

## FINANCIAL HIGHLIGHTS

Interim brief report of the first half of fiscal year ended March 31, 2004

Published by the Board of Kawasaki Kisen Kaisha, Ltd., on November 13th, 2003

[Two Year Summary]

	Six Months ended Sep.30,2003	Six Months ended Sep.30,2002	Six Months ended Sep.30,2003	Year ended Mar.31,2003
<b>Consolidated</b>				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	<b>¥362,107</b>	¥309,594	<b>\$3,254,891</b>	¥632,725
Operating income (Millions of yen / Thousands of U.S. dollars)	<b>34,305</b>	11,271	<b>308,362</b>	29,282
Net income (Millions of yen / Thousands of U.S. dollars)	<b>15,941</b>	4,919	<b>143,293</b>	10,373
Per share of common stock (Yen / U.S. dollars)	<b>26.91</b>	8.29	<b>0.24</b>	17.24
Total Assets (Millions of yen / Thousands of U.S. dollars)	<b>535,170</b>	520,434	<b>4,810,514</b>	515,825
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	<b>102,539</b>	77,495	<b>921,699</b>	82,040
Per share of common stock (Yen / U.S. dollars)	<b>173.18</b>	130.84	<b>1.56</b>	138.29
Net cash provided by operating activities (Millions of yen / Thousands of U.S. dollars)	<b>32,663</b>	6,188	<b>293,603</b>	32,936
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	<b>(15,947)</b>	(2,160)	<b>(143,340)</b>	(23,732)
Net cash used in financing activities (Millions of yen / Thousands of U.S. dollars)	<b>(18,310)</b>	(6,321)	<b>(164,589)</b>	(10,656)
<b>Non-consolidated</b>				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	<b>295,026</b>	244,300	<b>2,651,923</b>	499,792
Operating income (Millions of yen / Thousands of U.S. dollars)	<b>28,221</b>	7,180	<b>253,675</b>	19,843
Net income (Millions of yen / Thousands of U.S. dollars)	<b>12,451</b>	2,781	<b>111,916</b>	6,536
Per share of common stock (Yen / U.S. dollars)	<b>21.00</b>	4.69	<b>0.19</b>	10.90
Cash dividends (Millions of yen / Thousands of U.S. dollars)	<b>2,963</b>	-	<b>26,634</b>	2,963
Per share of common stock (Yen / U.S. dollars)	<b>5.00</b>	-	<b>0.04</b>	5.00
Total Assets (Millions of yen / Thousands of U.S. dollars)	<b>303,082</b>	265,508	<b>2,724,334</b>	269,140
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	<b>81,624</b>	63,481	<b>733,701</b>	65,872
Per share of common stock (Yen / U.S. dollars)	<b>137.74</b>	107.06	<b>1.24</b>	111.03

The U.S. dollar amounts are converted from the yen amount at ¥111.25=U.S.\$1.00, The exchange rate prevailing on September 30th, 2003.

## **1. Management Policies**

The following fundamental management policies are summarized herein in order to clarify the significance of the business domain of the entire “K” LINE Group and how their pursuit is being carried out in actual practice.

As a global total logistics company centering on shipping, “K” LINE and its entire group of companies are committed to complying with social norms, having a creative and challenging spirit, pursuing the upgrade of its service quality, making utmost efforts for safety in navigation covering cargo operations and environmental preservation, trying to best respond to customer needs and contributing to the well-being of humanity throughout the world.

### **Policy for Payment of Dividends**

Company’s fundamental policy is payment of dividends consistent with the level of profit actually achieved, and any decision related to dividend payments should be made from both medium- and long-term viewpoints. In that regard, comprehensive and deep consideration will be given to:

- a) Reinforcement of corporate structure in sync with the intensifying competition with which ocean-going shipping and other related industries are being confronted
- b) Increase retained earnings in anticipation of the evolution of future business
- c) Continuous payment of dividends

It was resolved at the Board Meeting taking place on Nov. 13, 2003 that an interim dividend for the 1<sup>st</sup> half of Fiscal 2003 of ¥5.00 per share be paid in consideration of financial achievement of the 1<sup>st</sup> half and prospects for the 2<sup>nd</sup> half.

### **Management Goals (Numerical Targets of Management)**

The numerical targets we would like to reach as of March 31, 2005 when “KV-Plan” will be completed, on a consolidated basis and (in parentheses) on a non-consolidated basis, are as follows:

Operating revenues ¥650 billion (¥500 billion)

Ordinary income ¥35 billion (¥25 billion)

Ratio of shareholders’ equity over assets 22% (33%)

ROE 19% (17%)

Liabilities bearing interest ¥280 billion (¥90 billion)

**However, the above indices are expected to be much better on March 31, 2004.**

### **Management Strategy on Medium and Long-term Basis**

From April last year, “K” LINE embarked on a new 3-year management plan known as “KV-Plan.” Under this new plan, we are determined to exert all possible energy as an urgent assignment in those situations where our economy continues to remain in recession whereas some Asian economies are seeing more rapid and economic development centering on China.

In this new management plan, fundamental assignments are itemized as follows:

- a) Further strengthening of the Company’s basic structure through cost reductions and effective use

of IT, etc.

- b) Enhancement of globalization closely connected to local community and pursuit of synergy between our various business sectors
- c) Redoubling efforts for logistics business
- d) Pursuit of technical innovations in marine transport, perfection in safety of ship navigation/cargo operations and commitment to environmental preservation
- e) Strengthening corporate governance aiming at more transparency and effectiveness of management

### **Assignments to which the Company Is Committed**

In accordance with the “KV-Plan,” efforts have been underway for construction of a transport system that can respond flexibly to any change in global logistics. The urgent top agenda of management policy is focused on not only further strengthening of the Company’s constitution but also achieving recovery in Containership Business: We were successful in reducing costs by over ¥23 billion as compared with last year.

In the 2<sup>nd</sup> year of the “KV-Plan,” cost reduction is expected to crest at ¥8billion over last year. Hoisting a ¥30billion cost curtailment for the entire 3-year period, we are expecting to attain the final target by the end of the 2<sup>nd</sup> year.

Through that level of attainment, we are targeting at completion of an earnings state where payment of dividends will be exercisable apart from fluctuation of business circumstances.

At the same time, safety in navigation/cargo operations and preservation of the earthly environment are recognized as top assignments. All fleets of the entire “K” LINE Group are operated according to our Safety Management System whereby our responses are docketed into a manual on the basis of the “ISM Code.”

Concurrently, a Committee for Promotion of Safe Ship Management was established for the entire fleet, including charter-in vessels. The committee members consist of Directors of “K” LINE and its group ship management companies. Within the Committee, various measures for safe ship/cargo operations are mapped out. We take on visiting ships for safety verification purposes along “K” LINE’s own guidelines for ship quality, i.e. KL-QUALITY, so that the Company is assured of providing stable and high-quality transportation service to customers.

“K” LINE Group’s Environmental Policy was established in May 2001. We sense with acuteness and in-depth urgency that consumption of mobile energy needed by logistics business, as well as exhausts/wastes resulting from business activity, should produce minimal environmental loads to limited resources and earthly/marine environment. We also properly understand how important it is to prevent marine pollution incurred by marine accidents, regarding preservation of the earthly environment as a perpetual management assignment.

More concretely, we acquired ISO 14001 certification from a third party authentication institute in February 2002, and are wholeheartedly practicing an Environmental Management System for the group ship management companies as well as “K” LINE.

## Corporate Governance: Fundamental Way of Thinking and Measures Taken in Practice

### **Corporate Governance: Fundamental Way of Thinking**

The Company is making ceaseless efforts in pursuit of innovations in corporate management to maximize business values from the perspective of shareholders. In the process of advancing the innovations, we will steadfastly give prime attention to global standards, i.e. ensuring transparency and fairness of management as well as speed-up of decision-making, etc.

We would like you to refer to the afore-mentioned management policies.

Furthermore, it should be mentioned that every policy is based on perfect exercise of business ethics with many relevant measures being put into practice.

### **Measures Put into Practice Relevant to Corporate Governance**

(1) How administrative organization of management is in reality: relevant to decision-making, execution, oversight and other corporate governance systems

**a) Whether the Company's audit is exercised by a "committee system" or by a "corporate auditor system".**

Audit is being carried out by "corporate auditor system", and as of the end of September 2003, there are four (4) auditors.

**b) Election of Director(s) and Auditor(s) from outside the company**

We do not elect any outside Directors. Two out of four of our Auditors are from the outside as stipulated in the Commercial Code of Japan (CCJ)- on Statutory Audit- the Law for Special Exception to CCJ Concerning Audit of Kabushiki Kaisha, Article 18, Section 1.

**c) The Board of Directors and Director Council**

The Board of Directors is positioned to function as an organization for decision-making on fundamental directions of management, legal matters and other important management issues, supervising every key process of business practices as well.

Auditors may also attend Board of Director meetings.

The Director Council takes place twice a month, participated in by representing directors/directors in charge together with the chairman of the Board of Auditors. It exercises the reporting and examining of important matters, enhances perfection in compliance, secures transparency of business practices and promotes speedy decision-making.

**d) Compliance Committee**

On April 1, 2003 the Compliance Committee was started, charged with encouraging the Company to pursue compliance, fairness and ethics in business practices. At the same time, it responds to a variety of compliance issues caught through plural channels including our own in-house reporting system.

**e) IR & Disclosure**

IR & PR Group and General Affairs & Legal Group thoroughly practice appropriate IR and Disclosure without exception.

**f) Internal Control**

The Board of Directors and Compliance Division are engaged in internal control. The Auditors take on responsibility for how internal control is carried out in oversight of overall jobs.

**g) Stock Options**

We introduced Stock Options as a tool for lifting long-term incentives to upgrade Company achievement with the understanding that both shareholders and management can find a commonplace in pursuit of respective interests. Needless to say, this leads to upgrading everyone's consciousness of increase in company stock price.

**h) Use of lawyers, public accountants and other 3<sup>rd</sup> parties**

It is our usual practice to consult with more than one law office regarding those issues relevant to corporate management and day-to-day business. We are readily open for receipt of any and all advice from specialists.

We concluded audit contracts with Shin Nihon & Co. for the special Statutory Audit of CCJ and Statutory Securities Audit. With can report with assuredness that the public auditors carry out supervision fairly and independently.

(2) Personal, capital and business relationships and any other interests between the Company and outside Auditors

As of September 30, 2003, it is confirmed that the Company has no personal, capital, technical or business relationships with our 2 outside Auditors, their immediate families or those companies in which they hold directorship.

(3) How the Company has been tackling corporate governance during the last one year

On April 1, 2003, the Compliance Committee was launched having the functions of the inside reporting system. We are compiling a compliance manual that will summarize how management and employees must comply.

**2. Results of Business Operations and Financial Status**

(1) Overview of business operations during 1<sup>st</sup> half of Fiscal 2003

The global economy during 1<sup>st</sup> Half of Fiscal 2003 is being characterized as follows:

The U.S. economy proceeded with steadiness attributable to a) early termination of the Iraq War; b) recovery of stock prices; c) lowered interest rates; and d) continued stable personal consumption.

The European economy tended to be rather weak.

When it comes to the Asian economy, the worrisome influence from SARS could be contained to a minimal extent. The Chinese economy could maintain high growth.

In Japan, the economy seemed to be gradually escaping from the bottom with the **leverage of** recovery in exports and investment in plant and equipment.

A host of measures were taken to stop the continued mild slowdown of economy since 2<sup>nd</sup> half of last fiscal year.

Briefing you on where the shipping industry stood during the same period, it is being reported that although the industry was faced with a hike in fuel-oil prices, and the steep rise in value of Japanese Yen from mid September, it was favored with brisk cargo movement, subsequent normalization of container cargo rates and tramp markets proceeding in a better condition.

Under the above circumstances, and on the basis of the "KV-Plan," the Company endeavored to exercise cost curtailment and overall rationalization while making positive and concerted efforts for further business development. Eventually, consolidated operating revenues amounted to ¥362.107 billion (¥309.594 billion same period of Fiscal year 2002, up 17.0%); consolidated income before income taxes and extraordinary items ¥30.427 billion (¥7.844 billion same period of Fiscal year 2002, up 287.9%). After adjustment of special-account profit, consolidated interim net profit reached ¥15.941 billion (¥4.919 billion same period of Fiscal year 2002, up 224.1%). This boils down to the bottom line seeing the realization of increases in both operating revenues and income.

In terms of interim dividend, we determined to pay ¥5.00 per share.

a) Marine Transportation

**<Containership Business>**

Despite earlier worries, the Iraq War and SARS turned out to have little overall impact upon cargo movement during 1st half of Fiscal 2003.

In the North America services, cargo movement could proceed favorably owing to increased demand in housing supported by continuation of low-interest policy and further expansion of personal consumption incurred by tax-reductions.

In Europe services, cargo movement proceeded with considerable steadiness.

The Company exerted full efforts for strengthening those services primarily relevant to China where remarkable tonnage movement increases continue.

In the meantime, reinforcement of space-tight services was carried out with an increase in allocated container space, i.e. Asia/U.S. East Coast and Asia/Mediterranean service routes.

Consequently, our overall transported tonnage ended with better results as compared with last year.

In North America services, against a backdrop of steady development of trade centering on China, we were successful in normalizing those rates that had dropped greatly in the previous year.

Regarding Europe services, the shipping industry as well as "K" LINE were fortunately given brisk tonnage and could realize rate normalization.

In the end, operating revenues grew to a significant extent over last year.

We could increase operating profit more than last year in spite of being hit with hike in fuel oil costs.

We can report that we could successfully achieve our original target.

<Bulk Carrier and Car Carrier Business>

Bulk Carriers

The overall markets for bulk carriers advanced upward during 1<sup>st</sup> half of Fiscal 2003. The Cape and Panamax size bulker market proceeded to reach an historical high. That high can be explained by a) increase in iron ore transported due to increased demand for iron and steel in China; and b) the increment in steaming coal volume transported due to increased demand for electricity by hot summer in Europe.

The above situation resulted in port congestion in both loading and discharging ports, further tightening the balance between space and cargo.

**In terms of small and handy max size bulkers, the markets also moved with steadiness due to rippling impact of the afore-mentioned large bulker market.**

Under the circumstances, we could attain better results compared with last year through our business efforts for enjoying each merit of improved markets, rebuilding “K” LINE fleet into a more competitive one and deploying the fleet in a more efficient manner. Consequently, we were successful in expanding business scale.

Car Carriers

Regarding Car Carriers, transported vehicles bound for North America dropped in parallel with a decrease in car sales there as compared with last year. Consequently, although transported vehicles for the Middle East and Australia proceeded in a favorable condition, the end result was that units carried from Japan dropped a small amount as compared with last year.

Regarding the off-Japan trade such as the “Trans Atlantic services”, this continued to demonstrate an upward trend centering on cars exported from South America and Thailand.

In the end, tonnage carried could be equivalent to that of last year as a result of efficient ship deployment and operational-cost curtailment against a hike in fuel oil price.

The bottom line of Bulk Carrier and Car Carrier Business was over that of last year in operating revenues with a stable level of profit.

<Energy Transportation and Tanker Business>

LNG Carriers: Carriers were allocated to all projects totaled 22, which operated as planned and could secure stable profit.

Thermal Coal Carriers: One Corona-type ship joined the fleet, having the characteristic of a shallower draft. The Corona-type totaled 8 whereas the total fleet related to transport of thermal coal reached 13, allowing us to expand business scale.

Tankers: business achievement improved in a larger amount due to recovered markets with support from increase in cargo backed up by developed demand.

In the end, both operating revenues and income exceeded last year’s levels.

<Coastal Shipping >

Domestic Tramp: we could succeed in securing a stable quantity of coal for steel mills and limestone for cement industries contracted on longer-term basis.

Domestic Liner: a large RO/RO carrier entered service replacing an older one during 1<sup>st</sup> half of Fiscal 2003, contributing to an increase in operating revenues. On the services Kushiro/Hitachi and Hitachinaka/Tomakomai, we obtained stable volume of raw milk and general cargo with success.

Ferry: Cargo volume on trucks diminished slightly as a result of the temporary impact of restructuring of service networks having already been subsidized one way or another during the 1<sup>st</sup> half. On the other hand, passengers using our service between Hachinohe and Tomakomai increased in number.

The bottom line surpassed last year in operating revenues with a stable profit in succession.

Marine Transportation ended with operating revenues equivalent to ¥311.813 billion (up 19.9% compared with same period of Fiscal year 2002) and operating income reached ¥30.467 billion (up 243.0% compared with same period of Fiscal year 2002).

#### b) Services Incidental to Transportation>

“K” LINE group companies increased their operating revenues centering on overseas subsidiaries owing to expansion in scale of containership business.

As a whole for the “K” LINE Group, operating revenues amount to ¥43.862 billion (up 2.6% compared with same period of Fiscal year 2002) and operating income ¥3.376 billion (up 74.5% compared with same period of Fiscal year 2002).

#### c) Others

In land transportation business and other businesses not mentioned in the above, operating revenues amount to ¥6.432 billion (less 6.5% over same period of Fiscal year 2002) and operating income ¥0.381 billion (less 12.1% over same period of Fiscal year 2002)

#### (2) Outlook for 2<sup>nd</sup> half of Fiscal 2003

It is prospected:

Domestically, overall production is likely to turn into a mild increase with rallying exports and investment in plant and equipment as leverages, further ensuring the economy’s recovery. Overseas, the economic recovery centering on the U.S. and East Asia will continue at a comparatively steady pace.

Containership Business: Although there are some minus factors such as higher price of fuel oil and rise in value of Yen against U.S.\$, we anticipate that we will achieve much better results than last year in tonnage volumes and operating revenues. Improvement can be achieved through adjustments in ship deployment responding sensibly to demand trends, further curtailment of operational expenses and likely normalization of freight rates.



Bulk Carrier and Car Carrier Business:

Bulk Carrier Business: The bulk carrier markets are expected to stay as firm as the previous half against the backdrop of strong demand for space by Asian businesses centering China.

Car Carrier Business: In view of car sales in the U.S. having been getting on track for recovery since last summer, car exports from both Japanese and Korean carmakers are likely to grow with a view to their enlarging market shares in the U.S.A.

On the other service routes, we are going to maintain the same level as the 1<sup>st</sup> half, securing a stable profit.

Energy Transportation and Tanker Business:

We will continue positively tackling expansion in business scale, including injection of newbuildings.

In Tanker business, one newbuilding of a large-sized, double-hulled tanker is going to enter service.

Global recovery of demand for oil will continue and eventually the tanker market should stay firm.

Coastal Shipping:

Cargo movement and business achievement are likely to maintain roughly the same level as anticipated earlier.

Services Incidental to Transportation:

Efforts will be carried out to effectively combine know-how and business assets accumulated in containership business and domestic/overseas logistics group companies, aimed at further upgrading our "K" LINE Group customer service in the field of logistics business.

**In this manner, we are forecasting that on a consolidated and yearly basis, operating revenues will be ¥700.000 billion, income before income taxes and extraordinary items ¥53.000 billion and net income ¥30.000 billion based on preconditions of an exchange rate of ¥110.00 per U.S. Dollar and price of fuel oil U.S.\$166.00 per ton.**

Regarding the annual dividends, we are planning to pay ¥10.00 per share.

(3) Review of Financial Status for 1<sup>st</sup> Half of Fiscal 2003

As of closure of 1<sup>st</sup> half of consolidated Fiscal 2003, cash and cash equivalents (called funds) were ¥17.435 billion, a ¥1.345 billion decrease as compared with the end of previous consolidated fiscal year. Cash flows at the end of the 1<sup>st</sup> half were as follows:

Cash flow from operating activities resulted in plus ¥32.663 billion from interim net profit prior to tax adjustments and depreciation costs.

Cash flow from investment activities ended with minus ¥15.947 billion due to expenditures for acquisition of vessels, etc.

Cash flow from financial activities was minus ¥18.310 billion due to expenditures for return of borrowed money.

Regarding cash flow during the 2<sup>nd</sup> half of Fiscal 2003, our prospects are as follows:

Cash flow operating activities will amount to plus ¥32.000 billion.

Cash flow from investment activities will be minus ¥31.000 billion in consideration of investment in ships amounting to ¥27.000 billion, including the 6,000unit car carriers scheduled to be completed in October and December 2003, etc.

Cash flow from financial activities will reach minus ¥1.000 billion in view of return of borrowed money for funding equipment, etc.

In the aggregate, cash and cash equivalents will be roughly at the same level as the end of 1<sup>st</sup> half of Fiscal 2003.

Trends of cash flow indices of the “K” LINE Group are as follows:

	1 <sup>st</sup> half of Fiscal 2001 (end of Sept. 2001))	Full Fiscal 2001 (end of March 2002)	1 <sup>st</sup> half Fiscal 2002 (end of Sept. 2002)	Full Fiscal 2002 (end of March 2003)	1 <sup>st</sup> half Fiscal 2003 (end of Sept. 2003)
Ratio of shareholders' equity (%)	13.9	14.6	14.9	15.9	19.2
Ratio of shareholders' equity on the basis of market price (%)	19.8	17.1	19.4	30.0	42.3
Years of redemption	-	10.2	-	9.3	-
Interest coverage ratio	3.6	3.3	1.8	5.0	10.6

Ratio of shareholders' equity: shareholders' equity/total assets

**Ratio of shareholders' equity on a basis of market price:**

**Aggregate of stock price on market price/total assets**

**Years of redemption: liabilities bearing interest/cash flow of business activities**

**Interest coverage ratio:**

**Cash flow of business activities/ interest payment**

**1. Every index is computed on the basis of financial figures on a consolidated basis.**

2. Aggregate amount of stock on the basis of market price:

stock price at the closure of each fiscal year (1<sup>st</sup> half or full year) X aggregate number of shares issued at the closure of each fiscal year (1<sup>st</sup> half or full year)

3. The amount of cash flow of business activities corresponds to that of Consolidated Statements of Cash Flows. Liabilities bearing interest are equivalent to the total liabilities bearing interest listed up in Consolidated Balance Sheets. Coupon payment corresponds to the amount of paid interest appearing in Consolidated Statements of Cash Flows.

4. Years of redemption: It is not shown as far as the 1<sup>st</sup> half of any fiscal year is concerned. For simulation purposes only, the years of redemption for 1<sup>st</sup> half of Fiscal 2003 would amount to 4.5 years, if we figured it out by doubling the real amount of cash flow of business activities of 1<sup>st</sup> half of Fiscal 2003, which logically might be equivalent to an amount of yearly-based cash flow.

## Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2003 and half years ended September 30, 2003 and 2002

### ASSETS

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

	Six Months ended Sep.30,2003	Year ended Mar.31,2003	Six Months ended Sep.30,2003	Six Months ended Sep.30,2002
<b>Current assets :</b>				
Cash and time deposits	¥17,679	¥18,988	\$158,910	¥18,377
Marketable securities	60	73	536	67
Accounts and notes receivable - trade	84,372	74,843	758,399	70,821
Allowance for doubtful receivables	(1,020)	(663)	(9,169)	(675)
Fuel and supplies	9,864	10,662	88,667	9,541
Prepaid expenses and deferred charges	19,289	18,223	173,383	16,394
Deferred income taxes	2,716	2,667	24,418	2,870
Other current assets	13,705	11,717	123,195	14,969
<b>Total current assets</b>	<b>146,665</b>	<b>136,510</b>	<b>1,318,339</b>	<b>132,364</b>
<b>Investments and long-term receivables :</b>				
Investments in and advances to unconsolidated subsidiaries and affiliates	14,274	10,698	128,306	8,545
Investments in other securities	58,057	48,658	521,861	55,242
Long-term loans receivable	3,093	3,050	27,805	2,932
Other investments	15,906	16,323	142,970	15,014
Deferred income taxes	3,875	9,476	34,834	8,277
Allowance for doubtful receivables	(553)	(622)	(4,968)	(640)
<b>Total investments and long-term receivables</b>	<b>94,652</b>	<b>87,583</b>	<b>850,808</b>	<b>89,370</b>
<b>Vessels, property and equipment :</b>				
Vessels	411,592	433,723	3,699,708	428,282
Buildings and equipment	100,596	99,635	904,230	98,105
Accumulated depreciation	(288,592)	(293,172)	(2,594,088)	(286,796)
	223,596	240,186	2,009,850	239,591
Land	35,668	36,013	320,613	36,074
Construction in progress	28,854	9,681	259,361	17,247
<b>Vessels, property and equipment net</b>	<b>288,118</b>	<b>285,880</b>	<b>2,589,824</b>	<b>292,912</b>
<b>Other assets</b>	<b>5,735</b>	<b>5,852</b>	<b>51,543</b>	<b>5,788</b>
<b>Total assets</b>	<b>¥535,170</b>	<b>¥515,825</b>	<b>\$4,810,514</b>	<b>¥520,434</b>

## Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2003 and half years ended September 30, 2003 and 2002

### LIABILITIES AND SHAREHOLDERS' EQUITY

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

	Six Months ended Sep.30,2003	Year ended Mar.31,2003	Six Months ended Sep.30,2003	Six Months ended Sep.30,2002
<b>Current liabilities :</b>				
Short-term loans	<b>¥54,932</b>	¥35,194	<b>\$493,766</b>	¥51,584
Current portion of long-term debt	<b>48,736</b>	44,863	<b>438,078</b>	42,425
Accounts and notes payable – trade	<b>61,494</b>	60,004	<b>552,758</b>	61,799
Deferred income	<b>12,402</b>	11,696	<b>111,478</b>	11,136
Current portion of obligations under finance leases	<b>1,602</b>	1,393	<b>14,400</b>	2,398
Other current liabilities	<b>20,048</b>	13,611	<b>180,209</b>	14,774
<b>Total current liabilities</b>	<b>199,214</b>	166,761	<b>1,790,689</b>	184,116
<b>Long-term liabilities :</b>				
Long-term debt, less current portion	<b>175,900</b>	215,644	<b>1,581,124</b>	209,514
Allowance for employees' retirement benefits	<b>13,816</b>	14,551	<b>124,185</b>	15,235
Allowance for directors' and statutory auditors' retirement benefits	<b>1,746</b>	2,044	<b>15,696</b>	1,834
Accrued expenses for overhaul of vessels	<b>8,777</b>	7,530	<b>78,891</b>	5,753
Obligations under finance leases	<b>13,235</b>	9,481	<b>118,970</b>	11,478
Deferred income taxes	<b>1,111</b>	1,033	<b>9,985</b>	1,023
Other long-term liabilities	<b>11,127</b>	9,496	<b>100,019</b>	6,658
<b>Total long-term liabilities</b>	<b>225,712</b>	259,779	<b>2,028,870</b>	251,495
Minority interests in consolidated subsidiaries	<b>7,705</b>	7,245	<b>69,256</b>	7,328
<b>Shareholders' equity :</b>				
Common stock:				
Authorized 1,080,000,000 shares				
Issued 593,796,875 shares	<b>29,690</b>	29,690	<b>266,875</b>	29,690
Capital surplus	<b>14,535</b>	14,535	<b>130,654</b>	14,535
Retained earnings	<b>52,674</b>	39,694	<b>473,478</b>	34,208
Revaluation reserve for land	<b>4,849</b>	4,848	<b>43,584</b>	4,805
Unrealized holding gains or losses on investment securities	<b>4,574</b>	(2,530)	<b>41,116</b>	(1,455)
Translation adjustments	<b>(3,478)</b>	(3,912)	<b>(31,267)</b>	(4,034)
	<b>102,844</b>	82,325	<b>924,440</b>	77,749
Treasury stock, at cost	<b>(305)</b>	(285)	<b>(2,741)</b>	(253)
<b>Total Shareholders' equity</b>	<b>102,539</b>	82,040	<b>921,699</b>	77,495
<b>Total Liabilities and shareholders' equity</b>	<b>¥535,170</b>	¥515,825	<b>\$4,810,514</b>	¥520,434

## Consolidated Statements of Income and Retained Earnings

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2003 and half years ended September 30, 2003 and 2002

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

	Six Months ended Sep.30,2003	Six Months ended Sep.30,2002	Six Months ended Sep.30,2003	Year ended Mar.31,2003
Operating revenues :				
Freight and charter of vessels	<b>¥317,918</b>	¥264,611	<b>\$2,857,693</b>	¥540,208
Operating revenues other than shipping	<b>44,189</b>	44,983	<b>397,198</b>	92,517
Total operating revenues	<b>362,107</b>	309,594	<b>3,254,891</b>	632,725
Operating expenses :				
Expenses, other than depreciation, for vessels	<b>236,896</b>	208,819	<b>2,129,406</b>	422,570
Depreciation of vessels	<b>11,409</b>	12,108	<b>102,551</b>	23,619
Cost of operating revenues	<b>53,014</b>	52,018	<b>476,526</b>	105,817
Selling, general and administrative expenses	<b>26,483</b>	25,378	<b>238,046</b>	51,437
Total operating expenses	<b>327,802</b>	298,323	<b>2,946,529</b>	603,443
Operating income	<b>34,305</b>	11,271	<b>308,362</b>	29,282
Other income (expense):				
Interest and dividends income	<b>938</b>	736	<b>8,428</b>	1,333
Interest expenses	<b>(2,982)</b>	(3,306)	<b>(26,807)</b>	(6,488)
Others, net	<b>(4,253)</b>	(359)	<b>(38,226)</b>	(5,447)
Total other income (expense)	<b>(6,297)</b>	(2,929)	<b>(56,605)</b>	(10,602)
Income before income taxes	<b>28,008</b>	8,342	<b>251,757</b>	18,680
Income taxes current	<b>10,244</b>	3,829	<b>92,085</b>	8,662
deferred	<b>1,399</b>	(659)	<b>12,570</b>	(873)
Total income taxes	<b>11,643</b>	3,170	<b>104,655</b>	7,789
Minority interest	<b>424</b>	253	<b>3,809</b>	518
Net income	<b>15,941</b>	4,919	<b>143,293</b>	10,373
Retained earnings at beginning of the period	<b>39,694</b>	31,200	<b>356,800</b>	31,200
Adjustments for inclusion in or exclusion from consolidation or equity method of accounting for subsidiaries and affiliates	<b>167</b>	(6)	<b>1,502</b>	26
Cash dividends	<b>(2,963)</b>	(1,781)	<b>(26,636)</b>	(1,781)
Bonuses to directors and statutory auditors	<b>(165)</b>	(124)	<b>(1,481)</b>	(124)
Retained earnings at end of the period	<b>¥52,674</b>	¥34,208	<b>\$473,478</b>	¥39,694

# Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2003 and half years ended September 30, 2003 and 2002

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

	Six Months ended Sep.30,2003	Six Months ended Sep.30,2002	Six Months ended Sep.30,2003	Year ended Mar.31,2003
<b>Cash flows from operating activities :</b>				
Income before income taxes	<b>¥28,008</b>	¥8,342	<b>\$251,757</b>	¥18,680
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Provision for employees' retirement benefits	(735)	(859)	(6,607)	(1,543)
Accrued expenses for overhaul of vessels	1,249	1,355	11,224	3,129
Provision for directors' and statutory auditors' retirement benefits	(298)	(258)	(2,680)	(48)
Depreciation and amortization	14,417	15,201	129,588	29,511
Interest and dividend income	(938)	(736)	(8,428)	(1,333)
Interest expenses	2,982	3,306	26,807	6,488
Increase in accounts and notes receivable – trade	(9,111)	(8,688)	(81,900)	(12,497)
(Increase) decrease in inventories	794	(2,337)	7,138	(3,456)
Increase in short-term assets	(1,243)	(5,769)	(11,172)	(2,423)
Increase in accounts and notes payable – trade	1,123	3,398	10,100	2,793
Gain or loss on sale of marketable and investment securities	(221)	366	(1,991)	3,289
Gain on sale of vessels, property, and equipments	(867)	(2,731)	(7,789)	(3,630)
Loss on sale of vessels, property, and equipments	2,865	1,348	25,751	1,306
Others, net	2,254	(1,948)	20,259	1,575
<b>Sub-total</b>	<b>40,279</b>	9,990	<b>362,057</b>	41,841
Interest and dividends received	934	752	8,399	1,603
Interest paid	(3,071)	(3,370)	(27,608)	(6,600)
Income taxes paid	(5,479)	(1,184)	(49,245)	(3,908)
<b>Net cash provided by operating activities</b>	<b>32,663</b>	6,188	<b>293,603</b>	32,936
<b>Cash flows from investing activities :</b>				
Purchases of securities and other investments	(844)	(2,874)	(7,590)	(8,395)
Gain on sale of marketable and investment securities	390	2,455	3,503	3,835
Purchases of vessels, property and equipment	(35,717)	(35,377)	(321,049)	(69,938)
Proceeds from sale of vessels, property and equipment	22,873	34,243	205,606	57,806
Expenditures for intangible fixed assets	(519)	(794)	(4,664)	(1,527)
Others, net	(2,130)	187	(19,146)	(5,513)
<b>Net cash used in investing activities</b>	<b>(15,947)</b>	(2,160)	<b>(143,340)</b>	(23,732)
<b>Cash flows from financing activities :</b>				
Proceeds from issuance of bonds	-	-	-	9,938
Proceeds from loans	7,611	31,777	68,415	55,890
Repayment of loans and obligations under finance leases	(37,636)	(37,177)	(338,303)	(55,403)
Repayment of bonds	(5,000)	(11,000)	(44,944)	(13,500)
Net increase (decrease) of short-term loans	19,743	12,073	177,467	(5,512)
Cash dividends paid	(2,960)	(1,778)	(26,610)	(1,783)
Cash dividends paid by subsidiaries to minority shareholders	(49)	(55)	(442)	(94)
Others, net	(19)	(161)	(172)	(192)
<b>Net cash used in financing activities</b>	<b>(18,310)</b>	(6,321)	<b>(164,589)</b>	(10,656)
Effect of exchange rate changes on cash and cash equivalents	248	(607)	2,229	(553)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,346)</b>	(2,900)	<b>(12,097)</b>	(2,005)
Cash and cash equivalents at beginning of the period	18,780	20,681	168,813	20,682
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	1	103	11	103
<b>Cash and cash equivalents at end of the period</b>	<b>17,435</b>	17,884	<b>156,727</b>	18,780

## Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2003 and half years ended September 30, 2003 and 2002

### ASSETS

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

	Six Months ended Sep.30,2003	Year ended Mar.31,2003	Six Months ended Sep.30,2003	Six Months ended Sep.30,2002
Current assets :				
Cash and time deposits	¥6,510	¥5,621	\$58,514	¥6,398
Accounts and notes receivable - trade	63,891	53,788	574,300	49,672
Allowance for doubtful receivables	(3,980)	(396)	(35,775)	(2,417)
Fuel and supplies	8,049	9,069	72,355	8,039
Prepaid expenses and deferred charges	19,296	17,957	173,448	16,542
Other current assets	15,116	10,461	135,870	12,185
Total current assets	108,882	96,500	978,712	90,419
Investments and long-term receivables :				
Investments in and advances to subsidiaries and affiliates	56,130	38,706	504,540	36,143
Investments in other securities	51,827	41,619	465,860	45,879
Long-term loans receivable	2,485	2,375	22,335	1,992
Other investments	5,571	5,806	50,081	5,254
Allowance for doubtful receivables	(314)	(394)	(2,825)	(316)
Total investments and long-term receivables	115,699	88,112	1,039,991	88,952
Vessels, property and equipment :				
Vessels	144,867	154,525	1,302,173	154,524
Buildings and equipment	12,586	12,616	113,133	12,275
Accumulated depreciation	(110,081)	(113,385)	(989,490)	(110,973)
	47,372	53,756	425,816	55,826
Land	23,421	23,421	210,523	23,503
Construction in progress	2,309	1	20,756	626
Vessels, property and equipment, net	73,102	77,178	657,095	79,955
Other assets	5,399	7,350	48,536	6,182
Total assets	¥303,082	¥269,140	\$2,724,334	¥265,508



## Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2003 and half years ended September 30, 2003 and 2002

### LIABILITIES AND SHAREHOLDERS' EQUITY

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

	Six Months ended Sep.30,2003	Year ended Mar.31,2003	Six Months ended Sep.30,2003	Six Months ended Sep.30,2002
<b>Current liabilities :</b>				
Short-term loans	¥19,358	¥4,891	\$174,005	¥11,862
Current portion of long-term debt	20,408	26,008	183,448	24,582
Accounts and notes payable - trade	53,797	51,339	483,565	51,369
Deferred income	11,935	11,111	107,282	10,260
Other current liabilities	28,939	16,497	260,125	14,823
<b>Total current liabilities</b>	<b>134,437</b>	<b>109,846</b>	<b>1,208,425</b>	<b>112,896</b>
<b>Long-term liabilities :</b>				
Long-term debt, less current portion	76,059	85,548	683,678	81,003
Allowance for employees' retirement benefits	2,497	2,890	22,446	3,436
Allowance for directors' and statutory auditors' retirement benefits	1,147	1,212	10,310	1,077
Accrued expenses for overhaul of vessels	1,401	1,439	12,591	1,793
Deferred income taxes for land revaluation	1,806	1,806	16,229	1,822
Other long-term liabilities	4,111	527	36,954	-
<b>Total long-term liabilities</b>	<b>87,021</b>	<b>93,422</b>	<b>782,208</b>	<b>89,131</b>
<b>Shareholders' equity :</b>				
<b>Common stock:</b>				
Authorized 1,080,000,000 shares				
Issued 593,796,875 shares	29,690	29,690	266,875	29,690
Capital surplus	14,535	14,535	130,654	14,535
Legal reserve	2,540	2,540	22,835	2,540
Revaluation reserve for land	2,996	2,996	26,933	2,973
Special reserve	15,473	11,850	139,088	11,850
Retained earnings	12,699	6,905	114,145	3,155
Unrealized holding gains (losses) on investment securities	3,893	(2,461)	34,990	(1,111)
Less: treasury stock, at cost	(202)	(183)	(1,819)	(151)
<b>Total Shareholders' equity</b>	<b>81,624</b>	<b>65,872</b>	<b>733,701</b>	<b>63,481</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥303,082</b>	<b>¥269,140</b>	<b>\$2,724,334</b>	<b>¥265,508</b>

## Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2003 and half years ended September 30, 2003 and 2002

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

	Six Months ended Sep.30,2003	Six Months ended Sep.30,2002	Six Months ended Sep.30,2003	Year ended Mar.31,2003
Operating revenues :				
Freight and charter of vessels	<b>¥294,591</b>	¥243,940	<b>\$2,648,014</b>	¥499,011
Other revenues	<b>435</b>	360	<b>3,908</b>	781
Total operating revenues	<b>295,026</b>	244,300	<b>2,651,923</b>	499,792
Operating expenses :				
Expenses, other than depreciation, for vessels	<b>257,699</b>	226,901	<b>2,316,394</b>	460,966
Depreciation of vessels	<b>2,591</b>	3,009	<b>23,290</b>	5,692
Selling, general and administrative expenses	<b>6,209</b>	6,964	<b>55,808</b>	12,848
Other expenses	<b>306</b>	246	<b>2,756</b>	443
Total operating expenses	<b>266,805</b>	237,120	<b>2,398,248</b>	479,949
Operating income	<b>28,221</b>	7,180	<b>253,675</b>	19,843
Other income (expense) :				
Interest and dividend income	<b>881</b>	646	<b>7,915</b>	1,266
Interest expense	<b>(1,498)</b>	(1,630)	<b>(13,461)</b>	(3,199)
Others, net	<b>(7,385)</b>	(1,459)	<b>(66,385)</b>	(5,947)
Total other income (expense)	<b>(8,002)</b>	(2,443)	<b>(71,931)</b>	(7,880)
Income before income taxes	<b>20,219</b>	4,737	<b>181,744</b>	11,963
Income taxes	<b>7,768</b>	1,956	<b>69,828</b>	5,427
Net income	<b>¥12,451</b>	¥2,781	<b>\$111,916</b>	¥6,536

## Consolidated Segment Information

### (a) Business segment information

Six months ended Sep.30,2003

(Millions of Yen)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥311,813	¥43,862	¥6,432	¥362,107	¥ -	¥362,107
(2) Inter-group sales and transfers	1,510	26,325	4,556	32,391	(32,391)	-
<b>Total revenues</b>	<b>313,323</b>	<b>70,187</b>	<b>10,988</b>	<b>394,498</b>	<b>(32,391)</b>	<b>362,107</b>
Operating expenses	282,856	66,811	10,607	360,274	(32,472)	327,802
<b>Operating income</b>	<b>¥30,467</b>	<b>¥3,376</b>	<b>¥381</b>	<b>¥34,224</b>	<b>¥81</b>	<b>¥34,305</b>

Six months ended Sep.30,2002

(Millions of Yen)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥259,966	¥42,748	¥6,880	¥309,594	¥ -	¥309,594
(2) Inter-group sales and transfers	1,418	22,886	4,293	28,597	(28,597)	-
<b>Total revenues</b>	<b>261,384</b>	<b>65,634</b>	<b>11,173</b>	<b>338,191</b>	<b>(28,597)</b>	<b>309,594</b>
Operating expenses	252,501	63,699	10,739	326,939	(28,616)	298,323
<b>Operating income</b>	<b>¥8,883</b>	<b>¥1,935</b>	<b>¥434</b>	<b>¥11,252</b>	<b>¥19</b>	<b>¥11,271</b>

Six months ended Sep.30,2003

(Thousands of U.S.Dollars)

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	\$2,802,814	\$394,260	\$57,817	\$3,254,891	\$ -	\$3,254,891
(2) Inter-group sales and transfers	13,571	236,630	40,955	291,156	(291,156)	-
<b>Total revenues</b>	<b>2,816,385</b>	<b>630,890</b>	<b>98,772</b>	<b>3,546,047</b>	<b>(291,156)</b>	<b>3,254,891</b>
Operating expenses	2,542,528	600,545	95,344	3,238,417	(291,888)	2,946,529
<b>Operating income</b>	<b>\$273,857</b>	<b>\$30,345</b>	<b>\$3,428</b>	<b>\$307,630</b>	<b>\$732</b>	<b>\$308,362</b>

Year ended Mar.31,2003

	Marine Transportation	Service incidental to transportation	Others	Total	Eliminations	Consolidated
Revenues						
(1) Operating revenues	¥530,228	¥88,774	¥13,723	¥632,725	¥ -	¥632,725
(2) Inter-group sales and transfers	2,853	48,983	8,777	60,613	(60,613)	-
<b>Total revenues</b>	<b>533,081</b>	<b>137,757</b>	<b>22,500</b>	<b>693,338</b>	<b>(60,613)</b>	<b>632,725</b>
Operating expenses	510,697	132,956	20,413	664,066	(60,623)	603,443
<b>Operating income</b>	<b>¥22,384</b>	<b>¥4,801</b>	<b>¥2,087</b>	<b>¥29,272</b>	<b>¥10</b>	<b>¥29,282</b>

## (b) Geographical segment information

Six months ended Sep.30,2003

(Millions of Yen)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	¥344,987	¥7,071	¥2,430	¥7,520	¥99	¥362,107	¥ -	¥362,107
(2) Inter-group sales and transfers	3,164	10,763	2,398	5,236	296	21,857	(21,857)	-
Total revenues	348,151	17,834	4,828	12,756	395	383,964	(21,857)	362,107
Operating expenses	316,823	17,634	4,738	10,127	356	349,678	(21,876)	327,802
Operating income(loss)	¥31,328	¥200	¥90	¥2,629	¥39	¥34,286	¥19	¥34,305

Six months ended Sep.30,2002

(Millions of Yen)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	¥296,874	¥6,708	¥2,075	¥3,860	¥77	¥309,594	¥ -	¥309,594
(2) Inter-group sales and transfers	962	9,890	1,914	3,232	255	16,253	(16,253)	-
Total revenues	297,836	16,598	3,989	7,092	332	325,847	(16,253)	309,594
Operating expenses	287,568	16,341	4,116	6,319	305	314,649	(16,326)	298,323
Operating income	¥10,268	¥257	(¥127)	¥773	¥27	¥11,198	¥73	¥11,271

Six months ended Sep.30,2003

(Thousands of U.S.Dollars)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	\$3,101,007	\$63,564	\$21,842	\$67,593	\$885	\$3,254,891	\$ -	\$3,254,891
(2) Inter-group sales and transfers	28,444	96,743	21,552	47,064	2,666	196,469	(196,469)	-
Total revenues	3,129,451	160,307	43,394	114,657	3,551	3,451,360	(196,469)	3,254,891
Operating expenses	2,847,848	158,505	42,586	91,029	3,199	3,143,167	(196,638)	2,946,529
Operating income(loss)	\$281,603	\$1,802	\$808	\$23,628	\$352	\$308,193	\$169	\$308,362

Year ended Mar.31,2003

(Millions of Yen)

	Japan	North America	Europe	Asia	Other	Total	Eliminations	Consolidated
Revenues								
(1) Operating revenues	¥605,153	¥14,755	¥4,216	¥8,560	¥41	¥632,725	¥ -	¥632,725
(2) Inter-group sales and transfers	3,280	20,216	4,596	7,149	646	35,887	(35,887)	-
Total revenues	608,433	34,971	8,812	15,709	687	668,612	(35,887)	632,725
Operating expenses	582,674	33,308	8,975	13,730	652	639,339	(35,896)	603,443
Operating income(loss)	¥25,759	¥1,663	(¥163)	¥1,979	¥35	¥29,273	¥9	¥29,282

Each segment principally covers the following countries or regions:

North America: U.S.A. and Canada

Europe: U.K., Germany, the Netherlands and France

Asia: Hong Kong, Singapore, Thailand, Indonesia, Korea and Malaysia

Other: Australia

(c) International Business information

Six months ended Sep.30,2003

(Millions of Yen)

	North America	Europe	Asia	Australia	Other	Total
International revenues	¥100,969	¥71,693	¥53,894	¥36,728	¥31,798	¥295,082
Consolidated revenues						362,107
International revenues as a percentage of consolidated revenues	27.9%	19.8%	14.9%	10.1%	8.8%	81.5%

Six months ended Sep.30,2002

(Millions of Yen)

	North America	Europe	Asia	Other	Total
International revenues	¥86,972	¥52,926	¥46,507	¥58,443	¥244,848
Consolidated revenues					571,014
International revenues as a percentage of consolidated revenues	28.1%	17.1%	15.0%	18.9%	79.1%

Six months ended Sep.30,2003

(Thousands of U.S.Dollars)

	North America	Europe	Asia	Australia	Other	Total
International revenues	\$907,582	\$644,435	\$484,445	\$330,142	\$285,825	\$2,652,429
Consolidated revenues						3,254,891
International revenues as a percentage of consolidated revenues	27.9%	19.8%	14.9%	10.1%	8.8%	81.5%

Year ended Mar.31,2003

(Millions of Yen)

	North America	Europe	Asia	Other	Total
International revenues	¥176,531	¥111,586	¥94,358	¥116,095	¥498,570
Consolidated revenues					632,725
International revenues as a percentage of consolidated revenues	27.9%	17.6%	14.9%	18.4%	78.8%

transportation business earned outside Japan.

Each segment principally covers following countries or regions:

North America: U.S.A. and Canada

Europe: U.K., Germany, the Netherlands and France

Asia: South-East Asia, The Middle East, the People's Republic of China and India

Australia: Australia

Other: Central and South America, Africa

Note: During the six months ended September 30, 2003, international revenues belonging to Australia are stated separately. Revenues from Australia had been included in "Other" in prior periods, because they did not exceed more than 10% of consolidated revenues in those periods. International revenues belonging to "Other" for six months ended September 30, 2003 included revenues belonging to Australia in the amount ¥30,917 million (9.9% of consolidated revenues), and for the year ended March 31,2003 "Other" included revenues belonging to Australia in the amount ¥62,748 million (9.9% of consolidated revenues).