FINANCIAL HIGHLIGHTS

Brief report of the the year ended March 31, 2019

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 836,731	¥ 1,162,025	$ 7,538,802
Operating (loss) income (Millions of yen / Thousands of U.S. dollars)	(24,736)	7,219	(222,873)
(Loss) profit attributable to owners of the parent (Millions of yen / Thousands of U.S. dollars)	(111,188)	10,384	(1,001,784)
(Loss) profit attributable to owners of the parent per share (Yen / U.S. dollars)			
Basic	(1,192.08)	111.13	(10.74)
Diluted	-	94.57	-

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019
Total assets (Millions of yen / Thousands of U.S. dollars)	¥ 951,261	¥ 1,036,886	$ 8,570,699
Net assets (Millions of yen / Thousands of U.S. dollars)	181,233	243,094	1,632,884

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019
Net cash (used in) provided by operating activities (Millions of yen / Thousands of U.S. dollars)	¥ (6,808)	¥ 1,167	$ (61,347)
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	(35,493)	(22,813)	(319,791)
Net cash provided by financing activities (Millions of yen / Thousands of U.S. dollars)	19,290	22,239	173,801

The U.S. dollar amounts are converted from the yen amounts at ¥110.99 = U.S.$1.00,
the approximate rate of exchange prevailing on March 31, 2019.

<Note>
The Company consolidated its common stock at a ratio of ten shares to one share, effective October 1, 2017.
Accordingly, values for the items noted below have been recalculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.
(Loss) profit attributable to owners of the parent per share
-Basic
-Diluted

1. Qualitative Information and Financial Statement

(1) Qualitative Information about the Consolidated Operating Result

1) Summary of Consolidated Operating Results for FY2018

（Billion yen; rounded to the nearest 100 million yen）

	Fiscal Year 2018 (Ended March 31, 2019)	Fiscal Year 2017 (Ended March 31, 2018)	Change	% Change
Operating revenues	**836.7**	1,162.0	(325.3)	(28.0%)
Operating (loss) income	**(24.7)**	7.2	(31.9)	–
Ordinary (loss) income	**(48.9)**	2.0	(50.9)	–
(Loss) profit attributable to owners of the parent	**(111.2)**	10.4	(121.6)	–

Exchange Rate (¥/US$) (12-month average)	**¥110.67**	¥111.19	(¥0.52)	(0.5%)
Fuel Oil Price (US$/MT) (12-month average)	**US$450**	US$349	US$101	28.9%

Operating revenues for the fiscal year ended March 31, 2019 (from April 1, 2018, to March 31, 2019; hereinafter "the fiscal year") were ¥836.731 billion (down ¥325.293 billion year on year), operating loss was ¥24.736 billion (compared to operating income of ¥7.219 billion for the previous fiscal year), ordinary loss was ¥48.933 billion (compared to ordinary income of ¥1.962 billion for the previous fiscal year). Loss attributable to owners of the parent was ¥111.188 billion (compared to profit attributable to owners of the parent of ¥10.384 billion for the previous fiscal year).

Performance per segment was as follows.

Starting in the 1st Quarter of the current fiscal year, the Group changed the categorization of business segments utilized in the report. The comparison and analysis regarding the fiscal year are based on the revised categorization.

(Billion yen; rounded to the nearest 100 million yen)

		Fiscal Year 2018 (Ended March 31, 2019)	Fiscal Year 2017 (Ended March 31, 2018)	Change	% Change
Dry bulk	Operating revenues	**273.8**	248.9	24.9	10.0%
	Segment profit (loss)	**4.4**	(0.1)	4.6	–
Energy resource transport	Operating revenues	**88.7**	75.4	13.3	17.6%
	Segment profit	**2.5**	0.4	2.1	465.7%
Product logistics	Operating revenues	**441.0**	798.6	(357.6)	(44.8%)
	Segment (loss) profit	**(49.2)**	5.8	(55.0)	–

Other	Operating revenues	**33.2**	39.1	(5.9)	(15.2%)
	Segment profit	**1.1**	3.0	(1.9)	(62.7%)
Adjustments and eliminations	Segment loss	**(7.8)**	(7.1)	(0.7)	–
Total	Operating revenues	**836.7**	1,162.0	(325.3)	(28.0%)
	Segment (loss) profit	**(48.9)**	2.0	(50.9)	–

(i) Dry Bulk Segment

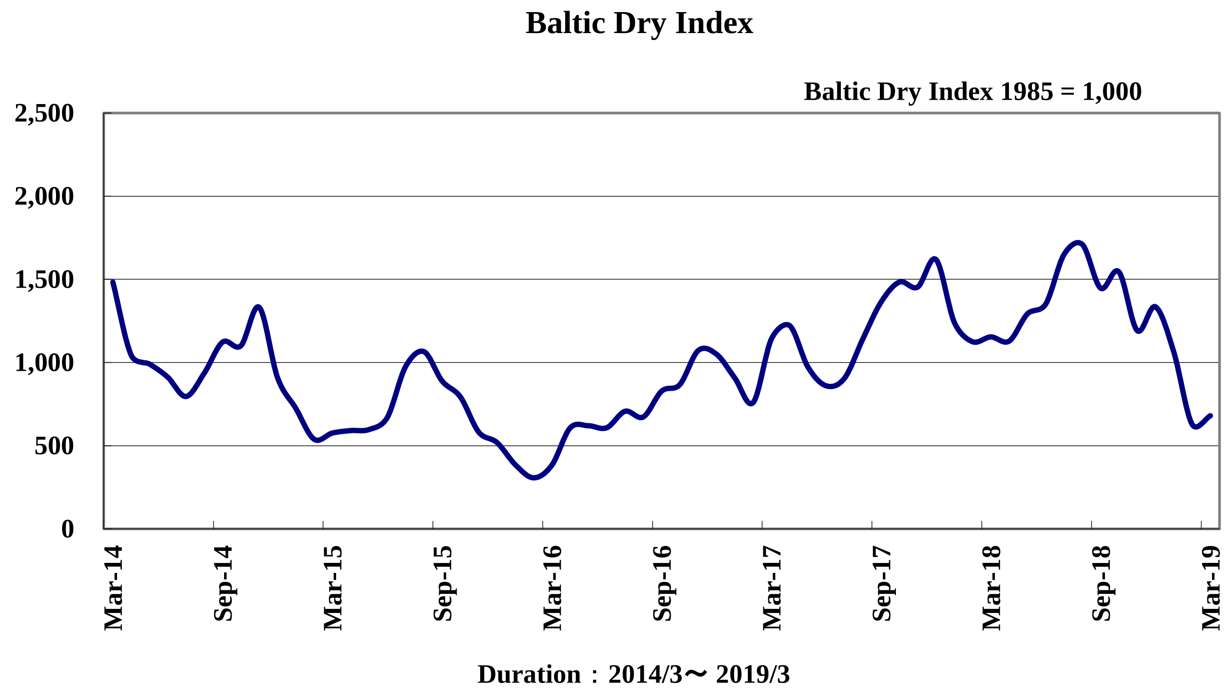
Dry Bulk Business

In the Cape-size sector, the average market rate in the five major trades temporarily rose above 20,000 U.S. dollars per day in the first half due to robust cargo movements related to the shipments of iron ore from Brazil, which was supported by iron ore demand in China. However, in the second half, the market rate dropped rapidly and stayed low due to the combined effects that dampened market sentiment, including a freight train derailment accident in Australia and a dam break accident in Brazil.

In the medium and small size-vessel sector, the market rates temporarily fell steeply due to the impacts of the decline in the market rates in the Cape-size sector and winter-season restrictions on coal imports in China, but the market generally stayed on the path of recovery because of brisk cargo movements, including the shipments of grains from South America and the shipments of coal to India.

Under these circumstances, the Group strove to reduce operation costs and improve vessel operation efficiency.

As a result, the overall Dry Bulk Segment recorded a year-on-year increase in revenue and returned to profit from a loss.



Energy Resource Transport Segment

Energy Transportation Business (LNG Carrier, Tanker and Thermal Coal Carrier Business)

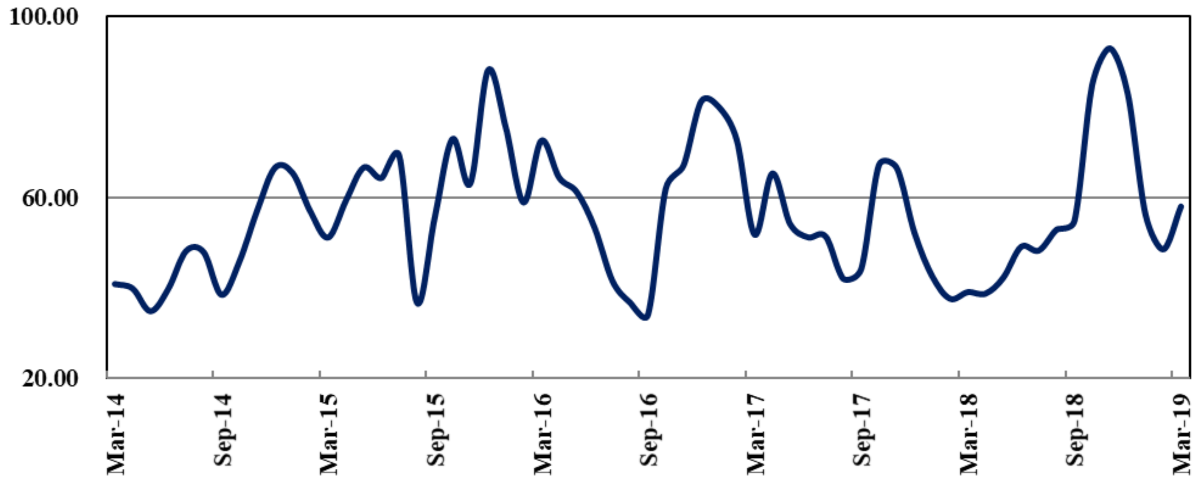
Concerning LNG carriers, large crude oil tankers (VLCCs), LPG carriers and thermal coal carriers, business stayed firm for mid- and long-term charter contracts. The overall energy transportation business recorded year-on-year growth in both revenue and profit.

Offshore Energy E&P Support Business

The drillship business and the FPSO (Floating Production, Storage and Offloading system) business performed steadily and contributed to securing stable long-term earnings. However, in the offshore support business, the market remained weak as the vessel supply-demand balance did not improve. Thus, the overall offshore energy E&P support business recorded a year-on-year increase in revenue, but a loss was recorded.

As a result, the overall Energy Resource Transport Segment recorded a year-on-year increase in both revenue and profit.

VLCC World Scale (AG/JPN)



Duration: 2014/3~2019/3

(ii) Product Logistics Segment

Car Carrier Business

The volume of finished vehicles shipped by the Group increased year-on-year because of continued high demand to the United States and Europe and robust demand of new contracted cargoes, although there were several factors such as temporary lifting decline due to natural disasters in Japan, sales decline in some regions, including South America, and sales decline in Europe due to the introduction of new regulations on exhaust gas and fuel efficiency.

However, due to rise in fuel costs and the deterioration of vessel operation efficiency, the overall car carrier business recorded a year-on-year decline in revenue and a loss was recorded.

Logistics Business

In the domestic logistics sector, the operational ratio temporarily declined due to natural disasters that occurred in the 2nd Quarter. However, both revenue and profit increased mainly because of the steady performance of towage, sea-land integrated transportation, and warehousing business.

In the international logistics sector, robust cargo movements related to semiconductors and increased demand related to e-commerce contributed to the earnings in air cargo transportation business.

However, cost increased for enhancing business capabilities in the logistics business occurred after the integration of the containership business. As a result, the overall logistics business recorded a year-on-year increase in revenue, but profit declined.

Short Sea and Coastal Business

In the short sea business, the transportation volume mainly coal and bio mass fuel steady increased and the market also improved. In the coastal business, the number of voyages increased by the effects of expanded loadable space with newly built large-size ships launched and demand for alternative transportation associated with domestic natural disasters. As a result, the overall short sea and coastal business recorded a year-on-year increase in revenue however, profit declined due to an increase in the maintenance cost regarding coastal ships and the depreciation cost regarding newly built ships.

Containership Business

The operating revenues of OCEAN NETWORK EXPRESS PTE. LTD. (hereinafter referred to as ”ONE”), the Company’s equity-method affiliate, were considerably affected by declines in liftings and space utilization in the first half that were caused by teething problems occurred immediately after the commencement of services.

However, in the 3rd Quarter onwards, the problems have almost been resolved and the market rates, particularly in Asia-North America eastbound services, stayed firm with continued high demand. In the 4th Quarter, the cargo volume in China declined because of the Lunar New Year; however, ONE continuously carried out tasks to improve its profitability, including flexibly reducing the number of voyages in accordance with demand.

As a result, the overall Product Logistics Segment recorded a year-on-year decline in revenue and a loss was recorded.

(iii) Other Business

Other business includes the Group’s ship management service, travel agency service, and real estate rental and administration service. This segment recorded a year-on-year decline both in revenue and profit.

2) Prospects for Fiscal 2019

For the fiscal year ending March 31, 2020, the Group is projecting operating revenues of ¥760.0 billion, operating income of ¥6.0 billion, ordinary income of ¥5.0 billion and profit attributable to owners of the parent of ¥11.0 billion.

（Billion yen (rounded to nearest 100 million） / % indicates year-on-year change）

	Operating Revenue		Operating Income		Ordinary Income		Profit attributable to owners of the parent	
Fiscal Year 2019 (End March 2020)	760.0	(9.2%)	6.0	–	5.0	–	11.0	–

（Exchange Rate(¥/US$) : ¥109 / Fuel Oil Price(US$/MT) : $584）

In the dry bulk business, the market rate is expected to generally improve, mainly in Cape-size sector, while fluctuating within a certain range, due to expected improvements of vessel supply-demand balance by moderate growth in ocean transportation demand and an increase in scrapped ships in accordance with implementation of new environmental regulation. The Group will implement measures to improve earnings, including improving vessel operation efficiency and reducing costs. At the same time, the Group will strive to secure stable profit by expanding long-term contracts that take advantage of its strengths.

In the energy transportation business, the Group will strive to secure stable profit under mid- and long-term contracts with respect to LNG carriers, large crude oil tankers (VLCCs), LPG carriers, and thermal coal carriers.

In the car carrier business, as uncertainty over the vehicle sales markets in major countries around the world is growing due to such factors as the United States tariff issue and the United Kingdom’s planned withdrawal from the European Union (Brexit), there are concerns over the risk that demand for ocean transportation will decline. Concerning automakers’ production bases, the trends of “local production, local consumption” and “appropriate production volume in the right place” are growing, and there are also ongoing shifts to electric vehicles and car sharing, so transportation demand is expected to diversify. In the meantime, the Group expects to secure profitability in fiscal year 2019 with improvements of vessel allocation and vessel operation efficiency by the route rationalization conducted in the second half of fiscal year 2018 onwards. The Group will continuously proceed to rationalize appropriate fleet allocation and service by responding timely and flexibly to changes and complexity of trade structures.

In the logistics business, securing stable profit is expected in the domestic logistics sector mainly because of the continued steady performance of towage, sea-land integrated transportation and warehousing business. The international logistics sector is expected to continue performing steadily and contribute to securing stable profit because of continued robust cargo movements related to semiconductors and e-commerce.

In the containership business, ONE is expected to significantly improve earnings by continuing to enhance service quality, to strength competitiveness, and to improve lifting and space utilization, although there are unpredictable external environmental factors, such as the trade disputes between the United States and China, the situation of the European economy and the effects of Chinese environmental regulations on the import liftings in non-dominant services.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Consolidated assets at the end of March 2019 were ¥951.261 billion, a decrease of ¥85.625 billion from the end of the previous fiscal year. Current assets decreased by ¥101.855 billion from the end of the previous fiscal year, due mainly to a decrease in cash and deposits. Non-current assets increased by ¥16.230 billion, mainly as a result of an increase in investments in securities.

Consolidated liabilities decreased by ¥23.764 billion to ¥770.028 billion from the end of the previous fiscal year, due mainly to a decrease in accounts and notes payable-trade, although accounts payable other than trade and short-term loans and current portion of long-term loans increased.

Consolidated net assets were ¥181.233 billion, a decrease of ¥61.860 billion compared to the end of the previous fiscal year, mainly as a result of decrease in capital surplus and retained earnings.

2) Cash Flows

(Billion yen; rounded to nearest 100 million yen)

Item	**Fiscal 2018 (Ended March 2019)**	Fiscal 2017 (Ended March 2018)	Year-on-year increase/(decrease)
Cash and cash equivalents at the beginning of the year	**158.1**	156.8	1.3
(1) Cash flows from operating activities	**(6.8)**	1.2	(8.0)
(2) Cash flows from investing activities	**(35.5)**	(22.8)	(12.7)
(3) Cash flows from financing activities	**19.3**	22.2	(2.9)
(4) Currency translation gain or loss (on cash and cash equivalents)	**3.0**	(0.8)	3.7
Net decrease in cash and cash equivalents	**(20.0)**	(0.2)	(19.9)
Change in cash and cash equivalents as a result of companies newly included in consolidated accounting	**-**	1.4	(1.4)
Cash and cash equivalents at the end of the year	**138.0**	158.1	(20.0)

Total cash and cash equivalents at the end of fiscal year 2018 were ¥138.040 billion, a decrease of ¥20.032 billion over the end of the previous fiscal year. Details of each cash flow source are as follows:

Cash flows from operating activities were a net cash outflow of ¥6.808 billion (compared to a net cash inflow of ¥1.167 billion in the previous fiscal year) due mainly to loss before income taxes and decrease in accounts and notes receivable-trade.

Cash flows from investing activities resulted in a net cash outflow of ¥35.493 billion (compared to a net cash outflow of ¥22.813 billion in the previous fiscal year) mainly as a result of expenditures for the acquisition of vessels.

Cash flows from financing activities resulted in a net cash inflow of ¥19.290 billion (compared to a net cash inflow of ¥22.239 billion in the previous fiscal year) due mainly to proceeds from share issuance to non-controlling interests.

Reference: Changes in cash flow-related indicators

	Fiscal Year Ended March 2015	Fiscal Year Ended March 2016	Fiscal Year Ended March 2017	Fiscal Year Ended March 2018	**Fiscal Year Ended March 2019**
Equity ratio (%)	36.1	31.9	21.0	20.9	**10.9**
Equity ratio (based on market value) (%)	24.7	18.3	26.5	22.4	**11.7**
Ratio of debt to cash flow (annual)	5.3	13.2	-	488.8	-
Interest coverage ratio (x)	10.0	5.1	-	0.2	-

*Equity ratio is the shareholders' equity divided by total assets.

Equity ratio (based on market value) is market capitalization divided by total assets.

Ratio of debt to cash flow is interest-bearing liabilities divided by cash flow.

Interest coverage ratio is cash flow divided by interest expenses.

Notes

1. Indicators are calculated on the basis of consolidated figures.
2. Market capitalization is calculated based on the number of shares outstanding, not including treasury stock.
3. Cash flows above refer to cash flows from operating activities.
4. Interest-bearing liabilities are the total of all liabilities on the consolidated balance sheet on which interest is paid (including ¥50.0 billion in Euro-Yen Zero Coupon Convertible Bonds). Interest paid shown in the consolidated statement of cash flows is used as interest expenses.
5. The ratio of debt to cash flow and the interest coverage ratio for the fiscal year ended March 2017 and March 2019 was omitted since the cash flows from operating activities were negative.

3) Basic Dividend Policy and Dividend Payments for Fiscal Year 2018 and Following Fiscal Years

Our important task is to maximize returns to our shareholders while maintaining necessary internal reserves to fund our capital investment and strengthen our financial position for the sake of sustainable growth, which is a priority of our management plan. However, we consider it an urgent management priority to improve our financial strength in light of the current fiscal year's loss attributable to owners of the parent. Accordingly, as announced in October 31, 2018, it is with sincere regret that the Company announces it has decided to pay no dividend for the current fiscal year. The annual dividend in the fiscal year ending March 31, 2020 has yet to be decided and we assign the highest priority to improve financial strength and business foundation for the time being.

4) Business Risks

The Group conducts international business operations, and unexpected events, such as political or social events or natural phenomena, can have a negative impact on the Group's business in the related regions or markets. In the field of marine transport, the Group's main business domain, conditions for cargo volumes and shipping are influenced by various factors, including economic trends in countries around the world, commodity market conditions, the balance of supply and demand for vessels and competition. Changes in these factors can have an impact on the Group's operating activities and operating results. In particular, changes in the taxation systems and economic policies of Japan and major trading countries and regions, such as North America, Europe and China, or their implementation of protective trade policies, etc., can causes a decline in international transport volumes and freight rates, with an attendant negative impact on the Group's financial position and operating results.

Other major risks that could negatively impact the Group's business activities include the following:

1. Exchange Rate Fluctuations

A high proportion of the Group's business sales is denominated in US dollars. As a consequence, values converted into Japanese yen may be affected by the foreign exchange rate. The Group takes measures to minimize the negative impact of foreign exchange fluctuations by converting expenses into US dollars and entering into foreign exchange forward contracts. However, appreciation of the yen against the US dollar could have a negative impact on the Group's financial position and operating results.

2. Fuel Oil Price Fluctuations

Fuel cost is a significant component of the Group's ship operation costs. The price of fuel oil is extremely difficult to predict because it reflects a number of factors that are beyond the Group's control, such as the supply and demand balance of crude oil, trends among OPEC and other oil producing countries, and changes in the politics and oil production capacity of oil-producing countries. Moreover, an expansion and strengthening of environmental regulations could require use of high quality fuel that has a low environmental impact, which could oblige the Group to procure fuel at a higher price. The Group takes measures to avoid the impact of unstable price fluctuations by fixing the price for a certain portion of its fuel consumption using futures contracts. However, a significant and sustained increase in fuel oil prices would push up the Group's operating costs and have a negative impact on the Group's financial position and operating results.

3. Interest Rate Fluctuations

The Group continuously makes capital expenditures for building vessels and so forth. The Group strives to reduce interest-bearing debt to the greatest extent possible by utilizing its own capital and engaging in off-balance deals. However, it relies on borrowing from financial institutions for a significant portion of its funds. In addition, the Group procures operating capital required for business operations.

When procuring funds, the Group borrows a certain amount at a fixed rate of interest or uses fixed interest rate swaps for some of its borrowings for investment in ships and equipment. However, future interest-rate movements could increase the Group's financing costs, which could have a negative impact on the Group's financial position and operating results.

4. Public Regulations

The shipping business is influenced by international treaties on operation, registration, construction of ships and environmental conservation in general, as well as laws and regulations relating to business licenses and taxes in each country and region. The enactment of new laws and regulations in the future could restrict the Group's business development and increase its business costs, which could have a negative impact on the Group's financial position and operating results. The Group's operated vessels are managed and operated in accordance with current laws and regulations, and they carry appropriate insurance coverage. However, relevant laws and regulations could be changed, and this may incur a cost to make the Group compliant with such changes.

In relation to the case of a possible cartel related to transportation of cargoes, including automobiles and construction machinery vehicles, the Group has become the subject of investigations by foreign competition law authorities. In addition, in North America, class-action lawsuits related to this case have been filed against several business operators, including the Group.

5. Serious Marine Incidents, Negative Environmental Impact, Conflicts, etc.

The Group has positioned safety in all ship operations and environmental conservation as its top priorities and has maintained and strengthened its safe operation standards as well as a crisis management system.

With regard to environmental conservation, the Group recognizes the burden placed on the global environment by its business activities and promotes an Environmental Policy to minimize this burden. To ensure that initiatives for the environment are steadily promoted in line with the Environmental Policy, the CSR & Environmental Committee, chaired by the President & CEO, has been established to deliberate and formulate this promotion structure. Moreover, in March 2015, the Group formulated "K" LINE Environmental Vision 2050 "Securing Blue Seas for Tomorrow," to stipulate the direction of the entire Company's long-term initiatives.

With regard to safety in navigation, the Ship Safety Promotion Committee, chaired by the President & CEO, meets periodically to conduct investigations and initiatives based on all manner of perspectives with regard to those matters related to safety in navigation. Furthermore, in our Emergency Response Manual we have set out the actions we must take in the event of emergency, and accident response is continually improved by regularly holding accident response drills. However, an unexpected accident, particularly one involving an oil spill or other major accidents leading to environmental pollution, could occur and have a negative impact on the Group's financial position and operating results. Furthermore, piracy losses, operating in areas affected by political unrest or military conflict, and the increased risk to vessels from terrorism could cause major damage to the Group's vessels and jeopardize lives of the crews. This in turn, could have a negative impact on the Group's safe operation of vessels, voyage planning and management and overall marine transportation business.

6. Competitive Business Environment, etc.

The Group conducts its business in the international marine transportation market. In competing with other leading marine transportation companies in Japan and overseas, differences between the Group and peers in terms of management resource allocation in each business segment and competitiveness on cost and technology could have a negative impact on the Group's position in the industry and on its operating results.

In the highly competitive containership business segment, the Group maintains and enhances the competitiveness of its services by participating in alliances with other marine transportation companies. However, events that the

Group cannot control, such as a unilateral withdrawal by alliance partners, could have a negative impact on the Group's sales activities, financial position and operating results.

7. Natural Disasters

Maintenance of business operations in the event of a natural disaster is the Group's duty as the Group provides pivotal role for society, and it is a critical aspect of the justification for the Group's existence. If a major earthquake were to occur at the heart of the Tokyo metropolitan area, many buildings, transportation systems and lifelines are expected to suffer major damage. Furthermore, if a highly virulent new strain of influenza were to arise and cause a global pandemic, it could seriously harm the health of many people. Reputational damage could also accompany such natural disasters and secondary disasters.

The Group has drawn up a business continuity plan for these two disasters. In the event of a natural disaster, while the Group's goal is to continue business operations by applying or adapting this plan, such natural disasters could have a certain degree of negative impact on the Group's business.

8. Business Partners' Failure to Perform Contracts

When selecting business partners to provide service to or to receive service, the Group investigates their reliability as far as possible. However, a business partner's financial position may deteriorate in the future, and a full or partial breach of a contract could subsequently occur. This could in turn have a negative impact on the Group's financial position and operating results.

9. Non-achievement of Investment Plans

The Group plans the necessary investments to upgrade its fleet. However, if the investments do not proceed as planned due to changes in conditions in the shipping markets or official regulations in the future, the Group may be obliged to cancel ship building contracts prior to taking delivery of newbuildings and so forth, which could have a negative impact on the Group's financial position and operating results. In addition, if demand for transportation of cargo falls below the Group's prior projections when the Group takes delivery of newbuildings, it could have a negative impact on the Group's financial position and operating results.

10. Losses from Disposal of Vessels, etc.

The Group strives to upgrade its fleet flexibly in accordance with market conditions. However, it may be obliged to sell some of its vessels or make an early termination of charter contracts for chartered vessels in case of the deterioration in the actual balance between supply and demand for vessels, the obsolescence of vessels due to technological innovation, or changes of the trends in the charter markets. As a result, there could be a negative impact on the Group's financial position and operating results.

11. Fixed Asset Impairment Losses and Market Value Fluctuations of Securities

Deterioration in the profitability of the Group's fixed assets such as vessels may make recovery of the investment amounts unlikely. In cases where the Group recognizes loss on impairment of fixed assets as a result, it could have a negative impact on the Group's financial position and operating results. In addition, as the evaluation standard and evaluation method for its marketable securities, or investment securities with a market price, the Group uses a market value method based on the market price on the last day of each financial term. As a result, a fall in the market price due to fluctuations in stock market conditions could have a negative impact on the Group's financial position and operating results.

12. Reversal of Deferred Tax Assets

The Group evaluates the likelihood of a reversal of deferred income taxes based on its estimated future taxable income. If the Group were to determine that it would not be able to secure sufficient taxable income in the future due to a decline in its earning capacity, its deferred income taxes would be reversed, and income tax expense would be recorded. This could have a negative impact on the Group's financial position and operating results.

13. Allowance for loss on chartered vessel contracts

The Group contract out containerships which the Company and its consolidated subsidiaries charter to other charterers. Because charter rates are highly sensitive to fluctuations in charter markets, there is a risk that charter rates may fall below hire rates. Based on available information, the Group recorded a provision for potential future losses whose amount can be reasonably estimated under certain contracts where charter rates fall below hire rates. However, depending on changes in the Group's planning for chartered vessel contracts or trends in charter markets, it may be necessary for the Group to record an additional provision for losses, which could have a negative impact on the Group's financial position and operating results.

Matters in the above text that refer to the future are as determined by the Group as of the day of publication of these materials. In addition, the items discussed here do not cover all of the risks relating to the Group.

2. Situation of the “K” LINE GROUP

The business segments of the “K” Line Group are Dry Bulk Segment, Energy Resource Transport Segment, Product Logistics Segment, and Other.

The main companies that handle these businesses (as of March 31, 2019) are the following:

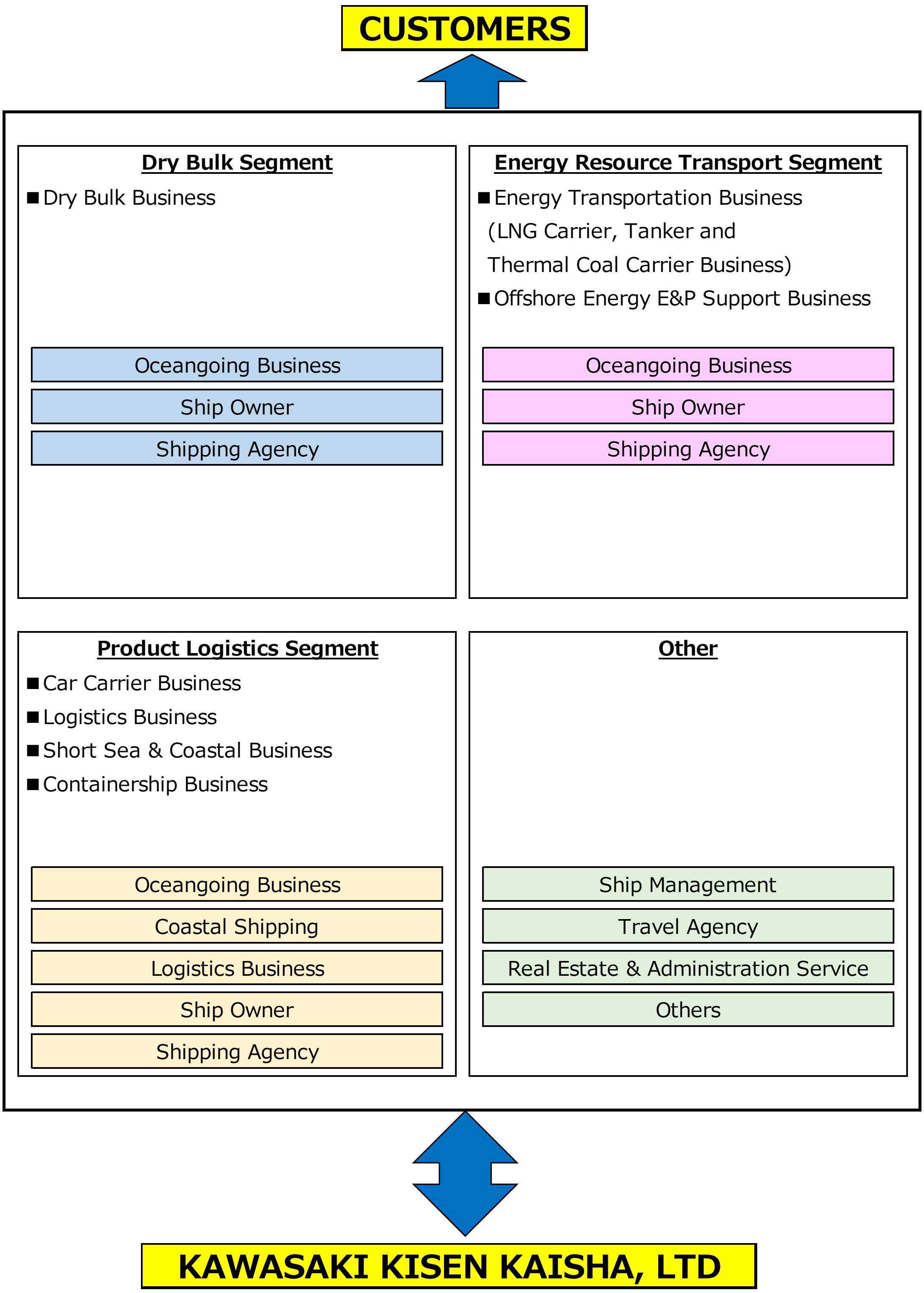
Business Segment	Principal Companies Managing Each Business	
	Domestic	Overseas
I. Dry Bulk	Kawasaki Kisen Kaisha, Ltd.	“K” LINE BULK SHIPPING (UK) LIMITED, “K” LINE PTE LTD
II. Energy Resource Transport	Kawasaki Kisen Kaisha, Ltd.	“K” LINE (TAIWAN) LTD., “K” LINE LNG SHIPPING (UK) LIMITED, “K” LINE DRILLING/OFFSHORE HOLDING, INC., K LINE OFFSHORE AS, “K” LINE PTE LTD
III. Product Logistics	Kawasaki Kisen Kaisha, Ltd., Kawasaki Kinkai Kisen Kaisha, Ltd., “K” Line (Japan) Ltd., Daito Corporation, Nitto Total Logistics Ltd., “K” Line Logistics, Ltd., Japan Express Transportation Co., Ltd., Hokkai Transportation Co., Ltd., Seagate Corporation, Nitto Tugboat Co., Ltd., Ocean Network Express Holdings, Ltd. *	K LINE (THAILAND) LTD., “K” LINE (HONG KONG) LIMITED, KAWASAKI (AUSTRALIA) PTY. LTD., “K” LINE (SINGAPORE) PTE LTD, INTERNATIONAL TRANSPORTATION SERVICE, INC., UNIVERSAL LOGISTICS SYSTEM, INC., “K” LINE AMERICA, INC., “K” LINE (Deutschland) GmbH, “K”LINE (France) SAS, “K” LINE (BELGIUM) N.V., PT. K LINE INDONESIA, “K” LINE MARITIME (M) SDN. BHD., “K” Line (Nederland) B.V., KLINE (CHINA) LTD., “K” LINE (AUSTRALIA) PTY. LIMITED, “K” LINE (EUROPE) LIMITED, ”K” LINE PTE LTD, “K” LINE (SCANDINAVIA) HOLDING A/S, “K” LINE (VIETNAM) LIMETED, “K” LINE BRASIL TRANSPORTES MARITIMOS LTDA., “K” LINE SHIPPING (SOUTH AFRICA) PTY LTD, OCEAN NETWORK EXPRESS PTE. LTD.*, “K” LINE (KOREA) LTD., “K” Line European Sea Highway Services GmbH, CENTURY DISTRIBUTION SYSTEMS, INC., “K” LINE (PORTUGAL) – AGENTES DE NAVEGAÇÃO, S.A.,

IV. Other	Kawasaki Kisen Kaisha, Ltd., Kawasaki Kinkai Kisen Kaisha, Ltd., Daito Corporation, Nitto Total Logistics Ltd., Hokkai Transportation Co., Ltd., Seagate Corporation, “K” Line Engineering Co., Ltd., Shinki Corporation, “K” Line Energy Ship Management Co., Ltd., Rinko Corporation*, KMDS Co., Ltd., “K” LINE BUSINESS SUPPORT, LTD., “K” Line Business Systems, Ltd., “K” Line Travel, Ltd., “K” Line RoRo Bulk Ship Management Co., Ltd.	CYGNUS INSURANCE COMPANY LIMITED, “K” LINE HOLDING (EUROPE) LIMITED

NOTE / Companies without asterisk : Consolidated companies

Companies with asterisk : Affiliated companies (subject to equity method)

The above overall business structure is as follows:


CUSTOMERS
Dry Bulk Segment
■Dry Bulk Business
Oceangoing Business
Ship Owner
Shipping Agency
Energy Resource Transport Segment
■Energy Transportation Business
(LNG Carrier, Tanker and
Thermal Coal Carrier Business)
■Offshore Energy E&P Support Business
Oceangoing Business
Ship Owner
Shipping Agency
Product Logistics Segment
■Car Carrier Business
■Logistics Business
■Short Sea & Coastal Business
■Containership Business
Oceangoing Business
Coastal Shipping
Logistics Business
Ship Owner
Shipping Agency
Other
Ship Management
Travel Agency
Real Estate & Administration Service
Others
KAWASAKI KISEN KAISHA, LTD

3. Basic Approach to Selection of Accounting Standards

To allow reliable year-on-year and company-to-company comparisons, the Group's policy for the time being is to prepare its consolidated financial statements according to Japanese accounting standards.

With respect to application of IFRS, our policy is to respond appropriately based on consideration of various domestic and overseas circumstances.

4. Matters Relating to Summary Information

(Notes in the Event of Significant Changes in Shareholders' Equity)

In accordance with a resolution approved at the 150th Ordinary General Meeting of Shareholders on June 21, 2018, the Company reduced its capital reserve by ¥59.002 billion and its legal reserve by ¥2.540 billion and transferred such amounts to other capital surplus and retained earnings carried forward respectively. It then transferred the other capital surplus by ¥59.002 billion and general reserve by ¥60.552 billion to retained earnings carried forward respectively.

As a result, the Company's capital surplus was reduced by ¥59.002 billion and its retained earnings were increased by ¥59.002 billion in the current fiscal year.

Change in Accounting Estimate

(Change of Service Lives)

Taking the opportunity of the review of fleet planning following the changes of business environment for the car carriers, the Group reviewed our policies concerning vessel use during the consolidated 1st Quarter of this fiscal year in accordance with the actual service records and the outlook for vessel supply and demand.

As a result of that review, it becomes clear that longer service life period can be expected than the previous period, and therefore the service life period of pure car carriers changed from 20 years to 25 years.

As a result of this change in accounting estimate, operating loss, ordinary loss and loss before income taxes in the current fiscal year decreased by ¥ 2.464 billion respectively compared to under the prior method.

The effect to each segment is stated in page 28, Segment Information.

Additional Information

(Application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting", etc.)

"Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, issued on February 16, 2018) has been applied from the beginning of the consolidated 1st Quarter of this fiscal year. Deferred tax assets are presented in the "Investments and other assets" of the balance sheet, and Deferred tax liabilities are presented in the "Non-current liabilities".

Significant Subsequent Event

(Establishment of Joint Holding Company through Share Transfers and Partial Transfer of Holding Company's Shares)

On April 1, 2019, the Company established a joint holding company that became the wholly owning parent company of the three domestic harbor transportation subsidiaries of the Company through an associated share transfer, and 49% of the total shares of the holding company were then transferred to Kamigumi Co., Ltd. (hereinafter "Kamigumi").

1. Purpose

   Further enhancement of service quality by utilizing resources such as technology, knowledge and management resources that the Company and Kamigumi companies have cultivated in the harbor transportation business and domestic logistics business.

2. Procedures for the Share Transfer

   Under this joint share transfer, the three domestic harbor transportation subsidiaries of the Company became wholly-owned subsidiaries and the newly incorporated Joint Holding Company became the wholly-owning parent company.

3. Effective date of the Share Transfer

   April 1, 2019

4. Outline of the Three Target Companies (as of March 31, 2019)

(1) Company name	Daito Corporation	Nitto Total Logistics Ltd.	SEAGATE CORPORATION
(2) Date established	September 3, 1934	March 8, 1943	December 7, 1956
(3) Location of head office	Minato-ku, Tokyo	Chuo-ku, Kobe	Minami-ku, Hiroshima
(4) Representative	Representative director Kazuhiro Matsukawa	Representative director Mitsuru Kochi	Representative director Hiroshi Nishiyama
(5) Capital	¥843 million	¥1,596 million	¥270 million
(6) Shareholder and share ownership ratio	Kawasaki Kisen Kaisha, Ltd. 100%	Kawasaki Kisen Kaisha, Ltd. 100%	Kawasaki Kisen Kaisha, Ltd. 100%
(7) Main business	Harbor transportation, warehousing, harbor tugboat service, custom brokerage, freight forwarding, etc.		

5. Outline of the Joint Holding Company

(1) Company name	KLKG HOLDINGS, Co., Ltd.
(2) Location of head office	Chiyoda-ku, Tokyo
(3) Representative	Representative Director Daisuke Arai
(4) Capital	¥10 million
(5) Main business	Management of its subsidiaries within the group and the business of the group as a whole, etc.

6. Overview of the Partial Transfer of the Joint Holding Company's Shares

(1) Transfer to	Kamigumi Co., Ltd.
(2) Transfer date	April 1, 2019
(3) Number of shares transferred	49,000 shares
(4) Transfer price	Due to a confidentiality provision in the agreement with the transferee, the transfer price may not be disclosed.
(5) Gain on shares transfer	The Company expects that this transaction will have an immaterial impact on its consolidated business results for the first quarter of the fiscal year ending March 31, 2020.
(6) Increase in capital surplus	Increase in capital surplus is currently being evaluated.
(7) Stock ownership after the transfer	51%

(Financing through Subordinated Loan)

The Company raised funds through a subordinated loan (the “Subordinated Loan”) on April 5, 2019, which was agreed to on March 29, 2019. An overview is as follows.

Overview of the Subordinated Loan

(1) Total Loan Amount	¥45.0 billion
(2) Date of Agreement	March 29, 2019
(3) Loan Execution Date	April 5, 2019
(4) Maturity Date	March 31, 2054 The Company may, at its own discretion, make early repayment of all or part of the principal of the Subordinated Loan on March 31, 2024 or any interest payment date thereafter or upon occurrence of any predefined early repayment events.
(5) Use of Loan Proceeds	Repayment of interest-bearing liabilities and capital expenditures mainly for vessels.
(6) Applicable Interest Rate	(a) From April 5, 2019 to March 31, 2024 At base floating interest rate plus initial spread (b) From March 31, 2024 At base floating interest rate plus 1.00% step-up from initial spread

(7) Interest Deferral Clause: The Company may defer interest payments at its own discretion.

(8) Replacement Restrictions: There is no contractual provision on replacement restrictions.
However, if the Company repays the Subordinated Loan earlier than due date, the Company intends to replace the Subordinated Loan with other financial instruments that have an equal or higher equity credit from the credit rating agency (Note).

(9) Subordination Clause

The creditors of the Subordinated Loan shall have a claim subordinated to that of other senior debt creditors in the Company's liquidation, bankruptcy, corporate reorganization or civil rehabilitation proceedings or any equivalent proceedings under any laws other than Japanese Laws. Any provisions stipulated in the Subordinated Loan agreement shall not be amended in any manner detrimental to any of the Company's creditors other than the creditors of the Subordinated Loan.

(10) Evaluation of Equity Credit

Medium Level, 50% (Japan Credit Rating Agency, Ltd.)

(11) Lenders

Mizuho Bank, Ltd., Development Bank of Japan Inc., and Sumitomo Mitsui Trust Bank, Limited

(Note) The Company may decide not to replace the Subordinated Loan with other financial instruments that have an equal or higher equity credit, if the Company satisfies predefined financial requirements.

Consolidated Financial Statements

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

Consolidated Balance Sheet

(Millions of yen/Thousands of U.S.dollars)

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019
ASSETS			
Current assets :			
Cash and deposits	¥ 143,201	¥ 200,606	$ 1,290,219
Accounts and notes receivable-trade	62,722	89,218	565,114
Raw materials and supplies	26,258	31,759	236,581
Prepaid expenses and deferred charges	40,545	43,880	365,311
Short-term loans receivable	1,827	2,378	16,462
Other current assets	15,584	24,562	140,415
Allowance for doubtful receivables	(1,267)	(1,679)	(11,422)
Total current assets	288,871	390,726	2,602,680
Non-current assets :			
(Vessels, property and equipment)			
Vessels, net	392,177	398,473	3,533,452
Buildings and structures, net	13,032	15,400	117,419
Machinery and vehicles, net	9,373	9,522	84,457
Land	18,397	21,119	165,761
Construction in progress	12,923	35,125	116,438
Other, net	2,726	3,312	24,568
Total vessels, property and equipment	448,632	482,953	4,042,094
(Intangible assets)			
Other intangible assets	4,377	3,745	39,437
Total intangible assets	4,377	3,745	39,437
(Investments and other assets)			
Investments in securities	164,110	107,545	1,478,603
Long-term loans receivable	17,328	19,011	156,125
Asset for retirement benefits	673	657	6,066
Deferred income taxes	4,686	3,818	42,228
Other investments and other assets	23,919	29,361	215,509
Allowance for doubtful receivables	(1,336)	(934)	(12,043)
Total investments and other assets	209,381	159,461	1,886,488
Total non-current assets	662,390	646,160	5,968,019
Total assets	¥ 951,261	¥ 1,036,886	$ 8,570,699

Consolidated Balance Sheet

(Millions of yen/Thousands of U.S.dollars)

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019
LIABILITIES			
Current liabilities :			
Accounts and notes payable-trade	¥ 57,836	¥ 90,369	$ 521,098
Account payable for other than trade	56,058	5,087	505,073
Short-term loans and current portion of long-term loans	86,423	41,783	778,657
Lease obligation (current portion)	11,364	7,107	102,388
Accrued income taxes	1,711	3,242	15,424
Allowance for loss related to the Anti-Monopoly Act	3,783	1,672	34,087
Allowance for loss related to business restructuring	-	4,218	-
Allowance for loss on liquidation of subsidiaries and affiliates	91	87	822
Allowance for loss on chartering contracts	15,135	20,324	136,372
Allowance for bonuses	2,556	2,566	23,031
Allowance for directors' bonuses	254	241	2,295
Other current liabilities	44,137	106,441	397,670
Total current liabilities	279,352	283,141	2,516,917
Non-current liabilities :			
Bonds	10,000	11,809	90,098
Long-term loans, less current portion	405,706	419,935	3,655,339
Obligations under finance leases, less current portion	34,909	39,572	314,530
Deferred income taxes (non-current)	9,633	5,307	86,794
Deferred tax liabilities on land revaluation	1,174	1,783	10,584
Allowance for loss related to the Anti-Monopoly Act	-	2,449	-
Allowance for directors' and audit and supervisory board men	894	1,843	8,058
Allowance for directors' stock benefits	19	10	175
Accrued expenses for overhaul of vessels	12,251	11,201	110,388
Liability for retirement benefits	6,228	6,578	56,115
Derivative liabilities	6,208	7,268	55,940
Other non-current liabilities	3,649	2,892	32,879
Total non-current liabilities	490,675	510,651	4,420,899
Total liabilities	770,028	793,792	6,937,815
NET ASSETS			
Shareholders' equity:			
Common stock	75,457	75,457	679,860
Capital surplus	1,383	60,507	12,464
Retained earnings	16,692	67,107	150,399
Treasury stock	(2,381)	(2,383)	(21,455)
Total shareholders' equity	91,152	200,688	821,267
Accumulated other comprehensive income :			
Net unrealized holding gain on investments in securities	4,414	8,570	39,776
Deferred gain on hedges	2,999	7,768	27,029
Revaluation reserve for land	4,655	6,184	41,947
Translation adjustments	4,063	(3,539)	36,615
Retirement benefits liability adjustments	(3,710)	(2,661)	(33,430)
Total accumulated other comprehensive income	12,423	16,321	111,936
Non-controlling interests	77,657	26,083	699,681
Total net assets	181,233	243,094	1,632,884
Total liabilities and net assets	¥ 951,261	¥ 1,036,886	$ 8,570,699

Consolidated Statement of Operations

(Millions of yen/Thousands of U.S.dollars)

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019
Marine transportation and other operating revenues	¥ 836,731	¥ 1,162,025	$ 7,538,802
Marine transportation and other operating costs and expenses	800,497	1,083,299	7,212,337
Gross Profit	36,234	78,725	326,465
Selling, general and administrative expenses	60,971	71,506	549,338
Operating (loss) income	(24,736)	7,219	(222,873)
Non-operating income :			
Interest income	1,627	1,420	14,660
Dividend income	1,835	2,381	16,538
Reversal of allowance for loss related to the Anti-Monopoly Act	838	3,551	7,551
Exchange gain	949	-	8,555
Other non-operating income	1,705	1,394	15,369
Total non-operating income	6,956	8,747	62,672
Non-operating expenses :			
Interest expenses	8,340	6,969	75,142
Equity in loss of subsidiaries and affiliates	18,875	4,601	170,065
Exchange loss	-	1,541	-
Other non-operating expenses	3,937	891	35,479
Total non-operating expenses	31,153	14,004	280,686
Ordinary (loss) income	(48,933)	1,962	(440,886)
Extraordinary income :			
Gain on sales of vessels, property and equipment	6,602	29,072	59,490
Gain on sales of investments in securities	1,625	3,095	14,645
Other extraordinary income	1,867	3,164	16,822
Total extraordinary income	10,095	35,331	90,958
Extraordinary losses :			
Loss on impairment of vessels, property and equipment	9,001	7,635	81,105
Loss on cancellation of chartered vessels	49,326	2,772	444,420
Loss related to the Anti-Monopoly Act	-	6,399	-
Other extraordinary losses	2,256	3,299	20,331
Total extraordinary losses	60,584	20,106	545,855
(Loss) profit before income taxes	(99,422)	17,188	(895,783)
Income taxes :			
Current	3,129	5,750	28,201
Deferred	6,229	(1,537)	56,128
Total income taxes	9,359	4,213	84,328
(Loss) profit	(108,782)	12,975	(980,111)
Profit attributable to non-controlling interests	2,405	2,590	21,673
(Loss) profit attributable to owners of the parent	¥ (111,188)	¥ 10,384	$ (1,001,784)

Consolidated Statement of Comprehensive Income

(Millions of yen/Thousands of U.S.dollars)

		Year ended March 31, 2019		Year ended March 31, 2018		Year ended March 31, 2019
(Loss) profit	¥	(108,782)	¥	12,975	$	(980,111)
Other Comprehensive income (loss)						
Net unrealized holding loss on investments in securities		(4,143)		(272)		(37,332)
Deferred loss on hedges		(5,545)		(3,045)		(49,962)
Translation adjustments		3,232		(8,724)		29,127
Retirement benefits liability adjustments		(1,009)		177		(9,098)
Share of other comprehensive income (loss) of subsidiaries and affiliates accounted for by the equity method		6,030		(521)		54,333
Total other comprehensive loss		(1,435)		(12,385)		(12,932)
Comprehensive (loss) income	¥	(110,217)	¥	589	$	(993,043)
(Breakdown)						
Comprehensive loss attributable to owners of the parent	¥	(113,557)	¥	(2,237)	$	(1,023,130)
Comprehensive income attributable to non-controlling interests		3,339		2,827		30,086

Consolidated Statement of Changes in Net Assets

Kawasaki Kisen KaishaLtd. and Consolidated Subsidiaries for the year ended March 31, 2019 (Millions of yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance March 31, 2018	¥ 75,457	¥ 60,507	¥ 67,107	¥ (2,383)	¥ 200,688
Change in items during the period					
Transfer to retained earnings from capital surplus		(59,002)	59,002		-
Loss attributable to owners of the parent			(111,188)		(111,188)
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		(1)		4	2
Change in treasury stock arising from change in equity in entities accounted for under the equity method					-
Change in ownership interests due to transactions with non-controlling interests		(120)			(120)
Reversal of revaluation reserve for land			1,529		1,529
Net change in retained earnings from changes in scope of consolidation or equity method			242		242
Net changes in items other than shareholders' equity					
Net changes during the period	-	(59,124)	(50,414)	2	(109,536)
Balance March 31, 2019	¥ 75,457	¥ 1,383	¥ 16,692	¥ (2,381)	¥91,152

	Accumulated other comprehensive income (loss)						Non-controlling interests	Total net assets
	Net unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance March 31, 2018	¥ 8,570	¥ 7,768	¥ 6,184	¥ (3,539)	¥ (2,661)	¥ 16,321	¥ 26,083	¥ 243,094
Change in items during the period								
Transfer to retained earnings from capital surplus								-
Loss attributable to owners of the parent								(111,188)
Purchase of treasury stock								(1)
Disposal of treasury stock								2
Change in treasury stock arising from change in equity in entities accounted for under the equity method								-
Change in ownership interests due to transactions with non-controlling interests								(120)
Reversal of revaluation reserve for land								1,529
Net change in retained earnings from changes in scope of consolidation or equity method								242
Net changes in items other than shareholders' equity	(4,155)	(4,768)	(1,529)	7,603	(1,048)	(3,898)	51,574	47,676
Net changes during the period	(4,155)	(4,768)	(1,529)	7,603	(1,048)	(3,898)	51,574	(61,860)
Balance March 31, 2019	¥ 4,414	¥ 2,999	¥ 4,655	¥ 4,063	¥ (3,710)	¥ 12,423	¥ 77,657	¥ 181,233

Consolidated Statement of Changes in Net Assets

Kawasaki Kisen KaishaLtd. and Consolidated Subsidiaries for the year ended March 31, 2018 (Millions of yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance March 31, 2017	¥ 75,457	¥ 60,334	¥ 55,753	¥ (1,084)	¥ 190,461
Change in items during the period					
Transfer to retained earnings from capital surplus					-
Profit attributable to owners of the parent			10,384		10,384
Purchase of treasury stock				(1,301)	(1,301)
Disposal of treasury stock		(0)		0	0
Change in treasury stock arising from change in equity in entities accounted for under the equity method				1	1
Change in ownership interests due to transactions with non-controlling interests		173			173
Reversal of revaluation reserve for land			78		78
Net change in retained earnings from changes in scope of consolidation or equity method			890		890
Net changes in items other than shareholders' equity					
Net changes during the period	-	173	11,353	(1,299)	10,226
Balance March 31, 2018	¥ 75,457	¥ 60,507	¥ 67,107	¥ (2,383)	¥200,688

	Accumulated other comprehensive income (loss)						Non-controlling interests	Total net assets
	Net unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance March 31, 2017	¥ 8,849	¥ 10,189	¥ 6,263	¥ 6,555	¥ (2,835)	¥ 29,022	¥ 25,997	¥ 245,482
Change in items during the period								
Transfer to retained earnings from capital surplus								-
Profit attributable to owners of the parent								10,384
Purchase of treasury stock								(1,301)
Disposal of treasury stock								0
Change in treasury stock arising from change in equity in entities accounted for under the equity method		-						1
Change in ownership interests due to transactions with non-controlling interests								173
Reversal of revaluation reserve for land								78
Net change in retained earnings from changes in scope of consolidation or equity method								890
Net changes in items other than shareholders' equity	(279)	(2,421)	(78)	(10,094)	173	(12,700)	85	(12,614)
Net changes during the period	(279)	(2,421)	(78)	(10,094)	173	(12,700)	85	(2,388)
Balance March 31, 2018	¥ 8,570	¥ 7,768	¥ 6,184	¥ (3,539)	¥ (2,661)	¥ 16,321	¥ 26,083	¥ 243,094

Consolidated Statement of Changes in Net Assets

Kawasaki Kisen KaishaLtd. and Consolidated Subsidiaries for the year ended March 31, 2019 (Thousands of U.S. dollars)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance March 31, 2018	$679,859	$545,163	$604,622	($21,476)	$1,808,169
Change in items during the period					
Transfer to retained earnings from capital surplus		(531,602)	531,602		-
Loss attributable to owners of the parent			(1,001,784)		(1,001,784)
Purchase of treasury stock				(16)	(16)
Disposal of treasury stock		(10)		37	26
Change in treasury stock arising from change in equity in entities accounted for under the equity method					-
Change in ownership interests due to transactions with non-controlling interests		(1,086)			(1,086)
Reversal of revaluation reserve for land			13,776		13,776
Net change in retained earnings from changes in scope of consolidation or equity method			2,181		2,181
Net changes in items other than shareholders' equity					
Net changes during the period	-	(532,699)	(454,223)	21	(986,902)
Balance March 31, 2019	$679,859	$12,463	$150,398	($21,455)	$821,266

	Accumulated other comprehensive income (loss)						Non-controlling interests	Total net assets
	Net unrealized holding gain on investments in securities	Deferred gain on hedges	Revaluation reserve for land	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance March 31, 2018	$77,217	$69,989	$55,723	($31,891)	($23,981)	$147,057	$235,006	$2,190,233
Change in items during the period								
Transfer to retained earnings from capital surplus								-
Loss attributable to owners of the parent								(1,001,784)
Purchase of treasury stock								(16)
Disposal of treasury stock								26
Change in treasury stock arising from change in equity in entities accounted for under the equity method								-
Change in ownership interests due to transactions with non-controlling interests								(1,086)
Reversal of revaluation reserve for land								13,776
Net change in retained earnings from changes in scope of consolidation or equity method								2,181
Net changes in items other than shareholders' equity	(37,441)	(42,960)	(13,776)	68,506	(9,449)	(35,121)	464,674	429,552
Net changes during the period	(37,441)	(42,960)	(13,776)	68,506	(9,449)	(35,121)	464,674	(557,349)
Balance March 31, 2019	$39,775	$27,028	$41,947	$36,614	($33,430)	$111,936	$699,680	$1,632,883

Consolidated Statement of Cash Flows

(Millions of yen / Thousands of U.S.dollars)

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019
Cash flows from operating activities :			
(Loss) profit before income taxes	¥ (99,422)	¥ 17,188	$ (895,783)
Depreciation and amortization	40,789	43,410	367,505
Decrease in liability for retirement benefits	(386)	(944)	(3,480)
Decrease in asset for retirement benefits	(15)	(163)	(140)
(Decrease) increase in retirement benefits liability adjustments	(927)	317	(8,361)
Decrease in allowance for directors' and audit and supervisory board members' retirement benefits	(948)	(19)	(8,548)
Increase in accrued expenses for overhaul of vessels	1,065	447	9,601
Decrease in allowance for loss related to business restructuring	(4,218)	(7,229)	(38,006)
Decrease in allowance for loss related to the Anti-Monopoly Act	(338)	(1,101)	(3,050)
Decrease in allowance for loss on chartering contracts	(5,188)	(16,116)	(46,750)
Interest and dividend income	(3,462)	(3,802)	(31,198)
Interest expenses	8,340	6,969	75,142
Exchange gain, net	(1,839)	(78)	(16,572)
Loss on impairment of vessels, property and equipment	9,001	7,635	81,105
Equity in loss of subsidiaries and affiliates, net	18,875	4,601	170,065
Loss on cancellation of chartered vessels	49,326	2,772	444,420
Loss related to the Anti-Monopoly Act	-	6,399	-
Gain on sales of vessels, property and equipment, net	(6,567)	(29,065)	(59,173)
Gain on sales of marketable securities and investments in securities, net	(1,622)	(3,095)	(14,621)
Decrease (increase) in accounts and notes receivable – trade	26,639	(5,713)	240,020
Decrease (increase) in inventories	5,501	(2,873)	49,570
Decrease (increase) in other current assets	9,516	(9,021)	85,744
(Decrease) increase in accounts and notes payable – trade	(32,445)	671	(292,332)
Other, net	(10,157)	3,788	(91,517)
Subtotal	1,513	14,975	13,640
Interest and dividends received	5,590	4,459	50,368
Interest paid	(7,243)	(6,774)	(65,258)
Payments for cancellation of chartered vessels	(1,450)	(1,322)	(13,064)
Payments related to the Anti-Monopoly Act	(833)	(6,071)	(7,514)
Income taxes paid	(4,386)	(4,100)	(39,518)
Net cash (used in) provided by operating activities	(6,808)	1,167	(61,347)
Cash flows from investing activities :			
Payments into time deposits	(7,229)	(126,111)	(65,132)
Proceeds from withdrawal of time deposits	44,574	126,590	401,604
Purchases of marketable securities and investments in securities	(79,050)	(32,977)	(712,232)
Proceeds from sales of marketable securities and investments in securities	3,310	4,367	29,828
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	3,694	-
Purchases of vessels, property and equipment	(95,893)	(96,673)	(863,983)
Proceeds from sales of vessels, property and equipment	98,179	99,796	884,578
Purchases of intangible assets	(1,399)	(3,027)	(12,608)
Payments of long-term loans receivable	(1,269)	(838)	(11,442)
Collection of long-term loans receivable	2,856	1,143	25,740
Other, net	427	1,222	3,855
Net cash used in investing activities	(35,493)	(22,813)	(319,791)
Cash flows from financing activities :			
Increase (decrease) in short-term loans, net	38,696	(453)	348,650
Proceeds from long-term loans	38,638	76,265	348,122
Repayments of long-term loans and obligations under finance leases	(56,523)	(48,312)	(509,267)
Redemption of bonds	(50,378)	(378)	(453,897)
Cash dividends paid to non-controlling interests	(915)	(2,832)	(8,251)
Proceeds from share issuance to non-controlling interests	50,000	32	450,491
Purchases of shares of subsidiaries not resulting in change in scope of consolidation	(265)	(691)	(2,390)
Other, net	38	(1,389)	343
Net cash provided by financing activities	19,290	22,239	173,801
Effect of exchange rate changes on cash and cash equivalents	2,980	(758)	26,850
Net decrease in cash and cash equivalents	(20,032)	(164)	(180,487)
Cash and cash equivalents at beginning of the period	158,072	156,791	1,424,205
subsidiaries	-	1,445	-
Cash and cash equivalents at end of the period	¥ 138,040	¥ 158,072	$ 1,243,719

Segment information

Year ended March 31, 2019

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating revenues from customers	¥ 273,826	¥ 88,701	¥ 441,028	¥ 33,175	¥ 836,731	¥ -	¥ 836,731
Inter-group revenues and transfers	160	0	8,901	48,954	58,015	(58,015)	-
Total revenues	¥ 273,986	¥ 88,701	¥ 449,929	¥ 82,129	¥ 894,747	¥ (58,015)	¥ 836,731
Segment profit (loss)	¥ 4,441	¥ 2,491	¥ (49,196)	¥ 1,124	¥ (41,139)	¥ (7,794)	¥ (48,933)
Segment assets	¥ 263,305	¥ 242,849	¥ 386,734	¥ 63,851	¥ 956,740	¥ (5,479)	¥ 951,261
Depreciation and amortization	¥ 13,448	¥ 11,136	¥ 14,484	¥ 1,434	¥ 40,504	¥ 284	¥ 40,789
Interest income	353	587	670	249	1,859	(232)	1,627
Interest expenses	3,060	3,248	1,821	289	8,418	(78)	8,340
Equity in earnings (loss) of subsidiaries and affiliates	-	1,183	(20,136)	77	(18,875)	-	(18,875)
Investments in subsidiaries and affiliates accounted for by the equity method	-	23,349	97,829	3,981	125,159	-	125,159
Increase in vessels, property and equipment, and intangible assets	14,269	42,519	40,270	619	97,678	233	97,911

Year ended March 31, 2018

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating revenues from customers	¥ 248,878	¥ 75,413	¥ 798,619	¥ 39,113	¥ 1,162,025	¥ -	¥ 1,162,025
Inter-group revenues and transfers	165	1	8,070	47,904	56,141	(56,141)	-
Total revenues	¥ 249,043	¥ 75,415	¥ 806,689	¥ 87,018	¥ 1,218,166	¥ (56,141)	¥ 1,162,025
Segment profit (loss)	¥ (132)	¥ 440	¥ 5,777	¥ 3,017	¥ 9,102	¥ (7,140)	¥ 1,962
Segment assets	¥ 278,725	¥ 243,862	¥ 403,205	¥ 77,274	¥ 1,003,068	¥ 33,818	¥ 1,036,886
Depreciation and amortization	¥ 13,430	¥ 9,974	¥ 17,498	¥ 2,210	¥ 43,112	¥ 298	¥ 43,410
Interest income	304	494	610	185	1,594	(174)	1,420
Interest expenses	2,843	2,327	1,375	530	7,077	(107)	6,969
Equity in earnings (loss) of subsidiaries and affiliates	-	993	(5,662)	67	(4,601)	-	(4,601)
Investments in subsidiaries and affiliates accounted for by the equity method	-	15,834	39,034	3,922	58,791	-	58,791
Increase in vessels, property and equipment, and intangible assets	18,113	48,079	33,675	960	100,827	277	101,105

Year ended March 31, 2019

(Thousands of U.S. dollars)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating revenues from customers	$ 2,467,130	$ 799,180	$ 3,973,587	$ 298,904	$ 7,538,802	$ -	$ 7,538,802
Inter-group revenues and transfers	1,442	4	80,197	441,069	522,712	(522,712)	-
Total revenues	$ 2,468,572	$ 799,184	$ 4,053,785	$ 739,973	$ 8,061,513	$ (522,712)	$ 7,538,802
Segment profit (loss)	$ 40,018	$ 22,447	$ (443,255)	$ 10,135	$ (370,656)	$ (70,231)	$ (440,886)
Segment assets	$ 2,372,339	$ 2,188,029	$ 3,484,410	$ 575,287	$ 8,620,064	$ (49,365)	$ 8,570,699
Depreciation and amortization	$ 121,172	$ 100,337	$ 130,503	$ 12,928	$ 364,941	$ 2,564	$ 367,505
Interest income	3,183	5,290	6,040	2,245	16,758	(2,098)	14,660
Interest expenses	27,572	29,268	16,407	2,606	75,853	(711)	75,142
Equity in earnings (loss) of subsidiaries and affiliates	-	10,665	(181,430)	700	(170,065)	-	(170,065)
Investments in subsidiaries and affiliates accounted for by the equity method	-	210,372	881,422	35,870	1,127,664	-	1,127,664
Increase in vessels, property and equipment, and intangible assets	128,561	383,092	362,826	5,585	880,063	2,105	882,169

Note：

(Change in service life period)

As stated in the page 16, Change in Accounting Estimate, the Group changed the service life period of pure car carriers from 20 years to 25 years during the consolidated 1st Quarter of this fiscal year, and same change has been applied for the vessels of the reporting segments.

As a result of this change, segment loss of the "Product Logistics" segment for this fiscal year decreased by ¥ 2.464 billion compared to under the prior method.

(Change in reporting segments)

The Group decided to change its reporting segments to "Dry Bulk," "Energy Resource Transport," "Product Logistics," and "Other" respectively, effective the consolidated 1st Quarter of this fiscal year, from previously "Containership," "Bulk shipping," "Offshore energy E&P support and heavy lifter," and "Other."

Accompanied by the integration of the containership business under OCEAN NETWORK EXPRESS PTE. LTD., the Group has reorganized its business portfolio strategy to build a new business model with a strong customer relationship base.

The “Dry Bulk” segment includes dry bulk business, “Energy Resource Transport” segment includes energy transportation business and offshore energy E&P support business, “Product Logistics” segment includes car carrier business, logistics business, short sea and coastal business and containership business.

The revenues, segment profit or loss, segment assets and other items for the previous fiscal year have been recalculated in conformity to the current year.