

FINANCIAL HIGHLIGHTS

Brief report of the nine months ended December 31, 2009.

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

| | Nine months ended Dec.31, 2008 | Nine months ended Dec.31, 2009 | Nine months ended Dec.31, 2009 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Consolidated | | | |
| Operating revenues (Millions of yen / Thousands of U.S. dollars) | ¥ 1,053,569 | ¥ 612,962 | \$ 6,655,398 |
| Operating (loss) income (Millions of yen / Thousands of U.S. dollars) | 89,667 | (52,862) | (573,963) |
| Net (loss) income (Millions of yen / Thousands of U.S. dollars) | 40,669 | (61,986) | (673,032) |
| Per share of common stock (Yen / U.S. dollars) | 63.83 | (97.29) | 1.06 |

| | Year ended Mar.31, 2009 | Nine months ended Dec.31, 2009 | Nine months ended Dec.31, 2009 |
|---|-------------------------------|--------------------------------------|--------------------------------------|
| Total Assets (Millions of yen / Thousands of U.S. dollars) | ¥ 971,602 | ¥ 1,005,654 | \$ 10,919,160 |
| Net assets (Millions of yen / Thousands of U.S. dollars) | 356,152 | 281,145 | 3,052,613 |
| Per share of common stock (Yen / U.S. dollars) | 525.43 | 404.22 | 4.39 |

| | Nine months ended Dec.31, 2008 | Nine months ended Dec.31, 2009 | Nine months ended Dec.31, 2009 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Net cash (used in) provided by operating activities (Millions of yen / Thousands of U.S. dollars) | ¥ 75,419 | ¥ (21,953) | \$ (238,361) |
| Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars) | (135,903) | (46,229) | (501,945) |
| Net cash provided by financing activities (Millions of yen / Thousands of U.S. dollars) | 73,145 | 72,607 | 788,354 |

The U.S. dollar amounts are converted from the yen amount at ¥92.10=U.S.\$1.00.
The exchange rate prevailing on December 31, 2009.

[Qualitative Information and Financial Statements]

1. Qualitative Information about the Consolidated Operating Results

During the 3rd Quarter of consolidated fiscal year 2009 (October 1 through December 31, 2009), U.S. and European economic indicators finally showed a trend towards recovery departing from the past downward phase. However, the recovery of the world economy was moderate as reflected in the continuing severe employment environment. In the Japanese economy, while industrial production was supported by external demand due to the improvements in overseas economies, a severe business environment continued in export-oriented industries, affected in part by a strong yen that developed in the early period of the 3rd Quarter.

Due to the environment surrounding the shipping industry it was unable to escape from the adverse effects of the faltering world economy, and the speed of recovery in the balance of payments was slower than planned. In the containership business, the restoration of freight rates made a certain amount of progress on the European service routes and the North/South services amid decreased demand for marine transportation. However, cargo movements did not fully recover, and the business environment continued to be harsh. The dry bulk market continued to grow steadily, supported by the increased cargo movement of grain, as well as strong demand for iron and steel from China. While cargo movements for the marine transportation of completed built-up cars were on a modest recovery trend, the speed of this recovery was slightly slower than the projection.

Due to a sharp deterioration in business environment contrary to the presupposition for the medium-term management plan “K” LINE Vision 100 formulated in April 2008 by the “K” LINE Group, with the hope of adjusting the scale of operation in response to transportation demand, the Group strived to promote structural reform measures that would result in an improvement in the balance of payments from the following fiscal year onward, in addition to implementing various other measures for improvement in the balance of payments, including sale and scrapping of excess vessels and cancellation of charter parties as well as cost reductions such as curtailing fuel oil costs. As a result, consolidated operating revenues for 3rd Quarter of FY2009 accounted for ¥212.503 billion, a decrease of ¥105.554 billion compared with the same period of the previous year. Consolidated operating income was a loss of ¥10.362 billion, a decrease of ¥25.301 billion from the same period last year, and ordinary income was a loss of ¥14.632 billion, a decrease of ¥21.273 billion against the same period a year earlier. Consolidated net income for the 3rd Quarter of FY2009 was a loss of ¥18.727 billion, a decrease of ¥8.240 billion compared with the same last year, as a result of asset-impairment accounting in the containership business. The Company’s cumulative consolidated operating revenues from April 1, 2009 to December 31, 2009 were ¥612.962 billion. The cumulative consolidated operating income and ordinary income showed losses of ¥52.862 billion and ¥64.507 billion, respectively. The cumulative consolidated net account for the same period showed a loss of ¥61.986 billion.

* Note: As for Qualitative Information about the Consolidated Operating Results for the 1st Quarter and the 2nd Quarter of the fiscal year ending March 31, 2010, please refer to the Brief report for the three months ended June 30, 2009, that was disclosed on July 27, 2009, and the Brief report for the six months ended September 30, 2009, disclosed on October 27, 2009.

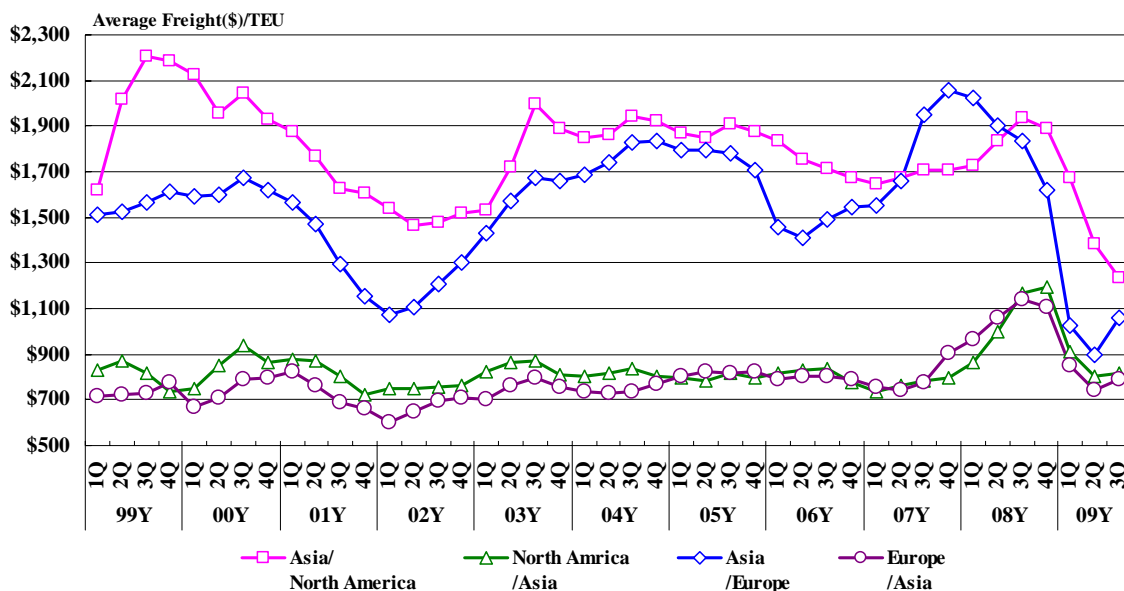
The following is a summary of the activities of each business sector.

(1) Marine transportation

[Containership Business]

In the North American trade, the Company has maintained a reduced scale of ship operation in response to decreased cargo movements to North America shipped from Asia (eastbound) due to the sluggish U.S. economy, and the number of loaded containers in eastbound operations decreased by 1% compared with the same period of the preceding year. On the other hand, number of loaded containers bound for Asia shipped from North America (westbound) increased by 57% compared with the same period last year, and total number of loaded containers increased by 16% on a year-on-year basis. On North European and Mediterranean Sea service routes, the Company reduced services in response to seasonally decreased cargo movements, and as a result the volume of loaded containers on the overall European service routes fell by 9% from the same period a year earlier (a decrease of 23% in westbound operations and an increase of 22% in eastbound operations). On other service routes, although the overall number of loaded containers shipped from Asia declined, affected by sluggish global cargo movements due to economic stagnation, number of loaded containers shipped to Asia on North American routes and European routes sharply increased. Consequently, total number of loaded containers carried by the Company increased by 5% on a year-on-year basis. With respect to the levels of freight rates, restoration of freight rates made rapid progress, particularly on European service routes and North/South service routes, except for North American service routes, which are waiting for revision of yearly freight agreements this spring. The Company strived to reduce costs, including reductions in the scale of transportation and rationalization of ship allocations, in addition to the correction of freight rates; however, both operating revenues and profits declined on a year-on-year basis.

Containerization International “Freight Rates Indicators”



[Dry Bulk Carrier and Car Carrier Business]

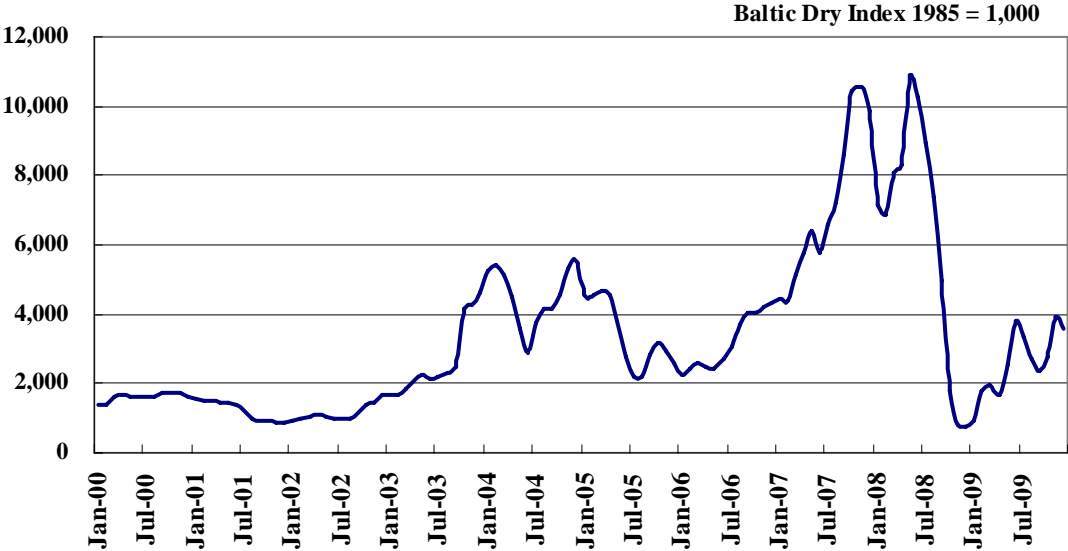
In dry bulk carrier transportation, market freight rates turned favorable after bottoming out at the end of last September, backed partly by constantly growing volume of imports of iron ore

by China which may exceed 600 million metric tons for FY2009. In addition, the supply and demand relationship for transportation capacity tightened, since demand for the transportation of coal and grain grew at a fast rate, and furthermore, market rates temporarily rose sharply in the latter part of the 3rd Quarter as increased overstay at major loading ports and unloading ports accelerated the tightened supply and demand balance. The Company made efforts to reduce operation costs with the implementation of efficient ship operations in addition to raising the composition ratio for medium and long-term transportation contracts. As a result, operating revenues in the dry bulk carrier business declined, but profits were higher compared with the same period of the previous year.

With respect to car carrier business, though each automaker’s inventory adjustment peaked out around last May and reduction of production has been scaling down, the pace of recovery was still slow. Consequently, volume of Company’s ocean transport of completed cars for the 3rd Quarter decreased significantly by about 30% against same period last year, mainly in the volume of completed cars shipped from the Far East. The Company implemented reductions in operating costs including slow steaming navigation and avoidance of overtime cargo work, and at the same time was actively involved in the adjustment of ship space through the return of the ship space of chartered vessels, an increase in the number of scrapped and idled (laid-up) ships and other cost reduction activities. Major countries implemented scrap incentive measures to boost car sales, which led to the recovery of car sales in some major areas, but sign of a recovery in cargo movements was not strong enough. Consequently, both consolidated operating revenues and profits in the car carrier business declined.

As a result, both consolidated operating revenues and profits for the overall bulk carrier and car carrier business for the 3rd Quarter decreased on a year-on-year basis.

Baltic Dry Index



Duration: 2000/1 - 2009/12

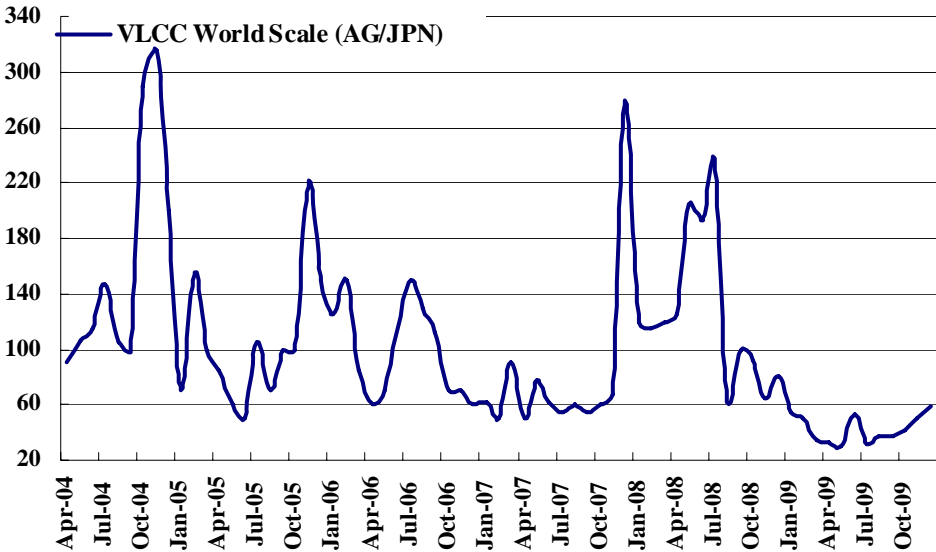
[Energy Transportation and Tanker Business]

As for LNG transportation, one newly-built vessel was launched by having long-term contract with an Indian shipper in the 3rd Quarter, which expanded the base for stable earnings.

Short-term charter rates turned upward slightly due to increased demand for the winter season, but this did not lead to recovery of the supply and demand balance, and both earnings and expenses of spot LNG carrier business worsened. As a result, both operating revenues and profits for LNG carrier business for the 3rd Quarter decreased compared with same period of the preceding year.

As for tanker business, one VLCC, which is expected to contribute to long-term stable profit, was completed in the 3rd Quarter. However, both operating revenues and profits in the tanker business dropped against same period last year, sharply affected by sluggish freight rates of small and medium-sized crude oil tankers and petroleum products tankers. Overall operating results of energy transportation and tanker business decreased in terms of both operating revenues and profits on a year-on-year basis.

Trends in Tanker Freight Rates



[Heavy Lift Business]

As for heavy-lift shipping, while investment in large projects related to energy and infrastructures decreased globally after the Lehman Shock, price competition over medium and light class cargos intensified among shipping companies. Consequently, both operating revenues and profits declined from same period a year earlier.

[Coastal and Ferry Business]

In coastal and ferry business, limestone carriers for steel and cement manufacturers operated constantly in general. In coastal regular services, paper carriers based on long-term contracts and transportation of general merchandise in the Hitachinaka/Tomakomai service, which was centralized in the 2nd Quarter, secured stable cargo volumes. In addition, in the Hachinohe/Tomakomai ferry service, the Company made efforts to actively collect cargo under the severe business circumstances due to the faltering domestic economy, and ensured cargo volumes similar to those in the same period of the preceding year.

As a result, overall operating revenues for the marine transportation segment amounted to ¥186.251 billion, and operating losses stood at ¥12.422 billion.

(2) Logistics/Harbor Transportation

In our comprehensive logistics business, air cargo transportation business continued to grow steadily following the 2nd Quarter, and marine cargo transportation business also contributed to a backup of earnings and expenses. However, container land transportation business in domestic and international markets remained sluggish, and both operating revenues and profits in this business decreased on a year-on-year basis.

As a result, operating revenues for this segment were ¥21.116 billion and operating income stood at ¥1.474 billion.

(3) Other Businesses

As for other businesses not mentioned above, overall operating revenues amounted to ¥5.135 billion, and operating income stood at ¥0.571 billion.

2. Qualitative Information about Consolidated Financial Status

Total assets at the end of 3rd Quarter of FY2009 resulted in a value of ¥1,005.654 billion, an increase of ¥34.051 billion from the end of the preceding fiscal year due to an increase in the number of vessels and market valuation of securities at the term's end. Total liabilities increased ¥109.058 billion from the end of the previous year to ¥724.508 billion, due to increases in bonds and loans payable.

Net assets as of the end of the 3rd Quarter were ¥281.145 billion, a decrease by ¥75.006 billion compared to end of the preceding year due to a decline in retained earnings.

3. Qualitative Information about Consolidated Prospects for FY2009

With regard to 4th Quarter of FY2009, the world economy is expected to maintain a moderate recovery trend. The business environment surrounding the Company has been improving gradually.

In containership business, the modest trend towards recovery in cargo movements is expected to continue, despite seasonal adjustments, and the Company expects its earnings to improve through a correction of freight rates from adjustments in the scale of fleet size in response to demand for marine transportation and cost reductions, including slow steaming navigation. With respect to dry bulk carrier and car carrier business, dry bulk transportation will be supported by an expansion of crude steel production and strong demand for marine transport of grain and coal from newly-emerging countries; and on the other hand, it has been pointed out that an uncertain factor is the completion of newly-built carriers, which might result in excess supply capacity. Consequently, market rates are expected to steadily improve, even though there may be repeated periods of considerable fluctuations. With respect to car carrier business, a full-scale recovery of car sales in major countries is expected to take more time. With regard to energy transportation and tanker business, the tanker business will need more time for full recovery from sluggish market rates, even though cargo movements for both crude oil and petroleum products show signs of a recovery at present. As for LNG carriers,

charterage rates are expected to continue to face a harsh situation for the time being due to an easing of the supply and demand relationship resulting from postponement of the starting up of new projects and decreased demand for long-distance transportation as well as the sluggish demand for LNG carriers.

As mentioned above, business environment surrounding the shipping industry is gradually improving, but many aspects are difficult to forecast, including supply and demand balance, foreign exchange rates and trends in interest rates. Nevertheless, the Company will strive to accomplish structural reform of our containership business, and to actualize more efficient ship operations and cost reductions.

In addition, the preconditions for foreign exchange rates and fuel oil prices for the 4th Quarter are as follows:

| | | |
|------------------------|---|-------|
| Exchange rate (¥/US) | : | ¥91 |
| Bunker price (US\$/MT) | : | \$485 |

As described above, the environment for international marine transportation is on a recovery trend. However, both consolidated and stand-alone prospects for FY2009 will inescapably include a net loss, and regretfully, the Company has been forced to suspend the dividend payment for FY2009 ending March 2010, as previously forecast. The Company considers reform of our profit earning structure and the maintenance of a sound financial structure to be the most urgent management issues and will continue with activities to carry out emergency measures for profit improvement and reform of its business structure, consisting mainly of complete rationalization and cost reductions.

4. Others

- (1) Changes in number of material subsidiaries during the 3rd quarter of FY2009
(Change in specified subsidiaries that accompany a change in the scope of consolidation): None
- (2) Application of the simplified accounting method or accounting peculiar to the preparation of quarterly financial statements:
With respect to assets to be depreciated using the declining-line method, the Company adopted the method to allocate amounts of depreciation for the relevant consolidated fiscal year to each accounting term of the fiscal year proportionally, according to the period.
- (3) Changes in accounting principles, procedures and method of presentation: None

5. 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 nine months ended December 31, 2009 and the year ended March 31, 2009

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

| | Year ended Mar.31, 2009 | Nine months ended Dec.31, 2009 | Nine months ended Dec.31, 2009 |
|--|-------------------------------|--------------------------------------|--------------------------------------|
| ASSETS | | | |
| Current assets : | | | |
| Cash and time deposits | ¥ 73,144 | ¥ 76,479 | \$ 830,396 |
| Accounts and notes receivable-trade | 72,740 | 74,410 | 807,935 |
| Short-term loans receivable | 15,399 | 12,717 | 138,089 |
| Marketable securities | 0 | 19 | 212 |
| Raw material and supply | 19,974 | 25,532 | 277,228 |
| Prepaid expenses and deferred charges | 22,963 | 26,895 | 292,021 |
| Other current assets | 30,766 | 20,472 | 222,281 |
| Allowance for doubtful receivables | (504) | (538) | (5,844) |
| Total current assets | 234,486 | 235,989 | 2,562,318 |
| Fixed assets : | | | |
| (Tangible fixed assets) | | | |
| Vessels | 347,898 | 363,621 | 3,948,120 |
| Buildings and structures | 23,932 | 26,460 | 287,307 |
| Machinery and vehicles | 10,934 | 9,452 | 102,632 |
| Land | 30,990 | 30,887 | 335,366 |
| Construction in progress | 155,652 | 143,800 | 1,561,347 |
| Other tangible fixed assets | 9,055 | 7,764 | 84,306 |
| Total tangible fixed assets | 578,463 | 581,987 | 6,319,077 |
| (Intangible fixed assets) | | | |
| Goodwill | 10,228 | 8,107 | 88,033 |
| Other intangible fixed assets | 5,986 | 6,283 | 68,221 |
| Total intangible fixed assets | 16,215 | 14,390 | 156,254 |
| (Investments and other long-term assets) | | | |
| Investments in securities | 89,618 | 103,967 | 1,128,851 |
| Long-term loans receivable | 17,603 | 14,389 | 156,243 |
| Other long-term assets | 36,106 | 55,799 | 605,861 |
| Allowance for doubtful receivables | (890) | (869) | (9,444) |
| Total investments and other long-term assets | 142,437 | 173,287 | 1,881,511 |
| Total fixed assets | 737,116 | 769,665 | 8,356,842 |
| Total assets | ¥ 971,602 | ¥ 1,005,654 | \$ 10,919,160 |

Consolidated Balance Sheets

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

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

| | Year ended Mar.31, 2009 | Nine months ended Dec.31, 2009 | Nine months ended Dec.31, 2009 |
|---|-------------------------------|--------------------------------------|--------------------------------------|
| LIABILITIES | | | |
| Current liabilities : | | | |
| Accounts and notes payable-trade | ¥ 63,058 | ¥ 68,855 | \$ 747,618 |
| Short-term loans and current portion of long-term debt | 55,343 | 62,560 | 679,262 |
| Commercial paper | 22,000 | 21,000 | 228,013 |
| Accrued income taxes | 4,594 | 2,808 | 30,498 |
| Allowance | 2,029 | 1,326 | 14,403 |
| Other current liabilities | 40,529 | 45,528 | 494,342 |
| Total current liabilities | 187,554 | 202,079 | 2,194,137 |
| Long-term liabilities : | | | |
| Bonds | 57,641 | 92,663 | 1,006,113 |
| Long-term debt, less current portion | 301,011 | 336,323 | 3,651,725 |
| Deferred income taxes for land revaluation | 2,635 | 2,633 | 28,590 |
| Accrued expenses for overhaul of vessels | 20,236 | 17,914 | 194,507 |
| Other allowance | 10,467 | 9,965 | 108,198 |
| Other long-term liabilities | 35,904 | 62,929 | 683,278 |
| Total long-term liabilities | 427,895 | 522,429 | 5,672,410 |
| Total liabilities | 615,450 | 724,508 | 7,866,547 |
| NET ASSETS | | | |
| Shareholder's equity: | | | |
| Common stock | 45,869 | 45,869 | 498,038 |
| Capital surplus | 30,714 | 30,714 | 333,488 |
| Retained earnings | 298,638 | 236,402 | 2,566,799 |
| Less treasury stock, at cost | (938) | (950) | (10,321) |
| Total shareholders' equity | 374,283 | 312,035 | 3,388,005 |
| Valuation and translation adjustments | | | |
| Net unrealized holding gain (loss) on investments in securities | (4,874) | 4,503 | 48,893 |
| Deferred loss on hedges | (17,708) | (40,277) | (437,325) |
| Revaluation reserve for land | 2,048 | 2,044 | 22,201 |
| Translation adjustments | (18,975) | (20,782) | (225,651) |
| Total valuation and translation adjustments | (39,510) | (54,512) | (591,882) |
| Minority interests in consolidated subsidiaries | 21,379 | 23,622 | 256,490 |
| Total net assets | 356,152 | 281,145 | 3,052,613 |
| Total liabilities and net assets | ¥ 971,602 | ¥ 1,005,654 | \$ 10,919,160 |

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for nine months ended December 31, 2009 and 2008

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

| | Nine months ended Dec. 31, 2008 | Nine months ended Dec. 31, 2009 | Nine months ended Dec. 31, 2009 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Marine transportation and other operating revenues | ¥ 1,053,569 | ¥ 612,962 | \$ 6,655,398 |
| Marine transportation and other operating expenses | 909,627 | 616,508 | 6,693,907 |
| Gross (loss) income | 143,942 | (3,546) | (38,509) |
| Selling, general and administrative expenses | 54,274 | 49,315 | 535,455 |
| Operating (loss) income | 89,667 | (52,862) | (573,963) |
| Non-operating income : | | | |
| Interest income | 1,680 | 846 | 9,188 |
| Dividend income | 2,457 | 1,274 | 13,838 |
| Equity in earnings of affiliated companies | 1,582 | - | - |
| Other non-operating income | 1,194 | 1,805 | 19,599 |
| Total non-operating income | 6,914 | 3,925 | 42,624 |
| Non-operating expenses : | | | |
| Interest expenses | 5,047 | 6,426 | 69,781 |
| Equity in loss of affiliated companies | - | 678 | 7,372 |
| Exchange loss | 9,436 | 593 | 6,442 |
| Loss on cancellation of derivatives | - | 6,791 | 73,737 |
| Other non-operating expenses | 320 | 1,080 | 11,737 |
| Total non-operating expenses | 14,803 | 15,571 | 169,069 |
| Ordinary (loss) income | 81,778 | (64,507) | (700,408) |
| Extraordinary profits : | | | |
| Gain on sales of fixed assets | 988 | 7,283 | 79,085 |
| Gain on sales of investments in securities | 277 | 116 | 1,261 |
| Gain on reversal of accrued expenses for overhaul of vessels | 1,000 | 3,990 | 43,329 |
| Other extraordinary profits | 41 | 429 | 4,660 |
| Total extraordinary profits | 2,308 | 11,819 | 128,335 |
| Extraordinary losses : | | | |
| Loss on sales of fixed assets | 27 | 807 | 8,770 |
| Loss on impairment of fixed assets | - | 8,898 | 96,612 |
| Loss from devaluation of investment securities | 16,338 | - | - |
| Loss on cancellation of chartered vessels | - | 4,997 | 54,259 |
| Loss for change of ship building contracts | - | 11,309 | 122,794 |
| Other extraordinary losses | 119 | 4,114 | 44,674 |
| Total extraordinary losses | 16,485 | 30,126 | 327,110 |
| (Loss) income before income taxes | 67,600 | (82,814) | (899,183) |
| Income taxes : current | 19,598 | 3,212 | 34,878 |
| deferred | 2,540 | (26,820) | (291,209) |
| Total income taxes | 22,138 | (23,608) | (256,331) |
| Minority interests | 4,792 | 2,779 | 30,180 |
| Net (loss) income | ¥ 40,669 | ¥ (61,986) | \$ (673,032) |

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

| | 3rd quarter ended Dec. 31, 2008 | 3rd quarter ended Dec. 31, 2009 | 3rd quarter ended Dec. 31, 2009 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Marine transportation and other operating revenues | ¥ 318,058 | ¥ 212,503 | \$ 2,307,316 |
| Marine transportation and other operating expenses | 285,386 | 206,919 | 2,246,685 |
| Gross income | 32,671 | 5,584 | 60,631 |
| Selling, general and administrative expenses | 17,733 | 15,946 | 173,146 |
| Operating (loss) income | 14,938 | (10,362) | (112,515) |
| Non-operating income : | | | |
| Interest income | 561 | 256 | 2,780 |
| Dividend income | 759 | 181 | 1,974 |
| Equity in earnings of affiliated companies | 81 | 44 | 486 |
| Other non-operating income | 339 | 354 | 3,853 |
| Total non-operating income | 1,742 | 837 | 9,092 |
| Non-operating expenses : | | | |
| Interest expenses | 2,137 | 2,326 | 25,265 |
| Exchange loss | 7,900 | 1,751 | 19,018 |
| Loss on cancellation of derivatives | - | 838 | 9,105 |
| Other non-operating expenses | 1 | 189 | 2,061 |
| Total non-operating expenses | 10,039 | 5,106 | 55,450 |
| Ordinary (loss) income | 6,641 | (14,632) | (158,872) |
| Extraordinary profits : | | | |
| Gain on sales of fixed assets | 284 | 2,455 | 26,664 |
| Gain on sales of investments in securities | - | 115 | 1,257 |
| Gain on reversal of accrued expenses for overhaul of vessels | 1,000 | 96 | 1,053 |
| Other extraordinary profits | 2 | 414 | 4,504 |
| Total extraordinary profits | 1,288 | 3,083 | 33,477 |
| Extraordinary losses : | | | |
| Loss on sales of fixed assets | 16 | 122 | 1,329 |
| Loss on impairment of fixed assets | - | 8,898 | 96,612 |
| Loss from devaluation of investment securities | 16,259 | - | - |
| Loss on cancellation of chartered vessels | - | 1,699 | 18,457 |
| Loss for change of ship building contracts | - | - | - |
| Other extraordinary losses | 90 | 1,588 | 17,246 |
| Total extraordinary losses | 16,366 | 12,308 | 133,644 |
| Loss before income taxes | (8,436) | (23,857) | (259,039) |
| Income taxes : current | (1,565) | 1,061 | 11,524 |
| deferred | 1,411 | (6,571) | (71,348) |
| Total income taxes | (154) | (5,509) | (59,824) |
| Minority interests | 2,205 | 379 | 4,123 |
| Net loss | ¥ (10,487) | ¥ (18,727) | \$ (203,338) |

Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for nine months ended December 31, 2009 and 2008

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

| | Nine months ended Dec.31,2008 | Nine months ended Dec.31,2009 | Nine months ended Dec.31,2009 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Cash flows from operating activities : | | | |
| (Loss) income before income taxes and minority interests | ¥ 67,600 | ¥ (82,814) | \$ (899,183) |
| Depreciation and amortization | 29,769 | 33,250 | 361,023 |
| Loss on impairment of fixed assets | - | 8,898 | 96,612 |
| Reversal of employees' retirement benefits | (338) | (494) | (5,365) |
| Reversal of directors' and corporate auditors' retirement benefits | (209) | (45) | (496) |
| (Decrease) increase in accrued expenses for overhaul of vessels | 1,583 | (2,307) | (25,051) |
| Interest and dividend income | (4,138) | (2,120) | (23,025) |
| Interest expense | 5,047 | 6,426 | 69,781 |
| Loss on cancellation of derivatives | - | 6,791 | 73,737 |
| Loss on cancellation of chartered vessels | - | 4,997 | 54,259 |
| Loss for change of ship building contracts | - | 11,309 | 122,794 |
| Loss (gain) on sale of marketable securities and investments in securities | (275) | 52 | 567 |
| Gain on sale of vessels, property and equipment | (960) | (6,475) | (70,315) |
| Loss of revaluation of marketable securities and investments in securities | 16,338 | - | - |
| Decrease (increase) in accounts and notes receivable – trade | (2,093) | 1,019 | 11,064 |
| Increase in accounts and notes payable – trade | 3,601 | 5,179 | 56,237 |
| (Increase) decrease in inventories | 5,806 | (5,539) | (60,152) |
| (Increase) decrease in other current assets | 6,513 | (4,293) | (46,617) |
| Other, net | (1,855) | 3,769 | 40,931 |
| Subtotal | 126,389 | (22,398) | (243,198) |
| Interest and dividends received | 3,992 | 1,962 | 21,305 |
| Interest paid | (4,700) | (6,149) | (66,767) |
| Payment of cancellation of derivatives | - | (2,496) | (27,109) |
| Payment of cancellation of chartered vessels | - | (3,937) | (42,752) |
| Payment of change of ship building contract | - | (451) | (4,897) |
| Income taxes paid | (50,262) | (5,419) | (58,841) |
| Income taxes refund | - | 16,937 | 183,899 |
| Net cash (used in) provided by operating activities | 75,419 | (21,953) | (238,361) |
| Cash flows from investing activities : | | | |
| Purchases of marketable securities and investments in securities | (27,381) | (5,640) | (61,246) |
| Proceeds from sale of marketable securities and investments in securities | 3,484 | 1,226 | 13,318 |
| Purchases of vessels, property and equipment | (129,539) | (136,164) | (1,478,442) |
| Proceeds from sale of vessels, property and equipment | 25,401 | 90,371 | 981,229 |
| Purchases of intangible fixed assets | (906) | (1,244) | (13,509) |
| Payment for acquisition of newly consolidated subsidiaries | (5,690) | - | - |
| Increase in long-term loans receivable | (10,951) | (19,845) | (215,477) |
| Collection of long-term loans receivable | 12,483 | 25,266 | 274,338 |
| Other, net | (2,802) | (198) | (2,158) |
| Net cash used in investing activities | (135,903) | (46,229) | (501,945) |
| Cash flows from financing activities : | | | |
| Increase (decrease) in short-term loans, net | (11,249) | 1,317 | 14,303 |
| (Decrease) increase in commercial paper | 32,000 | (1,000) | (10,858) |
| Proceeds from long-term debt | 99,304 | 76,291 | 828,356 |
| Repayment of long-term debt and obligations under finance leases | (25,937) | (37,807) | (410,503) |
| Proceeds from Issuance of Bonds | - | 35,110 | 381,227 |
| Cash dividends paid | (17,550) | (35) | (388) |
| Cash dividends paid to minority shareholders | (3,396) | (3,096) | (33,618) |
| Proceeds from stock issuance to minority shareholders | - | 1,844 | 20,026 |
| Other, net | (25) | (17) | (192) |
| Net cash provided by financing activities | 73,145 | 72,607 | 788,354 |
| Effect of exchange rate changes on cash and cash equivalents | (4,199) | (823) | (8,941) |
| Net increase in cash and cash equivalents | 8,461 | 3,601 | 39,107 |
| Cash and cash equivalents at beginning of the period | 48,044 | 69,700 | 756,795 |
| Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation | 7 | 143 | 1,563 |
| Cash and cash equivalents at end of the period | ¥ 56,513 | ¥ 73,446 | \$ 797,464 |

Consolidated Segment Information

Business segment information

3rd quarter ended December 31,2008

(Millions of Yen)

| | Marine Transportation | Logistics / harbour Transportation | Other | Total | Eliminations | Consolidated |
|-------------------------------------|--------------------------|--|---------------|----------------|-----------------|----------------|
| Revenues | | | | | | |
| (1) Operating revenues | ¥ 286,866 | ¥ 25,672 | ¥ 5,519 | ¥ 318,058 | ¥ - | ¥ 318,058 |
| (2) Inter-group sales and transfers | 2,465 | 13,892 | 12,815 | 29,173 | (29,173) | - |
| Total revenues | 289,332 | 39,565 | 18,334 | 347,232 | (29,173) | 318,058 |
| Operating expenses | 277,134 | 37,506 | 17,672 | 332,313 | (29,192) | 303,120 |
| Operating income | 12,198 | 2,058 | 662 | 14,919 | 19 | 14,938 |
| Ordinary income | ¥ 3,637 | ¥ 2,483 | ¥ 472 | ¥ 6,593 | ¥ 48 | ¥ 6,641 |

3rd quarter ended December 31,2009

(Millions of Yen)

| | Marine Transportation | Logistics / harbour Transportation | Other | Total | Eliminations | Consolidated |
|-------------------------------------|--------------------------|--|---------------|----------------|-----------------|----------------|
| Revenues | | | | | | |
| (1) Operating revenues | ¥ 186,251 | ¥ 21,116 | ¥ 5,135 | ¥ 212,503 | ¥ - | ¥ 212,503 |
| (2) Inter-group sales and transfers | 2,232 | 10,860 | 9,313 | 22,406 | (22,406) | - |
| Total revenues | 188,483 | 31,976 | 14,449 | 234,910 | (22,406) | 212,503 |
| Operating expenses | 200,906 | 30,502 | 13,878 | 245,287 | (22,421) | 222,866 |
| Operating income (loss) | (12,422) | 1,474 | 571 | (10,376) | 14 | (10,362) |
| Ordinary income (loss) | ¥ (16,835) | ¥ 2,072 | ¥ 179 | ¥ (14,583) | ¥ (48) | ¥ (14,632) |

3rd quarter ended December 31,2009

(Thousands of U.S.Dollars)

| | Marine Transportation | Logistics / harbour Transportation | Other | Total | Eliminations | Consolidated |
|-------------------------------------|--------------------------|--|----------------|------------------|------------------|------------------|
| Revenues | | | | | | |
| (1) Operating revenues | \$ 2,022,277 | \$ 229,276 | \$ 55,763 | \$ 2,307,316 | \$ - | \$ 2,307,316 |
| (2) Inter-group sales and transfers | 24,236 | 117,923 | 101,129 | 243,288 | (243,288) | - |
| Total revenues | 2,046,513 | 347,198 | 156,892 | 2,550,604 | (243,288) | 2,307,316 |
| Operating expenses | 2,181,393 | 331,189 | 150,692 | 2,663,274 | (243,443) | 2,419,831 |
| Operating income (loss) | (134,880) | 16,009 | 6,200 | (112,670) | 155 | (112,515) |
| Ordinary income (loss) | \$ (182,794) | \$ 22,498 | \$ 1,950 | \$ (158,346) | \$ (526) | \$ (158,872) |

Nine months ended December 31,2008

(Millions of Yen)

| | Marine Transportation | Logistics / harbour Transportation | Other | Total | Eliminations | Consolidated |
|-------------------------------------|--------------------------|--|---------------|------------------|-----------------|------------------|
| Revenues | | | | | | |
| (1) Operating revenues | ¥ 948,870 | ¥ 85,955 | ¥ 18,743 | ¥ 1,053,569 | ¥ - | ¥ 1,053,569 |
| (2) Inter-group sales and transfers | 8,309 | 43,951 | 36,334 | 88,596 | (88,596) | - |
| Total revenues | 957,179 | 129,907 | 55,078 | 1,142,165 | (88,596) | 1,053,569 |
| Operating expenses | 877,807 | 121,503 | 53,243 | 1,052,555 | (88,653) | 963,901 |
| Operating income | 79,371 | 8,403 | 1,834 | 89,610 | 57 | 89,667 |
| Ordinary income | ¥ 70,369 | ¥ 10,114 | ¥ 1,236 | ¥ 81,720 | ¥ 57 | ¥ 81,778 |

Nine months ended December 31,2009

(Millions of Yen)

| | Marine Transportation | Logistics / harbour Transportation | Other | Total | Eliminations | Consolidated |
|-------------------------------------|--------------------------|--|---------------|----------------|-----------------|----------------|
| Revenues | | | | | | |
| (1) Operating revenues | ¥ 533,586 | ¥ 63,278 | ¥ 16,096 | ¥ 612,962 | ¥ - | ¥ 612,962 |
| (2) Inter-group sales and transfers | 7,293 | 33,263 | 29,485 | 70,042 | (70,042) | - |
| Total revenues | 540,879 | 96,541 | 45,582 | 683,004 | (70,042) | 612,962 |
| Operating expenses | 598,907 | 93,635 | 43,376 | 735,919 | (70,095) | 665,824 |
| Operating income (loss) | (58,027) | 2,905 | 2,206 | (52,915) | 53 | (52,862) |
| Ordinary income (loss) | ¥ (69,265) | ¥ 3,126 | ¥ 1,647 | ¥ (64,491) | ¥ (15) | ¥ (64,507) |

Nine months ended December 31,2009

(Thousands of U.S.Dollars)

| | Marine Transportation | Logistics / harbour Transportation | Other | Total | Eliminations | Consolidated |
|-------------------------------------|--------------------------|--|----------------|------------------|------------------|------------------|
| Revenues | | | | | | |
| (1) Operating revenues | \$ 5,793,561 | \$ 687,062 | \$ 174,775 | \$ 6,655,398 | \$ - | \$ 6,655,398 |
| (2) Inter-group sales and transfers | 79,186 | 361,167 | 320,151 | 760,504 | (760,504) | - |
| Total revenues | 5,872,746 | 1,048,230 | 494,926 | 7,415,902 | (760,504) | 6,655,398 |
| Operating expenses | 6,502,794 | 1,016,677 | 470,970 | 7,990,442 | (761,080) | 7,229,361 |
| Operating income (loss) | (630,048) | 31,552 | 23,955 | (574,540) | 576 | (573,963) |
| Ordinary income (loss) | \$ (752,068) | \$ 33,947 | \$ 17,883 | \$ (700,238) | \$ (170) | \$ (700,408) |

6. Revisions to Medium-term Management Plan

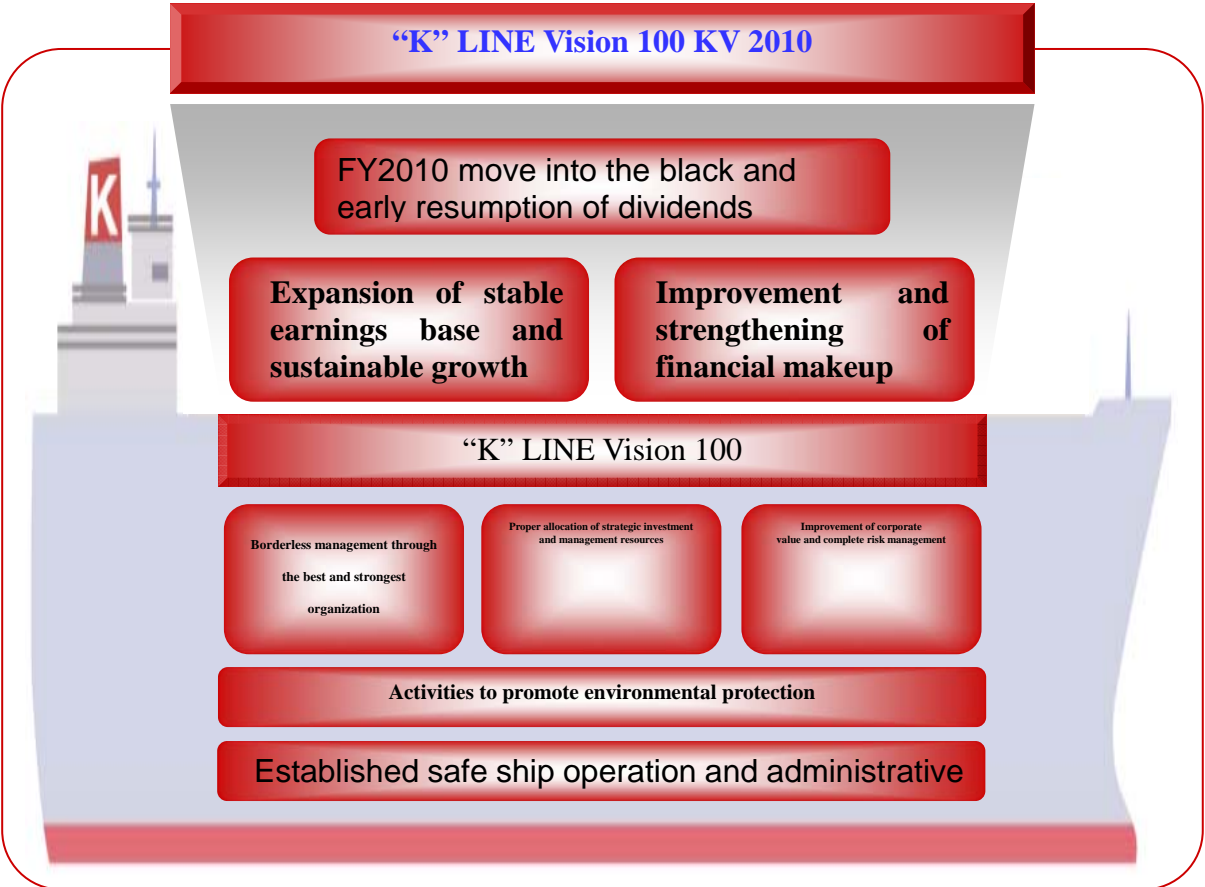
Revised Plan “K” LINE Vision 100 KV 2010

In March 2008, “K” Line carried out a mid-term revision of its then medium-term management plan, “K” LINE Vision 2008+ (Plus). In addition to the first four years from FY 2008 to 2011, the revision focused on the mid-2010s and 2019, which marks the 100th Anniversary of the founding of “K” Line. “K” LINE Vision 100 was formulated and has been followed up to now.

During that period, the "Lehman Brothers collapse" in the autumn of 2008 caused the global economy to fall into a steep decline. With the worsening of the supply and demand balance caused by the sharp decline in the demand for marine transportation, the containership market, followed by the car carrier and energy transportation markets, plunged. The high price levels for fuel oil added to the problems, and the business environment surrounding “K” Line deteriorated rapidly. Going into 2009, with an expansion in the demand by China for iron and steel and a recovery in coal and grain freight movements, the dry bulk market has recovered quickly. Additionally, with the restoration of freight rate levels in some of the container shipping routes, there has been a large reduction in the losses for this quarter in comparison with the immediately preceding quarter. However, a full-scale recovery has not yet occurred. In these circumstances, it is expected that our business results for FY2009 will fall substantially below the initial plan. From now on, the business environment is expected to improve but it is forecast that even income and expenditure after FY2010 will diverge from the amounts in the initial plan. Due to these circumstances, it has become necessary to make revisions to our medium-term management plan.

Through our three new “Missions” for business structural reform, in addition to our five fundamental tasks for the future, in the “K” LINE Vision 100 KV 2010 which has now been drawn up, we will continue working towards “Synergy for all and sustainable growth.”

New tasks to work towards



Forecast for FY2009, main financial numerical value targets in the plan for FY2010-2012

| | | FY2009 | FY2010 | FY2011 | FY2012 | Mid 2010's |
|--|--------------|---------------|---------------|---------------|---------------|-------------------|
| Revenue | Billion YEN | 830 | 1,000 | 1,100 | 1,200 | 1,300 |
| Ordinary Profit | Billion YEN | -71 | 11 | 33 | 48 | 110 |
| Net Profit | Billion YEN | -70 | 8 | 20 | 31 | 701 |
| Shareholders' Equity | Billion YEN | 260 | 270 | 290 | 320 | 4,500 |
| Interest-bearing Debt | Billion YEN | 520 | 560 | 540 | 510 | 3,800 |
| Operating Cash Flow | Billion YEN | -18 | 58 | 83 | 96 | - |
| Investing Cash Flow | Billion YEN | -58 | -85 | -56 | -60 | - |
| DER | 【Multiple】 | 2.00 | 2.07 | 1.86 | 1.59 | Below 95% |
| ROA | | -7% | 1% | 3% | 4% | Above 8% |
| Equity Capital Ratio | | 25% | 24% | 25% | 27% | Above 40% |
| DEBT to Operating Cash | 【Multiple】 | -28.9 | 9.7 | 6.5 | 5.3 | Below 4.5 |
| Dividend Ratio | | - | 24% | 25% | 26% | 30% |
| 【Assumption】 | | | | | | |
| Drybulk Market (Pacific Round Voyage) | | | | | | |
| CAPE | 【US\$ / day】 | | 35,000 | 30,000 | 30,000 | |
| PMAX | 【US\$ / day】 | | 20,000 | 15,000 | 15,000 | |
| HMAX | 【US\$ / day】 | | 17,500 | 13,000 | 13,000 | |
| Small | 【US\$ / day】 | | 13,000 | 10,000 | 10,000 | |
| Exchange Rate | 【YEN / US\$】 | 93 | 90 | 90 | 90 | |
| Bunker Price | 【US\$ / MT】 | 410 | 500 | 500 | 500 | |

The estimates for the future at the time of publication of this plan (January 2010) have been included in the above numerical values. By reason of risks and uncertain factors in relation to the global economy and exchange rate fluctuations, the actual business performance may differ from the above values.