

FINANCIAL HIGHLIGHTS

Interim brief report of the first half of fiscal year ended March 31,2002

Published by the Board of Kawasaki Kisen Kaisha, Ltd., on November 15th, 2001

[Two Year Summary]

	Six Months ended Sep.30,2001	Six Months ended Sep.30,2000	Six Months ended Sep.30,2001	Year ended Mar.31,2001
Consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥297,733	¥274,989	\$2,493,583	¥557,869
Operating income (Millions of yen / Thousands of U.S. dollars)	16,980	19,894	142,217	36,009
Net income (Millions of yen / Thousands of U.S. dollars)	7,531	1,210	63,082	1,948
Per share of common stock (Yen / U.S. dollars) (Par value ¥50 / US\$0.419 per share)	12.68	2.04	0.11	3.28
Total Assets (Millions of yen / Thousands of U.S. dollars)	518,260	516,018	4,340,543	513,797
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	71,804	66,141	601,376	68,647
Per share of common stock (Yen / U.S. dollars) (Par value ¥50 / US\$0.419 per share)	120.92	111.39	1.01	115.61
Net cash provided by operating activities (Millions of yen / Thousands of U.S. dollars)	19,950	21,091	167,093	44,694
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	(3,012)	(10,257)	(25,230)	(4,882)
Net cash used in financing activities (Millions of yen / Thousands of U.S. dollars)	(14,263)	(11,291)	(119,464)	(46,868)
Non-consolidated				
Operating revenues (Millions of yen / Thousands of U.S. dollars)	229,938	208,529	1,925,778	424,021
Operating income (Millions of yen / Thousands of U.S. dollars)	10,867	13,301	91,013	24,444
Net income (Millions of yen / Thousands of U.S. dollars)	4,867	2,001	40,761	4,532
Per share of common stock (Yen / U.S. dollars) (Par value ¥50 / US\$0.419 per share)	8.20	3.37	0.07	7.63
Cash dividends (Millions of yen / Thousands of U.S. dollars)	—	—	—	2,969
Per share of common stock (Yen / U.S. dollars) (Par value ¥50 / US\$0.419 per share)	—	—	—	5.00
Total Assets (Millions of yen / Thousands of U.S. dollars)	235,888	240,963	1,975,614	241,295
Shareholders' Equity (Millions of yen / Thousands of U.S. dollars)	60,997	58,763	510,862	62,619
Per share of common stock (Yen / U.S. dollars) (Par value ¥50 / US\$0.419 per share)	102.72	98.96	0.86	105.45

The U.S. dollar amounts are converted from the yen amount at ¥119.40=U.S.\$1.00, the exchange rate prevailing on September 30th, 2001.

1. Management Policies

1) Fundamental Management Policies

Since April 1998 the Company has been actively carrying out its 5-year management plan known as “New “K” LINE Spirit for 21”(New K-21) which embraces the fundamental corporate principles and management assignments mentioned hereunder. In view of the goals being well achieved as well as the greatly changing economic environment, we have determined to bring the present New K-21 to a close one year earlier than scheduled, and to map out details for a new management plan to be introduced from the next fiscal year.

<Fundamental Principles of New K-21>

- 1) Priority should be given to profitability in pursuit of overall enlargement of scale and to constant payment of an annual dividend.
- 2) Fully committed efforts should be undertaken to strengthen and construct the Company and its entire group into a steady and forward-looking business group that will be able to provide customer-oriented global logistics services centering on shipping.

<Management Assignments>

- a) Globalization of management
- b) Attachment of importance to consolidated management
- c) Revitalization of organizations
- d) Perfection in safe navigation and cargo operations
- e) Environmental preservation

2) Policy on Payment of Dividends

The Company’s fundamental policy is payment of dividends depending upon 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 should be given to:

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

3) Management Goals (Numerical Targets of Management)

The numerical targets of New K-21 were revised upward in July 2000 in view of the then business environment. The revised numerical targets as of March 2003 on a consolidated basis (except for scale of fleet in operation) are shown below with earlier pre-revised comparative figures shown in parentheses immediately following each revised figure:

operating revenues 610 billion Yen (600 billion); ordinary income 33 billion Yen (18 billion); liabilities bearing interest 270 billion Yen (315 billion); operating income and financial income 45 billion Yen; return on invested capital 7.5%; return on total assets (ROA) 10%; shareholders' equity on total assets 20% (18%); ROE 15% (8%); scale of fleet in operation 300 ships, 17 million deadweight tons.

4) Management Strategy on Medium- and Long-term Basis: Prospects for Achievement of New K-21

The very reasons for last year's upward revision is:

Against the backdrop of significant restoration of freight rates related to Containership Business, operating income could improve to such a remarkable extent that we judged it would not be realistic to adhere to the original numbers as the current goals of New K-21.

However, containership freight levels fell more rapidly than anticipated, attributable to the continuing slowdown of the U.S. economy. The September 11, 2001 terrorist attacks on America cast a shadow on global economic prospects which have become increasingly opaque. In view of these factors, we came to realize how difficult it would be to attain the revised profitability target at the end of New K-21.

In the meantime, the qualitative goals of New K-21, i.e., renovation/restructuring of company's culture and management system, etc. have already taken root in-depth, with the major part of pre-revised numerical targets expected to be reached during the current fiscal year. In addition, the economic environment has greatly been changing since the Company announced the original plan four years ago. As an example, for further development and strengthening of the present containership business tie-ups with Yangming Marine Transport Corp. (Yang Ming Line) and COSCO Container Lines Ltd. (COSCON), it was agreed in September 2001 to implement studies aimed at the formation of a new alliance between "K" LINE, Yang Ming Line, COSCON and the Hanjin Shipping Co., Ltd./Senator Lines GmbH group.

Considering the above, we have concluded that New K-21 should be terminated at the close of Fiscal 2001 and a new 3-year management plan will be mapped out during the present fiscal year and be announced in April 2002.

5) Assignments to which the Company is committed

The assignments for the entire “K”LINE Group are a) growth in business scale with in-depth and strategic thought/deliberation to profitability in the areas of Containership business, Bulk Carrier and Car Carrier business and Energy Transport and Tanker business, and b) realization of unification and greater efficiency in consolidated management through segmentation/retransformation according to function of the entire group companies.

With an eye toward globalization of management, we have been gradually shifting our business strongholds to North America, Europe and Asia. In July this year, the Company inaugurated a wholly-owned subsidiary in Singapore named “K” Line Pte Ltd to engage in sea transportation business in line with our corporate plan to develop independent maritime business by staying locally rooted and concentrating on the Asian market.

Proceeding in the retransformation of the entire “K”LINE group, we have also successfully founded a new company named “K” Logistics Corp. with capitalization coming entirely from “K” Line Logistics Holdings, Inc. in this October. The Company places the establishment of this new company as the first step to provide comprehensive logistics services that comply with customer needs. Its business targets are:

- a) to provide one-stop logistics services where business will be performed through integration and consistency irrespective of various geographical conditions and/or transportation modes.
- b) to set up a nation-wide business structure with IT.

With regard to IT (Information Technology), our efforts continue in the form of reinforcement of functions of the Homepage and participation in the industry’s joint portal site (GT Nexus) and Bolero, etc., whereby we will be able to further elevate our customer services. In the meantime, however, we are also fully committed to sharing and promoting information and information systems within the group in pursuit of strengthened consolidated management efficiency.

As to revitalization of organizations, we introduced a new “achievement-based” personnel system from April 2001 which abolished the traditional seniority-honored

system. Efforts are underway for elevating employee work morale so that a higher level of productivity can be achieved.

We adopted an organizational system of “groups” and “teams” instead of the conventional one comprising “departments” and “sections.” As a result, the overall organization has become flatter, and staff with titles now limited to group general managers and team managers. As to the “teams,” the right for formation/abolishment of a team has been given only to directors in charge and group general managers in order to keep up with change of circumstances. In this way, we are propelling our endeavors for quicker decision-making and more efficient execution of work.

Regarding safety in navigation and cargo operations, we have braced ourselves to be ready anytime and anywhere for emergencies such as an oil spillage accident by a tanker. To cope with such events, the Company has and will continue to carry out drills involving simulated oil tanker spillage, and we are grateful to international institutions and media people for their constant support and assistance in those simulated activities.

In the meantime, K” LINE Group’s Environmental Policy has been established in which the behavioral directions for the environmental preservations are mapped out. Along the same policy, we have launched an environmental management system for practical activity. In that regard, we are optimistic of obtaining ISO 14001 Certification during the current fiscal year.

6) Enforcement of Measures for Improved Company Management Structure

In April 2001, the Standards of Business Ethics were established with renewed and in-depth consideration to those points with which management and employees are expected to comply as an entity open to the international society.

In June 2000, the Company restructured management into a more flat structure whereby positions are limited to top management consisting of Chairman of the Board/President/Directors assistant to President and Directors in Charge. This new system contributes to simplification of organizations and transference of more authorization to Directors in charge than ever before. We will continue to examine how the organization should be for promotion of further efficiency and speed in work execution in consideration of the intermediate draft regarding amendments to the Commerce Code of Japan announced in April 2001 by the Legislative Council of the Ministry of Justice.

2.Results of Business Operations

1) Overview of the first half of fiscal 2001

Global economies slowed down during the first half of fiscal 2001 against the backdrop of softness in the sector related to information technology (IT.) The economic slowdown became more remarkable due to the worsening corporate profit and stagnation of production in the U.S.A. and due to the fall in export volumes in Europe. In Asia, with its high dependence on import markets in the U.S. and Europe, exports and production went down more significantly except for China.

With an eye to Japan, corporations had difficulty in gaining profit due to the decline in production attributable to drop in exports, and due to the ongoing deflationary trend. This had rippling effects on both employment and household income in an unfavorable way, driving Japan's economy towards a worsened and weaker state.

Under such circumstances, the Company continued to make efforts for business improvement in accordance with New K-21. Financial results on a consolidation basis at the close of the first half of fiscal 2001 on September 30, 2001 were:

Operating revenues increased to 297,733 million Yen over last year's 274,989 million Yen. However, the ratio of operating income declined due to low-key freight markets. Ordinary income decreased to 11,867 million Yen over the 14,323 million Yen last year. After additions and deductions of a special account, net income amounted to 7,531 million Yen over the 1,210 million last year.

Cash flows were as follows:

Cash flow from operating activities resulted in plus 19,950 million Yen from net income as of September 30, 2001 prior to adjustment of taxes, etc. and depreciation/amortization.

Cash flow from investing activities resulted in minus 3,012 million Yen after purchase of ships, etc.

Cash flow from financing activities resulted in minus 14,263 million Yen from repayment of loans and obligations under finance leases.

As a result, cash and cash equivalents during the first half of fiscal 2001 increased 3,345 million Yen to 23,812 million Yen on a consolidation basis.

With regard to payment of an interim dividend, it has been decided to forego any such payment in view of the business environment for the second half of fiscal 2001 becoming more opaque as has been witnessed since the terrorist attacks on America,

etc.

Business Activities by Segment

A) Marine Transportation Segment

<Containership Business>

The Company's liftings were better than last year during the first half of fiscal 2001 because cargo space was increased in the trans-Pacific service routes. Regarding North America and Europe services, we tried strengthening competitiveness by expansion of ports of call in China and developing new service routes such as Europe-bound service from India. Further efforts were made to reduce all costs as well as those related to containers. In consideration of all the factors from the slowdown of the U.S. economy to the supply-and-demand imbalance in Europe service, we have seen a larger drop in ocean freight rates than expected in the East-West trunk lines. Eventually, however, operating revenues boiled down to the same level as last year.

<Bulk Carrier and Car Carrier Business>

(Bulk Carriers)

During the first half of fiscal 2001, the bulker market began with steadiness, but in the middle of the same term, it fell into softness at an accelerated speed. But thankfully, towards the end it was perceived that the rapid drop had stopped for the moment.

In particular, the market for large-sized bulkers temporarily proceeded with steadiness, centering on European waters. It, however, fell rapidly due to the stagnation in demand for sea transportation of iron materials under the influence of the overall slowdown in the global economy.

Under such circumstances, the Company tried securing longer-term cargo contracts that would be less likely to be impacted by fluctuating markets, preparing competitive fleet and also operating them efficiently.

(Car Carriers)

Exports of vehicles from the Far East to the Middle East and Africa fared quite steadily, but those to major areas, i.e. North America and Europe were low-key. As a result, "K" LINE's cargo liftings fell under last year's volume. In the meantime, business activity related to sea transportation outside the Far East

grew as expected. In the end, our overall cargo liftings surpassed last year's liftings. To tide over the hike in bunker price, we endeavored to carry out more efficient ship operations and also further advance rearrangement of our fleet.

In the bottom line, operating revenues of Bulk Carrier and Car Carrier Business were better than last year.

<Energy Transportation and Tanker Services>

(LNG Carriers)

"K" LINE's 22-LNG-carrier fleet was operated as well as expected and thereby earning us stable operating revenues.

(Thermal Coal Carriers)

The sea-transportation market underwent a drop in thermal coal for power plants during the first half of fiscal 2001. In July, however, power generation increased in quantity due to last summer's heat, giving a favorable impact to our business activity. Eventually, we could achieve greater cargo liftings than last year.

(Tankers)

The tanker markets worsened versus last year due in part to a drop in total cargo tonnage attributable to reduced oil production by OPEC. We could, however, reach the same level of operating revenues as anticipated at the initial stage as a result of our constant efforts for efficient ship operation in addition to the employment of the newly-built double-hulled VLCC.

<Coastal Shipping>

In coastal tramp service, we could secure a stable level of tonnage for specialized limestone carriers for steel mills, but we were unable to perform as well as planned regarding specialized limestone carriers for cement makers and specialized coal carriers.

In coastal liner service, activities fared smoothly regarding specialized paper-in-rolls and in-sheets carriers. In terms of general cargo, we input a roll-on/roll-off newbuilding named "Yuou Maru" in the service route between Hitachinaka and Tomakomai, which successfully developed into a daily service. Eventually, the original goal was successfully achieved.

In ferry service, however, the bottom line tends to be worsening due to freight

reduction and high bunker price.

In the total overall bottom line result of Marine Transportation Business, operating revenues amounted to 246,706 million Yen (9.8% up over last year) and operating income amounted to 13,742 million Yen (18.3% down over last year.)

B) Services Incidental to Transportation

Owing to the expansion in Container Business, operating revenues increased centering on overseas subsidiaries, amounting to 44,510 million Yen, up 0.7% from last year. Operating income amounted to 2,485 million Yen, down 7.5% from last year.

C) Others

Operating revenues of land-transportation business, etc. amounted to 6,516 million Yen, up 8.4 % over last year. Operating income amounted to 748 million Yen, up 6.9% over last year.

2) Outlook for the second half of fiscal 2001

The global economy is forecast to continue its growth slowdown during the second half of fiscal 2001. The terrorist attacks on America have also added significant uncertainty to future economic forecasts.

We are concerned that management circumstances will likely tend to be less favorable in every segment. All of us will promote rationalization in the most cooperative and coherent manner, and simultaneously in every sector of business, we will endeavor to achieve management assignments of New K-21 and to prepare the next management plan to cope with the new business environment.

In Containership Business, Kawasaki Kisen Kaisha, Ltd., Yangming Marine Transport Corp., COSCO Container Lines Ltd. and the Hanjin Shipping Co., Ltd./Senator Lines GmbH group are progressing on the path to form a new alliance (a strategic tie-up relationship), and new services will be successively implemented service route-by-service route.

In Bulk Carrier and Car Carrier Business, efforts continue to be exerted to forge a competitive fleet whereas centering on the Car Carrier Business, work is being carried out on expansion of business outside the Far East. In Energy Transportation and Tanker Services, the target is being locked on further development of existing and future business.

In Coastal Shipping, a daily service started in July 2001 between Hitachinaka and Tomakomai, and is expected to be in full swing during the second half of fiscal 2001. The service route between Hachinohe and Tomakomai has been shortened by 2 hours since September 2001 and we also are implementing a discount program in celebration of achievement of the 10000th voyage by the ferry "Silver Queen." We also have started an on-line reservation system to increase passenger volume.

In Services Incidental to Transportation, we are successfully coming to grips with rationalization and development of logistics-related businesses through retransformation of both port-business and logistics-related subsidiaries.

In carrying out the above measures, we prospect that on a full-year and consolidated basis, operating revenues will total 585 billion Yen, ordinary income 21.5 billion Yen and net income 10 billion Yen. In the meantime, it is also forecast that during the second half of fiscal 2001, Yen-U.S. Dollar exchange rate will be 120 Yen per U.S. dollar and bunker price US\$140.00 per ton.

Regarding annualized dividend payment, we would like to pay 5-Yen dividend per share on the assumption that presently-prospected profit can be realized, although it was regretfully decided to forego payment of an interim dividend in view of the degree of uncertainty surrounding overall business circumstances.

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2001 and half years ended September 30, 2000 and 2001

ASSETS

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

	Six Months ended Sep.30,2001	Year ended Mar.31,2001	Six Months ended Sep.30,2001	Six Months ended Sep.30,2000
Current assets :				
Cash and time deposits	¥23,819	¥20,003	\$199,492	¥24,839
Marketable securities	144	822	1,212	2,060
Accounts and notes receivable - trade	58,926	58,649	493,517	51,763
Allowance for doubtful receivables	(527)	(473)	(4,412)	(440)
Fuel and supplies	7,957	7,169	66,639	7,223
Prepaid expenses and deferred charges	14,981	14,688	125,466	13,391
Other current assets	20,242	16,675	169,532	13,203
Total current assets	125,542	117,533	1,051,446	112,039
Investments and long-term receivables :				
Investments in and advances to unconsolidated subsidiaries and affiliates	9,803	8,414	82,099	8,261
Investments in other securities	47,905	58,820	401,218	58,836
Long-term loans receivable	3,198	2,715	26,788	3,182
Other investments	15,327	15,680	128,368	11,907
Allowance for doubtful receivables	(474)	(486)	(3,974)	(724)
Total investments and long-term receivables	75,759	85,143	634,499	81,462
Vessels, property and equipment :				
Vessels	449,356	447,932	3,763,452	459,836
Buildings and equipment	94,873	92,845	794,582	89,772
Accumulated depreciation	(280,777)	(277,711)	(2,351,565)	(273,114)
	263,452	263,066	2,206,469	276,494
Land	31,018	30,948	259,780	31,177
Construction in progress	8,554	6,964	71,642	6,333
Vessels, property and equipment net	303,024	300,978	2,537,891	314,004
Other assets	13,935	10,143	116,707	8,513
Total assets	¥518,260	¥513,797	\$4,340,543	¥516,018

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2001 and half years ended September 30, 2000 and 2001

LIABILITIES AND SHAREHOLDERS' EQUITY

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

	Six Months ended Sep.30,2001	Year ended Mar.31,2001	Six Months ended Sep.30,2001	Six Months ended Sep.30,2000
Current liabilities :				
Short-term loans	¥39,174	¥42,005	\$328,088	¥46,896
Current portion of long-term debt	65,136	41,116	545,531	42,085
Accounts and notes payable – trade	47,449	47,351	397,392	42,554
Deferred income	11,814	12,479	98,947	12,382
Current portion of obligations under finance leases	5,557	6,287	46,537	3,912
Other current liabilities	20,278	16,532	169,834	14,225
Total current liabilities	189,408	165,770	1,586,329	162,054
Long-term liabilities :				
Long-term debt, less current portion	199,451	221,854	1,670,447	220,864
Allowance for employees' retirement benefits	17,353	18,434	145,340	13,093
Allowance for directors' and statutory auditors' retirement benefits	1,847	2,194	15,471	1,924
Accrued expenses for overhaul of vessels	4,228	3,502	35,408	2,306
Obligations under finance leases	20,194	20,222	169,131	35,660
Other long-term liabilities	7,391	6,662	61,899	6,775
Total long-term liabilities	250,464	272,868	2,097,696	280,622
Minority interests in consolidated subsidiaries	6,584	6,512	55,142	7,201
Shareholders' equity :				
Common stock, ¥50 par value :				
Authorized 1,080,000,000 shares				
Issued 593,796,875 shares	29,690	29,690	248,659	29,690
Capital surplus	14,535	14,535	121,731	14,535
Retained earnings	33,961	29,539	284,430	28,801
Unrealized holding gains or losses on investment securities	(2,612)	1,158	(21,870)	693
Translation adjustments	(3,770)	(6,275)	(31,574)	(7,577)
	71,804	68,647	601,376	66,142
Treasury stock, at cost	(0)	(0)	(0)	(1)
Total Shareholders' equity	71,804	68,647	601,376	66,141
Total Liabilities and shareholders' equity	¥518,260	¥513,797	\$4,340,543	¥516,018

Consolidated Statements of Income and Retained Earnings

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2001 and half years ended September 30,2000 and 2001

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

	Six Months ended Sep.30,2001	Six Months ended Sep.30,2000	Six Months ended Sep.30,2001	Year ended Mar.31,2001
Operating revenues :				
Freight and charter of vessels	¥251,495	¥228,650	\$2,106,326	¥464,342
Operating revenues other than shipping	46,238	46,339	387,257	93,527
Total operating revenues	297,733	274,989	2,493,583	557,869
Operating expenses :				
Expenses, other than depreciation, for vessels	187,233	174,081	1,568,120	342,189
Depreciation of vessels	13,513	12,008	113,171	27,825
Cost of operating revenues	54,043	44,972	452,620	103,351
Selling, general and administrative expenses	25,964	24,034	217,455	48,495
Total operating expenses	280,753	255,095	2,351,366	521,860
Operating income	16,980	19,894	142,217	36,009
Other income (expense):				
Interest and dividends income	823	791	6,897	1,992
Interest expenses	(5,166)	(5,754)	(43,269)	(12,240)
Others, net	(462)	(12,523)	(3,871)	(23,154)
Total other income (expense)	(4,805)	(17,486)	(40,243)	(33,402)
Income before income taxes	12,175	2,408	101,974	2,607
Income taxes current	5,692	4,791	47,676	8,626
deferred	(1,260)	(3,795)	(10,554)	(8,348)
Total income taxes	4,432	996	37,122	278
Minority interest	212	202	1,770	381
Net income	7,531	1,210	63,082	1,948
Retained earnings at beginning of the period	29,539	30,085	247,401	30,085
Adjustments to retained earnings at beginning of the year for inclusion in or exclusion from consolidation	(4)	5	(33)	5
Cash dividends	(2,969)	(2,372)	(24,866)	(2,372)
Bonuses to directors and statutory auditors	(136)	(127)	(1,154)	(127)
Retained earnings at end of the period	¥33,961	¥28,801	\$284,430	¥29,539

Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2001 and half years ended September 30,2000 and 2001

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

	Six Months ended Sep.30,2001	Six Months ended Sep.30,2000	Six Months ended Sep.30,2001	Year ended Mar.31,2001
Cash flows from operating activities :				
Income before income taxes	¥12,175	¥2,408	\$101,974	¥2,607
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Provision for employees' retirement benefits	(1,081)	3,813	(9,050)	9,154
Accrued expenses for overhaul of vessels	697	207	5,842	1,378
Provision for directors' and statutory auditors' retirement benefits	(347)	1,924	(2,907)	2,194
Depreciation and amortization	16,530	15,752	138,440	33,550
Interest and dividend income	(823)	(791)	(6,897)	(1,992)
Interest expenses	5,166	5,753	43,269	12,241
(Increase)decrease in accounts and notes receivable – trade	346	(3,828)	2,896	(9,907)
Increase in inventories	(764)	(737)	(6,400)	(658)
Increase(decrease) in accounts and notes payable – trade	(831)	362	(6,963)	4,024
Net loss on foreign exchange	830	1,111	6,950	574
Gain or loss on sale of marketable and investment securities	771	1,253	6,458	2,033
Gain on sale of vessels, property, and equipment	(3,241)	(333)	(27,147)	(677)
Loss on sale of vessels, property, and equipment	1,273	70	10,659	4,712
Others, net	(538)	2,006	(4,500)	1,244
Sub-total	30,163	28,970	252,624	60,477
Interest and dividends received	821	772	6,879	2,119
Interest paid	(5,480)	(5,667)	(45,894)	(12,219)
Income taxes paid	(5,554)	(2,984)	(46,516)	(5,683)
Net cash provided by operating activities	19,950	21,091	167,093	44,694
Cash flows from investing activities :				
Purchases of securities and other investments	(14,423)	(10,624)	(120,796)	(11,890)
Gain on sale of marketable and investment securities	16,341	13,609	136,863	14,016
Investment on subsidiaries with newly inclusion in consolidation	(139)	—	(1,165)	—
Purchases of vessels, property and equipment	(24,193)	(22,756)	(202,624)	(40,395)
Proceeds from sale of vessels, property and equipment	19,444	9,830	162,851	32,472
Others, net	(42)	(316)	(359)	915
Net cash used in investing activities	(3,012)	(10,257)	(25,230)	(4,882)
Cash flows from financing activities :				
Proceeds from issuance of bonds	—	4,973	—	10,928
Proceeds from loans	32,704	48,228	273,906	77,872
Repayment of loans, bonds and obligations under finance leases	(43,954)	(62,325)	(368,122)	(133,381)
Cash dividends paid	(2,962)	(2,353)	(24,814)	(2,357)
Cash dividends paid by subsidiaries to minority shareholders	(51)	(47)	(434)	(89)
Others, net	0	233	0	159
Net cash used in financing activities	(14,263)	(11,291)	(119,464)	(46,868)
Effect of exchange rate changes on cash and cash equivalents	159	130	1,338	1,254
Net increase(decrease) in cash and cash equivalents	2,834	(327)	23,737	(5,802)
Cash and cash equivalents at beginning of the period	20,467	25,968	171,415	25,968
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	511	301	4,283	301
Cash and cash equivalents at end of the period	23,812	25,942	199,435	20,467

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2001, half years ended September 30, 2000 and 2001

ASSETS

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

	Six Months ended Sep.30,2001	Year ended Mar.31,2001	Six Months ended Sep.30,2001	Six Months ended Sep.30,2000
Current assets :				
Cash and time deposits	¥4,551	¥8,778	\$38,119	¥7,240
Accounts and notes receivable – trade	38,233	35,207	320,206	31,873
Allowance for doubtful receivables	(2,596)	(50)	(21,742)	(124)
Fuel and supplies	6,557	5,750	54,917	5,861
Prepaid expenses and deferred charges	15,667	14,945	131,216	13,885
Other current assets	8,334	3,821	69,795	5,151
Total current assets	70,746	68,451	592,511	63,886
Investments and long-term receivables :				
Investments in and advances to subsidiaries and affiliates	36,418	36,416	305,007	36,351
Investments in other securities	39,521	47,921	331,002	46,569
Long-term loans receivable	2,199	2,266	18,414	2,350
Other investments	5,459	5,600	45,723	5,640
Allowance for doubtful receivables	(314)	(331)	(2,630)	(310)
Total investments and long-term receivables	83,283	91,872	697,516	90,600
Vessels, property and equipment :				
Vessels	146,722	156,813	1,228,831	165,480
Buildings and equipment	12,847	12,708	107,599	10,928
Accumulated depreciation	(105,140)	(111,343)	(880,574)	(112,124)
	54,429	58,178	455,856	64,284
Land	18,520	18,520	155,107	18,520
Construction in progress	2,408	25	20,166	1,622
Vessels, property and equipment, net	75,357	76,723	631,129	84,426
Other assets	6,502	4,249	54,458	2,051
Total assets	¥235,888	¥241,295	\$1,975,614	¥240,963

Non-Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2001, half years ended September 30, 2000 and 2001

LIABILITIES AND SHAREHOLDERS' EQUITY

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

	Six Months ended Sep.30,2001	Year ended Mar.31,2001	Six Months ended Sep.30,2001	Six Months ended Sep.30,2000
Current liabilities :				
Short-term loans	¥13,087	¥9,212	\$109,606	¥16,898
Current portion of long-term debt	30,062	22,565	251,775	24,402
Accounts and notes payable – trade	34,739	31,358	290,950	29,534
Deferred income	10,943	11,562	91,647	10,911
Other current liabilities	9,632	9,417	80,674	5,567
Total current liabilities	98,463	84,114	824,652	87,312
Long-term liabilities :				
Long-term debt, less current portion	68,297	85,889	572,005	85,848
Allowance for employees' retirement benefits	5,179	6,433	43,372	4,006
Allowance for directors' and statutory auditors' retirement benefits	1,195	1,053	10,008	921
Accrued expenses for overhaul of vessels	1,403	1,187	11,752	948
Other long-term liabilities	354	—	2,963	3,165
Total long-term liabilities	76,428	94,562	640,100	94,888
Shareholders' equity :				
Common stock, ¥50 par value :				
Authorized 1,080,000,000 shares				
Issued 593,796,875 shares	29,690	29,690	248,659	29,690
Capital surplus	14,535	14,535	121,732	14,535
Legal reserve	2,540	2,236	21,276	2,236
Special reserve	9,641	7,629	80,747	7,629
Retained earnings	6,494	6,982	54,387	4,451
Unrealized holding gains (losses) on investment securities	(1,903)	1,547	(15,939)	222
Total shareholders' equity	60,997	62,619	510,862	58,763
Total liabilities and shareholders' equity	¥235,888	¥241,295	\$1,975,614	¥240,963

Non-Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. for the year ended March 31, 2001, half years ended September 30, 2000 and 2001

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

	Six Months ended Sep.30,2001	Six Months ended Sep.30,2000	Six Months ended Sep.30,2001	Year ended Mar.31,2001
Operating revenues :				
Freight and charter of vessels	¥229,532	¥208,529	\$1,922,380	¥423,564
Other revenues	406	—	3,398	457
Total operating revenues	229,938	208,529	1,925,778	424,021
Operating expenses :				
Expenses, other than depreciation, for vessels	208,338	184,972	1,744,872	379,018
Depreciation of vessels	3,045	3,415	25,506	6,690
Selling, general and administrative expenses	7,391	6,841	61,904	13,461
Other expenses	297	—	2,483	408
Total operating expenses	219,071	195,228	1,834,765	399,577
Operating income	10,867	13,301	91,013	24,444
Other income (expense) :				
Interest and dividend income	640	1,379	5,364	1,939
Interest expense	(2,035)	(2,266)	(17,051)	(4,539)
Others, net	(1,463)	(9,145)	(12,252)	(14,904)
Total other income (expense)	(2,858)	(10,032)	(23,939)	(17,504)
Income before income taxes	8,009	3,269	67,074	6,940
Income taxes	3,142	1,268	26,313	2,408
Net income	¥4,867	¥2,001	\$40,761	¥4,532