

April 28, 2017

Differences from Previously Announced Forecast of Financial Results,  
And notice of extraordinary loss

Kawasaki Kisen Kaisha, Ltd. (“K” Line) announces that differences arose between the consolidated financial results for the full year (April 1, 2016 – March 31, 2017) and the previous forecast that we announced on January 31, 2017, and Furthermore, “K” Line announces that extraordinary loss was recorded in its consolidated financial results for the full year as set forth below.

1. Differences from previously forecast of Consolidated Financial Results for the full year  
 (1) Differences in Financial Results (April 1, 2016 – March 31, 2017)

Differences in Financial Results  
 Consolidated Financial Results for the Full Year (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 January 31, 2017 (A)	1,010,000	(43,000)	(47,000)	(94,000)	(100.30)
Results (B)	1,030,191	(46,037)	(52,388)	(139,478)	(148.82)
Change (B – A)	20,191	(3,037)	(5,388)	(45,478)	(48.52)
Change (%)	2.0%	-	-	-	-
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 Differences

As a result of having recorded extraordinary loss, large differences in financial results for the full year have arisen in Profit and Loss attributable to the shareholders of the parent.

2. Extraordinary loss

“K” Line announces that loss on impairment of fixed assets 17.2 billion yen and provision of allowance for loss related to business restructuring 47.9 billion yen, 65.1 billion yen in total arose from business. The extraordinary loss consists of 50.9 billion yen for container ships business, 9.6 billion yen for heavy lifers, and 4.6 billion yen for offshore support vessel business.

## Background

### (1) Container ships business

In this business sector, Freight market recorded historically lowest level in the first half of last year. Recovery was seen in the 2<sup>nd</sup> half of the year to certain extent. However it still remains lower than we expected. Under such business circumstances, “K” Line has reassessed its forecasting for the market from a conservative perspective. And as a result, we have concluded that loss on impairment of fixed assets should be recognized from accounting point of view. Apart from that, since having already announced, K” Line has agreed to establish a new joint venture company with Nippon Yusen Kabushiki Kaisha, Mitsui O.S.K. Lines Ltd. to integrate its container shipping business.

Upon having assessed its business, we have recognized provision of allowance for loss related to business restructuring which is most likely to arise in the forthcoming years should be listed on the consolidated statement of operations .

### (2) Heavy Lifers and Offshore support vessel business

Whilst energy prices as well as oil prices remains sluggish, shipping market in this sector, largely price linked to such markets, also remains sluggish. Under such business circumstances, profitability of owning assets under our subsidiary companies has declined. Therefore it is concluded that impairment losses should be recognized from accounting point of view.

“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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