

## FINANCIAL HIGHLIGHTS

Brief report of the nine months ended December 31, 2006.

[Two Year Summary]

	<b>Nine Months ended Dec.31,2006</b>	Nine Months ended Dec.31,2005	<b>Nine Months ended Dec.31,2006</b>	Year ended Mar.31,2006
<b>Consolidated</b>				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	<b>¥ 800,517</b>	¥ 688,972	<b>\$ 6,720,829</b>	¥ 940,818
Operating income (Millions of yen / Thousands of U.S. dollars)	<b>39,720</b>	69,248	<b>333,477</b>	87,976
Net income (Millions of yen / Thousands of U.S. dollars)	<b>35,580</b>	50,550	<b>298,719</b>	62,423
Per share of common stock (Yen / U.S. dollars)	<b>60.14</b>	85.45	<b>0.50</b>	104.89
<b>Total Assets</b> (Millions of yen / Thousands of U.S. dollars)	<b>846,467</b>	730,850	<b>7,106,607</b>	757,040
<b>Shareholders' Equity</b> (Millions of yen / Thousands of U.S. dollars)	<b>317,719</b>	239,882	<b>2,667,442</b>	257,809
Per share of common stock (Yen / U.S. dollars)	<b>515.73</b>	405.58	<b>4.33</b>	435.19
<b>Non-consolidated</b>				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	<b>632,751</b>	550,772	<b>5,312,325</b>	742,568
Operating income (Millions of yen / Thousands of U.S. dollars)	<b>16,253</b>	47,877	<b>136,458</b>	56,678
Net income (Millions of yen / Thousands of U.S. dollars)	<b>14,722</b>	33,745	<b>123,604</b>	38,820
Per share of common stock (Yen / U.S. dollars)	<b>24.86</b>	56.99	<b>0.21</b>	65.20
<b>Total Assets</b> (Millions of yen / Thousands of U.S. dollars)	<b>537,850</b>	480,112	<b>4,515,574</b>	481,541
<b>Shareholders' Equity</b> (Millions of yen / Thousands of U.S. dollars)	<b>208,827</b>	180,723	<b>1,753,232</b>	188,965
Per share of common stock (Yen / U.S. dollars)	<b>352.64</b>	305.30	<b>2.96</b>	318.81

The U.S. dollar amounts are converted from the yen amount at ¥119.11=U.S.\$1.00. The exchange rate prevailing on December 31, 2006.

## Brief Summary of the Operating Results and Financial Status for the 3rd Quarter Ended December 31, 2006 (Consolidated)

### 1. Consolidated operating results

In the 3rd Quarter of fiscal 2006 (from April 1, 2006 to December 31, 2006), the Japanese economy recorded stable growth, continuing the breakaway from deflation with positive corporate earnings. In overseas economy, the economy of the U.S. and Asian countries mostly grew steadily, and the economy of the European countries strongly advanced. Global cargo movements in the world marine transportation maintained constant growth, assisted by the brisk world economy, and the dry bulk market freight rates maintained a high level.

Under these circumstances, the “K” Line Group deployed aggressive business operations in accordance with the policies under the management plan “K” LINE Vision 2008<sup>+</sup>, and focused on expanding the scale of business. As a result, consolidated operating revenues in the 3rd Quarter of fiscal 2006 accounted for ¥800.517 billion, an increase by ¥111.545 billion on a year-on-year basis. However, consolidated operating income stood at ¥39.720 billion, a decrease by ¥29.527 billion on a year-on-year basis affected by continuing high fuel oil prices and slumping freight rates in the containership business, and ordinary income was ¥41.736 billion, a decrease by ¥27.775 billion against the same period last year. Consolidated net income for the 3rd Quarter was ¥35.580 billion, a decrease by ¥14.970 billion on a year-on-year basis.

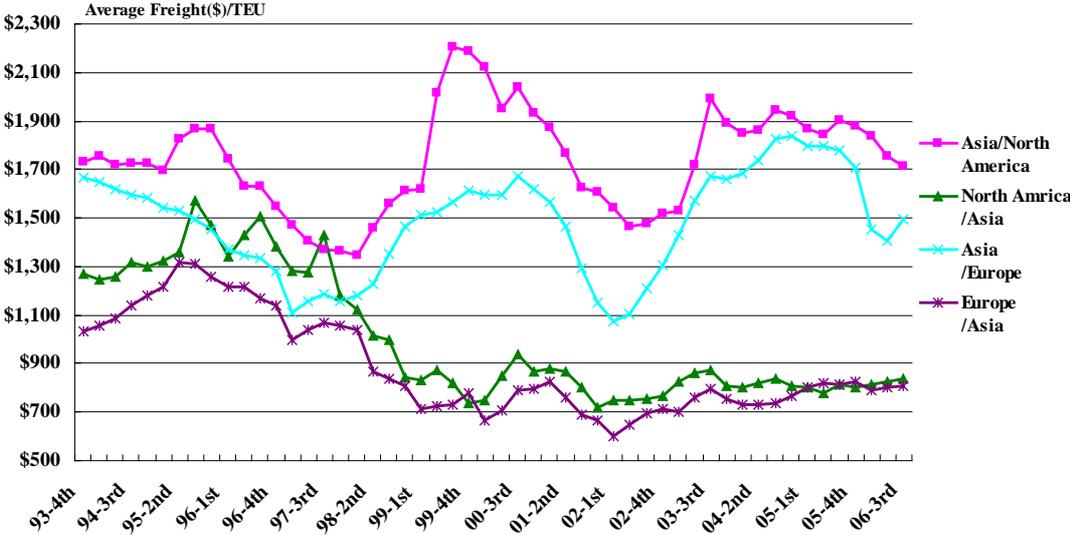
The following is summary of the activities by business sector.

#### 1) Marine transportation

##### <Containership Business>

Cargo movements in the Asia/North America services showed a double-digit growth compared with the same period of the previous year supported by the brisk consumer spending and capital investment, in spite of concerns over adverse effects from cooling down of the U.S. housing market. In the Asia/Europe services, cargo movements constantly grew, supported by steadily improving economy of major EU countries and sharply increased cargo movements bound to Russia and Eastern Europe, as well as stronger euro. The Company reinforced transportation capacity by setting up one additional service route to the Asia/U.S. East Coast from July 2006, launching the new Singapore India North America service via Suez Canal in December 2006 for the first time for the Company, and starting operation of the newly built first and the second 8000TEU type ships (the largest containership in the Company) in the Asia/Europe services successively in October and November 2006. The Company increased tonnage movements in this business for the 3rd Quarter of fiscal 2006 and consequently operating revenues against the same period last year, supported by brisk cargo movements, but profits in the containership business declined on a year-on-year basis, affected by highly hovering fuels oil prices and slumping market freight rates mainly in the Asia/Europe service routes.

Containerization International “Freight Rates Indicators”



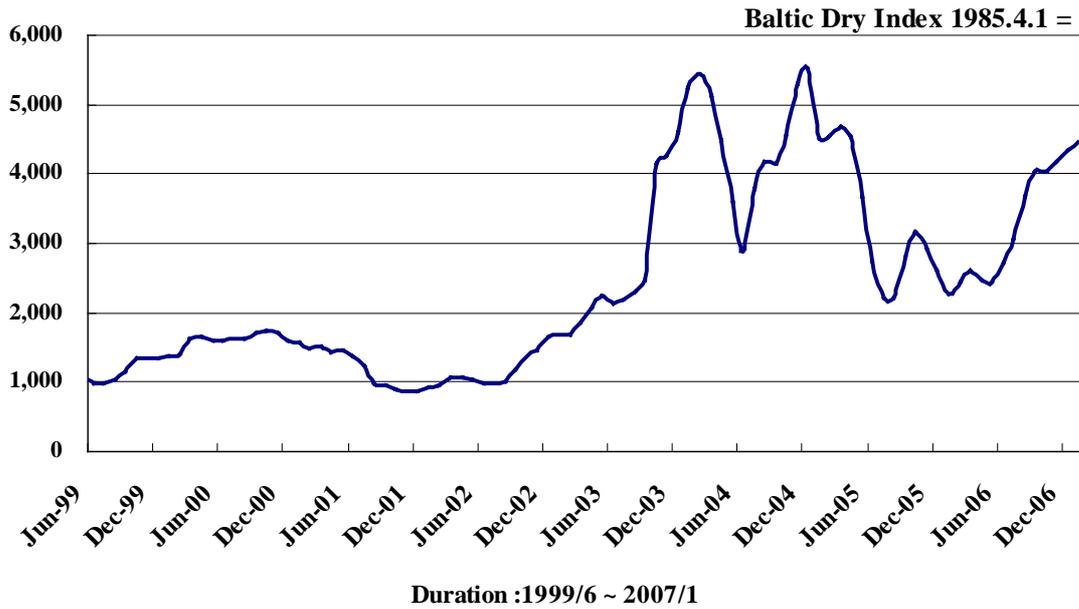
<Bulk Carrier and Car Carrier Business>

In the dry bulk transportation, market freight rates for large-sized bulk carriers rebounded from the bottom at the end of May 2006, supported by the constantly growing demand for cargo transportation, such as expanded imports of iron ores by China by 30 million tons against the same period a year earlier, and remained at higher levels of market rates even after October on a year-on-year basis. Those for small and medium-sized bulk carriers also advanced on trends at higher levels of market rates exceeding those in the same period last year supported by steadily expanding cargo movements including increased exports of cement and steel products from China by about 10 million tons and 20 million tons respectively over the same period last year. The thermal coal carrier services and the woodchip and pulp carrier services attained stable earnings.

In the car carrier business, demand for ocean transportation from the Far East has been stably growing, assisted by continuously growing cargo movements to the North American markets due to brisk demand for energy-saving cars, and by strong demand for Japanese and Korean cars from various areas of the world including Europe, the Middle East and Africa. The Company enhanced transportation capacity by launching additionally three newly built car carriers to the Company’s fleet of car carriers in and after October 2006. As a result, the overall number of cars transported by the Company during the 3rd Quarter of fiscal 2006 increased 14% on a year-on-year basis.

Under these market conditions, the bulk carrier and car carrier business increased both its operating revenues and profits on a year-on-year basis.

### Baltic Dry Index



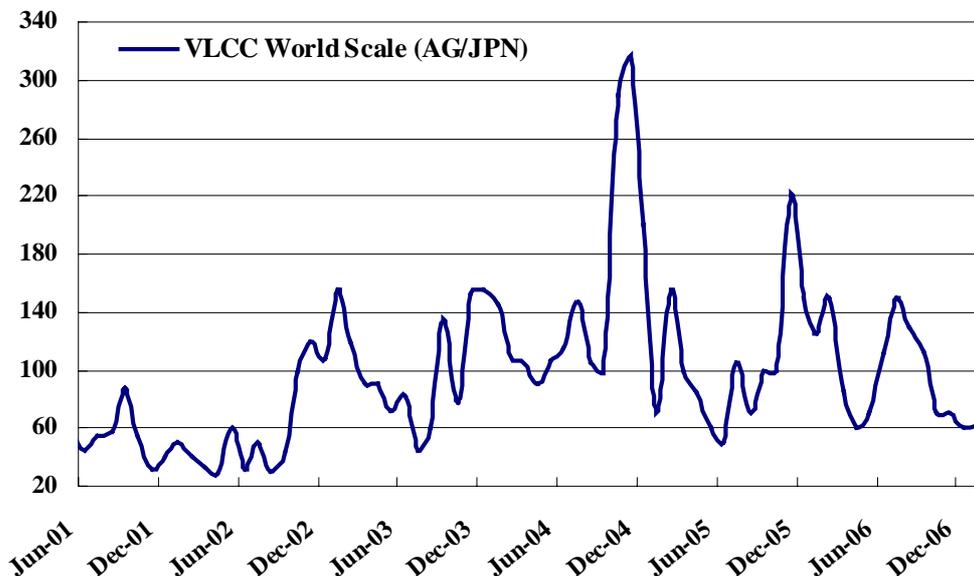
#### <Energy Transportation and Tanker Business>

With respect to LNG (Liquefied Natural Gas) carriers, the fleet of LNG tankers of the Company increased to 31 carriers due to completion of a new carrier in July. All LNG carriers operated smoothly, and secured stable profitability.

In the tanker services, the Company made efforts to administrate efficient ship operation and ensured constant earnings while market freight rates of oil products softened in the wake of an abnormally warm winter throughout the world.

Both operating revenues and profits in this business for the 3rd Quarter increased on a year-on-year basis.

#### <Trends in tanker freight rate>



## <Coastal Shipping Business>

The coastal shipping business maintained stable cargo volumes, assisted by the modestly recovering domestic economy. However, it continued to suffer severe operating results due to highly hovering fuel oil prices.

As a result, the overall operating revenues for marine transportation amounted to ¥691.589 billion, an increase by 16.0% on a year-on-year basis, and operating income stood at ¥28.567 billion, a decrease by 52.7% on a year-on-year basis.

### 2) Freight Forwarding/Harbor Transportation

Cargo movements proceeded 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 ¥92.658 billion, up by 16.9% on a year-on-year basis, and operating income of ¥10.280 billion, up by 33.2% on a year-on-year basis.

### 3) Other Business

As for other business not mentioned above, operating revenues amounted to ¥16.269 billion, an up by 20.3% on a year-on-year basis, and operating income was recorded at ¥0.585 billion, a decrease by 38.2% on a year-on-year basis.

## **2. Financial Status**

As of the end of the 3rd quarter of fiscal 2006, total assets stood at ¥846.467 billion, an increase by ¥89.427 billion compared with the end of the consolidated fiscal 2005, due mainly to increases in vessels, construction in progress and investment securities..

Liabilities accounted for ¥528.748 billion, an increase by ¥40.751 billion from the end of the consolidated fiscal 2005, owing mainly to an increase in bonds.

Net assets accounted for ¥317.719 billion, up by ¥59.909 billion from the end of the consolidated fiscal 2005, which is attributable mainly to new inclusion of deferred gain on hedges and minority interests in consolidated subsidiaries into net assets due to a change in the accounting standard, in addition to an increase in retained earnings by ¥24.453 billion.

## **3. Prospects for fiscal 2006**

The Company expects the consolidated operating results for the full term of fiscal 2006 to be ¥1,080.0 billion for operating revenues, ¥61.0 billion for operating income, ¥63.0 billion for ordinary income and ¥51.5 for net income. The overall cargo movements by containerships in the Asia/North America and the Asia/Europe services will continue to stably grow, and market freight rates of dry bulk carriers will remain at tightened rates backed up by strong demand for charters. In addition, the car carrier business is also able to expect favorably increasing cargo movements. Also, tanker market freight rates are on a recovery trend, and fuel oil prices shows signs of stability. In consequence, consolidated operating revenues and profits for fiscal 2006 are expected to exceed forecasts previously published.

In addition, VLCC "Mogamigawa" owned by Kawasaki Kisen Kaisha, Ltd. collided with the American nuclear submarine USS "Newport News" in the south of the Strait of Hormuz in the Arabian Sea on January 8, 2007. Damage and related expenses arising from the accident will be

covered by non-life insurance, giving no material effects on the Company's operating results.  
Exchange rate and fuel oil prices for the 4th quarter of fiscal 2006 are estimated to be ¥116 yen per U.S. dollar and U.S.\$290 per MT respectively.

## 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, 2006 and nine months ended December 31 2006 and 2005

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

	Nine Months ended Dec.31,2006	Year ended Mar.31,2006	Nine Months ended Dec.31,2006	Nine Months ended Dec.31,2005
<b>ASSETS</b>				
<b>Current assets :</b>				
Cash and time deposits	¥ 45,333	¥ 44,185	\$ 380,600	¥ 33,433
Accounts and notes receivable-trade	101,695	109,110	853,792	104,571
Short-term loans receivable	9,641	16,624	80,943	12,746
Marketable securities	1,125	932	9,452	31
Inventories	19,687	19,958	165,292	17,774
Prepaid expenses and deferred charges	27,136	25,077	227,830	29,287
Other current assets	31,514	19,778	264,587	23,015
Allowance for doubtful receivables	(573)	(624)	(4,811)	(770)
<b>Total current assets</b>	<b>235,561</b>	<b>235,042</b>	<b>1,977,684</b>	<b>220,090</b>
<b>Fixed assets :</b>				
<b>(Tangible fixed assets)</b>				
Vessels	208,121	189,094	1,747,304	187,712
Buildings and structures	24,483	27,484	205,551	25,617
Machinery and vehicles	11,817	10,568	99,213	9,604
Land	33,115	34,070	278,021	33,036
Construction in progress	94,921	77,042	796,922	75,249
Other tangible fixed assets	9,175	8,083	77,030	8,067
<b>Total tangible fixed assets</b>	<b>381,633</b>	<b>346,344</b>	<b>3,204,040</b>	<b>339,288</b>
<b>(Intangible fixed assets)</b>				
Consolidated adjustment account	-	-	-	1
Other intangible fixed assets	6,208	6,458	52,122	6,357
<b>Total intangible fixed assets</b>	<b>6,208</b>	<b>6,458</b>	<b>52,122</b>	<b>6,358</b>
<b>(Investments and other long-term assets)</b>				
Investments in securities	155,957	121,918	1,309,355	120,758
Long-term loans receivable	27,160	11,595	228,026	9,777
Deferred income taxes	3,483	3,586	29,244	3,742
Deferred income taxes for land revaluation	-	-	-	219
Other long-term assets	36,959	32,450	310,294	31,016
Allowance for doubtful receivables	(510)	(378)	(4,286)	(429)
<b>Total investments and other long-term assets</b>	<b>223,049</b>	<b>169,172</b>	<b>1,872,634</b>	<b>165,084</b>
<b>Total fixed assets</b>	<b>610,890</b>	<b>521,975</b>	<b>5,128,796</b>	<b>510,731</b>
<b>Deferred assets</b>	<b>15</b>	<b>21</b>	<b>127</b>	<b>27</b>
<b>Total assets</b>	<b>¥ 846,467</b>	<b>¥ 757,040</b>	<b>\$ 7,106,607</b>	<b>¥ 730,850</b>

## Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2006 and nine months ended December 31, 2006 and 2005

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

	Nine Months ended Dec.31,2006	Year ended Mar.31,2006	Nine Months ended Dec.31,2006	Nine Months ended Dec.31,2005
<b>LIABILITIES</b>				
<b>Current liabilities :</b>				
Accounts and notes payable-trade	¥ 76,292	¥ 82,311	\$ 640,519	¥ 78,222
Current portion of bonds payable	-	3,000	-	3,000
Short-term loans and current portion of long-term debt	62,458	54,707	524,373	50,654
Commercial paper	30,000	21,000	251,868	27,000
Accrued income taxes	7,598	12,578	63,796	8,661
Accrued bonuses	1,381	2,208	11,598	1,380
Current portion of obligations under finance leases	1,255	3,963	10,541	3,319
Other current liabilities	38,884	37,337	326,455	37,735
Total current liabilities	217,870	217,107	1,829,151	209,973
<b>Long-term liabilities :</b>				
Bonds	99,995	70,000	839,518	70,000
Long-term debt, less current portion	131,985	119,816	1,108,097	123,041
Deferred income taxes for land revaluation	3,205	3,205	26,908	3,105
Allowance for employees' retirement benefit	9,414	10,260	79,040	10,774
Retirement allowance for directors and statutory auditors	2,523	2,714	21,184	2,352
Accrued expenses for overhaul of vessels	16,097	13,335	135,146	12,244
Obligations under finance leases	5,256	5,745	44,129	6,012
Consolidation negative goodwill	-	45	-	-
Consolidation negative goodwill (new regulation)	36	-	308	-
Other long-term liabilities	42,365	45,765	355,684	42,887
Total long-term liabilities	310,878	270,889	2,610,014	270,417
<b>Total liabilities</b>	<b>528,748</b>	<b>487,997</b>	<b>4,439,165</b>	<b>480,390</b>
Minority interests in consolidated subsidiaries	-	11,233	-	10,577
<b>Shareholders' equity :</b>				
Common stock	-	29,689	-	29,689
Additional paid-in capital	-	14,534	-	14,534
Retained earnings	-	169,430	-	156,960
Revaluation reserve for land	-	6,466	-	6,815
Unrealized holding gain on investments in securities	-	36,928	-	33,092
Translation adjustments	-	1,790	-	(133)
Treasury stock, at cost	-	(1,031)	-	(1,075)
Total shareholders' equity	-	257,809	-	239,882
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>-</b>	<b>¥ 757,040</b>	<b>-</b>	<b>¥ 730,850</b>
<b>NET ASSETS</b>				
<b>Shareholder's equity:</b>				
Common stock	29,692	-	249,285	-
Additional paid-in capital	14,537	-	122,049	-
Retained earnings	193,883	-	1,627,769	-
Treasury stock, at cost	(976)	-	(8,195)	-
Total shareholders' equity	237,137	-	1,990,908	-
<b>Valuation and translation adjustments</b>				
Unrealized holding gain on investments in securities	43,155	-	362,320	-
Deferred gain on hedges	15,476	-	129,938	-
Revaluation reserve for land	6,465	-	54,281	-
Translation adjustments	2,921	-	24,531	-
Total valuation and translation adjustments	68,020	-	571,069	-
Minority interests in consolidated subsidiaries	12,561	-	105,465	-
<b>Total net assets</b>	<b>317,719</b>	<b>-</b>	<b>2,667,442</b>	<b>-</b>
<b>Total liabilities and net assets</b>	<b>¥ 846,467</b>	<b>-</b>	<b>\$ 7,106,607</b>	<b>-</b>

## Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2006 and nine months ended December 31, 2006 and 2005

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

	<b>Nine Months ended Dec.31,2006</b>	Nine Months ended Dec.31,2005	<b>Nine Months ended Dec.31,2006</b>	Year ended Mar.31,2006
Operating revenues	<b>¥ 800,517</b>	¥ 688,972	<b>\$ 6,720,829</b>	¥ 940,818
Costs and expenses	<b>713,480</b>	576,711	<b>5,990,096</b>	791,803
Gross profits	<b>87,037</b>	112,260	<b>730,733</b>	149,015
Selling, general and administrative expenses	<b>47,317</b>	43,011	<b>397,256</b>	61,039
Operating income	<b>39,720</b>	69,248	<b>333,477</b>	87,976
Non-operating income :				
Interest income	<b>2,198</b>	1,130	<b>18,460</b>	1,669
Dividend income	<b>1,923</b>	1,269	<b>16,149</b>	1,544
Equity in earnings of affiliated companies	<b>1,201</b>	-	<b>10,089</b>	-
Exchange gain	-	1,424	-	1,467
Other non-operating income	<b>1,145</b>	647	<b>9,619</b>	1,123
Total non-operating income	<b>6,469</b>	4,472	<b>54,317</b>	5,804
Non-operating expenses :				
Interest expenses	<b>3,173</b>	3,212	<b>26,642</b>	4,336
Exchange loss	<b>459</b>	-	<b>3,861</b>	-
Other non-operating expenses	<b>820</b>	995	<b>6,885</b>	871
Total non-operating expenses	<b>4,453</b>	4,207	<b>37,388</b>	5,207
Ordinary income	<b>41,736</b>	69,512	<b>350,407</b>	88,573
Extraordinary profits :				
Gain on sales of fixed assets	<b>6,585</b>	4,506	<b>55,285</b>	4,839
Gain on sales of investments in securities	<b>3,927</b>	3,074	<b>32,970</b>	3,250
Other extraordinary profits	<b>19</b>	290	<b>163</b>	408
Total extraordinary profits	<b>10,531</b>	7,870	<b>88,418</b>	8,498
Extraordinary losses :				
Loss on sales of fixed assets	<b>188</b>	144	<b>1,581</b>	599
Loss on sales of investments in securities	-	40	-	747
Impairment loss on fixed assets	<b>178</b>	-	<b>1,499</b>	-
Transfer to reserve for possible loan losses	<b>212</b>	-	<b>1,785</b>	-
Other extraordinary losses	<b>145</b>	19	<b>1,224</b>	445
Total extraordinary losses	<b>725</b>	204	<b>6,089</b>	1,793
Income before income taxes	<b>51,543</b>	77,178	<b>432,736</b>	95,278
Income taxes	<b>14,721</b>	25,224	<b>123,597</b>	31,079
Minority interests	<b>1,241</b>	1,403	<b>10,420</b>	1,775
Net income	<b>¥ 35,580</b>	¥ 50,550	<b>\$ 298,719</b>	¥ 62,423

## Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for nine months ended December 31, 2006

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance March 31, 2006	¥ 29,689	¥ 14,534	¥ 169,430	¥ (1,031)	¥ 212,623
Change of items during the term					
Capitalization issue	2	2	-	-	5
Cash dividends	-	-	(10,657)	-	(10,657)
Net Income	-	-	35,580	-	35,580
Purchase of treasury stocks	-	-	-	(67)	(67)
Disposal of treasury stocks	-	-	(26)	123	96
Others	-	-	(443)	-	(443)
Net increase/decrease during the term under review except in Shareholders' Equity	-	-	-	-	-
Net increase/decrease during the term	2	2	24,453	55	24,513
Balance Dec. 31, 2006	¥ 29,692	¥ 14,537	¥ 193,883	¥ (976)	¥ 237,137

	Valuation and translation adjustments				
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Translation adjustments	Total valuation and translation adjustments
Balance March 31, 2006	¥ 36,928	-	¥ 6,466	¥ 1,790	¥ 45,186
Change of items during the term					
Capitalization issue	-	-	-	-	-
Cash dividends	-	-	-	-	-
Net Income	-	-	-	-	-
Purchase of treasury stocks	-	-	-	-	-
Disposal of treasury stocks	-	-	-	-	-
Others	-	-	-	-	-
Net increase/decrease during the term under review except in Shareholders' Equity	6,227	15,476	(1)	1,131	22,833
Net increase/decrease during the term	6,227	15,476	(1)	1,131	22,833
Balance Dec. 31, 2006	¥ 43,155	¥ 15,476	¥ 6,465	¥ 2,921	¥ 68,020

	Minority interests in consolidated subsidiaries	Total liabilities and net assets
Balance March 31, 2006	¥ 11,233	¥ 269,043
Change of items during the term		
Capitalization issue	-	5
Cash dividends	-	(10,657)
Net Income	-	35,580
Purchase of treasury stocks	-	(67)
Disposal of treasury stocks	-	96
Others	-	(443)
Net increase/decrease during the term under review except in Shareholders' Equity	1,328	24,162
Net increase/decrease during the term	1,328	48,676
Balance Dec. 31, 2006	¥ 12,561	¥ 317,719

## Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for nine months ended December 31, 2006

(Thousands of U.S.Dollars)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance March 31, 2006	\$ 249,264	\$ 122,028	\$ 1,422,471	\$ (8,663)	\$ 1,785,100
Change of items during the term					
Capitalization issue	21	21	-	-	42
Cash dividends	-	-	(89,476)	-	(89,476)
Net Income	-	-	298,719	-	298,719
Purchase of treasury stocks	-	-	-	(565)	(565)
Disposal of treasury stocks	-	-	(221)	1,033	812
Others	-	-	(3,725)	-	(3,725)
Net increase/decrease during the term under review except in Shareholders' Equity	-	-	-	-	-
Net increase/decrease during the term	21	21	205,298	468	205,808
Balance Dec.31, 2006	\$ 249,285	\$ 122,049	\$ 1,627,769	\$ (8,195)	\$ 1,990,908

	Valuation and translation adjustments				
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Translation adjustments	Total valuation and translation adjustments
Balance March 31, 2006	\$ 310,038	-	\$ 54,293	\$ 15,035	\$ 379,367
Change of items during the term					
Capitalization issue	-	-	-	-	-
Cash dividends	-	-	-	-	-
Net Income	-	-	-	-	-
Purchase of treasury stocks	-	-	-	-	-
Disposal of treasury stocks	-	-	-	-	-
Others	-	-	-	-	-
Net increase/decrease during the term under review except in Shareholders' Equity	52,282	129,938	(12)	9,496	191,703
Net increase/decrease during the term	52,282	129,938	(12)	9,496	191,703
Balance Dec.31, 2006	\$ 362,320	\$ 129,938	\$ 54,281	\$ 24,531	\$ 571,069

	Minority interests in consolidated subsidiaries	Total liabilities and net assets
Balance March 31, 2006	\$ 94,311	\$ 2,258,778
Change of items during the term		
Capitalization issue	-	42
Cash dividends	-	(89,476)
Net Income	-	298,719
Purchase of treasury stocks	-	(565)
Disposal of treasury stocks	-	812
Others	-	(3,725)
Net increase/decrease during the term under review except in Shareholders' Equity	11,154	202,856
Net increase/decrease during the term	11,154	408,664
Balance Dec.31, 2006	\$ 105,465	\$ 2,667,442

## Consolidated Segment Information

### Business segment information

Nine months ended Dec.31,2006

(Millions of Yen)

	Freight Forwarding / Harbor			Total	Eliminations	Consolidated
	Marine Transportation	Transportation	Others			
Revenues						
(1) Operating revenues	¥ 691,589	¥ 92,658	¥ 16,269	¥ 800,517	-	¥ 800,517
(2) Inter-group sales and transfers	5,545	42,874	26,354	74,773	(74,773)	-
<b>Total revenues</b>	<b>697,134</b>	<b>135,533</b>	<b>42,624</b>	<b>875,291</b>	<b>(74,773)</b>	<b>800,517</b>
Operating expenses	668,566	125,252	42,038	835,857	(75,059)	760,797
Operating income	28,567	10,280	585	39,434	285	39,720
Ordinary income	¥ 28,930	¥ 11,898	¥ 817	¥ 41,646	¥ 90	¥ 41,736

Nine months ended Dec.31,2005

(Millions of Yen)

	Freight Forwarding / Harbor			Total	Eliminations	Consolidated
	Marine Transportation	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)	-
<b>Total revenues</b>	<b>601,209</b>	<b>116,666</b>	<b>36,688</b>	<b>754,565</b>	<b>(65,593)</b>	<b>688,972</b>
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.31,2006

(Thousands of U.S.Dollars)

	Freight Forwarding / Harbor			Total	Eliminations	Consolidated
	Marine Transportation	Transportation	Others			
Revenues						
(1) Operating revenues	\$ 5,806,308	\$ 777,925	\$ 136,596	\$ 6,720,829	-	\$ 6,720,829
(2) Inter-group sales and transfers	46,554	359,958	221,260	627,772	(627,772)	-
<b>Total revenues</b>	<b>5,852,862</b>	<b>1,137,882</b>	<b>357,856</b>	<b>7,348,601</b>	<b>(627,772)</b>	<b>6,720,829</b>
Operating expenses	5,613,017	1,051,568	352,938	7,017,523	(630,172)	6,387,352
Operating income	239,845	86,314	4,918	331,077	2,400	333,477
Ordinary income	\$ 242,887	\$ 99,894	\$ 6,865	\$ 349,645	761	\$ 350,407

Year ended Mar.31,2006

(Millions of Yen)

	Freight Forwarding / Harbor			Total	Eliminations	Consolidated
	Marine Transportation	Transportation	Others			
Revenues						
(1) Operating revenues	¥ 806,646	¥ 114,098	¥ 20,073	¥ 940,818	-	¥ 940,818
(2) Inter-group sales and transfers	6,962	54,086	30,960	92,008	(92,008)	-
<b>Total revenues</b>	<b>813,608</b>	<b>168,185</b>	<b>51,033</b>	<b>1,032,827</b>	<b>(92,008)</b>	<b>940,818</b>
Operating expenses	739,182	156,534	49,527	945,243	(92,401)	852,842
Operating income	74,426	11,650	1,506	87,583	392	87,976
Ordinary income	¥ 72,910	¥ 13,564	¥ 1,952	¥ 88,427	¥ 145	¥ 88,573

## 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, 2006 and nine months ended December 31, 2006 and 2005

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

	Nine Months ended Dec.31,2006	Year ended Mar.31,2006	Nine Months ended Dec.31,2006	Nine Months ended Dec.31,2005
<b>ASSETS</b>				
Current assets:				
Cash and time deposits	¥ 8,793	¥ 7,990	\$ 73,827	¥ 5,880
Accounts receivable	65,997	75,055	554,087	76,247
Short-term loans receivable	57,178	32,223	480,051	28,970
Advances payments-trade	9,366	4,712	78,635	6,044
Inventories	15,899	16,837	133,484	14,597
Prepaid expenses and deferred charges	25,803	23,096	216,638	29,077
Due from agents	5,039	4,820	42,306	3,264
Deferred income taxes	3,736	3,453	31,370	2,725
Other current assets	4,149	5,150	34,836	5,650
Allowance for doubtful receivables	(186)	(195)	(1,562)	(305)
Total current assets	195,777	173,146	1,643,671	172,153
Fixed assets :				
(Tangible fixed assets)				
Vessels	34,585	38,628	290,364	39,660
Buildings	4,725	4,791	39,672	4,509
Structures	190	202	1,599	186
Equipments	2,727	3,366	22,903	3,632
Land	21,552	21,638	180,944	21,638
Construction in progress	24	-	208	539
Other tangible fixed assets	1,192	1,336	10,014	1,357
Total tangible fixed assets	64,998	69,963	545,704	71,526
(Intangible fixed assets)				
Software	1,290	1,646	10,837	1,804
Software in progress	100	91	841	130
Other intangible fixed assets	11	20	92	20
Total intangible fixed assets	1,401	1,758	11,770	1,956
(Investments and other long-term assets)				
Investments in securities	130,330	98,337	1,094,203	96,111
Investments in stocks of affiliated company	35,706	34,757	299,774	34,410
Long-term loans receivable	82,490	83,041	692,554	82,633
Long-term prepaid expenses	3,422	2,878	28,737	3,535
Deposits	3,125	3,112	26,238	3,144
Other long-term assets	21,181	15,120	177,834	15,245
Allowance for doubtful receivables	(597)	(595)	(5,015)	(632)
Total investments and other long-term assets	275,659	236,653	2,314,324	234,448
Total fixed assets	342,059	308,375	2,871,798	307,931
Deferred assets				
Bond-issuing expenses	12	19	105	27
Total deferred assets	12	19	105	27
Total assets	¥ 537,850	¥ 481,541	\$ 4,515,574	¥480,112

## Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2006 and nine months ended December 31, 2006 and 2005

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

	Nine Months ended Dec.31,2006	Year ended Mar.31,2006	Nine Months ended Dec.31,2006	Nine Months ended Dec.31,2005
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	¥ 62,815	¥ 68,528	\$ 527,370	¥ 68,964
Current portion of bonds payable	-	3,000	-	3,000
Short-term loans and current portion of long-term debt	36,018	26,045	302,398	27,707
Commercial paper	30,000	21,000	251,868	27,000
Accrued income taxes	3,692	9,320	31,003	6,405
Advance receipt	17,187	17,089	144,303	16,280
Deposit received	5,907	5,136	49,596	6,007
Due to agents	4,843	4,256	40,668	6,172
Accrued bonuses	209	942	1,759	292
Other current liabilities	3,156	3,823	26,504	4,310
Total current liabilities	163,832	159,143	1,375,468	166,141
<b>Long-term liabilities</b>				
Bonds	99,995	70,000	839,518	70,000
Long-term debt, less current portion	27,365	23,195	229,754	24,944
Allowance for employees' retirement benefit	447	734	3,755	843
Retirement allowance for directors and statutory auditors	1,004	1,363	8,435	1,279
Accrued expenses for overhaul of vessels	1,197	948	10,054	833
Deferred income taxes	28,908	19,115	242,706	17,198
Deferred income taxes for land revaluation	2,862	2,862	24,030	2,862
Other long-term liabilities	3,409	15,213	28,622	15,287
Total long-term liabilities	165,190	133,432	1,386,875	133,248
<b>Total liabilities</b>	<b>329,022</b>	<b>292,575</b>	<b>2,762,343</b>	<b>299,389</b>
<b>Shareholders' equity :</b>				
Common stock	-	29,689	-	29,689
<b>Additional paid-in capital</b>				
Capital surplus	-	14,534	-	14,534
Total additional paid-in capital	-	14,534	-	14,534
<b>Retained earnings</b>				
Legal reserve	-	2,540	-	2,540
Special depreciation reserve	-	1,528	-	1,528
Reduced value entry reserve	-	2,251	-	2,251
Other reserve	-	67,052	-	67,052
Unappropriated earned surplus for current term	-	33,940	-	28,891
Total retained earnings	-	107,312	-	102,263
Revaluation reserve for land	-	4,720	-	4,720
Unrealized holding gain on investments in securities	-	33,642	-	30,493
Treasury stock, at cost	-	(934)	-	(978)
Total shareholders' equity	-	188,965	-	180,723
<b>Total liabilities and shareholders' equity</b>	<b>-</b>	<b>¥ 481,541</b>	<b>-</b>	<b>¥ 480,112</b>
<b>NET ASSETS</b>				
<b>Shareholder's equity:</b>				
Common stock	29,692	-	249,285	-
<b>Additional paid-in capital</b>				
Capital surplus	14,537	-	122,049	-
Total additional paid-in capital	14,537	-	122,049	-
<b>Retained earnings</b>				
Legal reserve	2,540	-	21,328	-
Special depreciation reserve	692	-	5,814	-
Reduced value entry reserve	2,091	-	17,561	-
Other reserve	95,552	-	802,216	-
Unappropriated earned surplus for current term	10,255	-	86,098	-
Total retained earnings	111,131	-	933,017	-
Treasury stock, at cost	(878)	-	(7,377)	-
Total shareholders' equity	154,482	-	1,296,974	-
<b>Valuation and translation adjustments</b>				
Unrealized holding gain on investments in securities	40,101	-	336,674	-
Deferred gain on hedges	9,523	-	79,952	-
Revaluation reserve for land	4,720	-	39,631	-
Total valuation and translation adjustments	54,344	-	456,258	-
Total net assets	208,827	-	1,753,232	-
<b>Total liabilities and net assets</b>	<b>¥ 537,850</b>	<b>-</b>	<b>\$4,515,574</b>	<b>-</b>

## Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2006 and nine months ended December 31, 2006 and 2005

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

	<b>Nine Months ended Dec.31,2006</b>	Nine Months ended Dec.31,2005	<b>Nine Months ended Dec.31,2006</b>	Year ended Mar.31,2006
Revenues from Shipping and other operating :				
Total shipping and other operating revenues	<b>¥631,951</b>	¥ 550,003	<b>\$5,305,615</b>	¥ 741,546
Total shipping and other operating expenses	<b>605,071</b>	491,368	<b>5,079,941</b>	670,618
Total shipping and other operating profits	<b>26,879</b>	58,634	<b>225,673</b>	70,928
Other revenues	<b>799</b>	768	<b>6,710</b>	1,022
Other expenses	<b>416</b>	364	<b>3,496</b>	538
Other profits	<b>382</b>	404	<b>3,215</b>	484
Gross profits	<b>27,262</b>	59,038	<b>228,888</b>	71,412
Selling, general and administrative expenses	<b>11,009</b>	11,160	<b>92,430</b>	14,734
Operating income	<b>16,253</b>	47,877	<b>136,458</b>	56,678
Non-operating income :				
Interest and dividend income	<b>5,405</b>	2,382	<b>45,384</b>	3,081
Exchange gain	-	383	-	-
Other non-operating income	<b>193</b>	136	<b>1,622</b>	261
Total non-operating income	<b>5,598</b>	2,903	<b>47,007</b>	3,343
Non-operating expenses :				
Interest expenses	<b>1,671</b>	1,350	<b>14,037</b>	1,739
Exchange loss	<b>616</b>	-	<b>5,174</b>	285
Other non-operating expenses	<b>244</b>	132	<b>2,056</b>	146
Total non-operating expenses	<b>2,533</b>	1,482	<b>21,266</b>	2,172
Ordinary income	<b>19,319</b>	49,297	<b>162,198</b>	57,849
Extraordinary profits :				
Gain on sales of fixed assets	<b>209</b>	1,398	<b>1,756</b>	1,398
Gain on sales of investments in securities	<b>3,923</b>	3,074	<b>32,937</b>	3,243
Other extraordinary profits	<b>20</b>	173	<b>169</b>	283
Total extraordinary profits	<b>4,152</b>	4,646	<b>34,862</b>	4,925
Extraordinary losses :				
Loss on sales of fixed assets	<b>45</b>	-	<b>383</b>	-
Loss on sales of investments in securities	-	40	-	747
Transfer to reserve for possible loan losses	<b>139</b>	3	<b>1,167</b>	4
Total extraordinary losses	<b>184</b>	43	<b>1,550</b>	751
Income before income taxes	<b>23,287</b>	53,901	<b>195,510</b>	62,023
Income taxes and income taxes, deferred	<b>8,564</b>	20,156	<b>71,906</b>	23,203
Net income	<b>¥ 14,722</b>	33,745	<b>\$ 123,604</b>	38,820
Unappropriated retained earnings brought forward		563		563
Reversal of the revaluation reserve for land		-		-
Loss on transaction in treasury stock		82		107
Interim dividends		5,335		5,335
Unappropriated retained earnings		¥ 28,891		¥ 33,940

## Non-Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the nine months ended Dec. 31, 2006

(Millions of Yen)

	Shareholder's equity										
	Common stock	Additional paid-in capital		Legal reserve	Retained earnings				Treasury stock, at cost	Total shareholders' equity	
		Capital surplus	Total additional paid-in capital		Special depreciation reserve	Reduced value entry reserve	Other reserve	Unappropriated earned surplus for current term			Total retained earnings
Balance March 31, 2006	¥ 29,889	¥ 14,534	¥ 14,534	¥ 2,540	¥ 1,528	¥ 2,251	¥ 67,052	¥ 33,940	¥ 107,312	¥ (934)	¥ 150,803
Change of items during the term											
Capitalization issue	2	2	2	-	-	-	-	-	-	-	5
Cash dividends	-	-	-	-	-	-	-	(10,657)	(10,657)	-	(10,657)
Transferred from reserve	-	-	-	-	(835)	(160)	-	985	-	-	-
Provision for reserve	-	-	-	-	-	-	28,500	(28,500)	-	-	-
Net Income	-	-	-	-	-	-	-	14,722	14,722	-	14,722
Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	(67)	(67)
Disposal of treasury stocks	-	-	-	-	-	-	-	-	-	123	123
Bonus to directors	-	-	-	-	-	-	-	(220)	(220)	-	(220)
Net loss for disposal of treasury stocks	-	-	-	-	-	-	-	(26)	(26)	-	(26)
Net increase/decrease during the term under review except in Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	-
Net increase/decrease during the term	2	2	2	-	(835)	(160)	28,500	(23,685)	3,818	55	3,879
Balance Dec. 31, 2006	¥ 29,892	¥ 14,537	¥ 14,537	¥ 2,540	¥ 692	¥ 2,091	¥ 95,552	¥ 10,255	¥ 111,131	¥ (878)	¥ 154,482

	Valuation and translation adjustments				Total net assets
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance March 31, 2006	¥ 33,642	-	¥ 4,720	¥ 38,362	¥ 188,965
Change of items during the term					
Capitalization issue	-	-	-	-	5
Cash dividends	-	-	-	-	(10,657)
Transferred from reserve	-	-	-	-	-
Provision for reserve	-	-	-	-	-
Net Income	-	-	-	-	14,722
Purchase of treasury stocks	-	-	-	-	(67)
Disposal of treasury stocks	-	-	-	-	123
Bonus to directors	-	-	-	-	(220)
Net loss for disposal of treasury stocks	-	-	-	-	(26)
Net increase/decrease during the term under review except in Shareholders' Equity	6,459	9,523	-	15,982	15,982
Net increase/decrease during the term	6,459	9,523	-	15,982	19,961
Balance Dec. 31, 2006	¥ 40,101	¥ 9,523	¥ 4,720	¥ 54,344	¥ 208,827

**Non-Consolidated Statements of Shareholders' Equity**

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the nine months ended Dec. 31, 2006

(Thousand of U.S.Dollars)

	Shareholder's equity											
	Common stock	Additional paid-in capital			Legal reserve	Retained earnings				Total retained earnings	Treasury stock, at cost	Total shareholders' equity
		Capital surplus	Total additional paid-in capital	Special depreciation reserve		Reduced value entry reserve	Other reserve	Unappropriated earned surplus for current term				
Balance March 31, 2006	\$ 249,284	\$ 122,028	\$ 122,028	\$ 21,328	\$ 12,829	\$ 18,904	\$ 582,941	\$ 284,952	\$ 900,956	\$ (7,845)	\$ 1,264,403	
Change of items during the term												
Capitalization issue	20	20	20	-	-	-	-	-	-	-	41	
Cash dividends	-	-	-	-	-	-	-	(89,475)	(89,475)	-	(89,475)	
Transferred from reserve	-	-	-	-	(7,015)	(1,343)	-	8,359	-	-	-	
Provision for reserve	-	-	-	-	-	-	239,274	(239,274)	-	-	-	
Net Income	-	-	-	-	-	-	-	123,604	123,604	-	123,604	
Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	(565)	(565)	
Disposal of treasury stocks	-	-	-	-	-	-	-	-	-	1,033	1,033	
Bonus to directors	-	-	-	-	-	-	-	(1,847)	(1,847)	-	(1,847)	
Net loss for disposal of treasury stocks	-	-	-	-	-	-	-	(221)	(221)	-	(221)	
Net increase/decrease during the term under review except in Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	-	
Net increase/decrease during the term	20	20	20	-	(7,015)	(1,343)	239,274	(198,854)	32,060	467	32,570	
Balance Dec.31, 2006	\$ 249,285	\$ 122,048	\$ 122,049	\$ 21,328	\$ 5,814	\$ 17,560	\$ 802,216	\$ 86,097	\$ 933,017	\$ (7,377)	\$ 1,296,974	

	Valuation and translation adjustments				Total net assets
	Unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance March 31, 2006	\$ 282,445	-	\$ 39,631	\$ 322,077	\$ 1,586,481
Change of items during the term					
Capitalization issue	-	-	-	-	41
Cash dividends	-	-	-	-	(89,475)
Transferred from reserve	-	-	-	-	-
Provision for reserve	-	-	-	-	-
Net Income	-	-	-	-	123,604
Purchase of treasury stocks	-	-	-	-	(565)
Disposal of treasury stocks	-	-	-	-	1,033
Bonus to directors	-	-	-	-	(1,847)
Net loss for disposal of treasury stocks	-	-	-	-	(221)
Net increase/decrease during the term under review except in Shareholders' Equity	54,228	79,952	-	134,180	134,180
Net increase/decrease during the term	54,228	79,952	-	134,180	166,750
Balance Dec.31, 2006	\$ 336,674	\$ 79,952	\$ 39,631	\$ 456,258	\$ 1,753,232