

Financial Highlights

Brief Report for 3rd Quarter FY2003

16 February 2004

Kawasaki Kisen Kaisha, Ltd.

1-1. Financial Highlights for 3Q 2003F

(Consolidated/Non-consolidated basis)

(unit: billion yen)

		03F 1H (Result) (A)	03F 3Q (Result) (B)	Accumulated (A)+(B)	02F (1Q-3Q)	Comparison (ratio)
Operating Revenues	Consoli	362.1	175.7	537.8	473.2	+13.7%
	Non	295.0	141.4	436.4	373.4	+16.9%
Operating income	Consoli	34.3	15.7	50.0	20.4	+145.7%
	Non	28.2	11.0	39.2	13.7	+186.1%
Ordinary income*	Consoli	30.4	13.6	44.0	15.4	+186.6%
	Non	25.1	9.8	34.9	10.6	+229.2%
Net income	Consoli	15.9	5.8	21.7	—	—
	Non	12.5	4.6	17.1	—	—
Exchange Rate	Average	¥ 119.24	¥ 109.83	¥ 116.13	¥ 123.42	+5.9%
Bunker Price	Average	\$ 171.06	\$ 168.36	\$ 170.13	\$ 155.25	+9.6%

* Ordinary income is income before income taxes and extra-ordinary items

1-2. Business Environment for 3Q 2003F

(Global Economy)

- U.S.: Earlier end of the Iraq War, Stock price recovery,
Positive tendency in the economy
- E.U.: Rather weak economic tendency, but cargo movement positive
- Japan : Slight picking up from the bottom
- Other Asia: Limited effect from SARS, Rapid growth in China

(Our business)

- Fuel-oil price staying higher
- Steep rise in value of Japanese Yen against U.S. Dollar from mid-September
- Positive container movements in various trades
- Freight restoration in container services realized in Asia-North America/ Europe, and trans-Atlantic trade
- Bulkier and tanker market positive
- PCTC increase in volume for Middle East and Australia

1-3. Trend of Division-wise Results 3Q 2003F (for Container Business)

Container: In line with prospect*

(Loaded cargo volume: 1.55(3Q'02F)>>>1.71mil. TEU(3Q'03F)(+11%))

- Favorable cargo volume in Asia-North America/Europe trades mainly from China
- Positive container movements in every trade of Asia-North America/Europe, and inter-Asia
- Freight restoration in container services realized in Asia-North America/Europe, and trans-Atlantic trades
- Reinforcement in Asia-Mediterranean Sea trade (April)
- Fuel-oil price staying higher, Steep rise in value of Japanese Yen against U.S. Dollar

*Prospect is as of 17 November 2003 upon announcement of 1H 2003F financial close

1-4. “K”Line Container Loading Volume

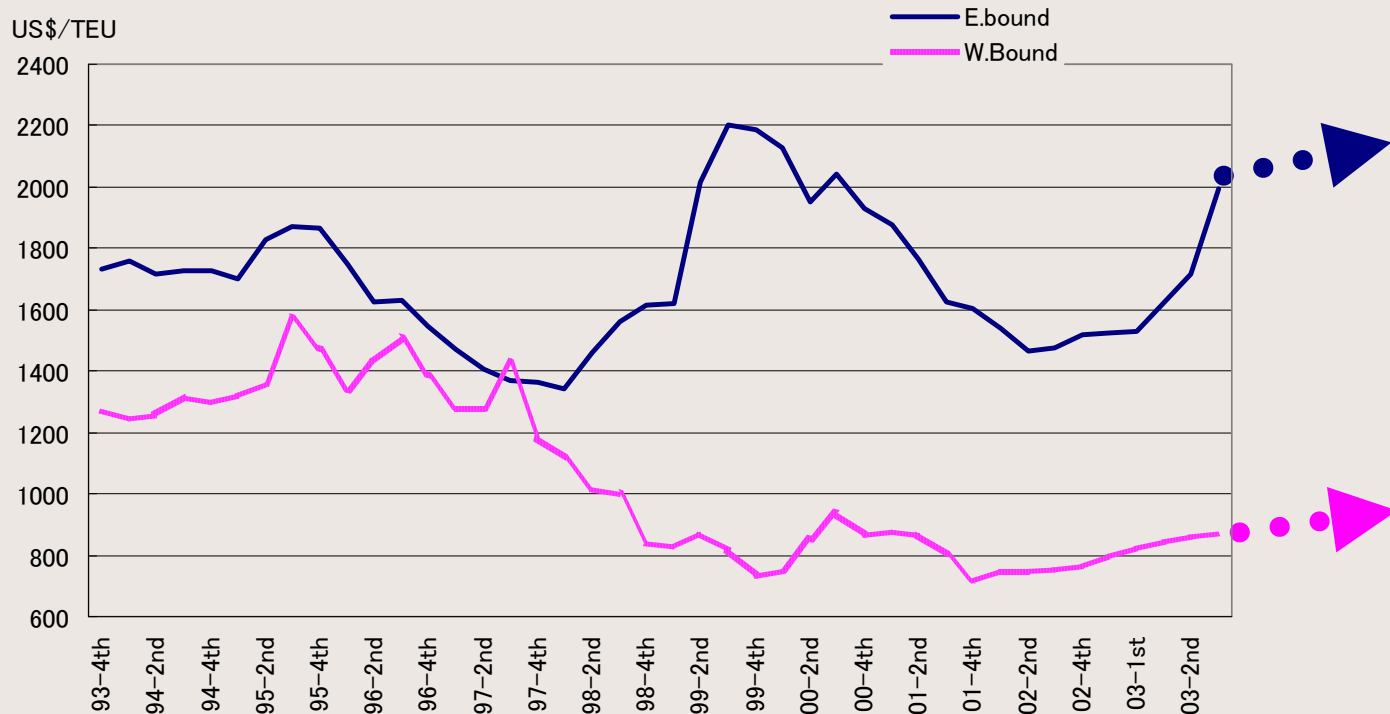
(Unit;1000TEU)	E/W Bound	2002F 1H	02F 3Q	02F(1Q-3Q)	02F Yearly	03F 1H	03F 3Q	03F(1Q-3Q)	Comparison (ratio)
Asia/N.America	E/Bound	238	110	348	462	261	120	381	9.5%
	W/Bound	104	58	162	220	109	57	166	2.4%
		342	168	510	682	370	177	547	7.2%
Asia/Europe*	E/Bound	147	75	222	300	179	87	266	20.0%
	W/Bound	102	57	159	217	110	67	177	11.1%
		249	132	381	517	289	154	443	16.3%

Load Factor(%)	E/W Bound	2002F 1H	02 3Q	02F(1Q-3Q)	02F Yealy	03F 1H	03年3Q	03F(1Q-3Q)	Comparison (1Q-3Q)
Asia/N.America	E/Bound	94.5%	90.2%	93.1%	92.6%	94.2%	85.5%	91.3%	-1.8%
	W/Bound	53.3%	68.2%	58.6%	60.4%	58.0%	59.4%	58.5%	-0.1%
		76.5%	81.2%	78.0%	79.0%	79.6%	74.9%	78.0%	0.0%
Asia/Europe	E/Bound	91.9%	86.2%	90.0%	90.6%	94.2%	85.9%	91.3%	1.3%
	W/Bound	80.3%	82.6%	81.1%	82.5%	75.0%	88.3%	79.6%	-1.5%
		86.8%	84.6%	86.0%	86.9%	85.9%	87.0%	86.2%	0.2%

*Cargo from/to India is excluded

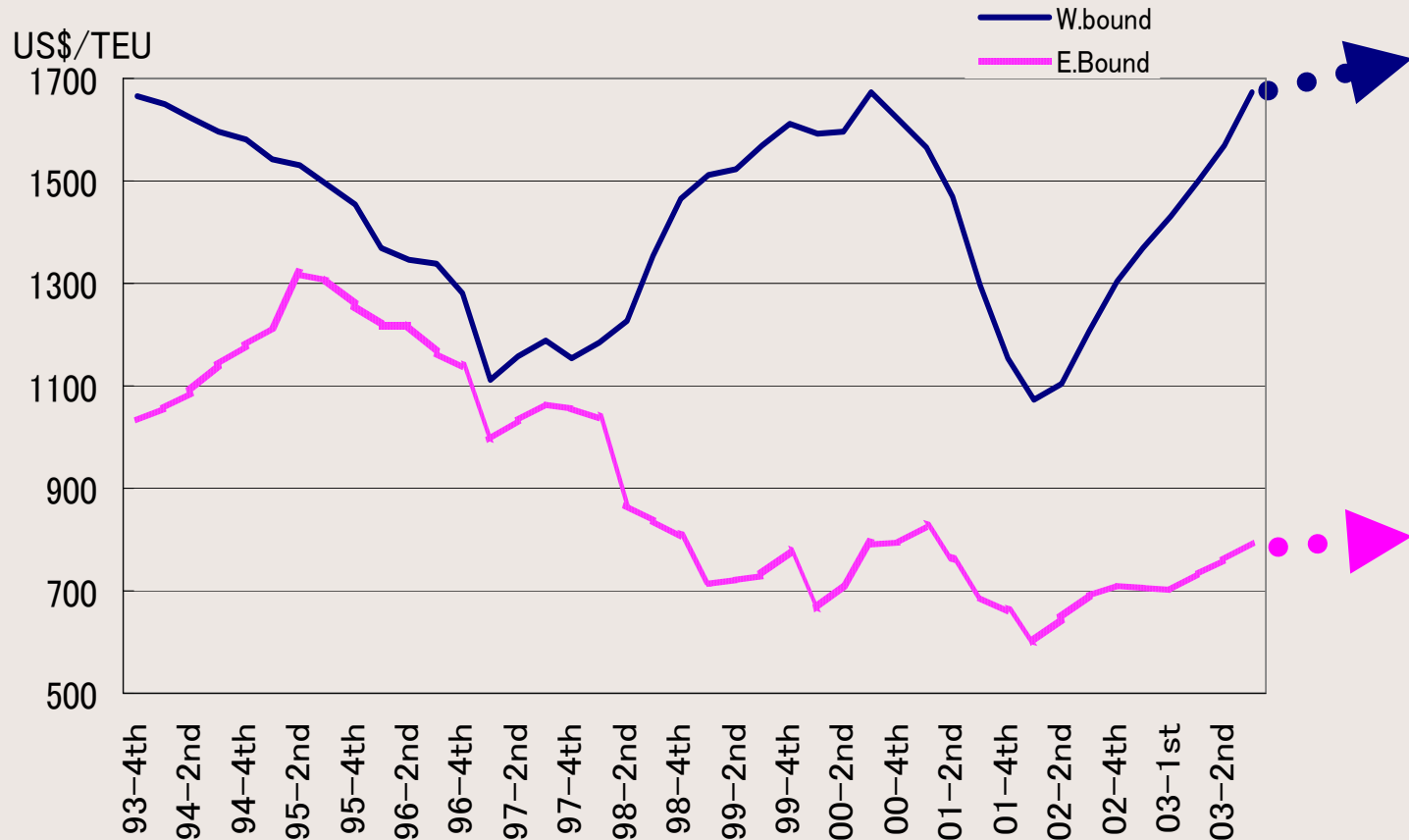
1-5. Trend of Average Container Freight (Asia-North America Trade)

(Data: CONTAINERIZATION INTERNATIONAL)



“K”Line Average Freight (Apr-Dec 03) up 30% from previous year

1-6. Trend of Average Container freight (Asia-Europe Trade) (Data: Containerization International)



“K”Line Average Freight (Apr-Dec 03) up 38% from previous year

1-7. Trend of Division-wise Results 3Q 2003F (for Bulker & Car Carrier Service)

Bulker & Car Carrier: 3Q result exceeded prospect*

Bulker : Market freight level is high

Remarkable increase in tonnage of every type of bulker,
from 'Cape-size', 'Panamax' to 'small handy'

Efficient ship deployment

(Operating Tonnage : 86.11 (3Q'02F) >>>101.19mil.tons (3Q'03F) (+18%))

Car Carrier: Decreased volume carried for U.S.A. from both Far East
and Europe

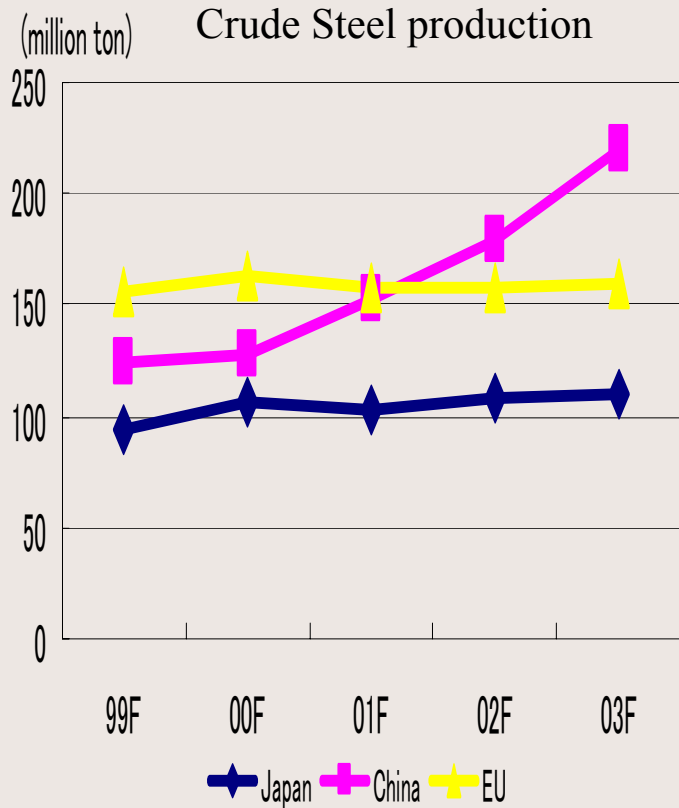
Positive cargo movement in Far East-Middle East/Australia
trade

Operational cost reduction with efficient ship deployment

(Units carried: 1206 (3Q'02F) >>>1253 thousand units (3Q'03F) (+4%))

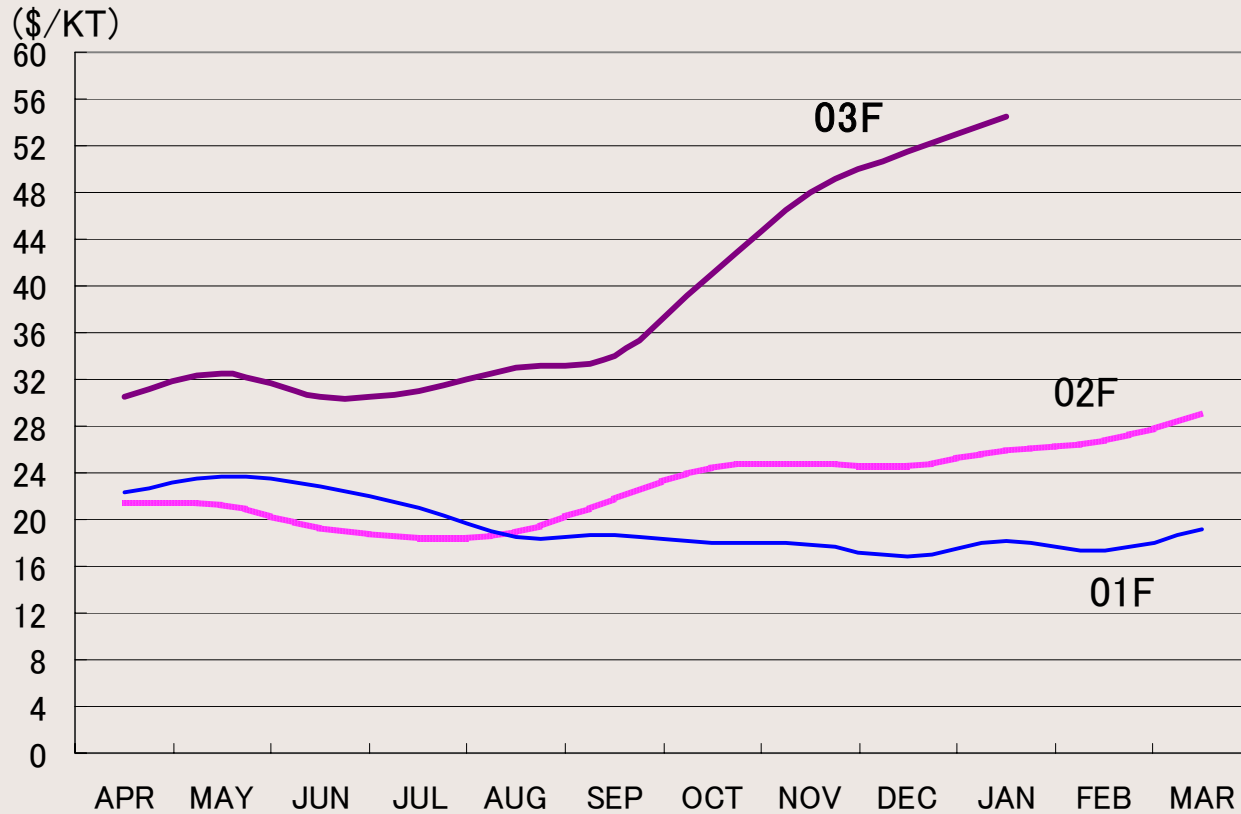
*Prospect is as of 17 November 2003 upon announcement of 1H 2003F financial close

1-8. Crude Steel Output & Iron Ore Import

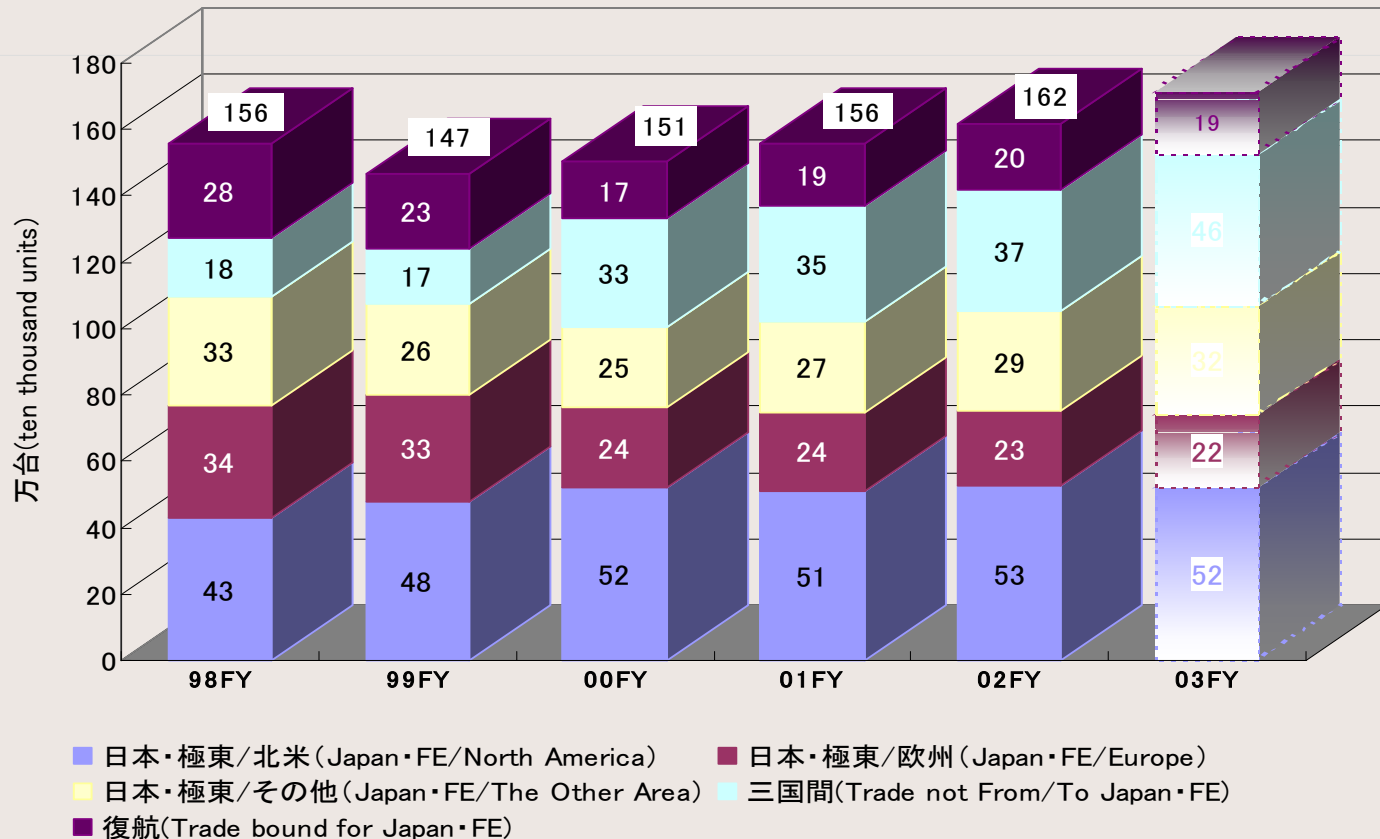


1-9. Bulker Market

PANAMAX US GULF/ JAPAN GRAIN



1-10. Transition of Cars/Trucks Transported by PCTC



(02F 1Q-3Q: 120.6 ten thousand units ⇒ 03F 1Q-3Q: 125.3 ten thousand units)

(Japan, FE/North America) 39.2 ten thousand units (▲10.7%), (Japan, FE/Europe) 16.7 ten thousand units (▲3.6%), Others 21.9 ten thousand units (+18.6%), (Trade not From/To Japan, FE) 27.5 ten thousand units (+22.9%), (Trade bound for Japan, FE) 15.2 ten thousand units (▲5.7%)

1-11. Trend of Division-wise Results 3Q 2003F (for Energy Transportation)

Energy Transportation : much improvement

-LNG Carrier: The already contracted projects went on so well.

(Operating Tonnage : 4.15(3Q'02F) >>> 4.15 mil.tons(3Q'03F) (flat))

-Thermal Coal Carrier: Increase of cargo volume with newly built vessels; Short-term chartered vessels in some trades under longer term freight contracts cause loss due to hike in charterage

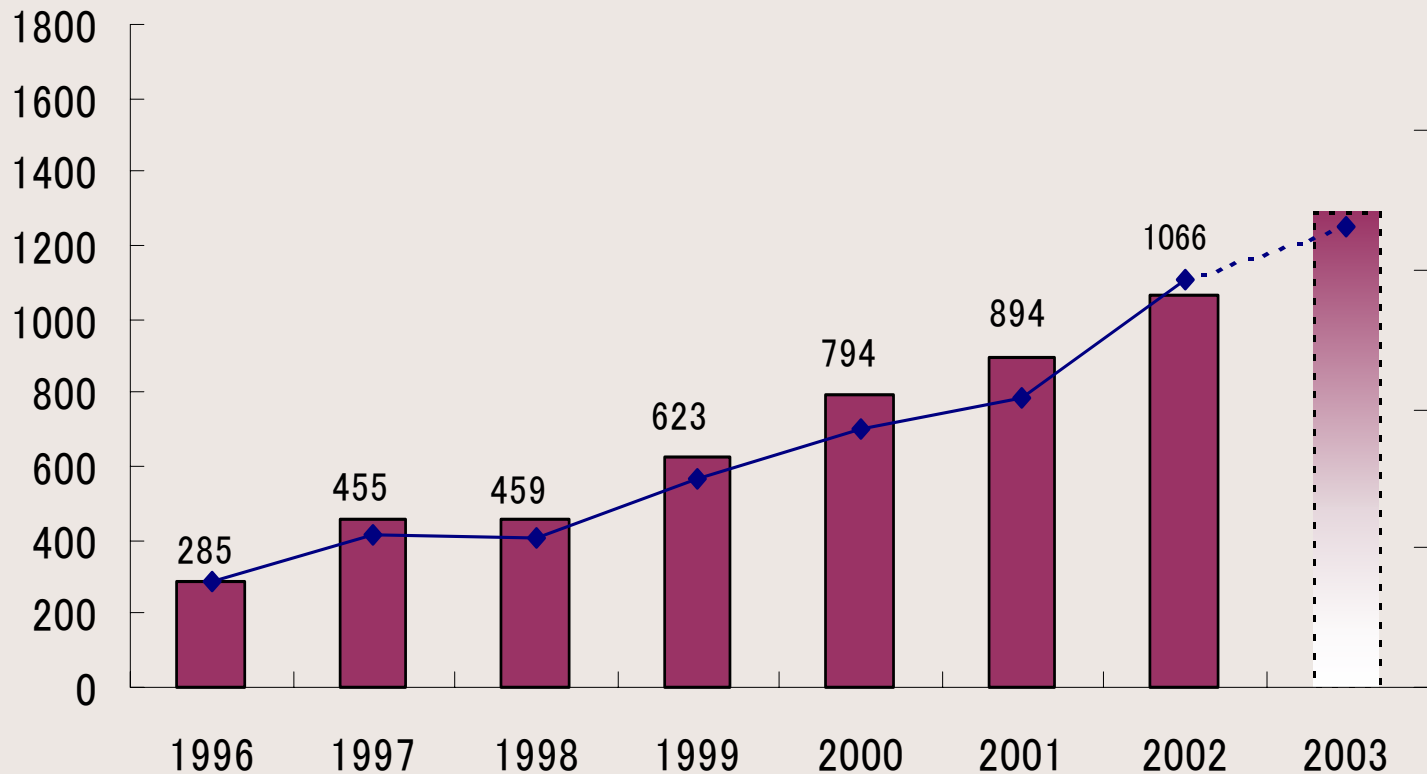
(Operating Tonnage : 9.17(3Q'02F) >>> 11.08 mil.tons(3Q'03F) (+21%))

-Tanker: Business in general proceeded with stability despite experiencing a short period of adjustment

(Operating Tonnage : 17.19(3Q'02F) >>> 18.82 mil.tons(3Q'03F) (+10%))

1-12. Transition of “K”Line’s Loaded Result of Thermal Coal for Domestic Power Plants

(unit:ten thousands tons)

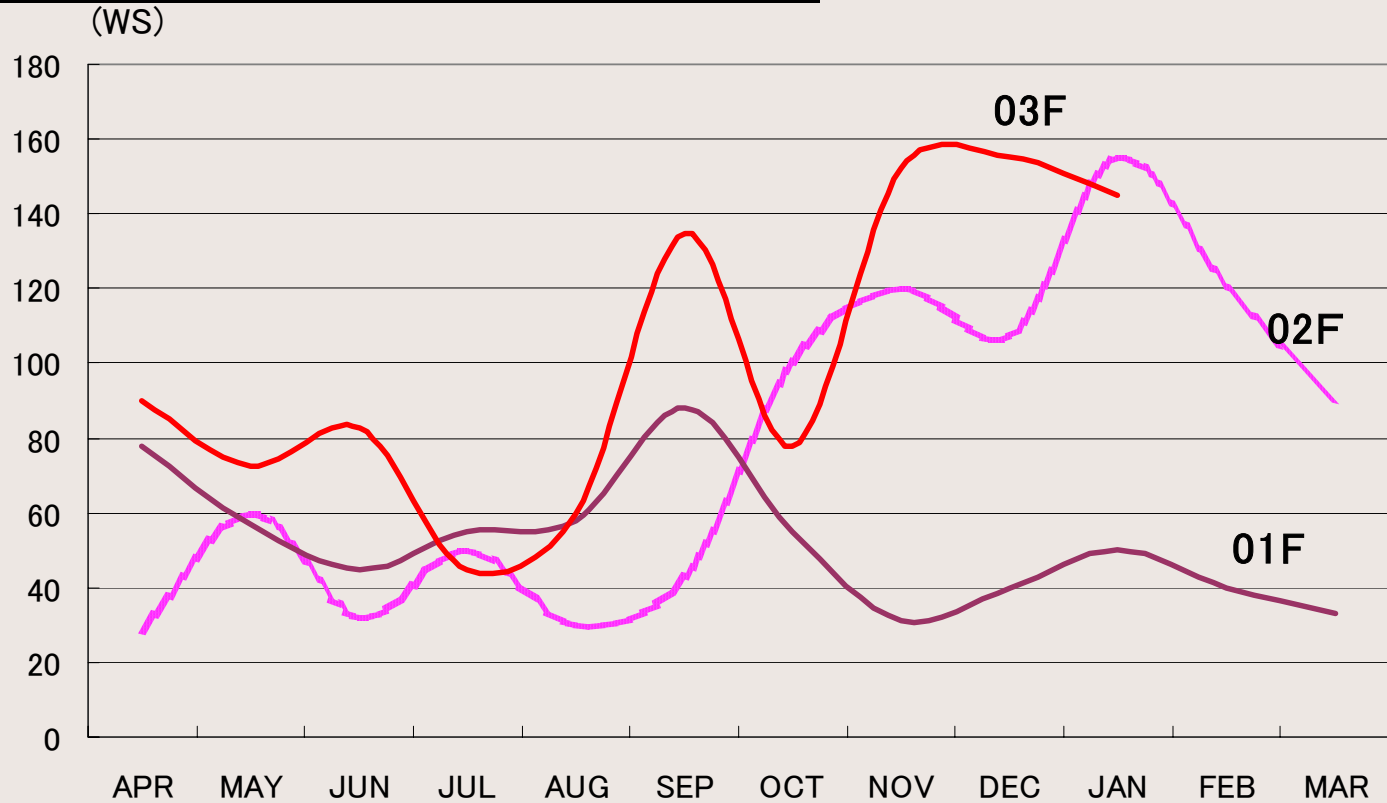


■ K Line Lifting

◆ Increase ratio of overall cargo movement in Japan(1996 result=1)

1-13. Tanker Market

Tanker Market(VLCC Arabian Gulf / Japan)



1-14. Trend of Division-wise Results 3Q 2003F (for Consolidated Subsidiaries)

- Short Sea/Coastal Shipping:
 - Efficient ship deployment
 - Increase of cargo volume
- Services Incidental to Transportation:
 - Stable with increased container volume

2-1. Prospect for 2003F (Consolidated/Non-consolidated basis)



(unit: billion yen)

		03F 3Q	03F 4Q	FY2003 Revised prospects (a)	FY2003 Previous prospects**(b)	FY2002 Results (c)	Compari- -son (a)-(c)
		Results	Prospects				
Operating Revenues	Consoli	537.8	169.2	707.0	700.0	632.7	+74.3
	Non	436.4	133.6	570.0	565.0	499.8	+70.2
Operating Income	Consoli	50.0	15.0	65.0	60.0	29.3	+35.7
	Non	39.2	10.8	50.0	47.0	19.8	+30.2
Ordinary Income*	Consoli	44.0	12.0	56.0	53.0	23.7	+32.3
	Non	34.9	10.1	45.0	43.0	16.4	+28.6
Net Income	Consoli	21.7	7.3	29.0	30.0	10.4	+18.6
	Non	17.1	4.9	22.0	21.0	6.5	+15.5
Dividend	Non	¥5.00	¥5.00	¥10.00	¥10.00	¥5.00	+¥5.00
Exchange Rate	Average	¥116.13	¥105	¥113.33	¥115	¥122.29	+¥8.29
Bunker Price	Average	\$170.13	\$170	\$170.12	\$166	\$161.60	+\$8.4

*Ordinary income is income before income taxes and extra-ordinary items.

** Prospect is as of 17 November 2003 upon announcement of 1H 2003F financial close

-Precondition for 4Q : Exchange rate ¥105/\$(1Yen/\$ up/down >>>-+0.2Bil Yen, Bunker Price \$170/Kton (\$10/Kton up>>>0.6Bil.Yen loss)

-Market Fluctuation (Non-Consolidated results) : Container Freight \$10 up/down>>>+0.3Bil Yen、 Bulker 16 Freight10% up/down >>>+/-0.1Bil. Yen, Tanker WS10>>> +0.1 Bil. Yen

2-2. Trend of Division-wise Prospects for Fiscal 2003

- Unfavorable Factors for all divisions: hike in bunker-oil price, More rise in value of Yen against U.S. Dollar
- Containership: Efficient vessel operation along with demand, Further cost reduction by service reorganization, etc,
Cargo volume and revenues sharply increasing in accordance with freight rate restoration.
Worried negative impact of BSE will have turned out to be rather slighter than anticipated

>>>>3Q result exceed FY2002 achievement

- Bulk/Car Carriers:(Bulk) Stable bulk market in high level
(Car Carrier)Increased cargo movement in Middle East and Australia trade

>>>>Better than FY2002 achievement

- Energy Transport: Upward trends in Oil Tanker market

>>>>Better than FY2002 achievement

2-3. Breakdown on Cash Flows, Investment

	Result in 2001	Result in 2002	Prospect 2003(Yearly)
I n v e s t m e n t	31.4	26.8	59.4
Vessel	23.8	7.0	40.3
Others	7.6	19.8	19.1
(Non-consolidated)	12.0	4.5	14.0
Operating Cash Flow	33.1	32.9	67.0
(D e p r e c i a t i o n)	(33.3)	(29.5)	(24.5)
Investment Cash Flow	-18.5	-23.7	-47.0
Free Cash Flow	14.6	9.2	20.0

Summary of KV-PLAN

1. Numerical Targets
2. Fundamental Assignments

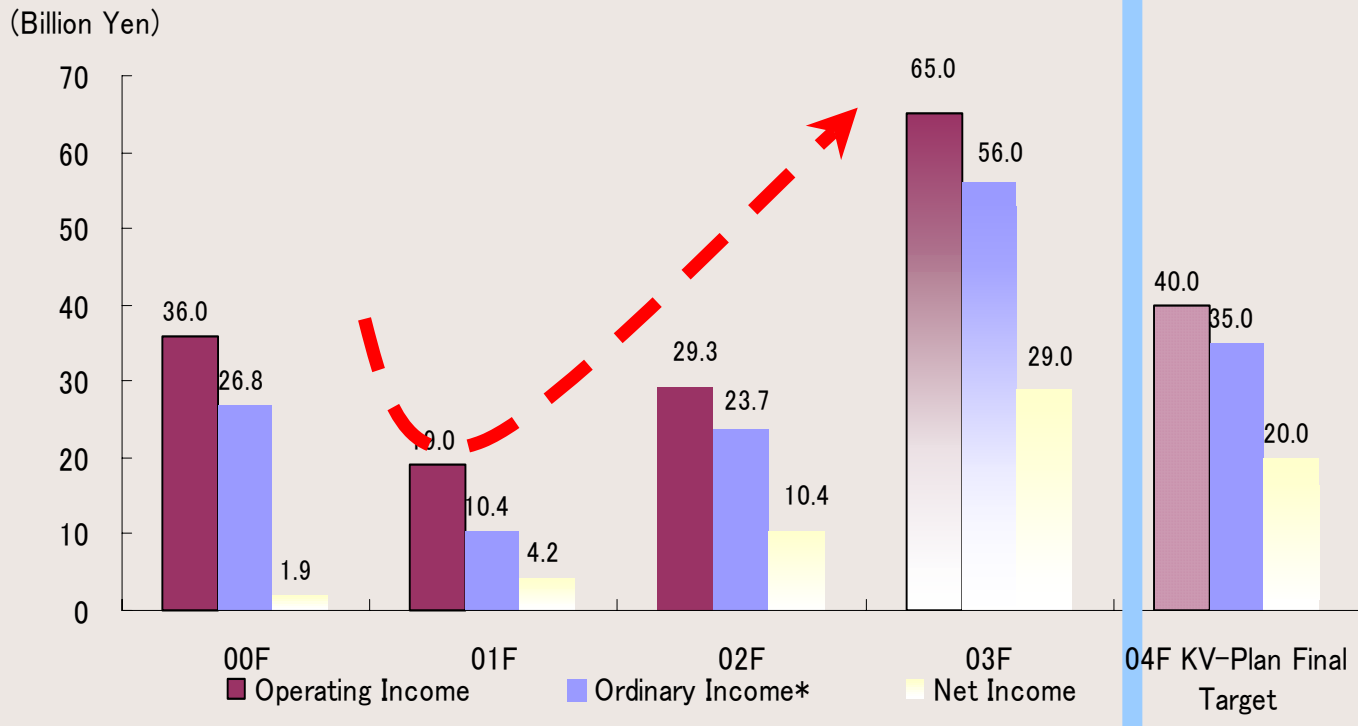
1-1. Updated Status of KV-Plan

(unit: billion yen)

		Result for 2002F	Prospect for 2003F	KV-Plan for 2004F	KV-Plan achievement ratio
Exchange Rate	/US\$	¥122	¥114	¥130	+¥16
Bunker Price	/MT	\$162	\$170	\$130	+\$40
Non-Consolidated	Revenues	499.8	570.0	500.0	114%
	Operating Income	19.8	50.0	27.0	185%
	Ordinary Income*	16.4	45.0	24.0	188%
	Net Income	6.5	22.0	13.0	169%
Consolidated	Revenues	632.7	707.0	650.0	109%
	Operating Income	29.3	65.0	40.0	163%
	Ordinary Income*	23.7	56.0	35.0	160%
	Net Income	10.4	29.0	20.0	145%

The revised prospects for FY2003 exceed the final targets set for FY2004, the final year of “KV-Plan” for all main P/L items, prevailing over exchange loss and a hike in bunker price compared to original plan

1-2. Transition of Consolidated Income



* Ordinary income is income before income taxes and extra-ordinary items

1-3. Transition of “KV-Plan”

Numerical Targets on Consolidated basis

(Unit: Billion Yen)

	2 0 0 1 F R e s u l t s	2 0 0 2 F R e s u l t s	2 0 0 3 F <i>Prospects</i>	K V - P l a n Final targets	KV-Plan Achievement ratio
Operating Revenue	571.0	632.7	707.0	650.0	+57.0
Ordinary income*	12.0	23.7	56.0	35.0	+21.0
Shareholders' Equity	77.7	82.0	114.0	110.0	+4.0
Interest Bearing L i a b i l i t i e s	335.6	306.6	290.0	275.0	-15.0
R O E	6.5%	13%	30%	19%	+11%
R O A	2.3%	4.5%	10%	7%	+3%
Equity Ratio	14.6%	15.9%	21%	22%	-1%
Cash Flows From Operating Activities	33.1	32.9	67.0	55.0	+12.0
Free Cash Flow	14.6	9.2	20.0	20.0	-
Interest Bearing Liability Ratio	79.8%	77%	70%	70%	- %

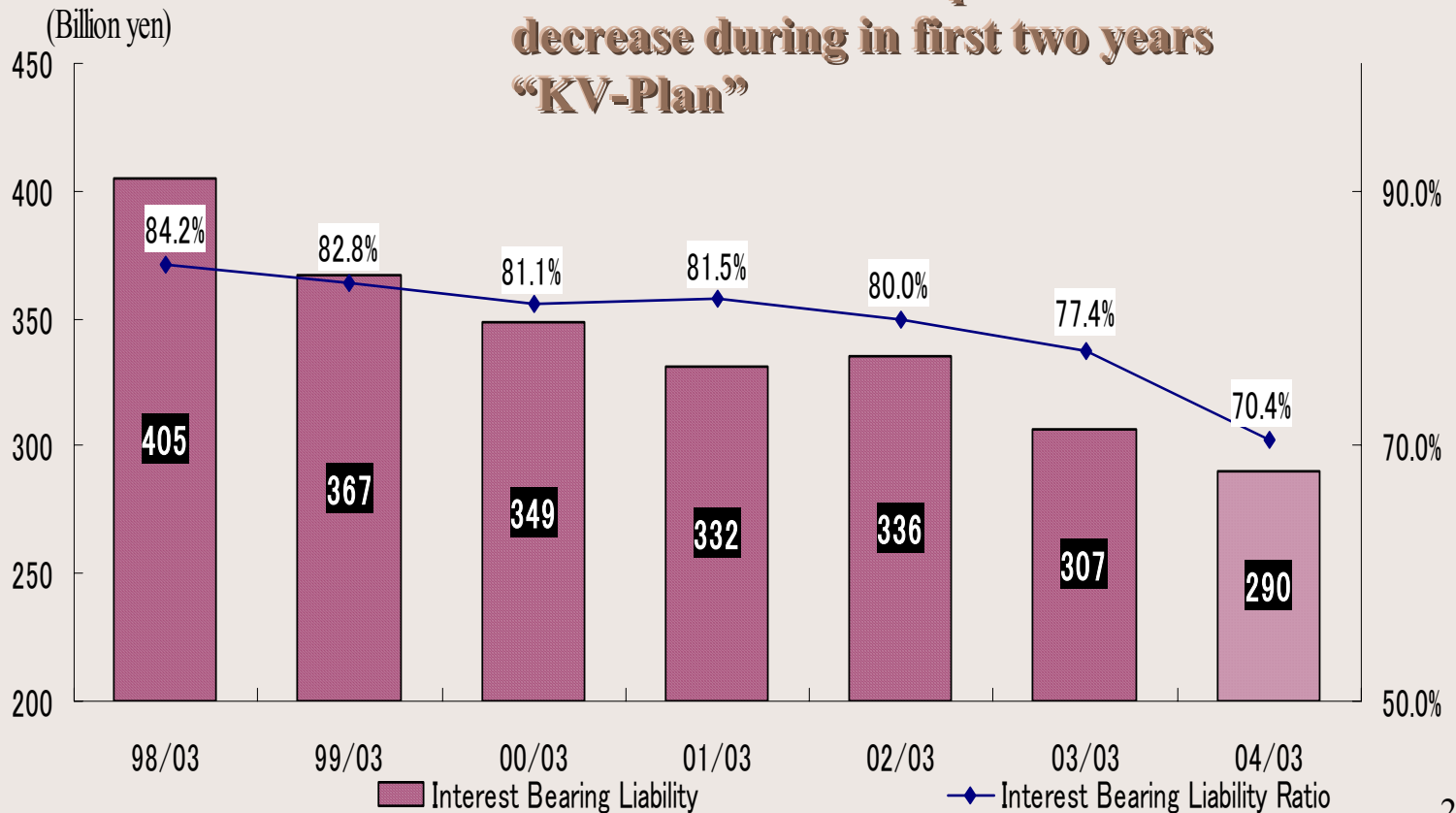
*Ordinary income is income before income taxes and extra-ordinary items

Most of B/S targets are being achieved. Equity ratio will reach 20%.

Due to additional investment, Interest Being Liabilities have not touched final target, but steadily decreased.

1-4. Transition of Interest Bearing Liability (Consolidated basis)

**45.6 Billion Yen is expected to decrease during in first two years
“KV-Plan”**



1-5. Prospects on ‘CS-300’ Cost Curtailment Plan

(Total cost reduction target in 3 years of “KV-Plan”:30 Billion Yen)

(unit: Billion Yen)

Cost saving items	FY2002	FY2003	Total
Vessel cost reduction	6.5	2.4	8.9
Service rationalization(fixed cost reduction per box)	5.8	1.0	6.8
Various cargo charges reduction	5.7	3.6	9.3
Service rationalization(increase of slot exchange)	2.6	0	2.6
Subsidiary company's various cost reduction	1.0	0.6	1.6
Administrative cost reduction	1.1	0.6	1.7
Container equipment related cost reduction	0.7	1.1	1.8
Total	23.4	9.3	32.7
(Division wise result/prospect)			
Container Business(Inc.overseas subsidiaries)	16.8	6.9	23.7
Others(Inc.overseas subsidiaries)	5.0	1.2	6.2
Subsidiaries in Japan	1.6	1.2	2.8

We will have achieved more than 30 Billion yen by the end of the 2nd year.

2. Achievement evaluation of KV-Plan Fundamental Assignments

<Fundamental Assignments>

1. **Further strengthening of Company's overall financial aspects through cost reductions and profitable use of IT, etc.**
2. **Enhancement of those aspects of globalization that are firmly based on regional communities and are consistent with the pursuit of business synergy among different business sectors.**
3. **Redoubling efforts for implementing logistics business.**
4. **Pursuit of technical innovations in marine transport, perfection of safety in navigation/cargo operations and contributing to environmental preservation.**
5. **Strengthening of corporate governance aiming at more transparency and greater effectiveness in management.**

2-1. <Fundamental assignment No.1 of KV-Plan>

Further strengthening of Company's overall financial aspects through cost reductions and profitable use of IT, etc.

- Cost reduction and strengthening of Company's overall financial aspects are as aforesaid
- To promote BPR(Business Process Reengineering) and shared-services through efficient use of IT
Joint development and utilization of vessel operation and total logistics systems
- Enhancement of core operating system
Start of container's new working system, global application network
"GAPP"(April,2002)
- Strengthening of Global Network
Establishment of "K" Line Global Systems, Inc.at U.S.A (Sep, 2002) as key basis of designing and implementing global IT strategy
- Support for global extension of total logistics services with intensive use of IT
Development of VMS(Visibility Management System) for customers to establish integrative management of total logistics

2-2. <Fundamental assignment No.2 of KV-Plan>

Enhancement of those aspects of globalization that are firmly based on regional communities and are consistent with the pursuit of business synergy among different business sectors.

- Establishment of “K” Line(Japan)Ltd.as”K”Line’s general agent in Japan to strengthen mainly containership business activities.(Oct,2002)
- Starting short sea car carrier services in Europe by our own flags.(Jun,2003)
Making joint venture agreement with China Shipping.(Nov,2003)
- Opening a Business Base in Europe (at London) for Bulk/Energy Transport targeting business expansion in trans-Atlantic and Mediterranean Sea.(Jul,2002)
- Opening Business Base in U.S. for Natural Gas Transport Services(May,2003)
- “K” Line Pte Ltd., Singapore taking over Aframax-type crude oil tanker business and keep expansion with its bulker businesses

2-3. <Fundamental assignment No.3 of KV-Plan> Redoubling efforts for implementing logistics business

- Capital rebinding of domestic logistic companies to KBHS
- Establishment of “K” Line Total Logistics, LLP(KLTL), in U.S.A.(Jun,2002) to strengthen SCM mainly in N.America.
- New service logo for “K” Line Total Logistics, LLP(KLTL) was announced.(Jan,2003)
- “K” Line (Thailand) Ltd. and PT “K” Line Total Logistics Indonesia(KTLI) Ltd. Group Starts One-Stop Service for Total Logistics in Thailand(Jul,2002) and Indonesia(Mar,2003)
- New logistics J/V company established in Indonesia (May,2003)
- Governmental Permission obtained to establish new logistics J/V company in Shanghai(Nov,2003)

2-4. <Fundamental assignment No.4 of KV-Plan>

Pursuit of technical innovations in marine transport, perfection of safety in navigation/ cargo operations and contributing to environmental preservation.

- Participation in joint development project of Compressed Natural Gas marine transport in associational with EnerSea Transport and Hyundai Heavy Industries, and achievement of “Class Approval in Principle” from ABS (American Bureau of Shipping, major milestone for commercialization.)(May 2003)
- Issue of “Environmental Report 2003”(Aug, 2003)
- Tanker fleet heading for 100% double hull with selling the last single hull tanker(Sep,2003)
- Simulated accident of tanker vessel carried out (Nov,2002)
- Expansion of “K” Line’s ISO 14001 Certification to its long-term chartered tonnage in addition to the group’s own fleet(Sep,2003)
- Listed in the “FTSE 4 Good Global Index”(May, 2003) and “Dow Jones Sustainability World Indexes”(DJSI World).(Sep,2003)
- Successfully Developed “VAN-PRO” a Computerized System for Stowage of Marine Containers (Aug,2002)
- “Total Vessel Performance Analysis System” has been developed. (Nov,2002)
- A handling guide for dangerous cargo became operational on the in-house intra-network (Jul,2003)

2-5. <Fundamental assignment No.5 of KV-Plan> Strengthening of corporate governance aiming at more transparency and greater effectiveness in management.

- Establishment of Compliance Committee (Apr,2003)
- Introduction of stock option
- Execute repurchase own shares
- Management participation is promoted in IR activity
(IR meeting take place quarterly)
- Restructures Taiyo Nippon Kisen Co.,Ltd. and Kobe Pier Co.,
Ltd. into 100% Subsidiary Companies by Legalized Stock
Exchange Provisions (Sep,2002)
- Commencement of “Group Management Meeting” (after
May,2002)