INTERNET DISCLOSURE FOR NOTICE OF THE 147TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

The 147th term
(From April 1, 2014 to March 31, 2015)

System to Ensure Proper Business Operations
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Kawasaki Kisen Kaisha, Ltd.

Pursuant to the provisions of relevant laws and regulations and Article 18 of the Company's Articles of Incorporation, the items listed above are provided to shareholders on the website of Kawasaki Kisen Kaisha, Ltd. (http://www.kline.co.jp/en).

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

System to Ensure Proper Business Operations

The Company continues its efforts to establish a system to ensure the execution of duties by its Directors in compliance with laws and regulations and the Articles of Incorporation, as well as a system to ensure the appropriateness of businesses of the corporate group comprised of the Company and its subsidiaries (hereinafter, the "Group") specified by laws and regulations.

To be precise, the Company's Board of Directors assumes responsibility for establishing an internal control system, evaluating its effectiveness and ensuring its functions.

Currently, the Company establishes the following systems and will strive to review and improve them on a continuous basis and as necessary in order to enhance the effectiveness of its internal control.

(1) System to ensure the execution of duties by the Company's Directors, Executive Officers and employees in compliance with laws and regulations as well as the Articles of Incorporation

The Company has established the Charter of Conduct for "K" Line Group Companies and the "K" Line Implementation Guideline for Charter of Conduct, in which the compliance of the Group with laws and regulations as well as business ethics is specified as one of the principles of the conduct. The Directors are required to ensure thorough implementation of compliance and establish an effective internal system in order to achieve it. To that end, the Company constantly implements the following measures:

(i) The Company promotes the appropriate management of the Board of Directors in accordance with the Rules for the Board of Directors, in order to ensure the executions of duties by the Directors in compliance with laws and regulations as well as the Articles of Incorporation.

(ii) The Company establishes the Rules for Executive Officers, which specify matters to be complied with by the Executive Officers in order to ensure that the execution of duties by the Executive Officers appointed by the Board of Directors is in compliance with laws and regulations as well as the Articles of Incorporation, and promotes the active and faithful execution of the business delegated to them.

(iii) The Company establishes internal rules such as the Rules for Employees in order to ensure the execution of duties by the employees in compliance with laws and regulations as well as the Articles of Incorporation.

(iv) The Internal Audit Office supports the performance of responsibilities by the Board of Directors regarding the establishment, maintenance and improvement of the internal control system through the supervision and verification of the system.

(v) The Company establishes the Compliance Committee chaired by the President & CEO and strives to develop and maintain its compliance system.

(vi) The Company establishes a whistleblowing system called the "Hotline System" in order to identify and appropriately handle legal violations and other compliance issues at an early stage. The Group specifies some internal contacts as well as a law firm as an external contact for whistleblowers. This system is managed under the Rules for the Hotline System.

(2) System for retaining and managing information pertaining to the execution of duties by the Company's Directors

The Company appropriately retains and manages information regarding the execution of duties by its Directors in the form of fully searchable data that ensures the availability of perusal at any time, in accordance with the Rules for the Board of Directors and the Regulations for Documentation during the period specified by such rules and regulations.

(3) Rules and systems for the Company to manage risks of loss

The Company remains aware of the risks, as listed below, inherent in the course of conducting business. Accordingly, we will develop systems for addressing the respective risks, and the Crisis Management Committee will take overall charge of crisis and risk management initiatives, and promote such activities.

- Ship-related accidents (including incidents involving seawater contamination)
- Major disasters
- Compliance-related issues
- Other management risks

(4) System to ensure that Directors of the Company execute their duties efficiently

The Company adopts the executive officer system and promotes smooth decision-making on the execution of duties. The Board of Directors determines the fundamental management policies, matters required by laws and regulations, and other important matters regarding the management of businesses, while supervising the execution of duties by the Directors and Executive Officers. A meeting of the Board of Directors should be held at least once a month.

The Company also adopts a system of making resolutions in writing for the Board of Directors, which enables the flexible operation of the board.

In addition to the Board of Directors, the Company hosts an Executive Officers' Meeting that requires the attendance of the Executive Officers and Audit & Supervisory Board Members twice a month in principle. By doing so, the Company establishes a system that contributes to decision-making by the President & CEO based on open discussions.

(5) Systems to ensure proper business operations of the corporate group comprised of the Company and its subsidiaries

The Company establishes the Charter of Conduct for "K" Line Group Companies as the code of conduct applicable to the entire Group, in order to ensure the appropriate operations of its subsidiaries (hereinafter, the "Group companies"). Each Group company establishes internal rules and regulations based on the charter. In addition, the Company establishes the Regulations for Business Operations by Subsidiaries in order to ensure the appropriate operations by its Group companies by supporting and managing the establishment and effective operation of their internal control systems while respecting the independence of these Group companies.

(i) System for reporting matters regarding the execution of duties by Directors, etc. of the Group companies to the Company

The Company establishes the Regulations for Business Operations by Subsidiaries and requires its Group companies to report important matters to the relevant departments of the Company. In addition, the Company provides its hotline contact as well as hotline systems of each Group company for whistleblowers who identify any legal violations and other compliance issues in each respective office. The Company also hosts the Group Management Meeting twice a year to facilitate information exchange among the Company and the Group companies.

(ii) Rules and systems for managing risk of loss of the Group companies

The Group companies establish their own crisis management system independently according to their business scale and characteristics. The Company establishes the Regulations for Business Operations by Subsidiaries and requires the Group companies to report risks in executing their respective business operations according to the characteristics of their businesses to the Company, which will be handled by the Crisis Management Committee and other organizations.

(iii) System to ensure that Directors, etc. of the Group companies execute their duties efficiently

The Group companies independently manage their respective businesses in principle. The Company establishes the Regulations for Business Operations by Subsidiaries and specifies that certain important matters of the Group companies require approval of, discussion with, or reporting to the Company.

(iv) System to ensure that Directors, etc. and employees of the Group companies execute their duties in compliance with relevant laws and regulations and the Articles of Incorporation

The Company establishes the Charter of Conduct for "K" Line Group Companies and requires the Group companies to comply with the charter. In addition, the Company requires each Group company to establish its Implementation Guideline for Charter of Conduct according to the characteristics of their businesses and verifies the content of such guidelines.

Furthermore, the Company monitors via the Internal Audit Office, etc. the status of compliance and implementation of the internal control system by the Group companies.

(6) Matters concerning the employees who are to assist Audit & Supervisory Board Members in their duties

The Company establishes the Rules Concerning Employees Tasked with the Assisting Audit & Supervisory Board Members, and appoints employees who are required to assist the duties of Audit & Supervisory Board Members ("employees assisting Audit & Supervisory Board Members") under the supervision of the Audit & Supervisory Board.

(7) Matters concerning the independence of the employees assisting Audit & Supervisory Board Members from the Directors of the Company

The Company establishes the Rules Concerning Employees Tasked with the Assisting Audit & Supervisory Board Members, and specifies that it shall not order the employees assisting Audit & Supervisory Board Members to assume other duties concurrently in principle. If it needs to do so due to unavoidable reasons, prior approval should be obtained from the Audit & Supervisory Board. The Audit & Supervisory Board Members evaluate the performance of the employees assisting Audit & Supervisory Board Members. The appointment and transfer of the employees assisting Audit & Supervisory Board Members require prior approval from the Audit & Supervisory Board.

(8) Matters to ensure the effectiveness of instructions by the Audit & Supervisory Board Members of the Company given to the employees assisting them

When the employees assisting Audit & Supervisory Board Members request the Company for any information materials and/or reporting, the Company will promptly provide such materials and/or reporting.

(9) System for reporting to the Audit & Supervisory Board Members of the Company by the Directors, Executive Officers and employees of the Company; the Directors, the Audit & Supervisory Board Members, and employees of the Group companies; or a person who received a report from the above persons; and other systems for reporting to Audit & Supervisory Board Members of the Company

The Directors, Executive Officers and employees of the Company are required to report important matters regarding the management and operations of the Company's businesses and the status of executing its business in charge to the Audit & Supervisory Board Members as needed at a meeting of the Board of Directors or other important meetings, as well as to promptly report any compliance issues and other matters that may cause serious damage to the Company, if identified, to the Audit & Supervisory Board in accordance with the Rules for Systems of Reporting to Audit & Supervisory Board Members, Etc. The Directors are required to promptly report matters regarding the execution of duties in an appropriate manner to the Audit & Supervisory Board or its Members when being requested to do so. The Internal Audit Office is required to report the progress of its audits to the Audit & Supervisory Board as necessary and conduct additional audits if being requested to do so by the board.

The Directors, Audit & Supervisory Board Members and employees of the Group companies are required to report compliance issues and other important matters specified to the relevant department of the Company, and the relevant department is required to report the matter to the Audit & Supervisory Board Members of the Company as necessary in accordance with the Regulations for Business Operations by Subsidiaries. The Company hosts an Audit & Supervisory Board Meeting of the Group's Major Subsidiaries and a Group Companies' Audit & Supervisory Board Communication Meeting once a year, in order to share information among the Company, its Group companies and subsidiaries.

(10) System to ensure the non-unfair treatment of persons who made reporting as described in the above

The Company prohibits the Company or its Group companies, under the Rules for Systems of Reporting to Audit & Supervisory Board Members, Etc. and the Regulations for Business Operations by Subsidiaries, from unfairly treating the Directors, Audit & Supervisory Board Members, Executive Officers and employees of the Company and its Group companies who conducted whistleblowing to the Audit & Supervisory Board Members of the Company due to the act of such whistleblowing.

(11) Matters concerning policies on the advance payments, reimbursements and other procedures for settlements of expenditures and/or liabilities incurred from the execution of duties by the Audit & Supervisory Board Members of the Company

The Company establishes policies on the advance payments and reimbursements and other procedures for settlements of expenditures and liabilities incurred from the execution of duties by the Audit & Supervisory Board Members, and conduct such advance payments and reimbursements and settlements based on the policies.

(12) Other systems to ensure performance of effective audits by Audit & Supervisory Board Members of the Company

The Company cooperates in developing an environment ensuring effective audits by the Audit & Supervisory Board Members by coordinating regular meetings with the Audit & Supervisory Board

Members and the Representative Directors, arranging collaboration of the Audit & Supervisory Board Members with the Internal Audit Office, and other such means.

(13) System for ensuring the reliability of financial reports

To ensure the reliability of the Group's financial reports, the Company will engage in ongoing efforts to evaluate and improve the effectiveness of internal control systems pertaining to financial reporting, on the basis of Japan's Financial Instruments and Exchange Act, and other relevant laws and regulations.

(14) Fundamental policy toward anti-social forces and status of policy implementation

The Charter of Conduct for "K" Line Group Companies vows that "the "K" Line Group will resolutely confront any anti-social force or organization which may threaten social order and public safety."

Accordingly, the Company establishes a system that enables the swift and appropriate handling of matters relating to anti-social forces occurring within the Group, by appointing a department in charge of handling matters relating to anti-social forces and working with law enforcement officials, expert corporate legal counsel and other external organizations on a normal basis, with the aim of precluding all involvement of anti-social forces and severing any ties that could emerge.

Note: In accordance with a resolution of the Board of Directors, approved on April 30, 2015, the above system was partially revised following the enforcement of the Act for Partial Revision of the Companies Act (Act No. 90 of 2014) and Revision of the Ordinance for Enforcement of the Companies Act (Ministry of Justice Ordinance No. 6 of 2015) on May 1, 2015. The revisions have been made to more accurately reflect the current state of the Group's audit system and its systems to ensure proper business operations, and to adopt more specific, clearer phrasing in line with the revisions to the Companies Act.

Basic Policy on Control of Company

1) Summary of the basic policy

We believe that decisions on the Company's financial and business policies should be controlled by those who aim to ensure gains in the Company's corporate value and shareholders' common interests, standing committed to maintaining mutually beneficial ties with its stakeholders including our valued shareholders, customers, business partners, employees, and members of the communities. Conversely, we believe that those whose conduct runs counter to this notion should not have control over such decisions.

We would not take a negative view of a large-scale acquisition of the Company's shares, if such action contributed to gains in the Company's corporate value and shareholders' common interests. In some cases, however, attempts at large-scale acquisition of shares contribute neither to corporate value nor to the shareholders' common interests. As such, we believe the Company must have mechanisms in place designed to deter any such undesirable moves towards the large-scale acquisition of the Company's shares.

2) Overview of special initiatives that contribute to implementation of the basic policy

a) Framework for increasing corporate value through the management plan

In March 2015, the Group drew up a new medium-term management plan, "KValue for our Next Century" with the following three core themes, which are detailed below.

(i) Stability by Improving Financial Strength

While the Group expects to see growth in logistics demand in line with a gradual recovery in the global economy, the business environment is expected to remain volatile in marine transportation, which is the Group's core business domain, due to instability in the supply-demand balance caused by tonnage supply pressure. For this reason, the Group's first step is to ensure stability by further strengthening its financial structure. Specific targets have been drawn up as follows.

・ Achieving equity ratio of 40% in FY2017, and continuing to reduce interest-bearing debt
・ Thereafter, maintaining the free cash flow in the black, equity ratio of 40%, and DER of 80% to keep stability

(ii) Further Business Growth Based on Financial Soundness

The Group sees stable growth in logistics demand driven mainly by population growth in emerging countries, and growth in global energy demand are sources of growth opportunities. By making strategic investments to develop new businesses in growing sectors and enhancing the system that brings stable business profits with increased resilience in volatile markets, the Group aims to create a business portfolio with reduced risk, and to conduct business management with an emphasis on balancing stability and growth.

Specifically, in its strategic investments over the five years starting in FY2015, the Group plans to invest a total of ¥120 billion in initiatives such as expanding the LNG and LPG carrier businesses, where growth is expected; expanding the offshore energy E&P support business; taking in logistics business in Asia and other regions, including terminal operating business; together with expansion of businesses of Cape-size bulkers and thermal coal carrier entailing mid- to long-term contracts where the Group has an advantageous position. In addition, in efforts to enhance its system to bring stable business profits with higher resiliency against the market volatility, the Group plans to invest ¥170 billion in upgrading of its fleet to a highly competitive one, including 10 large containerships of 14,000TEU, 10 large car carriers of 7,500-unit capacity, and replacement of dry bulkers with energy efficient models.

(iii) Dialogues and Collaboration with Stakeholders

The Group has positioned dialogues and collaboration with stakeholders to grow consistently and raise corporate value as a key management policy. Under this policy, the Group is promoting the following measures.

・ Collaboration with stakeholders through corporate social responsibility (CSR) activities

The Group's basic approaches to CSR are "consideration of impact on business activities" and "creating new value." Its policy is to focus particularly on safe ship operation, environmental conservation, and human resource cultivation. As organizations for promoting CSR, the Group has established the CSR & Environmental Committee and beneath it the CSR Sub-Committee and the Environmental Sub-Committee. These organizations drive the initiatives of the entire Group and are primarily responsible for strengthening the Group's information disclosure and dissemination.

With regard to environmental conservation, in March 2015 the Group established its long-term environmental management vision toward 2050, entitled, "'K' Line Environmental Vision 2050 'Securing Blue Seas for Tomorrow.'" This policy sets out the direction that the Group aims to follow from multiple perspectives, in order to fulfill its responsibilities as a player in a key industry contributing to the well-being and prosperous lives of people.

・ Strengthening corporate governance structure

To ensure that the initiatives of the newly established Corporate Principle and Vision are duly carried out, and to help the Group to grow consistently and raise corporate value, the Group will strengthen its corporate governance structure, including reshaping the Group's internal control system. In risk management, the Group has established the Crisis Management Committee and several subordinate committees (the Compliance Committee, Ship Safety Promotion Committee, Management Risk Committee, and Disaster Response Committee), which are responsible for the Group's risk management. In addition, the Investment Committee is responsible for deliberating about important investments.

・ Returning profits to shareholders based on a stable dividend policy

Under the medium-term management plan "Value for our Next Century," the Group is targeting ROE of 10% or more for FY2019, aiming to achieve a balance between stability and growth, while paying stable dividends and sharing profit exceeding designated level, based on total return ratio.

b) Initiatives related to corporate governance

The Company engages in initiatives to strengthen its framework of corporate governance and to develop and enhance systems for risk management with the aims of fulfilling our social responsibility and responding to the mandate bestowed upon us by our shareholders and other stakeholders, while achieving sustainable growth. As such, the entire "K" Line Group continuously strives to heighten the value of the corporate brand by acting in total accordance with our business ethics while building organic and effective mechanisms of governance, in conjunction with our achievement of increasingly robust earnings and a stronger financial standing.

3) Overview of initiatives for preventing decisions on the Company's financial and business policies from being controlled by inappropriate persons in light of the Company's basic policy

The Company adopted its Plan on Countermeasures to Large-scale Acquisitions of Company Shares (Takeover Defense Measures) at its ordinary general meeting of shareholders of June 2006, and later updated the plan with necessary changes, which was approved at its ordinary general meeting of shareholders of June 2009. The plan was updated once again with further changes, and approved by the shareholders at the ordinary general meeting of shareholders held on June 26, 2012.

4) Judgment and rationale of the Board of Directors in determining that the plan for takeover defense measures adopted by the Company conforms to the basic policy; and that the plan does not impair the Company's corporate value or shareholders' common interests, nor is it intended for the purpose of maintaining the positions of the Company's Directors and Audit & Supervisory Board Members

a) The plan is in line with the basic policy

The plan for takeover defense measures is a mechanism to ensure and enhance the Company's corporate value and shareholders' common interests by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept an acquisition by an acquirer targeting the share of the Company and for the Board of Directors to present an alternative proposal to the shareholders, and by enabling the Board of Directors to talk or negotiate with the acquirer for the benefit of the shareholders when the acquisition is to be effected. We therefore deem that the Company's plan for takeover defense measures conforms to the basic policy.

b) The measures are not detrimental to the corporate value and shareholders' common interests and do not aim to maintain the positions of Directors and Audit & Supervisory Board Members of the

Company

For the reasons set out below, the Company believes that in light of the basic policy, the plan is not detrimental to the Company's corporate value and shareholders' common interests, and that it has not been implemented for the purpose of maintaining the positions of the Directors and the Audit & Supervisory Board Members of the Company.

(i) Satisfying the requirements of the Guidelines for Takeover Defense Measures

The plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice. (The three principles, as set out in the Guidelines, are: 1. the principle of protecting and enhancing corporate value and shareholders' common interests; 2. the principle of prior disclosure and shareholders' will; and 3. the principle of ensuring the necessity and reasonableness of defensive measures.) Also, the plan conforms to the opinions offered in the report titled, Takeover Defense Measures in Light of Recent Environmental Changes prepared by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry.

(ii) Placing high value on shareholders' will

Under certain circumstances, the Company's Board of Directors may convene a general meeting of shareholders for the purpose of asking shareholders to decide whether or not to implement takeover defense measures.

The effective period of the Company's plan for takeover defense measures is the approximately three-year period ending on the close of the ordinary general meeting of shareholders held for the business year ending on March 31, 2015. However, the takeover defense measures may be terminated even before their date of termination, if it has been resolved to terminate the measures either at a Company's general meeting of shareholders or at a meeting of the Company's Board of Directors.

(iii) Establishment of reasonable and objective requirements for invoking defensive measures

The plan for takeover defense measures is established so that the measures cannot be implemented without reasonable and objective requirements first being met, thus ensuring a framework that prevents arbitrary invocation by the Company's Board of Directors.

(iv) Establishment of Independent Committee

The Company has established the Independent Committee as an organ of the Company. Its purpose is to eliminate arbitrary decisions of the Company's Board of Directors with respect to the takeover defense measures and to make objective judgments in applying those measures on behalf of our shareholders, thereby ensuring a framework that prevents the Company's Board of Directors from arbitrarily applying or invoking such measures.

(v) No dead-hand takeover defense measures

The Company's plan for takeover defense measures may be abolished at any time by the Company's Board of Directors, even before the effective period of the plan has ended. It is not, therefore, a dead-hand takeover defense measure (a takeover defense measure that cannot be stopped once invoked, even if a majority of the members of the Board of Directors are replaced).

(Reference)

The Plan on Countermeasures to Large-scale Acquisitions of Company Shares (Takeover Defense Measures), which was updated and approved by the shareholders at the ordinary general meeting of shareholders of 2012, will have its valid term expire as of the closing of this ordinary general meeting of shareholders scheduled to be held on June 24, 2015. However, the Company resolved at a meeting of the Board of Directors held on May 21, 2015 not to update this plan

* The above-mentioned (Reference) is not provided as constituent content of the Business Report, but rather provided as reference to the shareholders.

Notes to Consolidated Financial Statements

Notes on Important Matters Forming the Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 309

Names and details of principal consolidated subsidiaries:

The Company's principal consolidated subsidiaries are as provided in "1. Matters Related to Current Conditions of the Corporate Group, (6) Status of Principal Subsidiaries" in the Business Report (page 9).

Eighteen companies including NSC0410 SHIPPING S.A. have been included in the scope of consolidation from the current fiscal year due to the materiality of their businesses. A total of two companies were excluded from the scope of consolidation due to sales of shares and their liquidation.

(2) Names and details of principal non-consolidated subsidiaries:

The Company's principal non-consolidated subsidiary is Chiba Koei Co., Ltd.

Non-consolidated subsidiaries are excluded from the scope of consolidation, as all of the non-consolidated subsidiaries are small-sized companies and any total amount of total assets, net sales, net income or loss (amount corresponding to the Company's equity in such subsidiaries), or retained earnings (amount corresponding to the Company's equity in such subsidiaries) etc., do not have material impact on the consolidated financial statements.

2. Application of equity method

(1) Number of entities accounted for under the equity method: 26

Of the entities accounted for under the equity method, 10 companies are non-consolidated subsidiaries, and the principal company among them is Shibaura Kaiun Co., Ltd.

The number of affiliates is 16, and the principal company among them is Rinko Corporation.

(2) Non-consolidated subsidiaries and affiliates to which the equity method was not applied

Non-consolidated subsidiaries (Chiba Koei Co., Ltd. and others) and affiliates (Bousai Tokushu Eisen Co., Ltd. and others) are excluded from the scope of the equity method, as their net income or loss, retained earnings, etc., do not have material impact on the consolidated financial statements and do not have significance as a whole.

(3) Items involving application of equity method for which a special description is deemed necessary

In the case of entities accounted for under the equity method with account closing dates that are different from the consolidated account closing date, the financial statements for the fiscal year of each of the entities are used.

3. Fiscal year of consolidated subsidiaries

The fiscal year of nine of the Company's consolidated subsidiaries ends on December 31. Of these, the financial statements as of that date are used for three of the companies. However, adjustments necessary for consolidation purposes are made if major transactions were executed between their account closing dates and the consolidated account closing date. For the six remaining companies, the accounts are based on financial statements for which a provisional settlement of accounts is performed based on the account closing as of the consolidated account closing date. The account closing dates of other consolidated subsidiaries are the same as the consolidated account closing date.

4. Accounting standards

(1) Standards and methods of valuation of significant assets

(i) Securities

Held-to-maturity debt securities: Stated at cost based on the amortized cost method.

Other securities

Marketable securities classified as other securities: Fair value method based on the market price, etc. as of the end of the fiscal year (the valuation difference is accounted for as a separate component of net assets and the cost of sales is principally calculated by the moving-average method).

Non-marketable securities classified as other securities: Mainly stated at cost based on the moving-average method.

(ii) Inventories: Mainly stated at cost based on the moving-average method (The method includes write-downs based on decreased profitability).

(2) Depreciation methods of significant depreciable assets

(i) Tangible assets (excluding leased assets)

Vessels: Straight-line method and the declining-balance method, with the method selected according to each vessel.

Other tangible assets: Mainly the declining-balance method

(ii) Intangible assets (excluding leased assets)

Straight-line method

For software used internally, the straight-line method is applied based on the period of potential use by the Company and its consolidated subsidiaries (five years).

(iii) Leased assets

Leased assets under finance lease transactions that transfer ownership: Same depreciation method as that applied to owned fixed assets.

Leased assets under finance lease transactions that do not transfer ownership: Straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

Leased assets under finance lease transactions that do not transfer ownership whose inception date is on or before March 31, 2008 are accounted for under the method similar to the one that is applicable to regular rental transactions.

(3) Recognition for significant reserves

(i) Allowance for doubtful receivables: In order to prepare for potential credit losses on receivables, an estimated amount is recorded at the amount calculated based on the historical rate of credit loss with respect to ordinary receivables and at the amount determined in consideration of collectibility of individual receivables with respect to doubtful accounts and certain other receivables.

(ii) Allowance for bonuses: In order to prepare for bonuses to be paid to employees, the allowance for bonuses is accounted for at the estimated amount of the bonuses to be paid as allocated to the current fiscal year.

(iii) Allowance for directors' bonuses: In order to prepare for bonuses to be paid to directors, the allowance for directors' bonuses is accounted for at the estimated amount of the bonuses to be paid as allocated to the current fiscal year.

(iv) Allowance for directors' and audit & supervisory board members' retirement benefits: In order to prepare for retirement benefit payments to Directors and Audit & Supervisory Board Members, the amount required at the end of the fiscal year by the internal rules is recorded at certain consolidated subsidiaries.

(v) Accrued expenses for overhaul of vessels: In order to prepare for expenditure on periodic overhaul, accrued expenses for overhaul of vessels are accounted for at the estimated amount of the expenses to be paid as allocated to the current fiscal year.

(vi) Allowance for loss related to the Anti-Monopoly Act: In order to prepare for fines and penalties required by overseas authorities relating to the Anti-Monopoly Act, an amount reasonably estimated to the extent possible is recorded.

(4) Accounting treatment for retirement benefits

(i) Method of attributing estimated retirement benefits to periods

The retirement benefit obligations are attributed to periods to the end of the current fiscal year using the benefit formula basis.

(ii) Method of amortizing actuarial differences and past service costs

Actuarial differences are amortized in the years following the year in which the differences are recognized by the straight-line method principally over a period of nine years, which falls within the estimated average remaining years of service of the eligible employees.

Past service cost is amortized by the straight-line method principally over a period of nine years, which falls within the estimated average remaining years of service of the eligible employees at the time when the cost is recognized.

(5) Recognition of marine transportation revenues and marine transportation expenses

The voyage completion method. However, for containerships, revenues and expenses are recorded under the multiple transportation progress method.

(6) Significant hedge accounting method

Hedging activities are accounted for under the deferral hedge method.

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under each interest rate swap contract is added to or deducted from the interest on the underlying assets or liabilities for which the swap contract is executed "Special treatment for interest rate swaps."

Forward foreign exchange contracts which meet certain criteria are accounted for by the allocation method which requires that recognized foreign currency receivables or payables be translated at the corresponding contract rates.

(7) Recognition of deferred assets

Bond issuance costs are fully recognized as expenses when incurred.

(8) Recognition of interest expenses on vessel construction loans

For vessels for which the construction is over the long term, interest expenses on vessel construction loans incurred during the construction period is included in the acquisition cost.

(9) Accounting treatment for consumption taxes
Consumption taxes are accounted for under the tax exclusion method.

(10) Amortization method of goodwill and amortization period
Goodwill is amortized over a period of five years under the straight-line method.

Notes on Changes in Accounting Policies

(Application of accounting standard for retirement benefits)

The Company and its domestic consolidated subsidiaries adopted Section 35 of "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26 of May 17, 2012) and the main clause of Section 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015) effective from April 1, 2014. As a result, the methods for calculating the retirement benefit obligation and service cost have been revised in the following aspects: the method for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed to use a single weighted-average discount rate reflecting the expected timing and amount of benefit payments from the method using the period approximate to the expected average remaining service lives of employees.

The application of the "Accounting Standard for Retirement Benefits" and the "Guidance on Accounting Standard for Retirement Benefits" is in line with the transitional measures provided in Paragraph 37 of the "Accounting Standard for Retirement Benefits." The cumulative effect of changing the method for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014.

As a result, as of the beginning of the current fiscal year, asset for retirement benefits decreased by ¥105 million, liability for retirement benefits increased by ¥381 million, and retained earnings decreased by ¥244 million. The impact of the above changes on net income or loss for the current fiscal year is immaterial.

Additional Information

(Amendment to balance of deferred tax assets and deferred tax liabilities in line with change in rate of corporation taxes)

The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015) were announced on March 31, 2015. As a result, the effective statutory tax rate used to measure the Company and its domestic consolidated subsidiaries' deferred tax assets and liabilities was changed from mainly 31.7% to mainly 29.7% for the temporary differences expected to be realized or settled for the period between April 1, 2015 and March 31, 2016 and to mainly 29.5% for the temporary differences expected to be realized or settled on April 1, 2016 or thereafter, respectively.

As a result of the above changes, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) decreased by ¥395 million, and the amount of income taxes-deferred increased by ¥1,341 million as of March 31, 2015 and for the year then ended.

In addition, under the system tax carrying forward of tax losses relating to the blue-form tax return, the amount of deductions carried forward will be limited to 65% of taxable income before deductions of carried forward losses for fiscal years beginning on or after April 1, 2015, and limited to 50% of taxable income before deductions of carried forward losses for fiscal years after April 1, 2017. As a result, deferred tax assets decreased, and income taxes-deferred increased by ¥5,073 million for the current fiscal year.

(Application of consolidated taxation system)

The Company and certain domestic consolidated subsidiaries adopted the consolidated taxation system, specifying the Company as a parent company for consolidated tax payments effective April 1, 2014.

Notes on Changes in Presentation

(Consolidated balance sheet)

(1) "Allowance for loss related to the Anti-Monopoly Act," which was included in "Other current liabilities" in the previous fiscal year (¥67 million as of March 31, 2014), is presented separately from the current fiscal year due to an increase in materiality.

(Consolidated statement of income)

(1) "Gain on sales of shares of subsidiaries," which was included in "Gain on sales of investments in securities" in the previous fiscal year (¥12 million for the fiscal year ended March 31, 2014), is presented separately from the current fiscal year due to an increase in materiality.

(2) "Allowance for loss related to the Anti-Monopoly Act," which was included in "Other extraordinary losses" in the previous fiscal year (¥67 million for the fiscal year ended March 31, 2014), is presented separately from the current fiscal year due to an increase in materiality.

(3) "Loss on devaluation of investments in securities," which was recorded separately in the previous fiscal year (¥1,607 million for the fiscal year ended March 31, 2014), is included in "Other extraordinary losses" from the current fiscal year due to the absence of materiality.

(4) "Loss on sales of investments in securities," which was recorded separately in the previous fiscal year (¥1,557 million for the fiscal year ended March 31, 2014), is included in "Other extraordinary losses" from the current fiscal year due to the absence of materiality.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral (Millions of yen)

Asset category	
Vessels	389,960
Buildings and structures	3,811
Land	1,962
Investments in securities	10,076
Other	56
Total	405,867

The amount of ¥10,076 million for investments in securities in the table above was pledged as collateral to procure funds for vessel equipment at affiliates and others. As a result, there were no corresponding secured liabilities as of March 31, 2015.

In addition, ¥4,116 million out of the amount of ¥389,960 million for vessels in the table above was pledged as collateral for entrusted guarantees.

Secured liabilities (Millions of yen)

Liability category	
Short-term loans payable and current portion of long-term loan payables	46,380
Long-term loans payable, less current portion	248,388
Total	294,769

2. Accumulated depreciation of assets (Millions of yen)

Accumulated depreciation of tangible assets	396,328

3. Guarantee obligations (Millions of yen)

Guarantees	16,679
Commitments for future guarantee	489
Additional funding obligation, etc.	1,701

4. Land revaluation

Pursuant to the "Act on Revaluation of Land" (Act No. 34 of 1998) and the "Act on Partial Amendment to the Act on Revaluation of Land" (Act No. 19 of 2001), the Company and certain consolidated subsidiaries performed revaluation of land for business use. The effect of this revaluation has been recorded as revaluation reserve for land in net assets, excluding the deferred tax liabilities or deferred tax assets associated with the revaluation.

Pursuant to the "Act on Revaluation of Land" (Act No. 34 of 1998) and the "Act on Partial Amendment to the Act on Revaluation of Land" (Act No. 19 of 2001), certain companies under the equity method performed revaluation of land for business use and recorded as revaluation reserve for land in net assets.

Revaluation method prescribed in Article 3, Paragraph 3 of the "Act on Revaluation of Land"
The revaluation of land for business use was calculated by making rational adjustments to the prices posted in accordance with the provision of Article 6 of the Public Notice of Land Prices Act for standard sites set forth in Article 6 of the same act in the neighborhood of the relevant land pursuant to Article 2, Paragraph 1 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 of 1998). However, for some land, the revaluation was calculated by making rational adjustments to standard prices assessed in accordance with the provision of Article 9, Paragraph 1 of the Order for Enforcement of the National Land Use Planning Act for standard sites set forth in Article 7, Paragraph 1, Item 1 (a) of the same order in the neighborhood of the relevant land for business use pursuant to Article 2, Paragraph 2 of the Order for Enforcement of the Act on Revaluation of Land, by making rational adjustments to land prices registered in the land tax ledger set forth in Article 341, Item 10 of the Local Tax Act or in the supplementary land tax ledger set forth in Article 341, Item 11 of the same act for the relevant land for business use pursuant to Article 2, Paragraph 3 of the Order for Enforcement of the Act on Revaluation of Land, or by making rational adjustments to the value calculated by the method established and published by the Director-General of the National Tax Agency for computing land value that serves as a basis for the calculation of taxable amount of land value tax set forth in Article 16 of the Land-Holding Tax Act for the relevant land for business use pursuant to Article 2, Item 4 of the Order for Enforcement of the Act on Revaluation of Land.

Revaluation date March 31, 2002

The difference between the fair value and revalued book value of the revalued land at March 31, 2015 (amount corresponding to the Company's equity)
(2,746) million yen

Notes to Consolidated Statement of Changes in Net Assets

1. Class and number of shares issued as of March 31, 2015

    Common stock　　939,382,298 shares

2. Matters related to dividends

(1) Amount of dividends distributed

Resolution	Class of shares	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2014	Common stock	4,220	4.5	March 31, 2014	June 26, 2014
Board of Directors Meeting held on October 31, 2014	Common stock	2,344	2.5	September 30, 2014	November 28, 2014
Total		6,565			

(2) Dividends with the record date falling in the current fiscal year and with the effective date falling in the following fiscal year

Resolutions are planned as follows.

Resolution	Class of shares	Total dividend amount (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2015	Common stock	5,624	Retained earnings	6.0	March 31, 2015	June 25, 2015

3. Class and number of shares to be delivered upon exercise of subscription rights to shares outstanding at March 31, 2015 (excluding those for which the exercise period has not arrived).

    Common stock　　160,084,665 shares

Notes on Financial Instruments

1. Conditions of financial instruments

   The "K" Line Group obtains necessary funding, mainly through bank loans and the issuance of bonds, in accordance with its capital expenditure plans. Temporary surplus funds are invested in highly liquid financial assets, and short-term operating funds are financed through bank loans and the issuance of commercial papers. The Group utilizes derivatives only for hedging the below-mentioned risks, and does not utilize them for speculation.

   Of the capital expenditure funds for acquisitions of tangible assets such as vessels, those denominated in foreign currencies are exposed to foreign exchange fluctuation risks. These are hedged by forward foreign exchange contracts. Loans are primarily used to raise funds for capital expenditure. Some of these are exposed to fluctuation risk of interest to be paid, but these risks are hedged by such means as interest rate swap contracts. In addition, foreign exchange fluctuation risks on future foreign currency-denominated debts are hedged by currency swap contracts.

   Derivative transactions are entered into after obtaining approval from the persons authorized to decide such matters in accordance with the regulations on decision making and the detailed rules on handling derivative operations, which stipulate details such as the authority to enter into transactions and transaction limits. Transaction results are reported periodically at the Executive Officers' Meeting.

2. Matters related to fair values, etc. of financial instruments

   The following table presents the Company's financial instruments on the consolidated balance sheets, their fair values and the differences as of March 31, 2015.

(Millions of yen)

	Carrying value (*)	Estimated fair value (*)	Difference
(1) Cash and deposits	242,432	242,432	–
(2) Accounts and notes receivable-trade	94,132	94,132	–
(3) Marketable securities and investments in securities			
(i) Held-to-maturity debt securities	4	4	0
(ii) Other securities	48,895	48,895	–
(iii) Shares of subsidiaries and affiliates	3,856	1,198	(2,658)
(4) Accounts and notes payable-trade	[101,324]	[101,324]	–
(5) Short-term loans payable and current portion of long-term loans payable	[81,475]	[81,943]	(468)
(6) Bonds	[52,943]	[61,552]	(8,609)
(7) Long-term loans payable, less current portion	[357,502]	[359,705]	(2,202)
(8) Derivative transactions	[5,163]	[5,418]	(255)

(*) Liabilities and net liabilities ("(8) Derivative transactions") are shown in square brackets [ ].

Note 1: (1) Cash and deposits, (2) Accounts and notes receivable-trade, (4) Accounts and notes payable-trade, and (5) Short-term loans payable and current portion of long-term loans payable

The relevant book values are used because the carrying amounts approximate fair value due to the short maturities of these instruments. However, fair values of amounts of the current portion of long-term loans payable, which are included in the total amount in "(5) Short-term loans payable and current portion of long-term loans payable," are calculated using the method shown in "(7) Long-term loans payable, less current portion" below.

(3) Marketable securities and investments in securities

The fair value of debt securities equals reference statistical prices provided by the Japan Securities Dealers Association or has been provided by financial institutions with which the Company has business relationships. The fair value of equity securities equals quoted market price.

(6) Bonds

The fair value of bonds is primarily measured based on the market price.

(7) Long-term loans payable, less current portion

The fair value of long-term loans payable, less current portion is primarily calculated at the present value after applying a discount rate to the total of the principal and interest. The discount rate is based on the assumed interest rate for similar new borrowings.

(8) Derivative transactions

Assets and liabilities from derivative transactions are shown in net amounts. The fair value of derivative transactions is based on the price provided by counter party financial institutions.

Note 2: Regarding non-listed stocks (the consolidated balance sheet amount: ¥41,235 million), as quoted prices are not available and also the future cash flows cannot be estimated reliably, the fair value of the items is deemed to be extremely difficult to measure and are not included in "(3) Marketable securities and investments in securities."

Notes on Per Share Information

Net assets per share	471.10 yen
Net income per share	28.60 yen

The basis of calculation for net assets per share and net income per share is as follows:

Amount of net assets on consolidated balance sheets	467,440 million yen
Net assets attributable to common stock	441,531 million yen
Number of shares of common stock issued and outstanding at the year end	939,382 thousand shares
Number of shares of common stock held as treasury stock at the year end	2,138 thousand shares
Net income in consolidated statements of income	26,818 million yen
Amount not attributable to shareholders of common stock	–
Net income attributable to common stock	26,818 million yen
Average number of outstanding shares of common stock	937,643 thousand shares

Significant Subsequent Events

No items to be reported.

Notes to Non-consolidated Financial Statements

Notes on Important Accounting Policies

1. Standards and methods of valuation of assets

(1) Securities

(i) Stocks of subsidiaries and affiliates: Stated at cost based on the moving-average method.

(ii) Held-to-maturity debt securities: Stated at cost based on the amortized cost method.

(iii) Other securities

Marketable securities classified as other securities:
Fair value method based on the market price, etc. as of the end of the fiscal year (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by the moving-average method).

Non-marketable securities classified as other securities:
Stated at cost based on the moving-average method.

(2) Inventories: Stated at cost based on the moving-average method (The method involves write-downs based on the decreased profitability).

2. Depreciation methods of fixed assets

(1) Tangible assets (excluding leased assets)

(i) Vessels: Straight-line method

(ii) Other tangible assets: Declining-balance method
However, the straight-line method is applied to buildings (excluding accompanying facilities) acquired on or after April 1, 1998.

(2) Intangible assets (excluding leased assets):
Straight-line method
For software used internally, the straight-line method is applied based on the period of potential use by the Company (five years).

(3) Leased assets

Leased assets under finance lease transactions that transfer ownership:
Same depreciation method as that applied to owned fixed assets.

Leased assets under finance lease transactions that do not transfer ownership:
Straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.
Leased assets under finance lease transactions that do not transfer ownership whose inception date is on or before March 31, 2008 are accounted for under the method similar to the one that is applicable to regular rental transactions.

3. Recognition of reserves

(1) Allowance for doubtful receivables: In order to prepare for potential credit losses on receivables, an estimated amount is recorded at the amount calculated based on the historical rate of credit loss with respect to ordinary receivables and at the amount determined in consideration of collectibility of individual receivables with respect to doubtful accounts and certain other receivables.

(2) Allowance for bonuses: In order to prepare for bonuses to be paid to employees, the allowance for bonuses are accounted for at the estimated amount of the bonuses to be paid as allocated to the current fiscal year.

(3) Allowance for employees' retirement benefits:

In order to prepare for the provision of retirement benefit payments for employees, the deemed obligation at the end of the fiscal year is recorded based on estimated amounts of retirement benefit obligations and plan assets at the end of the current fiscal year.

Actuarial differences are amortized in the years following the year in which the differences are recognized by the straight-line method over a period of nine years, which falls within the estimated average remaining years of service of the eligible employees.

Past service cost is amortized by the straight-line method over a period of nine years, which falls within the estimated average remaining years of service of the eligible employees.

(4) Accrued expenses for overhaul of vessels: In order to prepare for expenditure on periodic overhaul, accrued expenses for overhaul of vessels are accounted for at the estimated amount of the expenses to be paid as allocated to the current fiscal year.

(5) Allowance for loss related to the Anti-Monopoly Act:

In order to prepare for fines and penalties required by overseas authorities relating to the Anti-Monopoly Act, an amount reasonably estimated to the extent possible is recorded.

4. Recognition of marine transportation revenues and marine transportation expenses

The voyage completion method. However, for containerships, revenues and expenses are recorded using the multiple transportation progress method.

5. Hedge accounting method

Hedging activities are accounted for under the deferral hedge method.
If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under each interest rate swap contract is added to or deducted from the interest on the underlying assets or liabilities for which the swap contract is executed "Special treatment for interest rate swaps."

Forward foreign exchange contracts which meet certain criteria are accounted for by the allocation method which requires that recognized foreign currency receivables or payables be translated at the corresponding contract rates.

6. Recognition of deferred assets

Bond issuance costs are charged to income as incurred.

7. Recognition of interest expenses on vessel construction loans

For vessels for which the construction is over the long term, interest expenses on vessel construction loans incurred during the construction period is included in the acquisition cost.

8. Accounting treatment for retirement benefits

The accounting treatment method for unrecognized actuarial differences and the unrecognized past service costs related to retirement benefits is different from the treatment for these items in the consolidated financial statements.

9. Accounting treatment for consumption taxes
   Consumption taxes are accounted for under the tax exclusion method.

Notes on Changes in Accounting Policies

(Application of accounting standard for retirement benefits)

The Company adopted "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26 of May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015) effective from April 1, 2014. As a result, the methods for calculating the retirement benefit obligation and service cost have been revised in the following aspects: the method for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed to use a single weighted-average discount rate reflecting the expected timing and amount of benefit payments from the method using the period approximate to the expected average remaining service lives of employees.

The Application of the "Accounting Standard for Retirement Benefits" and the "Guidance on Accounting Standard for Retirement Benefits" is in line with the transitional measures provided in Paragraph 37 of the "Accounting Standard for Retirement Benefits." The cumulative effect of changing the method for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014.

As a result, as of the beginning of the current fiscal year, prepaid pension cost decreased by ¥86 million, retained earnings decreased by ¥59 million. The impact of the above changes on net income or loss for the current fiscal year is immaterial.

Additional Information

(Amendment to balance of deferred tax assets and deferred tax liabilities in line with change in rate of corporation taxes)

The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015) were announced on March 31, 2015. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from mainly 31.7% to mainly 29.7% for the temporary differences expected to be realized or settled for the period between April 1, 2015 and March 31, 2016 and to mainly 29.5% for the temporary differences expected to be realized or settled on April 1, 2016 or thereafter, respectively.

As a result of the above changes, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) decreased by ¥289 million, and the amount of income taxes-deferred increased by ¥1,164 million as of March 31, 2015 and for the year then ended.

In addition, under the system carrying forward tax losses relating to the blue-form tax return, the amount of deductions carried forward will be limited to 65% of income before deductions of carried forward losses for fiscal years beginning on or after April 1, 2015, and limited to 50% of taxable income before deductions of carried forward losses for fiscal years beginning on or after April 1, 2017. As a result, the amount of deferred tax assets decreased and the amount of income taxes-deferred increased by ¥5,073 million for the current fiscal year.

(Application of consolidated taxation system)

The Company adopts the consolidated taxation system, specifying the Company as a parent company for consolidated tax payments from the current fiscal year.

Notes on Changes in Presentation

(Non-consolidated statements of income)

(1) “Provision of allowance for doubtful receivables,” which was included in “Other non-operating expenses” in the previous fiscal year (¥56 million for the fiscal year ended March 31, 2014), is presented separately from the current fiscal year due to an increase in materiality.

(2) “Gain on sales of shares of subsidiaries,” which was included in “Other extraordinary income” in the previous fiscal year (¥2 million for the fiscal year ended March 31, 2014), is presented separately from the current fiscal year due to an increase in materiality.

(3) “Gain on sales of fixed assets,” which was recorded separately in the previous fiscal year (¥416 million for the fiscal year ended March 31, 2014), is included in “Other extraordinary income” from the current fiscal year due to the absence of materiality.

(4) “Loss on devaluation of investments in securities,” which was recorded separately in the previous fiscal year (¥1,607 million for the fiscal year ended March 31, 2014), is included in “Other extraordinary losses” from the current fiscal year due to the absence of materiality.

(5) “Loss on sales of investments in securities,” which was recorded separately in the previous fiscal year (¥1,675 million for the fiscal year ended March 31, 2014), is included in “Other extraordinary losses” from the current fiscal year due to the absence of materiality.

Notes to Non-consolidated Balance Sheet

1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral (Millions of yen)

Asset category	
Vessels	34,833
Investments in securities	5,969
Shares of subsidiaries and affiliates	9,596
Total	50,399

The amounts of ¥5,969 million for investments in securities and ¥9,596 million for shares of subsidiaries and affiliates in the table above were pledged as collateral to procure funds for vessel equipment at affiliates and others. As a result, there were no corresponding liabilities as of March 31, 2015.

In addition, ¥4,116 million out of the amount of ¥34,833 million for vessels in the table above was pledged as collateral on the basis of a guarantee consignment.

Liabilities related to collateral (Millions of yen)

Liability category	
Short-term loans payable and current portion of long-term loans payable	2,560
Long-term loans payable, less current portion	24,766
Total	27,327

2. Accumulated depreciation of assets (Millions of yen)

Accumulated depreciation of tangible assets	91,953

3. Guarantee obligations (Millions of yen)

Guarantees	71,103
Commitment for future guarantee, etc.	127,704

(These guarantee obligations include ¥24,370 million of guarantees and ¥109,728 million of commitment to guarantee for borrowing of equipment funds for vessels time-chartered by the Company from its subsidiaries that own vessels.)

Aditional funding obligation, etc.	4,483

4. Land revaluation

Pursuant to the "Act on Revaluation of Land" (Act No. 34 of 1998) and the "Act on Partial Amendment to the Act on Revaluation of Land" (Act No. 19 of 2001), the Company performed revaluation of land for business use. The effect of this revaluation has been recorded as revaluation reserve for land in net assets, excluding the deferred tax liabilities or deferred tax assets associated with the revaluation.

Revaluation method prescribed in Article 3, Paragraph 3 of the "Act on Revaluation of Land"

The revaluation of land for business use was calculated by making rational adjustments to the prices posted in accordance with the provision of Article 6 of the Public Notice of Land Prices Act for standard sites set forth in Article 6 of the same act in the neighborhood of the relevant land pursuant to Article 2, Paragraph 1 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 of 1998). However, for some land, the revaluation was calculated by making rational adjustments to standard prices assessed in accordance with the provision of Article 9, Paragraph 1 of the Order for Enforcement of the National Land Use Planning Act for standard sites set forth in Article 7, Paragraph 1, Item 1 (a) of the same order in the neighborhood of the relevant land for business use pursuant to Article 2, Paragraph 2 of the Order for Enforcement of the Act on Revaluation of Land.

Revaluation date	March 31, 2002
The difference between the fair value and revalued book value of the revalued land at March 31, 2015	(619) million yen

5. Monetary receivables from and monetary payables to subsidiaries and affiliates

	(Millions of yen)
Short-term monetary receivables	78,211
Long-term monetary receivables	84,742
Short-term monetary payables	35,225
Long-term monetary payables	16

Notes to Non-consolidated Statement of Income

Amount of transactions with subsidiaries and affiliates

		(Millions of yen)
Transaction amount-trading	Operating revenues	18,919
	Operating expenses	208,892
Transaction amount-non-trading		31,374

Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of treasury stock as of March 31, 2015

Common stock	1,882,895 shares

Notes on Tax Effect Accounting

Significant components of deferred tax assets and deferred tax liabilities

	(Millions of yen)
Deferred tax assets	
Allowance for doubtful receivables	1,332
Allowance for bonuses	258
Accrued expenses for overhaul of vessels	171
Enterprise taxes payable	34
Loss on devaluation of investments in securities, etc.	1,710
Allowance for employees' retirement benefits	208
Loss on impairment of fixed assets	557
Accounts payable-shipping (overhaul of vessels)	2,504
Deferred assets for tax purposes	3,753
Tax loss carried forward	23,557
Direct foreign tax credit	2,031
Other	323
Subtotal	36,444
Valuation allowance	(17,293)
Total deferred tax assets	19,150
Deferred tax liabilities	
Reserve for special depreciation	(78)
Reserve for advanced depreciation	(247)
Tax on retained surplus	(1,070)
Deferred gain on hedges	(6,568)
Net unrealized holding gain on investments in securities	(5,243)
Other	(620)
Total deferred tax liabilities	(13,828)
Net amount of deferred tax assets	5,322

Notes on Fixed Assets Used by the Company under Lease Transactions

1. Finance lease transactions that do not transfer ownership commencing on or before March 31, 2008
   In addition to fixed assets recorded on the non-consolidated balance sheets, some machinery and equipment are used under finance lease agreements that do not transfer ownership.

2. Operating lease transactions
   Future lease payments for non-cancelable operating lease transactions
   (Lessee)

	(Millions of yen)
Future lease payments	
Amount due within one year	10,485
Amount due after one year	27,456
Total	37,941

Notes on Transactions with Related Parties

1. Parent company and major corporate shareholders, etc.
   No items to report.

2. Subsidiaries and affiliates, etc.
   The description of this matter has been omitted since transactions with subsidiaries and affiliates, etc. are determined on the same business terms as the terms of general transactions.

3. Directors and Audit & Supervisory Board Members, and individual shareholders, etc.
   No items to report.

Notes on Per Share Information

Net assets per share	296.58 yen
Net income per share	41.61 yen

The basis of calculation for net assets and net income per share is as follows:

Amount of net assets on balance sheets	278,043 million yen
Net assets attributable to common stock	278,043 million yen
Number of shares of common stock issued and outstanding at the year end	939,382 thousand shares
Number of shares of common stock held as treasury stock at the year end	1,882 thousand shares
Net income in statements of income	39,028 million yen
Amount not attributable to shareholders of common stock	–
Net income attributable to common stock	39,028 million yen
Average number of outstanding shares of common stock	937,898 thousand shares

Significant Subsequent Events

No items to be reported.