FINANCIAL HIGHLIGHTS

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[Two Year Summary]

	2000	2001	2001
Consolidated			
Revenues	¥485,693	¥ 557,869	$ 4,502,582
(Millions of yen / Thousands of U.S. dollars)			
Operating income	26,817	36,009	290,632
(Millions of yen / Thousands of U.S. dollars)			
Net income	6,843	1,948	15,722
(Millions of yen / Thousands of U.S. dollars)			
Per share of common stock (Yen / U.S. dollars)	11.68	3.28	0.026
(Par value ¥50 / US$0.404 per share)			
Total Assets	514,802	513,797	4,146,869
(Millions of yen / Thousands of U.S. dollars)			
Shareholders' Equity	74,132	68,647	554,052
(Millions of yen / Thousands of U.S. dollars)			
Per share of common stock (Yen / U.S. dollars)	125.01	115.61	0.93
(Par value ¥50 / US$0.404 per share)			
Net cash provided by operating activities	44,615	44,694	360,731
(Millions of yen / Thousands of U.S. dollars)			
Net cash used in investing activities	(37,584)	(4,882)	(39,406)
(Millions of yen / Thousands of U.S. dollars)			
Net cash used in financing activities	(11,494)	(46,868)	(378,278)
(Millions of yen / Thousands of U.S. dollars)			
Non-consolidated			
Revenues	362,030	424,021	3,422,290
(Millions of yen / Thousands of U.S. dollars)			
Operating income	16,810	24,444	197,289
(Millions of yen / Thousands of U.S. dollars)			
Net income	4,043	4,532	36,581
(Millions of yen / Thousands of U.S. dollars)			
Per share of common stock (Yen / U.S. dollars)	6.89	7.63	0.06
(Par value ¥50 / US$0.404 per share)			
Cash dividends	2,375	2,969	23,962
(Millions of yen / Thousands of U.S. dollars)			
Per share of common stock (Yen / U.S. dollars)	4.00	5.00	0.04
(Par value ¥50 / US$0.404 per share)			
Total Assets	242,278	241,295	1,947,498
(Millions of yen / Thousands of U.S. dollars)			
Shareholders' Equity	58,975	62,619	505,396
(Millions of yen / Thousands of U.S. dollars)			
Per share of common stock (Yen / U.S. dollars)	99.32	105.45	0.85
(Par value ¥50 / US$0.404 per share)			

The U.S. dollar amounts are converted from the yen amounts at ¥123.90 = U.S.$1.00, the exchange rate prevailing on March 31, 2001

Message from the Management

1. Management Policies

1) Corporate Principles and Numerical Targets

The Company has been carrying out its 5-year management plan known as “New “K” LINE Spirit for 21” (New K-21) since April 1998. Our corporate principles dictate that prior importance should be attached to profitability in parallel with enlargement of scale on the whole; constant payment of an annual dividend per share should be continued; and we will continue our efforts to construct the Company and its group into a steady and forward-looking business group that globally provides customer-oriented logistics services centering on shipping.

The corporate principles started with the following main components from an overall perspective of management:
a. Globalization of management
b. Attachment of importance to consolidated management
c. Revitalization of organizations
d. Perfection in safe navigation
In July 2000 we made an interim review of the above and decided to add:
e. Environmental preservation as a concrete assignment.
Simultaneously, the numerical targets as of March 2003 were also revised as follows:
Operating Revenues 610 billion Yen (consolidated), 475 billion Yen (non-consolidated); Ordinary Income 33 billion Yen (consolidated), 27 billion Yen (non-consolidated); Shareholders’ Equity on total assets 20% (consolidated), 40% (non-consolidated); Return on Equity 15% (consolidated), 15% (non-consolidated); and Scale of Fleet in Operation numbering 300 ships amounting to 17 million deadweight tons (non-consolidated).

We are pouring our entire energy into accomplishment of the above targets.

2) Policy on Payment of Dividends

The Company’s fundamental policy is payment of dividends depending upon the level of profit achieved. Dividend payment decisions should be made from both medium- and long-term viewpoints. In that regard, comprehensive and deep consideration should be given to:
a. reinforcement of corporate structure against the intensifying competition with which the ocean-going shipping industry and other related industries are being confronted
b. increase in retained earnings in anticipation of the evolution of future business
c. constant payment of dividends

3) Enforcement of a Policy for Improved Company Management Structure

After change of directors was resolved at the Ordinary General Meeting of Shareholders in June 2000, newly - selected management simultaneously pledged determination to retransform management into a more flat structure and to transfer more authorization to directors in charge. The previous hierarchical structure had been composed of the chairman of the board/the president - supervising directors - directors in charge - assisting directors to the directors in charge. The hierarchy has now become much flatter, i.e. the chairman of the board/the president with assisting directors to the president - directors in charge. The flatter structure is designed to eventually promote greater efficiency and speed in job execution through more authorization given to directors in charge.

In April 2001, the standards of business ethics were established. We codified the principles that management and employees shall obey in an attempt to address various innovations and improvements, i.e. paying strict and deep respect to legality, carrying out appropriate business activities and restructuring the Company into an entity more open to international society.

4) Assignments to which the Company is Committed

The top-priority assignment that the “K” LINE Group must address focuses on steady and speedy execution in accordance with New K-21. It conclusively boils down to growth in business scale, attaching importance to profitability in the areas of Containership Business, Tramp and Specialized Carrier Business and Tanker/Energy Transport Business, and to realization of unification and efficiency in consolidated management by token of segmentation/retransformation of all the group companies by function.

In further advancing corporate globalization, last January we transferred our operative stronghold relevant to the car-carrier Atlantic service to the U.S.A. from Tokyo. In business other than vehicle transportation, we are also going to expand strategic key points overseas in the “K” LINE network. Re restructuring of the “K” LINE Group, following the merger between Taiyo Kaiun Kabushiki Kaisha and Kobe Nippon Kisen Kaisha, Ltd. that took place in July last year, “K” Line Logistics Holdings, Inc. was founded through exchange of stock between Daito Corporation and Nitto Total Logistics Co., two “K” LINE subsidiaries dealing primarily in cargo forwarding/logistics business. Recognizing the new holdings company as a strategic stronghold, we will further progress the reorganization of subsidiaries relevant to logistics.

In terms of IT (Information Technology), continuing our efforts to make the best use of the Internet, we will continuously pursue how we can upgrade/sophisticate customer-oriented functionality on the homepage, to participate in a joint portal site which the shipping industry is implementing, and to keep pace with the trends toward e*commerce such as e*business and e*accounting settlement. Furthermore, in pursuit of efficient consolidated management, we are committed to promoting information sharing within the “K” LINE Group.

As to revitalization of organizations, we introduced a new “achievement-based” personnel system starting from April this year. Simultaneously, we decided to adopt a unified organizational system consisting of “groups” and “teams” to govern all our organizations in Japan, abolishing the conventional “departments,” “divisions” and “sections.” This unification is designated to carry out quicker decision-making and upgrade efficiency in job performance. Along this line, directors in charge and group general managers will have greater authorization as to formation/abolishment of a team which should assure the most effective use of this new personnel system.

Regarding safety in navigation and cargo operations, we have been repeatedly practicing exercises/drills predicated on an assumed accident involving oil tanker spillage, and similar drills will continue to be held. From an overall perspective of environmental issues, we have established our own environmental policy and will proceed to obtain ISO14001 certification.

2. Results of Business Operations

1) Overview of Fiscal 2000

Regarding the global economy during fiscal 2000 under review, the U.S. economy that had sustained high growth began to show signs of slowing down and gave an unfavorable impact to Asian economies that significantly depend on the U.S. In the meantime, the European economy also started to show signs of a slowdown towards the end of fiscal 2000. As to Japan’s economy, improvement in corporate profits and increase in capital investment had been indicative of a recovery of the economy. However, by early this year, the economy had phased into a state of adjustment from one of standstill.

Under such circumstances, the Company continued to make efforts for overall rationalization and business improvement in accordance with management’s New K-21.

Financial results on a consolidation basis at the close of the fiscal year under review were:
Operating revenues amounted to 557,869 million Yen, 14.9% up over 485,693 million Yen, last year. Ordinary income increased to 26,804 million Yen, up 86.7% as compared with 14,358 million Yen last fiscal year and net income amounted to 1,948 million Yen, 71.5% down over 6,843 million Yen last year after deduction of a special account for profit and loss, which includes 14,578 million Yen of differentials occurring due to a change of the retirement benefit accounting standards being amortized on a lump sum, and deduction of corporate/inhabitant/enterprise taxes. Both operating revenues and ordinary income successfully reached record highs.

During fiscal 2000 the average Yen rate against the U.S. dollar was approximately 110 Yen, up 2 Yen over last year.

Cash flow was as follows:

Cash flow from operating activities resulted in plus 44,694 million Yen from net income as of March 31, 2001 prior to adjustment of taxes etc., and depreciation/amortization.

Cash flow from investing activities resulted in minus 4,882 million Yen after purchase of fixed assets.

Cash flow from financing activities resulted in minus 46,868 million Yen from repayment of loans and obligations under finance leases.

As a result, cash and cash equivalent during of the fiscal year under review decreased by 5,500 million Yen to 20,466 million Yen on a consolidation basis.

In terms of payment of an annualized dividend to shareholders, we would like to propose that it be increased 1 Yen to 5 Yen per share.

Business Achievement by Segment

A) Marine Transportation

<Containership Business>

In the Asia/North America service, cargo movement was very brisk during the 1st half of the fiscal year under review. During the 2nd half, however, it could not develop so much due to the slowdown of the U.S. economy in addition to seasonal factors. In the Asia/Europe service, cargo movement was positive and freight rates were restored. In the meantime, in the Atlantic service, restoration of freight rates could not reach a satisfactory level despite cargo movement being so active.

In the intra-Asian service, both cargo tonnage and our liftings increased. However, the freight-rate level went downward and operational expenses increased due to hikes in charterage and bunker oils.

New services that opened in April and May 2000, i.e. Asia/West Mediterranean service, Asia/U.S. East Coast and Mediterranean/U.S. East Coast could see better results than anticipated.

We increased sailings in the Asian service routes towards the end of 2000 in anticipation of cargo increase due to the recovery from the earlier economic crisis in the region. We could increase the service frequency to two sailings per week in both service routes, Japan/the Straits and Japan/Thailand. Eventually, we could set up a total of four sailings per week on our own in the Asian service routes.

Furthermore, from last March the Company could start a new service route between India & Sri Lanka and Europe under joint operation with three lines.

In the other areas, efforts were also exerted to reinforce tie-ups with other lines and to satisfy customer needs with an increase in calling ports and sailings. Simultaneously, we also exerted greater efforts for most effective use of ship space.

<Bulk Carrier and Car Carrier Services>

(Bulk Carriers)

Production of crude iron grew significantly around the world during the first half of the fiscal year under review. In particular, the market for large-sized bulkers soared due to an increase in transportation of materials for iron production to meet the increased demand for iron/steel in Asia. The markets also underwent a synergistic effect; the hike in crude oil incurred an increase in demand for steaming coal as a substitute source of energy. The medium-sized bulker market was also similarly influenced. Overall, markets on the whole fared with steadiness. When it came to the second half, however, the markets turned around and became softer in general. This change was attributed to Japanese steelmakers having begun slowing down production of crude iron due to an increase in stockpiled iron/steel in Southeast Asia, and to the slowdown of the U.S. economy.

(Car Carriers)

”K” LINE’s cargo liftings of exports from the Far East to the U.S. proceeded with steadiness, but those to Europe and Central & South America were low-key. The cargo liftings from the Far East fell below those of last year. In the meantime, on transportation outside of Japan, exports from Thailand and Australia increased and our liftings in the intra-Southeast Asia service developed. We could also secure more liftings in the Atlantic westbound service through larger and faster vessels being placed into service. Eventually, the overall number of vehicles we transported surpassed last year’s total. Despite expenses of combustible fuels increasing, we continued to pursue efficient ship operation and rearrange/reinforce our fleet.

<Tanker and Energy Transportation Services>

(LNG Carriers)

Two newbuildings were completed and placed into the Qatar/Japan and Oman/Japan service routes. We would like to report that our fleet expanded to 21 vessels.

(Thermal Coal Carriers)

We carried a new record high of 8,300 thousand tons of thermal coal by our 10-vessel fleet including 2 dedicated carriers as a result of three 88000 DWT type placed into service during the fiscal year under review.

(Oil Tankers)

The markets fared with steadiness. More precisely, in addition to the brisk cargo movement, demand for high-quality tankers increased still more from the perspective of prevention of oil spillage accidents. Under such circumstances, the Company continued to strengthen the fleet in quality, deciding on construction of a total of 3 newbuildings, i.e. two 300,000 DWT VLCCs and one 107,000 DWT type. All of them are double-hulled crude-oil tankers.

<Coastal Shipping>

In coastal tramp service, the specialized bulk carrier field was favored with stable cargo movement. In the general-purpose carrier field, efforts were also made for positive sales activity. In coastal liner service, as a result of a newbuilding for transport of paper-in-rolls put into service during the 2nd half of last fiscal year, our liftings increased to a significant extent.

Regarding transportation of general cargo, we could attain our original goal on the newly-opened Hitachi/Tomakomai service route, etc. In the ferry service, however, both passengers and cargo liftings decreased, attributable to harsher competition and eruption of the volcano Mt. Usu which discouraged people from traveling in that corridor. We made positive sales efforts to secure cargo and passengers as well as parcel shipments.

Consequently, the overall bottom line result of marine transportation: operational revenues amounting to 455,385 million Yen (a 16.6 % increase over last year) with operating income of 29,947 million Yen (a 35.3 % increase over last year.)

B) Service incidental to transportation

Operational revenues increased centering on overseas subsidiaries as a result of an increase in cargo movement and the effects of a cheaper Yen. In the overall group, operational revenues amounted to 89,527 million Yen (7.3% up over last year) and operational income amounted to 4,885 million Yen (25.5% up over last year.)

C) Others

We constructed commercial/business buildings at our land in Daikanyama in Tokyo and Myodani in Kobe and started leasing business. The overall operational revenues amounted to 12,956 million Yen (9.3% up over last year,) and operational income reached 1,084 million Yen (30.9% up over last year.)

2) Outlook for fiscal 2001

In the fiscal 2001 global economy, the European, Asian and Japanese economies will stay under the influence of the slackening U.S. economy. In every segment of industry, there is worry and concern that management environment will worsen.

Under such possible circumstances we, the entire group, are committed to propelling rationalization in each business unit, and to pour utmost efforts into realization of the goals of New K-21.

In containership business, we are fully motivated to propel cost reduction. With a series of new 5500-TEU containerships being added to our fleet starting in July 2001, we are committed to forging a top-class service in business scale and profitability.

In Bulk Carrier and Car Carrier services, we will continue to build a highly competitive fleet and to strenghten transportation outside Japan.

In terms of Tanker and Energy Transportation Services we will endeavor still further to develop our business.

In coastal shipping services, in July 2001 a newbuilding will be put to upgrade the Tomakomai/Kita Kanto service into a daily service. In the meantime, we are going to introduce an on-line ticket reservation system to provide accessibility of the ferry service for passengers.

With regard to services incidental to marine transportation, we are committed to rationalization and expansion of scope of logistics business through rearrangement of the entire subsidiaries related to logistics.

We prospect that in fiscal 2001, on a consolidation basis, operational revenues will be 600 billion Yen, ordinary income 27 billion Yen and net income 10 billion Yen. An exchange rate in prospect will be 115 Yen per U.S. dollar and bunker price 135 U.S. dollar per ton.

As to payment of a dividend, we prospect that an annualized dividend per share will be 5 Yen in fiscal 2001.

Your kind understanding of the above will be highly appreciated.

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries   Years ended March 31, 2000 and 2001

ASSETS   (Millions of yen / Thousands of U.S. dollars)

	2000	2001	2001
Current assets :			
Cash and time deposits	¥ 25,698	¥ 20,003	$ 161,441
Marketable securities	46,399	822	6,635
Accounts and notes receivable - trade	47,808	58,649	473,362
Allowance for doubtful receivables	(917)	(473)	(3,819)
Fuel and supplies	6,479	7,169	57,857
Prepaid expenses and deferred charges	13,534	14,688	118,547
Deferred income taxes	579	1,721	13,889
Other current assets	8,501	14,954	120,697
Total current assets	148,081	117,533	948,609
Investments and long-term receivables :			
Investments in and advances to unconsolidated Subsidiaries and affiliates	7,634	8,414	67,910
Investments in other securities	17,782	58,820	474,736
Long-term loans receivable	5,680	2,715	21,909
Other investment	12,040	15,680	126,556
Deferred income taxes	4,424	6,400	51,656
Allowance for doubtful receivables	(164)	(486)	(3,922)
Total investments and long-term receivables	47,396	91,543	738,845
Vessels, property and equipment :			
Vessels	434,337	447,932	3,615,271
Buildings and equipment	89,036	92,845	749,355
Accumulated depreciation	(259,293)	(277,711)	(2,241,411)
	264,080	263,066	2,123,215
Land	31,160	30,948	249,782
Construction in progress	12,103	6,964	56,208
Vessels, property and equipment net	307,343	300,978	2,429,205
Other assets	4,231	3,743	30,210
Translation adjustments	7,751	-	-
Total assets	¥ 514,802	¥ 513,797	$ 4,146,869

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries   Years ended March 31, 2000 and 2001

LIABILITIES AND SHAREHOLDERS' EQUITY   (Millions of yen / Thousands of U.S. dollars)

	2000	2001	2001
Current liabilities :			
Short-term loans	¥ 70,179	¥ 42,005	$ 339,026
Current portion of long-term debt	31,268	41,116	331,852
Accounts and notes payable - trade	42,097	47,351	382,171
Deferred income	12,741	12,479	100,714
Current portion of obligations under finance leases	4,162	6,287	50,739
Deferred income taxes	278	432	3,484
Other current liabilities	10,813	16,100	129,947
Total current liabilities	171,538	165,770	1,337,933
Long-term liabilities :			
Long-term debt, less current portion	208,099	225,058	1,816,446
Allowance for employees' retirement benefit / Employees' retirement obligation	8,182	18,434	148,783
Retirement allowance for directors and statutory auditors	1,098	2,194	17,710
Accrued expenses for overhaul of vessels	2,099	3,502	28,263
Obligations under finance leases	36,876	20,222	163,211
Deferred income taxes	5,773	890	7,187
Other long-term liabilities	-	2,568	20,726
Total long-term liabilities	262,127	272,868	2,202,326
Minority interests in consolidated subsidiaries	7,005	6,512	52,558
Shareholders' equity :			
Common stock, ¥50 par value :			
Authorized - 1,080,000,000 shares			
- 593,796,875 shares	29,690	29,690	239,628
Capital surplus	14,535	14,535	117,310
Retained earnings	30,085	29,539	238,415
Unrealized gain or loss on other marketable investment securities	-	1,158	9,347
Translation adjustments	-	(6,275)	(50,648)
	74,310	68,647	554,052
Treasury stock, at cost	(178)	-	-
Total Shareholders' equity	74,132	68,647	554,052
Total Liabilities and shareholders' equity	¥ 514,802	¥ 513,797	$4,146,869

Consolidated Statements of Income and Retained Earnings

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries   Years ended March 31, 2000 and 2001

(Millions of yen / Thousands of U.S. dollars)

	2000	2001	2001
Operating revenues :			
Freight and charter of vessels	¥ 398,602	¥ 464,342	$3,747,716
Operating revenues other than shipping	87,091	93,527	754,866
Revenues total	485,693	557,869	4,502,582
Operating expenses :			
Expenses, other than depreciation, for vessels	301,294	342,189	2,761,818
Depreciation of vessels	22,608	27,825	224,574
Cost of operating revenues	87,840	103,351	834,154
Selling, general and administrative expenses	47,134	48,495	391,404
Operating expenses total	458,876	521,860	4,211,950
Operating income	26,817	36,009	290,632
Other income and (expenses)			
Interest and dividends income	2,100	1,992	16,082
Interest expenses	(11,591)	(12,240)	(98,795)
Others, net	(6,634)	(23,154)	(186,879)
Other income and (expenses) total	(16,125)	(33,402)	(269,592)
Income before income taxes	10,692	2,607	21,040
Income taxes current	4,855	8,626	69,625
deferred	(1,199)	(8,348)	(67,379)
	3,656	278	2,246
Minority interest	193	381	3,072
Net income	6,843	1,948	15,722
Retained earnings at beginning of the year	25,588	30,085	242,817
Cumulative effect of a change in accounting principle(*)	(862)	-	-
As adjusted	24,726	30,085	242,817
Adjustments to retained earnings at beginning of the year for inclusion in or exclusion from consolidation or equity method of accounting for subsidiaries and affiliates	380	5	40
Cash dividends	(1,754)	(2,372)	(19,145)
Bonuses to directors and statutory auditors	(110)	(127)	(1,019)
Retained earnings at end of the year	¥ 30,085	¥ 29,539	$ 238,415

(*)Due to an application of tax effect accounting from the fiscal year, 2000.

Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries Years ended March 31, 2000 and 2001

(Millions of yen / Thousands of U.S. dollors)

	2000	2001	2001
Cash flows from operating activities :			
Income before income taxes	¥ 10,692	¥ 2,607	$ 21,040
Adjustments to reconcile income before income taxes to net cash provided by operating activities :			
Retirement Obligation	886	9,154	73,885
Accrued expenses for overhaul of vessels	(411)	1,377	11,118
Allowance for Directors/Auditors retirement	-	2,194	17,710
Depreciation and Amortization	31,085	33,550	270,786
Interest and dividends income	(2,100)	(1,992)	(16,082)
Interest expenses	11,591	12,240	98,795
Decrease (increase) in accounts and notes receivable - trade	4,013	(9,907)	(79,962)
Increase in inventories	(2,534)	(657)	(5,309)
Increase in accounts and notes payable - trade	3,108	4,024	32,480
Exchange difference	2,521	574	4,637
Gain or Loss on Sale of Securities and other investments	2,159	2,033	16,406
Gain on sale of vessels, property, and equipments	(3,177)	(677)	(5,467)
Loss on sale of vessels, property, and equipments	687	4,712	38,034
Others, net	1,239	1,245	10,043
Sub-total	59,759	60,477	488,114
Interest and dividends received	1,280	2,119	17,103
Interest paid	(11,759)	(12,218)	(98,615)
Payments for income taxes	(4,665)	(5,684)	(45,871)
Net cash provided by operating activities	44,615	44,694	360,731
Cash flows from investing activities:			
Purchases of Securities and other investments	(18,298)	(11,889)	(95,962)
Proceeds from sale of Securities and other investments	17,157	14,015	113,120
Purchases of vessels, property and equipment	(39,937)	(40,394)	(326,026)
Proceeds from sale of vessels, property and equipments	5,024	32,472	262,080
Others, net	(1,530)	914	7,382
Net cash used in investing activities	(37,584)	(4,882)	(39,406)
Cash flows from financing activities :			
Proceeds from issuance of bonds	10,922	10,928	88,201
Repayments of bonds	-	(15,000)	(121,065)
Proceeds from loans	67,081	77,872	628,508
Repayments of loans and obligations under finance leases	(87,752)	(118,381)	(955,458)
Cash dividends paid by the Company	(1,741)	(2,357)	(19,026)
Cash dividends paid by subsidiaries to minority shareholders	(82)	(88)	(718)
Others, net	78	158	1,280
Net cash used in financing activities	(11,494)	(46,868)	(378,278)
Effect of exchange rate changes on cash and cash equivalents	(1,403)	1,254	10,125
Net decrease in cash and cash equivalents	(5,866)	(5,802)	(46,828)
Cash and cash equivalents at beginning of the year	31,371	25,968	209,585
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	463	301	2,432
Cash and cash equivalents at end of the year	25,968	20,467	165,189

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. Years ended March 31, 2000 and 2001

ASSETS (Millions of yen / Thousands of U.S. dollars)

	2000	2001	2001
Current assets :			
Cash and time deposits	¥ 8,801	¥ 8,778	$ 70,849
Marketable securities	42,626	-	-
Accounts and notes receivable - trade	28,402	35,207	284,155
Allowance for doubtful receivables	(469)	(50)	(403)
Fuel and supplies	5,208	5,750	46,407
Prepaid expenses and deferred charges	13,201	14,945	120,619
Other current assets	3,865	3,821	30,844
Total current assets	101,634	68,451	552,471
Investments and long-term receivables :			
Investments in and advances to subsidiaries and affiliates	37,519	36,416	293,913
Investments in other securities	6,667	47,921	386,776
Long-term loans receivable	2,524	2,266	18,286
Other investments	5,965	5,600	45,199
Allowance for doubtful receivables	(125)	(331)	(2,675)
Total investments and long-term receivables	52,550	91,872	741,499
Vessels, property and equipment :			
Vessels	161,416	156,813	1,265,642
Buildings and equipment	10,743	12,708	102,571
Accumulated depreciation	(108,578)	(111,343)	(898,658)
	63,581	58,178	469,555
Land	18,520	18,520	149,474
Construction in progress	3,808	25	206
Vessels, property and equipment net	85,909	76,723	619,235
Other assets	2,185	4,249	34,293
Total assets	¥ 242,278	¥ 241,295	$ 1,947,498

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd.   Years ended March 31, 2000, and 2001

LIABILITIES AND SHAREHOLDERS' EQUITY   (Millions of yen / Thousands of U.S. dollars)

	2000	2001	2001
Current liabilities :			
Short-term loans	¥ 29,070	¥ 9,212	$ 74,350
Current portion of long-term debt	25,197	22,565	182,125
Accounts and notes payable - trade	28,801	31,358	253,089
Deferred income	10,042	11,562	93,314
Deferred income taxes	92	-	-
Other current liabilities	4,220	9,417	76,008
Total current liabilities	97,422	84,114	678,886
Long-term liabilities :			
Long-term debt, less current portion	81,079	85,889	693,213
Allowance for employees' retirement benefit / Employees' retirement obligation	1,645	6,433	51,922
Retirement allowance for directors and statutory auditors	-	1,053	8,503
Accrued expenses for overhaul of vessels	1,435	1,187	9,578
Deferred income taxes	1,722	-	-
Total long-term liabilities	85,881	94,562	763,216
Shareholders' equity :			
Common stock, ¥50 par value :			
Authorized - 1,080,000,000 shares			
- 593,796,875 shares	29,690	29,690	239,627
Capital surplus	14,535	14,535	117,310
Legal reserve	1,993	2,236	18,050
Special reserve	7,493	7,629	61,571
Retained earnings	5,264	6,982	56,356
Unrealized gain or loss on other marketable investment securities	-	1,547	12,482
Total Shareholders' equity	58,975	62,619	505,396
Total Liabilities and shareholders' equity	¥ 242,278	¥ 241,295	$1,947,498

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd.   Years ended March 31, 2000 and 2001

(Millions of yen / Thousands of U.S. dollars)

	2000	2001	2001
Revenues :			
Freight and charter of vessels	¥ 362,030	¥ 423,564	$ 3,418,597
Other revenue	-	457	3,693
Revenues total	362,030	424,021	3,422,290
Operating expenses :			
Expenses, other than depreciation, for vessels	325,066	379,018	3,059,063
Depreciation of vessels	6,465	6,690	53,997
General and administrative expenses	13,689	13,461	108,646
Other expenses	-	408	3,295
Operating expenses total	345,220	399,577	3,225,001
Operating income	16,810	24,444	197,289
Other income and (expenses)			
Interest and dividends income	2,757	1,939	15,653
Interest expenses	(4,388)	(4,539)	(36,634)
Others, net	(8,452)	(14,904)	(120,289)
Other income and (expenses) total	(10,083)	(17,504)	(141,270)
Income before income taxes	6,727	6,940	56,019
Income taxes	2,684	2,408	19,438
Net income	¥ 4,043	¥ 4,532	$ 36,581

Non-Consolidated Proposed Appropriation of Retained Earnings

Kawasaki Kisen Kaisha, Ltd.   Years ended March 31, 2000 and 2001

(Millions of yen / Thousands of U.S. dollars)

	2000	2001	2001
Net income	¥ 4,043	¥ 4,532	$ 36,581
Retained earnings at beginning of the year	110	2,450	19,774
Cumulative effect on a change in accounting principle(*)	1,111	-	-
As adjusted	1,221	2,450	19,774
Unappropriated retained earnings at March 31	5,264	6,982	56,355
Reversal of special reserve	891	1,014	8,191
Transfer to legal reserve	(244)	(304)	(2,453)
Cash dividends	(2,375)	(2,969)	(23,962)
Bonus to Directors	(60)	(70)	(565)
Transfer to special reserve	(1,026)	(3,027)	(24,435)
Retained earnings at end of the year	2,450	1,626	13,131

(*)Due to an application of tax effect accounting from the fiscal year, 2000.

Accounting for Retirement Benefits to Directors and Statutory Auditors

Effective April 1, 2000, the Company changed its method of accounting for retirement benefits to directors and statutory auditors from a cash basis to an accrual basis in order to reflect periodic income and expenses more appropriately. At March 31, 2001, the Company provided a reserve for its liability for such retirement allowances equal to the amount which would be required to be paid if all directors and statutory auditors resigned from their positions as of the balance sheet date.

Accounting for Retirement Benefits

Effective April 1, 2000, the Company adopted a newly revised standard, "Accounting for Retirement Benefits," under which the Company has recognized past service cost from previous years and the retirement benefit obligation as of the balance sheet date, March 31, 2001.

Accounting for Financial Instruments

Effective April 1, 2000, the Company adopted a new accounting standard, "Accounting for Financial Instruments," which requires Company to value marketable investment securities and others based on their fair market value. The Company recognized unrealized gain or loss on these securities and presented it in the shareholders' equity section as "Unrealized gain or loss on other marketable investment securities." Prior to adopting this standard, the Company reviewed its purposes for holding marketable securities, reclassified "others", except for treasury stock, from current assets to fixed assets as "other marketable investment securities."

Accounting for Translation adjustments

Effective April 1, 2000, the Company reclassified "Translation adjustments" from fixed assets to shareholders' equity due to a new accounting standard, "Accounting for transactions in foreign currencies."

[CHANGES OF DIRCETORS]

1. Newly Appointed Candidate for Corporate Auditor

(new position)	(name)	(current position)
Corporate Auditor	Hiroyuki Yamamoto	Corporate Auditor of Daito Corporation

2. Director to Resign

(current position)	(name)	(planned post-retirement assignment)
Managing Director	Tadao Hayashi	President of Taiyo Nippon Kisen Co., Ltd.

3. Corporate Auditor to Resign

(current position)	(name)
Corporate Auditor	Toshio Iino

(New assignment subject to approval at the Ordinary General Meeting of Shareholders and the following Board Meeting on June 28, 2001.)

New Board of Directors and Corporate Auditors

(title)	(name)	(responsibilities)
Chairman	Isao Shintani*	
President	Yasuhide Sakinaga*	
Executive Vice President	Zenzaburo Wakabayashi*	Assistant to President, mainly in Container, Corporate and Technology sectors
Senior Managing Director	Takefumi Araki*	Assistant to President, mainly in Bulk Carrier, Energy Transport and Tanker sectors
Senior Managing Director	Seiji Nagasawa*	Assistant to President, mainly in Car Carrier sector
Managing Director	Keisuke Nagato	Marine Safety Administration Group, Maritime Cost Administration Group and Marine Technical Group
Managing Director	Goro Mera	Bulk Carrier Planning & Co-ordination Group and Bulk Carrier Group
Managing Director	Eiichi Suzuki	LNG Group and Thermal Coal Group
Managing Director	Michio Oka	Accounting Group
Managing Director	Hiroyuki Maekawa	Car Carrier Planning & Co-ordination Group, Car Carrier Group No. 1 and Car Carrier Group No. 2
Managing Director	Yoshio Iinuma	Overall Management of North American Business and President & CEO of “K” Line America, Inc.
Director	Isao Akiba	CEO of “K” Line (Europe) Limited
Director	Nobuya Kamisaka	Nagoya Branch
Director	Tetsuo Shiota	Corporate Planning Group, Group Business Planning Group and Finance Group
Director	Katsue Yoshida	Tanker Group
Director	Satoru Kuboshima	Information System Group
Director	Ken Fujita	Containerships Sales Group and Tokyo Operation Group
Director	Fumito Kawamata	Containerships Business Group, China Group And Port Business Group
Director	Yoichi Hasegawa	General Affairs Group, Personnel Group, Information & Public Relations Group and Kobe General Affairs Group
Director	Norio Tsutsumi	Ship Planning Group
Director	Shigeru Soda	Coal & Iron Ore Carrier Group
Corporate Auditor	Hideo Azukizawa	
Corporate Auditor	Masayuki Nakayama	
Corporate Auditor	Tomofumi Hida	
Corporate Auditor	Shuzo Susei	
Corporate Auditor	Hiroyuki Yamamoto	

*Marked Directors represent the Company.

(New assignment subject to approval at the Ordinary General Meeting of Shareholders and the following Board Meeting on June 28, 2001.)