Financial Highlights (Interim brief report for the 1st half of fiscal 2002)

November 2002
Kawasaki Kisen Kaisha, Ltd.
Summary

Phase 1  Financial results for the 1st half of fiscal 2002
Phase 2  Financial prospect in fiscal 2002
Supplemental information
Phase 1

Financial Results
for the 1st half of fiscal 2002
### A. Financial Highlights for the 1st half of 2002F (Consolidated/Non-consolidated basis)

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<thead>
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<th></th>
<th>Consoli Non</th>
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<th>2nd half of 01F(Result)</th>
<th>1st half of 02F(Result)</th>
<th>Difference</th>
<th>2nd half of 01F(Result)</th>
<th>1st half of 02F (as of May 16)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
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<td><strong>Operating Revenue</strong></td>
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<td><strong>Operating Profit</strong></td>
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<td><strong>Ordinary Profit</strong></td>
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<tr>
<td><strong>Net income</strong></td>
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<tr>
<td><strong>Exchange Rate</strong></td>
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<tr>
<td><strong>Bunker Price</strong></td>
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</tr>
</tbody>
</table>

|                                | $ 126.51    | $ 140.00    | $ 10.18 up  | $ 10.18 up  | $ 127.45                 | $ 130.00                 | $ 10.18 up | $ 127.45                 | $ 130.00                          |

**Note:** All financial figures are in billion yen (¥) and reference units are in $.

**Reference:**
- **Operating Revenue**: Increase by $119 (+4.0%) and $144 (+6.3%).
- **Operating Profit**: Increase by $57 (-33.6%) and $37 (-11.3%).
- **Ordinary Profit**: Increase by $41 (-33.9%) and $34 (-40.0%).
- **Net income**: Increase by $26 (-34.7%) and $21 (-42.9%).
- **Exchange Rate**: Decrease from $123.77 to $122.78 (-0.99 down) and $119.50 to $124.60 (+5.10 up).

**Difference**:
- **Operating Revenue**: $119 (+4.0%) and $144 (+6.3%).
- **Operating Profit**: $57 (-33.6%) and $37 (-11.3%).
- **Ordinary Profit**: $41 (-33.9%) and $34 (-40.0%).
- **Net income**: $26 (-34.7%) and $21 (-42.9%).
- **Exchange Rate**: Decrease from $123.77 to $122.78 (-0.99 down) and $119.50 to $124.60 (+5.10 up).

**Note:** The table above presents a comparison between the 1st half of 2001F (Result) and the 1st half of 2002F (Result), showing the changes in key financial metrics.
B-1. Outline of Financial Results for the 1st half of fiscal 2002 (comparison to the same period in 2001)

**Factor of increasing Revenue** (11.9 billion yen, +4%)

Expansion of our business scale

Containers (Lifting: 864K teus ⇒ 1,034K teus, +20%)
Bulk Carriers (Tonnage: 7,794K tons ⇒ 9,143K tons, +17%)
PCTC (Lifting: 769K units ⇒ 777K units)
Tankers (Tonnage 1,493K tons ⇒ 1,828K tons, +22%)
Thermal coal carriers (Tonnage: 884K tons ⇒ 1,002K tons, +13%)
LNG Carriers (Tonnage 462K tons ⇒ 460K tons)
(Tonnage shows monthly average tonnage, K: 1,000)
B-2. Outline of Financial Results for the 1st half of fiscal 2002( Factors of upward/downward profit)

1) Comparison v.s. 1\textsuperscript{st} half of 2001 (-4.1billion yen on ordinary profit)
   - Increase of Bunker Price (+$10/MT)  
   - Deflating Market Condition(container,bulker,tanker)
   - Business Expansion (cargo lifting of container, etc)
   - Cost cutting, etc

\begin{align*}
\text{Total} & \quad -4.1 \text{ billion yen} \\
\end{align*}

2) Comparison v.s. 2\textsuperscript{nd} half of 2001 (+7.7billion yen on ordinary profit)
   - Exchange Rate (+3.68 yen appreciation)
   - Increase of Bunker Price (+$26/MT)
   - Deflating Market Condition (container, bulker, tanker)
   - Business Expansion (loading volume of container, etc)
   - Cost Cutting, etc

\begin{align*}
\text{Total} & \quad +7.7 \text{ billion yen} \\
\end{align*}
C. Segment information on Consolidated P/L
(1st half of 2002F)
(unit: billion yen)

<table>
<thead>
<tr>
<th></th>
<th>Shipping</th>
<th>Transportation</th>
<th>Others</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>as of Sep, 2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>260</td>
<td>43</td>
<td>7</td>
<td>310</td>
</tr>
<tr>
<td>Operating profit(a)</td>
<td>9</td>
<td>2</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>as of Sep, 2001</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Operating revenue</td>
<td>247</td>
<td>45</td>
<td>7</td>
<td>298</td>
</tr>
<tr>
<td>Operating profit(b)</td>
<td>14</td>
<td>3</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>Difference(a)-(b)</td>
<td>-5</td>
<td>-1</td>
<td>0</td>
<td>-6</td>
</tr>
</tbody>
</table>

<Reference>

<table>
<thead>
<tr>
<th></th>
<th>Shipping</th>
<th>Transportation</th>
<th>Others</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd half of 2001F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>235</td>
<td>31</td>
<td>8</td>
<td>273</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-1</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

*Transportation includes shipping agency, port terminal business, logistics, warehousing, any other service incidental to transportation.
D. Summary of division-wise results for the 1st half of 2002F
(Comparison to the 1st half of 2001F)

- Container
  - much increase of cargo lifting, drop of average freight, increase of bunker price, good result of cost cutting
- Bulk Carrier
  - Gradual recovery of market, operation efficiency, vessel tonnage reached 10 million tons
- Car Carrier
  - Cargo lifting increase, operation efficiency
- Energy Transportation
  - LNG remains stable
  - Thermal Coal Carrier’s cargo lifting increased
  - Tanker market remains downward
- Other
  - Drop of overseas companies’ revenue due to Yen’s appreciation
## E. Prospect of Division-wise Operating Revenue for the 1st half of 2002F (Non-Consolidated basis)

(UNIT: billion yen)

<table>
<thead>
<tr>
<th>Division</th>
<th>1st half of 2002F</th>
<th>1st half of 2001F</th>
<th>Difference</th>
<th>2nd half of 2001F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Container</td>
<td>132.0</td>
<td>121.1</td>
<td>+10.9 (+9%)</td>
<td>109.3</td>
</tr>
<tr>
<td>Bulk Carrier/ Car Carrier</td>
<td>89.3</td>
<td>85.0</td>
<td>+4.3 (+5%)</td>
<td>86.8</td>
</tr>
<tr>
<td>Energy Transportation/ Tanker Service</td>
<td>21.9</td>
<td>22.5</td>
<td>-0.6 (-2%)</td>
<td>21.9</td>
</tr>
<tr>
<td>Others</td>
<td>1.1</td>
<td>1.3</td>
<td>-0.2 (-15%)</td>
<td>1.2</td>
</tr>
<tr>
<td>Total</td>
<td>244.3</td>
<td>229.9</td>
<td>+14.4 (+6%)</td>
<td>219.2</td>
</tr>
<tr>
<td>Number of operating vessel</td>
<td>282 vessels</td>
<td>264 vessels</td>
<td>+18 (+7%)</td>
<td>263 vessels</td>
</tr>
<tr>
<td>Total DW(unit: 1,000 MT)</td>
<td>17,940</td>
<td>15,318</td>
<td>+2,622 (+17%)</td>
<td>15,741</td>
</tr>
</tbody>
</table>
Phase 2

Financial prospect in fiscal 2002
## A. Financial Prospect in Fiscal 2002

(unit: billion yen)

<table>
<thead>
<tr>
<th></th>
<th>2002 F</th>
<th>2001 F</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated</td>
<td>610.0</td>
<td>571.0</td>
<td>39.0(+6.8%)</td>
</tr>
<tr>
<td>Non-Consolidated</td>
<td>480.0</td>
<td>449.2</td>
<td>30.8(+6.9%)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated</td>
<td>22.0</td>
<td>19.0</td>
<td>3.0(+15.8%)</td>
</tr>
<tr>
<td>Non-Consolidated</td>
<td>14.0</td>
<td>8.3</td>
<td>5.7(+68.7%)</td>
</tr>
<tr>
<td><strong>Ordinary profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated</td>
<td>16.5</td>
<td>12.0</td>
<td>4.5(+37.5%)</td>
</tr>
<tr>
<td>Non-Consolidated</td>
<td>10.5</td>
<td>7.1</td>
<td>3.4(+47.9%)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated</td>
<td>10</td>
<td>4.8</td>
<td>5.2(+108%)</td>
</tr>
<tr>
<td>Non-Consolidated</td>
<td>6</td>
<td>2.8</td>
<td>3.2(+114%)</td>
</tr>
<tr>
<td><strong>Exchange rate (assumption)</strong></td>
<td>Yearly basis</td>
<td>¥ 122</td>
<td>¥ 125</td>
</tr>
<tr>
<td><strong>Bunker price (assumption)</strong></td>
<td>Yearly basis</td>
<td>$ 156</td>
<td>$ 134</td>
</tr>
</tbody>
</table>
B. Factor of P/L volatility

(Entire 2002 Fiscal Year)

- Up/down by 1 yen/US$ in exchange rate
  ⇒ Non-consolidated +/-0.4 billion yen
  Consolidated +/-0.5 billion yen
- Increase/decrease by $10/M.ton in Bunker Price
  ⇒ Non-consolidated +/-2.0 billion yen
  Consolidated +/-2.1 billion yen
- Market sensitivity
  Bulk carriers 10%change ⇒ Non consolidated +/-0.4 billion yen
  Tankers WS10 change ⇒ Non consolidated +/-0.6 billion yen
## C. Consolidated Financial Prospect on Segment Basis for 2002F

*unit: billion yen*

<table>
<thead>
<tr>
<th>2002F</th>
<th>Shipping</th>
<th>Transportation</th>
<th>Others</th>
<th>Elimination</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenue (A1)</strong></td>
<td>510</td>
<td>85</td>
<td>15</td>
<td>0</td>
<td>610</td>
</tr>
<tr>
<td><strong>Operating profit (A2)</strong></td>
<td>16</td>
<td>5.5</td>
<td>0.5</td>
<td>0</td>
<td>22.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2001F</th>
<th>Shipping</th>
<th>Transportation</th>
<th>Others</th>
<th>Elimination</th>
<th>Consolidated</th>
</tr>
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<tbody>
<tr>
<td><strong>Operating revenue (B1)</strong></td>
<td>481.2</td>
<td>75.8</td>
<td>14</td>
<td>0</td>
<td>571.0</td>
</tr>
<tr>
<td><strong>Operating profit (B2)</strong></td>
<td>13.1</td>
<td>4.5</td>
<td>1.3</td>
<td>0.1</td>
<td>19.0</td>
</tr>
</tbody>
</table>

| Operating revenue (A1)-(B1) | +28.8 | +9.2 | +1.0 | 0 | +39 |
| Operating profit (A2)-(B2) | +2.9 | +1.0 | -0.8 | -0.1 | +3.0 |
D. Prospect of Division-wise Operating Revenue of 2002F (Non-Consolidated basis)

(UNIT: billion yen)

<table>
<thead>
<tr>
<th>Division</th>
<th>2002F</th>
<th>2001F</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Container</td>
<td>255.0</td>
<td>230.4</td>
<td>+24.6 (+10.7%)</td>
</tr>
<tr>
<td>Bulk Carrier/Car Carrier</td>
<td>177.5</td>
<td>171.8</td>
<td>+5.7 (+3.3%)</td>
</tr>
<tr>
<td>Energy Transportation/Tanker Service</td>
<td>44.5</td>
<td>44.4</td>
<td>+0.1 (+0.2%)</td>
</tr>
<tr>
<td>Others</td>
<td>3.0</td>
<td>2.6</td>
<td>+0.4 (+15.4%)</td>
</tr>
<tr>
<td>Total</td>
<td>480.0</td>
<td>449.2</td>
<td>+30.8 (+6.9%)</td>
</tr>
</tbody>
</table>
Supplemental Information
<No.1> Trends of major Financial Index (Consolidated basis) (unit: billion yen)

<table>
<thead>
<tr>
<th></th>
<th>Result in 2001F</th>
<th>Result in 1st half 2002F</th>
<th>Former plan in 2002F</th>
<th>Prospect in 2002F</th>
<th>Prospect in 2004F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td>77.7</td>
<td>77.5</td>
<td>85.0</td>
<td>80.0</td>
<td>110.0</td>
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<tr>
<td><strong>Interest Bearing Liability</strong></td>
<td>335.6</td>
<td>317.4</td>
<td>315.0</td>
<td>305.0</td>
<td>275.0</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>6.5%</td>
<td>12.7%</td>
<td>11%</td>
<td>12.7%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>ROA</strong></td>
<td>2.3%</td>
<td>3.3%</td>
<td>3%</td>
<td>3.3%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Equity Ratio</strong></td>
<td>14.6%</td>
<td>14.9%</td>
<td>16%</td>
<td>15.4%</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Interest Bearing Liability Ratio</strong></td>
<td>79.8%</td>
<td>79.8%</td>
<td>77%</td>
<td>78%</td>
<td>70%</td>
</tr>
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</table>
<No.2>

Transition of Operating Revenue

![Graph showing the transition of operating revenue with bars indicating earnings in billion yen from 1999F to 2002F (Prospect)].

- **Container** (blue bars)
- **Bulk Carrier/Car Carrier** (yellow bars)
- **Energy Transportation** (brown bars)
- **Others** (red bars)
- **Total (Consolidated)** (green bars)

Earnings in billion yen:
- 1999F: 186, 486
- 2000F: 218, 557.9
- 2001F: 230, 571
- 2002F (Prospect): 255, 610

Note: The graph indicates a trend in operating revenue across different fiscal years with an anticipated increase in the future.
Transition of Consolidated Income
(1999F to 2003F)
### Breakdown on Cash flow, Investment, Depreciation

(unit: billion yen)

<table>
<thead>
<tr>
<th></th>
<th>Result 2001 F</th>
<th>Result 1st half of 2002 F</th>
<th>Prospect 2nd half of 2002 F</th>
<th>Prospect 2002 F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vessel</td>
<td>31.4</td>
<td>14.2</td>
<td>19.3</td>
<td>33.5</td>
</tr>
<tr>
<td>Others</td>
<td>23.8</td>
<td>8.7</td>
<td>13.6</td>
<td>22.3</td>
</tr>
<tr>
<td>(Non-consolidated)</td>
<td>7.6</td>
<td>5.5</td>
<td>5.7</td>
<td>11.2</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>12.0</td>
<td>1.8</td>
<td>3.6</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Investment Cash Flow</strong></td>
<td>-18.5</td>
<td>-2.2</td>
<td>-12.0</td>
<td>-14.2</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>14.6</td>
<td>4.0</td>
<td>13.0</td>
<td>17.0</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>33.3</td>
<td>15.2</td>
<td>15.1</td>
<td>30.3</td>
</tr>
</tbody>
</table>

<No. 4>
Transition of Interest Bearing Liability (Consolidated basis)

(billion yen)

(Interest Bearing Liability)

(Interest Bearing Liability Ratio)
“K”Line Vessel Fleet composition

2002 Sep
(total 337 vessels)

- Energy resource: 14%
- PCTC: 20%
- Near sea/Ferry: 14%
- Container: 19%
- Bulk carrier: 33%

2002 Mar
(total 317 vessels)

- Energy resource: 14%
- PCTC: 21%
- Near sea/Ferry: 14%
- Container: 19%
- Bulk carrier: 32%
Line/Alliance wise vessel capacity comparison

As of 2002 July (Source CI 2002 Aug edition)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Operator</th>
<th>Total Capacity</th>
<th>TEU</th>
<th>Vessel</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Maersk–Sealand</td>
<td>735,268</td>
<td>291</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>P&amp;O Ned</td>
<td>417,788</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>EMC</td>
<td>395,187</td>
<td>145</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>MSC</td>
<td>388,166</td>
<td>174</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Hanjin/Senator</td>
<td>308,859</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>APL</td>
<td>262,183</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>COSCO</td>
<td>249,354</td>
<td>133</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>CMA–CGM</td>
<td>206,331</td>
<td>100</td>
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<tr>
<td>9</td>
<td>NYK</td>
<td>183,121</td>
<td>83</td>
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</tr>
<tr>
<td>10</td>
<td>KLine</td>
<td>177,627</td>
<td>60</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>Alliance</th>
<th>Total Capacity</th>
<th>TEU</th>
<th>Vessel</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Grand Alliance</td>
<td>894,552</td>
<td>329</td>
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</tr>
<tr>
<td>2</td>
<td>CKYH</td>
<td>856,244</td>
<td>318</td>
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</tr>
<tr>
<td>3</td>
<td>Maersk/Sealand</td>
<td>735,268</td>
<td>291</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The New World</td>
<td>546,816</td>
<td>173</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>CSG/CMACGM/ZIM</td>
<td>505,318</td>
<td>265</td>
<td></td>
</tr>
</tbody>
</table>
“K”Line Container Vessel Fleet composition

<table>
<thead>
<tr>
<th></th>
<th>01.03</th>
<th>02.09</th>
</tr>
</thead>
<tbody>
<tr>
<td>5500TEU over</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>3500TEU (3400~4000)</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>2800TEU (2700~2900)</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>2000TEU (1500~2500)</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>1400TEU or under</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>57</strong></td>
</tr>
</tbody>
</table>
“K” Line PCTC Fleet composition

<table>
<thead>
<tr>
<th>Capacity</th>
<th>01.03</th>
<th>02.09</th>
</tr>
</thead>
<tbody>
<tr>
<td>6000 units</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>5000 units (4750~5650)</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>4000 units (3800~4600)</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>3000 units (2800~3500)</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>2000 units (1600~2500)</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>800 units (800~850)</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>67</td>
<td>67</td>
</tr>
</tbody>
</table>
<No.10>

Bulker Market

(PANAMAX USG/JPN GRAIN)

($/KT)
Tanker Market

(VLCC AG/JPN)
Transition of “K” Line LNG Vessel Fleet

(No. of vessels)

ship management vessels

co-owner vessels
<No.13>

Transition of Semi-annual operating revenue on Non-consolidated basis (yen/US$ wise)
Transition of Average Exchange Rate & Bunker Price