

FINANCIAL HIGHLIGHTS

brief report of the three months ended June 30,2004, of fiscal year ending March 31,2005

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[Two Year Summary]

	Three Months ended June 30,2004	Three Months ended June 30,2003	Year ended March 31,2004	Three Months ended June 30,2004
Consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥199,010	¥174,472	¥724,667	\$1,835,380
Operating income (Millions of yen / Thousands of U.S. dollars)	26,583	12,124	70,534	245,165
Net income (Millions of yen / Thousands of U.S. dollars)	17,209	5,876	33,196	158,709
Per share of common stock (Yen / U.S. dollars)	29.12	9.92	55.71	0.27
Total Assets (Millions of yen / Thousands of U.S. dollars)	571,675	559,135	541,703	5,272,292
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	136,785	121,006	88,563	1,261,501
Per share of common stock (Yen / U.S. dollars)	231.46	149.57	204.37	2.13
Non-consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥161,021	¥141,303	¥584,958	\$1,485,021
Operating income (Millions of yen / Thousands of U.S. dollars)	20,910	9,905	55,068	192,841
Net income (Millions of yen / Thousands of U.S. dollars)	23.40	9.29	41.05	0.22
Per share of common stock (Yen / U.S. dollars)	23.40	9.29	41.05	0.22
Total Assets (Millions of yen / Thousands of U.S. dollars)	339,745	329,965	300,709	3,133,320
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	184.28	121.37	163.47	1.70
Per share of common stock (Yen / U.S. dollars)	184.28	121.37	163.47	1.70

Notes.

The U.S. dollar amounts are converted from the yen amount at ¥108.43=U.S.\$1.00, the exchange rate prevailing on June 30, 2004.

1. Brief Summary of Financial Positions of the 1st Quarter, 2004

During 1st Quarter of Fiscal 2004 (April through June 2004), the U.S. economy proceeded in good shape, showing increasing strength in plant and equipment investment as well as strong employment. The European economy was on track toward mild recovery, being shored up by an increase in personal consumption and exports. Most Asian economies were able to expand their business owing to positively favorable exports and strong investment in plant and equipment centering mainly on China. Japan's economy enjoyed some expansion due to solid personal consumption that reflected an improvement in consumers' minds, and as a result of active exports and strong investment in plant and equipment led by both the U.S. and Chinese economies.

Under these circumstances, the "K" LINE Group continued to carry out positive business activities, making further efforts for cost curtailment in accordance with our new "K" LINE Vision 2008 management plan.

Financial results on a consolidated basis during 1st Quarter showed:

Operating Revenues	¥199.010 billion (increased ¥24.538 billion over last year)
Operating Income	¥26.583 billion (increased ¥14.459 billion over last year)
Net Income	¥17.209 billion (increased ¥11.333 billion over last year)

Following is summary of activities by business sector:

Marine Transportation

<Containership Business>

In North American trade, cargo movements have proceeded steadily, helped by brisk personal consumption and growth in housing construction, backed by the continued low-interest policy. In European trade, freight movements achieved faster growth, driven by newly expanded economic activities due to the enlargement of the EU in May 2004. We enhanced its services centering on China showing rapid growth in cargo movements, and satisfied customers' needs with an increase in the frequency of services between Asia and the U.S., launching large-type containerships, opening Asia/Aegean Sea service routes, and starting new service routes along the East Coast of North and South America. As a result, the number of loaded containers sharply increased compared with the same period last year. Despite negative factors, including the hike in ship-charter rates, fuel prices, and the trend towards a stronger Yen, operating revenues and operating income in the containership business in the first quarter of Fiscal 2004 were far higher than in the same term of the preceding year, sharply exceeding the targets projected at the beginning of the period, assisted by recovered freight rates and the increased number of loaded

containers.

<Bulk Carrier and Car Carrier Business>

Regarding bulk carriers, although the record high freight rates since the end of the last year entered a period of adjustment in this quarter, we fully enjoyed the greater advantages of the higher market rates, while maintaining shipping operations at a high level of efficiency and making efforts to obtain lucrative orders. The bulk carrier business in the first quarter posted significantly higher profits than in the same term of last year. Concerning the car carrier business, car sales in the U.S., Europe and Australia continued to grow steadily, and, in particular, the sales of Japanese and Korean cars stayed brisk. Under these circumstances, the number of transported cars from the Far East in the first quarter recorded a sharp increase compared to the same period of the previous year. In addition, the service routes of these three destinations, including the transatlantic service route, saw steady growth, with a substantial increase in the number of transported cars. In spite of the adverse impact of the rise in freight rates due to the worldwide shortage of freight space and highly fluctuating fuel prices, we successively posted a stable operating income through its efforts to maintain efficient ship operations.

As a result, the operating revenues and operating income for this business exceeded those for the same term of last year, as well as those targeted earlier.

<Energy Transportation and Tanker Business>

The fleet of LNG carriers related to our company, consisting of 24 ships, operated as scheduled, and secured stable profitability.

Concerning the thermal coal carriers for electric power companies, profitability was significantly improved compared to the same period of the previous year, backed by the increased operating rate in relation to the capacity of Company-controlled ships, due to the moderated ship congestion at ports in Australia and an increase in the number of new contracts.

As for tanker services, freight rates proceeded favorably, which was attributable to brisk demand for oil in the U.S. and Asian countries, mainly China. A new double-hulled VLCC of 300,000 tons gross weight entered service. Overall operating income in this business in the first quarter exceeded that in the same period of the previous year, helped by constant operating revenues.

<Coastal Shipping Business>

Due to efforts to increase efficiency in ship allocation, business operations of domestic liners and ferries posted a higher operating income on a year-on-year basis.

As a result, overall operating revenues for maritime transportation amounted to ¥172.552 billion, and operating income stood at ¥23.943 billion.

Services Incidental to Transportation

As cargo transportation proceeded with comparative steadiness in both sea and air, this enabled harbor-related businesses to also increase their cargo handling volumes. The combination of these favorable results produced operating revenues of ¥23.404 billion and operating income of ¥2.263 billion.

Others

In land transportation business and other businesses not mentioned in the above, operating revenues amounted to ¥3.054 billion and operating income to ¥0.339 billion.

2. Financial Status

As of the end of the 1st Quarter, total assets increased ¥12.540 billion to ¥571.675 billion as compared with the end of consolidated Fiscal 2003.

Details are as follows:

In current assets, accounts and notes receivable-trade increased ¥7.183 billion attributable to the increase in operating revenues, etc., whereas other current assets decreased ¥8.317 billion after having collected short-term loans receivable. In vessels, property and equipment, vessels increased ¥10.169 billion at cost due to completion of newbuildings, etc. In investments and other assets, investment in securities increased ¥2.154 billion due to a rise in market prices.

In current liabilities, a total of short-term loans and current portion of long-term debt decreased ¥9.013 billion. In Long-term liabilities, long-term debt, less current portion increased ¥6.364 billion. In total, short-term loans and long-term debt decreased ¥2.649 billion.

Shareholders' equity amounted to ¥136.785 billion, which increased ¥15.779 billion as compared with the end of consolidated Fiscal 2003.

As a result, the ratio of shareholders' equity over capital improved 2.3 points to 23.9 points as compared with the end of consolidated Fiscal 2003.

3. Prospects for Financial Positions for Fiscal 2004

For the 2nd Quarter for Fiscal 2004 (July through September 2004), Containership business remains strong towards coming peak season and it is prospected that freight rate will be restored in Inter-Asia and other trades. In segments other than Containership business, Car Carrier business is expected to keep on enjoying brisk cargo movement whereas Bulk Carrier business showed somewhat weak market for a while but is now showing a sign for the recovery, Tanker business is expected to stay with higher market level for sure. All these factors encourage us to expect greatly improved operating revenues, operating income and net income for the first half of 2004 (April through September 2004) as compared with our previous announcement.

As far as the 2nd half of 2004 (October 2004 through March 2005) is concerned, overall market is expected to remain favorable or stable for the entire shipping industry. Keeping mind that there is a likelihood of downward adjustment of bulk carrier market, hike in fuel prices, hike of ship-charter rate and increase of interest rate, etc, we are cautiously optimistic about the financial performance for the second half as well and we are in fact, expecting it will be slightly better than previous announcement.

Preconditions for the 1st half and 2nd half year are:

1st half : Exchange rate ¥109 per U.S. dollar, Fuel price U.S. \$180.00 per ton

2nd half : Exchange rate ¥110 per U.S. dollar, Fuel price U.S. \$190.00 per ton

Regarding intermediate payment of dividend, taking above financial prospects into consideration, it has been resolved that we are going to pay a dividend of ¥7.5 per share which represents a ¥2.5 increase per share. On the assumption that business achievements during the 2nd half are to advance as well as announced at present, we are going to pay a similar ¥7.5 per share, another increase of ¥2.5 per share. We prospect payment of an annualized dividend of ¥15 per share, representing a ¥5 increase per share.

In the “K” LINE Vision 2008 new management plan, we will target stable profitability and sustainable growth through steady implementation of the planned investment during this management plan with the basic policy of the payment of a ¥10 annualized dividend. In addition to this, we will hereafter execute payment of dividends based on an appropriation of some 20% of net income on a non-consolidated basis.

In this manner, we are committed to returning income to shareholders.

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the three months ended June 30, 2004 and 2003 and year ended March 31, 2004

ASSETS

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

	Three Months ended June 30,2004	Year ended Mar.31,2004	Three Months ended June 30,2003	Three Months ended June 30,2004
Current assets :				
Cash and time deposits	¥20,572	¥23,370	¥22,007	\$189,729
Marketable securities	34	54	40	315
Accounts and notes receivable - trade	89,606	82,423	79,945	826,395
Allowance for doubtful receivables	(1,039)	(1,046)	(655)	(9,585)
Inventories	10,419	9,303	10,174	96,091
Prepaid expenses and deferred charges	22,120	21,508	19,243	204,003
Deferred income taxes	2,976	3,439	2,360	27,445
Other current assets	9,276	17,593	13,956	85,552
Total current assets	153,964	156,644	147,070	1,419,945
Investments and other assets				
Investments in and advances to unconsolidated subsidiaries and affiliates	26,237	25,978	15,568	241,975
Investments in securities	67,653	65,499	51,122	623,929
Long-term loans receivable	5,836	4,716	2,791	53,819
Other assets	17,840	16,119	16,171	164,528
Deferred income taxes	3,599	3,715	6,811	33,193
Allowance for doubtful receivables	(453)	(424)	(505)	(4,177)
Total investments and other assets	120,712	115,603	91,958	1,113,267
Vessels, property and equipment :				
Vessels	399,722	389,553	430,223	3,686,455
Buildings and equipment	96,387	97,422	99,558	888,930
Accumulated depreciation	(277,746)	(275,771)	(295,028)	(2,561,522)
	218,363	211,204	234,753	2,013,863
Land	35,436	35,446	35,411	326,807
Construction in progress	36,631	34,323	26,786	337,830
Vessels, property and equipment net	290,430	280,973	296,950	2,678,500
Intangible assets	6,569	5,915	5,725	60,580
Total assets	¥571,675	¥559,135	¥541,703	\$5,272,292

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the three months ended June 30, 2004 and 2003 and year ended March 31, 2004

LIABILITIES AND SHAREHOLDERS' EQUITY

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

	Three Months ended June 30,2004	Year ended Mar.31,2004	Three Months ended June 30,2003	Three Months ended June 30,2004
Current liabilities :				
Short-term loans	¥20,240	¥26,199	¥67,081	\$186,665
Current portion of long-term debt	42,516	45,570	48,428	392,102
Accounts and notes payable – trade	64,692	64,862	60,552	596,624
Deferred income	15,008	12,528	12,630	138,410
Current portion of obligations under finance leases	1,443	1,457	1,276	13,307
Other current liabilities	23,425	27,470	13,830	216,041
Total current liabilities	167,324	178,086	203,797	1,543,149
Long-term liabilities :				
Long-term debt, less current portion	203,847	197,483	194,038	1,879,986
Allowance for employees' retirement benefits	12,624	13,063	14,076	116,424
Allowance for directors' and statutory auditors' retirement benefits	2,014	2,135	1,665	18,578
Accrued expenses for overhaul of vessels	9,623	9,681	7,845	88,744
Obligations under finance leases	10,589	11,102	14,003	97,662
Deferred income taxes	6,493	5,381	934	59,880
Other long-term liabilities	14,174	13,241	9,413	130,721
Total long-term liabilities	259,364	252,086	241,974	2,391,995
Minority interests in consolidated subsidiaries	8,202	7,957	7,369	75,647
Shareholders' equity :				
Common stock:				
Authorized 1,080,000,000 shares				
Issued 593,796,875 shares	29,690	29,690	29,690	273,816
Capital surplus	14,535	14,535	14,535	134,048
Retained earnings	80,987	66,965	42,442	746,903
Revaluation reserve for land	5,093	5,093	4,848	46,973
Unrealized holding gain (loss) on investments in securities	13,133	11,801	1,205	121,118
Translation adjustments	(5,885)	(6,310)	(3,766)	(54,272)
	137,553	121,774	88,954	1,268,586
Treasury stock, at cost	(768)	(768)	(391)	(7,085)
Total Shareholders' equity	136,785	121,006	88,563	1,261,501
Total Liabilities and shareholders' equity	¥571,675	¥559,135	¥541,703	\$5,272,292

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the three months ended June 30, 2004 and 2003 and year ended March 31, 2004

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

	Three Months ended June 30,2004	Three Months ended June 30,2003	Year ended March 31,2004	Three Months ended June 30,2004
Operating revenues	¥199,010	¥174,472	¥724,667	\$1,835,380
Operating expenses:				
Costs and expenses	159,074	149,415	601,553	1,467,067
Selling, general and administrative expenses	13,353	12,933	52,580	123,148
Total operating expenses	172,427	162,348	654,133	1,590,215
Operating income	26,583	12,124	70,534	245,165
Other income (expense):				
Interest and dividend income	732	588	1,905	6,753
Interest expense	(1,204)	(1,536)	(5,451)	(11,105)
Exchange gain (loss), net	1,394	(52)	(5,643)	12,852
Others, net	102	(630)	(6,318)	942
Total other income (expense)	1,024	(1,630)	(15,507)	9,442
Income before income taxes	27,607	10,494	55,027	254,607
Income taxes	9,975	4,444	20,961	91,993
Minority interests	423	174	870	3,905
Net income	¥17,209	¥5,876	¥33,196	\$158,709

Consolidated Segment Information

Business segment information

Three months ended June 30,2004

(Millions of Yen)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥172,552	¥23,404	¥3,054	¥199,010	¥ -	¥199,010
(2) Inter-group sales and transfers	805	12,519	2,338	15,662	(15,662)	-
Total revenues	173,357	35,923	5,392	214,672	(15,662)	199,010
Operating expenses	149,414	33,660	5,053	188,127	(15,700)	172,427
Operating income	¥23,943	¥2,263	¥339	¥26,545	¥38	¥26,583

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.31,2004

(Millions of Yen)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥622,119	¥89,886	¥12,662	¥724,667	¥ -	¥724,667
(2) Inter-group sales and transfers	3,093	52,408	9,050	64,551	(64,551)	-
Total revenues	625,212	142,294	21,712	789,218	(64,551)	724,667
Operating expenses	563,945	134,231	20,443	718,619	(64,486)	654,133
Operating income	¥61,267	¥8,063	¥1,269	¥70,599	(¥65)	¥70,534

Three months ended June 30,2004

(Thousands of U.S.Dollars)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	\$1,591,365	\$215,848	\$28,167	\$1,835,380	\$ -	\$1,835,380
(2) Inter-group sales and transfers	7,426	115,449	21,565	144,440	(144,440)	-
Total revenues	1,598,791	331,297	49,732	1,979,820	(144,440)	1,835,380
Operating expenses	1,377,978	310,427	46,608	1,735,013	(144,798)	1,590,215
Operating income	\$220,813	\$20,870	\$3,124	\$244,807	\$358	\$245,165

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the three months ended June 30, 2004 and 2003 and year ended March 31, 2004

ASSETS

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

	Three Months ended June 30,2004	Year ended Mar.31,2004	Three Months ended June 30,2003	Three Months ended June 30,2004
Current assets :				
Cash and time deposits	¥4,734	¥6,864	¥9,173	\$43,655
Accounts and notes receivable - trade	68,798	61,857	59,525	634,488
Allowance for doubtful receivables	(418)	(872)	(1,337)	(3,855)
Inventories	8,435	7,553	8,372	77,795
Prepaid expenses and deferred charges	21,134	20,104	18,780	194,912
Other current assets	9,015	15,271	11,721	83,146
Total current assets	111,698	110,777	106,234	1,030,141
Investments and long-term receivables :				
Investments in and advances to subsidiaries and affiliates	74,507	68,185	55,694	687,147
Investments in securities	62,359	60,059	47,455	575,107
Long-term loans receivable	4,274	4,001	2,356	39,413
Other assets	4,794	4,818	5,635	44,216
Allowance for doubtful receivables	(708)	(228)	(278)	(6,528)
Total investments and long-term receivables	145,226	136,835	110,862	1,339,355
Vessels, property and equipment :				
Vessels	153,190	153,166	154,525	1,412,801
Buildings and equipment	12,263	12,236	12,530	113,092
Accumulated depreciation	(113,550)	(112,354)	(114,633)	(1,047,218)
	51,903	53,048	53,422	478,675
Land	23,359	23,359	23,421	215,432
Construction in progress	712	619	1,632	6,573
Vessels, property and equipment, net	75,974	77,026	77,475	700,680
Intangible assets	6,847	5,327	6,138	63,144
Total assets	¥339,745	¥329,965	¥300,709	\$3,133,320

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the years ended June 30,2004 , March 31, 2004 and June 30, 2003

LIABILITIES AND SHAREHOLDERS' EQUITY

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

	Three Months ended June 30,2004	Year ended Mar.31,2004	Three Months ended June 30,2003	Three Months ended June 30,2004
Current liabilities :				
Short-term loans	¥6,002	¥7,926	¥27,727	\$55,354
Current portion of long-term debt	24,528	24,465	20,905	226,206
Accounts and notes payable – trade	59,623	55,563	53,633	549,879
Deferred income	14,323	11,680	11,948	132,092
Other current liabilities	15,755	19,157	24,815	145,306
Total current liabilities	120,231	118,791	139,028	1,108,837
Long-term liabilities :				
Long-term debt, less current portion	94,304	98,660	81,148	869,726
Allowance for employees' retirement benefits	1,836	2,092	2,666	16,931
Allowance for directors' and statutory auditors' retirement benefits	1,318	1,293	1,078	12,152
Accrued expenses for overhaul of vessels	1,013	1,505	1,361	9,342
Deferred income taxes for land revaluation	1,818	1,817	1,806	16,762
Other long-term liabilities	10,214	8,968	1,690	94,198
Total long-term liabilities	110,502	114,335	89,749	1,019,111
Shareholders' equity :				
Common stock :				
Authorized 1,080,000,000 shares				
Issued 593,796,875 shares	29,690	29,690	29,690	273,816
Capital surplus	14,535	14,535	14,535	134,048
Legal reserve	2,540	2,540	2,540	23,428
Revaluation reserve for land	3,016	3,016	2,996	27,815
Special reserve	33,558	15,474	15,474	309,486
Retained earnings	14,373	21,717	5,751	132,556
Unrealized holding gains (loss) on investments in securities	11,955	10,520	1,132	110,253
Less : treasury stock, at cost	(654)	(653)	(186)	(6,030)
Total shareholders' equity	109,013	96,839	71,932	1,005,372
Total liabilities and shareholders' equity	¥339,746	¥329,965	¥300,709	\$3,133,320

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the three months ended June 30, 2004 and 2003 and year ended March 31, 2004

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

	Three Months ended June 30,2004	Three Months ended June 30,2003	Year ended March 31,2004	Three Months ended June 30,2004
Operating revenues :	¥161,021	¥141,303	¥584,958	\$1,485,021
Operating expenses :				
Costs and expenses	136,383	128,397	517,242	1,257,799
Selling, general and administrative expenses	3,728	3,001	12,648	34,381
Total operating expenses	140,111	131,398	529,890	1,292,180
Operating income	20,910	9,905	55,068	192,841
Other income (expense) :				
Interest and dividend income	760	623	1,899	7,009
Interest expense	(573)	(764)	(2,758)	(5,284)
Exchange gain (loss), net	1,292	99	(4,591)	11,916
Others, net	(12)	(911)	(9,653)	(106)
Total other income (expense)	1,467	(953)	(15,103)	13,535
Income before income taxes	22,377	8,952	39,965	206,376
Income taxes	8,537	3,449	15,513	78,734
Net income	¥13,840	¥5,503	¥24,452	\$127,642