

FINANCIAL HIGHLIGHTS

brief report of the nine months ended December 31,2004.

[Two Year Summary]

	Nine Months ended Dec. 31, 2004	Nine Months ended Dec. 31, 2003	Nine Months ended Dec. 31, 2004	Year ended Mar. 31, 2004
Consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 621,970	¥ 537,841	\$ 5,968,437	¥ 724,666
Operating income (Millions of yen / Thousands of U.S. dollars)	85,891	50,042	824,211	70,534
Net income (Millions of yen / Thousands of U.S. dollars)	46,298	21,661	444,280	33,196
Per share of common stock (Yen / U.S. dollars)	78.33	36.59	0.75	55.71
Total Assets (Millions of yen / Thousands of U.S. dollars)	604,896	537,697	5,804,590	559,135
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	167,206	106,335	1,604,514	121,006
Per share of common stock (Yen / U.S. dollars)	282.86	179.93	2.71	204.37
Non-consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	495,770	436,400	4,757,417	584,958
Operating income (Millions of yen / Thousands of U.S. dollars)	66,936	39,157	642,324	55,068
Net income (Millions of yen / Thousands of U.S. dollars)	37,195	17,083	356,927	24,452
Per share of common stock (Yen / U.S. dollars)	62.87	28.82	0.60	41.05
Total Assets (Millions of yen / Thousands of U.S. dollars)	365,705	308,967	3,509,309	329,965
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	129,613	85,673	1,243,772	96,839
Per share of common stock (Yen / U.S. dollars)	219.05	144.82	2.10	163.47

The U.S. dollar amounts are converted from the yen amount at ¥104.21=U.S.\$1.00, the exchange rate prevailing on December 31,2004.

1. Summary of operating results for the three quarters ended December 31, 2004, consolidated

Unit: ¥ 100 million/Rounded off to the nearest 100 million

	Nine months ended December 31, 2004	Nine months ended December 31, 2003	Increase in amount/rate
Operating revenues	6,220	5,378	841/15.6%
Operating income	859	500	358/71.6%
Ordinary income	858	440	418/95.0%
Net income	463	217	246/113.7%

During the period from April 1, 2004, through December 31, 2004, global marine cargo movements continued to thrive, assisted by the expanding imports and exports of the Asian and BRICs countries, mainly China, and the stably growing economies of Europe and the U.S. Freight markets have also continued to fare well in all business sectors due to the favorable economic situation mentioned above. On the other hand, record rises in chartered vessel rates and fuel prices, and the sharp appreciation of the yen from the last third quarter had adverse effects on the shipping industry. Under these circumstances, the Company and the “K” LINE Group undertook aggressive business promotions and continued to implement cost reductions and streamlining efforts based on the policies of the new five-year management plan “K” LINE Vision 2008. As a result, consolidated operating revenues for the nine months that ended December 31, 2004, increased ¥84.129 billion compared to the same period of the preceding year to ¥621.97 billion. The consolidated operating income rose by ¥35.848 billion on a year-on-year basis to ¥85.891 billion, and consolidated ordinary income increased by ¥41.783 billion from a year earlier to ¥ 85.773 billion. Consolidated net income for the nine month period increased by ¥24.636 billion compared with the same period of the previous year to ¥46.298 billion, despite the posting of a special loss from the early application of accounting for the impairment of assets.

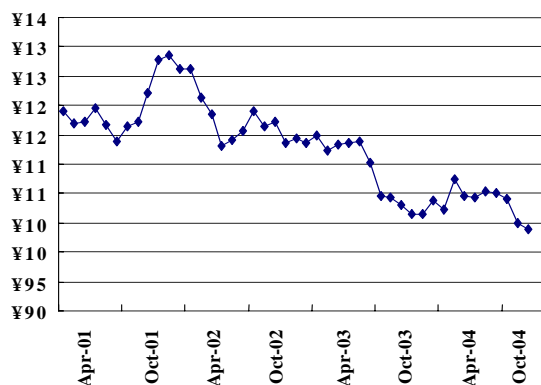
In addition, the negative effects of the fluctuations in foreign exchange rates and fuel prices on the Company’s ordinary income are as follows:

	Nine months ended Dec. 31, 2004	Nine months ended Dec. 31, 2003	Increase	Effect
Foreign exchange rates	¥109/US\$	¥116/US\$	+¥7/US\$	-¥5.7 billion
Fuel oil prices	US\$188/MT	US\$170/MT	+US\$18/MT	-¥3.1 billion

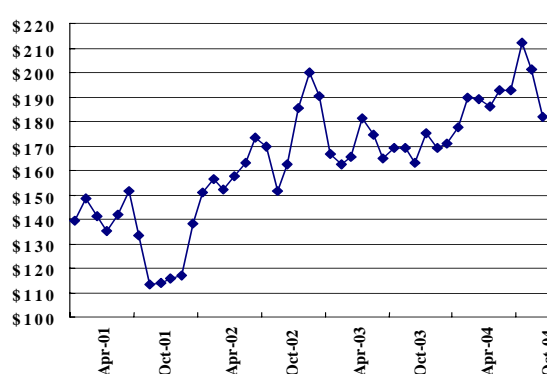
Note: A fluctuation in the foreign exchange rate for the US dollar of ¥1/US\$ affects the level of the Company’s ordinary income by ¥1 billion over a year.

The effect of a fluctuation in fuel oil prices of \$1 per metric ton is around ¥0.23 billion.

<Trends in foreign exchange rates>



<Trends in the unit prices of fuel oil consumed>



In addition, operating revenues and operating income for the nine months by business segment are as follows:

(Unit: 100 million yen/Rounded off to the nearest 100 million)

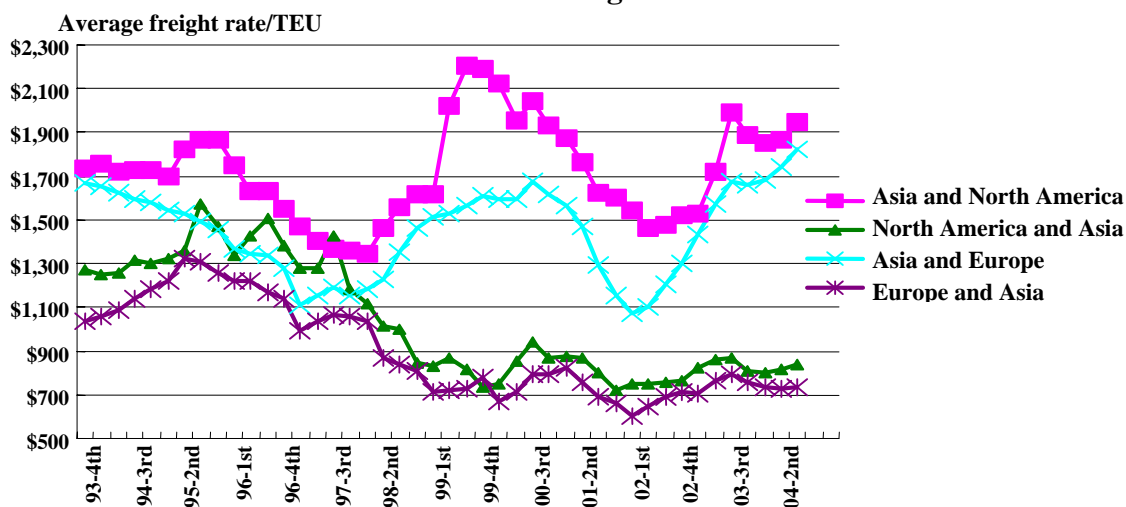
		Nine months ended Dec. 31, 2004	Nine months ended Dec. 31, 2003	Increase / Decrease in amount/rate	Fiscal 2003 (12 months)
Marine transportation	Operating revenues	5,369	4,624	746/16.1%	6,221
	Operating income	771	436	335/76.8%	613
Freight Forwarding / Harbor transportation	Operating revenues	756	657	99/15.0%	899
	Operating income	77	56	21/37.5%	81
Others	Operating revenues	95	98	-3/-3.2%	127
	Operating income	8	7	1/19.9%	13

(1) Marine transportation

<Containership Business>

In the containership business over the nine months that ended December 2004, cargo movements in Asian/European trade continued to rise substantially, backed by a stronger Euro. Movements on the North American services also grew steadily without any sign of a slowdown, since demand for housing was strong in the U.S. owing to the continuing low-interest policy. As for ship traffic congestion in California due to the shortage of port workers, the Company began to launch newly built large-sized vessels on the Asia/Pacific Northwest services for which demand had been rising as an alternative to the California route, and increased single transport service on the Asia/U.S. East Coast. As a result, tonnage movements on North American routes exceeded those in the same term of the preceding year. Overall operating revenues in the containership business exceeded those of a year earlier due to the increase in tonnage movements and increased freight rates. Profits substantially improved from the level of the preceding year and exceeded the end desired in spite of negative factors, including increased fuel costs due to the hike in oil prices and the stronger yen, since the Company continued to promote cost reduction activities.

Containerization International “Freight Rates Indicators”

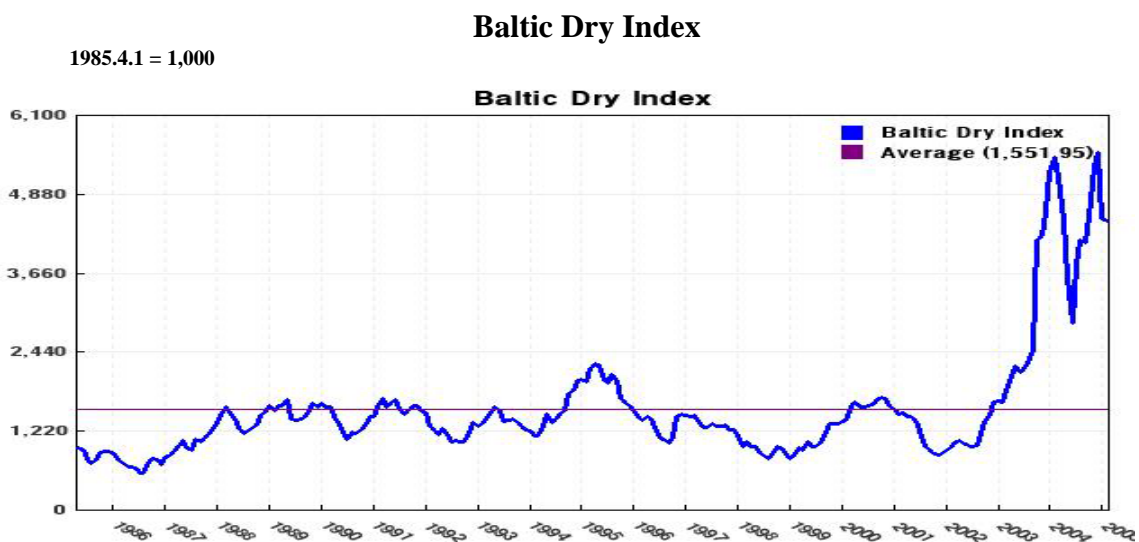


<Bulk Carrier and Car Carrier Business>

Freight rates for bulk carriers temporarily entered a period of adjustment in the first quarter of fiscal 2004. However, in the second quarter the freight rates for bulk carriers bounced right back up again, and hit a new record high in the third quarter. The bulk carrier business enjoyed the advantage of higher market freight rates through the third quarter of fiscal 2004, although some negative factors persisted, including rising fuel prices and higher chartered vessel rates. The Company made efforts to improve the shipping operation rate by reducing the number of ballast voyages and to gain lucrative cargo orders. As a result, the bulk carrier business increased its operating revenues significantly and posted profits exceeding to a considerable extent those in the same period of the preceding year.

In the car carrier business, the sales of cars, particularly Japanese and Korean cars, continued to rise fairly well in the U.S. and Europe as well as in Australia and the Middle East, and the number of transported cars by the Company from the Far East increased significantly on a year-on-year basis. The intermediary trade in the transatlantic area continued to rise. The overall number of transported cars by the Company in the three quarters ended December 31, 2004 rose sharply from the same period of the previous year. Consequently, the car carrier business recorded operating revenues exceeding those of the previous year, and posted constant profit levels due partly to reduced transportation costs with the more efficient operation of car carriers, despite the adverse effects of the stronger yen and rises in fuel prices and chartered vessel rates.

As a result, operating revenues in the bulk carrier and car carrier business substantially exceeded those for the same period of the previous year, and stable and continuing profits were assured.



<Energy Transportation and Tanker Business>

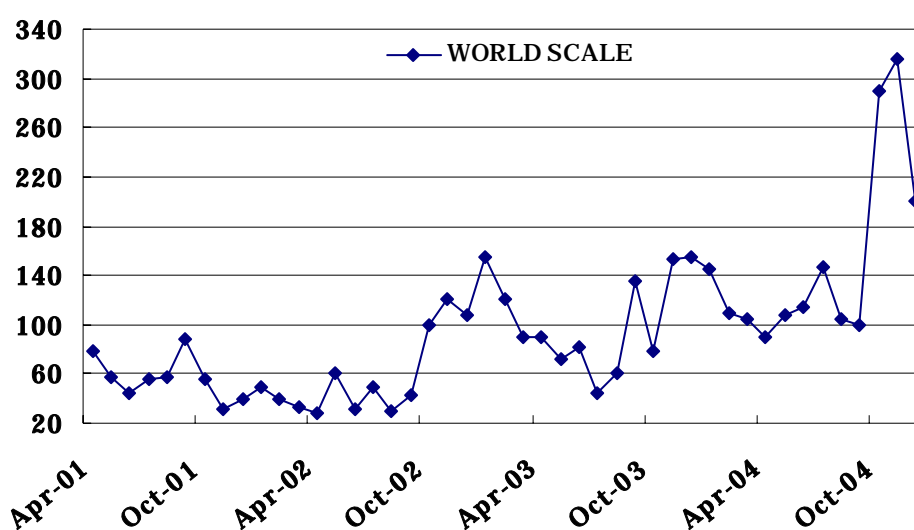
Two LNG carriers were completed in December, one each for Petronet LNG Ltd. and the Qatar Gas Project, and the fleet of LNG carriers for each project, now consisting of 26 carriers, operated smoothly, which contributed to securing stable profits.

The thermal coal carriers for electric power companies transported nearly 10 million metric tons of coal and limestone in the three quarters ended December 31, 2004, assisted by sharply

increased demand due to the commencement of the commercial operation of new coal-fired power plants and the recovery of electricity demand. With reduced congestion in ship traffic at ports of lading, the efficiency of shipping operations stabilized. As a result, profits in this field substantially improved.

Concerning tanker services, demand for tankers continued to grow steadily, bolstered by expanding demand for oil, mainly from China and the US, and freight rates remained significantly higher than for the same period last year. Commencement of actual service of a new double-hulled VLCC, a 100,000-ton class tanker and the efficient allocation of tankers contributed to the substantial rise in operating revenues, which exceeded those in the nine months of fiscal 2003. Profits in the tanker services business were greater than the projections at the beginning of the term. Overall operating revenues and profits in the energy transportation and tanker business, respectively, exceeded those in the same period of the previous year.

Trends in tanker freight rates



[Coastal shipping Business]

In the coastal shipping business, the Company made considerable efforts to improve the efficiency of the allocation of vessels and to increase the volume of transportation, and achieved operating results that were at nearly the same level as in the same period of the previous year, despite factors causing costs increases, such as the hike in fuel prices.

As a result, overall operating revenues for marine transportation amounted to ¥536.923 billion, an increase of 16.1% over the same period of the preceding year, and operating income stood at ¥77.144 billion, 76.8% up in a year-on-year comparison, and ordinary income stood at ¥75.395 billion.

(2) Freight Forwarding / Harbor transportation

Freight Forwarding / Harbor transportation saw increased operating revenues, mainly in overseas subsidiaries, thanks to the expansion of the scale of business operations in the containership services. Overall operating revenues of the Group in this field were ¥75.593 billion, an increase of 15.0% on a year-to-year basis, and operating income was ¥7.684 billion, or a 37.5% rise from the same period of the preceding year, and ordinary income stood at ¥8.327 billion.

(3) Other business

As for the land transportation business and other businesses not mentioned above, operating revenues amounted to ¥9.454 billion, down 3.2% on a year-on-year basis, but operating income rose to ¥0.821 billion, a 19.9% increase from the same term last year, and ordinary income stood at ¥1.943 billion.

2. Financial status

As of the end of December 2004, total assets increased ¥45.761 billion to ¥604.896 billion compared with the end of the consolidated fiscal year 2003. Details of the increase in the current assets are; ¥12.158 billion in accounts and notes receivable-trade thanks to increases in operating revenues; and ¥11.105 billion in cash and time deposits. On the other hand, short-term loans receivable decreased ¥6.391 billion owing to collection. Of tangible fixed assets, vessels increased ¥7.710 billion due to the completion of some vessels, and of the total investment and other long-term assets, investments in securities increased ¥6.276 billion due to market stock price advances.

Of the current liabilities, short-term loans and current portion of long-term debt declined by ¥6.911 billion, but accrued an increase in accrued income taxes of ¥4.483 billion. Regarding long-term liabilities, long-term debt decreased to ¥8.250 billion.

The shareholders' equity amounted to ¥167.206 billion, which was an increase of ¥46.200 billion compared with the end of the consolidated fiscal year 2003. As a result, the equity ratio was 27.6%, a 6.0 point improvement from the level of the end of fiscal 2003.

3. Prospects for Fiscal 2004

(Unit: 100 million yen/Rounded off to the nearest 100 million)

	Prospects for Fiscal 2004 ending March 2005	Fiscal 2003 ended March 2004	Increase in amount/rate
Operating revenues	8,230	7,247	983/14%
Operating income	1,090	705	385/55%
Ordinary income	1,080	626	454/73%
Net income	600	332	268/81%

Foreign exchange rates	¥107/US\$	¥114/US\$	+¥7/US\$
Fuel oil prices	US\$191/MT	US\$170/MT	+US\$21/MT

Assumptions for the prospects: (For the fourth quarter); foreign exchange rate: ¥104/US\$, Fuel oil price: US\$200/MT

As for the containership business, the Company is required to pay careful attention to consumption trends in the U.S. after the Presidential election, but increases in cargo movements can be expected mainly in China and India where import restrictions on apparel under the WTO are scheduled to be lifted in January 2005. Consequently, tonnage movements and freight rates are expected to remain at a high level on both European and American routes. The Company is promoting the enlargement of transportation capacity on the route services between Asia and the Northwest Coast of North America by launching a fleet of newly built PanaMax 4,000TEU type containerships that began to enter service successively from the end of last year, and to complete this process, by the end of March this year the new loop service

routes will be introduced between Asia and the East Coast of North America, which are now growing rapidly. In addition, the Company will promote further cost reduction activities. These measures will contribute substantially to the expansion of operating revenues and income.

In the bulk carrier and car carrier business, market freight rates for bulk carriers are expected to remain high in the fourth quarter of fiscal 2004 and to mark a new record high for fiscal 2004. The advantages of the favorable market situation will contribute to raising operating revenues and income for fiscal 2004 to levels far higher than the preceding year. The car carrier service business can anticipate a sharp increase in the number of cars transported by the Company compared with last year, since car sales are expected to continue to grow fairly well in Europe, North America, Australia and the Middle East. Overall operating revenues and income in the bulk carrier and car carrier business are expected to grow stably.

In the energy transportation and tanker business, LNG carriers are expected to operate smoothly for individual projects, which will contribute to securing stable earnings. As for the thermal coal carrier service for electric power generating companies, the Company will strive to maintain a stable volume of cargo and profits, since the demand for coal-fired power generation continues to grow. In the tanker division, there is great concern over the negative effects of highly-inflated crude oil prices throughout the global economy. However, global demand for oil is expected to stay at high levels. Accordingly, demand for tanker transport services and market freight rates will stay high. Overall income in the energy transportation and tanker business will grow steadily.

The coastal shipping and ferry business will be basically expected to operate in terms of tonnage movements and profits as those projected in the middle of fiscal 2004.

Total operating revenues and profits for the marine transportation business will rise substantially compared with the preceding term.

In the Freight Forwarding / Harbor transportation, operating results will rise marginally, supported by moderately expanding global cargo movements, as in the case of in China.

In other areas, the land transportation business and other businesses are expected to achieve almost the same operating results as the preceding term.

Finally, with reference to a dividend during fiscal 2004, this will be determined in accordance with the operating results for the full term of fiscal 2004. However, at the moment, we are intending to propose payment of ¥15 per share (of which ¥7.5 was already paid out as interim dividend) on an annual basis, as publicized on November 11, 2004.

[Note]

Prospects for future operating results described in this document may differ substantially from the actual results, as they are affected by various risk items and uncertain factors. The risk items and uncertain factors include the economic situation of markets where the “K” LINE Group operates its business, significant fluctuations in the market freight rates, sharp fluctuations in foreign exchange rates/interest rates/fuel prices, accidents at sea involving vessels operated by our Group, and social disruptions such as war and terrorists attacks. There is a possibility that these risk items or uncertain factors may have adverse effects on the Group’s business activities, operating results or financial position, provided that items and factors which may have adverse effects are not limited to those mentioned above.

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, 2004 and nine months ended December 31, 2004 and 2003

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

	Nine Months ended Dec.31,2004	Year ended Mar.31,2004	Nine Months ended Dec.31,2004	Nine Months ended Dec.31,2003
ASSETS				
Current assets :				
Cash and time deposits	¥ 34,475	¥ 23,370	\$ 330,827	¥ 21,942
Accounts and notes receivable-trade	88,144	75,986	845,839	75,540
Short-term loans receivable	5,439	11,830	52,197	10,712
Marketable securities	34	54	328	54
Inventories	11,002	9,303	105,576	9,906
Prepaid expenses and deferred charges	23,962	21,507	229,941	20,548
Other current assets	17,428	15,638	167,239	15,879
Allowance for doubtful receivables	(1,050)	(1,046)	(10,082)	(1,013)
Total current assets	179,435	156,643	1,721,865	153,570
Fixed assets :				
(Tangible fixed assets)				
Vessels	179,409	171,699	1,721,619	177,455
Buildings and structures	27,487	29,131	263,771	29,924
Machinery and vehicles	9,229	6,580	88,568	6,817
Land	34,334	35,446	329,474	35,517
Construction in progress	35,149	34,322	337,293	33,424
Other tangible fixed assets	3,796	3,793	36,434	3,868
Total tangible fixed assets	289,407	280,973	2,777,158	287,009
(Intangible fixed assets)				
Consolidated adjustment account	41	77	403	-
Other intangible fixed assets	6,670	5,837	64,006	5,807
Total intangible fixed assets	6,712	5,914	64,409	5,807
(Investments and other long-term assets)				
Investments in securities	86,478	80,201	829,845	66,949
Long-term loans receivable	13,429	15,214	128,866	4,511
Deferred income taxes	4,354	3,715	41,788	3,465
Deferred income taxes for land revaluation	218	219	2,100	219
Other long-term assets	25,330	16,612	243,075	16,623
Allowance for doubtful receivables	(502)	(423)	(4,823)	(485)
Total investments and other long-term assets	129,309	115,539	1,240,852	91,284
Total fixed assets	425,428	402,427	4,082,419	384,100
Deferred assets	31	63	307	25
Total assets	¥ 604,896	¥ 559,135	\$ 5,804,590	¥ 537,697

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2004 and nine months ended December 31, 2004 and 2003

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

	Nine Months ended Dec.31,2004	Year ended Mar.31,2004	Nine Months ended Dec.31,2004	Nine Months ended Dec.31,2003
LIABILITIES				
Current liabilities :				
Accounts and notes payable-trade	¥ 61,341	¥ 61,017	\$ 588,636	¥ 58,260
Current portion of bonds payable	8,000	5,000	76,768	2,500
Short-term loans and current portion of long-term debt	59,857	66,768	574,396	94,496
Accrued income taxes	21,140	16,656	202,864	10,236
Accrued bonuses	1,603	2,220	15,386	1,488
Current portion of obligations under finance leases	1,416	1,456	13,588	1,497
Other current liabilities	27,965	24,966	268,356	24,242
Total current liabilities	181,324	178,086	1,739,994	192,722
Long-term liabilities :				
Bonds	43,000	46,000	412,628	21,000
Long-term debt, less current portion	143,232	151,483	1,374,461	158,880
Deferred income taxes for land revaluation	3,105	2,061	29,805	2,061
Allowance for employees' retirement	12,090	13,063	116,020	13,468
Retirement allowance for directors and statutory auditors	2,237	2,135	21,475	1,912
Accrued expenses for overhaul of vessels	11,018	9,680	105,736	8,961
Obligations under finance leases	9,143	11,102	87,745	11,913
Consolidated adjustment account	-	-	-	226
Other long-term liabilities	23,634	16,560	226,794	12,431
Total long-term liabilities	247,463	252,085	2,374,665	230,855
Total liabilities	428,788	430,172	4,114,659	423,578
Minority interests in consolidated subsidiaries	8,901	7,956	85,418	7,783
Shareholders' equity :				
Common stock	29,689	29,689	284,904	29,689
Additional paid-in capital	14,534	14,535	139,476	14,535
Retained earnings	103,903	66,964	997,055	55,265
Revaluation reserve for land	6,797	5,093	65,234	5,093
Unrealized holding gain on investments in securities	15,048	11,801	144,405	7,713
Translation adjustments	(2,003)	(6,310)	(19,227)	(5,208)
Treasury stock, at cost	(764)	(767)	(7,333)	(753)
Total shareholders' equity	167,206	121,006	1,604,514	106,335
Total liabilities, minority interest and shareholders' equity	¥ 604,896	¥ 559,135	\$ 5,804,590	¥ 537,697

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2004 and nine months ended December 31, 2004 and 2003

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

	Nine Months ended Dec.31,2004	Nine Months ended Dec.31,2003	Nine Months ended Dec.31,2004	Year ended Mar.31,2004
Operating revenues	¥ 621,970	¥ 537,841	\$ 5,968,437	¥ 724,666
Costs and expenses	495,677	449,059	4,756,521	601,552
Selling, general and administrative expenses	40,402	38,738	387,705	52,579
Operating income	85,891	50,042	824,211	70,534
Non-operating income :				
Interest income	598	527	5,739	1,065
Dividends income	907	765	8,711	839
Equity in earnings of affiliated companies	408	434	3,920	528
Exchange gain	1,083	-	10,401	-
Other non-operating income	602	639	5,779	827
Total non-operating income	3,600	2,367	34,550	3,261
Non-operating expenses :				
Interest expenses	3,566	4,214	34,222	5,451
Exchange loss	-	4,092	-	5,643
Other non-operating expenses	151	112	1,452	135
Total non-operating expenses	3,717	8,419	35,674	11,230
Ordinary income	85,773	43,990	823,087	62,564
Extraordinary profits :				
Gain on sales of vessels, properties	352	929	3,130	936
Gain on sales of investments in securities	326	228	3,385	693
Other extraordinary profits	99	189	958	230
Total extraordinary profits	778	1,347	7,473	1,860
Extraordinary losses :				
Loss on sales of vessels, properties	96	3,833	927	4,974
Impairment losses on fixed assets	7,037	-	67,535	-
Loss due to liquidation of subsidiary	3,050	-	29,268	-
Loss on disposal of properties	959	4	9,203	29
Other extraordinary losses	1,362	2,932	13,074	4,394
Total extraordinary losses	12,505	6,770	120,006	9,398
Income before income taxes	74,046	38,567	710,554	55,026
Income taxes	26,534	16,220	254,629	20,960
Minority interest	1,213	685	11,645	870
Net income	¥ 46,298	¥ 21,661	\$ 444,280	¥ 33,196

Consolidated Segment Information

Business segment information

Nine months ended Dec.31,2004

(Millions of Yen)

	Freight Forwarding / Harbour			Total	Eliminations	Consolidated
	Marine Transportation	Transportation	Others			
Revenues						
(1) Operating revenues	¥ 536,923	¥ 75,593	¥ 9,454	¥ 621,970	-	¥ 621,970
(2) Inter-group sales and transfers	2,488	41,248	7,098	50,835	(50,835)	-
Total revenues	539,411	116,841	16,553	672,806	(50,835)	621,970
Operating expenses	462,267	109,157	15,732	587,157	(51,077)	536,079
Operating income	77,144	7,684	821	85,649	241	85,891
Ordinary income	¥ 75,487	¥ 8,327	¥ 1,943	¥ 85,759	¥ 14	¥ 85,773

Nine months ended Dec.31,2003

(Millions of Yen)

	Freight Forwarding / Harbour			Total	Eliminations	Consolidated
	Marine Transportation	Transportation	Others			
Revenues						
(1) Operating revenues	¥ 462,363	¥ 65,706	¥ 9,771	¥ 537,841	-	¥ 537,841
(2) Inter-group sales and transfers	2,152	38,333	6,648	47,134	(47,134)	-
Total revenues	464,516	104,039	16,420	584,976	(47,134)	537,841
Operating expenses	420,887	98,453	15,735	535,076	(47,278)	487,798
Operating income	¥ 43,628	¥ 5,586	¥ 684	¥ 49,899	¥ 143	¥ 50,042

Nine months ended Dec.31,2004

(Thousands of U.S.Dollars)

	Freight Forwarding / Harbour			Total	Eliminations	Consolidated
	Marine Transportation	Transportation	Others			
Revenues						
(1) Operating revenues	\$ 5,152,319	\$ 725,394	\$ 90,725	\$ 5,968,437	-	\$ 5,968,437
(2) Inter-group sales and transfers	23,883	395,818	68,120	487,821	(487,821)	-
Total revenues	5,176,201	1,121,211	158,845	6,456,257	(487,821)	5,968,437
Operating expenses	4,435,925	1,047,475	150,965	5,634,365	(490,139)	5,144,225
Operating income	740,276	73,736	7,880	821,893	2,319	824,211
Ordinary income	\$ 724,379	\$ 79,915	\$ 18,652	\$ 822,947	\$ 141	\$ 823,087

Year ended Mar.31,2004

(Millions of Yen)

	Freight Forwarding / Harbour			Total	Eliminations	Consolidated
	Marine Transportation	Transportation	Others			
Revenues						
(1) Operating revenues	¥ 622,118	¥ 89,885	¥ 12,662	¥ 724,666	-	¥ 724,666
(2) Inter-group sales and transfers	3,093	52,407	9,049	64,551	(64,551)	-
Total revenues	625,212	142,293	21,712	789,217	(64,551)	724,666
Operating expenses	563,945	134,230	20,442	718,618	(64,486)	654,132
Operating income	¥ 61,267	¥ 8,062	¥ 1,269	¥ 70,599	¥ (65)	¥ 70,534

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, 2004, nine months ended December 31, 2004 and 2003

(Million YEN or Thousands of U.S. Dollars)

	Nine Months ended Dec. 31, 2004	Year ended Mar. 31, 2004	Nine Months ended Dec. 31, 2004	Nine Months ended Dec. 31, 2003
ASSETS				
Current assets:				
Cash and time deposit	¥ 4,850	¥ 6,864	\$ 46,546	¥ 6,938
Accounts receivable	61,901	53,941	594,008	53,147
Short-term loans receivable	26,710	10,514	256,310	10,340
Advance payments-trade	6,698	5,856	64,282	6,780
Inventories	8,816	7,553	84,606	8,108
Prepaid expenses and deferred charges	22,373	20,103	214,699	19,746
Due from agents	4,193	2,058	40,239	3,605
Deferred income taxes	2,493	2,550	23,930	2,133
Other current assets	4,227	2,205	40,570	2,456
Allowance for doubtful receivables	(355)	(872)	(3,407)	(2,549)
Total current assets	141,911	110,776	1,361,783	110,709
Fixed assets :				
(Tangible fixed assets)				
Vessels	44,013	47,299	422,350	48,525
Buildings	3,894	3,970	37,376	4,013
Structures	245	193	2,357	206
Equipments	474	501	4,557	497
Land	22,147	23,359	212,529	23,359
Construction in progress	67	618	645	260
Other tangible fixed assets	1,021	1,083	9,801	1,142
Total tangible fixed assets	71,864	77,025	689,614	78,005
(Intangible fixed assets)				
Software	2,087	2,306	20,033	2,476
Software in progress	760	256	7,295	122
Other intangible fixed assets	19	17	186	16
Total intangible fixed assets	2,867	2,579	27,513	2,616
(Investments and other long-term assets)				
Investments in securities	64,782	60,059	621,649	48,559
Investment in stocks of affiliated company	37,617	32,251	360,977	31,739
Long-term loans receivable	35,414	38,720	339,839	28,884
Long-term prepaid expenses	1,678	1,217	16,105	1,073
Deposit	3,136	3,203	30,094	3,337
Other long-term assets	7,163	4,295	68,745	4,330
Allowance for doubtful receivables	(762)	(228)	(7,317)	(314)
Total investments and other long-term assets	149,029	139,519	1,430,092	117,611
Total fixed assets	223,761	219,124	2,147,220	198,232
Deferred assets				
Bond-issuing expenses	31	63	307	25
Total deferred assets	31	63	307	25
Total assets	¥ 365,705	¥ 329,965	\$ 3,509,309	¥ 308,967

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2004, nine months ended December 31, 2004 and 2003

(Million YEN or Thousands of U.S. Dollars)

	Nine Months ended Dec. 31, 2004	Year ended Mar. 31, 2004	Nine Months ended Dec. 31, 2004	Nine Months ended Dec. 30, 2003
LIABILITIES				
Current liabilities				
Accounts payable	¥ 51,408	¥ 47,373	\$ 493,319	¥ 47,078
Current portion of bonds payable	8,000	5,000	76,768	2,500
Short-term loans and current portion of long-term debt	32,516	27,390	312,025	39,307
Commercial paper	-	2,000	-	13,000
Accrued income tax	18,539	14,331	177,904	8,871
Advance receipt	12,535	11,631	120,294	10,898
Deposit received	4,126	3,056	39,596	3,235
Due to agents	4,087	5,132	39,219	4,860
Accrued bonuses	245	1,019	2,356	252
Other current liabilities	2,165	1,854	20,781	1,652
Total current liabilities	137,624	118,790	1,320,646	131,656
Long-term liabilities				
Bonds	43,000	46,000	412,628	21,000
Long-term debt, less current portion	38,473	52,069	369,190	57,239
Allowance for employees' retirement benefit	1,409	2,092	13,528	2,299
Retirement allowance for directors and statutory auditors	1,470	1,292	14,113	1,219
Accrued expenses for overhaul of vessels	1,226	1,504	11,773	1,382
Deferred income taxes	3,875	6,050	37,185	4,058
Deferred income taxes for land revaluation	2,862	1,817	27,466	1,817
Other long-term liabilities	6,149	3,508	59,009	2,619
Total long-term liabilities	98,467	114,335	944,892	91,637
Total liabilities	236,091	233,126	2,265,538	223,293
Shareholders' equity :				
Common stock	29,689	29,689	284,904	29,689
Additional paid-in capital				
Capital surplus	14,534	14,534	139,476	14,534
Other capital surplus	-	0	-	0
Surplus from transaction in treasury stock	-	0	-	0
Total additional paid-in capital	14,534	14,535	139,476	14,535
Retained earning				
Legal reserve	2,540	2,540	24,377	2,540
Special reserve				
Special depreciation reserve	2,162	1,969	20,750	1,969
Reduced value entry reserve	2,343	2,452	22,485	2,452
Other reserve	29,052	11,052	278,783	11,052
Unappropriated earned surplus for current term	31,555	21,717	302,802	14,348
Total retained earning	67,652	39,731	649,198	32,362
Revaluation reserve for land	4,720	3,016	45,298	3,016
Unrealized holding gain on investments in securities	13,665	10,520	131,132	6,710
Treasury stock, at cost	(649)	(653)	(6,236)	(639)
Total shareholders' equity	129,613	96,839	1,243,772	85,673
Total liabilities and shareholders' equity	¥ 365,705	¥ 329,965	\$ 3,509,309	¥ 308,967

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2004, and nine months ended December 31, 2004 and 2003

	Nine Months ended Dec. 31, 2004	Nine Months ended Dec. 31, 2003	Nine Months ended Dec. 31, 2004	Year ended Mar. 31, 2004
Operating revenues :				
Revenues from Shipping and other operating :				
Freight	¥ 420,185	¥ 369,541	\$ 4,032,100	¥ 496,309
Charter of vessels	62,017	55,494	595,124	72,809
Other operating revenues	12,873	10,707	123,531	14,956
Total shipping and other operating revenues	495,076	435,743	4,750,754	584,075
Other revenues	694	656	6,663	882
Total operating revenues	495,770	436,400	4,757,417	584,958
Operating expenses :				
Expenses of Shipping and other operating :				
Shipping expenses	215,056	204,118	2,063,685	270,175
Preservation expenses for vessel	6,451	6,283	61,911	8,616
Hire of vessel	160,946	140,019	1,544,443	189,821
Other operating expenses	35,495	37,088	340,614	48,080
Total shipping and other operating expenses	417,950	387,508	4,010,654	516,695
Other expenses	519	424	4,984	546
Selling, general and administrative expenses	10,364	9,309	99,455	12,648
Total operating expenses	428,833	397,242	4,115,093	529,890
Operating income	66,936	39,157	642,324	55,068
Non-operating income :				
Interest and dividend income	2,790	1,244	26,778	1,898
Exchange gain	379	-	3,645	-
Other non-operating income	130	165	1,256	193
Total non-operating income	3,301	1,409	31,678	2,092
Non-operating expenses :				
Interest expenses	1,619	2,138	15,536	2,757
Exchange loss	-	3,487	-	4,591
Other non-operating expenses	80	68	769	140
Total non-operating expenses	1,699	5,695	16,305	7,489
Ordinary income	68,538	34,872	657,698	49,670
Extraordinary profits :				
Gain on sales of fixed assets	-	59	-	59
Gain on sales of investments in securities	234	30	2,249	306
Other extraordinary profits	-	4	-	25
Total extraordinary profits	234	94	2,249	391
Extraordinary losses :				
Loss on sales of fixed assets	55	696	535	696
Loss on disposal of fixed assets	910	-	8,737	-
Appraisal loss of stocks of affiliated company	2,954	1,439	28,351	1,921
Impairment losses on fixed assets	4,684	-	44,950	-
Other extraordinary losses	407	5,195	3,906	7,479
Total extraordinary losses	9,012	7,331	86,480	10,096
Income before income taxes	59,760	27,635	573,467	39,965
Income taxes	22,565	10,552	216,540	15,513
Net income	37,195	17,083	356,927	24,452
Unappropriated retained earnings brought forward	535	247	5,140	247
Reversal of the revaluation reserve for land	(1,704)	(19)	(16,356)	(19)
Loss on transaction in treasury stock	33	-	322	-
Interim dividends	4,437	2,962	42,586	2,962
Unappropriated earned surplus for current term	¥ 31,555	¥ 14,348	\$ 302,802	¥ 21,717