



# OCEAN BREEZE

## Contents

No.159 June 2011

<b>Message from "K" Line's New President</b> .....	P1-2	<b>Tips on Sea and Ships — to Make Everything Clear</b> .....	P6
<b>News Roundup</b> .....	P3-5	How to Measure Ship Speed	
Bulk Carrier "LONE" Launched		<b>Special Feature</b> .....	P7-8
Facility Observation Tour for Analysts		"K" Line United Football Team	
"K" Line Group Supports Those Affected by the Great East Japan Earthquake		French Solidarity Concert Raises Funds for Japanese Red Cross	
"K" Line Awarded Green Flag of Port of Long Beach of US for Six Consecutive Years		<b>Editors' Log</b> .....	P9



## **Tackling New Challenges through the Efforts of All Members of the “K” Line Family!**

Jiro Asakura  
President & CEO

I was appointed to succeed President Kenichi Kuroya at the May 13 meeting of the Board of Directors. Former President Kuroya resigned suddenly due to personal reasons, resulting in a turbulent succession, but this is not a time that the Company can stand idly by. I intend to immediately undertake the responsibilities of president and move the Company forward at full speed to overcome the various challenges we face, including overcoming the effects of the Great East Japan Earthquake so we can achieve our targets and goals.

During my tenure as vice president and senior managing executive officer, I oversaw the Drybulk Sector, Human Resources and Energy Transportation Sector, but as president, I will look at the entire group from a balanced perspective and make every effort to build an optimal business portfolio and improve profitability and management efficiency. I will devote myself to my responsibilities as president and serve as a powerful driving force behind the “K” Line Group so the Group can prosper, and I ask for the full cooperation of all Group personnel.

At the end of April, “K” Line announced its newly reformed medium-term management plan entitled “K” LINE Vision 100—New Challenges. Following the collapse of Lehman Brothers, we were confronted with a global economic recession, so we implemented emergency measures and responded to the drastically altered business environment by announcing the “K” Line Vision 100 KV2010 in January 2010. Since then, the global economy has gradually recovered, and under former President Kuroya’s leadership, “K” Line’s financial performance and in particular the performance of the containership business rapidly recovered. As a result, we were able to achieve the initial targets set under the KV2010 plan—returning to profitability in fiscal year 2010 and resuming the payment of dividends—ahead of schedule. This was in part due to the recovery of the containership market, but it was also thanks to the unstinting and ceaseless efforts of all officers and employees to reduce costs and implement structural reforms, and I would like to take this opportunity to express my sincere gratitude for your hard work.

The new management plan is an extension of earlier plans and adopts the title “New Challenges” to promote strategic investment in new growth areas in order to respond rapidly to changes in market structures and the growth of emerging countries. Its objectives are to establish a stable earnings base and reinforce the Group’s financial base by making a qualitative transition away from across-the-board expansion.

The earthquake temporarily caused a reduction in cargo movements of completely built-up cars from Japan, and there are concerns about electric power shortages this summer, making it extremely difficult to forecast the extent of future economic recovery. In the drybulk and tanker segments, some ironworks, coal-fired power plants, and oil refineries were damaged, and we expect sluggish growth in cargo movements to Japan until full restoration is completed. Nonetheless, these developments are temporary, and there is no cause for pessimism.

The “K” Line Group was unable to avoid temporary effects from the earthquake, but we are certain to overcome these hardships in the medium to long term. What we must do now is provide full-scale support to our long-standing business partners for their rapid recovery. I am confident that the cumulative effects of these efforts will lead to the total recovery of the Japanese economy.

Marine transport volumes increased rapidly after 2003 in conjunction with the brisk economic growth of emerging countries such as China and India, and ocean transportation by all ship types enjoyed growth as a direct result of this market expansion, however with the occurrence of the once-in-a-century financial crisis, marine cargo movements and marine transport markets entered an adjustment phase. The recent earthquake disaster, which far exceeded expectations, and a number of other pressing problems including the high value of the yen, rising fuel oil prices caused by persistent high crude oil prices, and rampant piracy in the Gulf of Aden and Indian Ocean have increased various risks, and addressing these changes is a new issue for management. The current business environment is by no means good, but shipping capacity demand is likely to increase in the future supported by gradual economic recovery in developed countries and strong economic growth in emerging countries over the medium to long term. By monitoring these changes carefully and responding appropriately with a sense of urgency, we can strengthen our business foundations even further. Accordingly, I request that all officers and employees raise their awareness of the problems that “K” Line is currently facing and make an effort to listen out for and absorb information on a daily basis.

Throughout the history of the “K” Line Group, we have been able to overcome our problems and make steady progress by directly confronting difficult issues and working together. It is precisely by viewing these adverse circumstances as a positive opportunity and drawing on the “K” Line Group tradition of enterprise to tackle new challenges that we can make substantial advances as we move toward the 100th anniversary of “K” Line.

## Bulk Carrier “LONE” Launched



Group Business Promotion Division

On March 11, the bulk carrier “LONE” with the world’s largest crane capability of 2,000 ton was launched at Sietas Shipyard in Germany.

## Facility Observation Tour for Analysts

IR & PR Group

On April 13, an observation tour was held at Asia Automobile Terminal (Singapore) (AATS), a terminal exclusively used for automobiles in Singapore, in which the Company has invested. Nine analysts and investors from Japan took part. They were able to have a first-hand look at this hub for assembled vehicles shipped from Asian countries and Australia, the number of which has surged in recent years. The participants all seemed astonished at seeing new cars from Thailand, Australia, and other Asian countries lining up neatly on the vast site.

At a dinner party hosted by President Minagawa of KLPL, a lively discussion was held on the future strategies of KLPL, and the infinite business potential originating from Singapore. Participants then visited the terminal for automobile carriers, held a small meeting with analysts, visited customers in Singapore, and observed a conference of the maritime industry SIASIA. We believe the program made the time meaningful for the participating analysts.

Finally, we would like to express our gratitude to the people of KLPL and other officials for their support for the observation tour. Our Group is determined to continue conducting similar investor relations and public relations activities in the future.



Souvenir Photograph Taken at PSA Office



AATS in Singapore Port, exclusively for automobile carriers, and our automobile carrier CURITIBA

## "K" Line Group Supports Those Affected by the Great East Japan Earthquake

CSR and Compliance Division, General Affairs Group

We express our deepest condolences to all those affected by the Great East Japan Earthquake. We look forward to the earliest possible restoration and recovery.

Our Company and Group companies have implemented a number of support activities for the recovering in the affected areas, mainly through marine transport, in addition to the donations featured in the previous issue. This article reports on the activities by our Company and our Group companies in the two months following the disaster.

Our Company and "K" Line (Japan) Ltd. have cooperated in marine transport by dispatching containerships with relief aid goods. We have helped facilitate the delivery of relief aid goods to the affected areas, by offering space on our ships to customers importing materials for constructing temporary housing or bringing in daily commodities. We have also offered space to nonprofit organizations.

Kawasaki Kinkai Kisen Kaisha, Ltd. carried the people and vehicles of the Ground Self-Defense Force engaging in recovery work in the affected areas. The company transported about 2,800 personnel and around 600 vehicles (between Tomakomai and Aomori Ports) in March and April. Because of the damage caused by the tsunami, the ferry pier at the usual Hachinohe port of call cannot be used. For this reason, staff members of Kawasaki Kinkai Kisen at Hachinohe Port have stationed themselves to Aomori Port, away from their homes, so that they can carry out their duties.

Aside from cooperation in transport, our Company and Intermodal Engineering Co., Ltd. have offered two freezer containers free of charge, to store relief aid food materials at the Iwate garrison of Ground Self-Defense Force, providing logistical support to the recovery activities.



Departed Ohi No.2 Terminal for Iwate Garrison of Self-Defense Force



Arriving at Iwate Garrison



Loading Self-Defense Force Vehicles



It seems likely that the restoration work will continue into the long term. The "K" Line Group will continue to be proactive in providing support, mainly in transporting necessary relief aid goods, in the hope that the people affected by the disaster are able to recover from the disaster as quickly as possible.

## "K" Line Awarded Green Flag of Port of Long Beach of US for Six Consecutive Years

Many ships crowd the Port of Long Beach and the surrounding sea areas, and air pollution has become a serious problem along the coast.

In light of this situation, the Long Beach Board Port Authority has implemented since 2005 a program that requires ships entering and departing the Port to minimize exhaust gas volumes by lowering the ship speed to 12 knots (about 22 km/hour) or less in areas up to 20 nautical miles (about 37km) from the Port. Since 2009, the area has widened to cover offshore regions within 40 nautical miles (about 74km) from the Port.

The Port Authority has provided a discount on the dockage fee to shipping companies that satisfy the ship speed restriction at 90% or better in a year.

Among the 203 ships operated by "K" Line that entered or departed the Port during 2010, 202 ships (99.5%) reduced speed inside the 20-mile area, and 197 ships (97.0%) in the 40-mile area. The Port Authority commended our Company for the result.

This is a voluntary program by the Authority for protecting the environment, and "K" Line has cooperated proactively, achieving high compliance each year. This year marks the sixth consecutive year in which we won the award.

We believe that the achievement is indicative of the enthusiasm among the crews of each of our ships as well as other personnel when it comes to protecting the environment. Let us take this opportunity to express our deepest gratitude, and ask for further cooperation in winning the award in the future years and conserving the environment.

### Environment Management Division



A photograph of Green Flag taken at the awards ceremony held on April 7, 2011; from left on the front row, Mr. Dave Pritzos and Mr. Peter Bennett of KAM LAX, Captain Nabeshima of the stationed ship, and four representatives of the Long Beach Board Port Authority

## How to Measure Ship Speed



Ship speed is represented in knots. A knot refers to a tied portion of a rope. In the mid-16th century, ship speed was measured by floating a tool named a hand log, which was made by tying knots in a rope at intervals, on the sea. The measurement was made based on how much of the rope was drawn out in a set amount of time. The knot, which referred to the knots in the rope, came to be used as the unit for ship speed.

Today, one knot refers to a ship advancing 1,852m per hour. 1,852m may seem like an odd distance, but it was determined based on the latitudes on the globe. The figure is convenient when navigating using charts. On the sea, ships navigate in accordance with charts that show longitude and latitude. These are used to identify the goal to which the ship is sailing. For example, if a ship sails from south to north, a rough estimate of how far it advances in terms of latitude is possible by multiplying the ship speed by the time.

Various machines are used today to measure ship speed. These include electromagnetic logs that utilize electromagnetic induction, Doppler sonars that emit ultrasonic waves from equipment installed on the bottom of the ship and calculate the change in the frequency of the sonic waves when they return, and also devices that measure speed using radio waves sent from artificial satellites.

Information provided by: Japan Maritime Public Relations Center

## "K" Line United Football Team

Contributed by Mr. David Pearson, "K" Line (Europe) Limited, LONDON

Dear Football Fans,

As many of you know we have restarted our "K" Line Group Company Football Team and I can proudly say we have continued for the last year without too many problems and injuries.

Our first ever season was perhaps our hardest because we were getting accustomed to playing together as a team and becoming familiar with the standard of the league. We enjoyed the exercise and it provided an excellent opportunity for staff from River Plate House and Threadneedle Street offices in London to get to know each other. At the end of the first season we finished 6th out of 8 teams which was a good result in view of the lack of match fitness and, as we all know, it takes time to build a good team.

With the first season under our belt, everyone was looking forward to the next season and we were gaining more interest from other members of staff wishing to join the team and also from new staff joining the company. During this season it was evident that we were much improved and playing together as a team. Indeed we were pushing for promotion but narrowly missed out finishing in 3rd place which was a little disappointing but we felt we were moving in the right direction.

Upon entering our third season we had an established team of regular players and the mood for the season was very upbeat. The first half of season 3 was going well and we were winning every game which pleased the crowd of "K" Line supporters who regularly turned up to cheer us on, but towards the end we drifted away and ended up losing our last three games thus throwing away our chance to become League Champions. We ended up finishing in 2nd place by just one point but we still gained promotion to the top division which was a tremendous achievement.

Now that we have gained promotion we are looking forward to playing in the top league but are also a little apprehensive because we have seen teams promoted and then immediately demoted again which is not part of our game plan. So we can report that after just 5 games we have won 2, drawn 2 and lost just 1 leaving us mid table and still in with a shout of keeping up with the league leaders. The only downside at the minute is our discipline having had 3 sending offs in the last 3 games but this shows commitment to the team and the winning mentality as no member enjoys losing.



### Team Members:

#### "K" Line (Europe) Limited Limited

David Pearson	Jay Hardiman
Paul South	Dave Hanson
Tohru Ohne	Michael Whitehead
Marldon Smalling	

#### "K" Line LNG Shipping (UK) Limited

Geoff Whitelaw (super goalie!)	
Akira Shoji	Yuzuru Goto

#### "K" Line Bulk Shipping (UK)

Makoto Oguni	Robert Radulescu
Atakan Perisan	

We are waiting for the Ipswich Office to throw down a challenge as we feel ready to take them on in our present form. I hope we can arrange something as this would be a great contest and we believe it would be a different outcome from our last encounter.

If anyone would like to follow the progress of our football team then please contact me at david.pearson@uk.kline.com and I will include you in the weekly email.

I would like to say a big thank you to the Board of Directors of the Group Companies for their continued support of our football team and also for coming down to watch when they have the time.

## French Solidarity Concert Raises Funds for Japanese Red Cross



Contributed by Mr. Philippe Le Roux, Manager Export Group, "K" Line (France) S.A.S.

Since the tragic Japanese earthquake and tsunami on 11th March, all around the world people have gathered together to try and bring some support to the Japanese people.

Close to Le Havre, the Association Normandie Japon MINATO organised a "solidarity concert" to raise funds for the Japanese Red Cross.

Many local musicians, groups and choral societies and technicians volunteered to support this idea and performed on Tuesday 5th April for 4 hours in front of about 400 spectators — many from the local shipping community — raising 7,240 €.

"K" Line was represented at this event by the participation of Philippe Le Roux — Export manager of Export Group 1 from North Europe to Asia — who is an accomplished guitarist (and singer!). He performed as lead-guitar with his group

"Fairplay" who have been busy on the local blues-rock circuit for about 20 years and was delighted to be able to take part in this gesture of support for our Japanese friends.

Here are a couple of photos of Philippe and Fairplay at the concert.

"K" Line France joins with all "K" Line offices and colleagues in confirming our heart-felt solidarity for all the Japanese people at this difficult time.



## Editor's Log

This has been one long month! I'm totally exhausted!

I have four cats at home. They spend every day scratching here and there with their claws, bothering other cats, grooming their fur, taking naps, vomiting up fur balls, going to the toilet, eating dry food, taking more naps, eating more dry food and having a good sleep. They sometimes gaze at the TV news with a serious expression, but I'm sure they do not have any serious feelings about the news.

I get nervous when the deadlines for Ocean Breeze and "K" Line News are approaching, which prevents me from sleeping well. I am envious of my cats that are relaxed and sleeping soundly next to me. So, one day, I tried to interview them.

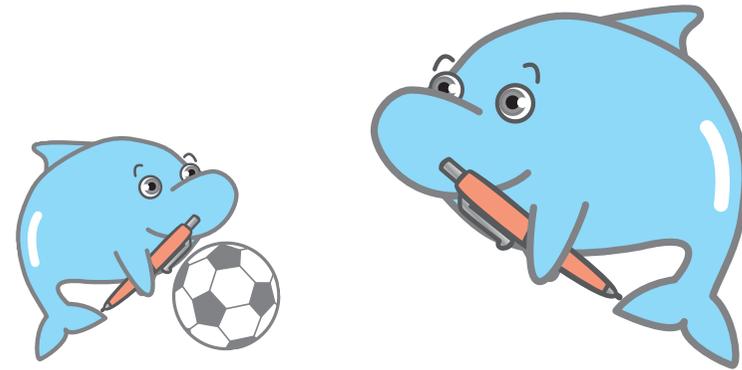
"You are so lucky, because you can sleep any time you want. A life without work or deadlines must be boring though."

One of the cats replied instantly.

"Our job is to look adorable! This keeps us very busy, even though you might not believe it!!"

Their pride seemed slightly hurt. Well, they've got a point. They are useful to people because they heal us with their adorable actions which I can fully understand.

Let's not forget to relax as cats do and wet our whistle, for a change, and do our best this month as well!



### Ocean Breeze and "K" Line News are looking for color photographs!!!!

Landscapes near the port visited that are not found elsewhere, snapshots taken while traveling, and photographs taken in the past are acceptable. Send in your favorite photographs from those you have taken. A photograph competition is held once a year. The first place getters are awarded a wonderful prize! Your efforts are always welcome.

#### Instructions for Sending in Your Photographs (Send to: Information and Public Relations Team, IR & PR Group)

##### Theme of photographs:

unrestricted, as a rule (portraits of individuals and pet photos are not accepted)

##### Composition:

please send photographs laid out in a way that allows the portion you wish to show to appear properly

- ◆ Guideline for image data: at least 3,000 pixels lengthwise x 2,000 pixels widthwise; volume up to about 2 MB
- ◆ Avoid small images photographed using a mobile phone, etc.
- ◆ Provide a description of the location in the photograph (80 to 90 characters)
- ◆ Please note that the copyright belongs to "K" Line.

##### Publication

Photographs will be published on each issue.