FINANCIAL HIGHLIGHTS

Brief report of the three months ended June 30,2010.

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Three months ended Jun.30, 2009	**Three months ended Jun.30, 2010**	**Three months ended Jun.30, 2010**
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 191,926	**¥ 253,780**	**$ 2,868,224**
Operating income (loss) (Millions of yen / Thousands of U.S. dollars)	(22,129)	**23,063**	**260,659**
Net income (loss) (Millions of yen / Thousands of U.S. dollars)	(14,889)	**15,803**	**178,612**
Per share of common stock (Yen / U.S. dollars)	(23.37)	**20.70**	**0.23**

	Year ended Mar.31, 2010	**Three months ended Jun.30, 2010**	**Three months ended Jun.30, 2010**
Total Assets (Millions of yen / Thousands of U.S. dollars)	¥ 1,043,884	**¥ 1,058,472**	**$ 11,962,847**
Net assets (Millions of yen / Thousands of U.S. dollars)	331,864	**331,384**	**3,745,304**
Per share of common stock (Yen / U.S. dollars)	403.53	**403.09**	**4.56**

	Three months ended Jun.30, 2009	**Three months ended Jun.30, 2010**	**Three months ended Jun.30, 2010**
Net cash provided by (used in) operating activities (Millions of yen / Thousands of U.S. dollars)	¥ (17,735)	**¥ 27,421**	**$ 309,919**
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	(28,206)	**(20,355)**	**(230,061)**
Net cash provided by financing activities (Millions of yen / Thousands of U.S. dollars)	48,534	**3,562**	**40,265**

The U.S. dollar amounts are converted from the yen amount at ¥88.48=U.S.$1.00.
The exchange rate prevailing on June 30, 2010

[Qualitative Information and Financial Statements]

1. Qualitative Information about the Consolidated Operating Results

During the 1st Quarter of fiscal year 2010 (April 1 through June 30, 2010), the world economy continued to gradually recover from the global recession that began at the end of 2008. The recovery was driven by robust economic growth in China, India and other newly industrialized countries. In the U.S., government economic stimulus measures were successful, and higher employment fueled a rebound in personal consumption. In Europe, the economic crisis triggered by the sovereign debt turmoil in Greece shook the value of the euro in currency markets, leading to concern about a ripple effect on a real economy that had been showing signs of recovery. The Japanese economy showed improvement as a result of higher exports and capital investment, despite continuation of a harsh employment environment.

In the business environment surrounding the shipping industry, cargo movements in the containership sector revived, and freight rate restoration efforts progressed in step with improvement in the balance of supply and demand resulting from slow steaming by shipping companies. Market conditions were firm especially for small and medium-size dry bulk carrier services due to robust demand for transport of iron and steel and grain to China and India. Movement of completed built-up cars showed gradual recovery following improvement in demand in the U.S. and developing countries.

With the aim of a return to profit in fiscal 2010 and early resumption of dividend payments in accordance with the new KV 2010 medium-term management plan, the “K” Line Group mounted an all-out effort to restore containership freight rates and to cut costs by means of eco-friendly slow steaming. As a result, consolidated operating revenues for the 1st Quarter of FY2010 were ¥253.780 billion, an increase of ¥61.854 billion compared with the same period of the previous year. Consolidated operating income was ¥23.063 billion, compared with an operating loss of ¥22.129 billion the same period last year, and ordinary income was ¥20.551 billion, compared with an ordinary loss of ¥22.710 billion the same period last year. Consolidated quarterly net income was ¥15.803 billion, compared with a net loss of ¥14.889 billion the same period last year.

The following is a summary of the activities in each business segment.

(1) Containership Business Segment

[Containership Business]

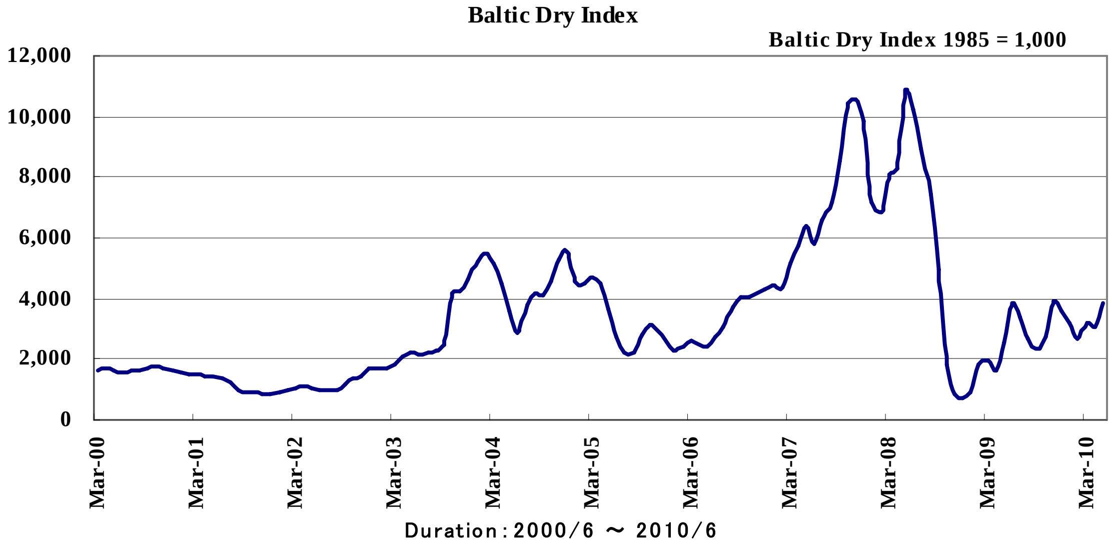
On North American routes, cargo movement from Asia to North America (eastbound) rebounded as a result of economic improvement in the U.S. The volume of cargo bound for North American ports increased by 6% compared with the same period of the preceding year. Nevertheless, total cargo volume on North American routes was flat year on year owing to a decline in cargo volume from North America to Asia as the impact of a winter decrease in the number of voyages extended into the beginning of the fiscal year. Cargo movement rebounded on European routes as well, with cargo volume from Asia to Northern Europe and the Mediterranean increasing by 14% in comparison with the same period of the preceding year, when volume bottomed out. Cargo volume from Northern Europe and the Mediterranean to Asia increased 5% as well, and overall cargo volume on European routes increased by 9% year on year. Combined cargo volume including North-South routes and intra-Asian routes increased by 6%. The balance of supply and demand tightened owing to recovery in cargo movements and slow steaming, and cargo owners increasingly sought to secure space. As a result, the Company made progress with restoration of freight rates from depressed levels of the previous year for all routes and recorded higher revenues. Although a steep rise in fuel oil prices and other factors put pressure on profits, business returned to profit as the Company proactively implemented route optimization, eco-friendly slow-steaming and other cost reduction measures and containership business structural reform implemented the previous fiscal year contributed to profitability improvement.

As a result, overall operating revenues from the containership business segment were ¥112.266 billion, operating income was ¥9.628 billion, and ordinary income was ¥8.869 billion.

(2) Bulk Shipping Business Segment

[Dry Bulk Carrier Business]

Although in the first half of the quarter market conditions were solid due to robust demand for transport of iron ore, grain and other cargo to China, June brought an adjustment phase in the dry bulk market triggered by slack demand for iron ore due to softening of the market for steel products and seasonal factors affecting grain demand. Operating revenues and profits increased from the same period of the previous year, boosted by factors including efforts to achieve efficient ship allocation and the start of transport contracts concluded when market conditions were favorable.

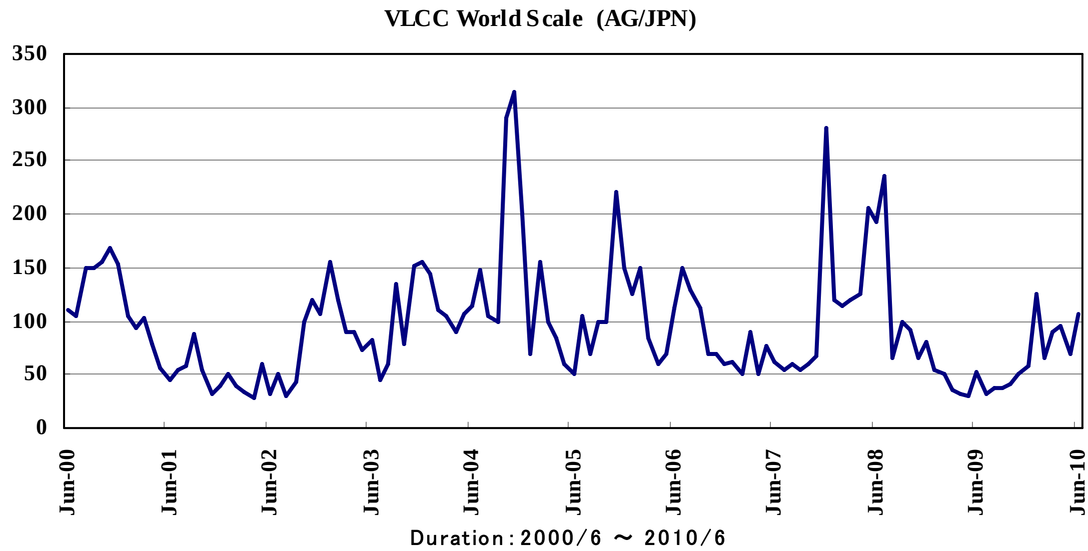


[Car Carrier Business]

In worldwide movements of completed built-up cars, the Company's total number of units transported increased by approximately 90% year on year. Although the degree of recovery in movements of cars to developed countries in Europe, North America and elsewhere was comparatively weak, movements have shown gradual recovery after bottoming out in the first quarter of the previous year. The Company eliminated all idle tonnage and continued to streamline carrier allocation and reduce costs. Operating revenues increased year on year, and the business returned to profit.

[Energy Transportation and Tanker Business]

With regard to LNG carrier services, although business from carriers on long-term service contracts developed steadily, revenues and profits from carriers in spot service weakened due to a downturn in market conditions for carriers on short-term charter. Robust demand for oil in China and India drove the market for oil tanker services, and market conditions for crude oil tanker services were particularly solid. As a result, the Company was able to increase revenues from the same period the previous year and reduce the operating loss.



[Heavy Lifter Business]

Cargo movements related to large projects, for which investment has stagnated since the onset of the global recession, remain sluggish, resulting in unfavorable market conditions. Consequently, operating revenues and profits declined from the same period a year earlier.

[Coastal and Ferry Business]

Although the Company obtained new cargo for transport by coastal RORO vessels, an increase in fuel costs put pressure on profitability. At the same time, the business for dedicated ships for transport to steel and cement companies developed steadily due to recovery in market conditions. As a result of vigorous activities to obtain cargo, the Company was able to secure roughly the same level of cargo volume for the Hachinohe-Tomakomai ferry service as in the same period of the year before.

As a result, overall operating revenues from the bulk shipping business segment were ¥118.420 billion, operating income was ¥13.613 billion, and ordinary income was ¥11.714 billion.

(3) Other Businesses

[Logistics/Harbor Transportation Business]

In the comprehensive logistics sector, although air cargo movements were firm, the Company was unable to pass on purchasing-cost increases resulting from airline space cutbacks by raising its freight rates. In addition, although continuing high fuel costs suppressed the profit contribution from the overland transport sector, harbor transport operations and other sectors supported profitability. Consequently, operating revenues and profits from the logistics business increased on a year-on-year basis.

As a result, overall operating revenues from the other businesses segment were ¥23.092 billion, operating income was ¥1.049 billion, and ordinary income was ¥0.673 billion.

2. Qualitative Information about Financial Status (Consolidated Basis)

Total assets at the end of the first quarter of FY2010 were ¥1,058.472 billion, a year-on-year increase of ¥14.588 billion attributable to factors including an increase in the number of vessels.
Total liabilities increased ¥15.068 billion year on year to ¥727.088 billion due to factors including an increase in loans payable.
Net assets as of the end of the first quarter were ¥331.384 billion, a decrease of ¥0.480 billion year on year. The change is attributable to factors including an increase in retained earnings and decrease in market value of investments in securities.

3. Qualitative Information about the Prospects for FY2010 (Consolidated Basis)

In the containership business segment, there are a number of causes for concern, including the impact on the real economy of euro depreciation in Europe and sluggish growth in personal consumption and depressed home sales due to the employment stagnation in the U.S. Nevertheless, as the peak season approaches, robust cargo movements are expected to continue for some time on all routes, and especially on East-West routes. In this environment, the Company will continue efforts to maximize cargo volume, achieve further restoration of freight rates and rigorously cut costs by means including eco-friendly slow steaming.

With regard to the bulk shipping business segment, although the market is in a short-term adjustment phase centered on large carriers, the market for steel products has turned up, and demand for the transport of raw materials for iron and steel is expected to recover. In the car carrier business, although financial uncertainty in Europe and euro depreciation are causes for concern, cargo movements are expected to follow a gradual recovery trajectory. In the energy transportation and tanker business, adverse conditions in the spot market for LNG carriers are expected to continue. Although robust cargo movement in the oil tanker business is anticipated as the peak oil demand season approaches, a market upturn is expected to take some time owing to excess tonnage of small oil product carriers. In the heavy lifter business, cargo movements are expected to remain lackluster for some time even though negotiations are picking up as a result of the resumption of major projects. In the coastal and ferry business, the Company will engage in vigorous sales activities and strive to reinforce the foundation for our service routes by collecting fuel surcharges.

In the other businesses, although rapid recovery of air cargo transport cannot be expected within the comprehensive logistics sector, the Company anticipates stable profits in the logistics/harbor transportation sector over all from continued strength in harbor transportation.

As described above, the business environment surrounding the marine transport business, including the supply and demand situation, exchange rates and interest rate trends, defies prediction. In these circumstances, the Company will strive for earnings improvement through further streamlining and cost cutting. In the 2nd Quarter, although the dry bulk market is currently in an adjustment phase, containership service cargo movements are developing favorably as the summer peak season approaches, and freight rates are expected to remain at current levels. Accordingly, the Company expects consolidated operating revenues, operating income, ordinary income and net income to substantially exceed the projections in the previously announced forecast and is revising the forecast of business results for the first half and full year as disclosed elsewhere.

With regard to the 2nd Half of fiscal year 2010, the Company is not revising the previously announced forecast at the present time due to uncertainties including business trends in Europe and North America, conditions in the dry bulk market and the risk of further yen appreciation.

With regard to the dividend, the Company plans to review the dividend together with the prospects for the 2nd Half at the time of the announcement of the business results for the 2nd Quarter.

Foreign exchange rates and fuel oil price assumptions for the 2nd Quarter are as follows:

	2nd Quarter (July-September 2010)	2nd Half (October 2010-March 2011)
Exchange rate (¥/US)	¥85.00	¥90.00
Bunker price (US$/MT)	$475.00	$500.00

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 three months ended June 30, 2010

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

	Year ended Mar.31, 2010	Three months ended Jun.30, 2010	Three months ended Jun.30, 2010
ASSETS			
Current assets :			
Cash and time deposits	¥ 96,059	¥ 105,873	$ 1,196,584
Accounts and notes receivable-trade	76,674	82,499	932,405
Short-term loans receivable	9,557	5,134	58,035
Marketable securities	0	1	12
Raw material and supply	26,510	28,009	316,560
Prepaid expenses and deferred charges	27,081	32,549	367,876
Other current assets	25,934	16,600	187,619
Allowance for doubtful receivables	(493)	(643)	(7,268)
Total current assets	261,325	270,025	3,051,822
Fixed assets :			
(Tangible fixed assets)			
Vessels	369,830	398,923	4,508,632
Buildings and structures	26,874	26,854	303,509
Machinery and vehicles	8,608	8,463	95,658
Land	30,995	31,037	350,787
Construction in progress	146,401	132,610	1,498,760
Other tangible fixed assets	7,151	6,818	77,058
Total tangible fixed assets	589,861	604,708	6,834,404
(Intangible fixed assets)			
Goodwill	7,392	6,674	75,430
Other intangible fixed assets	6,562	6,411	72,461
Total intangible fixed assets	13,955	13,085	147,891
(Investments and other long-term assets)			
Investments in securities	112,916	98,906	1,117,836
Long-term loans receivable	19,067	18,223	205,962
Other long-term assets	52,324	59,059	667,485
Allowance for doubtful receivables	(5,565)	(5,534)	(62,554)
Total investments and other long-term assets	178,741	170,653	1,928,729
Total fixed assets	782,558	788,447	8,911,025
Total assets	¥ 1,043,884	¥ 1,058,472	$ 11,962,847

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2010 and three months ended June 30, 2010

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

	Year ended Mar.31, 2010	Three months ended Jun.30, 2010	Three months ended Jun.30, 2010
LIABILITIES			
Current liabilities :			
Accounts and notes payable-trade	¥ 70,310	¥ 72,281	$ 816,925
Short-term loans and current portion of long-term debt	61,960	64,219	725,811
Accrued income taxes	3,189	1,897	21,448
Accrued bonuses	1,627	1,498	16,938
Other current liabilities	53,865	53,136	600,548
Total current liabilities	190,954	193,034	2,181,670
Long-term liabilities :			
Bonds	90,329	90,329	1,020,897
Long-term debt, less current portion	348,767	356,792	4,032,463
Deferred income taxes for land revaluation	2,633	2,633	29,760
Accrued expenses for overhaul of vessels	17,770	16,512	186,620
Other allowance	10,011	9,477	107,117
Other long-term liabilities	51,554	58,309	659,015
Total long-term liabilities	521,065	534,054	6,035,873
Total liabilities	712,019	727,088	8,217,543
NET ASSETS			
Shareholder's equity:			
Common stock	65,031	65,031	734,986
Capital surplus	49,876	49,876	563,704
Retained earnings	229,661	245,467	2,774,274
Less treasury stock, at cost	(949)	(951)	(10,759)
Total shareholders' equity	343,619	359,423	4,062,204
Valuation and translation adjustments			
Net unrealized holding gain on investments in securities	8,545	336	3,801
Deferred loss on hedges	(28,936)	(37,687)	(425,949)
Revaluation reserve for land	2,044	2,044	23,109
Translation adjustments	(17,151)	(16,331)	(184,575)
Total valuation and translation adjustments	(35,498)	(51,638)	(583,614)
Minority interests in consolidated subsidiaries	23,743	23,598	266,714
Total net assets	331,864	331,384	3,745,304
Total liabilities and net assets	¥ 1,043,884	¥ 1,058,472	$ 11,962,847

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for three months ended June 30, 2010 and 2009

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

	Three months ended Jun.30, 2009	Three months ended Jun.30, 2010	Three months ended Jun.30, 2010
Marine transportation and other operating revenues	¥ 191,926	¥ 253,780	$ 2,868,224
Marine transportation and other operating expenses	197,562	214,421	2,423,387
Gross income (loss)	(5,635)	39,359	444,837
Selling, general and administrative expenses	16,493	16,296	184,178
Operating income (loss)	(22,129)	23,063	260,659
Non-operating income :			
Interest income	264	150	1,702
Dividend income	691	679	7,684
Exchange gain	1,424	-	-
Other non-operating income	507	482	5,450
Total non-operating income	2,887	1,312	14,835
Non-operating expenses :			
Interest expenses	1,860	2,226	25,167
Equity in loss of affiliated companies	281	76	865
Exchange loss	-	1,344	15,194
Loss on cancellation of derivatives	788	-	-
Other non-operating expenses	537	176	1,990
Total non-operating expenses	3,468	3,823	43,217
Ordinary income (loss)	(22,710)	20,551	232,276
Extraordinary profits :			
Gain on sales of fixed assets	3,928	3,859	43,620
Gain on reversal of accrued expenses for overhaul of vessels	827	-	-
Other extraordinary profits	6	233	2,636
Total extraordinary profits	4,761	4,092	46,256
Extraordinary losses :			
Loss on cancellation of chartered vessels	2,574	232	2,629
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	371	4,198
Other extraordinary losses	452	230	2,610
Total extraordinary losses	3,026	834	9,436
Income (loss) before income taxes	(20,974)	23,809	269,096
Income taxes : current	1,334	1,302	14,718
deferred	(8,597)	6,545	73,979
Total income taxes	(7,263)	7,847	88,697
Income before minotiry interests	-	15,961	180,399
Minority interests	1,178	158	1,787
Net income (loss)	¥ (14,889)	¥ 15,803	$ 178,612

Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for three months ended June 30, 2010 and 2009

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

	Three months ended Jun.30,2009	Three months ended Jun.30,2010	Three months ended Jun.30,2010
Cash flows from operating activities :			
Income (loss) before income taxes and minority interests	(20,974)	¥ 23,809	$ 269,096
Depreciation and amortization	10,846	11,370	128,505
Reversal of employees' retirement benefits	(564)	(215)	(2,441)
Reversal of directors' and corporate auditors' retirement benefits	(189)	(322)	(3,649)
Decrease in accrued expenses for overhaul of vessels	(320)	(1,263)	(14,277)
Interest and dividend income	(955)	(830)	(9,385)
Interest expense	1,860	2,226	25,167
Gain on sale of marketable securities and investments in securities	-	(89)	(1,012)
Gain on sale of vessels, property and equipment	(3,902)	(3,820)	(43,175)
(Increase) decrease in accounts and notes receivable – trade	14,295	(6,969)	(78,766)
Increase (decrease) in accounts and notes payable – trade	(2,544)	2,268	25,644
Increase in inventories	(3,197)	(1,621)	(18,323)
Increase in other current assets	(1,099)	(5,820)	(65,789)
Increase in other current liabilities	-	7,176	81,109
Other, net	(5,542)	4,717	53,322
Subtotal	(12,288)	30,616	346,029
Interest and dividends received	657	568	6,428
Interest paid	(1,723)	(1,205)	(13,627)
Income taxes paid	(4,380)	(2,558)	(28,911)
Net cash provided (used in) by operating activities	(17,735)	27,421	309,919
Cash flows from investing activities :			
Purchases of marketable securities and investments in securities	(3,704)	(278)	(3,148)
Proceeds from sale of marketable securities and investments in securities	323	326	3,696
Purchases of vessels, property and equipment	(39,051)	(48,727)	(550,721)
Proceeds from sale of vessels, property and equipment	17,106	24,345	275,151
Purchases of intangible fixed assets	(254)	(153)	(1,735)
Increase in long-term loans receivable	(4,899)	(193)	(2,187)
Collection of long-term loans receivable	7,612	4,827	54,557
Other, net	(5,338)	(501)	(5,674)
Net cash used in investing activities	(28,206)	(20,355)	(230,061)
Cash flows from financing activities :			
Increase in short-term loans, net	2,612	(896)	(10,131)
Increase in commercial paper	6,000	(9,000)	(101,718)
Proceeds from long-term debt	20,900	26,432	298,745
Repayment of long-term debt and obligations under finance leases	(11,027)	(12,905)	(145,860)
Proceeds from Issuance of Bonds	29,855	-	-
Cash dividends paid	(5)	(1)	(18)
Cash dividends paid to minority shareholders	(146)	(64)	(724)
Proceeds from stock issuance to minority shareholders	346	-	-
Other, net	(1)	(2)	(28)
Net cash provided by financing activities	48,534	3,562	40,265
Effect of exchange rate changes on cash and cash equivalents	1,186	(1,349)	(15,253)
Net increase (decrease) in cash and cash equivalents	3,778	9,278	104,870
Cash and cash equivalents at beginning of the period	69,700	92,122	1,041,164
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	142	-	-
Cash and cash equivalents at end of the period	¥ 73,621	¥ 101,401	$ 1,146,033

Segment information

(Business segment information)

Three months ended June 30,2009 (Millions of Yen)

	Marine Transportation	Logistics / harbour Transportation	Other	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥ 165,941	¥ 20,201	¥ 5,784	¥ 191,926	-	¥ 191,926
(2) Inter-group sales and transfers	3,391	11,198	10,735	25,324	(25,324)	-
Total revenues	169,332	31,399	16,519	217,251	(25,324)	191,926
Operating expenses	193,206	30,822	15,369	239,399	(25,343)	214,055
Operating income (loss)	(23,874)	576	1,149	(22,148)	18	(22,129)
Ordinary income (loss)	¥ (24,313)	¥ 553	¥ 1,139	¥ (22,619)	¥ (90)	¥ (22,710)

(Segment information)

Three months ended June 30, 2010

(Millions of yen)

	Container-ship	Bulk shipping	Other	Adjustment	Consolidated
Revenues					
Operating Revenues	¥ 112,266	¥ 118,420	¥ 23,092	¥ -	¥ 253,780
Inter-group sales and transfers	424	472	9,673	(10,570)	-
Total revenues	112,691	118,892	32,766	(10,570)	253,780
Segment income	¥ 8,869	¥ 11,714	¥ 673	¥ (706)	¥ 20,551

Three months ended June 30, 2010

(Thousands of U.S. dollars)

	Container-ship	Bulk shipping	Other	Adjustment	Consolidated
Revenues					
Operating Revenues	$ 1,268,838	$ 1,338,390	$ 260,996	$ -	$ 2,868,224
Inter-group sales and transfers	4,801	5,336	109,326	(119,463)	-
Total revenues	1,273,639	1,343,726	370,322	(119,463)	2,868,224
Segment income	$ 100,246	$ 132,402	$ 7,612	$ (7,984)	$ 232,276

(Supplemental information)

Effective the 1st quarter of 2010FY, the Company and its consolidated subsidiaries have adopted “Accounting Standard for Disclosures about Segments of and Enterprise and Related Information” (ASBJ standard No.17, issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of and Enterprise and Related Information” (ASBJ Guidance No.20, issued on March 21, 2008).