

Financial Highlights

Brief Report for the 3Q FY2002

14 February 2003

Kawasaki Kisen Kaisha, Ltd.

A. Financial Highlights for 3Q 2002F (Consolidated/Non-consolidated basis)

(unit: billion yen)

		0 2 F 1 H (Result) (A)	0 2 F 3 Q (Result) (B)	Accumulat e (A)+(B)	Prospect in 2002 (Yearly)*	Achievement ratio
Operating Revenues	Consoli	309.6	163.6	473.2	610.0	77.6%
	Non	244.3	129.1	373.4	480.0	77.8%
Operating income	Consoli	11.3	9.1	20.4	22.0	92.6%
	Non	7.2	6.5	13.7	14.0	97.9%
Ordinary income**	Consoli	7.8	7.5	15.4	16.5	93.0%
	Non	5.2	5.5	10.6	10.5	101.0%
Net income	Consoli	4.9	-	-	10.0	-
	Non	2.8	-	-	6.0	-
Exchange Rate	average	¥123.77	¥122.73	¥123	¥120	-
Bunker Price	average	\$152.21	\$162.03	\$156	\$160	-

*FY2002 yearly prospect is as of 14 November 2002 upon announcement of interim financial close

** Ordinary income is income before income taxes and extra-ordinary items

B. Outline of Financial Result for 3Q of FY 2002

- Bulker and tanker market upward
- Container positive cargo movement from Asia to America and Europe
- PCTC increase of volume for the U.S. and Middle East
- Cost reduction favorable progress
- Waterfront lock out on the U.S. West Coast
- Hike in Bunker Oil Price

C-1. Trend of division-wise result 3Q FY2002 (Container Business)

Container: achieved better result than prospect

- 13 new larger containerships began full-swing operation (from September 02)
- Positive tonnage movement centering on China
- Success to load targeted cargo volume on the North America, Europe, and Asia trade
- Freight recovery achieved in Europe trade in October 02
- Cost reduction favorably progresses
- Cost increase caused by lockout on the U.S. West Coast
- Hike in Bunker Oil Price

C-2. Trend of division-wise result 3Q FY2002 (**Bulker & Car Carrier Services**)

Bulker & Car Carrier : Better than prospect

- **Bulker** : market get on track toward recovery
 - remarkable increase of tonnage centering on carriers
for iron ore and coking coal
- **Car Carrier** : positive cargo lifting for North America, Middle East, and Australia trade
 - Unfavorably influenced by lockout on the U.S. West Coast but recovered through curtailment in ship costs and expenses, and operation efficiency

C-3. Trend of division-wise result 3Q FY2002 (Energy Transportation)

Energy Transportation : much improvement

- LNG Carrier : remains stable
- Thermal Coal Carrier : Market recovery, Increase of Cargo volume with new buildings. However, some loss caused in some trades.
- Oil Tanker: remarkable recovery in market

C-4. Trend of division-wise result 3Q FY2002 (Consolidated subsidiaries)

- Shot Sea/Coastal Shipping : Stable
- Air Freight Forwarding : Positive trend. Experienced cargo volume increase in October
- Transportation : Improvement along with handling cargo increase. Downward in businesses with source in Japan

D. Prospect for FY2002 Yearly Basis

(Consolidated/Non-consolidated basis)

(unit: billion yen)

		Yearly Prospect	Prospect in 02* (as of 14 Nov)	Differenc e	Increase Ratio	FY2001 Results
Operating Revenues	Consoli	630.0	610.0	20.0	3.3%	571.0
	Non	495.0	480.0	15.0	3.1%	449.2
Operating income	Consoli	29.0	22.0	7.0	31.8%	19.0
	Non	19.0	14.0	5.0	35.7%	8.3
Ordinary income**	Consoli	22.0	16.5	5.5	33.3%	12.0
	Non	15.0	10.5	4.5	42.9%	7.1
Net income	Consoli	11.0	10.0	1.0	10.0%	4.8
	Non	6.5	6.0	0.5	8.3%	2.8
Dividend	Non	¥5	¥4	¥1	-	¥3
Exchange Rate	Average	¥122	¥120	¥2	-	¥125
Bunker Price	Average	\$163	\$160	\$3	-	\$134

*Assumption4Q : Exchange rate ¥120/\$, Bunker Price \$180/Kton, inc.realization of non-realized loss in marketable securities

** Ordinary income is income before income taxes and extra-ordinary items

E. Updated Status of KV-Plan

(unit: billion yen)

		Result in 2001F	Former Plan in 2002F	Prospect in 2002F	Plan in 2003F	Plan in 2004F
Exchange Rate	/US\$	¥125.11	¥130	¥122	¥130	¥130
Bunker Price	/MT	\$134.17	\$140	\$163	\$130	\$130
Non-	Revenues	449.2	460.0	495.0	480.0	500.0
Consolidated	Operating Income	8.3	9.5	19.0	16.0	27.0
	Ordinary Income*	7.1	8.0	15.0	13.0	24.0
	Net Income	2.8	4.5	6.5	7.0	13.0
Consolidated	Revenues	571.0	600.0	630.0	630.0	650.0
	Operating Income	19.0	18.5	29.0	29.0	40.0
	Ordinary Income*	12.0	14.5	22.0	23.0	35.0
	Net Income	4.8	9.0	11.0	12.0	20.0

*Ordinary income is income before income taxes and extra-ordinary items

Consolidate : almost matching 03F achievement in KV-PLAN

Non-Consolidated: Over 03F achievement in KV-PLAN except for Net Income

Prevailing over exchange loss and hike in bunker price compared to original plan

F. Trend of division-wise result

- Unfavorable Factors : hike in bunker-oil price, Exchange rate (J¥) rise
- Container : Freight recovery, Increase in revenue by Service rationalization, etc.

⇒ somewhat better business achievement from prospect

- Bulker/Car Carriers : Recovery in Bulk Market

Positive car/truck movement to the USA, & Middle East

⇒ Better result from prospect

- Energy Transport : Upward trends in Oil Tanker market

⇒ Increase in profit

Though the Iraq issue is opaque, the effect to 02F result is limited.

G-1.Outline of Financial Results for the 2H 2002F (Comparison with prospect as of interim financial close)

Factors of upward/downward profit (Ordinal Income* 5.5billion)

• Increase of Bunker Price (+\$14/MT)	-1.5 billion yen
• Market improvement(Container, Bulker, Tanker)	+7.0 billion yen
• Decrease Containers lifting	-0.7 billion yen
• <u>Cost Reduction, others</u>	<u>+0.7 billion yen</u>
Total	+ 5.5billion yen

* Ordinary Income is income before income taxes and extra-ordinary items

G-2. Factor of P/L volatility

(2nd half of 2002:half year basis Ordinary income*)

- Rise/fall of 1 Yen in exchange rate
 - ⇒ Non-consolidated -/+0.2 billion yen
 - Consolidated -/+0.25 billion yen
- Increase/decrease of Bunker Price at \$10/MT
 - ⇒ Non-consolidated -/+1.0 billion yen
 - Consolidated -/+1.1 billion yen
- Market Fluctuation
 - Container +/- \$10 ⇒ Non consolidated +/-1.15 billion yen
 - Bulk +/-10% ⇒ Non consolidated +/-0.2 billion yen
 - Tankers +/- WS10 ⇒ Non consolidated +/-0.3 billion yen

* Ordinary Income is income before income taxes and extra-ordinary items