Financial Highlights
Brief Report for Yearly FY2004

13 May 2005

Kawasaki Kisen Kaisha, Ltd.

A. Financial Highlights for FY2004

A-1. Financial Results for FY2004

(unit: billion yen)

		FY2004 (results)	FY2003 (results)	Comparison	Comparison(ratio)	FY2004 (Prospects*)
Operating Revenues	Consoli	**828.4**	724.7	103.7	14.3%	823.0
	Non	**658.7**	585.0	73.7	12.6 %	654.0
Operating income	Consoli	**108.1**	70.5	37.5	53.2 %	109.0
	Non	**85.3**	55.1	30.2	54.8 %	85.0
Ordinary income**	Consoli	**107.2**	62.6	44.6	71.4 %	108.0
	Non	**86.9**	49.7	37.2	74.8 %	85.5
Net income	Consoli	**59.9**	33.2	26.7	80.3 %	60.0
	Non	**49.0**	24.5	24.5	100.0 %	48.0
Dividend	Non	**¥16.5/share**	¥10/share	+¥6.5/share	65 %	¥15/share
Exchange Rate	average	**¥107.46**	¥113.97	+¥6.51	+5.7 %	¥107
Bunker Price	average	**$191.71**	$170.00	+$21.71	+12.8 %	$191

Effects to Ordinary Income: Exchange Rate -6.5, Bunker Price -5.0, Total 11.5 billion yen

*FY2004 prospect is as of 14 February 2004, the date of announcement of 3Q 2004F financial close.

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

Rise/Fall 1 Yen/US$ in exchange rate affects the level of Ordinary Income* by -/+ 1 billion Yen annually.

Increase/Decrease of fuel oil prices at $10 per metric tons is around 2.3 billion Yen annually.

FYG; Non-Consolidate basis bunker consumption 3.69 million met. Tons (+0.14 met. Tons) , cost 73.8 billion yen (+6.1 billion yen)

A-2. Key Points for FY 2004 results

- Posted record Net Income for 3 consecutive years
- Exceeded income targets set for FY2008 in our “K” LINE Vision 2008
- Drastic strengthening of financial constitution (Increase in shareholders' equity, Decrease in bearing interest liabilities)
- Remarkable growth both in revenues and incomes (business expansion, favorable freight market situation, cost reduction <=>yen appreciation against U.S.dollar, bunker price hike, buoyant charterage)

Plus factors: Market improvement + 36.5, Business expansion +12.5,Cost Reduction & Others + 7.1
Minus factors: Exchange rate -6.5, Bunker price hike -5.0 <Unit: billion yen>

- Extraordinary losses due to the early application of impairment accounting for fixed assets: 4.7 billion yen (Non-consolidated), 7 billion yen (Consolidated)
- Annual dividend amount 16.5 yen per share, Dividend ratio (20%, non-consolidated basis)

A-3. Trend of Division-wise Results FY2004 (for Container Business)

Container: FY2004 results exceeded original prospects

(Loaded cargo volume:2.28('03F) =>2.46mil. TEU('04F)(+7.9%)

- Positive cargo volume in Asia-North America/Europe trades mainly from China
- Increases in container volume carried in every trade (Asia-North America +8%, Asia-Europe +6%, inter-Asia +11%, other trades 8%)
- Freight restoration realized in Asia-Europe/North America trades, trans-Atlantic trades
- Start of the Asia-Aegean Sea trade, New service between the East Coasts of North and South America, Increased frequency in Asia - Southeast Australia root
- Increased charterage, Bunker oil price hike, Trend of rising value of Japanese Yen against U.S. Dollar

A-4. Trend of Division-wise Results FY2004 (for Bulker & Car Carrier Service)

"K" LINE
KAWASAKI KISEN KAISHA, LTD.

Bulker & Car Carrier : Drastic year-on-year increase in profits

- Bulker : Enjoyed favorable market freight level
  Remarkable business expansion at every type of bulkers
  (Operating Tonnage : 141mil.tons ('03F)
  >>> 149 mil. tons ('04F) (+5.9%))

- Car Carrier : Increased volume for U.S.A. from Far East Asia (+19%)
  Positive cargo movement in Far East-Europe/Australia and intermediary trades
  Increased charterage, Bunker oil price hike, Trend of rising value of Japanese Yen against U.S. Dollar
  Operational cost reduction with efficient ship deployment
  (Units carried: 1.74 ('03F) >>>2.03 mil. units ('04F) (+17%))

A-5. Trend of Division-wise Results FY2004 (for Energy Transportation)

Energy Transportation : Drastic year-on-year increase in profits

- LNG Carrier : Stable progress in each project

  (Operating Tonnage : 5.52 ('03F) >>> 5.32 mil. tons ('04F) (-3.6%))

- Thermal Coal Carrier : Newly built vessels >>> Large increase in cargo volume

  Improvement of market freight rates >>> Elimination of the loss due to hike in charterage

  (Operating Tonnage : 14.47 ('03F) >>> 14. 78 mil. tons ('04F) (+2.1%))

- Tanker : Comparatively Stable

  (Operating Tonnage : 24.36 ('03F) >>> 29.58 mil. ton('04F) (+21.4%))

A-6. Trend of Division-wise Results FY2004 (for Consolidated Subsidiaries)

- Short Sea/Coastal Shipping : Stable with efficient vessel deployment and cargo volume growth
- Freight Forwarding / Harbor Transportation: Stable with container handling volume growth

B. Prospects for FY2005

B-1. Prospects for FY2005

"K" LINE KAWASAKI KISEN KAISHA, LTD.

(unit: billion yen)

		05F1Q Prospects	05F1H Prospects	05F Yearly Prospects	FY 2004 Results	Yearly Comparison	Comparison (ratio)
Operating Revenues	Consoli	215.0	450.0	**900.0**	**828.4**	+71.6	+8.6%
	Non	170.0	360.0	**710.0**	**658.7**	+51.3	+7.8%
Operating income	Consoli	21.0	50.0	**105.0**	**108.1**	-3.1	-2.9%
	Non	14.0	37.0	**77.0**	**85.3**	-8.3	-9.7%
Ordinary income *	Consoli	21.0	50.0	**105.0**	**107.2**	-2.2	-2.1%
	Non	15.0	37.0	**78.0**	**86.9**	-8.9	-10.2%
Net income	Consoli	14.0	34.0	**69.0**	**59.9**	+9.1	+15.2%
	Non	9.0	23.0	**48.0**	**49.0**	-1.0	-2.0%
Dividend	Non	-	¥9/share	¥18/share	¥16.5/share	+¥1.5/share	-
Exchange Rate	Average	¥105	¥105	**¥105**	**¥107.46**	+¥2.46	+2.3%
Bunker Price	Average	$250	$240	**$230**	**$191.71**	+$38.3	+20.0%

Effects to Ordinary Income: Exchange Rate -3.0, Bunker Price -10.4, Total -13.4 billion yen

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

Rise/Fall 1 Yen/US$ in exchange rate affects Ordinary Income* by approx. -/+ 1.25 (Consolidated), -/+ 1.15 (Non-Consolidated) billion yen, annually.

Increase/Decrease of fuel oil prices at $10 per met. tons does approx. by 2.7 (Consolidated), 2.6 (Non-Consolidated) billion yen, annually.

FYG;Bunker consumption 4.2 million met. tons annually.

B-2. Key Points for FY 2005 prospects

- Operating Revenues : Remarkable growth on a year-on-year basis due to business expansion both Consolidated and Non-Consolidated
- Consolidated Ordinary Profit* flat: Despite yen appreciation against U.S. dollar, bunker oil price up, charterage increase, profit level is almost flat due to positive business circumstance overall

  Non-Consolidated Ordinary Profit* decline due to yen appreciation against U.S. dollar, bunker oil price up, charterage increase

  Plus factors: Market improvement& Business expansion + 10.2, (off –set Charterage increase (-17.3) &Other costs up(-22.5)

  Minus factors: Exchange rate(+¥2.46/1$) (-3.0), Bunker price hike(+38/ton) (-10.4) <Unit: billion yen>

- Major Extraordinary Loss disposition completed by FY2004 => Significant rise in Net Incomes: Consolidated Net Income rise, Non-Consolidated almost flat.

  <Factors for rise in Consolidated Incomes>

  Extraordinary Losses disposition completed, Gain by overseas subsidiaries grows sharply

- Prospective Dividend ¥18/share annually, Dividend Ratio 22% (for Non-Consolidated Net Profit)

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

B-3. Trend of division-wise prospects for FY2005

< Container Business > Positive cargo movement expected

Negative factors: Bunker price staying high level, charterage hike, port congestion

Measures: More operating cost reduction, more rationalization in service network

=>Stable income expected

< Bulker & Car Carrier Service >

Bulker : market is prospected to be in favorable trend due to active demand for raw materials mainly from China

Car Carrier : Continuous upgrading fleet in response to trend growing car sales in the world, Service expansion in intermediary trades

=> Stable income expected

< Energy Transportation >

LNG: Fleet expand to total 30 vessels. Expect strong demand for LNG carriers from the E.U. and the U.S.

Thermal Coal Carrier : Stable demand is expected, Business expansion due to fleet increase and improvement

Tanker : Positive freight market expected due to oil demand growth of China.

=> Stable income expected

C-1. Cash Flows/Investment, and Major Financial Indices

(unit:billion yen)

	FY2003 Results	FY2004 Results	FY2005 Prospects
Cash Flows from Operating Activities (Depreciation)	78.6 (25.6)	*89.4* *(24.6)*	*78.0* *(25.4)*
Cash Flows from Investment Activities	- 51.8	*-34.4*	*-70.0*
Free Cash Flows	26.8	*55.0*	*8.0*
Investment amount Vessels Others Asset disposition*	51.8 45.1 12.6 - 5.9	34.4 54.7 18.9 - 39.2	70.0 73.0 24.0 - 27.0
Shareholders' Equity	121.0	181.3	239.0
Interest Bearing Liabilities	281.8	239.2	242.0
ROE	32.7%	*39.6%*	*33 %*
ROA	11.6 %	*18.4 %*	*16 %*
Equity Ratio	21.6 %	*30 %*	*35 %*
Debt Equity Ratio	233 %	*132 %*	*101 %*

[Fleet delivered in 2004] total 8

Containerships 3(JOL)

Woodchip Carrier 1 (JOL)

Thermal Coal Carrier 1(JOL)

VLCCs 2 (On Balance 1, JOL1)

AFRA Max Tanker 1 (On Balance)

[Fleet delivered in 2005] total20

Containerships 5(On Balance 1, JOL2, Charter2)

Car Carriers 3 (Charter 3)

Cape-size Bulkers 5 (On Balance3,Charter2)

100,000 ton Bulker 1 (On Balance)

Panamax Bulker 1 (On Balance)

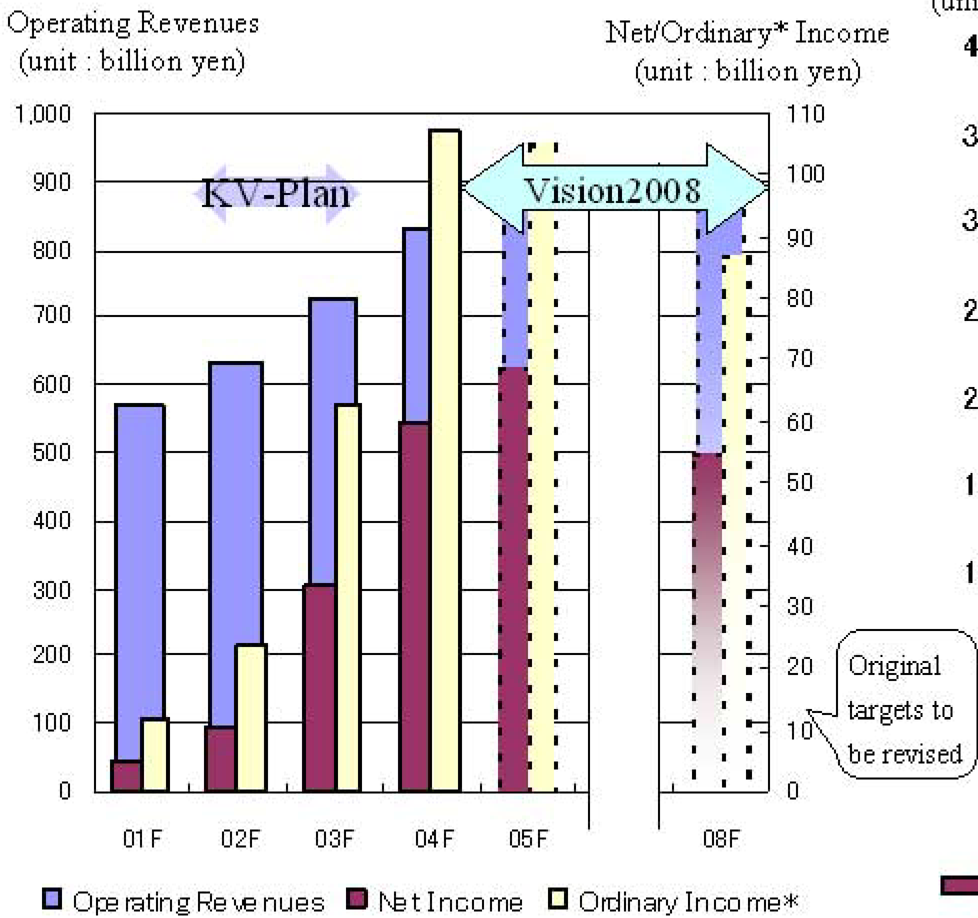
AFRA Max Tanker 1 (On Balance)

LNG Carrier 4 (Co-ownership)

*Asset disposition: Collection of ship building cost from sale of ship upon delivery in Japanese Operating Lease scheme

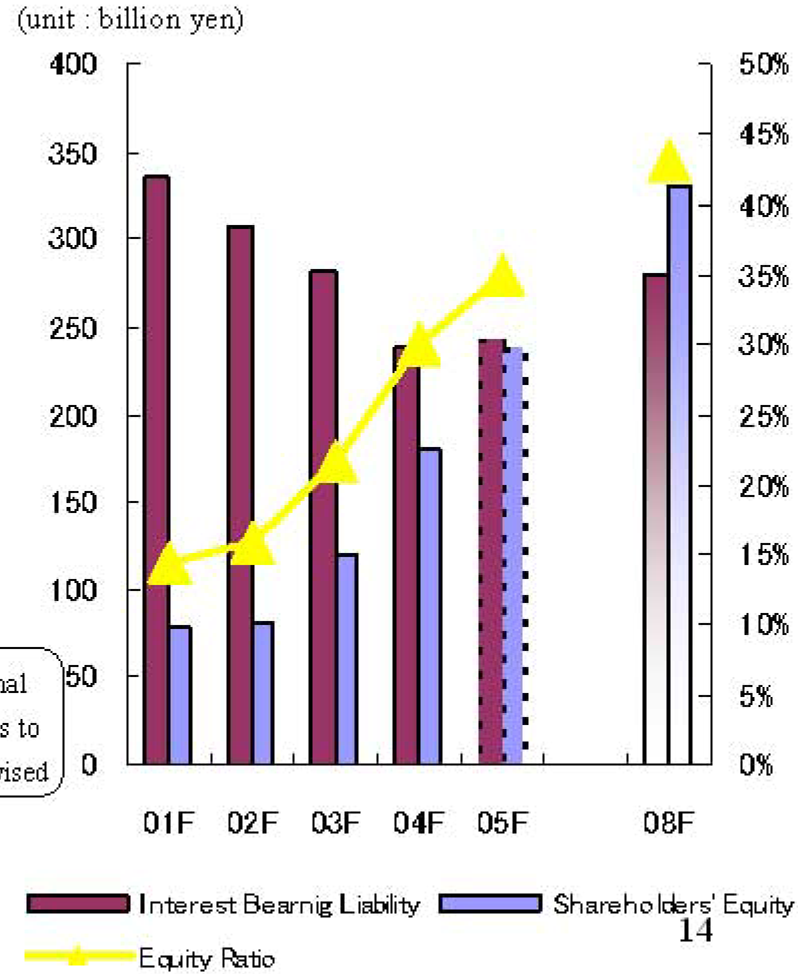
C-2. "K"Line Vision 2008 Numerical Targets

Profit Transition



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

Major Management Indices



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C-3. Fleet Scale Expansion

(Unit: No. of Vessel)

Division	March 2004	March 2005	March 2009 Original Plan
Containership	64	73	70
Bulk Carrier	125	135	149
Car Carrier (PCTC)	70	78	85
Energy Transportation*	55	59	102
Coastal Service/Ferry	47	45	55
Total	361	390	461

* incldg. co-owned LNG carriers

New building program for Containerships, Bulkers, and PCTCs going steadily, we will soon revise our fleet scale as of March 2009.

Investment planned to Energy Transportation fleet could be slightly decreased from original plan due to ship building cost up.

C-4. Cost Curtailing Campaign

Target for FY2005 : 5 Billion Yen

(unit : billion yen)

Cost saving items	FY2004	FY2005
Vessel cost reduction	0.9	0.5
Various cargo charges reduction	2.1	1.8
Service rationalization	1.1	0.2
Subsidiary company's various cost reduction	1.2	1.0
Administrative cost reduction	0.4	0.5
Container equipment related cost reduction	1.3	1.0
Total	7.0	5.0
(Division wise result/prospect)		
Container Business (Inc. overseas subsidiaries	4.4	3.0
Others (Inc.overseas subsidiaries)	1.4	1.0
Other subsidiaries, etc.	1.2	1.0

Approx.1 billion yen of the target amount already counted to FY 2005 company prospects.

C-5. Updated Status of "K"Line Vision2008 Fundamental Assignments -1.

Positive efforts for addressing strategic domain/areas

(Container/Logistic Business)

- Place an order for 4 additional 8000TEU type containerships. (To be delivered '08-'09)
- Establishment of agency and branch network in BRICS countries
- Started a logistics company in Shanghai, and a new forwarding company in Shenzhen, China.

(Iron Ore Carrier)

- Fleet of cape-size bulker, etc. have been enhanced.

(Energy transportation)

- Conclusion of a 20-year charter contract for a new 147,000m3 type LNG carrier with Sakhalin Energy Investment Company Ltd
- Signing of a 25-year charter agreement for a new 145,000 m3 LNG carrier with Ras Laffan Liquefied Natural Gas Co. Ltd II (RasGas II).
- Jointly with a subsidiary of Osaka Gas, concluded shipbuilding contract for New 153,000m3 Type LNG Carrier to serve LNG transportation mainly for Osaka Gas.
- Long-term charter agreement with Yara for two new 38,000 m3, fully refrigerated Ammonia/LPG Carriers.
- Concluded a time charter contract with Idemitsu Tanker Co., Ltd. for a new VLCC, to be delivered in December 2006.

C-5. Updated Status of "K"Line Vision2008 Fundamental Assignments -2.

Efforts for spreading and rooting a cost curtailment campaign to the K"LINE Group as a gene of corporate

- FY2004: Cost curtailment achievement is expected 7 billion yen, over the target for this year 5 billion yen (ref. slide 16)
- FY2004: Cost curtailment target 5 billion yen

Strengthening of financial constitution and establishment of a stable dividend payment structure

- "K"Line Bonds Upgrades from A- to A (JCR), from BBB+ to A- (R&I)
- Issue of Convertible Bonds admitted to trading on the London Stock Exchange for listed securities.
- Expected annual dividend payment has risen to 16.5 yen /share from original planned 10yen /share as stable dividend due to positive results.