

July 29, 2016

Revised Forecast of Financial Results,
Recording foreign translation losses

Kawasaki Kisen Kaisha, Ltd. ("K" Line) announces that based on recent performance, the forecast of consolidated financial results for the first half (April 1, 2016 – September 30, 2016) and the full year (April 1, 2016 – March 31, 2016) that we announced on April 28, 2016, have been revised as set forth below, and also announces foreign translation losses in the 1st quarter of FY2016

1. Consolidated Financial Forecast for the first half (April 1, 2016 – September 30, 2016) and the Full Year (April 1, 2016 - March 31, 2017)

1) Differences in Forecast of financial results

Consolidated Forecast of financial results for the first half year (April 1, 2016 – September 30, 2016)

	First Half				
	Operating revenues (million yen)	Operating income (loss) (million yen)	Ordinary income (loss) (million yen)	Profit (loss) attributable to owners of the parent (million yen)	Profit (loss) attributable to owners of the parent per share (yen)
Forecast announced previously on April 28, 2016 (A)	530,000	(2,000)	(3,000)	(37,000)	(39.48)
Revised forecast (B)	500,000	(18,000)	(27,000)	(40,000)	(42.68)
Change (B – A)	(30,000)	(16,000)	(24,000)	(3,000)	(3.20)
Change (%)	(5.7%)	-	-	-	-
Reference: Consolidated results for prior fiscal year (fiscal year ended September 30, 2016)	668,338	18,774	15,970	11,678	12.46

Consolidated Forecast of financial results for the Full Year (April 1, 2016 – March 31, 2017)

	Full Year				
	Operating revenues (million yen)	Operating income (loss) (million yen)	Ordinary income (loss) (million yen)	Profit (loss) attributable to owners of the parent (million yen)	Profit (loss) attributable to owners of the parent per share (yen)
Forecast announced previously on April 28, 2016 (A)	1,100,000	17,000	15,000	(35,000)	(37.34)
Revised forecast (B)	1,030,000	(13,000)	(21,500)	(45,500)	(48.55)
Change (B – A)	(70,000)	(30,000)	(36,500)	(10,500)	(11.21)
Change (%)	(6.4%)	-	-	-	-
Reference: Consolidated results for prior fiscal year (fiscal year ended March 31, 2016)	1,243,932	9,427	3,338	(51,499)	54.95

2) Reason for the Differences

Because of the uncertainty in economic and political conditions due to increasing geopolitical risks, Japanese yen accelerated its appreciation against the U. S. dollar. In the

business environment compared with situation when the forecast was announced on April 28, 2016, containership business has been faced with slumping freight rate market, mainly in the Asia-North America service. Meanwhile, in car carrier business, there was a slowdown in the demand for shipping from Asia to resource-rich countries in the Middle East, Central and South America, and Africa. Although the Group made efforts to improve profitability, such as more efficient vessel allocation, and strived to reduce vessel operation cost, business performance declined as a result of having recorded foreign exchange losses associated with yen appreciation.

From the 2nd quarter of FY2016 onward, in containership business, there are signs that freight rate levels will recover for both Asia-North America and Asia-Europe services. Although there has been a gentle recovery from historically low levels against market fluctuations in dry bulk business, in the continuing conditions of uncertainty such as the United Kingdom's decision to leave the EU, in addition to the market which is stubbornly resisting the upward trend, we revised our financial forecast downward for the full year as aforementioned. The Group will strive to improve profitability through further cost-cutting and rationalization while continuing to implement structural reforms according to the plan.

2. Recording foreign translation losses

During the 1st quarter of fiscal year ending March 31, 2017, we recorded non-operating expenses (foreign translation losses) amounting to 7,786 million JPY. The reason for this foreign translation loss is the effect of change in exchange evaluation of foreign currency receivables and payables applied to exchange rate as of June 30, 2016.

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

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