

FINANCIAL HIGHLIGHTS

Interim brief report of the first half of fiscal year ended March 31st, 2001

Published by the Board of Kawasaki Kisen Kaisha, Ltd., on November 17th, 2000

[Two Year Summary]

	Year ended March 31 st 2000	September 30 th 2000	September 30 th 2000
Consolidated			
Revenues (Millions of yen / Thousands of U.S. dollars)	¥485,693	¥274,989	\$2,546,197
Operating income (Millions of yen / Thousands of U.S. dollars)	26,817	19,894	184,208
Net income (Millions of yen / Thousands of U.S. dollars)	6,843	1,210	11,204
Per share of common stock (Yen / U.S. dollars) (Par value ¥50 / US\$0.463 per share)	11.68	2.04	0.019
Total Assets (Millions of yen / Thousands of U.S. dollars)	514,802	516,018	4,777,943
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	74,132	66,140	612,412
Per share of common stock (Yen / U.S. dollars) (Par value ¥50 / US\$0.463 per share)	125.01	111.39	1.031
Net cash provided by operating activities (Millions of yen / Thousands of U.S. dollars)	44,615	21,092	195,293
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	(37,584)	(10,257)	(94,974)
Net cash used in financing activities (Millions of yen / Thousands of U.S. dollars)	(11,494)	(11,292)	(104,553)
Non-consolidated			
Revenues (Millions of yen / Thousands of U.S. dollars)	362,030	208,529	1,930,827
Operating income (Millions of yen / Thousands of U.S. dollars)	16,810	13,301	123,158
Net income (Millions of yen / Thousands of U.S. dollars)	4,043	2,001	18,530
Per share of common stock (Yen / U.S. dollars) (Par value ¥50 / US\$0.463 per share)	6.89	3.37	0.03
Cash dividends (Millions of yen / Thousands of U.S. dollars)	2,375	-	-
Per share of common stock (Yen / U.S. dollars) (Par value ¥50 / US\$0.463 per share)	4.00	-	-
Total Assets (Millions of yen / Thousands of U.S. dollars)	242,278	240,963	2,231,143
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	58,975	58,763	544,099
Per share of common stock (Yen / U.S. dollars) (Par value ¥50 / US\$0.463 per share)	99.32	98.96	0.92

The U.S. dollar amounts are converted from the yen amounts at ¥108.00 = U.S.\$1.00, the exchange rate prevailing on September 30th, 2000.

Message from the Management

1. Management Policies

(1) Corporate Principles and Numerical Targets

We would like to inform you that Kawasaki Kisen Kaisha, Ltd. (hereunder referred to as the Company or "K" LINE) has been carrying out its 5-year-long management plan known as "New "K" LINE Spirit for 21" (New K-21) since April 1998. Although only two years since its start, it is already apparent that in all likelihood greater improvement in financial achievement of the "K" LINE Group and more changes in management circumstances than originally anticipated can be seen on the horizon. As a result, we determined to review the plan, publicizing revised contents in July 2000.

Corporate principles are:

- 1) to realize a well-balanced corporate structure that will encourage us to expand business scale steadily, and simultaneously improve profitability to such an extent that stable payment of dividends can be maintained.
- 2) to develop logistics business and provide customer-oriented services around the globe centering on marine transportation, which we are sure will lead the growth of the "K" LINE Group as a steady, enterprising and spirit-rich group

The above corporate principles have not been changed in any way.

The corporate principles are based on the following main components:

- a. Globalization of management
- b. Attachment of importance to consolidated management
- c. Revitalization of organizations
- d. Perfection in safe navigation
- e. Environmental preservation

Although environmental preservation had originally been included in the same category as perfection in safe navigation, our revision has accorded it independent status in consideration of the subject's increasing importance.

The numerical targets as of March 2003 are:

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.

As the date for completion of New K-21 is identical with that for our traditional intermediate management plan, no difference is expected in the numbers of either plan. Being this substantial and real, each and every one of the numerical targets represents an intermediate-range landmark for the

Company.

As compared with the original plan, the upward revisions have been made all center on profitability-related indices.

(2) Policy on Payment of Dividends

The Company's fundamental policy is to insure payment of dividends dependent upon the level of income that can be generated. Decisions with regard to dividends should be made with both medium and long-term viewpoints in mind. Comprehensive and deep consideration should be given to:

- a. reinforcement of corporate structure against the intensifying competition with which our ocean-going shipping industry and other related industries are being confronted
- b. increase in retained earnings in preparation for the evolution of future business
- c. constant payment of dividends

(3) Improved Company's Management Structure for Efficient Job Execution

When change of directors was resolved at the June 2000 Annual Stockholders' Meeting, 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 used to be composed of the chairman of the board/the president - supervising directors - directors in charge - assisting directors to 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.

(4) Assignments to which the Company is Committed to Address

It is prospected that circumstances surrounding the Company will continue to be harsh with regard to competition between businesses and changes in management circumstances incurred by deregulation in the areas of domestic port business and logistics business.

Under such changing management circumstances, the very assignment that the "K" LINE Group must address focuses on steady and speedy performance along New K-21. It conclusively boils down to growth in business scale together with increasing importance to profitability in the areas of Container 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 etc. of all the group companies by function.

On July 1, 2000 the Company managed to encourage Taiyo Kaiun Kabushiki Kaisha and Kobe Nippon Kisen Kaisha, Ltd. to merge in an attempt to enhance, upgrade and better their overall quality, efficiency and financial achievements in ship management/administration business. We will continue such efforts for further rearrangement and strengthening of subsidiaries related to logistics business.

2. Results of Operations

(1) Outline of Business Activities for the First Half of Fiscal Year ending March 31, 2001

With regard to our review of the world economy during the first half of fiscal year ending March 31, 2001 (hereunder named the fiscal year under review), the U.S.A economy that had maintained high growth for a long time is finally showing signs of shifting to more moderate growth under a tightening financial policy. The European economy, on the other hand, shows possibilities for further growth owing to the increase in exports that derives from depreciation of the euro and steady individual consumption expenditures. The Asian economy could also enjoy a more rapid & better recovery than anticipated because of an increase in exports reflecting increasing demand overseas and a growth in personal consumption expenditures.

The Japanese economy succeeded in getting a little closer on track towards moderate or slow recovery. Exports increased under the above-mentioned favorable circumstances, encouraging an improvement in profitability of businesses. Oil prices, however, were hiked once again towards the end of the first half of the fiscal year under review and in fact, have cast an anxious shadow over the future of the world economy in general.

Under such circumstances, the Company continued to endeavor developing businesses positively on one hand and practicing further cost reductions and rationalization of the Company's whole activities on the other hand in accordance with our Management Plan, "New "K" LINE Sprit for 21." The overall bottom line at the close of the first half of the fiscal year under review is:

on a consolidated basis, operating revenues amounted to 274,989 million Yen and ordinary income amounted to 14,323 million Yen. Interim net income amounted to 1,210 million Yen after addition/deduction of a special account for profit and loss and deduction of corporate tax/inhabitant tax/enterprise tax, and addition/deduction of adjusted amount of corporate taxes and profit on minority interests.

No comparative figures with last year are available because up to September 30 last year, no interim settlement of accounting had yet been practiced on a consolidation basis.

Cash flow is as follows:

Cash flow from operating activities resulted in plus 21,091 million Yen from net income as of March 31, 2000 prior to adjustment of taxes etc. and depreciation/amortization.

Cash flow from investing activities resulted in minus 10,257 million Yen after purchase of vessels.

Cash flow from financing activities resulted in minus 11,291 million Yen from repayment of loans and obligations under finance leases.

As a result, cash and cash equivalent during the first half of the fiscal year under review decreased by 327 million Yen to 25,942 million Yen on a consolidation basis.

In terms of payment of an interim dividend per share, we would like your understanding that we

have decided to omit payment of an interim dividend per share in view of the following observations:

Business circumstances are still not yet transparent in market, foreign exchange and bunker prices for the second half of the fiscal year under review.

Furthermore, we are required to execute:

- a. Liquidation of a lump-sum amortization differential occurring at the time of change of the standards of retirement benefit accounting (half of the amortization during the first half with a 100% amortization on a full-year basis)
- b. settlement of losses in disposing of uneconomical ships (to be done during the second half)
- c. settlement of a special account for losses from sales of stock.

Business activities are outlined hereunder by segment:

1) Marine Transportation Segment

<Container Business>

Cargo movement continued to remain steady from Asia to North America and Europe. Meanwhile, cargo movement towards Asia got on track towards recovery, movements from Europe in particular being very positive. In the Atlantic services, we were successful in increasing our liftings and also tried to improve freight rates. "K" LINE's liftings also grew in the Inter-Asia service routes owing to timely efforts to keep up expansion of our service network in response to recovering cargo movements.

Owing to favorable cargo movements, we were successful in attaining the goals initially targeted in the service routes that were newly opened in April 2000 in tie-ups with COSCO Container Lines and Yangming Marine Transport Corporation: Asia/U.S. East Coast, Asia/Mediterranean and Mediterranean/U.S. East Coast.

Despite operational costs and expenses going up due to hikes in both bunker prices and charterage, we succeeded in our efforts to further develop business activities and reduce costs.

<Bulk Carrier and Car Carrier Business>

The dry bulk carrier markets proceeded with steadiness in general. The market for large bulk carriers had stayed rather favorable due to the increased carriage demand for iron materials incurred by the increase in production of crude steel powered by the recovering Asian economy. The market for medium bulk carriers also continued to be steady due to rippling effects of the favorable market for large bulk carriers and an increase in demand for grain in Asia. The market for small bulk carriers also showed a moderate recovery. However, effects of pushing up the market were partially offset by the hike in bunker prices.

In Car Carrier Business, exports from Japan to North America and Australia proceeded with steadiness

but those to Europe and the Middle East stayed low-key. Exports from Japan slightly fell under last year in volume. In the trades outside Japan, both exports from Thailand and Australia and exports to Mexico in the Atlantic increased as expected. Eventually, the total units of vehicles carried were beyond the corresponding term of last year. Although efforts continued to reinforce our fleet and pursue further operational efficiency, we were unfavorably influenced in the meanwhile by strong Japanese currency and the hike in bunker prices.

<Tanker and Energy Transportation Business>

The markets for oil tankers and oil-product carriers proceeded with steadiness due to positive cargo movements against the backdrop of a favorable world economy.

In terms of transportation of steaming coal for electric power companies, efforts were carried out to develop business in scale with a view to one new specialized carrier of an 88,000-dwt type placed into service during the term under review.

In Liquefied Natural Gas Carrier Services, the expanded fleet with a newbuilding named Al Jasra, tenth ship of the "Qatar Project," continued to perform smoothly and brought us stable profit.

<Coastal Shipping>

In terms of Tramp Business, we could constantly secure specialized carrier cargo such as limestone and coal. In the field of general-purpose ships, we also carried out positive business activity. As a consequence, we could make it possible to attain better results than anticipated.

With regard to Liner Business, specialized carriers for paper in rolls were put into service during the second half of last year, increasing their liftings. In the meantime, in the shuttle service between the Kanto area and Hokkaido, our initial goal could be reached thanks to circumstance whereby the Hokkaido economy showed signs of slight recovery.

With an eye to Ferry Business operations, one remarkable fact was that volume of refrigerated foods increased in the service between Hachinohe and Tomakomai. Number of passengers carried diminished following the eruption of Usu Mountain which discouraged travelers in that corridor, also a fare-discount offensive by rivals. In the service between Tokyo and Tomakomai, a super-fast cargo ferry was put into service, contributing to an increase in transportation of parcels. As other cargo failed to increase, however, we were unable to achieve our initial goal.

The bottom line of the Marine Transportation Segment resulted in operating revenues amounting to 224,775 million Yen with operating income of 16,822 million Yen.

2) Services Incidental to Transportation

Overall, domestic subsidiaries could experience an increase in operating revenues owing mainly to an increase in handling of export and import cargo. Contrary to that, overseas subsidiaries reduced operating revenues due to high appreciation of yen against the U.S. Dollar. The bottom line of this segment resulted in operating revenues amounting to 44,203 million Yen

and operating profit reaching 2,685 million Yen.

3) Others

Overall, operating revenues amounted to 6,010 million Yen whereas operating income was 700 million Yen.

(2) Outlook for the Second Half of the Fiscal Year under Review

We expect that overall business circumstances will be stable despite prevailing record high bunker prices, prospecting exchange rate of Yen against U.S.\$ will be 105 Yen, and bunker price be U.S.\$170.00 per ton. We forecast that on a full-year basis, operating revenues will be 550 billion Yen and ordinary income will be 26.5 billion Yen. Out of ordinary income, 14.5 billion Yen will be liquidated for the lump-sum amortization of differential occurring at the time of change of the standards of retirement benefit accounting. Eventually, net income is expected to be 2.5 billion Yen.

With respect to payment of an annualized dividend, we would like to increase the dividend 1.00 Yen and make it 5.00 Yen per share when the aforementioned targets are accomplished. We will continue doing our best to realize an increase in the dividend amount.

Your kind understanding of the above will be highly appreciated.

The End

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the years ended March 31, 2000 and half year ended September 30th 2000

ASSETS	(Millions of yen / Thousands of U.S. dollars)		
	March 31 st 2000	September 30 th 2000	September 30 th 2000
Current assets :			
Cash and time deposits	¥ 25,698	¥ 24,839	\$ 229,988
Marketable securities	46,399	2,060	19,071
Accounts and notes receivable - trade	47,808	51,763	479,286
Allowance for doubtful receivables	(917)	(440)	(4,073)
Fuel and supplies	6,479	7,223	66,881
Prepaid expenses and deferred charges	13,534	13,391	123,996
Deferred income taxes	579	1,561	14,449
Other current assets	8,501	11,642	107,800
Total current assets	148,081	112,039	1,037,398
Investments and long-term receivables :			
Investments in and advances to unconsolidated subsidiaries and affiliates	7,634	8,261	76,492
Investments in other securities	17,782	58,836	544,780
Long-term loans receivable	5,680	3,182	29,466
Other investment	12,040	11,907	110,253
Deferred income taxes	4,424	4,598	42,575
Allowance for doubtful receivables	(164)	(724)	(6,707)
Total investments and long-term receivables	47,396	86,060	796,859
Vessels, property and equipment :			
Vessels	434,337	459,836	4,257,740
Buildings and equipment	89,036	89,772	831,222
Accumulated depreciation	(259,293)	(273,114)	(2,528,837)
	264,080	276,494	2,560,125
Land	31,160	31,177	288,674
Construction in progress	12,103	6,333	58,642
Vessels, property and equipment net	307,343	314,004	2,907,441
Other assets	4,231	3,915	36,245
Translation adjustments	7,751	-	-
Total assets	¥ 514,802	¥ 516,018	\$ 4,777,943

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2000 and half year ended September 30th 2000

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

	March 31 st 2000	September 30 th 2000	September 30 th 2000
Current liabilities :			
Short-term loans	¥ 70,179	¥ 46,896	\$ 434,222
Current portion of long-term debt	31,268	42,085	389,671
Accounts and notes payable - trade	42,097	42,554	394,016
Deferred income	12,741	12,382	114,650
Current portion of obligations under finance leases	4,162	3,912	36,227
Deferred income taxes	278	11	100
Other current liabilities	10,813	14,214	131,613
Total current liabilities	171,538	162,054	1,500,499
Long-term liabilities :			
Long-term debt, less current portion	208,099	220,864	2,045,033
Allowance for employees' retirement benefit /Employees' retirement obligation	8,182	13,093	121,231
Retirement allowance for directors and statutory auditors	1,098	1,924	17,819
Accrued expenses for overhaul of vessels	2,099	2,306	21,354
Obligations under finance leases	36,876	35,660	330,183
Deferred income taxes	5,773	3,764	34,856
Other long-term liabilities	-	3,011	27,877
Total long-term liabilities	262,127	280,622	2,598,353
Minority interests in consolidated subsidiaries	7,005	7,201	66,679
Shareholders' equity :			
Common stock, ¥50 par value :			
Authorized 1,080,000,000 shares			
Issued 593,796,875 shares (2000)	29,690	29,690	274,906
Capital surplus	14,535	14,535	134,581
Retained earnings	30,085	28,802	266,683
Unrealized gain or loss on other marketable investment securities	-	693	6,419
Translation adjustments	-	(7,578)	(70,169)
Treasury stock, at cost	74,310	66,142	612,420
	(178)	(1)	(8)
Total Shareholders' equity	74,132	66,141	612,412
Total Liabilities and shareholders' equity	¥ 514,802	¥ 516,018	\$4,777,943

Consolidated Statements of Income and Retained Earnings

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2000 and half year ended September 30th 2000

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

	March 31 st 2000	September 30 th 2000	September 30 th 2000
Operating revenues :			
Freight and charter of vessels	¥ 398,602	¥ 228,650	\$2,117,130
Operating revenues other than shipping	87,091	46,339	429,067
Revenues total	485,693	274,989	2,546,197
Operating expenses :			
Expenses, other than depreciation, for vessels	301,294	194,417	1,800,153
Depreciation of vessels	22,608	12,008	111,187
Cost of operating revenues	87,840	24,636	228,116
Selling, general and administrative expenses	47,134	24,034	222,533
Operating expenses total	458,876	255,095	2,361,989
Operating income	26,817	19,894	184,208
Other income and (expenses)			
Interest and dividends income	2,100	791	7,326
Interest expenses	(11,591)	(5,754)	(53,274)
Others, net	(6,634)	(12,523)	(115,958)
Other income and (expenses) total	(16,125)	(17,486)	(161,906)
Income before income taxes	10,692	2,408	22,302
Income taxes			
current	4,855	4,791	44,362
deferred	(1,199)	(3,795)	(35,138)
	3,656	996	9,224
Minority interest	193	202	1,874
Net income	6,843	1,210	11,204
Retained earnings at beginning of the period	25,588	30,085	278,566
Cumulative effect of a change in accounting principle(*)	(862)	-	-
As adjusted	24,726	30,085	278,566
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	47
Cash dividends	(1,754)	(2,372)	(21,964)
Bonuses to directors and statutory auditors	(110)	(126)	(1,170)
Retained earnings at end of the period	¥ 30,085	¥ 28,802	\$ 266,683

(*)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 for the year ended March 31, 2000 and half year ended September 30th 2000

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

	March 31 st 2000	September 30 th 2000	September 30 th 2000
Cash flows from operating activities :			
Income before income taxes	¥ 10,692	¥ 2,409	\$ 22,302
Adjustments to reconcile income before income taxes to net cash provided by operating activities :			
Depreciation	29,753	15,418	142,757
Allowance for employees' retirement benefit/ Retirement obligation	887	3,813	35,308
Retirement allowance for directors and statutory auditors	-	1,924	17,819
Interest and dividends income	(2,100)	(791)	(7,326)
Interest expenses	11,591	5,754	53,274
Devaluation of marketable securities	559	1,133	10,488
Decrease (increase) in accounts and notes receivable - trade	4,013	(3,828)	(35,448)
Exchange difference	2,521	1,110	10,283
Increase in accounts and notes payable - trade	3,108	362	3,356
Others, net	(1,265)	1,667	15,433
Sub-total	59,759	28,971	268,246
Interest and dividends received	1,280	772	7,151
Interest paid	(11,759)	(5,667)	(52,471)
Payments for income taxes	(4,665)	(2,984)	(27,633)
Net cash provided by operating activities	44,615	21,092	195,293
Cash flows from investing activities :			
Payment for vessels, property and equipment	(39,937)	(22,757)	(210,710)
Proceeds from sale of vessels, property and equipment	5,024	9,831	91,023
Others, net	(2,671)	2,669	24,713
Net cash used in investing activities	(37,584)	(10,257)	(94,974)
Cash flows from financing activities :			
Proceeds from loans	67,082	48,228	446,559
Repayments of loans and obligations under finance leases	(87,753)	(62,325)	(577,085)
Proceeds from issuance of bonds	10,922	5,000	46,296
Others, net	(1,745)	(2,195)	(20,323)
Net cash used in financing activities	(11,494)	(11,292)	(104,553)
Effect of exchange rate changes on cash and cash equivalents	(1,403)	130	1,206
Net decrease in cash and cash equivalents	(5,866)	(327)	(3,028)
Cash and cash equivalents at beginning of the period	31,371	25,968	240,441
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	463	301	2,793
Cash and cash equivalents at end of the period	25,968	25,942	240,206

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2000 and half year ended September 30th 2000

ASSETS

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

	March 31 st 2000	September 30 th 2000	September 30 th 2000
Current assets :			
Cash and time deposits	¥ 8,801	¥ 7,240	\$ 67,038
Marketable securities	42,626	0	0
Accounts and notes receivable - trade	28,402	31,873	295,123
Allowance for doubtful receivables	(469)	(124)	(1,148)
Fuel and supplies	5,208	5,861	54,269
Prepaid expenses and deferred charges	13,201	13,885	128,566
Other current assets	3,865	5,151	47,688
Total current assets	101,634	63,886	591,536
Investments and long-term receivables :			
Investments in and advances to unconsolidated subsidiaries and affiliates	37,519	36,351	336,578
Investments in other securities	6,667	46,569	431,199
Long-term loans receivable	2,524	2,350	21,757
Other investments	5,965	5,640	52,223
Allowance for doubtful receivables	(125)	(310)	(2,867)
Total investments and long-term receivables	52,550	90,600	838,890
Vessels, property and equipment :			
Vessels	161,416	165,480	1,532,221
Buildings and equipment	10,743	10,928	101,191
Accumulated depreciation	(108,578)	(112,124)	(1,038,187)
	63,581	64,284	595,225
Land	18,520	18,520	171,480
Construction in progress	3,808	1,622	15,022
Vessels, property and equipment net	85,909	84,426	781,727
Other assets	2,185	2,051	18,990
Total assets	¥ 242,278	¥ 240,963	\$ 2,231,143

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 1999 and 2000 and half year ended September 30th 2000

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

	March 31 st 2000	September 30 th 2000	September 30 th 2000
Current liabilities :			
Short-term loans	¥ 29,070	¥ 16,898	\$ 156,469
Current portion of long-term debt	25,197	24,402	225,944
Accounts and notes payable - trade	28,801	29,534	273,461
Deferred income	10,042	10,911	101,028
Deferred income taxes	92	0	0
Other current liabilities	4,220	5,567	51,546
Total current liabilities	97,422	87,312	808,448
Long-term liabilities :			
Long-term debt, less current portion	81,079	85,848	794,887
Allowance for employees' retirement benefit /Employees' retirement obligation	1,645	4,006	37,091
Retirement allowance for directors and statutory auditors	0	921	8,530
Accrued expenses for overhaul of vessels	1,435	948	8,777
Deferred income taxes	1,722	3,165	29,311
Total long-term liabilities	85,881	94,888	878,596
Shareholders' equity :			
Common stock, ¥50 par value :			
Authorized 1,080,000,000 shares			
Issued 585,501,874 shares (1999)	29,690	29,690	274,906
593,796,875 shares (2000)			
Capital surplus	14,535	14,535	134,581
Legal reserve	1,993	2,236	20,707
Special reserve	7,493	7,629	70,636
Retained earnings	5,264	4,451	41,215
Unrealized gain or loss on other marketable investment securities	0	222	2,054
Total Shareholders' equity	58,975	58,763	544,099
Total Liabilities and shareholders' equity	¥ 242,278	¥ 240,963	\$ 2,231,143

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 1999 and 2000 and half year ended September 30th 2000

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

	March 31 st 2000	September 30 th 2000	September 30 th 2000
Revenues :			
Freight and charter of vessels	¥ 362,030	¥ 208,529	\$ 1,930,827
Revenues total	362,030	208,529	1,930,827
Operating expenses :			
Expenses, other than depreciation, for vessels	325,066	184,972	1,712,703
Depreciation of vessels	6,465	3,415	31,621
General and administrative expenses	13,689	6,841	63,345
Operating expenses total	345,220	195,228	1,807,669
Operating income	16,810	13,301	123,158
Other income and (expenses)			
Interest and dividends income	2,757	1,379	12,772
Interest expenses	(4,388)	(2,266)	(20,982)
Others, net	(8,452)	(9,145)	(84,673)
Other income and (expenses) total	(10,083)	(10,032)	(92,883)
Income before income taxes	6,727	3,269	30,275
Income taxes	2,684	1,268	11,745
Net income	¥ 4,043	¥ 2,001	\$ 18,530

A ccounting 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 September 30, 2000, 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, September 30, 2000.

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."