

## FINANCIAL HIGHLIGHTS

brief report of the nine months ended December 31,2005.

[Two Year Summary]

	Nine Months ended Dec.31,2005	Nine Months ended Dec.31,2004	Nine Months ended Dec.31,2005	Year ended Mar.31,2005
Consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 688,972	¥ 621,970	\$ 5,835,285	¥ 828,443
Operating income (Millions of yen / Thousands of U.S. dollars)	69,248	85,891	586,503	108,053
Net income (Millions of yen / Thousands of U.S. dollars)	50,550	46,298	428,142	59,852
Per share of common stock (Yen / U.S. dollars)	85.45	78.33	0.72	100.70
Total Assets (Millions of yen / Thousands of U.S. dollars)	730,850	604,896	6,189,975	605,331
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	239,882	167,206	2,031,696	181,276
Per share of common stock (Yen / U.S. dollars)	405.58	282.86	3.44	306.06
Non-consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	550,772	495,770	4,664,793	658,699
Operating income (Millions of yen / Thousands of U.S. dollars)	47,877	66,936	405,505	85,288
Net income (Millions of yen / Thousands of U.S. dollars)	33,745	37,195	285,806	49,012
Per share of common stock (Yen / U.S. dollars)	56.99	62.87	0.48	82.49
Total Assets (Millions of yen / Thousands of U.S. dollars)	480,112	365,705	4,066,342	376,344
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	180,723	129,613	1,530,646	143,018
Per share of common stock (Yen / U.S. dollars)	305.30	219.05	2.59	241.36

The U.S. dollar amounts are converted from the yen amount at ¥118.07=U.S.\$1.00, the exchange rate prevailing on December 31,2005.

## Summary of the Operating Results and Financial Status for the Three Quarters Ended December 31, 2005, Consolidated

### 1. Operating Results

With regard to operating results for the three quarters from April 1, 2005 through December 31, 2005, the “K” LINE Group’s operating revenues increased ¥67.001 billion compared with the same period of the preceding year to ¥688.972 billion. However, steep rise in fuel oil price and the adjustment phase on the bulk carrier market gave negative impacts on our performances. In consequence, operating income decreased ¥16.642 billion from the same period last year to ¥69.248 billion (prospect at end of the 1st half: ¥69.2 billion), and ordinary income declined by ¥16.261 billion compared with a year earlier to ¥69.512 billion (prospect at end of the 1st half: ¥68.1 billion). Net income for the nine months increased by ¥4.252 billion on a year-on-year basis to ¥50.55 billion (prospect at end of the 1st half: ¥49.4 billion).

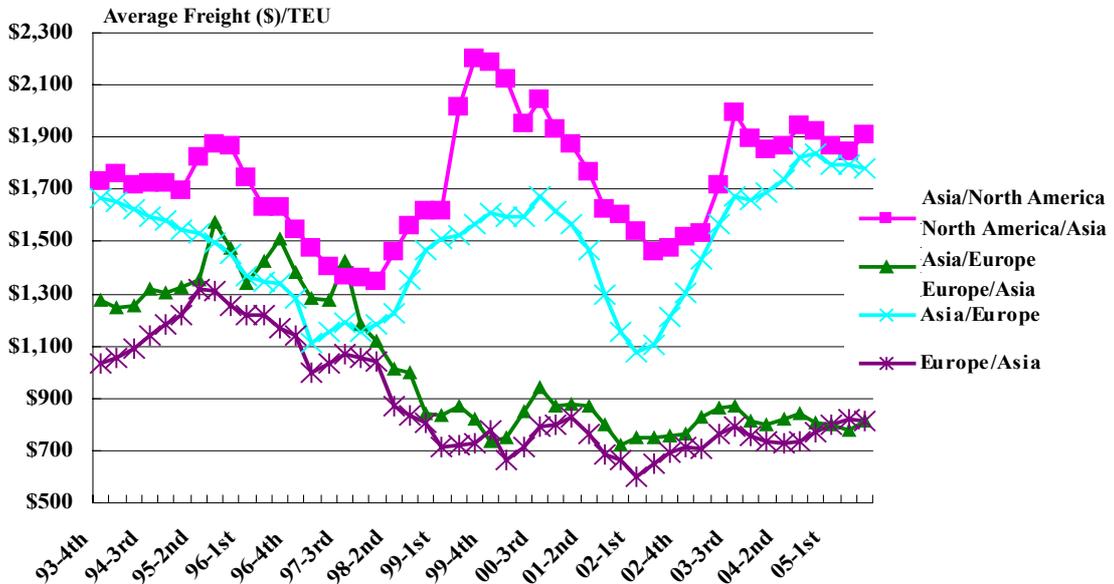
Summary of performances by business segments are as follows. Please note that the grouping of business segment has been changed starting from this interim. Performance comparisons (Increase (Decrease) in amount/rate) are made by reorganizing individual businesses to their current segments. For more details, please refer to page 9.

#### (1) Marine Transportation

##### <Containership Business>

Cargo movements on the North America service saw a sluggish growth in housing demand-related goods, but overall movements including main cargoes such as electric appliances and clothing continued to be brisk, rising by 16% against the same period last year. As a result of the enhancement of transportation capacity by setting up new service routes, tonnage movements in the North American services increased to roughly 19% by comparison with the same period a year ago. Cargo movements on Europe service including the sharply growing Mediterranean Sea routes were vigorous with an increase by about 16% year-on-year, and the Company’s tonnage movements expanded by 12% compared with the same period a year earlier. On Inter-Asia service, cargo shipments from China as well as Japan increased. Overall cargo movements continued to grow steadily. The total operating revenues in the containership business increased on a year-on-year basis, but total operating income ended up with a decline, hurt by softened rates in some services, price hike of fuel oil, and inflated charter rates.

Containerization International “Freight Rates Indicators”



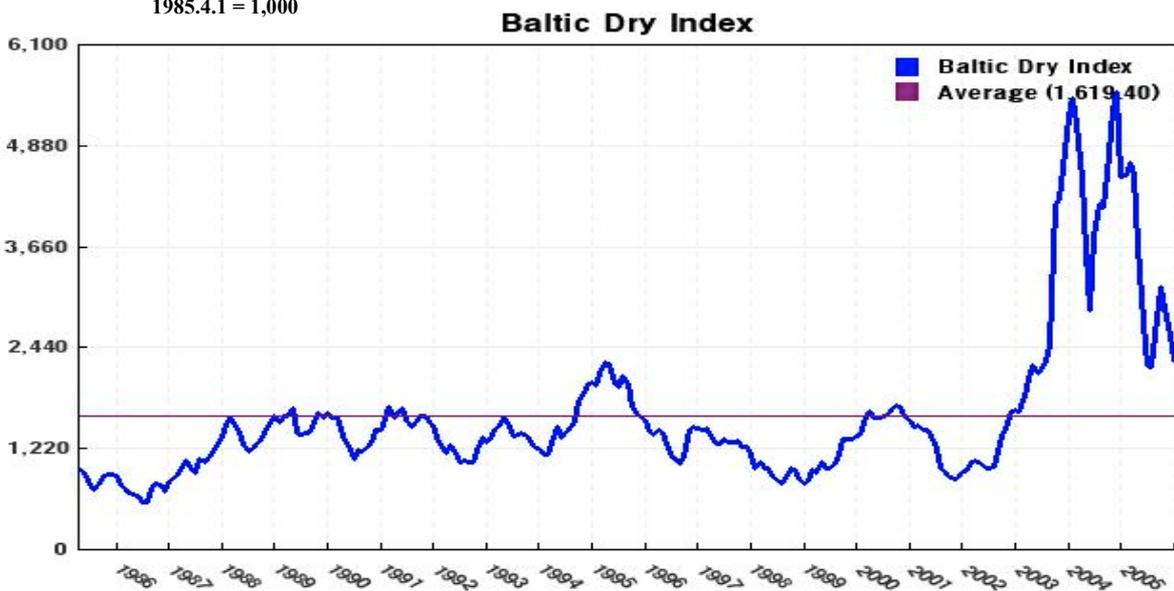
<Bulk Carrier and Car Carrier Business>

After the bulker market entered the correction phase in the first quarter of fiscal 2005, market activities significantly dropped compared with the same period last year. This market experienced substantial decline in operating income on a year-on-year basis.

In car carriers business, the Company completed the enhancement of freight capacities by deploying three newly-built car carriers into the fleet during the third quarter of fiscal 2005, to correspond to brisk demand for marine transportation backed up by the continuously growing sales of Japanese and Korean cars in overseas markets. In the overall bulk carrier and car carrier business, operating revenues increased but income declined against the same period last year.

Baltic Dry Index

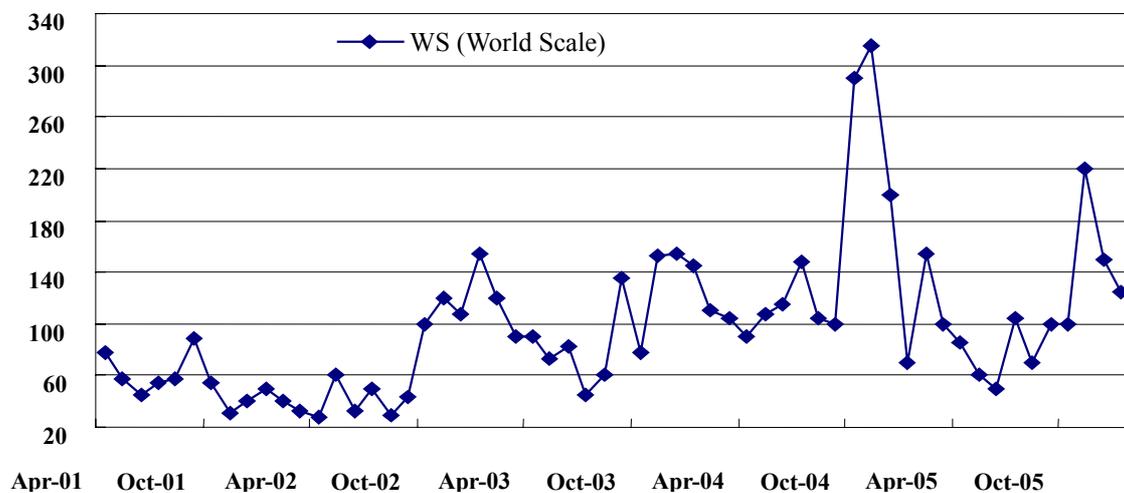
1985.4.1 = 1,000



## <Energy Transportation and Tanker Business>

Two LNG carriers for RasGas II project were completed and delivered to us in October and November respectively. The Company's fleet of LNG carriers consisting of 29 carriers including the two new carriers operated smoothly, and contributed to securing stable profits. The thermal coal carriers for electric power companies improved their operating rates of freight capacity assisted by an easing of port congestion at loading ports and stable weather conditions with little adverse effects by typhoons, and transported more than 10 million metric tons of coal and limestone in the three quarters ended December 31, 2005. The transportation volume during the period, as well as operating income, sharply exceeded those in the same period of the preceding year. The tanker business secured nearly same level of profit to that in the same period of fiscal 2004, bolstered by steadily growing demand for oil mainly from the U.S. and China, despite a temporary worsened market rate. Overall operating revenues and profits in the energy transportation and tanker business, respectively, slightly exceeded those in the same period last year.

### <Trends in tanker freight rates>



## <Coastal shipping Business>

In the domestic tramp services, the Company secured stable cargo volumes and constant operating performance thanks to specialized carriers. However, ferries were faced with severe operating conditions due to soaring fuel oil prices.

As a result, overall operating revenues for marine transportation amounted to ¥596.206 billion, an increase of 11.1% over the same period last year, and operating income stood at ¥60.366 billion, 22.0% down in a year-on-year comparison.

### (2) Freight Forwarding/Harbor Transportation

Cargo movement proceeded relatively steadily for both sea and air routes, and consequently, the cargo volume handled by port transportation-related affiliates increased. The combination of these favorable results produced operating revenues of ¥79.244 billion (9.8% year-on-year increase) and operating income of ¥7.72 billion (1.2% year-on-year decrease).

### (3) Other business

As for other businesses not mentioned above, operating revenues amounted to ¥13.52 billion (1.6% year-on-year increase), and operating income recorded at ¥0.947 billion (87.6% year-on-year increase).

## **2. Financial Status**

As of the end of December 31, 2005, total assets increased ¥125.518 billion (20.7% year-on-year increase) to ¥730.85 billion compared with the end of the consolidated fiscal 2004, due to an increase in capital investment in vessels (including those under construction) for expanding the scale of business operation as well as an increase in investment securities thanks to stock price advances.

Of total liabilities, current liabilities increased ¥32.024 billion (18.0% up) to ¥209.973 billion from the end of the consolidated fiscal 2004, owing to an increase in accounts and notes payable-trade resulting from the expanded scale of operation and an increase in interest-bearing debt caused by capital investment in vessels. Total fixed liabilities rose by ¥33.475 billion (14.1% up) to ¥270.417 billion from the end of the preceding consolidated fiscal year. Shareholders' equity increased ¥58.606 billion (up by 32.3%) to ¥239.882 billion compared with the end of the consolidated fiscal 2004, attributable to an increase by ¥39.476 billion (a rise by 33.6%) in retained earnings reflecting steadily growing income and expansion of unrealized gains by ¥16.449 billion (an increase by 98.8%) in investment in securities.

## **3. Prospects for Fiscal 2005**

The Company expects the operating results for the full term of fiscal 2005 to be ¥925.0 billion for operating revenues, ¥91.0 billion for operating income, ¥91.0 billion for ordinary income, and ¥64.0 billion for net income. Although we anticipate negative factors such as further hike of fuel oil price, an easing trend in bulk carrier market rates and possibly softening containership market on Europe service during the winter off season. However, consolidated ordinary income will be nearly same to our previous prospects, assisted by high-hovering tanker market rates since early autumn last year. In addition, for the fourth quarter, the Company assumes the foreign exchange rate of ¥118/US\$1 and a fuel oil price of US\$308 per metric ton.

# 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, 2005 and nine months ended December 31, 2005 and 2004

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

	Nine Months ended Dec.31,2005	Year ended Mar.31,2005	Nine Months ended Dec.31,2005	Nine Months ended Dec.31,2004
<b>ASSETS</b>				
Current assets :				
Cash and time deposits	¥ 33,433	¥ 31,831	\$ 283,168	¥ 34,475
Accounts and notes receivable-trade	104,571	90,121	885,675	88,144
Short-term loans receivable	12,746	8,536	107,958	5,439
Marketable securities	31	28	267	34
Inventories	17,774	12,186	150,542	11,002
Prepaid expenses and deferred charges	29,287	26,587	248,051	23,962
Other current assets	23,015	18,643	194,932	17,428
Allowance for doubtful receivables	(770)	(863)	(6,523)	(1,050)
Total current assets	220,090	187,071	1,864,070	179,435
Fixed assets :				
(Tangible fixed assets)				
Vessels	187,712	168,947	1,589,845	179,409
Buildings and structures	25,617	26,925	216,969	27,487
Machinery and vehicles	9,604	8,674	81,345	9,229
Land	33,036	34,144	279,801	34,334
Construction in progress	75,249	33,763	637,333	35,149
Other tangible fixed assets	8,067	3,436	68,332	3,796
Total tangible fixed assets	339,288	275,891	2,873,624	289,407
(Intangible fixed assets)				
Consolidated adjustment account	1	27	9	41
Other intangible fixed assets	6,357	6,142	53,849	6,670
Total intangible fixed assets	6,358	6,170	53,858	6,712
(Investments and other long-term assets)				
Investments in securities	120,758	89,477	1,022,772	86,478
Long-term loans receivable	9,777	19,166	82,808	13,429
Deferred income taxes	3,742	4,245	31,693	4,354
Deferred income taxes for land revaluation	219	219	1,856	218
Other long-term assets	31,016	23,611	262,693	25,330
Allowance for doubtful receivables	(429)	542	(3,634)	(502)
Total investments and other long-term assets	165,084	136,176	1,398,188	129,309
Total fixed assets	510,731	418,238	4,325,669	425,428
Deferred assets	27	21	236	31
<b>Total assets</b>	<b>¥ 730,850</b>	<b>¥ 605,331</b>	<b>\$ 6,189,975</b>	<b>¥ 604,896</b>

# Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2005 and nine months ended December 31, 2005 and 2004

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

	Nine Months ended Dec. 31, 2005	Year ended Mar. 31, 2005	Nine Months ended Dec. 31, 2005	Nine Months ended Dec. 31, 2004
<b>LIABILITIES</b>				
Current liabilities :				
Accounts and notes payable-trade	¥ 78,222	¥ 66,467	\$ 662,508	¥ 61,341
Current portion of bonds payable	3,000	3,000	25,409	8,000
Short-term loans and current portion of long-term debt	50,654	47,670	429,019	55,857
Commercial paper	27,000	-	228,678	4,000
Accrued income taxes	8,661	28,206	73,360	21,140
Accrued bonuses	1,380	2,344	11,693	1,603
Current portion of obligations under finance leases	3,319	1,344	28,112	1,416
Other current liabilities	37,735	28,914	319,602	27,965
Total current liabilities	<b>209,973</b>	177,948	<b>1,778,380</b>	181,324
Long-term liabilities :				
Bonds	70,000	43,000	592,869	43,000
Long-term debt, less current portion	123,041	135,983	1,042,104	143,232
Deferred income taxes for land revaluation	3,105	3,105	26,306	3,105
Allowance for employees' retirement	10,774	11,636	91,259	12,090
Retirement allowance for directors and statutory auditors	2,352	2,553	19,921	2,237
Accrued expenses for overhaul of vessels	12,244	11,301	103,702	11,018
Obligations under finance leases	6,012	8,251	50,920	9,143
Other long-term liabilities	42,887	21,109	363,234	23,634
Total long-term liabilities	<b>270,417</b>	236,941	<b>2,290,314</b>	247,463
Total liabilities	<b>480,390</b>	414,890	<b>4,068,694</b>	428,788
Minority interests in consolidated subsidiaries	10,577	9,164	89,584	8,901
Shareholders' equity :				
Common stock	29,689	29,689	251,460	29,689
Additional paid-in capital	14,534	14,534	123,103	14,534
Retained earnings	156,960	117,483	1,329,383	103,903
Revaluation reserve for land	6,815	6,797	57,721	6,797
Unrealized holding gain on investments in securities	33,092	16,642	280,276	15,048
Translation adjustments	(133)	(3,110)	(1,133)	(2,003)
Treasury stock, at cost	(1,075)	(761)	(9,113)	(764)
Total shareholders' equity	<b>239,882</b>	181,276	<b>2,031,696</b>	167,206
Total liabilities, minority interests and shareholders' equity	<b>¥ 730,850</b>	¥ 605,331	<b>\$ 6,189,975</b>	¥ 604,896

# Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2005 and nine months ended December 31, 2005 and 2004

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

	<b>Nine Months ended Dec.31,2005</b>	Nine Months ended Dec.31,2004	<b>Nine Months ended Dec.31,2005</b>	Year ended Mar.31,2005
<u>Operating revenues</u>	<b>¥ 688,972</b>	¥ 621,970	<b>\$ 5,835,285</b>	¥ 828,443
Costs and expenses	<b>576,711</b>	495,677	<b>4,884,492</b>	666,099
Selling, general and administrative expenses	<b>43,011</b>	40,402	<b>364,290</b>	54,289
<u>Operating income</u>	<b>69,248</b>	85,891	<b>586,503</b>	108,053
Non-operating income :				
Interest income	<b>1,130</b>	598	<b>9,572</b>	975
Dividends income	<b>1,269</b>	907	<b>10,756</b>	1,055
Equity in earnings of affiliated companies	-	408	-	790
Exchange gain	<b>1,424</b>	1,083	<b>12,061</b>	479
Other non-operating income	<b>647</b>	602	<b>5,488</b>	840
Total non-operating income	<b>4,472</b>	3,600	<b>37,877</b>	4,140
Non-operating expenses :				
Interest expenses	<b>3,212</b>	3,566	<b>27,210</b>	4,546
Other non-operating expenses	<b>995</b>	151	<b>8,429</b>	412
Total non-operating expenses	<b>4,207</b>	3,717	<b>35,640</b>	4,959
<u>Ordinary income</u>	<b>69,512</b>	85,773	<b>588,740</b>	107,235
Extraordinary profits :				
Gain on sales of vessels, properties	<b>4,506</b>	352	<b>38,164</b>	1,286
Gain on sales of investments in securities	<b>3,074</b>	326	<b>26,037</b>	269
Other extraordinary profits	<b>290</b>	99	<b>2,459</b>	424
Total extraordinary profits	<b>7,870</b>	778	<b>66,660</b>	1,980
Extraordinary losses :				
Loss on sales of vessels, properties	<b>144</b>	96	<b>1,223</b>	87
Impairment losses on fixed assets	-	7,037	-	7,037
Loss due to liquidation of subsidiary	-	3,050	-	3,442
Loss on disposal of properties	-	959	-	1,124
Loss on sales of investments in securities	<b>40</b>	-	-	-
Other extraordinary losses	<b>19</b>	1,362	<b>166</b>	2,012
Total extraordinary losses	<b>204</b>	12,505	<b>1,730</b>	13,704
Income before income taxes	<b>77,178</b>	74,046	<b>653,671</b>	95,510
Income taxes	<b>25,224</b>	26,534	<b>213,643</b>	34,211
Minority interest	<b>1,403</b>	1,213	<b>11,886</b>	1,446
<u>Net income</u>	<b>¥ 50,550</b>	¥ 46,298	<b>\$ 428,142</b>	¥ 59,852

## Consolidated Segment Information

Business segment information

Nine months ended Dec.31,2005

(Millions of Yen)

	Freight Forwarding /			Total	Eliminations	Consolidated
	Marine Transportation	Harbour Transportation	Others			
Revenues						
(1) Operating revenues	¥ 596,206	¥ 79,244	¥ 13,520	¥ 688,972	¥ -	¥ 688,972
(2) Inter-group sales and transfers	5,003	37,422	23,167	65,593	(65,593)	-
Total revenues	601,209	116,666	36,688	754,565	(65,593)	688,972
Operating expenses	540,843	108,946	35,740	685,530	(65,807)	619,723
Operating income	60,366	7,720	947	69,034	214	69,248
Ordinary income	¥ 59,578	¥ 8,754	¥ 1,090	¥ 69,423	¥ 89	¥ 69,512

Nine months ended Dec.31,2004

(Millions of Yen)

	Freight Forwarding /			Total	Eliminations	Consolidated
	Marine Transportation	Harbour Transportation	Others			
Revenues						
(1) Operating revenues	¥ 536,923	¥ 75,593	¥ 9,454	¥ 621,970	¥ -	¥ 621,970
(2) Inter-group sales and transfers	2,488	41,248	7,098	50,835	(50,835)	-
Total revenues	539,411	116,841	16,553	672,806	(50,835)	621,970
Operating expenses	462,267	109,157	15,732	587,157	(51,077)	536,079
Operating income	77,144	7,684	821	85,649	241	85,891
Ordinary income	¥ 75,487	¥ 8,327	¥ 1,943	¥ 85,759	¥ 14	¥ 85,773

Nine months ended Dec.31,2005

(Thousands of U.S.Dollars)

	Freight Forwarding /			Total	Eliminations	Consolidated
	Marine Transportation	Harbour Transportation	Others			
Revenues						
(1) Operating revenues	\$5,049,602	\$ 671,167	\$ 114,516	\$5,835,285	\$ -	\$5,835,285
(2) Inter-group sales and transfers	42,377	316,950	196,219	555,545	(555,545)	-
Total revenues	5,091,978	988,117	310,735	6,390,830	(555,545)	5,835,285
Operating expenses	4,580,702	922,732	302,706	5,806,140	(557,358)	5,248,782
Operating income	511,276	65,385	8,029	584,690	1,813	586,503
Ordinary income	\$ 504,604	\$ 74,144	\$ 9,234	\$ 587,982	\$ 759	\$ 588,740

Year ended Mar.31,2005

(Millions of Yen)

	Freight Forwarding /			Total	Eliminations	Consolidated
	Marine Transportation	Harbour Transportation	Others			
Revenues						
(1) Operating revenues	¥ 713,960	¥ 101,709	¥ 12,773	¥ 828,443	¥ -	¥ 828,443
(2) Inter-group sales and transfers	3,320	55,143	9,549	68,013	(68,013)	-
Total revenues	717,281	156,853	22,322	896,457	(68,013)	828,443
Operating expenses	619,473	147,988	21,239	788,701	(68,311)	720,389
Operating income	97,807	8,864	1,082	107,755	298	108,053
Ordinary income	¥ 95,314	¥ 9,661	¥ 2,268	¥ 107,244	¥ (9)	¥ 107,235

### Change in the business segment information

Effective April 1, 2005, the Company and its consolidated subsidiaries changed the grouping of business segment. Ship management business in Marine Transportation segment and Freight Forwarding/Harbor Transportation segment was converted to Other segment. And land transportation business in Other segment was converted to Freight Forwarding/Harbor Transportation segment. This change was made for better presentation of business segment information.

If the business segment information for the nine months ended Dec. 31, 2004 were prepared using the new segmentation, such information would be as follows.

Three months ended Dec.31,2004

(Millions of Yen)

	Freight Forwarding /			Total	Eliminations	Consolidated
	Marine Transportation	Harbor Transportation	Other			
Revenues						
(1) Operating revenues	¥ 536,471	¥ 72,188	¥ 13,310	¥ 621,970	¥ -	¥ 621,970
(2) Inter-group sales and transfers	4,743	36,081	19,079	59,903	(59,903)	-
Total revenues	541,214	108,270	32,389	681,874	(59,903)	621,970
Operating expenses	463,864	100,459	31,884	596,208	(60,128)	536,079
Operating income	77,350	7,811	505	85,666	224	85,891
Ordinary income	¥ 75,684	¥ 8,451	¥ 1,737	¥ 85,874	¥ (100)	¥ 85,773

# 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, 2005, nine months ended December 31, 2005 and 2004

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

	Nine Months ended Dec. 31, 2005	Year ended Mar. 31, 2005	Nine Months ended Dec. 31, 2005	Nine Months ended Dec. 31, 2004
<b>ASSETS</b>				
Current assets:				
Cash and time deposits	¥ 5,880	¥ 6,752	\$ 49,807	¥ 4,850
Accounts receivable	76,247	63,952	645,783	61,901
Short-term loans receivable	28,970	19,421	245,366	26,710
Advances payments-trade	6,044	7,280	51,197	6,698
Inventories	14,597	10,027	123,638	8,816
Prepaid expenses and deferred charges	29,077	25,681	246,271	22,373
Due from agents	3,264	2,874	27,653	4,193
Deferred income taxes	2,725	3,119	23,081	2,493
Other current assets	5,650	5,337	47,854	4,227
Allowance for doubtful receivables	(305)	(357)	(2,583)	(355)
Total current assets	172,153	144,091	1,458,066	141,911
Fixed assets :				
(Tangible fixed assets)				
Vessels	39,660	42,833	335,911	44,013
Buildings	4,509	3,865	38,195	3,894
Structures	186	237	1,581	245
Equipments	3,632	460	30,769	474
Land	21,638	22,147	183,269	22,147
Construction in progress	539	67	4,569	67
Other tangible fixed assets	1,357	1,039	11,501	1,021
Total tangible fixed assets	71,526	70,651	605,796	71,864
(Intangible fixed assets)				
Software	1,804	1,964	15,287	2,087
Software in progress	130	242	1,107	760
Other intangible fixed assets	20	19	174	19
Total intangible fixed assets	1,956	2,227	16,567	2,867
(Investments and other long-term assets)				
Investments in securities	96,111	67,801	814,022	64,782
Investments in stocks of affiliated company	34,410	33,886	291,442	37,617
Long-term loans receivable	82,633	46,025	699,870	35,414
Long-term prepaid expenses	3,535	3,157	29,946	1,678
Deposits	3,144	3,133	26,630	3,136
Other long-term assets	15,245	6,108	129,121	7,163
Allowance for doubtful receivables	(632)	(760)	(5,354)	(762)
Total investments and other long-term assets	234,448	159,353	1,985,677	149,029
Total fixed assets	307,931	232,231	2,608,040	223,761
Deferred assets				
Bond-issuing expenses	27	21	236	31
Total deferred assets	27	21	236	31
<b>Total assets</b>	<b>¥ 480,112</b>	<b>¥ 376,344</b>	<b>\$ 4,066,342</b>	<b>¥ 365,705</b>

# Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2005, nine months ended December 31, 2005 and 2004

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

	Nine Months ended Dec. 31, 2005	Year ended Mar. 31, 2005	Nine Months ended Dec. 31, 2005	Nine Months ended Dec. 31, 2004
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	¥ 68,964	¥ 57,025	\$ 584,101	¥ 51,408
Current portion of bonds payable	3,000	3,000	25,409	8,000
Short-term loans and current portion of long-term debt	27,707	26,311	234,666	32,516
Commercial paper	27,000	-	228,678	4,000
Accrued income taxes	6,405	24,337	54,253	18,539
Advance receipt	16,280	12,858	137,889	12,535
Deposit received	6,007	4,618	50,884	4,126
Due to agents	6,172	4,768	52,280	4,087
Accrued bonuses	292	1,189	2,477	245
Other current liabilities	4,310	2,786	36,507	2,165
Total current liabilities	166,141	136,897	1,407,144	137,624
<b>Long-term liabilities</b>				
Bonds	70,000	43,000	592,869	43,000
Long-term debt, less current portion	24,944	36,109	211,272	38,473
Allowance for employees' retirement benefit	843	1,094	7,141	1,409
Retirement allowance for directors and statutory auditors	1,279	1,548	10,833	1,470
Accrued expenses for overhaul of vessels	833	1,331	7,055	1,226
Deferred income taxes	17,198	5,788	145,662	3,875
Deferred income taxes for land revaluation	2,862	2,862	24,242	2,862
Other long-term liabilities	15,287	4,694	129,478	6,149
Total long-term liabilities	133,248	96,428	1,128,552	98,467
<b>Total liabilities</b>	299,389	233,326	2,535,696	236,091
<b>Shareholders' equity :</b>				
Common stock	29,689	29,689	251,460	29,689
Additional paid-in capital				
Capital surplus	14,534	14,534	123,103	14,534
Total additional paid-in capital	14,534	14,534	123,103	14,534
Retained earning				
Legal reserve	2,540	2,540	21,516	2,540
Special reserve				
Special depreciation reserve	1,528	2,162	12,943	2,162
Reduced value entry reserve	2,251	2,343	19,071	2,343
Other reserve	67,052	29,052	567,900	29,052
Unappropriated earned surplus for current term	28,891	43,367	244,694	31,555
Total retained earning	102,263	79,465	866,124	67,652
Revaluation reserve for land	4,720	4,720	39,981	4,720
Unrealized holding gain on investments in securities	30,493	15,271	258,267	13,665
Treasury stock, at cost	(978)	(664)	(8,288)	(649)
<b>Total shareholders' equity</b>	180,723	143,018	1,530,646	129,613
<b>Total liabilities and shareholders' equity</b>	¥ 480,112	¥ 376,344	\$ 4,066,342	¥ 365,705

# Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2005, and nine months ended December 31, 2005 and 2004

	<b>Nine Months ended Dec.31,2005</b>	Nine Months ended Dec.31,2004	<b>Nine Months ended Dec.31,2005</b>	Year ended Mar.31,2005
Operating revenues :				
Revenues from Shipping and other operating :				
Freight	¥ 462,732	¥ 420,185	\$ 3,919,133	¥ 555,283
Charter of vessels	73,707	62,017	624,267	83,155
Other operating revenues	13,564	12,873	114,884	19,311
Total shipping and other operating revenues	550,003	495,076	4,658,284	657,750
Other revenues	768	694	6,509	949
<u>Total operating revenues</u>	550,772	495,770	4,664,793	658,699
Operating expenses :				
Expenses of Shipping and other operating :				
Shipping expenses	265,552	215,056	2,249,107	287,639
Preservation expenses for vessel	5,947	6,451	50,377	8,573
Hire of vessel	179,103	160,946	1,516,924	214,556
Other operating expenses	40,765	35,495	345,266	48,177
Total shipping and other operating expenses	491,368	417,950	4,161,674	558,947
Other expenses	364	519	3,087	650
Selling, general and administrative expenses	11,160	10,364	94,527	13,814
Total operating expenses	502,894	428,833	4,259,288	573,411
<u>Operating income</u>	47,877	66,936	405,505	85,288
Non-operating income :				
Interest and dividends income	2,382	2,790	20,178	3,109
Exchange gain	383	379	3,250	511
Other non-operating income	136	130	1,159	280
Total non-operating income	2,903	3,301	24,587	3,902
Non-operating expenses :				
Interest expenses	1,350	1,619	11,435	2,093
Other non-operating expenses	132	80	1,126	223
Total non-operating expenses	1,482	1,699	12,560	2,316
<u>Ordinary income</u>	49,297	68,538	417,532	86,873
Extraordinary profits :				
Gain on sales of fixed assets	1,398	-	11,845	-
Gain on sales of investments in securities	3,074	234	26,037	234
Other extraordinary profits	173	-	1,471	34
Total extraordinary profits	4,646	234	39,353	268
Extraordinary losses :				
Loss on disposal of fixed assets	-	910	-	910
Liquidation loss of affiliated company	-	-	-	2,621
Appraisal loss of stocks of affiliated company	-	2,954	-	-
Impairment losses on fixed assets	-	4,684	-	4,684
Other extraordinary losses	43	462	364	773
Total extraordinary losses	43	9,012	364	8,989
Income before income taxes	53,901	59,760	456,520	78,152
Income taxes	20,156	22,565	170,715	29,140
<u>Net income</u>	33,745	37,195	285,806	49,012
Unappropriated retained earnings brought forward	563	535	4,771	535
Reversal of the revaluation reserve for land	-	(1,704)	-	(1,704)
Loss on transaction in treasury stock	82	33	696	37
Interim dividends	5,335	4,437	45,186	4,437
Unappropriated earned surplus for current term	¥ 28,891	¥ 31,555	\$ 244,694	¥ 43,367