

FINANCIAL HIGHLIGHTS

brief report of the nine months ended December 31,2003, for the fiscal year ending March 31,2004

[Two Year Summary]

	Nine Months ended Dec.31,2003	Nine Months ended Dec.31,2002	Nine Months ended Dec.31,2003	Year ended Mar.31,2003
Consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥537,842	¥473,150	\$5,020,457	¥632,725
Operating income (Millions of yen / Thousands of U.S. dollars)	50,043	20,369	467,124	29,282
Net income (Millions of yen / Thousands of U.S. dollars)	21,662	-	202,199	10,373
Per share of common stock (Yen / U.S. dollars)	36.59	-	0.34	17.24
Total Assets (Millions of yen / Thousands of U.S. dollars)	537,697	-	5,019,111	515,825
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	106,336	-	992,588	82,040
Per share of common stock (Yen / U.S. dollars)	179.93	-	1.68	138.29
Non-consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	436,401	373,400	4,073,562	499,792
Operating income (Millions of yen / Thousands of U.S. dollars)	39,158	13,691	365,516	19,843
Net income (Millions of yen / Thousands of U.S. dollars)	17,083	-	159,461	6,536
Per share of common stock (Yen / U.S. dollars)	28.83	-	0.27	10.90
Total Assets (Millions of yen / Thousands of U.S. dollars)	308,967	-	2,884,043	269,140
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	85,674	-	799,720	65,872
Per share of common stock (Yen / U.S. dollars)	144.82	-	1.35	111.03

Notes.

1. The U.S. dollar amounts are converted from the yen amounts at ¥107.13=U.S.\$1.00, the exchange rate prevailing on December 31st, 2003.

2. Balance sheets and net income including extraordinary items and income taxes for the nine months ended December 31st, 2002 are not disclosed.

1. Financial Position for the Period from Quarter 1 through Quarter 3 of Fiscal 2003

During the period ranging from April 1, 2003 through December 31, 2003, freight markets improved covering all our businesses against the backdrop of global marine cargo movements of materials and products advanced with briskness attributed to remarkable expansion of Chinese exports and imports and to stable conditions of the economies of the U.S.A. and Europe.

Despite the fact that there prevailed such minus factors as bunker-oil price staying higher and rapid appreciation of the Japanese Yen, we could manage to overcome them through our diligent and constant efforts for positive business activities, and cost curtailment that enabled more-than-targeted reductions come to fruition. All those efforts were carried on in accordance with “KV-Plan,” a Company’s management plan.

As a result, consolidated financial results during the period from Q1 through Q3 are:

Operating revenues: ¥537.842 billion (¥64.692 billion increase over last period)

Operating income : ¥50.043 billion (¥29.674 billion increase over last period)

Net income : ¥21.662 billion

Each figure shows that the plan is advancing as directed.

a) Marine Transportation

<Container Business>

Worried bad impact of the Iraq War and SARS turned out to be rather slighter than anticipated. In the North America trade, cargo moved steadily owing to the increased demand for housing backed up by further expansion of consumption with the low-interest financial policy and the tax reductions. In the Europe trade, a great extent of development could also be observed against the appreciated Euro. Every measure was taken to cope with prevailing business circumstances; upgrade of service in the face of remarkable increase in cargo movement centering on China: increase of sailings on the Asia/the U.S. East Coast and Asia/Mediterranean service routes that had been giving inconveniences/difficulties to customers since tight space situation had lasted. Such Company’s timely and appropriate response to the business circumstances enabled us to increase loaded containers in number as compared to last year.

Both brisk cargo movement and tightened supply-demand balance also helped advance rate restoration in North America and Europe trades. Increase of loaded cargo and rate restoration could jointly contribute to raising operating revenues of Containership Business to a significant extent as compared to last year. In fact, we encountered minus factors including increase of bunker-oil price incurred by more expensive crude-oil price and cost-push by appreciated Yen.

The bottom line (operating income), however, ended with much better condition compared to last year and well over earlier targeted goal as a result of continuing the cost-cut campaign.

<Bulk Carrier and Car Carrier Business>

Bulk Carriers: Both large bulkers and medium/small bulkers under ripple effect of large bulkers saw historical high markets owing to strong demand for raw materials for iron production centering on China and other countries in the Far East and owing to constant berth congestions at loading/discharging ports. We experienced worsening of operational efficiency caused by berth congestions and cost pressure owing to appreciated Yen, etc. The Company, however, could manage to post better operating income over last year by expansion of space supply and sales through deployment of free or not-fixed ships responding to consequent higher freight/chartering markets and timely/appropriate arrangement for space supply.

Car Carriers: Despite export from Japan to the U.S.A. declining, loaded tonnage bound for the Middle East and Australia showed a favorable movement. Loaded units from South Korea also increased. But a total of exported cars from Japan and South Korea decreased in small measure as compared to last year.

In the off-Japan trade, i.e. the Atlantic trade and export from Thailand, carried cars continued to increase in total in comparison with last year.

Consequently, under the influence of appreciated Yen and hiked bunker oil, operating revenues could end well over last year and operating income could also stay stable owing to efficient allocation of ships and curtailment of operational cost.

<Energy Transportation and Tanker Business>

LNG Carriers: The already contracted projects went on so well.

Thermal Coal Carriers: A significant amount of increase was realized in transported quantity in part due to throwing a series of newbuildings into service.

Oil Tankers: Business in general proceeded with stability despite experiencing a short period of adjustment. In the end, we could secure more operating income than last year against the backdrop of stable operating revenues.

<Coastal Shipping>

We could post more operating income than last year attributable to efficient allocation of ships and increased cargo movement.

As a result, Marine Transportation as a whole could end up with operating revenues of ¥462.364 billion and operating income of ¥43.628 billion.

b) Services Incidental to Transportation

Transportation of both marine and air cargoes fared comparatively with steadiness and

consequently the harbor-business- related companies could increase their handling cargo. Those factors encouraged the services incidental to transportation to attain operating revenues of ¥65.706 billion and operating income of ¥5.586 billion both of which stood respectively well over last year.

c) Others

Inland transportation and other businesses not mentioned in the above, operating revenues stood at ¥9.772 billion and operating income amounted to ¥0.685 billion.

2. Prospects for Financial Position of Fiscal 2003 on a Full-Year Basis

<Containership Business>

It is prospected that despite there being some worries over high bunker price during the period of Q4 (January 2004 through March 2004), loaded tonnage and operating revenues will be well over last year by token of:

- a. Timely and quick measures including ship allocation taken keeping up with market trends on the move
- b. Further curtailment of operational cost
- c. Normalization of ocean freight

<Bulk Carrier and Car Carrier Business>

Bulk Carriers: There prevail prospects for bulk markets staying positive during the Q4.

Car Carriers: It is anticipated that despite car export to North America and Europe being likely to fall, brisk cargo movement bound for Australia and the Middle East will uphold our business. Furthermore, a growth in cargo from Thailand to Southeast Asia and an increased ship allocation to the Atlantic waters are expected to help augment transported car units as compared to last year. There are some worries about operating cost and charterage likely being to be on the increase, but overcoming them, we will keep on making efforts for further rationalization.

The overall bottom line covering bulk carriers and car carriers is prospected to further improve as compared to last year.

<Energy Transportation and Tanker Business>

LNG Carriers: Newbuildings are being planned for upgrading our business scale.

Thermal Coal Carriers: Thermal power generation is performing in full swing in part due to the current atomic power issue. Demand for coal transportation is also faring with solidity.

Oil Tankers: Tanker market surges a great deal due to the increased demand for oil centering on China.

On a full-year basis, we are sure that our business achievement will be better than last year.

<Coastal Shipping>

In both domestic and ferry businesses, we will promote business activities positively and dedicate ourselves to efficient ship allocation and improvement of service.

As you can see from the above, we would like to mention that further improvement in business achievement is to come to fruition in the whole areas of Marine Transportation including Containership Business.

<Services Incidental to Transportation>

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

Our prospects are:

Consolidated on a full-year basis:

Operating Revenues: ¥ 707.000 billion

Operating Income : ¥ 65.000 billion

Net Income : ¥ 29.000 billion

Non-consolidated on a full-year basis:

Operating Revenues: ¥ 570.000 billion

Operating Income : ¥ 50.000 billion

Net Income : ¥ 22.000 billion

The above prospected figures show that they are going to stand well over targets of “KV-Plan.” At the same time we also are mentioning about fruition of Plan’s qualitative assignments also having already been reached. Such has led us to declare the completion of the same Plan and to map out a new management plan covering the period from the next fiscal year. We would like to publicize newly - conceived target figures and policy-related assignments in May 2004 when financial results during Fiscal 2003 are to be announced.

Guidance:

The preconditions during the Q4 are: exchange rate ¥105 per U.S. dollar and bunker-oil price U.S.\$170.00 per ton.

Finally, with reference to a dividend during Fiscal 2003, we are going to propose payment of ¥10 per dividend on an annual basis as publicized on November 13, 2003.

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the nine months ended December 31, 2003 and year ended March 31, 2003

ASSETS

	Nine Months ended Dec. 31, 2003	Year ended Mar. 31, 2003	Nine Months ended Dec. 31, 2003
Current assets :			
Cash and time deposits	¥21,942	¥18,988	\$204,820
Marketable securities	54	73	506
Accounts and notes receivable - trade	83,260	74,843	777,185
Allowance for doubtful receivables	(1,013)	(663)	(9,460)
Inventories	9,906	10,662	92,469
Prepaid expenses and deferred charges	20,549	18,223	191,807
Deferred income taxes	1,396	2,667	13,030
Other current assets	17,477	11,717	163,140
Total current assets	153,571	136,510	1,433,497
Investments and other assets			
Investments in and advances to unconsolidated subsidiaries and affiliates	15,161	14,375	141,520
Investments in securities	53,570	44,982	500,043
Long-term loans receivable	4,207	3,050	39,266
Other assets	15,392	16,364	143,681
Deferred income taxes	3,465	9,476	32,348
Allowance for doubtful receivables	(485)	(622)	(4,530)
Total investments and other assets	91,310	87,624	852,328
Vessels, property and equipment :			
Vessels	396,320	433,723	3,699,430
Buildings and equipment	98,525	99,635	919,673
Accumulated depreciation	(276,778)	(293,172)	(2,583,569)
	218,067	240,186	2,035,534
Land	35,518	36,013	331,540
Construction in progress	33,424	9,681	312,001
Vessels, property and equipment net	287,009	285,880	2,679,075
Intangible assets	5,807	5,811	54,211
Total assets	¥537,697	¥515,825	\$5,019,111

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the nine months ended December 31, 2003 and year ended March 31, 2003

LIABILITIES AND SHAREHOLDERS' EQUITY

	Nine Months ended Dec. 31, 2003	Year ended Mar. 31, 2003	Nine Months ended Dec. 31, 2003
Current liabilities :			
Short-term loans	¥54,289	¥35,194	\$506,756
Current portion of long-term debt	42,708	44,863	398,655
Accounts and notes payable – trade	61,757	60,004	576,464
Deferred income	11,405	11,696	106,462
Current portion of obligations under finance leases	1,498	1,393	13,979
Other current liabilities	21,066	13,611	196,644
Total current liabilities	192,723	166,761	1,798,960
Long-term liabilities :			
Long-term debt, less current portion	179,880	215,644	1,679,082
Allowance for employees' retirement benefits	13,469	14,551	125,724
Allowance for directors' and statutory auditors' retirement benefits	1,912	2,044	17,850
Accrued expenses for overhaul of vessels	8,962	7,530	83,655
Obligations under finance leases	11,913	9,481	111,204
Deferred income taxes	2,946	1,033	27,502
Other long-term liabilities	11,773	9,496	109,893
Total long-term liabilities	230,855	259,779	2,154,910
Minority interests in consolidated subsidiaries	7,783	7,245	72,653
Shareholders' equity :			
Common stock:			
Authorized 1,080,000,000 shares			
Issued 593,796,875 shares	29,690	29,690	277,138
Capital surplus	14,535	14,535	135,680
Retained earnings	55,266	39,694	515,876
Revaluation reserve for land	5,094	4,848	47,548
Unrealized holding (loss) gain on investments in securities	7,713	(2,530)	72,001
Translation adjustments	(5,208)	(3,912)	(48,618)
	107,090	82,325	999,625
Treasury stock, at cost	(754)	(285)	(7,037)
Total Shareholders' equity	106,336	82,040	992,588
Total Liabilities and shareholders' equity	¥537,697	¥515,825	\$5,019,111

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the nine months ended December 31, 2002, 2003 and year ended March 31, 2003

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

	Nine Months ended Dec.31,2003	Nine Months ended Dec.31,2002	Nine Months ended Dec.31,2003	Year ended Mar.31,2003
Operating revenues	¥537,842	¥473,150	\$5,020,457	¥632,725
Costs and expenses	487,799	452,781	4,553,333	603,443
Operating income	50,043	20,369	467,124	29,282
Other income (expense):				
Interest and dividend income	1,293	-	12,071	1,333
Interest expense	(4,214)	-	(39,339)	(6,487)
Exchange loss, net	(4,092)	-	(38,197)	(1,343)
Loss (gain) on sales of vessels, properties	(2,904)	-	(27,106)	2,324
Loss on sales of securities	(1,107)	-	(10,329)	(3,263)
Loss on devaluation of investments in securities	(17)	-	(163)	(3,211)
Others, net	(434)	-	(4,050)	45
Total other income (expense)	(11,475)	-	(107,113)	(10,602)
Income before income taxes	38,568	-	360,011	18,680
Income taxes current	13,099	-	122,271	8,662
deferred	3,122	-	29,139	(873)
Total income taxes	16,221	-	151,410	7,789
Minority interests	685	-	6,402	518
Net income	¥21,662	-	\$202,199	¥10,373

Note: Net income including extraordinary items and income taxes for the nine months ended December 31st, 2002 is not disclosed.

Consolidated Segment Information

(a) Business segment information

Nine months ended Dec.31,2003

(Millions of Yen)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥462,364	¥65,706	¥9,772	¥537,842	¥ -	¥537,842
(2) Inter-group sales and transfers	2,152	38,334	6,648	47,134	(47,134)	-
Total revenues	464,516	104,040	16,420	584,976	(47,134)	537,842
Operating expenses	420,888	98,454	15,735	535,077	(47,278)	487,799
Operating income	¥43,628	¥5,586	¥685	¥49,899	¥144	¥50,043

Nine months ended Dec.31,2002

(Millions of Yen)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥396,644	¥66,104	¥10,402	¥473,150	¥ -	¥473,150
(2) Inter-group sales and transfers	2,113	35,102	6,719	43,934	(43,934)	-
Total revenues	398,757	101,206	17,121	517,084	(43,934)	473,150
Operating expenses	382,892	97,469	16,392	496,753	(43,972)	452,781
Operating income	¥15,865	¥3,737	¥729	¥20,331	¥38	¥20,369

Nine months ended Dec.31,2003

(Thousands of U.S.Dollars)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	\$4,315,915	\$613,330	\$91,212	\$5,020,457	\$ -	\$5,020,457
(2) Inter-group sales and transfers	20,092	357,825	62,061	439,978	(439,978)	-
Total revenues	4,336,007	971,155	153,273	5,460,435	(439,978)	5,020,457
Operating expenses	3,928,758	919,009	146,883	4,994,650	(441,317)	4,553,333
Operating income	\$407,249	\$52,146	\$6,390	\$465,785	\$1,339	\$467,124

Year ended Mar.31,2003

	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

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the nine months ended December 31, 2003, and year ended March 31, 2003.

ASSETS

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

	Nine Months ended Dec. 31, 2003	Year ended Mar. 31, 2003	Nine Months ended Dec. 31, 2003
Current assets :			
Cash and time deposits	¥6,938	¥5,621	\$64,765
Accounts and notes receivable - trade	63,533	53,788	593,050
Allowance for doubtful receivables	(2,549)	(396)	(23,794)
Inventories	8,109	9,069	75,692
Prepaid expenses and deferred charges	19,747	17,957	184,326
Other current assets	14,931	10,461	139,371
Total current assets	110,709	96,500	1,033,410
Investments and other assets :			
Investments in and advances to subsidiaries and affiliates	58,200	38,706	543,265
Investments in securities	48,559	41,619	453,274
Long-term loans receivable	3,632	2,375	33,905
Other assets	5,658	5,847	52,818
Allowance for doubtful receivables	(314)	(394)	(2,933)
Total investments and other assets	115,735	88,153	1,080,329
Vessels, property and equipment :			
Vessels	153,146	154,525	1,429,532
Buildings and equipment	12,580	12,616	117,423
Accumulated depreciation	(111,340)	(113,385)	(1,039,298)
	54,386	53,756	507,657
Land	23,359	23,421	218,047
Construction in progress	260	1	2,431
Vessels, property and equipment, net	78,005	77,178	728,135
Intangible assets	4,518	7,309	42,169
Total assets	¥308,967	¥269,140	\$2,884,043

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the nine months ended December 31, 2003, and year ended March 31, 2003.

LIABILITIES AND SHAREHOLDERS' EQUITY

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

	Nine Months ended Dec.31,2003	Year ended Mar.31,2003	Nine Months ended Dec.31,2003
Current liabilities :			
Short-term loans	¥19,401	¥4,891	\$181,098
Current portion of long-term debt	22,406	26,008	209,151
Accounts and notes payable – trade	55,175	51,339	515,028
Deferred income	10,950	11,111	102,208
Other current liabilities	23,724	16,497	221,453
Total current liabilities	131,656	109,846	1,228,938
Long-term liabilities :			
Long-term debt, less current portion	78,830	85,548	735,835
Allowance for employees' retirement benefits	2,300	2,890	21,467
Allowance for directors' and statutory auditors' retirement benefits	1,220	1,212	11,387
Accrued expenses for overhaul of vessels	1,383	1,439	12,909
Deferred income taxes for land revaluation	1,817	1,806	16,966
Other long-term liabilities	6,087	527	56,821
Total long-term liabilities	91,637	93,422	855,385
Shareholders' equity :			
Common stock:			
Authorized 1,080,000,000 shares			
Issued 593,796,875 shares	29,690	29,690	277,138
Capital surplus	14,535	14,535	135,680
Legal reserve	2,540	2,540	23,713
Revaluation reserve for land	3,016	2,996	28,153
Special reserve	15,474	11,850	144,437
Retained earnings	14,349	6,905	133,934
Unrealized holding (loss) gain on investment securities	6,710	(2,461)	62,635
Less : treasury stock, at cost	(640)	(183)	(5,970)
Total shareholders' equity	85,674	65,872	799,720
Total liabilities and shareholders' equity	¥308,967	¥269,140	\$2,884,043

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the nine months ended December 31, 2002, 2003, and year ended March 31, 2003.

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

	Nine Months ended Dec.31,2003	Nine Months ended Dec.31,2002	Nine Months ended Dec.31,2003	Year ended Mar.31,2003
Operating revenues :	¥436,401	¥373,400	\$4,073,562	¥499,792
Operating expenses :	397,243	359,709	3,708,046	479,949
Operating income	39,158	13,691	365,516	19,843
Other income (expense) :				
Interest and dividend income	1,245	-	11,619	1,266
Interest expense	(2,139)	-	(19,966)	(3,199)
Exchange loss, net	(3,487)	-	(32,552)	(1,431)
Loss (gain) on sales of vessels, property and equipment	(637)	-	(5,944)	1
Loss on sales of securities	(1,304)	-	(12,168)	(1,970)
Loss on devaluation of investments in securities	(12)	-	(114)	(1,919)
Others, net	(5,189)	-	(48,433)	(628)
Total other income (expense)	(11,523)	-	(107,558)	(7,880)
Income before income taxes	27,635	-	257,958	11,963
Income taxes	10,552	-	98,497	5,427
Net income	¥17,083	-	\$159,461	¥6,536

Note: Net income including extraordinary items and income taxes for the nine months ended December 31st, 2002 is not disclosed.