

FINANCIAL HIGHLIGHTS

brief report of the three months ended June 30, 2005.

[Two Year Summary]

| | Three Months ended June 30,2005 | Three Months ended June 30,2004 | Three Months ended June 30,2005 | Year ended March 31,2005 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------------|
| Consolidated | | | | |
| Operating revenues (Millions of yen / Thousands of U.S. dollars) | ¥ 221,126 | ¥ 199,010 | \$ 1,998,978 | ¥ 828,443 |
| Operating income (Millions of yen / Thousands of U.S. dollars) | 23,970 | 26,583 | 216,693 | 108,053 |
| Net income (Millions of yen / Thousands of U.S. dollars) | 15,505 | 17,208 | 140,173 | 59,852 |
| Per share of common stock (Yen / U.S. dollars) | 26.23 | 29.12 | 0.24 | 100.70 |
| Total Assets (Millions of yen / Thousands of U.S. dollars) | 659,121 | 571,674 | 5,958,427 | 605,331 |
| Shareholders' Equity (Millions of yen / Thousands of U.S. dollars) | 192,204 | 136,784 | 1,737,520 | 181,276 |
| Per share of common stock (Yen / U.S. dollars) | 325.11 | 231.46 | 2.94 | 306.06 |
| Non-consolidated | | | | |
| Operating revenues (Millions of yen / Thousands of U.S. dollars) | 176,219 | 161,020 | 1,593,021 | 658,699 |
| Operating income (Millions of yen / Thousands of U.S. dollars) | 16,649 | 20,909 | 150,509 | 85,288 |
| Net income (Millions of yen / Thousands of U.S. dollars) | 10,878 | 13,840 | 98,341 | 49,012 |
| Per share of common stock (Yen / U.S. dollars) | 18.39 | 23.40 | 0.17 | 82.49 |
| Total Assets (Millions of yen / Thousands of U.S. dollars) | 422,869 | 339,745 | 3,822,726 | 376,344 |
| Shareholders' Equity (Millions of yen / Thousands of U.S. dollars) | 148,273 | 109,012 | 1,340,386 | 143,018 |
| Per share of common stock (Yen / U.S. dollars) | 250.59 | 184.28 | 2.27 | 241.36 |

The U.S. dollar amounts are converted from the yen amount at ¥110.62=U.S.\$1.00, the exchange rate prevailing on June 30,2005.

(1) Brief Summary of the Operating Results for the 1st Quarter of 2005

During the 1st Quarter of Fiscal 2005 (April 1 through June 30, 2005), the U.S. economy maintained its good performance, supported by growing capital investment and increasing consumer spending. The European economy recorded a modest recovery as a whole, despite some differentials among major countries. In the Asian region, growth in some major countries moderated. However, the Chinese economy continued to expand substantially by virtue of strong business investment and favorable personal spending. On the other hand, the Japanese economy saw steadily recovering consumer spending due to improvements in the income and employment environments. Exports and investment in plant and equipment also grew favorably, led by the brisk the U.S. and Chinese economies.

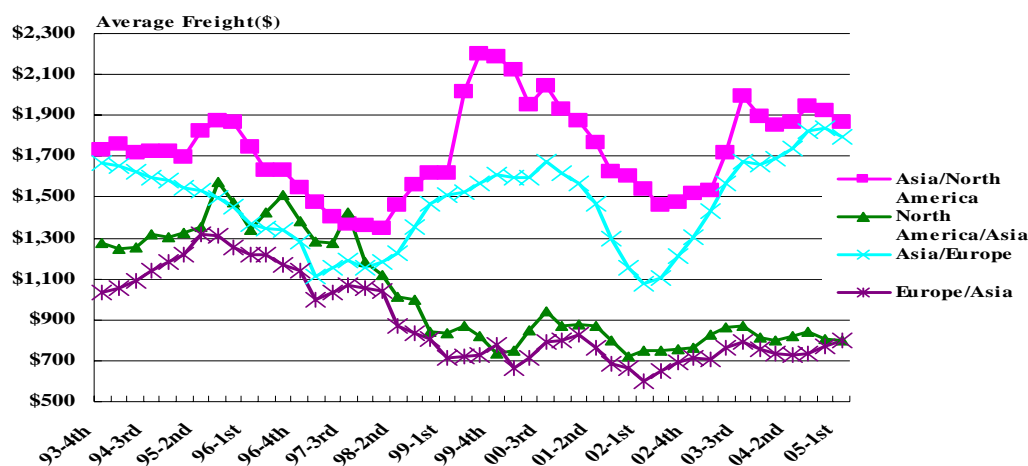
Under these circumstances, the “K” LINE Group continued to pursue aggressive business operations and to carry out cost curtailing efforts in accordance with the policies under the “K” LINE Vision 2008, and, as a result, consolidated operating revenues in the 1st Quarter of fiscal 2005 increased ¥6.126 billion compared with the initial projections to ¥221.126 billion. Consolidated operating income and ordinary income, respectively, rose by ¥2.970 billion and ¥3.093 billion from the prospects published at the start of the term to ¥23.970 billion and ¥24.093 billion. Consolidated net income improved compared with the initial prospects by ¥1.505 billion to ¥15.505 billion.

The following is summary of the activities by business sector:

1) Marine transportation

<Containership Business>

The containership business in the 1st Quarter of fiscal 2005 grew steadily, since cargo movements of housing and auto-related products on the Asia/North America services marked record high volumes. The European service also continued to enjoy favorable cargo movements. In particular, those on the Asia/Mediterranean service climbed sharply. The balance of supply and demand on the Inter-Asia service remained tight due to brisk cargo movements. On the other hand, the Company reinforced services and launched large-type vessels on the Asia/Pacific Northwest and U.S. East Coast services to meet expanding demand. As a result, the number of loaded containers on such services, and brisk European and Inter-Asia service recorded steady growth in line with initial projections. Consequently, overall operating revenues and income in the containership business achieved the targets of the initial projections, helped by the restoration of freight rates and cost reductions.

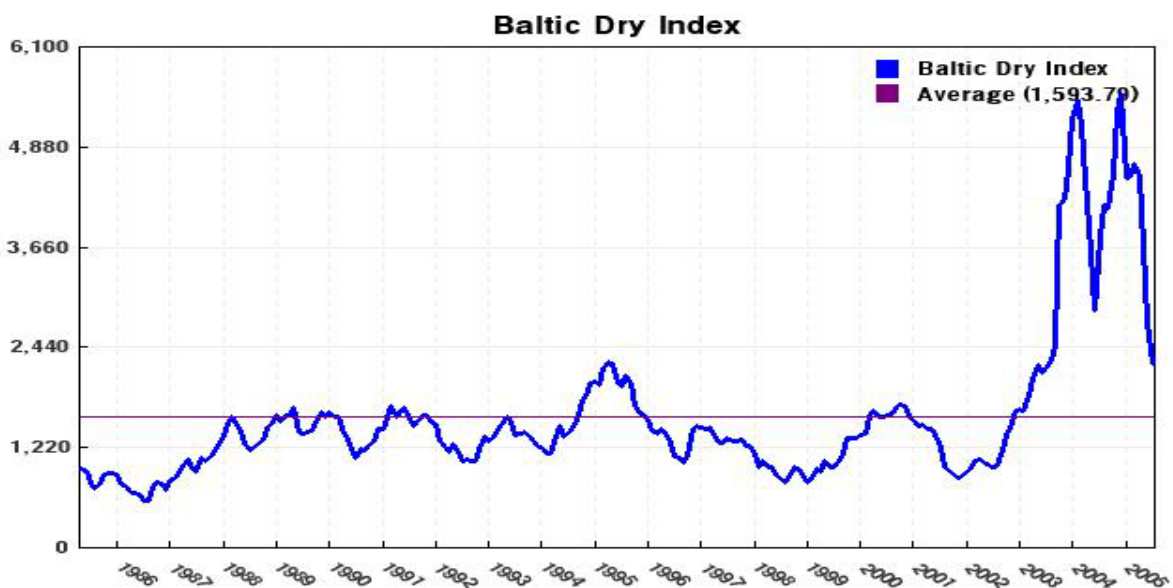


<Bulk Carrier and Car Carrier Business>

Freight rates for bulk carriers, which, unlike last year, were hovering at high levels since the beginning of this year without giving any impression of overheating, entered a period of adjustment around the period of consecutive Japanese national holidays in early May this year. However, the Company secured in advance certain volumes of cargo prior to the decline in freight rates, which enabled operating revenues and income in this sector to rise beyond the initial projections.

In the car carrier business, demand for new Japanese car bound for the Middle East, Africa, Central and South America and the Caribbean region grew favorably, assisted by brisk sales in markets worldwide. The cross transport in the transatlantic area and the Thailand/Australia service continued to rise. Consequently, the overall number of cars transported by the Company in the 1st Quarter of fiscal 2005 reached the target of the initial projections. The Company's efforts to reduce operating costs through the efficient operation of car carriers also contributed to maintaining secure and stable profits.

As a result, overall operating revenues and income in the bulk carrier and car carrier business exceeded those of the initial projections.



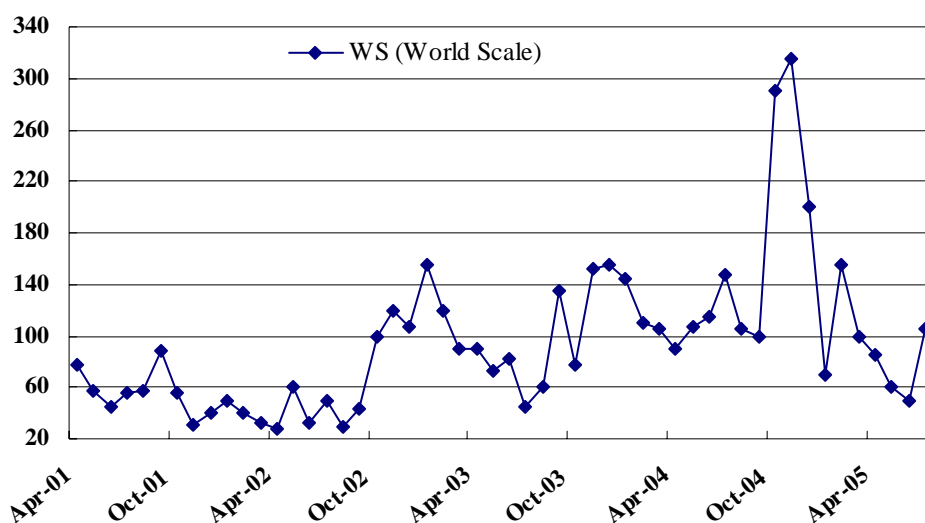
<Energy Transportation and Tanker Business>

As for LNG (liquefied natural gas) carriers, the fleet of LNG tankers consisting of 27 carriers, including the newly-built one for the RasGas II Project since May, operated smoothly, and secured stable profitability.

Of the thermal coal carrier services for electric power companies, operation of the Company-controlled fleet of coal carriers increased due to mitigation of port congestion in Australia, and the operation of coal carriers for China and Indonesia also expanded. Overall cargo volumes and income in this service rose beyond the initial projections.

As for tanker services, though freight rates softened temporarily, expanding demand for oil, mainly from the U.S. and Asian countries, including China, contributed to securing constant profits.

Overall operating income in the energy transportation and tanker business exceeded that of the initial projections, supported by stable operating revenues.



<Coastal shipping Business>

In the coastal shipping business, the domestic liner services posted stable cargo volumes and constant operating performance, despite the rises in oil prices. However, ferries were obliged to face severe operating conditions.

As a result, overall operating revenues for marine transportation amounted to ¥192.059 billion, and operating income stood at ¥21.656 billion.

2) Freight Forwarding/Harbor Transportation

Cargo movements proceeded steadily for both sea and air routes, and consequently the cargo volume handled by port transportation-related affiliates increased. The combination of these favorable results produced operating revenues of ¥24.813 billion, and operating income of ¥2.114 billion.

3) Other business

As for other businesses not mentioned above, operating revenues amounted to ¥4.254 billion, and operating income was recorded at ¥0.171 billion.

(2) **Financial Status**

As of the end of the 1st Quarter of Fiscal 2005, total assets stood at ¥659.121 billion, an increase by ¥53.789 billion compared with the end of the consolidated fiscal 2004, of which current assets increased ¥11.472 billion from the end of the preceding term, due mainly to an increase in accounts and notes receivable-trade of ¥9.474 billion. Fixed assets expanded by ¥42.299 billion, since vessels and construction in progress increased by ¥12.205 billion and ¥21.939 billion, respectively, due to the Company's active construction and establishment of its fleet of ships under management plan "K" LINE Vision 2008.

Liabilities increased by ¥42.454 billion from the end of the consolidated fiscal 2004, of which current liabilities expanded by ¥15.537 billion owing mainly to increases in 1) accounts and notes payable-trade (by ¥12.707 billion) and in 2) other current liabilities (by ¥21.195 billion) caused by an increase in commercial papers. Long-term liabilities recorded an increase of ¥26.916 billion owing to the issuance of convertible bonds for ¥30.0 billion.

Shareholders' equity amounted to ¥192.204 billion, which was an increase of ¥10.928 compared with the end of the consolidated fiscal 2004.

(3) Prospects for Fiscal 2005

As for the 2nd Quarter for Fiscal 2005, cargo movements by containerships bound for the U.S. and Europe will be at the summer peak season and grow steadily without being hurt by a revaluation of the Chinese yuan. Of the bulk carrier and car carrier services, the car carrier services are expected to continue enjoying brisk cargo movements since new car sales are doing fairly well in Central and South America and the Caribbean region, Australia and the Middle East. On the other hand, bulk carrier services will see falling freight rates in the 2nd Quarter since steel production in China, Europe and Japan is currently in an adjustment phase of production cutbacks due to the declining steel prices since May. On the other hand, freight rates for tankers are expected to continue to stay at high levels and tanker services will be able to secure a stable operating income. However, overall operating performance, including that in businesses other than marine transportation in the 2nd Quarter will not reach the goals of the initial projections, since it has been hit by the considerable adverse effects of skyrocketing fuel oil prices as well as the unsteady trend in the freight rates of bulk carriers. The overall prospects for consolidated operating revenues, operating income, ordinary income and net income in the first half of fiscal 2005 are expected to be the same as those previously published.

As far as the second half of fiscal 2005 is concerned, cargo movements of containership and car carrier services are anticipated to remain strong, and the freight rates of bulk carriers will be restored moderately since steel production is expected to recover led by an increase in demand, and the tonnage movement of crops will also grow steadily as has happened in the past. Freight rates of tankers will also remain favorable. Taking into consideration the business environment described above, the adverse effects of fuel oil price hikes, and the weakening trend in the yen, as well as the effect of cost reduction efforts, the Company has decided to leave the initial consolidated and non-consolidated prospects for fiscal 2005 unchanged for the present.

In addition, preconditions for foreign exchange rates and fuel oil prices are:

| | |
|--------------|---|
| 2nd quarter: | Exchange rate ¥110 per US dollar, Fuel price US\$262.00 per ton |
| 2nd half: | Exchange rate ¥110 per US dollar, Fuel price US\$260.00 per ton |

The dividends for fiscal 2005 are planned, at this time, to be ¥9 per share for the interim dividend and ¥18 per share for the final dividend, as initially published at the start of the fiscal 2005. However, the Company will review the management plan and the dividend policy for fiscal 2005 by the end of the term.

Consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2005 and three months ended June 30, 2005 and 2004

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

| | Three Months ended June 30,2005 | Year ended March 31,2005 | Three Months ended June 30,2005 | Three Months ended June 30,2004 |
|--|---------------------------------------|--------------------------------|---------------------------------------|---------------------------------------|
| ASSETS | | | | |
| Current assets : | | | | |
| Cash and time deposits | ¥ 32,589 | ¥ 31,831 | \$ 294,607 | ¥ 20,572 |
| Accounts and notes receivable-trade | 99,596 | 90,121 | 900,344 | 82,769 |
| Short-term loans receivable | 7,275 | 8,536 | 65,766 | 3,338 |
| Marketable securities | 28 | 28 | 253 | 34 |
| Inventories | 13,896 | 12,186 | 125,622 | 10,419 |
| Prepaid expenses and deferred charges | 26,270 | 26,587 | 237,485 | 22,120 |
| Other current assets | 19,707 | 18,643 | 178,155 | 15,749 |
| Allowance for doubtful receivables | (819) | (863) | (7,405) | (1,039) |
| Total current assets | 198,543 | 187,071 | 1,794,828 | 153,964 |
| Fixed assets : | | | | |
| (Tangible fixed assets) | | | | |
| Vessels | 181,153 | 168,947 | 1,637,620 | 178,576 |
| Buildings and structures | 27,485 | 26,925 | 248,469 | 28,938 |
| Machinery and vehicles | 9,015 | 8,674 | 81,500 | 7,272 |
| Land | 35,363 | 34,144 | 319,688 | 35,435 |
| Construction in progress | 55,703 | 33,763 | 503,555 | 36,630 |
| Other tangible fixed assets | 5,532 | 3,436 | 50,009 | 3,576 |
| Total tangible fixed assets | 314,253 | 275,891 | 2,840,842 | 290,429 |
| (Intangible fixed assets) | | | | |
| Consolidated adjustment account | 18 | 27 | 172 | 71 |
| Other intangible fixed assets | 6,195 | 6,142 | 56,008 | 6,497 |
| Total intangible fixed assets | 6,214 | 6,170 | 56,180 | 6,568 |
| (Investments and other long-term assets) | | | | |
| Investments in securities | 89,751 | 89,477 | 811,350 | 85,847 |
| Long-term loans receivable | 24,122 | 19,166 | 218,064 | 12,811 |
| Deferred income taxes | 4,264 | 4,245 | 38,552 | 3,599 |
| Deferred income taxes for land revaluation | 219 | 219 | 1,981 | 219 |
| Other long-term assets | 22,284 | 23,611 | 201,454 | 18,633 |
| Allowance for doubtful receivables | (572) | (542) | (5,179) | (452) |
| Total investments and other long-term assets | 140,069 | 136,176 | 1,266,222 | 120,658 |
| Total fixed assets | 460,537 | 418,238 | 4,163,243 | 417,656 |
| Deferred assets | 39 | 21 | 356 | 53 |
| Total assets | ¥ 659,121 | ¥ 605,331 | \$ 5,958,427 | ¥ 571,674 |

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2005 and three months ended June 30, 2005 and 2004

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

| | Three Months ended June 30,2005 | Year ended March 31,2005 | Three Months ended June 30,2005 | Three Months ended June 30,2004 |
|---|---------------------------------------|--------------------------------|---------------------------------------|---------------------------------------|
| LIABILITIES | | | | |
| Current liabilities : | | | | |
| Accounts and notes payable-trade | ¥ 79,175 | ¥ 66,467 | \$ 715,743 | ¥ 61,169 |
| Current portion of bonds payable | 3,000 | 3,000 | 27,120 | 5,000 |
| Short-term loans and current portion of long-term debt | 47,804 | 47,670 | 432,147 | 57,755 |
| Accrued income taxes | 8,143 | 28,206 | 73,616 | 10,149 |
| Accrued bonuses | 1,918 | 2,344 | 17,343 | 1,918 |
| Current portion of obligations under finance leases | 3,334 | 1,344 | 30,140 | 1,442 |
| Other current liabilities | 50,110 | 28,914 | 452,995 | 29,887 |
| Total current liabilities | 193,485 | 177,948 | 1,749,104 | 167,323 |
| Long-term liabilities : | | | | |
| Bonds | 73,000 | 43,000 | 659,917 | 46,000 |
| Long-term debt, less current portion | 134,703 | 135,983 | 1,217,709 | 157,846 |
| Deferred income taxes for land revaluation | 3,105 | 3,105 | 28,078 | 2,061 |
| Allowance for employees' retirement benefit | 11,211 | 11,636 | 101,350 | 12,623 |
| Retirement allowance for directors and statutory auditors | 2,005 | 2,553 | 18,126 | 2,014 |
| Accrued expenses for overhaul of vessels | 11,745 | 11,301 | 106,179 | 9,622 |
| Obligations under finance leases | 6,211 | 8,251 | 56,156 | 10,589 |
| Other long-term liabilities | 21,875 | 21,109 | 197,755 | 18,605 |
| Total long-term liabilities | 263,858 | 236,941 | 2,385,270 | 259,364 |
| Total liabilities | 457,344 | 414,890 | 4,134,374 | 426,687 |
| Minority interests in consolidated subsidiaries | 9,572 | 9,164 | 86,533 | 8,202 |
| Shareholders' equity : | | | | |
| Common stock | 29,689 | 29,689 | 268,395 | 29,689 |
| Additional paid-in capital | 14,534 | 14,534 | 131,394 | 14,534 |
| Retained earnings | 127,325 | 117,483 | 1,151,020 | 80,986 |
| Revaluation reserve for land | 6,815 | 6,797 | 61,609 | 5,093 |
| Unrealized holding gain on investments in securities | 16,563 | 16,642 | 149,730 | 13,132 |
| Translation adjustments | (1,958) | (3,110) | (17,706) | (5,884) |
| Treasury stock, at cost | (765) | (761) | (6,922) | (768) |
| Total shareholders' equity | 192,204 | 181,276 | 1,737,520 | 136,784 |
| Total liabilities, minority interest and shareholders' equity | 659,121 | 605,331 | 5,958,427 | 571,674 |

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2005 and three months ended June 30, 2005 and 2004

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

| | Three Months ended June 30,2005 | Three Months ended June 30,2004 | Three Months ended June 30,2005 | Year ended March 31,2005 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------------|
| Operating revenues | ¥ 221,126 | ¥ 199,010 | \$ 1,998,978 | ¥ 828,443 |
| Costs and expenses | 183,279 | 159,074 | 1,656,842 | 666,099 |
| Selling, general and administrative expenses | 13,876 | 13,352 | 125,443 | 54,289 |
| Operating income | 23,970 | 26,583 | 216,693 | 108,053 |
| Non-operating income : | | | | |
| Interest income | 369 | 216 | 3,340 | 975 |
| Dividend income | 478 | 515 | 4,321 | 1,055 |
| Equity in earnings of affiliated companies | 26 | 130 | 238 | 790 |
| Exchange gain | 360 | 1,393 | 3,261 | 479 |
| Other non-operating income | 160 | 182 | 1,449 | 840 |
| Total non-operating income | 1,394 | 2,438 | 12,610 | 4,140 |
| Non-operating expenses : | | | | |
| Interest expenses | 1,101 | 1,204 | 9,961 | 4,546 |
| Other non-operating expenses | 170 | 31 | 1,539 | 412 |
| Total non-operating expenses | 1,272 | 1,236 | 11,499 | 4,959 |
| Ordinary income | 24,093 | 27,786 | 217,803 | 107,235 |
| Extraordinary profits | - | 402 | - | 1,980 |
| Extraordinary losses | - | 581 | - | 13,704 |
| Income before income taxes | 24,093 | 27,606 | 217,803 | 95,510 |
| Income taxes | 8,129 | 9,974 | 73,493 | 34,211 |
| Minority interests | 457 | 423 | 4,137 | 1,446 |
| Net income | ¥ 15,505 | ¥ 17,208 | \$ 140,173 | ¥ 59,852 |

Consolidated Segment Information

Business segment information

Three months ended June 30,2005

(Millions of Yen)

| | Freight Forwarding / Harbor | | | Total | Eliminations | Consolidated |
|-------------------------------------|-----------------------------|----------------|---------|-----------|--------------|--------------|
| | Marine Transportation | Transportation | Other | | | |
| Revenues | | | | | | |
| (1) Operating revenues | ¥ 192,059 | ¥ 24,813 | ¥ 4,254 | ¥ 221,126 | - | ¥ 221,126 |
| (2) Inter-group sales and transfers | 1,584 | 11,363 | 7,096 | 20,044 | (20,044) | - |
| Total revenues | 193,643 | 36,176 | 11,351 | 241,171 | (20,044) | 221,126 |
| Operating expenses | 171,986 | 34,062 | 11,179 | 217,229 | (20,072) | 197,156 |
| Operating income | 21,656 | 2,114 | 171 | 23,942 | 28 | 23,970 |
| Ordinary income | ¥ 21,655 | ¥ 2,229 | ¥ 205 | ¥ 24,090 | ¥ 3 | ¥ 24,093 |

Three months ended June 30,2004

(Millions of Yen)

| | Freight Forwarding / Harbor | | | Total | Eliminations | Consolidated |
|-------------------------------------|-----------------------------|----------------|---------|-----------|--------------|--------------|
| | Marine Transportation | Transportation | Other | | | |
| Revenues | | | | | | |
| (1) Operating revenues | ¥ 172,551 | ¥ 23,404 | ¥ 3,054 | ¥ 199,010 | - | ¥ 199,010 |
| (2) Inter-group sales and transfers | 805 | 12,518 | 2,338 | 15,661 | (15,661) | - |
| Total revenues | 173,356 | 35,922 | 5,392 | 214,671 | (15,661) | 199,010 |
| Operating expenses | 149,414 | 33,659 | 5,053 | 188,127 | (15,700) | 172,426 |
| Operating income | ¥ 23,942 | ¥ 2,262 | ¥ 338 | ¥ 26,544 | ¥ 38 | ¥ 26,583 |

Three months ended June 30,2005

(Thousands of U.S.Dollars)

| | Freight Forwarding / Harbor | | | Total | Eliminations | Consolidated |
|-------------------------------------|-----------------------------|----------------|-----------|--------------|--------------|--------------|
| | Marine Transportation | Transportation | Other | | | |
| Revenues | | | | | | |
| (1) Operating revenues | \$ 1,736,207 | \$ 224,310 | \$ 38,461 | \$ 1,998,978 | - | \$ 1,998,978 |
| (2) Inter-group sales and transfers | 14,322 | 102,724 | 64,155 | 181,201 | (181,201) | 0 |
| Total revenues | 1,750,529 | 327,034 | 102,616 | 2,180,179 | (181,201) | 1,998,978 |
| Operating expenses | 1,554,753 | 307,923 | 101,065 | 1,963,741 | (181,455) | 1,782,286 |
| Operating income | 195,776 | 19,111 | 1,551 | 216,438 | 255 | 216,693 |
| Ordinary income | \$ 195,767 | \$ 20,151 | \$ 1,855 | \$ 217,773 | \$ 30 | \$ 217,803 |

Year ended March 31,2005

(Millions of Yen)

| | Freight Forwarding / Harbor | | | Total | Eliminations | Consolidated |
|-------------------------------------|-----------------------------|----------------|----------|-----------|--------------|--------------|
| | Marine Transportation | Transportation | Other | | | |
| Revenues | | | | | | |
| (1) Operating revenues | ¥ 713,960 | ¥ 101,709 | ¥ 12,773 | ¥ 828,443 | - | ¥ 828,443 |
| (2) Inter-group sales and transfers | 3,320 | 55,143 | 9,549 | 68,013 | (68,013) | - |
| Total revenues | 717,281 | 156,853 | 22,322 | 896,457 | (68,013) | 828,443 |
| Operating expenses | 619,473 | 147,988 | 21,239 | 788,701 | (68,311) | 720,389 |
| Operating income | 97,807 | 8,864 | 1,082 | 107,755 | 298 | 108,053 |
| Ordinary income | ¥ 95,314 | ¥ 9,661 | ¥ 2,268 | ¥ 107,244 | ¥ (9) | ¥ 107,235 |

Change in the business segment information

Effective April 1, 2004, the Company and its consolidated subsidiaries changed the grouping of business segment. Ship management business in Marine Transportation segment and Freight Forwarding/Harbor Transportation segment was converted to Other segment. And land transportation business in Other segment was converted to Freight Forwarding/Harbor Transportation segment. This change was made for better presentation of business segment information.

If the segment information for the three months ended June 30, 2004 were prepared using the new segmentation, such information would be as follows.

Three months ended June 30, 2004

(Millions of Yen)

| | Freight Forwarding / Harbor Transportation | | | | | |
|-------------------------------------|--|--|---------------|-----------------|-----------------|-----------------|
| | Marine Transportation | Freight Forwarding / Harbor Transportation | Other | Total | Eliminations | Consolidated |
| Revenues | | | | | | |
| (1) Operating revenues | ¥ 172,368 | ¥ 22,364 | ¥ 4,276 | ¥ 199,010 | - | ¥ 199,010 |
| (2) Inter-group sales and transfers | 1,540 | 10,907 | 6,117 | 18,564 | (18,564) | - |
| Total revenues | 173,909 | 33,271 | 10,394 | 217,575 | (18,564) | 199,010 |
| Operating expenses | 149,979 | 31,009 | 10,063 | 191,052 | (18,625) | 172,426 |
| Operating income | ¥ 23,929 | ¥ 2,261 | ¥ 330 | ¥ 26,522 | ¥ 60 | ¥ 26,583 |

Non-consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2005 and three months ended June 30, 2005 and 2004

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

| | Three Months ended Jun.30,2005 | Year ended Mar.31,2005 | Three Months ended Jun.30,2005 | Three Months ended Jun.30,2004 |
|--|--------------------------------------|------------------------------|--------------------------------------|--------------------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and time deposit | ¥ 9,480 | ¥ 6,752 | \$ 85,700 | ¥ 4,733 |
| Accounts receivable | 73,062 | 63,952 | 660,478 | 59,682 |
| Short-term loans receivable | 24,949 | 19,421 | 225,539 | 4,618 |
| Advance payments-trade | 6,508 | 7,280 | 58,836 | 6,233 |
| Inventories | 11,648 | 10,027 | 105,299 | 8,435 |
| Prepaid expenses and deferred charges | 25,324 | 25,681 | 228,930 | 21,134 |
| Due from agents | 4,021 | 2,874 | 36,352 | 2,882 |
| Deferred income taxes | 2,352 | 3,119 | 21,265 | 2,036 |
| Other current assets | 5,202 | 5,337 | 47,028 | 2,360 |
| Allowance for doubtful receivables | (357) | (357) | (3,227) | (418) |
| Total current assets | 162,191 | 144,091 | 1,466,200 | 111,698 |
| Fixed assets : | | | | |
| (Tangible fixed assets) | | | | |
| Vessels | 41,774 | 42,833 | 377,636 | 46,181 |
| Buildings | 4,579 | 3,865 | 41,401 | 3,943 |
| Structures | 214 | 237 | 1,938 | 216 |
| Equipments | 2,256 | 460 | 20,395 | 514 |
| Land | 23,330 | 22,147 | 210,910 | 23,359 |
| Construction in progress | 95 | 67 | 864 | 712 |
| Other tangible fixed assets | 1,283 | 1,039 | 11,602 | 1,046 |
| Total tangible fixed assets | 73,534 | 70,651 | 664,746 | 75,974 |
| (Intangible fixed assets) | | | | |
| Software | 1,789 | 1,964 | 16,172 | 2,253 |
| Software in progress | 275 | 242 | 2,487 | 837 |
| Other intangible fixed assets | 19 | 19 | 179 | 17 |
| Total intangible fixed assets | 2,083 | 2,227 | 18,838 | 3,108 |
| (Investments and other long-term assets) | | | | |
| Investments in securities | 67,571 | 67,801 | 610,843 | 62,358 |
| Investment in stocks of affiliated company | 34,155 | 33,886 | 308,767 | 35,476 |
| Long-term loans receivable | 70,181 | 46,025 | 634,441 | 41,819 |
| Long-term prepaid expenses | 3,155 | 3,157 | 28,527 | 1,412 |
| Deposit | 3,133 | 3,133 | 28,323 | 3,201 |
| Other long-term assets | 7,578 | 6,108 | 68,511 | 5,349 |
| Allowance for doubtful receivables | (755) | (760) | (6,827) | (707) |
| Total investments and other long-term assets | 185,021 | 159,353 | 1,672,586 | 148,911 |
| Total fixed assets | 260,639 | 232,231 | 2,356,170 | 227,994 |
| Deferred assets | | | | |
| Bond-issuing expenses | 39 | 21 | 356 | 53 |
| Total deferred assets | 39 | 21 | 356 | 53 |
| Total assets | ¥ 422,869 | ¥ 376,344 | \$ 3,822,726 | ¥ 339,745 |

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2005 and three months ended June 30, 2005 and 2004

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

| | Three Months ended Jun.30,2005 | Year ended Mar.31,2005 | Three Months ended Jun.30,2005 | Three Months ended Jun.30,2004 |
|---|--------------------------------------|------------------------------|--------------------------------------|--------------------------------------|
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | ¥ 65,133 | ¥ 57,025 | \$ 588,803 | ¥ 52,597 |
| Current portion of bonds payable | 3,000 | 3,000 | 27,120 | 5,000 |
| Short-term loans and current portion of long-term debt | 25,206 | 26,311 | 227,868 | 25,529 |
| Commercial paper | - | 0 | - | 3,000 |
| Accrued income tax | 6,419 | 24,337 | 58,029 | 8,495 |
| Advance receipt | 14,707 | 12,858 | 132,958 | 14,273 |
| Deposit received | 4,571 | 4,618 | 41,323 | 2,816 |
| Due to agents | 8,579 | 4,768 | 77,556 | 4,208 |
| Accrued bonuses | 297 | 1,189 | 2,689 | 250 |
| Other current liabilities | 5,982 | 2,786 | 54,080 | 4,058 |
| Total current liabilities | 149,897 | 136,897 | 1,355,066 | 120,231 |
| Long-term liabilities | | | | |
| Bonds | 73,000 | 43,000 | 659,917 | 46,000 |
| Long-term debt, less current portion | 31,707 | 36,109 | 286,634 | 47,713 |
| Allowance for employees' retirement benefit | 1,015 | 1,094 | 9,179 | 1,835 |
| Retirement allowance for directors and statutory auditors | 1,108 | 1,548 | 10,020 | 1,317 |
| Accrued expenses for overhaul of vessels | 1,194 | 1,331 | 10,801 | 1,012 |
| Deferred income taxes | 5,825 | 5,788 | 52,666 | 6,993 |
| Deferred income taxes for land revaluation | 2,862 | 2,862 | 25,874 | 1,817 |
| Other long-term liabilities | 7,984 | 4,694 | 72,181 | 3,811 |
| Total long-term liabilities | 124,699 | 96,428 | 1,127,274 | 110,502 |
| Total liabilities | 274,596 | 233,326 | 2,482,339 | 230,733 |
| Shareholders' equity : | | | | |
| Common stock | 29,689 | 29,689 | 268,395 | 29,689 |
| Additional paid-in capital | | | | |
| Capital surplus | 14,534 | 14,534 | 131,394 | 14,534 |
| Total additional paid-in capital | 14,534 | 14,534 | 131,394 | 14,534 |
| Retained earning | | | | |
| Legal reserve | 2,540 | 2,540 | 22,965 | 2,540 |
| Special reserve | | | | |
| Special depreciation reserve | 1,528 | 2,162 | 13,814 | 2,162 |
| Reduced value entry reserve | 2,251 | 2,343 | 20,355 | 2,343 |
| Other reserve | 67,052 | 29,052 | 606,147 | 29,052 |
| Unappropriated retained earnings | 11,439 | 43,367 | 103,416 | 14,373 |
| Total retained earning | 84,812 | 79,465 | 766,697 | 50,470 |
| Revaluation reserve for land | 4,720 | 4,720 | 42,673 | 3,016 |
| Unrealized holding gain on investments in securities | 15,184 | 15,271 | 137,269 | 11,954 |
| Treasury stock, at cost | (668) | (664) | (6,042) | (653) |
| Total shareholders' equity | 148,273 | 143,018 | 1,340,386 | 109,012 |
| Total liabilities and shareholders' equity | ¥ 422,869 | ¥ 376,344 | \$ 3,822,726 | ¥ 339,745 |

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2005 and three months ended June 30, 2005 and 2004

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

| | Three Months ended Jun.30,2005 | Three Months ended Jun.30,2004 | Three Months ended Jun.30,2005 | Year ended Mar.31,2005 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------|
| Operating revenues : | | | | |
| Revenues from Shipping and other operating : | | | | |
| Freight | ¥ 148,366 | ¥ 135,873 | \$ 1,341,227 | ¥ 555,283 |
| Charter of vessels | 23,286 | 20,775 | 210,510 | 83,155 |
| Other operating revenues | 4,308 | 4,146 | 38,950 | 19,311 |
| Total shipping and other operating revenues | 175,961 | 160,795 | 1,590,687 | 657,750 |
| Other revenues | 258 | 225 | 2,334 | 949 |
| Total operating revenues | 176,219 | 161,020 | 1,593,021 | 658,699 |
| Operating expenses : | | | | |
| Expenses of Shipping and other operating : | | | | |
| Shipping expenses | 82,809 | 69,204 | 748,594 | 287,639 |
| Preservation expenses for vessel | 2,150 | 2,312 | 19,437 | 8,573 |
| Hire of vessel | 57,996 | 53,257 | 524,289 | 214,556 |
| Other operating expenses | 12,762 | 11,495 | 115,376 | 48,177 |
| Total shipping and other operating expenses | 155,719 | 136,270 | 1,407,696 | 558,947 |
| Other expenses | 123 | 113 | 1,114 | 650 |
| Selling, general and administrative expenses | 3,727 | 3,727 | 33,701 | 13,814 |
| Total operating expenses | 159,570 | 140,111 | 1,442,511 | 573,411 |
| Operating income | 16,649 | 20,909 | 150,509 | 85,288 |
| Non-operating income : | | | | |
| Interest and dividend income | 995 | 759 | 9,003 | 3,109 |
| Exchange gain | 455 | 1,292 | 4,115 | 511 |
| Other non-operating income | 24 | 46 | 225 | 280 |
| Total non-operating income | 1,475 | 2,098 | 13,343 | 3,902 |
| Non-operating expenses : | | | | |
| Interest expenses | 443 | 572 | 4,013 | 2,093 |
| Other non-operating expenses | 97 | 29 | 884 | 223 |
| Total non-operating expenses | 541 | 602 | 4,897 | 2,316 |
| Ordinary income | 17,583 | 22,405 | 158,956 | 86,873 |
| Extraordinary profits : | - | - | - | 268 |
| Extraordinary losses : | 1 | 28 | 9 | 8,989 |
| Income before income taxes | 17,582 | 22,377 | 158,946 | 78,152 |
| Income taxes | 5,847 | 7,945 | 52,857 | 31,790 |
| Net income | 10,878 | 13,840 | 98,341 | 49,012 |
| Unappropriated retained earnings brought forward | 563 | 535 | 5,092 | 535 |
| Reversal of the revaluation reserve for land | - | - | - | (1,704) |
| Loss on transaction in treasury stock | 1 | 2 | 16 | 37 |
| Interim dividends | - | - | - | 4,437 |
| Unappropriated retained earnings | ¥ 11,439 | ¥ 14,373 | \$ 103,416 | ¥ 43,367 |