

October 31, 2016

Differences from Previously Announced Forecast of Financial Results,
Revised Forecast of Financial Results,
Resolution to Pay No Interim Dividend and Forecast for the Year-end Dividend

Kawasaki Kisen Kaisha, Ltd. (“K” Line) announces that, that differences arose between the consolidated financial results for the first half (April 1, 2016 – September 30, 2016) and the previous forecast that we announced on July 29, 2016, and that, based on recent performance, the forecast of consolidated financial results for the full year (April 1, 2016 – March 31, 2017) has been revised as set forth below. Furthermore, “K” Line announces that it was determined at the Board of Directors meeting held today that no dividend will be paid at the end of the first half and that the dividend forecast for the full year has been revised.

1. Differences from Forecast of Consolidated Financial Results for the First Half

(1) Differences in Financial Results (April 1, 2016 – September 30, 2016)

	First Half				
	Operating revenues (million yen)	Operating income (loss) (million yen)	Ordinary income (loss) (million yen)	Profit (loss) attributable to owners of the parent (million yen)	Profit (loss) attributable to owners of the parent per share (yen)
Forecast announced previously on July 29, 2016 (A)	500,000	(18,000)	(27,000)	(40,000)	(42.68)
Results (B)	491,152	(26,423)	(36,125)	(50,457)	(53.84)
Change (B – A)	(8,848)	(8,423)	(9,125)	(10,457)	(11.16)
Change (%)	(1.8%)	-	-	-	-
Reference: Consolidated results for prior fiscal year (fiscal year ended September 30, 2015)	668,338	18,774	15,970	11,678	12.46

(2) Reason for the Differences

Amidst global increasing uncertainty regarding political and economic outlooks, excluding the U.S., in the business environment market conditions were more adverse than previously forecast. Specifically, adversities included, in the containership business, a prolonged slump in the freight rate market focused primarily on the Asia-North America service and Asia-Europe service, and, in the car carrier business, a continued slump in demand for transport for emerging countries, particularly resource-rich countries. “K” Line made efforts to have even more efficient vessel allocation and to reduce vessel operation costs, etc. Nevertheless, business performance declined compared to the previously announced forecast of consolidated financial results for the first half.

2. Consolidated Financial Forecast for the Full Year (April 1, 2016 - March 31, 2017)

(1) Differences in Forecast of Financial Results (April 1, 2016 - March 31, 2017)

	Full Year				
	Operating revenues (million yen)	Operating income (loss) (million yen)	Ordinary income (loss) (million yen)	Profit (loss) attributable to owners of the parent (million yen)	Profit (loss) attributable to owners of the parent per share (yen)
Forecast announced previously on July 29, 2016 (A)	1,030,000	(13,000)	(21,500)	(45,500)	(48.55)
Revised forecast (B)	970,000	(44,000)	(54,000)	(94,000)	(100.30)
Change (B - A)	(60,000)	(31,000)	(32,500)	(48,500)	(51.75)
Change (%)	(5.8%)	-	-	-	-
Reference: Consolidated results for prior fiscal year (fiscal year ended March 31, 2016)	1,243,932	9,427	3,338	(51,499)	(54.95)

(2) Reason for the Difference

From the 3rd quarter of FY2016 onward, there are concerns that the global economy's pace of growth may slacken with the risk of economic downturn in China and other emerging Asian countries and resource-rich countries, in addition to the uncertainty in the outlook following the U.K. decision to exit the E.U. and persistent geopolitical risks in Europe. In the business environment, market conditions seem to have bottomed out in some areas in the containership business, demand for marine transport continues to increase slightly in the dry bulk business, but overall, it is expected to take some time for global improvement in the balance of tonnage supply and demand as well as for a full-fledged recovery in conditions for shipping. As a result, the forecast of consolidated financial results for the full year was revised as outlined above. "K" Line will strive to improve profitability through further cost cutting and rationalization while implementing business structural reforms as planned.

3. Resolution to Pay No Interim Dividend for the Fiscal Year Ending March 31, 2017

Details and Reason for the Resolution

We sincerely regret that no interim dividend will be paid, as was resolved at the Board of Directors meeting held today (October 31, 2016), taking into consideration that a loss attributable to owners of parent was recorded in the first half.

4. Forecast for the Year-end Dividend for the Fiscal Year Ending March 31, 2017

(1) Details of Dividend Forecast

	Annual Dividend per share		
	Interim Dividend	Year-end Dividend	Total
Previous forecast (Disclosed on July 29, 2016)		(Undetermined)	(Undetermined)
Latest forecast		0.00 yen	0.00 yen
Current period actual	0.00 yen		
Previous period actual (The period ending March 31, 2016)	2.50 yen	2.50 yen	5.00 yen

(2) Reason for Dividend Forecast

Our important task is to maximize returns to our shareholders while maintaining necessary internal reserves to fund our capital investment and strengthen our financial position for the sake of sustainable growth, which is a priority of our management plan. However, we consider it an urgent management priority to improve our financial strength in light of the forecast of a loss attributable to owners of parent for the fiscal year ending March 31, 2017. Accordingly, it is with sincere regret that no year-end dividend has been forecasted for the current fiscal year, as was resolved at the Board of Directors meeting held today (October 31, 2016).

“K”Line’s website URL <http://www.kline.co.jp>

Note: The forecasts of financial results set forth in this document were calculated based on available information at the time of announcement. Actual results may differ from the forecast because of various factors such as future developments in the business environment.

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