ 1,694	¥ 125,877	-9	¥ 125,867
Assets,depreciation and capital expenditures						
Total assets	¥ 831,721	¥ 157,722	¥ 47,743	¥ 1,037,186	¥ (68,556)	¥ 968,629
Depreciation	¥ 29,257	¥ 5,881	¥ 1,223	¥ 36,362	-	¥ 36,362
Impairment loss	-	-	-	-	-	-
Capital expenditures	¥ 150,294	¥ 8,089	¥ 2,948	¥ 161,332	-	¥ 161,332

Year ended March 31,2009 (Millions of Yen)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥ 1,110,475	¥ 108,874	¥ 24,967	¥ 1,244,317	-	¥ 1,244,317
(2) Inter-group sales and transfers	11,458	52,383	46,964	110,806	(110,806)	-
Total revenues	1,121,933	161,257	71,932	1,355,124	(110,806)	1,244,317
Operating expenses	1,061,928	151,969	69,698	1,283,596	(110,882)	1,172,713
Operating income	60,004	9,288	2,234	71,527	76	71,603
Ordinary income	¥ 48,041	¥ 11,079	¥ 821	¥ 59,942	67	¥ 60,010
Assets,depreciation Impairment loss and capital expenditures						
Total assets	¥ 829,147	¥ 140,877	¥ 83,919	¥ 1,053,944	¥ (82,341)	¥ 971,602
Depreciation	¥ 32,347	¥ 5,576	¥ 1,502	¥ 39,427	-	¥ 39,427
Impairment loss	¥ 21	¥ 80	¥ 4	¥ 106	-	¥ 106
Capital expenditures	¥ 153,407	¥ 13,368	¥ 1,669	¥ 168,445	-	¥ 168,445

Year ended March 31,2009 (Thousands of U.S.Dollars)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	$ 11,304,849	$ 1,108,362	$ 254,176	$ 12,667,387	-	$ 12,667,387
(2) Inter-group sales and transfers	116,649	533,272	478,112	1,128,033	(1,128,033)	-
Total revenues	11,421,498	1,641,634	732,289	13,795,420	(1,128,033)	12,667,387
Operating expenses	10,810,637	1,547,074	709,544	13,067,255	(1,128,809)	11,938,446
Operating income	610,861	94,560	22,744	728,165	776	728,941
Ordinary income	$ 489,072	$ 112,793	$ 8,365	$ 610,229	$ 690	$ 610,919
Assets,depreciation and capital expenditures						
Total assets	$ 8,440,876	$ 1,434,161	$ 854,313	$ 10,729,350	$ (838,248)	$ 9,891,102
Depreciation	$ 329,307	$ 56,773	$ 15,298	$ 401,378	$ -	$ 401,378
Impairment loss	$ 217	$ 822	$ 47	$ 1,085	$ -	$ 1,085
Capital expenditures	$ 1,561,717	$ 136,095	$ 16,996	$ 1,714,809	$ -	$ 1,714,809

(b) Geographical segment information

Year ended March 31,2008 (Millions of Yen)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	¥ 1,199,608	¥ 28,756	¥ 52,581	¥ 49,570	¥ 529	¥ 1,331,048	¥ -	¥ 1,331,048
(2) Inter-group sales and transfers	14,702	25,059	14,920	17,459	930	73,072	(73,072)	-
Total revenues	1,214,311	53,816	67,502	67,029	1,460	1,404,120	(73,072)	1,331,048
Operating expenses	1,112,764	51,765	53,383	55,360	1,298	1,274,572	(73,173)	1,201,399
Operating income	101,546	2,050	14,119	11,668	162	129,547	101	129,648
Ordinary income	¥ 97,015	¥ 2,644	¥ 13,648	¥ 13,363	¥ 547	¥ 127,219	¥ (1,351)	¥ 125,867
Total assets	¥ 803,184	¥ 31,394	¥ 90,905	¥ 91,107	¥ 4,722	¥ 1,021,314	¥ (52,684)	¥ 968,629

Year ended March 31,2009 (Millions of Yen)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	¥ 1,095,038	¥ 20,040	¥ 71,866	¥ 57,122	¥ 250	¥ 1,244,317	¥ -	¥ 1,244,317
(2) Inter-group sales and transfers	10,455	20,039	12,394	13,333	648	56,871	(56,871)	-
Total revenues	1,105,493	40,079	84,260	70,456	898	1,301,188	(56,871)	1,244,317
Operating expenses	1,070,129	40,720	60,998	56,913	885	1,229,646	(56,933)	1,172,713
Operating income (loss)	35,364	(640)	23,262	13,542	13	71,541	61	71,603
Ordinary income (loss)	¥ 24,645	¥ (101)	¥ 21,207	¥ 14,296	¥ 459	¥ 60,508	¥ (498)	¥ 60,010
Total assets	¥ 808,536	¥ 23,873	¥ 114,013	¥ 84,894	¥ 2,830	¥ 1,034,148	¥ (62,545)	¥ 971,602

Year ended March 31,2009 (Thousands of U.S.Dollars)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	$11,147,700	$ 204,015	$ 731,610	$ 581,516	$ 2,546	$12,667,387	$ -	$12,667,387
(2) Inter-group sales and transfers	106,437	204,002	126,180	135,741	6,601	578,962	(578,962)	-
Total revenues	11,254,137	408,017	857,790	717,258	9,147	13,246,349	(578,962)	12,667,387
Operating expenses	10,894,118	414,539	620,978	579,389	9,014	12,518,038	(579,592)	11,938,446
Operating income (loss)	360,018	(6,522)	236,813	137,869	134	728,311	630	728,941
Ordinary income (loss)	$ 250,891	$ (1,029)	$ 215,901	$ 145,546	$ 4,680	$ 615,990	$ (5,071)	$ 610,919
Total assets	$ 8,231,057	$ 243,036	$ 1,160,682	$ 864,242	$ 28,812	$10,527,828	$ (636,726)	$ 9,891,102

(c) International Business information

Year ended March 31,2008 (Millions of Yen)

	North America	Europe	Asia	Oceania	Other	Total
International revenues	¥ 343,606	¥ 246,595	¥ 294,766	¥ 121,974	¥ 132,666	¥ 1,139,609
Consolidated revenues						1,331,048
International revenues as a percentage of consolidated revenues	25.8%	18.5%	22.1%	9.2%	10.0%	85.6%

Year ended March 31,2009 (Millions of Yen)

	North America	Europe	Asia	Oceania	Other	Total
International revenues	¥ 287,416	¥ 259,572	¥ 294,823	¥ 108,530	¥ 127,272	¥ 1,077,614
Consolidated revenues						1,244,317
International revenues as a percentage of consolidated revenues	23.1%	20.9%	23.7%	8.7%	10.2%	86.6%

Year ended March 31,2009 (Thousands of U.S.Dollars)

	North America	Europe	Asia	Oceania	Other	Total
International revenues	$ 2,925,954	$ 2,642,500	$ 3,001,357	$ 1,104,856	$ 1,295,655	$ 10,970,322
Consolidated revenues						12,667,387
International revenues as a percentage of consolidated revenues	23.1%	20.9%	23.7%	8.7%	10.2%	86.6%

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, 2009 and 2008

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

	Year ended Mar.31,2008	Year ended Mar.31,2009	Year ended Mar.31,2009
ASSETS			
Current assets:			
Cash and time deposits	¥ 10,371	¥ 30,447	$ 309,964
Accounts receivable for business	60,853	35,191	358,261
Short-term loans receivable	29,846	32,372	329,561
Advances payments	10,171	7,016	71,425
Inventories	26,500	13,986	142,382
Prepaid expenses and deferred charges	35,013	20,547	209,173
Due from agents	4,035	9,015	91,781
Deferred income taxes	6,904	4,514	45,958
Accounts receivable-non trade	863	15,971	162,592
Other current assets	2,686	2,027	20,645
Allowance for doubtful receivables	(646)	(286)	(2,912)
Total current assets	186,602	170,805	1,738,831
Fixed assets :			
(Tangible fixed assets)			
Vessels , at cost	149,809	161,072	1,639,746
Accumulated depreciation for vessels	(112,075)	(118,389)	(1,205,226)
Vessels, net	37,733	42,682	434,514
Buildings, at cost	6,682	7,971	81,151
Accumulated depreciation for buildings	(2,032)	(2,066)	(21,041)
Buildings, net	4,650	5,904	60,111
Structures, at cost	679	801	8,159
Accumulated depreciation for structures	(512)	(507)	(5,165)
Structures, net	166	294	2,995
Machinery and equipment, at cost	815	836	8,513
Accumulated depreciation for machinery and equipment	(546)	(530)	(5,399)
Machinery and equipment, net	269	305	3,114
Vehicles and rolling stock, at cost	380	363	3,705
Accumulated depreciation for vehicles and rolling stock	(326)	(333)	(3,394)
Vehicles and rolling stock, net	53	30	312
Furniture & fixtures, at cost	4,747	4,836	49,240
Accumulated depreciation for furniture & fixtures	(2,852)	(3,264)	(33,232)
Furniture & fixtures, net	1,894	1,572	16,008
Land	19,454	15,772	160,570
Construction in progress	4,996	9,488	96,591
Other tangible fixed assets, at cost	2,578	2,771	28,211
Accumulated depreciation for other tangible fixed assets	(1,687)	(1,677)	(17,081)
Other tangible fixed assets, net	891	1,093	11,130
Total tangible fixed assets	70,111	77,144	785,345
(Intangible fixed assets)			
Software	1,063	1,052	10,714
Software in progress	155	402	4,102
Rights of using facilities	10	-	-
Other intangible fixed assets	-	9	96
Total intangible fixed assets	1,228	1,464	14,912
(Investments and other long-term assets)			
Investments in securities	87,995	59,077	601,417
Investments in stocks of affiliates company	42,392	44,451	452,528
Investments in limited liability company and partnership	36	36	368
Investments in affiliates(limited liability company or partnership)	6,040	6,061	61,711
Long-term loans receivables	7,043	6,274	63,873
Long-term loans receivables from employee	2,009	1,964	19,997
Long-term loans receivables from affiliates	123,568	111,551	1,135,618
Long-term prepaid expenses	4,542	5,313	54,091
Guaranty deposits	3,222	3,191	32,487
Derivative-long-term assets	5,492	7,618	77,562
Deferred income taxes	-	2,031	20,685
Other long-term assets	1,445	1,562	15,903
Allowance for doubtful receivables	(280)	(527)	(5,371)
Total investments and other long-term assets	283,508	248,607	2,530,868
Total fixed assets	354,848	327,216	3,331,126
Total assets	¥ 541,450	¥ 498,021	$ 5,069,957

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2009 and 2008

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

	Year ended Mar.31,2008	Year ended Mar.31,2009	Year ended Mar.31,2009
LIABILITIES			
Current liabilities			
Accounts payable	¥ 76,927	¥ 60,797	$ 618,929
Short-term loans and current portion of long-term debt	27,020	31,522	320,909
Lease Obligation (current portion)	-	146	1,492
Accounts payable nontrade	1,243	1,433	14,591
Accrued expenses	645	555	5,653
Commercial paper	-	22,000	223,964
Accrued income taxes	30,441	-	-
Advance receipt	24,281	11,033	112,323
Deposit received	3,183	2,780	28,310
Due to agents	5,273	1,971	20,074
Accrued bonuses	1,228	689	7,016
Accrued bonuses for directors and corporate auditors	183	-	-
Other current liabilities	233	415	4,226
Total current liabilities	170,662	133,346	1,357,488
Long-term liabilities			
Bonds	57,741	57,641	586,796
Long-term debt, less current portion	23,538	64,690	658,560
Lease obligation	-	1,026	10,445
Allowance for employees' retirement benefits	603	727	7,408
Accrued expenses for overhaul of vessels	1,753	1,688	17,193
Deferred income taxes	7,704	-	-
Deferred income taxes for land revaluation	3,610	2,302	23,439
Derivative-long-term liabilities	14,227	8,793	89,515
Other long-term liabilities	3,534	2,301	23,430
Total long-term liabilities	112,712	139,170	1,416,787
Total liabilities	283,375	272,516	2,774,274
NET ASSETS			
Shareholder's equity:			
Common stock	45,819	45,869	466,959
Additional paid-in capital			
Capital surplus	30,664	30,714	312,677
Total additional paid-in capital	30,664	30,714	312,677
Retained earnings			
Legal reserve	2,540	2,540	25,861
Special reserve			
Special depreciation reserve	897	1,844	18,778
Reduced value entry reserve	1,755	1,593	16,221
Special account for reduced value entry reserve	-	1,838	18,713
Other reserve	110,552	150,552	1,532,648
Unappropriate earned surplus for current term	52,558	(4,678)	(47,624)
Total retained earnings	168,303	153,690	1,564,597
Treasury stock, at cost	(830)	(839)	(8,546)
Total shareholders' equity	243,956	229,434	2,335,687
Valuation and translation adjustments			
Unrealized holding gain on investments in securities	15,752	(4,163)	(42,382)
Deferred gain on hedges	(4,083)	(95)	(973)
Revaluation reserve for land	2,449	329	3,351
Total valuation and translation adjustments	14,118	(3,929)	(40,004)
Total net assets	258,075	225,504	2,295,683
Total liabilities and net assets	¥ 541,450	¥ 498,021	$ 5,069,957

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2009 and 2008

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

	Year ended Mar.31,2008	Year ended Mar.31,2009	Year ended Mar.31,2009
Revenues from shipping and other operating:			
Freight	¥ 842,865	¥ 753,703	$ 7,672,840
Charter of vessels	196,324	184,525	1,878,506
Other operating revenues	23,362	20,687	210,603
Total shipping and other operating revenues	1,062,552	958,916	9,761,949
Expenses from shipping and other operating:			
Operating expenses			
Cargo expenses	255,893	219,306	2,232,587
Bunker	207,836	232,039	2,362,205
Port expenses	65,897	60,710	618,043
Other operating expenses related to shipping	1,587	1,635	16,647
Total operating expenses	531,214	513,691	5,229,481
Shipping expenses			
Payroll	1,672	1,813	18,466
Provision for crews retirement benefits	82	352	3,590
Provision for crews' bonus	235	199	2,030
Consumables for vessel	6	-	-
Expenses for vessel overhaul	787	387	3,944
Provision for vessel overhaul	887	835	8,508
Depreciation for vessels	5,260	6,314	64,282
Other operating expenses related to shipping	55	54	550
Total shipping expenses	8,988	9,957	101,370
Hire of vessels	345,896	324,958	3,308,138
Other operating expenses	71,737	70,842	721,193
Total shipping and other operating expenses	957,836	919,450	9,360,182
Total shipping and other operating profits	104,716	39,465	401,766
Other revenues	1,152	1,192	12,141
Other expenses	516	645	6,571
Other profits	635	547	5,570
Gross profits	105,352	40,012	407,336
Selling, general and administrative expenses	15,637	15,399	156,774
Operating income	89,715	24,612	250,562
Non-operating income :			
Interest income	2,600	2,451	24,960
Dividend income	4,966	3,579	36,440
Other non-operating income	437	526	5,359
Total non-operating income	8,004	6,557	66,758
Non-operating expenses :			
Interest expenses	1,518	1,244	12,666
Bond interest expenses	595	495	5,049
Interest on commercial paper	2	174	1,773
Exchange loss	6,965	8,406	85,576
Other non-operating expenses	216	87	890
Total non-operating expenses	9,298	10,407	105,954
Ordinary income	88,422	20,762	211,366
Extraordinary profits :			
Gain on sales of fixed assets	1	255	2,603
Gain on sales of investments in securities	7,741	277	2,825
Other extraordinary profits	4	201	2,048
Total extraordinary profits	7,747	734	7,476
Extraordinary losses :			
Loss on sales of fixed assets	233	-	-
Loss from devaluation of investment securities in affiliates	-	17,269	175,810
Loss from devaluation of investments in securities	221	502	5,115
Transfer to reserve for possible loan losses	1	95	967
Other extraordinary losses	5	1,865	18,987
Extraordinary losses	460	19,732	200,879
Income before income taxes	95,708	1,764	17,964
Income taxes: current	37,939	8	81
deferred	(1,169)	957	9,745
Income taxes	36,769	965	9,826
Net income	¥ 58,938	¥ 799	$ 8,138

Non-consolidated Statements of Shareholder's equity

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2009 and 2008

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

	Year ended Mar.31, 2008	**Year ended Mar.31, 2009**	**Year ended Mar.31, 2009**
Shareholders' equity			
Common stock			
Balance at beginning of year	¥ 39,356	**¥ 45,819**	**$ 466,450**
Change in the item during the term			
Issuance of new shares	6,462	**50**	**509**
Net changes during term	6,462	**50**	**509**
Balance at end of term	45,819	**45,869**	**466,959**
Additional paid-in capital			
Capital surplus			
Balance at beginning of year	24,201	**30,664**	**312,168**
Change in the item during the term			
Issuance of new shares	6,462	**50**	**509**
Net changes during term	6,462	**50**	**509**
Balance at end of term	30,664	**30,714**	**312,677**
Total additional paid-in capital			
Balance at beginning of year	24,201	**30,664**	**312,168**
Change in the item during the term			
Issuance of new shares	6,462	**50**	**509**
Net changes during term	6,462	**50**	**509**
Balance at end of term	30,664	**30,714**	**312,677**
Retained earnings			
Legal reserve			
Balance at beginning of year	2,540	**2,540**	**25,861**
Balance at end of term	2,540	**2,540**	**25,861**
Special reserve			
Special depreciation reserve			
Balance at beginning of year	604	**897**	**9,135**
Change in the item during the term			
Transferred from reserve	(207)	**(203)**	**(2,074)**
Provision for reserve	500	**1,150**	**11,717**
Net changes during term	293	**947**	**9,644**
Balance at end of term	897	**1,844**	**18,778**
Reduced value entry reserve			
Balance at beginning of year	919	**1,755**	**17,876**
Change in the item during the term			
Transferred from reserve	(112)	**(162)**	**(1,655)**
Provision for reserve	949	**-**	**-**
Net changes during term	836	**(162)**	**(1,655)**
Balance at end of term	1,755	**1,593**	**16,221**
Special account for reduced value entry reserve			
Balance at beginning of year	949	**-**	**-**
Change in the item during the term			
Transferred from reserve	(949)	**-**	**-**
Provision for reserve	-	**1,838**	**18,713**
Net changes during term	(949)	**1,838**	**18,713**
Balance at end of term	-	**1,838**	**18,713**
Other reserve			
Balance at beginning of year	95,552	**110,552**	**1,125,440**
Change in the item during the term			
Transferred from reserve	-	**-**	**-**
Provision for reserve	15,000	**40,000**	**407,208**
Net changes during term	15,000	**40,000**	**407,208**
Balance at end of term	110,552	**150,552**	**1,532,648**
Unappropriated earned surplus for current term			
Balance at beginning of year	22,030	**52,558**	**535,052**
Change in the item during the term			
Cash dividends	(13,210)	**(17,533)**	**(178,498)**
Transferred from reduced value entry reserve	1,269	**366**	**3,729**
Provision for reduced value entry reserve	(16,450)	**(42,989)**	**(437,638)**
Net income	58,938	**799**	**8,138**
Disposal of treasury stocks	(12)	**(13)**	**(134)**
Reversal of revaluation reserve for land	(6)	**2,134**	**21,728**
Net changes during term	30,528	**(57,236)**	**(582,676)**
Balance at end of term	52,558	**(4,678)**	**(47,624)**

Non-consolidated Statements of Shareholder's equity

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2009 and 2008

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

	Year ended Mar.31, 2008	Year ended Mar.31, 2009	Year ended Mar.31, 2009
Total retained earnings			
Balance at beginning of year	¥ 122,595	¥ **168,303**	**$ 1,713,365**
Change in the item during the term			
Cash dividends	(13,210)	**(17,533)**	**(178,498)**
Net income	58,938	**799**	**8,138**
Disposal of treasury stocks	(12)	**(13)**	**(134)**
Reversal of revaluation reserve for land	(6)	**2,134**	**21,728**
Net changes during term	45,708	**(14,613)**	**(148,767)**
Balance at end of term	168,303	**153,690**	**1,564,597**
Treasury stock, at cost			
Balance at beginning of year	(891)	**(830)**	**(8,454)**
Change in the item during the term			
Purchage of treasury stocks	(246)	**(56)**	**(572)**
disposal of treasury stocks	307	**47**	**480**
Net changes during term	60	**(9)**	**(92)**
Balance at end of term	(830)	**(839)**	**(8,546)**
Total shareholders' equity			
Balance at beginning of year	185,262	**243,956**	**2,483,528**
Change in the item during the term			
Issuance of new shares	12,925	**100**	**1,018**
Cash dividends	(13,210)	**(17,533)**	**(178,498)**
Net income	58,938	**799**	**8,138**
Purchage of treasury stocks	(246)	**(56)**	**(572)**
disposal of treasury stocks	294	**33**	**346**
Reversal of revaluation reserve for land	(6)	**2,134**	**21,728**
Net changes during term	58,694	**(14,522)**	**(147,841)**
Balance at end of term	243,956	**229,434**	**2,335,687**
Valuation and translation adjustments			
Unrealized holding gain (loss) on investments in securities			
Balance at beginning of year	42,928	**15,752**	**160,361**
Change in the item during the term			
Net changes in the item other than shareholders' equity	(27,176)	**(19,915)**	**(202,743)**
Net changes during term	(27,176)	**(19,915)**	**(202,743)**
Balance at end of term	15,752	**(4,163)**	**(42,382)**
Deferred gain (loss) on hedges			
Balance at beginning of year	9,219	**(4,083)**	**(41,569)**
Change in the item during the term			
Net changes in the item other than shareholders' equity	(13,302)	**3,987**	**40,596**
Net changes during term	(13,302)	**3,987**	**40,596**
Balance at end of term	(4,083)	**(95)**	**(973)**
Revaluation reserve for land			
Balance at beginning of year	3,770	**2,449**	**24,936**
Change in the item during the term			
Net changes in the item other than shareholders' equity	(1,320)	**(2,120)**	**(21,585)**
Net changes during term	(1,320)	**(2,120)**	**(21,585)**
Balance at end of term	2,449	**329**	**3,351**
Total valuation and translation adjustments			
Balance at beginning of year	55,918	**14,118**	**143,728**
Change in the item during the term			
Net changes in the item other than shareholders' equity	(41,800)	**(18,047)**	**(183,732)**
Net changes during term	(41,800)	**(18,047)**	**(183,732)**
Balance at end of term	14,118	**(3,929)**	**(40,004)**
Total net assets			
Balance at beginning of year	241,181	**258,075**	**2,627,256**
Change in the item during the term			
Issuance of new shares	12,925	**100**	**1,018**
Cash dividends	(13,210)	**(17,533)**	**(178,498)**
Net income	58,938	**799**	**8,138**
Purchage of treasury stocks	(246)	**(56)**	**(572)**
disposal of treasury stocks	294	**33**	**346**
Reversal of revaluation reserve for land	(6)	**2,134**	**21,728**
Net changes in the item other than shareholders' equity	(41,800)	**(18,047)**	**(183,732)**
Net changes during term	16,894	**(32,570)**	**(331,573)**
Balance at end of term	258,075	**225,504**	**2,295,683**