

FINANCIAL HIGHLIGHTS

brief report of the three months ended June 30,2003, of fiscal year ended March 31,2004

Published by the Board of Kawasaki Kisen Kaisha, Ltd., on August 7th, 2003

[Two Year Summary]

	Three Months ended June 30,2003	Three Months ended June 30,2002	Year ended Mar.31,2003	Three Months ended June 30,2003
Consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥174,472	¥150,125	¥632,725	\$1,456,360
Operating income (Millions of yen / Thousands of U.S. dollars)	12,124	5,216	29,282	101,203
Net income (Millions of yen / Thousands of U.S. dollars)	5,876	-	10,373	49,050
Per share of common stock (Yen / U.S. dollars)	9.92	-	17.24	0.08
Total Assets (Millions of yen / Thousands of U.S. dollars)	541,703	-	515,825	4,521,726
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	88,563	-	82,040	739,260
Per share of common stock (Yen / U.S. dollars)	149.57	-	138.29	1.25
Non-consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	141,303	118,741	499,792	1,179,491
Operating income (Millions of yen / Thousands of U.S. dollars)	9,905	3,387	19,843	82,677
Net income (Millions of yen / Thousands of U.S. dollars)	5,503	-	6,536	45,936
Per share of common stock (Yen / U.S. dollars)	9.29	-	10.90	0.07
Total Assets (Millions of yen / Thousands of U.S. dollars)	300,709	-	269,140	2,510,092
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	71,932	-	65,872	600,432
Per share of common stock (Yen / U.S. dollars)	121.37	-	111.03	1.01

Notes.

1.The U.S. dollar amounts are converted from the yen amount at ¥119.80=U.S.\$1.00, the exchange rate prevailing on June 30th, 2003.

2.The results for the three months ended June 30, 2002 are not reviewed by Independent Auditors.

3.Balance sheets and net income including extraordinary items and income taxes for the three months ended June 30, 2002 are not disclosed.

Brief summary of the Company's Financial Achievements of Q1, Fiscal 2003

During April-June quarter (Q1) of Fiscal 2003, the global economy proceeded with steadiness under the support of steady/solid personal consumption due to the earlier end of the Iraq War, restoration of stock prices, poorer prospects for the U.S. economy changing gradually for the better attributable to lowering monetary interest rates, etc.

The Japanese economy still continued to be sluggish. However, partial recovery of investment activities could be observed and exports to Europe/the U.S.A. advanced with solidity together with exports to Asia being in a favorable condition.

Under the above circumstances, the "K" LINE Group continued to perform positive business activities and to make concerted endeavors for cost curtailment as well as expansion of business scale along the directions of the KV-Plan. "K" LINE Group's business results amounted to on a consolidated basis:

Operating revenues	¥ 174.472 billion
Operating income	¥ 12.124 billion
Net Income	¥ 5.876 billion.

Business activities by segment are as follows:

a) Marine Transportation

<Containership Business>

Containership Business could achieve a large amount of increase in loaded cargo on the North America, Europe and Asia services compared with the equivalent period of last year. It was attributed to favorable cargo movement mainly from China. Another good news is that during the Q1 period, the rate restoration, a long-pending matter, could be finally realized on the Europe, North America and Trans Atlantic services.

Efforts had been carried out for reinforcement of the Asia/Mediterranean service since the end of last April meanwhile we also propelled further reduction of operational costs/expenses and took a host of rationalization measures on the less profit-making service routes.

Consequently, we could improve much better in operating revenues and income compared with last year.

<Bulk Carrier and Car Carrier Business>

Bulk Carriers :

Against the backdrop of expansion of cargo movement to China, the markets proceeded in a very active condition from larger-sized carriers, i.e. Capesize and Panamax-size to medium/small-sized carriers. The overall ratio of operation could improve to a significant extent.

Car Carriers :

Due to a decrease in sales in the U.S.A., there decreased the transported units of cars to the U.S.A. from the Far East and Europe. However, we could enjoy the stable cargo movement in the trade from Japan to Europe and Australia.

As a result, operating revenues increased over last year and stable operating income could be gained in succession in favor of reduced operational costs/expenses by means of efficient ship deployment.

<Energy Transportation and Tanker Services>

LNG Carriers : We could secure stable operating income owing to various contracted projects

having been progressing as scheduled.

Thermal Coal Carriers : Thermal coal destined to power companies increased greatly attributed to injection of newbuilding in succession.

Oil Tankers : Business advanced with stability on the whole, although market adjustment was temporarily made.

Owing to expansion of business scale in thermal coal transportation and continued stable tanker market, we could attain a higher level of operating revenues and secure stable operating income successively.

<Coastal Shipping>

Both Domestic and Ferry Businesses could attain about the same level of operating income as last year.

Eventually, the entire segment of Marine Transportation could end with operating revenues of ¥ 149.716 billion and operating income of ¥ 10.322 billion.

b) Services Incidental to Transportation

Transportation of sea and air cargo could advance with comparative steadiness. The harbor-business-related group companies could increase operating revenues owing to the increase in transported/handled cargo.

The favorable factors worked so synergistically and effectively that operating revenues and operating income could reach ¥ 21.615 billion and ¥ 1.676 billion, respectively.

c) Others

In land transportation business and other business not mentioned in the above, operating revenues were ¥ 3.141 billion and operating income amounted to ¥ 0.205 billion.

Qualitative information on changes of consolidated financial condition

Total assets as of the end of Q1 amounted to ¥ 541.703 billion, a ¥ 25.877 billion increase compared with the end of March 2003.

Main items of increase/decrease are analyzed into :

- a. Current assets increased by ¥ 7.457 billion in accounts and notes receivable-trade incurred by the increase in operating revenues, etc.
- b. In terms of fixed tangible assets, there was realized a ¥ 17.104 billion increase in account of construction in progress by investments in newbuildings, etc. meanwhile in terms of investments and other assets, a 6.467 billion increase in securities in investments resulted due to fair market price rising.
- c. Current liabilities increased by ¥ 40.452 billion in short-term loans/debt meanwhile fixed liabilities decreased by ¥ 21.606 billion in long-term loans/debt.
The aggregate of loans/debt increased by ¥ 18.846 billion, which was allocated to the above investments in newbuildings.
- d. Shareholders' equity amounted to ¥ 88.563 billion, equivalent to a ¥ 6.523 billion increase compared with the end of March 2003.

As a result, ratio of shareholders' equity amounted to 16.3%, a 0.4 point improvement compared with the end of March 2003.

Prospects for Financial Position of Fiscal 2003 (ending the end of March 2004)

Containership Business :

It is prospected that business achievement will improve with a view to :

- (a) Recovery of the U.S. economy being expected as a result of the earlier ending of the Iraq War
- (b) Cargo movement staying so stable from China to Europe and the U.S.A.
- (c) Stabilization of ocean freight
- (d) Strong possibility of further cost/expense reductions through reorganization of service routes, etc.

Bulk Carrier and Car Carrier Business :

Bulk Carriers :

Market is expected to successively maintain a high level of freight rates in favor of brisk cargo movement for China.

Car Carriers :

We will respond so promptly to cargo movement to the U.S.A., Europe and in the off-Japan trade. We will pursue efficient vessel operation and further cost/expense reductions.

In prospect, stable operating revenues and income will be attained to.

Energy Transportation and Tanker Services :

Further efforts will be carried out for expansion of business scale including injection of newbuildings.

Coastal Shipping Business :

We will perform positive business activities and endeavor to practice efficient vessel deployment and upgrade services.

In Marine Transportation, all businesses other than Containership Business foresee improvements in business achievements.

Services Incidental to Transportation :

Group-based efforts will be carried out for logistics business replying to customer needs through combining the know-how accumulated with business assets both of which are possessed by “K” Line’s Containership Business and Group logistics companies in Japan/overseas.

Forecast for consolidated financial positions (the 1st half year and full year of Fiscal 2003) are :

1st Half Year (from April 1, 2003 through September 30, 2003)

Consolidated

Operating revenues : ¥ 355 billion

Operating income : ¥ 30 billion

Net income : ¥ 17 billion

Non-consolidated

Operating revenues : ¥ 286 billion

Operating income : ¥ 24 billion

Net income : ¥ 11.5 billion

Full Year (from April 1, 2003 through March 31, 2004)

Consolidated

Operating revenues : ¥ 700 billion
Operating income : ¥ 55 billion
Net income : ¥ 30 billion

Non-consolidated

Operating revenues : ¥ 560 billion
Operating income : ¥ 43 billion
Net income : ¥ 19 billion

The prospected figures exceed the final targeted ones of the “KV-Plan”.

The preconditions are :

Exchange rate : ¥120 per US\$

Bunker oil price : US\$170.00 during the 1st half / US\$160.00 during the 2nd half
US\$165.00 during the full year

In terms of dividends for Fiscal 2003, we are going to pay ¥3.00 per share for interim dividend as announced on May 15, 2003. Regarding the annual dividends, we are planning to pay ¥6.00 per share, about which final decision will be made in a proposal to shareholders at the Fiscal 2003 Annual Shareholders' Meeting with a view to the overall financial position and prospects for the future.

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the three months ended June 30, 2003 and year ended March 31, 2003

ASSETS

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

	Three Months ended June 30,2003	Year ended Mar.31,2003	Three Months ended June 30,2003
Current assets :			
Cash and time deposits	¥22,007	¥18,988	\$183,699
Marketable securities	40	73	337
Accounts and notes receivable - trade	79,945	74,843	667,317
Allowance for doubtful receivables	(655)	(663)	(5,471)
Fuel and supplies	10,174	10,662	84,925
Prepaid expenses and deferred charges	19,243	18,223	160,629
Deferred income taxes	2,360	2,667	19,703
Other current assets	13,956	11,717	116,492
Total current assets	147,070	136,510	1,227,631
Investments and long-term receivables :			
Investments in and advances to unconsolidated subsidiaries and affiliates	12,839	10,698	107,168
Investments in other securities	53,661	48,658	447,918
Long-term loans receivable	2,981	3,050	24,885
Other investments	16,135	16,323	134,681
Deferred income taxes	6,811	9,476	56,855
Allowance for doubtful receivables	(505)	(622)	(4,214)
Total investments and long-term receivables	91,922	87,583	767,293
Vessels, property and equipment :			
Vessels	430,223	433,723	3,591,176
Buildings and equipment	99,558	99,635	831,037
Accumulated depreciation	(295,028)	(293,172)	(2,462,668)
	234,753	240,186	1,959,545
Land	35,411	36,013	295,587
Construction in progress	26,786	9,681	223,587
Vessels, property and equipment net	296,950	285,880	2,478,719
Other assets	5,761	5,852	48,083
Total assets	¥541,703	¥515,825	\$4,521,726

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the three months ended June 30, 2003 and year ended March 31, 2003

LIABILITIES AND SHAREHOLDERS' EQUITY

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

	Three Months ended June 30,2003	Year ended Mar.31,2003	Three Months ended June 30,2003
Current liabilities :			
Short-term loans	¥67,081	¥35,194	\$559,946
Current portion of long-term debt	48,428	44,863	404,241
Accounts and notes payable – trade	60,552	60,004	505,441
Deferred income	12,630	11,696	105,428
Current portion of obligations under finance leases	1,276	1,393	10,649
Other current liabilities	13,830	13,611	115,439
Total current liabilities	203,797	166,761	1,701,144
Long-term liabilities :			
Long-term debt, less current portion	194,038	215,644	1,619,680
Allowance for employees' retirement benefits	14,076	14,551	117,498
Allowance for directors' and statutory auditors' retirement benefits	1,665	2,044	13,896
Accrued expenses for overhaul of vessels	7,845	7,530	65,486
Obligations under finance leases	14,003	9,481	116,886
Deferred income taxes	934	1,033	7,798
Other long-term liabilities	9,413	9,496	78,573
Total long-term liabilities	241,974	259,779	2,019,817
Minority interests in consolidated subsidiaries	7,369	7,245	61,505
Shareholders' equity :			
Common stock:			
Authorized 1,080,000,000 shares			
Issued 593,796,875 shares	29,690	29,690	247,829
Capital surplus	14,535	14,535	121,326
Retained earnings	42,442	39,694	354,275
Revaluation reserve for land	4,848	4,848	40,473
Unrealized holding gains or losses on investment securities	1,205	(2,530)	10,057
Translation adjustments	(3,766)	(3,912)	(31,435)
	88,954	82,325	742,525
Treasury stock, at cost	(391)	(285)	(3,265)
Total Shareholders' equity	88,563	82,040	739,260
Total Liabilities and shareholders' equity	¥541,703	¥515,825	\$4,521,726

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the three months ended June 30, 2003 and 2002 and year ended March 31, 2003

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

	Three Months ended June 30,2003	Three Months ended June 30,2002	Year ended Mar.31,2003	Three Months ended June 30,2003
Operating revenues :				
Freight and charter of vessels	¥152,560	¥128,389	¥540,208	\$1,273,454
Operating revenues other than shipping	21,912	21,736	92,517	182,906
Total operating revenues	174,472	150,125	632,725	1,456,360
Operating expenses :				
Expenses, other than depreciation, for vessels	117,699	102,136	422,570	982,461
Depreciation of vessels	5,620	6,322	23,619	46,914
Cost of operation revenues other than shipping	26,096	23,648	105,817	217,832
Selling, general and administrative expenses	12,933	12,803	51,437	107,950
Total operating expenses	162,348	144,909	603,443	1,355,157
Operating income	12,124	5,216	29,282	101,203
Other income (expense):				
Interest and dividends income	588	369	1,333	4,911
Interest expenses	(1,536)	(1,668)	(6,488)	(12,822)
Others, net excluding extraordinary items	343	(1,131)	(455)	2,864
Income before income taxes and extraordinary items	11,519	2,786	23,672	96,156
Extraordinary items, net	(1,025)	-	(4,992)	(8,556)
Income before income taxes	10,494	-	18,680	87,600
Income taxes	4,444	-	7,789	37,097
Minority interest	174	-	518	1,453
Net income	¥5,876	-	¥10,373	\$49,050

Notes.

- 1.The results for the three months ended June 30, 2002 are not reviewed by Independent Auditors.
- 2.Balance sheets and net income including extraordinary items and income taxes for the three months ended June 30, 2002 are not disclosed.

Consolidated Segment Information

Business segment information

Three months ended June 30,2003

(Millions of Yen)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥149,716	¥21,615	¥3,141	¥174,472	¥ -	¥174,472
(2) Inter-group sales and transfers	679	12,760	2,291	15,730	(15,730)	-
Total revenues	150,395	34,375	5,432	190,202	(15,730)	174,472
Operating expenses	140,073	32,699	5,227	177,999	(15,651)	162,348
Operating income	¥10,322	¥1,676	¥205	¥12,203	(¥79)	¥12,124

Year ended Mar.31,2003

(Millions of Yen)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥530,228	¥88,774	¥13,723	¥632,725	¥ -	¥632,725
(2) Inter-group sales and transfers	2,853	48,983	8,777	60,613	(60,613)	-
Total revenues	533,081	137,757	22,500	693,338	(60,613)	632,725
Operating expenses	510,697	132,956	20,413	664,066	(60,623)	603,443
Operating income	¥22,384	¥4,801	¥2,087	¥29,272	¥10	¥29,282

Three months ended June 30,2003

(Thousands of U.S.Dollars)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	\$1,249,718	\$180,423	\$26,219	\$1,456,360	\$ -	\$1,456,360
(2) Inter-group sales and transfers	5,664	106,511	19,129	131,304	(131,304)	-
Total revenues	1,255,382	286,934	45,348	1,587,664	(131,304)	1,456,360
Operating expenses	1,169,223	272,943	43,632	1,485,798	(130,641)	1,355,157
Operating income	\$86,159	\$13,991	\$1,716	\$101,866	(\$663)	\$101,203

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the three months ended June 30, 2003 and year ended March 31, 2003

ASSETS

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

	Three Months ended June 30,2003	Year ended Mar.31,2003	Three Months ended June 30,2003
Current assets :			
Cash and time deposits	¥9,173	¥5,621	\$76,575
Accounts and notes receivable - trade	59,525	53,788	496,871
Allowance for doubtful receivables	(1,337)	(396)	(11,160)
Fuel and supplies	8,372	9,069	69,880
Prepaid expenses and deferred charges	18,780	17,957	156,763
Other current assets	11,721	10,461	97,835
Total current assets	106,234	96,500	886,764
Investments and long-term receivables :			
Investments in and advances to subsidiaries and affiliates	55,694	38,706	464,888
Investments in other securities	47,455	41,619	396,117
Long-term loans receivable	2,356	2,375	19,669
Other investments	5,635	5,806	47,034
Allowance for doubtful receivables	(278)	(394)	(2,318)
Total investments and long-term receivables	110,862	88,112	925,390
Vessels, property and equipment :			
Vessels	154,525	154,525	1,289,856
Buildings and equipment	12,530	12,616	104,592
Accumulated depreciation	(114,633)	(113,385)	(956,867)
	52,422	53,756	437,581
Land	23,421	23,421	195,499
Construction in progress	1,632	1	13,624
Vessels, property and equipment, net	77,475	77,178	646,704
Other assets	6,138	7,350	51,234
Total assets	¥300,709	¥269,140	\$2,510,092

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the three months ended June 30, 2003 and year ended March 31, 2003

LIABILITIES AND SHAREHOLDERS' EQUITY

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

	Three Months ended June 30,2003	Year ended Mar.31,2003	Three Months ended June 30,2003
Current liabilities :			
Short-term loans	¥27,727	¥4,891	\$231,444
Current portion of long-term debt	20,905	26,008	174,503
Accounts and notes payable – trade	53,633	51,339	447,687
Deferred income	11,948	11,111	99,729
Other current liabilities	24,815	16,497	207,134
Total current liabilities	139,028	109,846	1,160,497
Long-term liabilities :			
Long-term debt, less current portion	81,148	85,548	677,367
Allowance for employees' retirement benefits	2,666	2,890	22,256
Allowance for directors' and statutory auditors' retirement benefits	1,078	1,212	8,997
Accrued expenses for overhaul of vessels	1,361	1,439	11,364
Deferred income taxes for land revaluation	1,806	1,806	15,071
Other long-term liabilities	1,690	527	14,108
Total long-term liabilities	89,749	93,422	749,163
Shareholders' equity :			
Authorized 1,080,000,000 shares			
Issued 593,796,875 shares	29,690	29,690	247,829
Capital surplus	14,535	14,535	121,325
Legal reserve	2,540	2,540	21,205
Revaluation reserve for land	2,996	2,996	25,011
Special reserve	15,474	11,850	129,162
Retained earnings	5,751	6,905	48,005
Unrealized holding gains (losses) on investment securities	1,132	(2,461)	9,448
Less : treasury stock, at cost	(186)	(183)	(1,553)
Total shareholders' equity	71,932	65,872	600,432
Total liabilities and shareholders' equity	¥300,709	¥269,140	\$2,510,092

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the three months ended June 30, 2003 and year ended March 31, 2003

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

	Three Months ended Jun.30,2003	Three Months ended Jun.30,2002	Year ended Mar.31,2003	Three Months ended Jun.30,2003
Operating revenues :				
Freight and charter of vessels	¥141,088	¥118,543	¥499,011	\$1,177,693
Other revenues	215	198	781	1,798
Total operating revenues	141,303	118,741	499,792	1,179,491
Operating expenses :				
Expenses, other than depreciation, for vessels	126,976	110,238	460,966	1,059,899
Depreciation of vessels	1,241	1,546	5,692	10,362
Selling, general and administrative expenses	3,001	3,417	12,848	25,046
Other expenses	180	153	443	1,507
Total operating expenses	131,398	115,354	479,949	1,096,814
Operating income	9,905	3,387	19,843	82,677
Other income (expense) :				
Interest and dividend income	623	406	1,266	5,201
Interest expense	(764)	(831)	(3,199)	(6,380)
Others, net	132	(1,321)	(5,947)	1,103
Total other income (expense)	(9)	(1,746)	(7,880)	(76)
Income before income taxes and extraordinary items	9,896	1,641	16,434	82,601
Extraordinary items, net	(944)	-	(4,471)	(7,872)
Income before income taxes	8,952	-	11,963	74,729
Income taxes	3,449	-	5,427	28,793
Net income	¥5,503	-	¥6,536	\$45,936

Notes.

- 1.The results for the three months ended June 30, 2002 are not reviewed by Independent Auditors.
- 2.Balance sheets and net income including extraordinary items and income taxes for the three months ended June 30, 2002 are not disclosed.