FINANCIAL HIGHLIGHTS

Brief report of the year ended March 31,2010

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Year ended Mar.31, 2009	Year ended Mar.31, 2010	Year ended Mar.31, 2010
Consolidated			
Operating revenues	¥ 1,244,317	¥ 838,032	$ 9,007,230
(Millions of yen / Thousands of U.S. dollars)			
Operating income	71,603	(52,074)	(559,703)
(Millions of yen / Thousands of U.S. dollars)			
Net income	32,420	(68,721)	(738,621)
(Millions of yen / Thousands of U.S. dollars)			
Per share of common stock (Yen / U.S. dollars)	50.89	(106.24)	(1.14)
Total Assets	971,602	1,043,884	11,219,741
(Millions of yen / Thousands of U.S. dollars)			
Net assets	356,152	331,864	3,566,904
(Millions of yen / Thousands of U.S. dollars)			
Per share of common stock (Yen / U.S. dollars)	525.43	403.53	1.14
Net cash provided by operating activities	77,614	(23,940)	(257,319)
(Millions of yen / Thousands of U.S. dollars)			
Net cash provided by investing activities	(148,304)	(63,737)	(685,053)
(Millions of yen / Thousands of U.S. dollars)			
Net cash provided by financing activities	99,843	109,410	1,175,951
(Millions of yen / Thousands of U.S. dollars)			
Non-consolidated			
Operating revenues	960,108	631,747	6,790,060
(Millions of yen / Thousands of U.S. dollars)			
Operating income	24,612	(59,462)	(639,112)
(Millions of yen / Thousands of U.S. dollars)			
Net income	799	(56,949)	(612,101)
(Millions of yen / Thousands of U.S. dollars)			
Per share of common stock (Yen / U.S. dollars)	1.25	(87.97)	(0.95)
Cash dividends	8,608	-	-
(Millions of yen / Thousands of U.S. dollars)			
Per share of common stock (Yen / U.S. dollars)	13.50	-	-
Total Assets	498,021	569,028	6,115,953
(Millions of yen / Thousands of U.S. dollars)			
Net assets	225,504	205,951	2,213,585
(Millions of yen / Thousands of U.S. dollars)			
Per share of common stock (Yen / U.S. dollars)	353.65	269.54	2.90

The U.S. dollar amounts are converted from the yen amount at ¥93.04=U.S.$1.00.
The exchange rate prevailing on March 31, 2010.

1. Operating Results

(1) Analysis of the Operating Results

(i) Summary of Consolidated Operating Results for FY2009

The world economy during consolidated fiscal year 2009 (April 1, 2009 through March 31, 2010) was generally sluggish since the turmoil in financial markets due to the Lehman Brothers shock had a profound impact on the real economy. U.S. and European countries suffered seriously deteriorating economic conditions as both capital investment and consumer spending continued on a downward trend and the employment environment became severe. However, in the U.S., some economic indicators have shown signs of improvement since the end of the previous year, assisted by the government’s large-scale fiscal spending and monetary easing policies. On the other hand, newly emerging countries, including China, and resource-producing countries experienced an earlier economic recovery, backed up by their government’s economic stimulus packages and strong domestic demand, although they were also affected by the faltering global economy. Conditions affecting the Japanese economic environment remained harsh although some economic indicators showed signs of bottoming out due to such factors as recovering demand from abroad.

The environment surrounding the shipping industry has also been harsh, affected by the sluggish world economy, the stronger yen and highly fluctuating fuel oil prices. Containership business operations faced a severe situation due to the steeply declining demand for transportation and the significant drop in freight rates. From the 3rd Quarter, freight rates have been restored in the European services and the North/South service routes, however, earnings for the full term fell sharply. Market conditions for dry bulk remained generally steady, supported partly by increased cargo movements of grain to China in addition to its strong demand for the transportation of iron and steel. On the other hand, the trend in cargo movements of completed cars has indicated a recovery since the 3rd Quarter after the sharp decline in the 1st Quarter, but speed of the recovery has been moderate.

The “K” Line Group implemented the sale, scrapping and laying up of excess vessels and the cancellation of charter agreements in response to the sluggish transportation demand, and promoted profit improvement measures such as a reduction in fuel oil costs and other costs, as well as implementing structural reform measures in its containership business, which will result in profit improvement from the following fiscal year onward. As a result, consolidated operating revenues for consolidated fiscal year 2009 amounted to ¥838.032 billion, a decrease by ¥406.284 billion compared with the same period last year; operating loss was ¥52.074 billion, compared to operating income of ¥71.603 billion for the previous year; and ordinary loss was ¥66.272 billion, compared to ordinary income of ¥60.01 billion a year earlier. Consolidated net loss for fiscal year 2009 was ¥68.721 billion, compared to net income of ¥32.420 billion for the previous year.

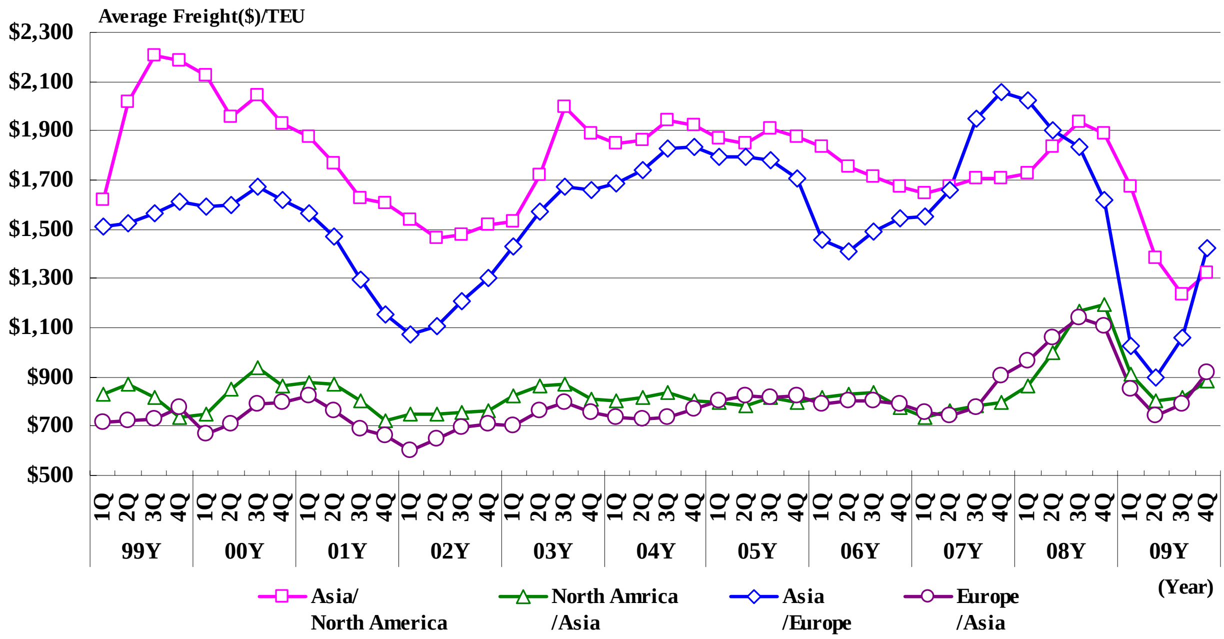
The following is a summary of activities in each business sector.

(1) Marine transportation

[Containership Business]

In the North American trade, cargo movements to North America shipped from Asia declined, affected by the faltering U.S. economy, and number of loaded containers of the "K" Line Group decreased by 4% from the previous year. Cargo movements to Asia shipped from North America became more active compared with the preceding year and the number of loaded containers of the "K" Line Group increased by 29% against last year. The number of loaded containers in the "K" Line Group's overall North American services rose by 6% for year-on-year basis. On European service routes, volume of loaded containers to Northern Europe shipped from Asia dropped by 18% for year-on-year basis and those to the Mediterranean Sea shipped from Asia fell by 27% for year-on-year basis, due to the reduced services in response to the worsened supply and demand balance for tonnage. Though the number of loaded containers to Asia shipped from Northern Europe and the Mediterranean Sea increased 25% compared with a year earlier, the volume of loaded containers of the "K" Line Group on the European service routes overall fell 7% from the preceding year. As a result, the total number of loaded containers of the "K" Line Group fell by 1% for year-on-year basis. Freight rates went significantly below those of the previous year, though they began to finally show some progress towards normalization primarily on European services and the North/South services from the middle of 2nd Quarter onward. The "K" Line Group strived to implement cost reduction measures, including reducing the scale of transportation and promoting the rationalization of ship operations in cooperation with other liner companies. However, both operating revenues and profits decreased compared with the previous year and an operating loss was posted as a result.

Containerization International "Freight Rates Indicators"

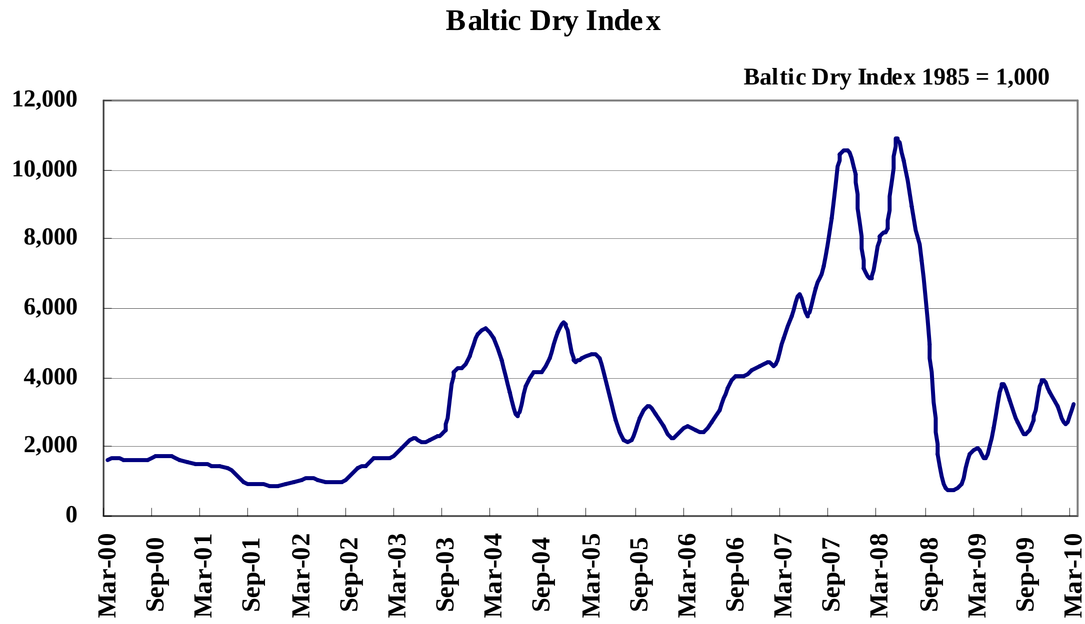


[Dry Bulk Carrier and Car Carrier Business]

In dry bulk carrier transportation, global cargo movements with large bulk carriers sharply recovered from the drop in the previous year, supported by China's brisk imports of over 600 million tons of iron ore annually and sharply increased imports of coal, which exceeded by 80 million tons compared to the level of the previous year. In addition, demurrage at loading ports for Australian coal, increases in coal transportation to India and Chinese demand for the transportation of soybeans contributed to steadily growing freight rates for Panamax class and smaller carriers. The "K" Line Group made all possible efforts to promote efficient ship operations and reductions in operating costs, while at the same time benefiting from recovered market freight rates. As a result, in the 4th Quarter, the dry bulk carrier business turned upward after six quarters in terms of both operating revenues and profits compared to the same period a year earlier. However, both operating revenues and profits of the dry bulk carrier business for the full term decreased compared with the previous year, which hit a record high in the 1st half.

With respect to the car carrier business, cargo movements that had continued to be sluggish during the 1st half of fiscal year 2009 due to the worldwide recession began to recover in the 2nd half. However, the number of loaded units of the "K" Line Group for the full term dropped substantially by about 30% against the preceding year. Though the volume of the ocean transport of cars on homeward voyages increased by about 20% from a year earlier, helped by the acquisition of new contracts for car transportation to the Far East shipped from the U.S. and Europe, outward voyages of the mainstay car transportation shipped from the Far East decreased significantly by about 40% from the previous year due to decreases in volume shipped to North America. The "K" Line Group strived to carry out the scrapping of some vessels and the return of chartered vessels in response to excess vessel capacity, and at the same time endeavored to reduce costs, including reductions in fuel oil consumption through the full implementation of slow navigation. However, both the operating revenues and profits of the car carrier business decreased for year-on-year basis and an operating loss was posted.

As a result, operating revenues and profits for the overall dry bulk carrier and car carrier business for consolidated fiscal year 2009 declined for year-on-year basis.



Duration: 2000/3 ～ 2010/3

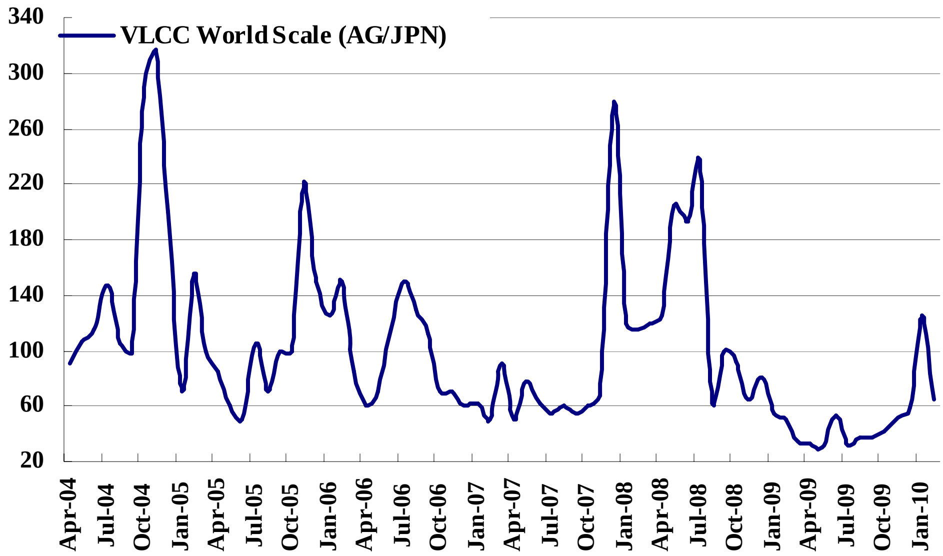
[Energy Transportation and Tanker Business]

As for LNG transportation, while vessels under long-term transportation contracts, including one newly-built carrier, operated constantly on the whole, market freight rates for short-term chartered vessels remained at lower levels due to the slackening off of cargo movements as a result of the global recession. Both operating revenues and profits for the LNG carrier business decreased against the previous year.

As for the tanker business, three VLCCs and one petroleum products tanker that will contribute to long-term stable earnings were completed. However, both operating revenues and profits for the tanker business dropped from a year earlier, affected by depressed freight rates for small and medium-sized crude oil tankers and petroleum products tankers due to drop in global demand.

The overall operating results of the energy transportation and tanker business decreased in terms of both operating revenues and profits for year-on-year basis and an operating loss was posted.

Trends in Tanker Freight Rate



[Heavy Lift Business]

The heavy-lift business grew steadily, assisted by the loading of cargo already contracted and the launching of two newly-built heavy lift vessels in the 1st half of fiscal 2009, but in the 2nd half, cargo movements of heavy loads related to petrochemical plants and infrastructure decreased as they were affected by the postponement of large-scale projects due to the worldwide economic downturn. Consequently, both operating revenues and profits declined from the preceding year.

[Coastal and Ferry Business]

In the coastal and ferry business, demand for tramp services continued to be weak in the 1st half of fiscal year 2009 due to the delayed economic recovery; however, freight rates recovered from the middle of fiscal year 2009, and steel carriers and cement carriers operated steadily. In liner services, the "K" Line Group implemented the integration of services by suspending the Tokyo/Tomakomai service and increasing services on the Hitachinaka/Tomakomai service route during the period. Consequently, the volume of general cargo transportation on the Hitachinaka/Tomakomai service route substantially increased compared with the previous year. The "K" Line Group actively promoted acquisition of new cargo transportation business on the Kitakyushu service route as well, and the volume of transportation rose compared to the previous year. In the ferry business, there was an increase in the number of transported trucks, supported by firm growth in domestic home delivery services, and the volume of cars and passengers also rose for year-on-year basis, helped by increasing demand due to hikes in gasoline prices and a rise in the number of travelers owing to the longer holiday seasons.

As a result, the overall operating revenues for the marine transportation segment amounted to ¥729.683 billion, and operating loss stood at ¥59.06 billion.

(2) Logistics/Harbor Transportation

In the logistics/harbor transportation business, both operating revenues and profits for the overall logistics/harbor business decreased from the preceding year, despite being bolstered by the warehouse and port transport services business. Air forwarding business was turning towards a recovery after air cargo movements bottomed out in the 1st Quarter, however, hikes in costs due to reduced services by airlines put pressure on profits. In the buyers consolidation business, profits were depressed following the global decline in ocean transportation of containers, and the container land transportation business could not contribute to profits. As a result, overall operating revenues for this segment were ¥87.918 billion, and operating income stood at ¥4.726 billion.

(3) Other Businesses

As for other businesses not mentioned above, the overall operating revenues amounted to ¥20.430 billion, and operating income stood at ¥2.176 billion.

(ii) Prospects for Fiscal 2010

With respect to operating results for fiscal year 2010, the “K” Line Group expects ¥950 billion for operating revenues, ¥32 billion for operating income, ¥26 billion for ordinary income and ¥18 billion for net income.

With respect to containership business, cargo movements are expected to recover slowly along with the improvement of the world economy. On all service routes, the “K” Line Group will strive to promote the restoration of freight rates to ensure sustainable growth of business, and at the same time will make all possible efforts to fully implement cost reductions, including lowering operating costs through environmentally-conscious eco-slow navigation procedures, in addition to streamlining services in response to demand and making the best use of the effects of the structural business reforms implemented in the preceding year. The “K” Line Group aims to improve its performance significantly for year-on-year basis and to turn the finances positive.

In dry bulk carrier transportation, demand for energy transportation to newly-emerging countries is expected to continue to grow steadily. As for the so-called 2010 problem of an excess supply of newly-built carriers, the sense of there being an excess of vessels will be eased due to a reduction in the actual completion of vessels and the expected rise in global demand for transportation and longer transportation distances. The “K” Line Group expects to secure stable earnings based on special-purpose vessels, including steel raw materials carriers, thermal coal carriers and paper materials carriers as well as contracts of affreightment. At the same time, efforts will be made through marketing activities based on the “K” Line Group’s global and flexible organization in order to acquire new projects and secure new profits. With regard to the car carrier business, the sluggish car market in the U.S. has hit bottom, and car transportation to Central and South America, the Middle East and Africa is recovering at a good pace. At present, car carrier business is therefore seeing brisk cargo movements. Under these circumstances, overall car transportation worldwide for fiscal year 2010 is forecast to increase by 20% for year-on-year basis, and it is expected that the number of cars transported by the “K” Line Group will also rise. The “K” Line Group will flexibly respond to changes in the business environment and continue to make efforts to reduce costs, including reductions in fuel costs through slow steaming, and enhance our services to India and China where cargo movements are expanding, while maintaining our wide-ranging service network throughout the world.

In the energy transportation and tanker business, the “K” Line Group aims to acquire competitive medium and long-term contracts for freight rates of spot LNG carriers. As for aged carriers after the expiration of long-term contracts, the “K” Line Group will continue to respond actively to the diversified market demand for LNG carriers by promoting extensions for some of the existing contracts and transforming them into medium- and long-term lease agreements for new projects, and at the same time promote the sale of the remaining aged carriers for the purpose of conversion to receiving bases for floating LNG. With regard to the tanker business, the “K” Line Group considers that demand for petroleum in developed countries, including Japan, the U.S. and Europe will show only a slight recovery; however, demand is still strong in newly-emerging countries, thus overall market freight rates for tankers are expected to recover moderately. With regard to the relationship between supply and demand for tankers, although supply pressures will continue due to the completion of newly-built tankers, the supply/demand relationship for tankers overall will only soften to a limited extent, since the scrapping of single hull tankers will be accelerated and it is expected that there will be postponements or cancellations in the delivery of newly-built tankers, while demand for tankers for the purpose of offshore oil storage will continue.
For the overall non-liner business, the “K” Line Group expects that both operating revenues and profits will increase.

Nevertheless, the business environment surrounding the shipping industry for fiscal year 2010 is still uncertain in terms of the supply and demand relationship, foreign exchange rates and fuel oil price movements. The entire staff of the “K” Line Group will strive to secure profits and resume dividend payments. In addition, the preconditions for foreign exchange rates and fuel oil prices for fiscal year 2010 are as follows:

Exchange rate (¥/US$): ¥90

Bunker price (US$/MT): $500

(2) Analysis of the Financial Position

(i) Assets, Liabilities and Net Assets

Total assets at the end of March 2010 were ¥1,043.884 billion, an increase by ¥72.281 billion from the end of the previous fiscal year. Current assets increased by ¥26.838 billion against the end of the previous fiscal year due mainly to increases in cash and time deposits, raw material and supplies. Fixed assets increased by ¥45.442 billion compared with the end of the previous period due primarily to hikes of market prices of shareholdings and acquisition of more vessels.

Total liabilities were ¥712.019 billion, an increase by ¥96.569 billion from the end of last year. Current liabilities increased by ¥3.399 billion against the end of the preceding year, due to decreases in commercial papers and increase in trade accounts payable and short-term loans. Long-term liabilities increased by ¥93.169 billion compared with the end of last year, which is attributable primarily to an issuance of bonds and an increase in long-term debt.

Net assets dropped by ¥24.287 billion to ¥331.864 billion, due mainly to a decrease in retained earnings resulting from a net loss for the current fiscal year, despite increases in common stock and the capital surplus following the new stock issue.

(ii) Consolidated Cash Flows

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

Item	Fiscal 2008 (ended March 2009)	Fiscal 2009 (ended March 2010)	Increase/(decrease) for year-on-year basis
Cash and cash equivalents at the beginning of the period	480	697	217
1) Cash flow from operating activities	776	△239	△1,016
2) Cash flow from investing activities	△1,483	△637	846
3) Cash flow from financing activities	998	1,094	96
4) Effect of exchange rate changes on cash and cash equivalents	△75	5	81
Net increase (decrease) in cash and cash equivalents	216	223	6
Cash and cash equivalents	697	921	224

Item	Fiscal 2008 (ended March 2009)	Fiscal 2009 (ended March 2010)	Increase/(decrease) for year-on-year basis
at the end of the period			

The total of cash and cash equivalents at the end of the current consolidated financial year were ¥92.122 billion, an increase by ¥22.421 billion from the end of previous fiscal year. The situation of each cash flow source is as follows:

Cash flow from operating activities resulted in a minus at ¥23.940 billion due mainly to a contraction of net income (previous year: + ¥77.614 billion).

Cash flow from investing activities was an outflow of ¥63.737 billion, due to expenditures for the acquisition of vessels (previous year: - ¥148.304 billion).

Cash flow from financing activities was an inflow of ¥109.410 billion owing to proceeds from borrowings (previous year: + ¥99.843 billion).

(Reference) Changes in cash flow-related indicators

	Fiscal 2005 ended Mar. 2006	Fiscal 2006 ended Mar. 2007	Fiscal 2007 ended Mar. 2008	Fiscal 2008 ended Mar. 2009	Fiscal 2009 ended Mar. 2010
Equity ratio (%)	34.1	38.3	36.7	34.5	29.5
Equity ratio (Market cap.) (%)	54.3	76.9	63.7	20.0	27.3
Ratio of debt to cash flow (Year)	3.8	4.9	2.3	5.7	-
Interest coverage ratio	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 the consolidated figures.
2. Market capitalization is calculated based on the number of shares outstanding, not including treasury stock.
3. The cash flow in the above descriptions refers to the 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, the interest expenses are the corresponding figures shown in the consolidated statement of cash flows.
5. The description of the ratio of debt to cash flow and the interest coverage ratio for the fiscal 2009 ended March 2010 was omitted, since cash flow from operating activities for the same period was a minus.

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

Our most important task is to maximize returns to our shareholders while giving consideration to the main task of the management plan, which is to maintain the necessary reserves for investment in plant and equipment for sustainable growth and to improve and strengthen the fundamentals of our Group. Our policy is to gradually raise the dividend payout ratio by setting an intermediate target of a dividend payout ratio of 25% in fiscal year 2011 with the idea of achieving a payout ratio of 30% of consolidated net profits in mid-2010s.
With respect to the dividend for fiscal year 2009, unfortunately, the “K” Line Group intends to suspend dividend payments for the current fiscal year as announced in existing forecasts, since the “K” Line Group was obliged to post losses in both consolidated net income and non-consolidated net income for fiscal year 2009 due to the significantly worsened business performance.
For the next fiscal year, the “K” Line Group plans to pay an annual dividend of ¥5.5 per share focusing on the next targeted dividend payout ratio of 24%. An interim dividend will be ¥2.5 per share.

In addition, the “K” Line Group will give top priority to the maintenance of the soundness of its financial standing under the conditions of an improving business environment. The “K” Line Group will strive to promote full rationalization and cost reductions to increase the distribution of profits.

(4) Business Risks

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, also 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, a change in tax systems or economic policies, or an invocation of protective trade policies in major trading regions and countries like North America, Europe, Japan, China and so on can result in a decrease in shipping volume and worsen conditions for the freight market. 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. Rate Fluctuations
A large percentage of the “K” Line Group's business earnings come in revenue denominated in US dollars. The revenues as converted to Japanese yen can therefore be negatively affected by fluctuations in exchange rates. 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 operation costs. Fluctuations in fuel oil prices are influenced mainly by factors with which the “K” Line Group has no influence, such as crude oil supply and demand balance, production and pricing policies adopted by OPEC and other oil-producing nations, also political conditions and fluctuations in oil production performance 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 its shipbuildings and so on. The Group strives to reduce interest-bearing debt to the greatest 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. In addition, we are investing in the working capital needed to carry out its business operations. With regard to capital procurement, we are taking out loans above a certain scale at fixed interest rates and also using interest rate swap (swap into fixed rate) for capital investment ships and equipment, but the rise in future interest rates has led to an increase in the cost of capital procurement, which can have a negative impact on the "K" Line Group's financial situation and operating results, and this can have a negative impact on the "K" Line Group's financial situation and operating results.

4. Public Regulation

Marine transportation business in general is influenced by international treaties on ship operations, 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.

Ships that the “K” Line Group operates are 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. Serious Marine Incidents, Environmental Destruction, Conflicts, etc.

The “K” Line Group regards thoroughly safe ship operation and environmental preservation as its highest priorities as it maintains and improves its safe operation standards and crisis management system. If an accident, especially an accident involving an oil spill, should occur despite these efforts and causes 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 crews in danger. These factors could have a negative impact on the “K” Line Group's safe ship operations, voyage planning and management as well as marine transport business as a whole.

6. Competitive Environment, etc.

The “K” Line Group carries out business development in the international marine transportation market. In its competitive relationships with leading 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 highly competitive environment of the containership 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 end of March 2009. In addition, the items discussed here do not necessarily represent every risk to the “K” Line Group.

7. Natural Disasters

The “K” Line Group must be able to maintain business operations in the event of a natural disaster, as we provide a vital role for society, and because doing so is critical to the existence of our company. If a major earthquake were to occur at the heart of the Tokyo metropolitan area, the effect on buildings, transportation, and other lifelines is expected to be immense. There are also concerns that if a highly-virulent new form of influenza emerged and spread globally (becoming a pandemic) it would have devastating effects, affecting the health of countless people. Although the “K” Line Group has drawn up business continuity plans for these contingencies, and our goal is to maintain operations to the greatest degree possible, there is a possibility of considerable adverse effects to our overall business in the event that a natural disaster occurs.

8. Business Partners’ Failure to Perform Contracts

When providing services or choosing business partners, wherever possible the “K” Line Group looks into the reliability of the other party. However, a full or partial breach of a contract can subsequently occur for reasons such as the worsening financial position of the business partner. As a result, the financial position and operating results of the “K” Line Group may be adversely affected.

9. Non-achievement of “K” LINE Medium-Term Management Plan

In January 2010, the “K” Line Group revised its medium-term management plan, “K” LINE Vision 100, and formulated “K” LINE Vision 100 KV2010. Henceforth, we intend to do our utmost to carry out this medium-term management plan. However, it is possible that measures for carrying out the medium-term management plan may be affected by the above-mentioned external factors so that we will not be able to achieve the goals.

10. Non-achievement of Investment Plans

The “K” Line Group is making plans for the investments necessary to upgrade its fleet. If, however, owing to future trends in shipping markets and official regulations, progress is not made in accordance with the projections in the plans, the financial position and operating results of the "K" Line Group may be adversely affected. Moreover, the Group's financial position and operating results may also be adversely affected if, at the time the newbuildings are delivered, the demand for cargo transport falls below projections.

11. Losses from Disposal of Vessels, etc.

The "K" Line Group endeavors to implement fleet upgrades that are flexible and appropriate to the market. There are times, however, when we dispose of our vessels because of a worsening in the supply-demand balance or obsolescence due to technological innovation, as well as the case where a charter contract for a chartered vessel is terminated early, and such cases may adversely affect the "K" Line Group's financial position and operating results.

12. Fixed Asset Impairment Losses

With respect to fixed assets such as vessels owned by the "K" Line Group, recovery of the amount invested may not be possible due to a downturn in profitability. The "K" Line Group's financial position and operating results may be adversely affected when such asset impairment losses are realized.

13. Reversal of Deferred Tax Assets

Based on estimated future taxable income, the "K" Line Group assesses the possibility of recognition of deferred tax assets. When a conclusion is reached that, due to a decline in earning capacity, it cannot be guaranteed that there will be sufficient taxable income in the future, deferred tax assets are reversed and a tax expense incurred. This may adversely affect the "K" Line Group's financial position and operating results.

Matters referring to the future are as judged by the "K" Line Group at the date of this publication.
In addition, the items discussed here do not necessarily represent every risk to the "K" Line Group.

2. Situation of the “K” Line Group

The main business of the “K” Line Group is marine transportation including logistics, harbor transportation and other related businesses. The main companies that handle these businesses (as of March 31, 2010) are the following:

Businesses	Principal Companies Managing Each Business	
	Domestic	Overseas
Ⅰ Marine Transportation (Ocean Transportation・Coastal Transportation・Vessel Chartering-out)	Kawasaki Kisen Kaisha,Ltd.、Kawasaki Kinkai Kisen Kaisha,Ltd.、Asahi Kisen Kaisha,Ltd.、Kobe Pier Co.,Ltd.	“K” LINEPTELTD、SALSchiffahrtskontorAltesLandGmbH&Co.KG、“K” LineEuropeanSeaHighwayServicesGmbH、“K” LINEBULKSHIPPING(UK)LIMITED、“K” LINELNGSHIPPING(UK)LIMITED、PINOSMARITIMES.A.、SIBONEYMARITIMES.A.、ISUZUGAWASHIPPINGS.A.、MANELSHIPPINGCO.,LTD.、VICTORIABRIDGESHIPPINGS.A.
Ⅱ Logistics・Harbor Transport (Shipping Agency・Terminal Operation・Air Forwarding・Land Transportation)	Daito Corporation、Nitto Total Logistics Ltd.、Seagate Corporation、Hokkai Transportation Co.,Ltd.、Tokyo Kokusai Koun Kaisha,Ltd.、Nitto Tugboat Co.,Ltd.、“K” Line(Japan)Ltd.、“K” Line Logistics,Ltd.、Shinto Rikuun Kaisha,Ltd.、Japan Express Transportation Co.,Ltd.、Maizuru Kousoku Yusou Co.,Ltd.、Rinko Corporation*	“K” LINEAMERICA,INC.、KLINEMEXICOSADECV、INTERNATIONALTRANSPORTATIONSERVICE,INC.、“K” LINE(KOREA)LTD.、KLINE(CHINA)LTD.、“K” LINE(HONGKONG)LIMITED、“K” LINE(TAIWAN)LTD.、KLINE(THAILAND)LTD.、“K” LINE(SINGAPORE)PTELTD、PT.KLINEINDONESIA、“K” LINEMARITIME(M)SDNBHD、“K” LINE(EUROPE)LIMITED、“K” LINE(Deutschland)GmbH、“K” Line(Nederland)B.V.、“K” LINE(BELGIUM)、“K” LINE(France)SAS、“K” LINE(FINLAND)OY、“K” LINE(SCANDINAVIA)HOLDINGA/S、KLINE(NORWAY)AS、KLine(Sweden)AB、“K” LINE(PORTUGAL)- AGENTESDENAVEGAÇÃO,S.A.、CENTURYDISTRIBUTIONSYSTEMS,INC.、JAMESKEMBALLLIMITED
Ⅲ Other Business (1) Ship Management	“K” Line Ship Management Co.,Ltd. Taiyo Nippon Kisen Co.,Ltd.、Escobal Japan Ltd.	—
(2) Real-estate leasing	Kawaki Kosan Kaisha,Ltd.	—
(3) Others	Intermodal Engineering Co.,Ltd.、“K” Line Accounting and Finance Co.,Ltd.、“K” Line Engineering Co.,Ltd.、Shinki Corporation、“K” Line Systems,Ltd.、KMDS Co.,Ltd.、“K” Line Travel,td.、Crown Enterprise Co.,Ltd.	“K” LINEHOLDING(EUROPE)LIMITED、“K” LINEHEAVYLIFT(UK)LIMITED、“K” LINENEWYORK,INC.、CYGNUSINSURANCECOMPANYLIMITED UNIVERSALLOGISTICSSYSTEM,INC.、KAWASAKI(AUSTRALIA)PTY.LTD.

Note: Companies without asterisk: Consolidated companies
*: Affiliated companies (subject to equity method)

3. Management Policies

(1) Fundamental Company Management Policy

"K" Line Group's fundamental policy is to contribute to global prosperity and peace primarily through its business activities as a marine-transport corporate group. Based on that aim, we have formulated the following Corporate Principles and Vision.

< "K" Line Group Corporate Principles >

The basic principles of "K" Line Group as a shipping business organization centering on shipping lie in: (a) Diligent efforts for safety in navigation and cargo operations as well as for environmental preservation (b) Sincere response to customer needs by making every possible effort; and (c) Contributing to the world's economic growth and stability through continued upgrading of service quality.

< Group Vision >

To be trusted and supported by customers in all corners of the world while being able to continue to grow globally with sustainability,
To build a business base that will be capable of responding to any and all changes in business circumstances, and to continually pursue and practice innovation for survival in the global market,
To create and provide a workplace where each and every employee can have hopes and aspirations for the future, and can express creativity and display a challenging spirit.

(2) Medium- to Long-Term Group Management Strategy and Goal Indicators for Management

In April 2008, the "K" Line Group began its effort to formulate a medium-term management plan, known as "K" LINE Vision 100. The plan, which reflected the expansion of demand for marine transport that accompanied the growth in the global economy, set its sights on the latter half of the 2010s, leading up to the Group's 100-year anniversary in 2019. However, in September of that same year, a financial crisis broke out in the wake of the collapse of Lehman Brothers. This crisis spread to the real economy, resulting in a rapidly deteriorating business environment for the marine-transport industry. The "K" Line Group adopted emergency measures to deal with the situation and also kept a close eye on market changes, but despite those efforts it was forced to revise its medium-term management plan, in light of the radically altered business environment. This resulted in the formulation of the new "K" LINE Vision 100 plan for medium-term management, which is the basis for the new business operations that are being steadily carried out.

This new plan adds three new missions to our five existing fundamental tasks.

< Five Fundamental Tasks >

1. Activities to promote environmental protection
2. Establish safe ship operations and management structure
3. Borderless management through the best and strongest organization
4. Proper allocation of strategic investment and management resources
5. Improvement of corporate value and complete risk management

< Three New Missions >

6. FY2010: Move into the black and early resumption of dividends
7. Expansion of stable earnings base and sustainable growth
8. Improvement and strengthening of financial makeup

[FY2009 results, FY2010 plan, and main financial numerical value targets for mid-2010s]

		FY 2009 (results)	FY 2010 (forecast)	FY 2010 (KV2010)	Mid 2010's
Revenue	**Unit: Billion yen**	**838**	**950**	**1,000**	**1,300**
Ordinary profit	**Unit: Billion yen**	**-66.3**	**26.0**	**11.0**	**110**
Net profit	**Unit: Billion yen**	**-68.7**	**18.0**	**7.5**	**70**
DER	**Unit: Times**	**1.67**	**1.62**	**2.07**	**95% or lower**
ROA		**-**	**2%**	**1%**	**8% or higher**
Equity capital ratio		**30%**	**29%**	**24%**	**40% or higher**
DEBT to Operating cash flow	**Unit: Times**	**-**	**6.8**	**9.7**	**4.5-times or lower**
Dividend ratio		**-**	**24%**	**24%**	**30%**
Assumption					
Exchange rate	**YEN / US$**	**¥93.04**	**¥90.00**	**¥90.00**	
Bunker price	**US$ / MT**	**$407**	**$500**	**$500**	

Figures listed above reflect the outlook on the future at the current moment when this report is being released. Please be aware of the possibility that actual results may differ from these figures as a result of risks and uncertainties related to such factors as the global economy and currency exchange rates.

(3) Tasks for the “K” Line Group to Address

In order to achieve “synergy for all and sustainable growth,” which is a main theme of our medium-term management plan, our entire group will dedicate its efforts to the items below, with a focus on the Business Structural Reform:

1. Activities to Promote Environmental Protection

We are striving to assist in the prevention of global warming by reducing our CO2 emissions to the greatest extent possible. To accomplish this, we are implementing measures related to tangible aspects, such as adopting energy-efficient systems for vessel operations, onshore cargo operations and land transportation as well as effectively re-using energy generated; and also implementing measures related to intangible elements such as rigorously implementing appropriate navigational speed.

We are doing our utmost to assist the effort to create a global environment with clean oceans and skies, which is indispensable for human beings and other forms of life on Earth.

2. Management Structure for Safe Ship Operations

We are ensuring safety in navigation and cargo operations and improving the quality of all our ships and vessels in operation by enhancing the KL Safety Standard, which is a management system based on global standards that also incorporates the “K” Line’s own distinctive know-how, and also improving the KL Quality guidelines for on board vessel inspections. In addition, we are promoting the sharing of information throughout the Group via the KL Safety Network and are endeavoring to improve safety management systems and strengthen onshore support structures. We are focusing on having a reliable management structure for ensuring safe ship operations by maintaining the system that secures seafarers at the procurement source for those human resources, while also enhancing the “K” Line Maritime Academy and endeavoring to enhance our seafarer training system and to secure trained technical marine personnel by offering them an attractive workplace.

3. Borderless Management through the Best and Strongest Organization

As globalization of the “K” Line Group’s business activities accelerates, we need to conduct borderless management by sharing the “K” Line Standards within the different business activities and corporate cultures throughout the world. “K” Line is endeavoring to increase the overall strength of the Group’s companies by promoting collaboration and personnel exchanges between Group companies. At the same time, by strengthening the training of globally capable personnel and promoting continual work restructuring, we are striving to dramatically improve the labor productivity that sustains our international competitiveness. In addition, we are aiming to create dynamic and fulfilling working environments for Group employees around the world by sharing our corporate vision, clarifying roles, placing the right personnel in the right jobs, and treating employees fairly. Through these efforts, we are striving to improve our cost competitiveness and technological development capacity, provide high-quality services, and retain and strengthen our competitive edge in the business world.

4. Proper Allocation of Strategic Investment and Management Resources

Following the major changes to the business environment surrounding the “K” Line Group caused by the global economic and financial crisis, the “K” LINE Vision 100 investment plans, which had been focused on vessels, underwent an extensive revision. Specifically, significant investment cash flow restrictions were implemented through measures such as a virtual freeze on new investments, postponement of previously arranged projects, changes to forms of vessel ownership, and the sale of old vessels. At the same time, we appropriately allocated management resources to those areas offering strategic growth and new opportunities, based on a careful examination of profitability and risks. Based on our financially-sound investment strategy, we are endeavoring to ride out the difficulties of the current upheaval and make preparations for the future.

5. Improvement of Corporate Value and Complete Risk Management

Through business expansion emphasizing profitability and capital efficiency, we are aiming to achieve sustained growth built on a stable earnings base. At the same time, as part of the process, we are implementing complete risk management by clarifying various predictable risks (in areas such as markets, currency exchange, human resources, safety, the environment, and natural disasters), examining preventive measures, and rapidly responding to any risk that becomes apparent. In addition to ensuring financial soundness through complete self-management of non-balance-sheet risks, we are looking to increase management strength and improve our corporate value as well as our path to sustained growth, based on a stable earnings base.

6. FY2010 Move into the Black and Early Resumption of Dividends

In order to restore profitability in fiscal 2010 it will be crucial to rebuild our containership business, and we will focus on “strengthening of makeup of containership business” as our first priority. Although it is predicted that from 2010 onward demand for containership transport will begin to improve following the recovery of the global economy, due to newbuilding supply pressures, it is expected to take approximately three to five years for vessel supply and demand to balance out. It is estimated that in 2009 major containership companies will incur losses totaling 2 billion yen due to this harsh business environment, and companies are concentrating their efforts on business operations that prioritize profit recovery over securing quantities. In order to accelerate business revenue and expenditure improvements, “K” Line is performing alliance-based route streamlining and making efforts to drastically reduce costs, including lowering ship operation costs through environmentally-conscious eco-slow steaming. In addition, while we are changing the direction of our conventional containership business expansion plans by freezing new investment and maintaining a demand-appropriate fleet size, we will also implement measures to stabilize revenue and expenditures, such as optimizing our route portfolio and making resolute changes to freight charges.

In addition to the containership business makeup strengthening measures described above, each of our business divisions will make improving their balance of payments their most critical task, and our entire group will aim to restore profitability in fiscal 2010 and quickly resume dividend payments.

7. Expansion of Stable Earnings Base and Sustainable Growth

We will restructure our business portfolio by reassessing each division’s business strategies and investment allocations, with the objectives of expanding our stable revenue base and sustaining growth.

In order to expand our dry bulk business, for which ton-miles are expected to increase due to the expansion of resource transport as a result of the sustained economic growth of China, India, and other emerging nations, as well as the use of more remote sources of resources and grains, we will work to increase the number of stable, long-term contract revenue sources, and strengthen our global customer base. In the car carrier business, for which demand is recovering, we will strive to expand our revenue base by taking advantage of the opportunities presented by the rapidly changing global automobile sales market and the demand for transport in emerging nations.

We plan to further strengthen our offshore activity-related businesses and integrated logistic businesses, which show extremely promising future market scale growth, through growth oriented strategic investment.

Through the measures described above, we will minimize downward volatility in revenue and expenditures caused by reductions in the relative containership business ratio.

8. Improvement and Strengthening of Financial Makeup

By continuing business development that emphasizes profitability and capital efficiency, building stable revenue through the measures and policies described above, and limiting total investments through increased investment selectivity, we will continue to work to strengthen our financial base and strive to increase our corporate value. In addition, by efficiently combining prudent investments and chartered ships, we will also build a highly flexible fleet and improve our responsiveness to future business environment changes.

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, 2010 and 2009

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

	Year ended Mar.31, 2009	Year ended Mar.31, 2010	Year ended Mar.31, 2010
ASSETS			
Current assets :			
Cash and time deposits	¥ 73,144	¥ 96,059	$ 1,032,451
Accounts and notes receivable-trade	72,740	76,674	824,107
Short-term loans receivable	15,399	9,557	102,727
Marketable securities	0	0	4
Raw material and supply	19,974	26,510	284,942
Prepaid expenses and deferred charges	22,963	27,081	291,074
Deferred income taxes	-	11,537	124,004
Other current assets	30,766	14,397	154,742
Allowance for doubtful receivables	(504)	(493)	(5,302)
Total current assets	234,486	261,325	2,808,748
Fixed assets :			
(Tangible fixed assets)			
Vessels	347,898	369,830	3,974,965
Buildings and structures	23,932	26,874	288,845
Machinery and vehicles	10,934	8,608	92,526
Land	30,990	30,995	333,141
Construction in progress	155,652	146,401	1,573,536
Other tangible fixed assets	9,055	7,151	76,860
Total tangible fixed assets	578,463	589,861	6,339,873
(Intangible fixed assets)			
Goodwill	10,228	7,392	79,457
Other intangible fixed assets	5,986	6,562	70,533
Total intangible fixed assets	16,215	13,955	149,990
(Investments and other long-term assets)			
Investments in securities	89,618	112,916	1,213,630
Long-term loans receivable	17,603	19,067	204,934
Deferred income taxes	10,103	33,232	357,181
Other long-term assets	26,003	19,092	205,203
Allowance for doubtful receivables	(890)	(5,565)	(59,819)
Total investments and other long-term assets	142,437	178,741	1,921,130
Total fixed assets	737,116	782,558	8,410,993
Total assets	¥ 971,602	¥ 1,043,884	$ 11,219,741

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2010 and 2009

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

	Year ended Mar.31, 2009	Year ended Mar.31, 2010	Year ended Mar.31, 2010
LIABILITIES			
Current liabilities :			
Accounts and notes payable-trade	¥ 63,058	¥ 70,310	$ 755,705
Short-term loans and current portion of long-term debt	55,343	61,960	665,958
Commercial paper	22,000	9,000	96,733
Accrued income taxes	4,594	3,189	34,284
Accrued bonuses	1,808	1,474	15,852
Accrued bonuses for directors and corporate auditors	221	152	1,642
Other current liabilities	40,529	44,865	482,215
Total current liabilities	187,554	190,954	2,052,389
Long-term liabilities :			
Bonds	57,641	90,329	970,862
Long-term debt, less current portion	301,011	348,767	3,748,576
Deferred income taxes for land revaluation	2,635	2,633	28,301
Allowance for employees' retirement benefits	8,525	8,009	86,085
Allowance for directors' and corporate auditors' retirement benefits	1,941	2,001	21,517
Accrued expenses for overhaul of vessels	20,236	17,770	191,000
Other long-term liabilities	35,904	51,554	554,107
Total long-term liabilities	427,895	521,065	5,600,449
Total liabilities	615,450	712,019	7,652,837
NET ASSETS			
Shareholder's equity:			
Common stock	45,869	65,031	698,963
Capital surplus	30,714	49,876	536,076
Retained earnings	298,638	229,661	2,468,414
Less treasury stock, at cost	(938)	(949)	(10,205)
Total shareholders' equity	374,283	343,619	3,693,248
Valuation and translation adjustments			
Net unrealized holding gain (loss) on investments in securities	(4,874)	8,545	91,843
Deferred loss on hedges	(17,708)	(28,936)	(311,009)
Revaluation reserve for land	2,048	2,044	21,977
Translation adjustments	(18,975)	(17,151)	(184,347)
Total valuation and translation adjustments	(39,510)	(35,498)	(381,537)
Minority interests in consolidated subsidiaries	21,379	23,743	255,192
Total net assets	356,152	331,864	3,566,904
Total liabilities and net assets	¥ 971,602	¥ 1,043,884	$ 11,219,741

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2010 and 2009

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

	Year ended Mar.31, 2009	Year ended Mar.31, 2010	Year ended Mar.31, 2010
Marine transportation and other operating revenues	¥ 1,244,317	¥ 838,032	$ 9,007,230
Marine transportation and other operating expenses	1,105,346	824,022	8,856,646
Gross income	138,971	14,010	150,583
Selling, general and administrative expenses	67,367	66,085	710,286
Operating (loss) income	71,603	(52,074)	(559,703)
Non-operating income :			
Interest income	2,165	1,145	12,314
Dividend income	2,797	1,598	17,182
Equity in earnings of affiliated companies	1,120	-	-
Other non-operating income	1,643	2,406	25,863
Total non-operating income	7,727	5,150	55,360
Non-operating expenses :			
Interest expenses	6,181	8,759	94,145
Equity in loss of affiliated companies	-	379	4,084
Exchange loss	11,831	1,892	20,342
Loss on cancellation of derivatives	-	6,914	74,320
Other non-operating expenses	1,307	1,401	15,066
Total non-operating expenses	19,320	19,348	207,957
Ordinary (loss) income	60,010	(66,272)	(712,300)
Extraordinary profits :			
Gain on sales of fixed assets	3,713	11,627	124,973
Gain on sales of investments in securities	453	15	170
Gain on reversal of accrued expenses for overhaul of vessels	2,152	4,250	45,683
Other extraordinary profits	72	1,888	20,298
Total extraordinary profits	6,392	17,782	191,124
Extraordinary losses :			
Loss on sales of fixed assets	29	1,098	11,806
Allowance for bad debts (extraordinary losses)	459	-	-
Loss on impairment of fixed assets	-	8,906	95,727
Loss from devaluation of investment securities	17,813	-	-
Loss on cancellation of chartered vessels	-	22,831	245,397
Loss for change of ship building contracts	-	11,318	121,655
Other extraordinary losses	2,327	3,709	39,875
Total extraordinary losses	20,630	47,865	514,460
(Loss) income before income taxes	45,772	(96,355)	(1,035,636)
Income taxes : current	6,997	3,846	41,342
deferred	1,188	(34,131)	(366,849)
Total income taxes	8,186	(30,285)	(325,508)
Minority interests	5,165	2,650	28,493
Net (loss) income	¥ 32,420	¥ (68,721)	$ (738,621)

Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2010 and 2009

	Year ended Mar.31, 2009	Year ended Mar.31, 2010	Year ended Mar.31, 2010
Shareholders' equity			
Common stock			
Balance at beginning of year	¥ 45,819	¥ 45,869	$ 493,007
Change in the item during the term			
Issuance of new shares	50	19,162	205,957
Net changes during term	50	19,162	205,957
Balance at end of term	45,869	65,031	698,963
Additional paid-in capital			
Balance at beginning of year	30,664	30,714	330,119
Change in the item during the term			
Issuance of new shares	50	19,162	205,957
Net changes during term	50	19,162	205,957
Balance at end of term	30,714	49,876	536,076
Retained earnings			
Balance at beginning of year	281,384	298,638	3,209,782
Effect of accounting method changes in foreign subsidiaries	180	-	-
Change in the item during the term			
Cash dividends	(17,533)	-	-
Net Income	32,420	(68,721)	(738,621)
Disposal of treasury stocks	(13)	(6)	(66)
Reversal of the revaluation reserve for land	2,134	3	37
Net change in retained earnings resulting from inclusion or exclustion of subsidaries and other	66	(252)	(2,719)
Net changes during term	17,073	(68,976)	(741,369)
Balance at end of term	298,638	229,661	2,468,414
Treasury stock, at cost			
Balance at beginning of year	(929)	(938)	(10,086)
Change in the item during the term			
Purchage of treasury stocks	(56)	(27)	(291)
Disposal of treasury stocks	47	15	172
Net changes during term	(9)	(11)	(119)
Balance at end of term	(938)	(949)	(10,205)
Total of shareholders' equity			
Balance at beginning of year	356,938	374,283	4,022,822
Effect of accounting method changes in foreign subsidiaries	180	-	-
Change in the item during the term			
Issuance of new shares	100	38,324	411,914
Cash dividends	(17,533)	-	-
Net Income	32,420	(68,721)	(738,621)
Purchage of treasury stocks	(56)	(27)	(291)
Disposal of treasury stocks	33	9	106
Reversal of the revaluation reserve for land	2,134	3	37
Net change in retained earnings resulting from inclusion or exclustion of subsidaries and other	66	(252)	(2,719)
Net changes during term	17,164	(30,663)	(329,574)
Balance at end of term	¥ 374,283	¥ 343,619	$ 3,693,248

	Year ended Mar.31, 2009	Year ended Mar.31, 2010	Year ended Mar.31, 2010
Valuation and translation adjustments			
Unrealized holding gain (loss) on investments in securities			
Balance at beginning of year	¥ 17,808	¥ (4,874)	$ (52,392)
Change in the item during the term			
Net changes in the item other than shareholders' equity	(22,683)	13,419	144,235
Net changes during term	(22,683)	13,419	144,235
Balance at end of term	(4,874)	8,545	91,843
Deferred gain (loss) on hedges			
Balance at beginning of year	(23,140)	(17,708)	(190,332)
Change in the item during the term			
Net changes in the item other than shareholders' equity	5,432	(11,227)	(120,677)
Net changes during term	5,432	(11,227)	(120,677)
Balance at end of term	(17,708)	(28,936)	(311,009)
Revaluation reserve for land			
Balance at beginning of year	4,186	2,048	22,013
Change in the item during the term			
Net changes in the item other than shareholders' equity	(2,138)	(3)	(37)
Net changes during term	(2,138)	(3)	(37)
Balance at end of term	2,048	2,044	21,977
Translation adjustments			
Balance at beginning of year	(29)	(18,975)	(203,953)
Change in the item during the term			
Net changes in the item other than shareholders' equity	(18,946)	1,824	19,606
Net changes during term	(18,946)	1,824	19,606
Balance at end of term	(18,975)	(17,151)	(184,347)
Total valuation and total adjustments			
Balance at beginning of year	(1,175)	(39,510)	(424,663)
Change in the item during the term			
Net changes in the item other than shareholders' equity	(38,335)	4,012	43,126
Net changes during term	(38,335)	4,012	43,126
Balance at end of term	(39,510)	(35,498)	(381,537)
Minotiry interests in consolidated subsidiaries			
Balance at beginning of year	20,514	21,379	229,793
Change in the item during the term			
Net changes in the item other than shareholders' equity	865	2,363	25,400
Net changes during term	865	2,363	25,400
Balance at end of term	21,379	23,743	255,192
Total net assets			
Balance at beginning of year	376,277	356,152	3,827,951
Effect of accounting method changes in foreign subsidiaries	180	-	-
Change in the item during the term			
Issuance of new shares	100	38,324	411,914
Cash dividends	(17,533)	-	-
Net income	32,420	(68,721)	(738,621)
Purchase of treasury stocks	(56)	(27)	(291)
disposal of treasury stocks	33	9	106
Reversal of revaluation reserve for land	2,134	3	37
Net change in retained earnings resulting from inclusion or exclustion of subsidaries and other	66	(252)	(2,719)
Net changes in the item other than shareholders' equity	(37,469)	6,375	68,526
Net changes during term	(20,304)	(24,287)	(261,048)
Balance at end of term	¥ 356,152	¥ 331,864	$ 3,566,904

Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for nine months ended December 31, 2010 and 2009

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

	Year ended Mar.31,2009	Year ended Mar.31,2010	Year ended Mar.31,2010
Cash flows from operating activities :			
(Loss) income before income taxes and minority interests	¥ 45,772	¥ (96,355)	$ (1,035,636)
Depreciation and amortization	39,427	45,281	486,685
Loss on impairment of fixed assets	-	8,906	95,727
Reversal of employees' retirement benefits	(1,142)	(519)	(5,581)
Reversal of directors' and corporate auditors' retirement benefits	(64)	57	617
Decrease in accrued expenses for overhaul of vessels	(4,030)	(2,488)	(26,742)
Interest and dividend income	(4,963)	(2,744)	(29,497)
Interest expense	6,181	8,759	94,145
Loss on cancellation of derivatives	-	6,914	74,320
Loss on cancellation of chartered vessels	-	22,831	245,397
Loss for change of ship building contracts	-	11,318	121,655
Loss (gain) on sale of marketable securities and investments in securities	(452)	172	1,850
Gain on sale of vessels, property and equipment	(3,683)	(10,529)	(113,167)
Loss of revaluation of marketable securities and investments in securities	17,813	-	-
(Increase) decrease in accounts and notes receivable – trade	22,885	(1,620)	(17,417)
Increase (decrease) in accounts and notes payable – trade	(11,853)	6,325	67,991
(Increase) decrease in inventories	13,415	(6,472)	(69,568)
(Increase) decrease in other current assets	15,408	(3,865)	(41,546)
Other, net	(4,052)	10,998	118,210
Subtotal	130,661	(3,028)	(32,555)
Interest and dividends received	4,959	2,755	29,619
Interest paid	(6,154)	(8,538)	(91,777)
Payment of cancellation of derivatives	-	(3,472)	(37,325)
Payment of cancellation of chartered vessels	-	(22,831)	(245,397)
Payment of change of ship building contract	-	(460)	(4,949)
Income taxes paid	(51,852)	(5,300)	(56,975)
Income taxes refund	-	16,937	182,041
Net cash (used in) provided by operating activities	77,614	(23,940)	(257,319)
Cash flows from investing activities :			
Purchases of marketable securities and investments in securities	(28,326)	(8,778)	(94,353)
Proceeds from sale of marketable securities and investments in securities	3,910	2,925	31,444
Payment for acquisition of newly consolidated subsidiaries	(4,783)	-	-
Purchases of vessels, property and equipment	(164,711)	(178,174)	(1,915,031)
Proceeds from sale of vessels, property and equipment	48,036	119,642	1,285,924
Purchases of intangible fixed assets	(1,285)	(1,670)	(17,957)
Increase in long-term loans receivable	(13,125)	(22,210)	(238,718)
Collection of long-term loans receivable	17,077	24,626	264,688
Other, net	(5,096)	(97)	(1,050)
Net cash used in investing activities	(148,304)	(63,737)	(685,053)
Cash flows from financing activities :			
Increase (decrease) in short-term loans, net	(5,852)	(895)	(9,625)
(Decrease) increase in commercial paper	22,000	(13,000)	(139,725)
Proceeds from long-term debt	140,954	99,877	1,073,485
Repayment of long-term debt and obligations under finance leases	(37,650)	(48,201)	(518,074)
Proceeds from Issuance of Bonds	-	35,110	377,375
Repayment of Bonds	-	(189)	(2,031)
Proceeds from Issuance of Stock	-	38,105	409,559
Cash dividends paid	(17,528)	(38)	(409)
Cash dividends paid to minority shareholders	(2,924)	(3,185)	(34,243)
Proceeds from stock issuance to minority shareholders	866	1,844	19,824
Other, net	(22)	(17)	(184)
Net cash provided by financing activities	99,843	109,410	1,175,951
Effect of exchange rate changes on cash and cash equivalents	(7,505)	545	5,859
Net increase in cash and cash equivalents	21,648	22,277	239,439
Cash and cash equivalents at beginning of the period	48,044	69,700	749,149
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	7	143	1,547
Cash and cash equivalents at end of the period	¥ 69,700	¥ 92,122	$ 990,135

Consolidated Segment Information

(1) Business segment information

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 and capital expenditures						
Total assets	¥ 829,147	¥ 140,877	¥ 83,919	¥ 1,053,944	¥ (68,556)	¥ 985,387
Depreciation	¥ 32,347	¥ 5,576	¥ 1,502	¥ 39,427	-	¥ 39,427
Impairment loss	-	-	-	-	-	-
Capital expenditures	¥ 153,407	¥ 13,368	¥ 1,669	¥ 168,445	-	¥ 168,445

Year ended March 31,2010 (Millions of Yen)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥ 729,683	¥ 87,918	¥ 20,430	¥ 838,032	-	¥ 838,032
(2) Inter-group sales and transfers	9,646	45,165	40,208	95,020	(95,020)	-
Total revenues	739,329	133,084	60,639	933,053	(95,020)	838,032
Operating expenses	798,389	128,357	58,463	985,211	(95,103)	890,107
Operating income	(59,060)	4,726	2,176	(52,157)	83	(52,074)
Ordinary income	¥ (72,847)	¥ 4,812	¥ 2,178	¥ (65,856)	(415)	¥ (66,272)
Assets,depreciation Impairment loss and capital expenditures						
Total assets	¥ 914,428	¥ 143,341	¥ 67,505	¥ 1,125,276	¥ (81,391)	¥ 1,043,884
Depreciation	¥ 37,921	¥ 6,315	¥ 1,044	¥ 45,281	-	¥ 45,281
Impairment loss	¥ 8,902	¥ 3	―	¥ 8,906	-	¥ 8,906
Capital expenditures	¥ 173,343	¥ 7,054	¥ 1,090	¥ 181,489	-	¥ 181,489

Year ended March 31,2010 (Thousands of U.S.Dollars)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	$ 7,842,685	$ 944,951	$ 219,593	$ 9,007,230	-	$ 9,007,230
(2) Inter-group sales and transfers	103,677	485,444	432,167	1,021,289	(1,021,289)	-
Total revenues	7,946,362	1,430,396	651,761	10,028,518	(1,021,289)	9,007,230
Operating expenses	8,581,146	1,379,598	628,371	10,589,115	(1,022,182)	9,566,933
Operating income	(634,784)	50,798	23,389	(560,597)	894	(559,703)
Ordinary income	$ (782,968)	$ 51,726	$ 23,413	$ (707,829)	$ (4,471)	$ (712,300)
Assets,depreciation and capital expenditures						
Total assets	$ 9,828,341	$ 1,540,649	$ 725,551	$ 12,094,541	$ (874,800)	$ 11,219,741
Depreciation	$ 407,582	$ 67,881	$ 11,223	$ 486,685	$ -	$ 486,685
Impairment loss	$ 95,686	$ 41	$ -	$ 95,727	$ -	$ 95,727
Capital expenditures	$ 1,863,107	$ 75,827	$ 11,723	$ 1,950,657	$ -	$ 1,950,657

(b) Geographical segment information

Year ended March 31,2009 (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 31,2010 (Millions of Yen)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	¥ 731,520	¥ 18,725	¥ 50,900	¥ 36,569	¥ 316	¥ 838,032	¥ -	¥ 838,032
(2) Inter-group sales and transfers	8,696	20,441	9,166	10,842	655	49,802	(49,802)	-
Total revenues	740,217	39,166	60,066	47,412	972	887,835	(49,802)	838,032
Operating expenses	796,469	39,130	56,818	46,433	1,056	939,909	(49,802)	890,107
Operating income (loss)	(56,252)	35	3,248	978	(84)	(52,074)	0	(52,074)
Ordinary income (loss)	¥ (68,669)	¥ 404	¥ 1,046	¥ 1,277	¥ 271	¥ (65,669)	¥ (602)	¥ (66,272)
Total assets	¥ 855,760	¥ 24,165	¥ 127,851	¥ 92,751	¥ 5,462	¥ 1,105,990	¥ (62,106)	¥ 1,043,884

Year ended March 31,2010 (Thousands of U.S.Dollars)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	$ 7,862,435	$ 201,259	$ 547,078	$ 393,055	$ 3,404	$ 9,007,230	$ -	$ 9,007,230
(2) Inter-group sales and transfers	93,466	219,705	98,526	116,535	7,048	535,281	(535,281)	-
Total revenues	7,955,901	420,964	645,604	509,590	10,452	9,542,511	(535,281)	9,007,230
Operating expenses	8,560,510	420,582	610,694	499,069	11,358	10,102,213	(535,280)	9,566,933
Operating income (loss)	(604,608)	382	34,910	10,521	(906)	(559,702)	(1)	(559,703)
Ordinary income (loss)	$ (738,064)	$ 4,346	$ 11,246	$ 13,735	$ 2,914	$ (705,823)	$ (6,477)	$ (712,300)
Total assets	$ 9,197,765	$ 259,735	$ 1,374,152	$ 996,896	$ 58,713	$11,887,261	$ (667,520)	$11,219,741

(c) International Business information

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 31,2010 (Millions of Yen)

	North America	Europe	Asia	Oceania	Other	Total
International revenues	¥ 184,068	¥ 146,382	¥ 213,766	¥ 79,376	¥ 84,718	¥ 708,313
Consolidated revenues						838,032
International revenues as a percentage of consolidated revenues	22.0%	17.4%	25.5%	9.5%	10.1%	84.5%

Year ended March 31,2010 (Thousands of U.S.Dollars)

	North America	Europe	Asia	Oceania	Other	Total
International revenues	$ 1,978,383	$ 1,573,331	$ 2,297,577	$ 853,149	$ 910,560	$ 7,613,000
Consolidated revenues						9,007,230
International revenues as a percentage of consolidated revenues	22.0%	17.4%	25.5%	9.5%	10.1%	84.5%

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, 2010 and 2009

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

	Year ended Mar.31,2009	Year ended Mar.31,2010	Year ended Mar.31,2010
ASSETS			
Current assets:			
Cash and time deposits	¥ 30,447	¥ 53,090	$ 570,615
Accounts receivable for business	35,191	39,626	425,913
Short-term loans receivable	32,372	51,468	553,191
Advances payments	7,016	5,988	64,365
Inventories	13,986	19,766	212,457
Prepaid expenses and deferred charges	20,547	24,464	262,950
Due from agents	9,015	10,740	115,439
Deferred income taxes	4,514	14,868	159,805
Accounts receivable-non trade	15,971	1,372	14,747
Other current assets	2,027	1,650	17,742
Allowance for doubtful receivables	(286)	(257)	(2,764)
Total current assets	170,805	222,780	2,394,462
Fixed assets :			
(Tangible fixed assets)			
Vessels , at cost	161,072	152,638	1,640,564
Accumulated depreciation for vessels	(118,389)	(97,714)	(1,050,246)
Vessels, net	42,682	54,923	590,318
Buildings, at cost	7,971	7,570	81,366
Accumulated depreciation for buildings	(2,066)	(2,004)	(21,542)
Buildings, net	5,904	5,565	59,823
Structures, at cost	801	758	8,154
Accumulated depreciation for structures	(507)	(504)	(5,426)
Structures, net	294	253	2,729
Machinery and equipment, at cost	836	853	9,174
Accumulated depreciation for machinery and equipment	(530)	(593)	(6,380)
Machinery and equipment, net	305	259	2,794
Vehicles and rolling stock, at cost	363	352	3,790
Accumulated depreciation for vehicles and rolling stock	(333)	(335)	(3,606)
Vehicles and rolling stock, net	30	17	184
Furniture & fixtures, at cost	4,836	4,726	50,803
Accumulated depreciation for furniture & fixtures	(3,264)	(3,555)	(38,217)
Furniture & fixtures, net	1,572	1,171	12,586
Land	15,772	15,632	168,020
Construction in progress	9,488	7,266	78,105
Other tangible fixed assets, at cost	2,771	2,672	28,723
Accumulated depreciation for other tangible fixed assets	(1,677)	(1,761)	(18,936)
Other tangible fixed assets, net	1,093	910	9,787
Total tangible fixed assets	77,144	86,001	924,346
(Intangible fixed assets)			
Software	1,052	1,703	18,309
Software in progress	402	301	3,239
Rights of using facilities	9	-	-
Other intangible fixed assets	-	8	95
Total intangible fixed assets	1,464	2,013	21,643
(Investments and other long-term assets)			
Investments in securities	59,077	78,957	848,636
Investments in stocks of affiliates company	44,451	54,208	582,640
Investments in limited liability company and partnership	36	36	388
Investments in affiliates(limited liability company or partnership)	6,061	3,836	41,234
Long-term loans receivables	6,274	6,032	64,833
Long-term loans receivables from employee	1,964	1,898	20,409
Long-term loans receivables from affiliates	111,551	95,775	1,029,400
Long-term prepaid expenses	5,313	4,357	46,834
Guaranty deposits	3,191	3,163	33,999
Derivative-long-term assets	7,618	2,277	24,482
Deferred income taxes	2,031	26,421	283,977
Other long-term assets	1,562	1,237	13,298
Allowance for doubtful receivables	(527)	(19,968)	(214,628)
Total investments and other long-term assets	248,607	258,232	2,775,502
Total fixed assets	327,216	346,247	3,721,491
Total assets	¥ 498,021	¥ 569,028	$ 6,115,953

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2010 and 2009

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

	Year ended Mar.31,2009	Year ended Mar.31,2010	Year ended Mar.31,2010
LIABILITIES			
Current liabilities			
Accounts payable	¥ 60,797	¥ 65,040	$ 699,056
Short-term loans and current portion of long-term debt	31,522	35,894	385,795
Commercial paper	22,000	9,000	96,733
Lease Obligation (current portion)	146	144	1,552
Accounts payable nontrade	1,433	1,317	14,159
Accrued expenses	555	714	7,676
Accrued income taxes	-	1,235	13,284
Advance receipt	11,033	16,632	178,763
Deposit received	2,780	3,380	36,330
Due to agents	1,971	1,390	14,942
Accrued bonuses	689	485	5,219
Accrued bonuses for directors and corporate auditors	-	-	-
Other current liabilities	415	2,944	31,643
Total current liabilities	133,346	138,178	1,485,150
Long-term liabilities			
Bonds	57,641	90,329	970,862
Long-term debt, less current portion	64,690	99,971	1,074,502
Lease obligation	1,026	827	8,894
Allowance for employees' retirement benefits	727	753	8,100
Accrued expenses for overhaul of vessels	1,688	1,121	12,055
Deferred income taxes for land revaluation	2,302	2,300	24,724
Derivative-long-term liabilities	8,793	27,717	297,907
Other long-term liabilities	2,301	1,877	20,174
Total long-term liabilities	139,170	224,897	2,417,218
Total liabilities	272,516	363,076	3,902,368
NET ASSETS			
Shareholder's equity:			
Common stock	45,869	65,031	698,963
Additional paid-in capital			
Capital surplus	30,714	49,876	536,076
Total additional paid-in capital	30,714	49,876	536,076
Retained earnings			
Legal reserve	2,540	2,540	27,304
Special reserve			
Special depreciation reserve	1,844	1,476	15,869
Reduced value entry reserve	1,593	1,430	15,379
Special account for reduced value entry reserve	1,838	-	-
Other reserve	150,552	150,552	1,618,143
Unappropriate earned surplus for current term	(4,678)	(59,261)	(636,950)
Total retained earnings	153,690	96,737	1,039,744
Treasury stock, at cost	(839)	(850)	(9,141)
Total shareholders' equity	229,434	210,795	2,265,642
Valuation and translation adjustments			
Unrealized holding gain on investments in securities	(4,163)	8,059	86,629
Deferred gain on hedges	(95)	(13,229)	(142,187)
Revaluation reserve for land	329	325	3,501
Total valuation and translation adjustments	(3,929)	(4,843)	(52,056)
Total net assets	225,504	205,951	2,213,585
Total liabilities and net assets	¥ 498,021	¥ 569,028	$ 6,115,953

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2010 and 2009

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

	Year ended Mar.31,2009	Year ended Mar.31,2010	Year ended Mar.31,2010
Revenues from shipping and other operating:			
Freight	¥ 753,703	¥ 492,660	$ 5,295,147
Charter of vessels	184,525	121,354	1,304,325
Other operating revenues	20,687	16,364	175,886
Total shipping and other operating revenues	958,916	630,379	6,775,357
Expenses from shipping and other operating:			
Operating expenses			
Cargo expenses	219,306	172,274	1,851,623
Bunker	232,039	134,874	1,449,636
Port expenses	60,710	46,395	498,662
Other operating expenses related to shipping	1,635	2,089	22,455
Total operating expenses	513,691	355,633	3,822,375
Shipping expenses			
Payroll	1,813	1,321	14,200
Provision for crews retirement benefits	352	604	6,493
Provision for crews' bonus	199	136	1,466
Consumables for vessel	-	6	74
Expenses for vessel overhaul	387	904	9,723
Provision for vessel overhaul	835	497	5,350
Depreciation for vessels	6,314	6,824	73,350
Other operating expenses related to shipping	54	63	678
Total shipping expenses	9,957	10,358	111,334
Hire of vessels	324,958	256,082	2,752,393
Other operating expenses	70,842	54,287	583,489
Total shipping and other operating expenses	919,450	676,362	7,269,591
Total shipping and other operating profits	39,465	(45,983)	(494,234)
Other revenues	1,192	1,368	14,704
Other expenses	645	650	6,995
Other profits	547	717	7,708
Gross profits	40,012	(45,266)	(486,525)
Selling, general and administrative expenses	15,399	14,196	152,586
Operating income	24,612	(59,462)	(639,112)
Non-operating income :			
Interest income	2,435	1,829	19,664
Dividend income	3,579	10,572	113,632
Other non-operating income	542	970	10,433
Total non-operating income	6,557	13,372	143,729
Non-operating expenses :			
Interest expenses	1,244	1,840	19,777
Bond interest expenses	495	862	9,271
Interest on commercial paper	174	45	492
Exchange loss	8,406	575	6,188
Loss on cancellation of derivatives	-	3,441	36,995
Other non-operating expenses	87	874	9,402
Total non-operating expenses	10,407	7,640	82,125
Ordinary income	20,762	(53,731)	(577,507)
Extraordinary profits :			
Gain on sales of fixed assets	255	543	5,844
Gain on sales of investments in securities	277	100	1,081
Reversal profits for bad debts	201	276	2,972
Reversal profits for accrued expenses for overhaul of vessels	-	835	8,975
Gain on cancellation of chartered vessels	-	411	4,423
	-	600	6,449
Total extraordinary profits	734	2,767	29,744
Extraordinary losses :			
Loss from devaluation of investment securities in affiliates	17,269	-	-
Loss from devaluation of investments in securities	502	131	1,418
Transfer to reserve for possible loan losses	95	19,763	212,414
Loss on cancellation of chartered vessels			
Other extraordinary losses	1,865	5,143	55,287
Extraordinary losses	19,732	40,175	431,811
Income before income taxes	1,764	(91,139)	(979,575)
Income taxes: current	8	7	75
deferred	957	(34,196)	(367,549)
Income taxes	965	(34,189)	(367,473)
Net income	¥ 799	¥ (56,949)	$ (612,101)

Non-consolidated Statements of Shareholder's equity

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2010 and 2009

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

	Year ended Mar.31, 2009	Year ended Mar.31, 2010	Year ended Mar.31, 2010
Shareholders' equity			
Common stock			
Balance at beginning of year	¥ 45,819	¥ 45,869	$ 493,007
Change in the item during the term			
Issuance of new shares	50	19,162	205,957
Net changes during term	50	19,162	205,957
Balance at end of term	45,869	65,031	698,963
Additional paid-in capital			
Capital surplus			
Balance at beginning of year	30,664	30,714	330,119
Change in the item during the term			
Issuance of new shares	50	19,162	205,957
Net changes during term	50	19,162	205,957
Balance at end of term	30,714	49,876	536,076
Total additional paid-in capital			
Balance at beginning of year	30,664	30,714	330,119
Change in the item during the term			
Issuance of new shares	50	19,162	205,957
Net changes during term	50	19,162	205,957
Balance at end of term	30,714	49,876	536,076
Retained earnings			
Legal reserve			
Balance at beginning of year	2,540	2,540	27,304
Balance at end of term	2,540	2,540	27,304
Special reserve			
Special depreciation reserve			
Balance at beginning of year	897	1,844	19,826
Change in the item during the term			
Transferred from reserve	(203)	(368)	(3,957)
Provision for reserve	1,150	-	-
Net changes during term	947	(368)	(3,957)
Balance at end of term	1,844	1,476	15,869
Reduced value entry reserve			
Balance at beginning of year	1,755	1,593	17,126
Change in the item during the term			
Transferred from reserve	(162)	(162)	(1,747)
Provision for reserve	-	-	-
Net changes during term	(162)	(162)	(1,747)
Balance at end of term	1,593	1,430	15,379
Special account for reduced value entry reserve			
Balance at beginning of year	-	1,838	19,757
Change in the item during the term			
Transferred from reserve	-	(1,838)	(19,757)
Provision for reserve	1,838	-	-
Net changes during term	1,838	(1,838)	(19,757)
Balance at end of term	1,838	-	-
Other reserve			
Balance at beginning of year	110,552	150,552	1,618,143
Change in the item during the term			
Transferred from reserve	-	-	-
Provision for reserve	40,000	-	-
Net changes during term	40,000	-	-
Balance at end of term	150,552	150,552	1,618,143
Unappropriated earned surplus for current term			
Balance at beginning of year	52,558	(4,678)	(50,280)
Change in the item during the term			
Cash dividends	(17,533)	-	-
Transferred from reduced value entry reserve	366	2,368	25,461
Provision for reduced value entry reserve	(42,989)	-	-
Net income	799	(56,949)	(612,101)
Disposal of treasury stocks	(13)	(6)	(66)
Reversal of revaluation reserve for land	2,134	3	37
Net changes during term	(57,236)	(54,583)	(586,670)
Balance at end of term	(4,678)	(59,261)	(636,950)

Non-consolidated Statements of Shareholder's equity

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2010 and 2009

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

	Year ended Mar.31, 2009	Year ended Mar.31, 2010	Year ended Mar.31, 2010
Total retained earnings			
Balance at beginning of year	¥ 168,303	¥ 153,690	$ 1,651,874
Change in the item during the term			
Cash dividends	(17,533)	-	-
Net income	799	(56,949)	(612,101)
Disposal of treasury stocks	(13)	(6)	(66)
Reversal of revaluation reserve for land	2,134	3	37
Net changes during term	(14,613)	(56,952)	(612,130)
Balance at end of term	153,690	96,737	1,039,744
Treasury stock, at cost			
Balance at beginning of year	(830)	(839)	(9,023)
Change in the item during the term			
Purchage of treasury stocks	(56)	(27)	(291)
disposal of treasury stocks	47	15	172
Net changes during term	(9)	(11)	(119)
Balance at end of term	(839)	(850)	(9,141)
Total shareholders' equity			
Balance at beginning of year	243,956	229,434	2,465,978
Change in the item during the term			
Issuance of new shares	100	38,324	411,914
Cash dividends	(17,533)	-	-
Net income	799	(56,949)	(612,101)
Purchage of treasury stocks	(56)	(27)	(291)
disposal of treasury stocks	33	9	106
Reversal of revaluation reserve for land	2,134	3	37
Net changes during term	(14,522)	(18,639)	(200,336)
Balance at end of term	229,434	210,795	2,265,642
Valuation and translation adjustments			
Unrealized holding gain (loss) on investments in securities			
Balance at beginning of year	15,752	(4,163)	(44,746)
Change in the item during the term			
Net changes in the item other than shareholders' equity	(19,915)	12,223	131,375
Net changes during term	(19,915)	12,223	131,375
Balance at end of term	(4,163)	8,059	86,629
Deferred gain (loss) on hedges			
Balance at beginning of year	(4,083)	(95)	(1,028)
Change in the item during the term			
Net changes in the item other than shareholders' equity	3,987	(13,133)	(141,159)
Net changes during term	3,987	(13,133)	(141,159)
Balance at end of term	(95)	(13,229)	(142,187)
Revaluation reserve for land			
Balance at beginning of year	2,449	329	3,538
Change in the item during the term			
Net changes in the item other than shareholders' equity	(2,120)	(3)	(37)
Net changes during term	(2,120)	(3)	(37)
Balance at end of term	329	325	3,501
Total valuation and translation adjustments			
Balance at beginning of year	14,118	(3,929)	(42,236)
Change in the item during the term			
Net changes in the item other than shareholders' equity	(18,047)	(913)	(9,821)
Net changes during term	(18,047)	(913)	(9,821)
Balance at end of term	(3,929)	(4,843)	(52,056)
Total net assets			
Balance at beginning of year	258,075	225,504	2,423,742
Change in the item during the term			
Issuance of new shares	100	38,324	411,914
Cash dividends	(17,533)	-	-
Net income	799	(56,949)	(612,101)
Purchage of treasury stocks	(56)	(27)	(291)
disposal of treasury stocks	33	9	106
Reversal of revaluation reserve for land	2,134	3	37
Net changes in the item other than shareholders' equity	(18,047)	(913)	(9,821)
Net changes during term	(32,570)	(19,552)	(210,156)
Balance at end of term	225,504	205,951	2,213,585