

Consolidated Financial Results for the 1st Half of Fiscal Year ending March 31,2003

(Six months ended September 30, 2002)

(All financial information has been prepared in accordance with generally accepted accounting principles in Japan)

English translation from the original Japanese document

November 21, 2002

Company name : Kawasaki Steel Corporation
Location of the head office : 1-1-28, Kitahonmachidori, Chuoku, Kobe-city, Hyogo Prefecture

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Date of the board meeting for the financial results of the six months ended Sept. 30, 2002 : November 21, 2002

1. Highlights of Consolidated Results for the Six months ended Sept. 30, 2002

(1) Statements of Income

	Net sales	(% of change from previous year)	Operating income	(% of change from previous year)	Ordinary income	(% of change from previous year)
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Six months ended Sept. 30, 2002	524,685	(9.5)	27,874	31.2	17,642	31.2
Six months ended Sept. 30, 2001	579,910	(4.2)	21,248	(40.5)	13,445	(48.8)
Fiscal Year ended March 31, 2002	1,215,988		43,879		24,388	-

	Net income (loss)	(% of change from previous year)	Net income (loss) per share
	(Millions of yen)	%	(yen)
Six months ended Sept. 30, 2002	17,151	-	5.37
Six months ended Sept. 30, 2001	(2,838)	-	(0.89)
Fiscal Year ended March 31, 2002	6,822		2.14

Note1: Equity in earnings of affiliates (Millions of Yen)

Six months ended Sept. 30, 2002	1,734
Six months ended Sept. 30, 2001	1005
Fiscal Year ended March 31, 2002	(2,689)

Note2: Weighted average number of shares of common stock outstanding during

Six months ended Sept. 30, 2002	3,188,427,350
Six months ended Sept. 30, 2001	3,181,541,639
Fiscal Year ended March 31, 2002	3,186,303,628

(2) Balance Sheets

	Total assets	Stockholders' equity	Ratio of stockholders' equity	Stockholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(yen)
Six months ended Sept. 30, 2002	1,756,636	289,316	16.5	90.63
Six months ended Sept. 30, 2001	2,102,586	275,666	13.1	86.36
Fiscal Year ended March 31, 2002	1,930,922	284,955	14.8	89.27

Note: Number of shares of common stock outstanding as of

September 30, 2002	3,191,956,286
September 30, 2001	3,191,951,691
March 31, 2002	3,191,773,409

(3) Statement of Cash Flows

	Cash Flows from operating activities	Cash Flows from investing activities (outflow)	Cash Flows from financing activities (outflow)	Cash and cash equivalents (ended Sept. 30, 2002)
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Six months ended Sept. 30, 2002	70,873	(19,558)	(123,185)	27,169
Six months ended Sept. 30, 2001	83,064	(58,857)	(18,784)	29,324
Fiscal Year ended March 31, 2002	131,799	(76,186)	21,158	102,913

(4)Scope of consolidation and equity method	
Number of consolidated subsidiaries	138 companies
Number of affiliates accounted for by the equity method	22 companies

(5)Change in scope of consolidation and equity method

Consolidated subsidiaries	
(Addition)	5 companies
(Exclusion)	10 companies
Affiliates accounted for under the equity method	
(Addition)	1 company
(Exclusion)	2 companies

2. Forecast of Consolidated Financial Results for Fiscal Year ending March 31, 2003

Please see the Consolidated Financial Results for the 1st Half of Fiscal Year ending March 31, 2003 of JFE Holdings, Inc.

Consolidated Statements of Income

	Six months ended Sept. 30, 2001	Six months ended Sept. 30, 2002	(Millions of Yen) Fiscal Year ended March 31, 2002
Net sales	579,910	524,685	1,215,988
Cost of sales	(474,033)	(421,575)	(1,002,719)
Selling, general and administrative expenses	(84,628)	(75,234)	(169,389)
Operating income	21,248	27,874	43,879
Non-operating income(loss):			
Interest income and dividends received	1,865	1,426	3,561
Equity in net income (loss) of affiliates	1,005	1,734	-
Interest expense	(8,082)	(6,764)	(15,598)
Miscellaneous, net	(2,591)	(6,628)	(4,764)
Ordinary income	13,445	17,642	24,388
Extraordinary profit:			
Gain on sale of tangible fixed assets	-	3,573	21,478
Gain on sale of investment securities	-	-	2,339
Gain on sale of investment in subsidiaries and affiliates	-	-	16,926
Reversal of allowance for special repairs	-	-	6,924
Gain on creation of retirement benefit trust	-	-	35,270
	-	3,573	82,939
Extraordinary loss:			
Loss on sale of investment securities	-	(2,032)	-
Write-down of investments in securities	(2,078)	-	(14,058)
Write-down of inventories -real estate for sale-	-	-	(3,635)
Amortization of goodwill on consolidation	-	-	(1,937)
Bad debt expense	(5,125)	-	(19,327)
Financial assistance to Kawasho Corp.	-	-	(34,500)
Loss on liquidation of affiliates' businesses	-	-	(1,668)
Expenses on special retirement payments	(2,312)	(1,400)	(5,220)
Amortization of the transition obligation on accrued severance indemnities	(5,021)	(4,586)	(10,005)
	(14,536)	(8,020)	(90,353)
Income(loss) before income taxes	(1,091)	13,195	16,974
Income taxes:			
Current	(4,087)	(3,099)	(7,612)
Deferred	2,280	5,749	(2,436)
Minority interests in consolidated subsidiaries	60	1,305	(103)
Net income (loss)	(2,838)	17,151	6,822

Consolidated Balance Sheets

	September 30 2001	March 31 2002	(Millions of Yen) September 30 2002
<i>(Assets)</i>			
Current assets:			
Cash and time deposits	28,484	101,829	27,296
Marketable securities	1,600	1,259	260
Notes and accounts receivable	267,421	220,492	143,773
Inventories	301,621	257,804	252,281
Deferred tax assets	17,039	12,720	21,477
Other current assets	55,174	37,939	24,918
Less allowance for doubtful accounts	(960)	(2,441)	(1,182)
Total current assets	670,380	629,604	468,825
Property, plant and equipment, net:			
Land	269,763	266,671	264,303
Buildings and structures	288,372	277,032	271,347
Machinery and equipment	508,145	423,782	426,258
Construction in progress	23,913	17,229	11,439
Total property, plant and equipment	1,090,195	984,717	973,350
Intangible assets	50,441	36,614	34,943
Investments and other assets:			
Investments in securities	174,349	152,650	133,130
Long-term loan	14,178	25,350	22,573
Deferred tax assets	64,642	69,593	75,180
Other assets	79,850	58,665	59,177
Less allowance for doubtful accounts	(41,506)	(26,310)	(10,566)
Total investments and other assets	291,514	279,949	279,496
Deferred assets:			
Expenses for research and development	54	36	21
Total deferred assets	54	36	21
Total assets	2,102,586	1,930,922	1,756,636

	September 30 2001	March 31 2002	(Millions of Yen) September 30 2002
<i>(Liabilities and stockholders' equity)</i>			
Current liabilities:			
Notes and accounts payable	189,185	168,530	135,095
Short-term debt	251,319	160,775	120,911
Commercial paper	-	51,000	5,000
Current portion of corporate bond	83,141	80,000	80,000
Accrued taxes	3,742	3,957	3,179
Other current liabilities	163,126	154,438	129,383
Total current liabilities	690,515	618,700	473,570
Long-term liabilities:			
Notes and Bonds	319,136	289,136	170,000
Long-term debt	618,632	565,407	636,983
Accrued severance indemnities	71,533	33,361	36,494
Allowance for special repairs	33,357	23,213	24,098
Other fixed liabilities	59,215	82,781	94,361
Total long-term liabilities	1,101,874	993,898	961,938
Minority interests in consolidated subsidiaries	34,530	33,367	31,812
Stockholders' equity:			
Common stock	239,644	239,644	239,644
Additional paid-in capital	112,134	112,134	112,134
Consolidated surplus (deficit)	(65,274)	(51,162)	(33,955)
Net unrealized holding gains on land	17,347	13,318	13,292
Net unrealized holding gains on securities	14,807	9,481	480
Foreign currency translation adjustments	(42,992)	(38,436)	(42,280)
Less treasury stock, at cost	(0)	(24)	-
Total stockholders' equity	275,666	284,955	289,316
Total liabilities and stockholders' equity	2,102,586	1,930,922	1,756,636

	September 30 2001	March 31 2002	(Millions of Yen) September 30 2002
Contingencies			
Trade notes discounted	1,911	1,735	1,457
Trade notes endorsed	3,760	2,352	3,679
Guarantees of loan	6,948	7,284	6,025
Similar-to-guarantee acts	13,450	481	421
Other contingencies	-	3,180	2,557

Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended Sept. 30, 2001	Six months ended Sept. 30, 2002	Fiscal Year ended March 31, 2002
Cash flows from operating activities			
Income before income taxes and minority interests	(1,091)	13,195	16,974
Adjustments for:			
Depreciation and amortization	60,055	42,535	123,084
Allowance for doubtful accounts	6,385	(296)	15,144
Allowance for employees' retirement benefits	2,351	3,003	5,696
Interest and dividend income	(1,865)	(1,426)	(3,561)
Interest expense	8,082	6,764	15,598
Equity in net (income) loss of affiliates	(1,005)	(1,734)	2,689
Gain on sale of fixed assets	-	(3,573)	(21,478)
Gain on sale of securities and sale of investment in subsidiaries and affiliates	-	2,032	(19,265)
Gain on creation of retirement benefit trust	-	-	(35,270)
Revaluation loss	2,078	-	17,693
Amortization of goodwill on consolidation	-	-	1,937
Financial assistance to Kawasho Corp.	-	-	34,500
Loss on disposal of affiliates' businesses	-	-	1,668
Expenses on special retirement payments	2,312	1,400	5,220
Change in assets and liabilities:			
Decrease in notes and accounts receivable	62,640	46,552	33,783
(Increase) decrease in inventories	(21,194)	(5,845)	16,994
Increase (decrease) in notes and accounts payable	(38,131)	(18,547)	(44,551)
Others	2,440	(4,513)	14,528
Sub-total	83,057	79,547	181,388
Payments for financial assistance to Kawasho Corp.	-	-	(34,500)
Payments for special retirement	(2,312)	(1,400)	(5,220)
Payments for income taxes	(4,698)	(2,745)	(8,737)
Others, net	7,018	(4,527)	(1,131)
Net cash provided by operating activities	83,064	70,873	131,799
Cash flows from investing activities:			
Interest and dividend income received	2,628	2,046	4,457
Payments for purchase of investments in securities	(29,794)	(2,457)	(44,071)
Proceeds from sales of investments in securities	5,953	3,813	14,424
Proceeds from sales of investments in subsidiaries and affiliates accompanied by change in scope of consolidation	-	-	32,391
Payments for purchase of property, plant and equipment	(47,792)	(25,461)	(118,581)
Proceeds from sales of property, plant and equipment	12,260	4,445	35,788
Issuance of loans receivable	(982)	(21)	(1,793)
Collection of loans receivable	360	805	2,766
Others, net	(1,491)	(2,728)	(1,569)
Net cash used in investing activities	(58,857)	(19,558)	(76,186)
Cash flows from financing activities:			
Payments for Interest and dividend	(13,424)	(6,806)	(21,738)
Net change in short-term debt	(24,397)	(6,029)	6,234
Net change in commercial paper	(8,000)	(46,000)	43,000
Issuance of long-term debt	120,230	138,296	360,192
Repayments of long-term debt	(154,980)	(83,078)	(394,765)
Issuance of corporate bond	70,000	-	70,000
Redemption of corporate bond	(10,750)	(119,136)	(43,958)
Subsidiary's proceeds from sale of Parent's stock	3,034	-	-
Others, net	(497)	(431)	2,192
Net cash used in financing activities	(18,784)	(123,185)	21,158
Effect of exchange rate change on cash and cash equivalents	(859)	(3,135)	1,512
Net increase (decrease) in cash and cash equivalents	4,563	(75,005)	78,283
Cash and Cash equivalents at beginning of this period	24,762	102,913	24,762
Increase (decrease) in cash and cash equivalents at beginning of year by newly consolidated subsidiaries	(2)	(738)	(132)
Cash and Cash equivalents at end of this period	29,324	27,169	102,913

Business Segment information

1. Information by business segment

(Millions of Yen)

Six months ended September 30, 2001

	Steel	Engineering	Chemical	LSI and IT	Lease and Finance	Others	Sub-total	Elimination	Total
Net sales									
Customers	444,815	40,395	39,077	21,585	22,384	11,651	579,910	-	579,910
Intersegment	3,322	8,512	511	7,919	11,134	3,100	34,501	(34,501)	-
Total	448,138	48,907	39,589	29,505	33,518	14,752	614,411	(34,501)	579,910
Operating income (loss)	22,342	(2,970)	2,483	(1,574)	192	1,401	21,876	(628)	21,248

Six months ended September 30, 2002

	Steel	Engineering	Chemical	LSI and IT	Others	Sub-total	Elimination	Total
Net sales								
Customers	425,435	34,132	22,517	27,485	15,113	524,685	-	524,685
Intersegment	4,660	2,096	568	6,854	3,388	17,568	(17,568)	-
Total	430,096	36,228	23,086	34,340	18,502	542,254	(17,568)	524,685
Operating income (loss)	24,469	(2,272)	1,417	1,542	2,813	27,969	(94)	27,874

Fiscal Year ended March 31, 2002

	Steel	Engineering	Chemical	LSI and IT	Lease and Finance	Others	Sub-total	Elimination	Total
Net sales									
Customers	896,697	124,692	75,722	44,957	45,225	28,692	1,215,988	-	1,215,988
Intersegment	6,359	7,767	1,021	14,158	30,438	4,891	64,635	(64,635)	-
Total	903,056	132,459	76,744	59,116	75,663	33,583	1,280,624	(64,635)	1,215,988
Operating income (loss)	35,242	(1,158)	4,145	(2,150)	3,228	4,291	43,598	280	43,879

Note: "Lease and Finance" business segment is included "Others" business segment from this 1st half of Fiscal Year ending March 31, 2003, because substantial portion of the business, "Kawasaki Enterprises Inc.", was sold to Tokyo Leasing Co. Ltd. in March 2002.

As a result, net sales of "Others" business segment increased by 250 millions of yen and operating income of them increased by 104 millions of yen, compared with past method.

2. Overseas sales

	Six months ended Sept. 30, 2001		Six months ended Sept. 30, 2002		Fiscal Year ended March 31, 2002	
	Millions of Yen	% against total sales	Millions of Yen	% against total sales	Millions of Yen	% against total sales
Asia	106,321	18.3%	116,756	22.3%	211,003	17.4%
Others	67,508	11.6%	43,100	8.2%	129,548	10.6%
Total of overseas	173,830	30.0%	159,857	30.5%	340,551	28.0%

Non-consolidated Financial Results for the 1st Half of Fiscal Year ending March 31, 2003

(Six months ended September 30, 2002)

(All financial information has been prepared in accordance with generally accepted accounting principles in Japan)

English translation from the original Japanese document

November 21, 2002

Company name : Kawasaki Steel Corporation
 Location of the head office : 1-1-28, Kitahonmachidori, Chuoku, Kobe-city, Hyogo Prefecture

Contact : **Takeharu Takahashi, Manager, Finance & IR Division**
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Date of the board meeting for the financial results of the six months ended Sept. 30, 2002 : November 21, 2002

1. Highlights of Non-consolidated Results for the Six months ended Sept. 30, 2002

(1) Statements of Income

	Net sales	(% of change from previous year)	Operating income	(% of change from previous year)	Ordinary income	(% of change from previous year)
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Six months ended Sept. 30, 2002	346,058	(4.0)	21,088	41.3	12,553	20.7
Six months ended Sept. 30, 2001	360,381	(4.1)	14,923	(44.7)	10,402	(51.7)
Fiscal Year ended March 31, 2002	712,630		21,323		13,460	

	Net income (loss)	(% of change from previous year)	Net income (loss) per share
	(Millions of yen)	%	(yen)
Six months ended Sept. 30, 2002	2,817	-	0.88
Six months ended Sept. 30, 2001	(541)	-	(0.16)
Fiscal Year ended March 31, 2002	(10,745)	-	(3.36)

Note: Weighted average number of shares of common stock issued during

Six months ended Sept. 30, 2002 3,191,620,261

Six months ended Sept. 30, 2001 3,191,956,286

Fiscal Year ended March 31, 2002 3,191,905,908

(2) Dividends

	Interim cash dividends	Cash dividends
	(Millions of yen)	(Millions of yen)
Six months ended Sept. 30, 2002	6,000	-
Six months ended Sept. 30, 2001	0	-
Fiscal Year ended March 31, 2002	-	0

Note: Interim cash dividends of six months ended Sept. 30, 2002 is distributed to JFE Holdings, Inc.

(3) Balance Sheets

	Total assets	Stockholders' equity	Ratio of stockholders' equity	Stockholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(yen)
Six months ended Sept. 30, 2002	1,475,502	408,624	27.7	128.01
Six months ended Sept. 30, 2001	1,450,899	429,953	29.6	134.69
Fiscal Year ended March 31, 2002	1,546,194	412,253	26.7	129.16

Note: Number of shares of common stock issued as of September 30, 2002 3,191,956,286

September 30, 2001 3,191,956,286

March 31, 2002 3,191,773,409

Number of treasury stock March 31, 2002 182,877

2. Forecast of Non-consolidated Financial Results for Fiscal Year ending March 31, 2003

Please see the Consolidated Financial Results for the 1st Half of Fiscal Year ending March 31, 2003 of JFE Holdings, Inc.

Non-consolidated Statements of Income

	Six months ended Sept. 30, 2001	Six months ended Sept. 30, 2002	(Millions of Yen) Fiscal Year ended March 31, 2002
Net sales	360,381	346,058	712,630
Cost of sales	(307,414)	(292,002)	(619,060)
Selling, general and administrative expenses	(38,043)	(32,968)	(72,247)
Operating income	14,923	21,088	21,323
Non-operating income(loss):			
Interest income and dividends received	2,793	1,431	3,958
Interest expense	(4,795)	(4,918)	(9,774)
Other, net	(2,519)	(5,048)	(2,047)
Ordinary income	10,402	12,553	13,460
Extraordinary profit:			
Gain on sale of tangible fixed assets	1,032	-	21,221
Gain on sale of investment securities	-	-	2,197
Gain on sale of investment in subsidiaries	-	-	1,739
Reversal of allowance for special repairs	-	-	6,924
Gain on creation of retirement benefit trust	-	-	35,270
Total	1,032	-	67,353
Extraordinary loss:			
Loss on sale of investment securities	-	(1,004)	-
Write-down of investment securities	(1,977)	-	(13,792)
Write-down of investment in subsidiaries and affiliates	-	(1,430)	(16,643)
Write-down of real estate for selling	-	-	(3,486)
Bad debt expense	(5,125)	-	(19,047)
Financial assistance to Kawasho Corp.	-	-	(34,500)
Expenses on special retirement payments	(1,953)	(1,215)	(4,678)
Amortization of the transition obligation on accrued severance indemnities	(3,957)	(3,580)	(7,538)
Total	(13,012)	(7,231)	(99,687)
Income(loss) before income taxes	(1,577)	5,322	(18,873)
Income taxes:			
Current	(23)	(24)	(46)
Deferred	1,059	(2,480)	8,173
Net income(loss)	(541)	2,817	(10,745)

Non-consolidated Balance Sheets

	September 30 2001	March 31 2002	(Millions of Yen) September 30 2002
(Assets)			
Current assets:			
Cash and time deposits	7,346	81,197	10,192
Notes and accounts receivable	63,761	69,060	59,957
Inventories	177,728	161,238	164,190
Deferred tax assets	12,985	9,386	15,998
Other current assets	53,252	54,966	81,856
Less allowance for doubtful accounts	(100)	(200)	(200)
Total current assets	314,974	375,650	331,995
Property, plant and equipment, net:			
Land	83,170	82,982	82,907
Buildings and structures	209,044	199,779	190,454
Machinery and equipment	326,618	335,034	340,177
Total property, plant and equipment	618,835	617,797	613,540
Investments and other assets:			
Investments in subsidiaries and affiliates	266,756	320,810	323,971
Investments in securities	128,455	104,950	88,831
Deferred tax assets	49,825	65,731	61,135
Other assets	87,038	87,999	75,465
Less allowance for doubtful accounts	(14,988)	(26,744)	(19,438)
Total investments and other assets	517,088	552,746	529,965
Total assets	1,450,899	1,546,194	1,475,502

	September 30 2001	March 31 2002	(Millions of Yen) September 30 2002
(Liabilities and stockholders' equity)			
Current liabilities:			
Notes and accounts payable	72,528	59,048	58,366
Short-term debt	62,834	116,339	76,856
Commercial paper	-	51,000	5,000
Current portion of corporate bond	82,000	80,000	80,000
Other current liabilities	107,895	105,547	95,235
Total current liabilities	325,258	411,935	315,457
Fixed liabilities:			
Notes and Bonds	319,136	289,136	170,000
Long-term debt	284,240	387,038	512,070
Allowance for employees' retirement benefits	47,218	9,696	11,906
Allowance for special repairs	32,617	22,480	23,372
Other fixed liabilities	12,473	22,653	34,070
Total fixed liabilities	695,687	722,005	751,420
Stockholders' equity:			
Common stock	239,644	239,644	239,644
Capital surplus	112,134	112,134	112,134
Legal reserve	40,688	40,688	40,688
Retained earnings	24,892	14,688	17,505
Appreciation surplus on investments in securities	12,593	5,121	(1,349)
Total stockholders' equity	429,953	412,253	408,624
Total liabilities and stockholders' equity	1,450,899	1,546,194	1,475,502

	September 30 2001	March 31 2002	(Millions of Yen) September 30 2002
Contingencies:			
Guarantees of loan	5,203	5,616	4,995
Similar-to-guarantee acts	266,436	46,728	33,806