

FINANCIAL HIGHLIGHTS

Brief report of the year ended March 31, 2015

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2015
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 1,224,126	¥ 1,352,421	\$ 11,254,232
Operating income (Millions of yen / Thousands of U.S. dollars)	28,854	47,988	399,338
Net income (Millions of yen / Thousands of U.S. dollars)	16,642	26,818	223,169
Per share of common stock (Yen / U.S. dollars)			
Basic	17.75	28.60	0.24
Diluted	16.33	24.43	0.20

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2015
Total Assets (Millions of yen / Thousands of U.S. dollars)	¥ 1,254,741	¥ 1,223,328	\$ 10,179,980
Net assets (Millions of yen / Thousands of U.S. dollars)	410,688	467,440	3,889,826
Per share of common stock (Yen / U.S. dollars)	414.66	471.10	3.92

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2015
Net cash provided by operating activities (Millions of yen / Thousands of U.S. dollars)	¥ 88,228	¥ 101,825	\$ 847,346
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	(5,113)	(11,177)	(93,014)
Net cash used in financing activities (Millions of yen / Thousands of U.S. dollars)	(26,634)	(119,253)	(992,373)

The U.S. dollar amounts are converted from the yen amount at ¥120.17=U.S.\$1.00.

The exchange rate prevailing on March 31, 2015.

1. Operating Results

(1) Analysis of Operating Results

1) Summary of Consolidated Operating Results for FY2014

(Billion Yen; rounded to nearest 100 million)

	Fiscal 2013 (Ended March 31, 2014)	Fiscal 2014 (Ended March 31, 2015)	Change	% change
Operating revenues	1,224.1	1,352.4	128.3	10.5%
Operating income	28.9	48.0	19.1	66.3%
Ordinary income	32.5	49.0	16.5	50.9%
Net income	16.6	26.8	10.2	61.1%

Exchange rate (¥/US\$) (12-month average)	¥99.75	¥109.19	¥9.44	9.5%
Fuel oil price (US\$/MT) (12-month average)	\$626	\$541	(\$85)	(13.6%)

During the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015; hereinafter “the fiscal year”), the global economy continued along a gradual recovery trend overall, with a continued economic recovery in the US, despite concerns over Ukrainian issues as well as the political situation in southern Europe. In emerging countries, China saw slowing economic growth, while India saw continued recovery. The Japanese economy was on a recovery trend, although there were temporary falls in capital expenditure and consumer spending due to the consumption tax hike in April 2014.

In foreign exchange rate trends (yen / US dollar), the yen’s appreciation was corrected to the ¥120 per dollar level in expectation of an interest rate hike in the US. The downward trend in crude oil prices has grown stronger since summer of 2014, and the WTI crude oil price fell to US\$40/barrel level before recovering to around US\$50/barrel after the Organization of the Petroleum Exporting Countries (OPEC) decided at its regular meeting in November 2014 to leave production targets unchanged.

In the business environment for the shipping industry, the continued market slump in the dry bulk business sector and the declining trend in the export volume of finished vehicles from Japan in the car carrier business sector were negative factors. However, the market recovered further in the oil tanker business sector due to improvement in the tonnage supply-demand balance, as well as in the containership business sector where freight rates recovered on East-West services, particularly in Asia-North America, atop steady cargo volumes.

As a result, operating revenues for the fiscal year were ¥1,352.421 billion (up ¥128.295 billion year on year), operating income was ¥47.988 billion (up ¥19.134 billion year on year), ordinary income was ¥48.98

billion (up ¥16.525 billion year on year), and net income was ¥26.818 billion (up ¥10.175 billion year on year).

Performance per segment was as follows:

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

		Fiscal 2013 (Ended March, 2014)	Fiscal 2014 (Ended March, 2015)	Change	% change
Containership	Operating revenues	582.4	677.4	95.0	16.3%
	Segment income (loss)	(0.1)	20.6	20.8	-
Bulk Shipping	Operating revenues	572.7	600.7	28.0	4.9%
	Segment income (loss)	41.3	36.5	(4.8)	(11.5%)
Offshore Energy E&P Support and Heavy Lifter	Operating revenues	32.8	35.3	2.5	7.6%
	Segment income (loss)	(4.5)	(5.7)	(1.2)	-
Other	Operating revenues	36.2	39.0	2.8	7.6%
	Segment income (loss)	2.6	3.0	0.4	14.7%
Adjustment and eliminations	Segment income (loss)	(6.8)	(5.5)	1.3	-
Total	Operating revenues	1,224.1	1,352.4	128.3	10.5%
	Segment income (loss)	32.5	49.0	16.5	50.9%

i) Containership Business Segment

Containership Business

During the fiscal year, the Group's cargo volume loaded increased by 4% year on year, supported by steady cargo movements. Cargo volumes were up 6% year on year on the Asia-North America service, 8% on the Asia-Europe service, and 3% on the Intra-Asia service, but declined by 6% on the North-South service. Freight rates remained stable, mainly on the Asia-North America service, and with the effect of falling fuel oil prices, the Group recorded a year-on-year increase in revenues for the fiscal year, and income went into the black.

Logistics Business

In the logistics business, comprised of air freight, inland transportation, and warehousing services, the Group performed steadily in domestic logistics, and in international logistics, particularly in Asia. As for the air freight services, the handling volume of export cargoes from Japan marked a significant increase year on year, mainly on the Asia-North America service. Overall, the Group recorded year-on-year increases in both revenues and income for the fiscal year in the logistics business.

As a result of the above, the Containership Business Segment in aggregate recorded a year-on-year increase in revenues for the fiscal year, and income went into the black.

ii) Bulk Shipping Business Segment

Dry Bulk Business

In the large-vessel sector, despite an upturn trend of freight rates seen briefly in October 2014, the market fell sharply in December and has remained at a historically low level in the absence of improvements in the fundamentals of supply-demand balance. The market for medium-sized vessels continued to stagnate due to a persistent oversupply of vessels partly reflecting a drop in the volume of coal transported to China. In the small vessel sector, the market remained at a low level as upward pressure on freight rates was limited despite brisk cargo volumes of coal transportation to India and steel products transportation to China, as well as an increase in grain transportation.

Despite the Group's efforts in reducing exposure to these market fluctuations by minimizing cargo-free vessels, the Group recorded higher revenues but lower income in the dry bulk business for the fiscal year compared with the previous fiscal year.

Car Carrier Business

During the fiscal year, the Group's total volume of finished vehicles shipped declined by around 3% year on year. Cargo volumes were steady from Europe and North America to the Far East, and within the Atlantic Basin; however, there was a declining trend in cargo volumes from Japan.

Despite the Group's continued efforts towards efficient allocation and operation of vessels, the Group recorded higher revenues but lower income for the fiscal year compared with the previous fiscal year.

LNG Carrier Business and Tanker Business

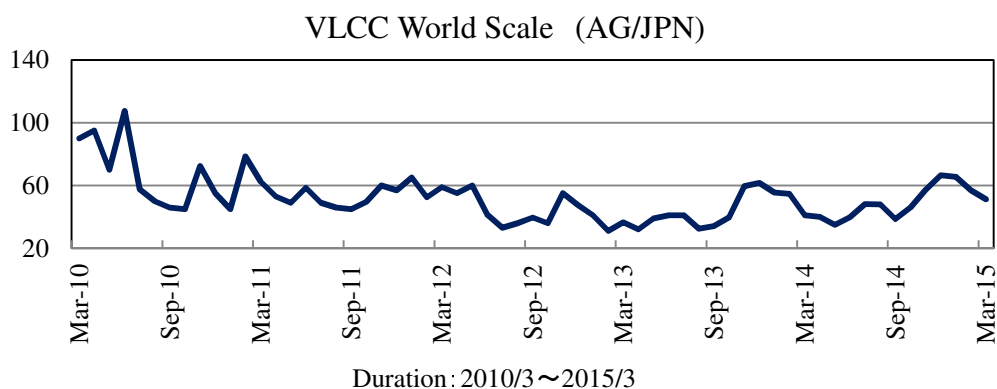
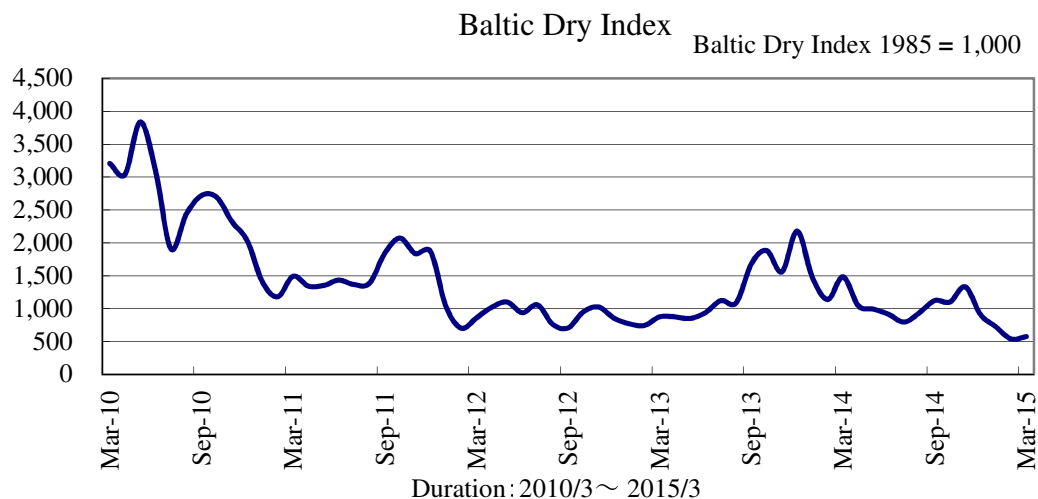
LNG carriers, large crude tankers (VLCCs), and LPG carriers performed steadily on medium- and long-term charter contracts. In addition, the oil tanker business in general saw profitability improve as freight rates broke from a prolonged slump. The LNG carrier business and tanker business in aggregate reported year-on-year increases both revenues and income for the fiscal year.

Short Sea and Coastal Business

The volume of cargos transported in the short sea business was the same level year on year. On the other hand, in the coastal business, trampers performed steadily and liner ships' cargo volumes increased due to aggressive sales activities through the promotion of newly-built large vessel deployed in Tomakomai-Hitachinaka service. However, in ferry services, transport volume fell sharply year on year due to fall back from a rush in demand ahead of the consumption tax hike in April 2014.

As a result, the Group posted year-on-year increases in both revenues and income in the short sea and coastal business as a whole for the fiscal year.

As a result of the above, the Bulk Shipping Business Segment in aggregate recorded higher revenues and lower income compared with the previous fiscal year.



iii) Offshore Energy E&P Support and Heavy Lifer Business Segment

Offshore Energy E&P Support Business

In the offshore support business, all vessels were in steady operation but sharp decline in crude oil prices and other factors caused softening of the market condition from autumn 2014 onwards. The drill ship was deployed stably, contributing to stable long-term earnings.

Overall, the offshore energy E&P support business recorded a loss, owing to a lower revenues year on year, and the impact of foreign-currency denominated debt valuation at a foreign subsidiary.

Heavy Lifter Business

In the large-size vessels sector, the Group steadily acquired contracts for highly profitable offshore operations and cargo transport services. The medium-sized and small-sized vessel sector saw recovering in

the market for semi-liner services. As a result, the heavy lifter business saw a year-on-year increase in revenues, and a significant decrease in ordinary losses.

As a result of the above, the Offshore Energy E&P Support and Heavy Lifter Business Segment as a whole recorded higher revenues year on year, but its ordinary loss worsened compared to the previous fiscal year, mainly due to valuation of foreign-currency denominated debt.

iv) Other Business

Other business includes the Group's ship management service, travel agency service, and real estate rental and administration service. The segment recorded year-on-year increase in both revenues and income.

2) Prospects for Fiscal 2015

For the fiscal year ending March 31, 2016, the Group is projecting operating revenues of ¥1,460 billion, operating income of ¥43 billion, ordinary income of ¥40 billion, and net income of ¥20 billion.

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

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
Fiscal 2015 (End Mar. 2016)	1,460	8.0%	43	(10.4%)	40	(18.3%)	23	(14.2%)

(Exchange Rate(¥/US\$) : ¥118 / Fuel Oil Price(US\$/MT): \$350)

In the containership business, the Group expects steady cargo movements on the Asia-North America service as the US economy continues to recover. On the Asia-Europe service, the Group expects severe conditions in the freight rates market to continue owing to a strong sense of uncertainty hanging over the economies of Europe as well as increasing tonnage supply pressure due to deliveries of a large volume of new large-sized vessels. In this business environment, the Group will maintain prudent business management and strive to improve its earnings by means of strengthening competitiveness through the deployment of five state-of-the-art and energy-efficient large-sized vessels with the loading capacity of 14,000TEU together with alliance partners; reducing vessel operation costs through temporary reduction in service capacity in line with the market demand; strengthening of sales activities to acquire more reefer cargos; and IT-assisted, fine-tuned service management.

In the logistics business, the Group is expecting brisk air freight cargos exported from Japan given the economic recovery trend in the US. The Group will also develop its business to capture steady logistics service demand, mainly in Japan and Asia.

In the dry bulk business, while steady cargo movements are expected in the large-vessel business sector,

the market is expected to take some time to recover owing partly to a persistent supply pressure arising from deliveries of new-build vessels. The market for medium-sized and small-sized vessels is also showing signs of recovery. However, it is expected to continue at a low level, partly due to the impact of market trends for large vessels. The Group will continue to take all measures to improve income, such as efficient allocation of vessels and reduction of vessel operating costs, as well as reducing the number of cargo-free vessels in an effort to build an earnings structure that is resilient against market fluctuations.

In the car carrier business, the Group expects to see steady global demand for sea-borne transportation of finished vehicles, despite a sense of uncertainty surrounding countries exporting natural resources, such as those in the Middle East, and emerging countries, such as Russia. In response to structural changes in trade where the volume of transportation of finished cars from Japan is declining, the Group will reinforce its business operations to pursue cargos from Southeast Asia and within the Atlantic Basin. At the same time, the Group will build a more stable and stronger business platform for our additional fleet which are large-sized, new-generation vessels, featuring higher loading capacity and improved fuel efficiency, to carry cargos such as heavy construction machinery and rail trains.

In the LNG carrier business, the Group expects stable utilization of vessels based on medium- and long-term charter contracts. In the oil tanker business, the Group will secure stable earnings through medium- and long-term charter contracts for VLCCs and LPG carriers. With respect to medium-sized crude oil carriers and oil product carriers, the Group expects market condition to recover and will strive to improve earnings by allocating vessels efficiently.

In the short sea business, the Group will further improve its earnings by widening sales activities, more efficient vessel allocation, etc. In the coastal business, the Group will strive to increase the volumes of passengers and freight cargos by pursuing new customers with appropriate fleet management.

In the offshore energy E&P support business, the drill ship is expected to continue bringing in stable earnings. In the offshore support business, the Group expects market recovery to take some time, but will work to improve earnings by securing medium- to long-term contracts.

In the heavy lifter business, despite concerns that the declined oil price would hamper cargo movements in this sector, the Group will continue to pursue business opportunities of profitable contracts such as transportation of project cargos and offshore installation operations, as well as continuing efficient vessel allocation in semi-liner services in order to improve business profitability.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Total assets at the end of March 2015 were ¥1,223.328 billion, a decrease of ¥31.413 billion from the end of the previous fiscal year. Current assets decreased by ¥5.352 billion from the end of the previous fiscal year, due mainly to decreases in marketable securities while Cash and deposits increased. Fixed assets decreased by ¥26.060 billion, mainly as a result of a decrease in vessels.

Total liabilities at the end of the fiscal year were ¥755.887 billion, an ¥88.164 billion decrease from the end of the previous fiscal year. Current liabilities decreased by ¥25.363 billion from the end of the previous fiscal year, due mainly to decrease in current portion of bonds payable. Long-term liabilities decreased by ¥62.801 billion from the end of the previous fiscal year primarily because of a decrease in long-term debt.

Net assets increased by ¥56.751 billion to ¥467.440 billion from the end of the previous fiscal year due mainly to increases in net unrealized holding gain on investments in securities and translation adjustments.

2) Cash Flows, billion yen (rounded to nearest 100 million)

Item	Fiscal 2013 (Ended March 2014)	Fiscal 2014 (Ended March 2015)	Year-on-year increase/(decrease)
Cash and cash equivalents at the beginning of the year	159.1	222.6	63.5
(1) Cash flows from operating activities	88.2	101.8	13.6
(2) Cash flows from investing activities	(5.1)	(11.2)	(6.1)
(3) Cash flows from financing activities	(26.6)	(119.3)	(92.6)
(4) Currency translation gain or loss (on cash and cash equivalents)	7.0	14.7	7.7
Net increase (decrease) in cash and cash equivalents	63.5	(13.9)	(77.4)
Change in cash and cash equivalents as a result of companies newly included in consolidated accounting	0	0.7	0.7
Cash and cash equivalents at the end of the year	222.6	209.4	(13.2)

Total cash and cash equivalents at the end of fiscal year 2014 were ¥209.424 billion, a decrease of ¥13.182 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 inflow of ¥101.825 billion (compared to a net cash inflow of ¥88.228 billion in the previous fiscal year) due mainly to the net income before taxes and other adjustments.

Cash flows from investing activities resulted in a net cash outflow of ¥11.177 billion (compared to a net cash outflow of ¥5.113 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 outflow of ¥119.253 billion (compared to a net cash outflow of ¥26.634 billion in the previous fiscal year) due mainly to repayment of long-term debt and obligations under finance leases.

Reference: Changes in cash flow-related indicators

	Fiscal Year Ended March 2011	Fiscal Year Ended March 2012	Fiscal Year Ended March 2013	Fiscal Year Ended March 2014	Fiscal Year Ended March 2015
Equity ratio (%)	28.2	22.7	28.9	31.0	36.1
Equity ratio (based on market value) (%)	22.7	13.0	15.8	16.7	24.7
Ratio of debt to cash flow (annual)	5.7	-	10.5	7.3	5.3
Interest coverage ratio (x)	9.8	-	4.9	8.0	10.0

*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 debt 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 operating cash flows.
4. Interest-bearing debt is 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 2012 was omitted since the cash flows from operating activities were negative.

(3) Basic Dividend Policy and Dividend Payments for Fiscal Year 2014 and Following Fiscal Years

As for annual dividend payment for the fiscal year, which we have previously announced to pay 2.5 yen per share, we are pleased to announce that we now plan year-end dividend of 6.0 yen per share which will

make annual dividend 8.5 yen when added to interim dividend of 2.5 yen per share to meet our consolidated dividend payout ratio target of 30% in consideration that the fiscal year was the final year of our previous mid-term management plan ““K” Line Vision 100 –Bridge to the Future–“.

Our important task is to maximize returns to our shareholders while, for the sake of sustainable growth which is a main task of our management plan, maintaining necessary internal reserve to fund for our investments in plant and equipment and strengthen our financial position. Under our new medium-term management plan “ Value for our Next Century”, we are aiming to achieve a balance between stability and growth, while paying stable dividends and sharing profit exceeding a designated level in line with total return ratio target.

For the annual dividend in Fiscal Year of 2015, we plan 5.0 yen per share in accordance with above-mentioned policy (interim dividend is 2.5 yen per share).

(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 and such like, 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 are 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. 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, and construction of ships 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.

The Group has been investigated by the competition authorities in Europe and certain other countries in relation to alleged anti-competitive behavior (alleged formation of a cartel) relating to the transportation of automobiles, automotive construction machineries and other automotive vehicles. In addition, the Group is currently subject to class actions in North America on the same matter. The Group is currently unable to predict what the eventual outcome of these investigations or class actions will be (including whether or not it will be subject to any fines, penalties, damages or other liabilities) or when such investigations or class actions and the accompanying processes will be concluded. There can also be no assurance that the current investigations or class actions or any future decisions by competition authorities or courts will not induce further private legal actions or other claims against the Group in the future. If the outcome of any such action is unfavorable to the Group, it could materially adversely affect the Group's financial condition and results of operations.

5. Serious Marine Incidents, Environmental Destruction, 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. However, an unexpected accident, particularly one involving an oil spill and causing marine pollution could have a negative impact on the Group's financial position and operating results. Furthermore, piracy losses, operation 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 the 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 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 from, 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 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 cargos falls below the Group's prior projections when the Group takes delivery of a newbuilding, 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 if the actual balance of supply and demand for vessels deteriorates, or if vessels become obsolete due to technological innovation. As a result, there could be a negative impact on the Group's financial position or 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, for 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.

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 Containership Business Segment, Bulk Shipping Business Segment, Offshore Energy E&P Support and Heavy Lifter Business Segment, and Other Businesses.

The main companies that handle these businesses (as of March 31, 2015) are the following:

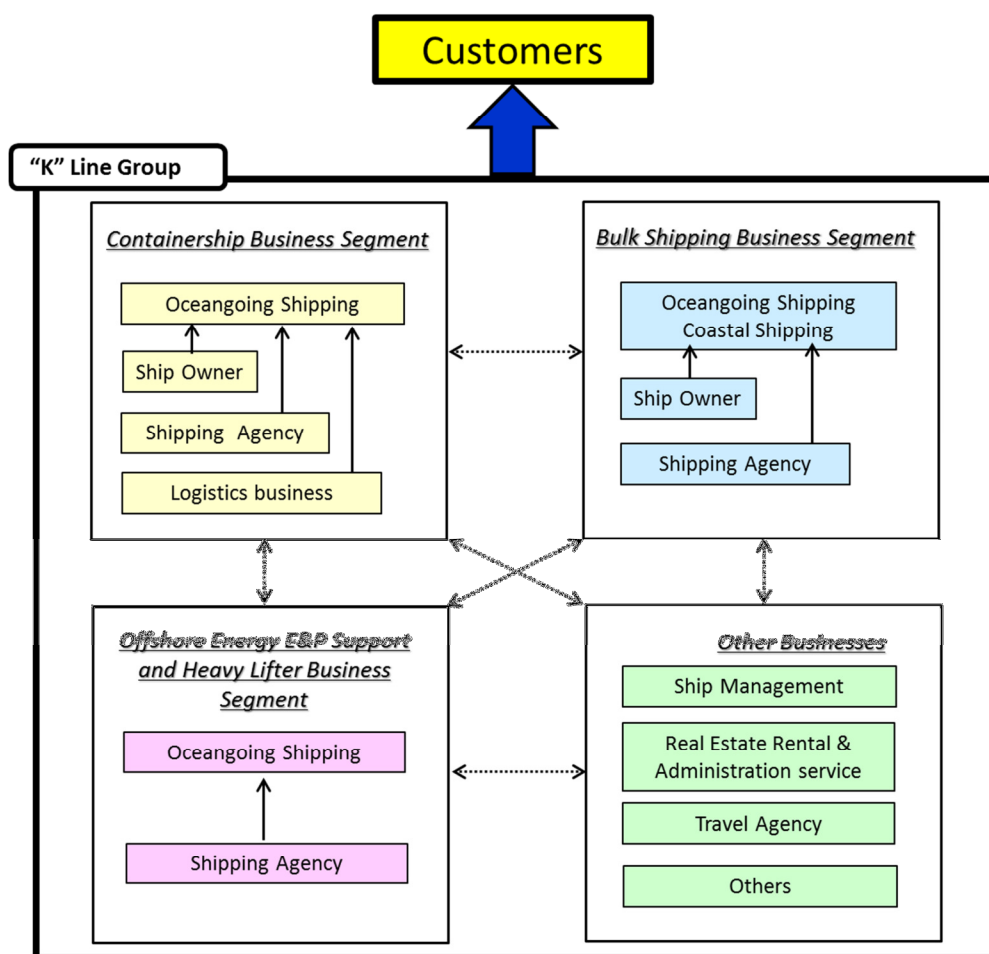
Business Segment	Principal Companies Managing Each Business	
	Domestic	Overseas
I. Containership	Kawasaki Kisen Kaisha, Ltd., Daito Corporation, Nitto Total Logistics, Seagate Corporation, “K” Line (Japan) Ltd., KMDS Co., Ltd, Nitto Tugboat Co., Ltd., Hokkai Transportation Co., Ltd., “K” Line Logistics, Ltd., Japan Express Transportation Co., Ltd.	“K” LINE PTE LTD, “K” LINE AMERICA, INC., “K” LINE (KOREA) LTD., KLINE (CHINA) LTD., “K” LINE (HONG KONG) LIMITED, “K” LINE (TAIWAN) LTD., K LINE (THAILAND) LTD., “K” LINE (SINGAPORE) PTE LTD, PT. K LINE INDONESIA, “K” LINE MARITIME (M) SDN BHD, “K” LINE (EUROPE) LIMITED, “K” LINE (Deutschland) GmbH, KAWASAKI (AUSTRALIA) PTY. LTD., “K” Line (Nederland) B. V., “K” LINE (BELGIUM), “K” LINE (France) SAS, “K” LINE (SCANDINAVIA) HOLDING A/S, “K” LINE (PORTUGAL) – AGENTES DE NAVEGAÇÃO, S.A., INTERNATIONAL TRANSPORTATION SERVICE, INC., “K” LINE SHIPPING (SOUTH AFRICA) PTY LTD, “K” LINE (VIETNAM) LIMITED, CENTURY DISTRIBUTION SYSTEMS, INC., “K” LINE NEW YORK, INC., JAMES KEMBALL LIMITED, UNIVERSAL LOGISTICS SYSTEMS, INC.
II Bulk Shipping	Kawasaki Kisen Kaisha, Ltd., Kawasaki Kinkai Kisen Kaisha, Ltd.,	“K” LINE PTE LTD, “K” LINE BULK SHIPPING (UK) LIMITED, “K” Line European Sea Highway Services GmbH, “K” LINE LNG SHIPPING (UK) LIMITED,
III Offshore Energy E&P Support and Heavy Lifter		“K” LINE DRILLING/OFFSHORE HOLDING, INC., K LINE OFFSHORE AS, “K” LINE HEAVY LIFT (GERMANY) GmbH, SAL Heavy Lift GmbH

IV Other	Kawasaki Kisen Kaisha, Ltd., Daito Corporation, Nitto Total Logistics Ltd., Seagate Corporation, Hokkai Transportation Co., Ltd., Rinko Corporation*, “K” Line Ship Management Co., Ltd., Taiyo Nippon Kisen Co., Ltd., Escobal Japan Ltd., Kawaki Kosan Kaisha, Ltd., “K” Line Accounting and Finance Co., Ltd., “K” Line Engineering Co., Ltd., Shinki Corporation, “K” Line Business Systems, Ltd., “K” Line Travel, Ltd.	“K”LINE HOLDING (EUROPE) LIMITED, CYGNUS INSURANCE COMPANY LIMITED
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NOTE / Companies without asterisk : Consolidated companies

Mark of *: Affiliated companies (subject to equity method)

The above overall business structure is as follows:



3. Management Policies

(1) Fundamental Company Management Policy

With the Group's 100th anniversary coming in April 2019, the Group has established a new Corporate Principle and Vision to reaffirm its mission of contributing to the well-being and prosperous lifestyles of people around the world through its sustainable growth and raising corporate value.

Corporate Principle

~  : trust from all over the world~

As an integrated logistics company grown from shipping business,
the "K" LINE Group contributes to society so that people live well and prosperously.

We always recognize this principle in our operations.

Vision

Concepts that the "K" Line Group pursues in business

- | | |
|---|--|
| ◆ Providing reliable and excellent services | - Contributing to society |
| ◆ A fair way of business | - Fostering trust from society |
| ◆ Relentless efforts to achieve innovation | - Generating new values |
| ◆ Respecting humanity | - Corporate culture that respect individuality and diversity |

We pursue these concepts in our Vision and will progress further to the next stage.

(2) Medium- to Long-Term Management Strategy and Target Indicators for Management

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

- Stability by improving financial strength
- Further business growth based on financial soundness
- Dialogues and collaboration with stakeholders

*The detail of themes stated above is in item (3) below.

* " Value" is read as "'K' Line value." It is a symbol to represent the Group's unique corporate value by using the Group's funnel mark.

Financial results of the fiscal year, and projections and key financial indicators for " Value for our Next Century"

	Result of 2014	Target for 2017	Target for 2019 K100th anniversary
Operating revenue (¥ billion)	1,352.4	1,400	1,500
Ordinary income (¥ billion)	49.0	60	85
Net income (¥ billion)	26.8	45	more than 60
EBITDA (¥ billion)	112.0	130	150
ROE	6.5%	8~9%	more than 10%
Equity capital (¥ billion)	441.5	510	600
Equity ratio	36%	40%	40%
Interest-bearing liabilities (¥ billion)	536.8	460	480
DER	122%	80~90%	80%
NET DER	67%	60%	55%
Cash flows from operating activities (¥ billion)	101.8	98	120
Cash flows from investing activities (¥ billion)	▲ 11.2	▲ 70	▲ 80
Exchange rate	¥ 109.19	¥ 110.00	¥ 110.00
Fuel oil price (Per MT)	\$ 541	\$ 500	\$ 500

(3) Tasks for the “K” Line Group to Address

Under the medium-term management plan, “ Value for our Next Century,” the Group has set 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 fiscal 2017, 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 improving 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 fiscal 2015, 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 improving 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 fiscal 2019, aiming to achieve a balance between stability and growth, while paying stable dividends and sharing profit exceeding designated level, based on total return ratio.

4. 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

5. Matters Relating to Summary Information

Changes in Accounting Policies

(Application of Accounting Standard for Retirement Benefits)

The Company and its domestic consolidated subsidiaries have adopted “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No.26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, Mar 26, 2015), effective from the first quarter of the fiscal year ending March 31, 2015, in accordance with the provisions stated in paragraph 35 of ASBJ Statement No.26 and paragraph 67 of ASBJ Guidance No.25. As a result, the methods for calculating retirement benefit obligations and service costs have been revised in the following respects: The method for attributing projected benefits to periods has been changed from the straight-line basis to the benefit formula basis, and the method for determining the discount rate has been changed from referring to the period approximate to the expected average remaining working lives of employees, to use a single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and the amount of projected benefits every such period.

According to the transitional treatment provided in paragraph 37 of ASBJ Statement No.26, the effect of changing the method for calculating retirement benefit obligations and service costs was recognized by adjusting retained earnings at the beginning of the fiscal year ending March 31, 2015.

As a result, net defined benefit asset decreased by ¥105 million and net defined benefit liability increased by ¥381 million, whereas retained earnings decreased by ¥244 million at the beginning of the fiscal year ending March 31, 2015. The effect of this change on consolidated operating results for the fiscal year ending March 31, 2015 is immaterial.

Additional Information

(Adoption of the consolidated taxation system)

The Company files a tax return under the consolidated corporate-tax system, from the first quarter of the fiscal year ending March 31, 2015, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

Consolidated Financial Statements

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

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2015 and 2014

(Millions of Yen/Thousands of U.S.Dollars)

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2015
ASSETS			
Current assets :			
Cash and deposits	¥ 186,394	¥ 242,432	\$ 2,017,413
Accounts and notes receivable-trade	94,345	94,132	783,329
Marketable securities	49,998	-	-
Raw material and supply	49,032	35,312	293,851
Prepaid expenses and deferred charges	46,106	43,859	364,980
Deferred income taxes	2,072	1,260	10,487
Short-term loans receivable	2,515	3,410	28,383
Other current assets	17,797	23,845	198,429
Allowance for doubtful receivables	(656)	(1,999)	(16,643)
Total current assets	447,605	442,253	3,680,229
Fixed assets :			
(Tangible fixed assets)			
Vessels	566,589	529,408	4,405,493
Buildings and structures	21,599	19,945	165,977
Machinery and vehicles	7,431	7,700	64,078
Land	26,623	25,820	214,864
Construction in progress	35,332	45,824	381,333
Other tangible fixed assets	3,649	3,797	31,602
Total tangible fixed assets	661,226	632,496	5,263,348
(Intangible fixed assets)			
Goodwill	507	231	1,922
Other intangible fixed assets	4,850	4,356	36,250
Total intangible fixed assets	5,358	4,587	38,172
(Investments and other long-term assets)			
Investments in securities	88,310	93,991	782,157
Long-term loans receivable	16,291	16,935	140,928
Net defined benefit asset	1,168	1,605	13,359
Deferred income taxes	19,757	7,593	63,188
Other long-term assets	15,333	24,230	201,633
Allowance for doubtful receivables	(310)	(364)	(3,034)
Total investments and other long-term assets	140,551	143,991	1,198,231
Total fixed assets	807,135	781,075	6,499,752
Total assets	¥ 1,254,741	¥ 1,223,328	\$ 10,179,980

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2015 and 2014

(Millions of Yen/Thousands of U.S.Dollars)

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2015
LIABILITIES			
Current liabilities :			
Accounts and notes payable-trade	¥ 91,492	¥ 101,324	\$ 843,178
Short-term loans and current portion of long-term debt	77,091	81,475	677,998
Accrued income taxes	2,822	6,641	55,271
Allowance for loss related to Anti-Monopoly Act	67	1,672	13,914
Provision for bonuses	2,381	2,754	22,918
Provision for directors's bonus	205	210	1,748
Other current liabilities	112,250	66,871	556,472
Total current liabilities	286,312	260,949	2,171,500
Long-term liabilities :			
Bonds	53,321	52,943	440,568
Long-term debt, less current portion	418,933	357,502	2,974,974
Lease obligation	38,865	41,030	341,441
Deferred income taxes on land revaluation	2,096	1,961	16,320
Allowance for directors' and corporate auditors' retirement benefits	1,541	1,531	12,747
Accrued expenses for overhaul of vessels	15,452	14,127	117,565
Net defined benefit liability	7,978	6,310	52,516
Derivative liabilities	10,638	12,147	101,086
Other long-term liabilities	8,912	7,382	61,437
Total long-term liabilities	557,740	494,938	4,118,654
Total liabilities	844,052	755,887	6,290,154
NET ASSETS			
Shareholder's equity:			
Common stock	75,457	75,457	627,924
Capital surplus	60,312	60,312	501,890
Retained earnings	234,429	254,922	2,121,346
Less treasury stock, at cost	(908)	(1,071)	(8,914)
Total shareholders' equity	369,291	389,620	3,242,246
Accumulated other comprehensive income :			
Net unrealized holding gain on investments in securities	8,188	14,822	123,348
Deferred gain (loss) on hedges	5,753	8,719	72,560
Revaluation reserve for land	5,978	6,209	51,671
Translation adjustments	71	22,201	184,747
Remeasurements of defined benefit plans	(446)	(41)	(346)
Total accumulated other comprehensive income, net	19,545	51,911	431,981
Minority interests in consolidated subsidiaries	21,851	25,908	215,599
Total net assets	410,688	467,440	3,889,826
Total liabilities and net assets	¥ 1,254,741	¥ 1,223,328	\$ 10,179,980

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2015 and 2014

	(Millions of Yen/Thousands of U.S.Dollars)		
	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2015
Marine transportation and other operating revenues	¥ 1,224,126	¥ 1,352,421	\$ 11,254,232
Marine transportation and other operating expenses	1,123,236	1,227,593	10,215,478
Gross income	100,889	124,827	1,038,755
Selling, general and administrative expenses	72,035	76,838	639,417
Operating income	28,854	47,988	399,338
Non-operating income :			
Interest income	1,321	1,481	12,326
Dividend income	2,183	2,234	18,591
Equity in earnings of affiliated companies	2,756	2,180	18,149
Exchange gain	6,347	4,197	34,926
Other non-operating income	3,199	1,564	13,021
Total non-operating income	15,808	11,658	97,013
Non-operating expenses :			
Interest expenses	10,984	9,819	81,716
Other non-operating expenses	1,223	846	7,041
Total non-operating expenses	12,208	10,665	88,756
Ordinary income	32,454	48,980	407,594
Extraordinary profits :			
Gain on sales of fixed assets	4,963	7,947	66,137
Gain on sales of investments in securities	2,766	7,735	64,368
Gain on sales of shares of subsidiaries and associates	12	10,759	89,537
Other extraordinary profits	586	1,741	14,496
Total extraordinary profits	8,328	28,184	234,539
Extraordinary losses :			
Loss on impairment of fixed assets	3,958	13,571	112,932
Loss on cancellation of chartered vessels	-	5,225	43,488
Loss related to Anti-Monopoly Act	5,698	7,023	58,444
Provision of allowance for loss related to Anti-Monopoly Act	67	1,672	13,914
Other extraordinary losses	3,814	1,040	8,655
Total extraordinary losses	13,539	28,532	237,433
Income before income taxes	27,244	48,632	404,700
Income taxes :			
Current	7,244	12,798	106,503
Deferred	1,333	7,803	64,937
Total income taxes	8,577	20,601	171,440
Net income before minority interests	18,666	28,030	233,260
Minority interests	2,024	1,212	10,090
Net income	¥ 16,642	¥ 26,818	\$ 223,169

Consolidated Statements of Comprehensive Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2015 and 2014

	(Millions of Yen/Thousands of U.S.Dollars)		
	Year ended ended March 31, 2014	Year ended ended March 31, 2015	Year ended ended March 31, 2015
Income before minority interests	¥ 18,666	¥ 28,030	\$ 233,260
Other comprehensive income			
Net unrealized holding gain on investments in securities	5,717	6,693	55,703
Deferred income on hedges	13,053	3,273	27,240
Revaluation reserve for land	272	130	1,084
Translation adjustments	13,662	22,672	188,672
Remeasurements of defined benefit plans, net of tax	-	424	3,529
Share of other comprehensive income of subsidiaries and affiliates accounted for by the equity method	1,711	838	6,981
Total other comprehensive income	34,416	34,033	283,209
Comprehensive income	¥ 53,083	¥ 62,064	\$ 516,469
(Breakdown)			
Comprehensive income attributable to:			
Shareholders of Kawasaki Kisen Kaisha, Ltd.	¥ 50,729	¥ 59,192	\$ 492,571
Minority interests	2,353	2,871	23,898

Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2014

(Millions of Yen)

	Shareholder's equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total of shareholders' equity
Balance March 31, 2013	¥ 75,457	¥ 60,315	¥ 223,287	¥ (904)	¥358,155
Cumulative effects of changes in accounting policies					-
Restated balance	¥ 75,457	¥ 60,315	¥ 223,287	¥ (904)	¥ 358,155
Change in items during the term					
Cash dividends			¥ (2,345)		¥ (2,345)
Net Income			¥ 16,642		¥ 16,642
Purchase of treasury stocks				¥ (9)	¥ (9)
Disposal of treasury stocks		¥ (3)		¥ 5	¥ 2
Reversal of revaluation reserve for land			¥ (3,159)		¥ (3,159)
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other			¥ 3		¥ 3
Net changes in items other than shareholders' equity					
Net changes during the term	-	¥ (3)	¥ 11,142	¥ (3)	¥ 11,135
Balance March 31, 2014	¥ 75,457	¥ 60,312	¥ 234,429	¥ (908)	¥369,291

	Valuation and translation adjustments						Minority interests in consolidated subsidiaries	Total net assets
	Unrealized holding gain on investments in securities	Deferred gain (loss) on hedges	Revaluation reserve for land	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance March 31, 2013	¥ 2,475	¥ (8,104)	¥ 2,350	¥ (14,306)	-	¥ (17,584)	¥ 21,404	¥ 361,975
Cumulative effects of changes in accounting policies								-
Restated balance	¥ 2,475	¥ (8,104)	¥ 2,350	¥ (14,306)	-	¥ (17,584)	¥ 21,404	¥ 361,975
Change in items during the term								
Cash dividends								¥ (2,345)
Net Income								¥ 16,642
Purchase of treasury stocks								¥ (9)
Disposal of treasury stocks								¥ 2
Reversal of revaluation reserve for land								¥ (3,159)
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other								¥ 3
Net changes in items other than shareholders' equity	¥5,712	¥13,857	¥3,628	¥14,378	¥ (446)	¥37,130	¥447	¥37,578
Net changes during the term	¥5,712	¥13,857	¥3,628	¥14,378	¥ (446)	¥37,130	¥447	¥48,713
Balance March 31, 2014	¥ 8,188	¥ 5,753	¥ 5,978	¥ 71	¥ (446)	¥ 19,545	¥ 21,851	¥ 410,688

Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2015

(Millions of Yen)

	Shareholder's equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total of shareholders' equity
Balance March 31, 2014	¥75,457	¥60,312	¥234,429	¥ (908)	¥369,291
Cumulative effects of changes in accounting policies			¥ (244)		¥ (244)
Restated balance	¥75,457	¥60,312	¥234,185	¥ (908)	¥369,047
Change in items during the term					
Cash dividends			¥ (6,565)		¥ (6,565)
Net Income			¥26,818		¥26,818
Purchase of treasury stocks				¥ (163)	¥ (163)
Disposal of treasury stocks					-
Reversal of revaluation reserve for land			¥8		¥8
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other			¥475		¥475
Net changes in items other than shareholders' equity					
Net changes during the term	-	-	¥20,736	¥ (163)	¥20,573
Balance March 31, 2015	¥75,457	¥60,312	¥254,922	¥ (1,071)	¥389,620

	Valuation and translation adjustments						Minority interests in consolidated subsidiaries	Total net assets
	Unrealized holding gain (loss) on investments in securities	Deferred gain (loss) on hedges	Revaluation reserve for land	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance March 31, 2014	¥ 8,188	¥ 5,753	¥ 5,978	¥ 71	¥ (446)	¥ 19,545	¥ 21,851	¥ 410,688
Cumulative effects of changes in accounting policies							¥ (11)	¥ (255)
Restated balance	¥ 8,188	¥ 5,753	¥ 5,978	¥ 71	¥ (446)	¥ 19,545	¥ 21,840	¥ 410,433
Change in items during the term								
Cash dividends								¥ (6,565)
Net Income								¥ 26,818
Purchase of treasury stocks								¥ (163)
Disposal of treasury stocks								-
Reversal of revaluation reserve for land								¥ 8
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other								¥ 475
Net changes in items other than shareholders' equity	¥ 6,634	¥ 2,965	¥ 230	¥ 22,129	¥ 404	¥ 32,365	¥ 4,068	¥ 36,433
Net changes during the term	¥ 6,634	¥ 2,965	¥ 230	¥ 22,129	¥ 404	¥ 32,365	¥ 4,068	¥ 57,007
Balance March 31, 2015	¥ 14,822	¥ 8,719	¥ 6,209	¥ 22,201	¥ (41)	¥ 51,911	¥ 25,908	¥ 467,440

Consolidated Statements of Shareholders' Equity

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2015

(Thousands of USD)

	Shareholder's equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total of shareholders' equity
Balance March 31, 2014	\$627,924	\$501,890	\$1,950,817	(\$7,557)	\$3,073,074
Cumulative effects of changes in accounting policies			(\$2,032)		(\$2,032)
Restated balance	\$627,924	\$501,890	\$1,948,785	(\$7,557)	\$3,071,042
Change in items during the term					
Cash dividends			(\$54,638)		(\$54,638)
Net Income			\$223,169		\$223,169
Purchase of treasury stocks				(\$1,357)	(\$1,357)
Disposal of treasury stocks					-
Reversal of revaluation reserve for land			\$72		\$72
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other			\$3,958		\$3,958
Net changes in items other than shareholders' equity					
Net changes during the term			\$172,561	(\$1,357)	\$171,204
Balance March 31, 2015	\$627,924	\$501,890	\$2,121,346	(\$8,914)	\$3,242,246

	Valuation and translation adjustments						Minority interests in consolidated subsidiaries	Total net assets
	Unrealized holding gain (loss) on investments in securities	Deferred gain (loss) on hedges	Revaluation reserve for land	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance March 31, 2014	\$68,138	\$47,880	\$49,751	\$595	(\$3,712)	\$162,651	\$181,842	\$3,417,567
Cumulative effects of changes in accounting policies							(\$95)	(\$2,127)
Restated balance	\$68,138	\$47,880	\$49,751	\$595	(\$3,712)	\$162,651	\$181,747	\$3,415,439
Change in items during the term								
Cash dividends								(\$54,638)
Net Income								\$223,169
Purchase of treasury stocks								(\$1,357)
Disposal of treasury stocks								-
Reversal of revaluation reserve for land								\$72
Net change in retained earnings resulting from inclusion or exclusion of subsidiaries and other								\$3,958
Net changes in items other than shareholders' equity	\$55,210	\$24,681	\$1,920	\$184,153	\$3,367	\$269,330	\$33,852	\$303,182
Net changes during the term	\$55,210	\$24,681	\$1,920	\$184,153	\$3,367	\$269,330	\$33,852	\$474,387
Balance March 31, 2015	\$123,348	\$72,560	\$51,671	\$184,747	(\$346)	\$431,981	\$215,599	\$3,889,826

Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2015 and 2014

(Millions of Yen / Thousands of U.S.Dollars)

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2015
Cash flows from operating activities :			
Income before income taxes and minority interests	¥ 27,244	¥ 48,632	\$ 404,700
Depreciation and amortization	52,243	53,526	445,424
(Decrease) increase in net defined benefit liability	696	(1,667)	(13,875)
Reversal of directors' and corporate auditors' retirement benefits	(41)	(16)	(141)
Decrease in accrued expenses for overhaul of vessels	(1,112)	(1,358)	(11,309)
Increase in allowance for loss related to Anti-Monopoly Act	67	1,604	13,349
Interest and dividend income	(3,505)	(3,715)	(30,917)
Interest expense	10,984	9,819	81,716
Exchange gain	(3,091)	(951)	(7,916)
Loss on impairment of fixed assets	3,958	13,571	112,932
Loss on cancellation of chartered vessels	-	5,225	43,488
Loss related to Anti-Monopoly Act	5,698	7,023	58,444
Gain on sales of vessels, property and equipment	(4,958)	(7,920)	(65,909)
Gain on sales of marketable securities and investments in securities	(1,295)	(7,724)	(64,281)
Gain on sales of shares of subsidiaries and associates	73	(10,744)	(89,415)
Decrease (increase) in accounts and notes receivable – trade	(4,462)	2,296	19,108
Decrease (increase) in inventories	(5,741)	14,185	118,049
Decrease (increase) in other current assets	(1,491)	1,848	15,379
Increase in accounts and notes payable – trade	5,777	7,652	63,679
Increase in other current liabilities	3,082	6,356	52,898
Change in derivative assets and liabilities, net	23,612	-	-
Other, net	(6,699)	(3,609)	(30,040)
Subtotal	101,038	134,033	1,115,364
Interest and dividends received	4,726	4,978	41,432
Interest paid	(10,995)	(10,168)	(84,621)
Payment for cancellation of chartered vessels	-	(5,225)	(43,488)
Payments related to Anti-Monopoly Act	-	(12,721)	(105,863)
Income taxes paid	(6,541)	(9,070)	(75,477)
Net cash provided by operating activities	88,228	101,825	847,346
Cash flows from investing activities :			
Payments into time deposits	(11,392)	(47,585)	(395,986)
Proceeds from withdrawal of time deposits	884	28,693	238,778
Purchases of marketable securities and investments in securities	(2,137)	(4,989)	(41,520)
Proceeds from sale of marketable securities and investments in securities	11,034	19,462	161,956
Proceeds from sales of shares of subsidiaries	18	13,735	114,304
Purchases of vessels, property and equipment	(92,317)	(87,912)	(731,564)
Proceeds from sale of vessels, property and equipment	88,909	69,002	574,204
Purchases of intangible fixed assets	(772)	(829)	(6,903)
Increase in long-term loans receivable	(1,069)	(1,663)	(13,843)
Collection of long-term loans receivable	1,536	2,631	21,895
Other, net	191	(1,722)	(14,334)
Net cash used in investing activities	(5,113)	(11,177)	(93,014)
Cash flows from financing activities :			
Decrease in short-term loans, net	(3,156)	(920)	(7,661)
Proceeds from long-term debt	77,947	33,869	281,847
Repayment of long-term debt and obligations under finance leases	(122,004)	(102,702)	(854,641)
Proceeds from Issuance of Bonds	49,939	-	-
Redemption of Bonds	(25,874)	(45,378)	(377,615)
Cash dividends paid	(2,343)	(6,558)	(54,574)
Cash dividends paid to minority shareholders	(1,139)	(1,445)	(12,025)
Proceeds from sales and leasebacks	-	3,880	32,295
Other, net	(3)	0	0
Net cash used in financing activities	(26,634)	(119,253)	(992,373)
Effect of exchange rate changes on cash and cash equivalents	7,019	14,714	122,445
Net (decrease) increase in cash and cash equivalents	63,500	(13,891)	(115,596)
Cash and cash equivalents at beginning of the period	159,075	222,606	1,852,430
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	30	708	5,900
Cash and cash equivalents at end of the period	¥ 222,606	¥ 209,424	\$ 1,742,733

Segment information

Year ended March 31, 2014

(Millions of Yen)

	Containership	Bulk shipping	Offshore Energy E&P Support and Heavy Lifter	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating Revenues from customers	¥ 582,398	¥ 572,685	¥ 32,817	¥ 36,223	¥ 1,224,126	¥ -	¥ 1,224,126
Inter-group revenues and transfers	8,119	2,743	-	43,284	54,146	(54,146)	-
Total revenues	590,517	575,429	32,817	79,508	1,278,272	(54,146)	1,224,126
Segment income (loss)	¥ (141)	¥ 41,261	¥ (4,503)	¥ 2,635	¥ 39,251	¥ (6,797)	¥ 32,454
Segment assets	¥ 272,672	¥ 723,283	¥ 123,476	¥ 93,565	¥ 1,212,967	¥ 41,773	¥ 1,254,741
Depreciation and amortization	¥ 8,399	¥ 33,938	¥ 7,198	¥ 1,870	¥ 51,406	¥ 837	¥ 52,243
Amortization of goodwill	230	-	-	-	230	-	230
Interest income	526	680	113	133	1,453	(131)	1,321
Interest expenses	1,220	6,183	2,821	221	10,446	538	10,984
Equity in earning of affiliates	1,224	807	602	122	2,756	-	2,756
Investments in affiliates accounted for by the equity method	6,569	7,518	5,032	3,703	22,823	-	22,823
Increase in vessels, property and equipment, and intangible assets	9,089	83,047	184	762	93,083	294	93,377

Year ended March 31, 2015

(Millions of Yen)

	Containership	Bulk shipping	Offshore Energy E&P Support and Heavy Lifter	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating Revenues from customers	¥ 677,428	¥ 600,687	¥ 35,317	¥ 38,988	¥ 1,352,421	¥ -	¥ 1,352,421
Inter-group revenues and transfers	7,353	3,036	1	47,426	57,818	(57,818)	-
Total revenues	684,781	603,724	35,319	86,414	1,410,239	(57,818)	1,352,421
Segment (loss) income	¥ 20,623	¥ 36,500	¥ (5,670)	¥ 3,023	¥ 54,477	¥ (5,496)	¥ 48,980
Segment assets	¥ 306,749	¥ 724,646	¥ 103,496	¥ 106,847	¥ 1,241,740	¥ (18,412)	¥ 1,223,328
Depreciation and amortization	¥ 8,816	¥ 35,539	¥ 6,132	¥ 2,242	¥ 52,730	¥ 796	¥ 53,526
Amortization of goodwill	241	-	(0)	-	241	-	241
Interest income	747	694	23	166	1,632	(150)	1,481
Interest expenses	1,093	6,136	2,272	213	9,715	104	9,819
Equity in earning of affiliates	1,026	59	911	182	2,180	-	2,180
Investments in affiliates accounted for by the equity method	8,233	7,987	5,965	4,170	26,356	-	26,356
Increase in vessels, property and equipment, and intangible assets	17,648	70,917	99	469	89,135	366	89,501

Year ended March 31, 2015

(Thousands of U.S. Dollars)

	Containership	Bulk shipping	Offshore Energy E&P Support and Heavy Lifter	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating Revenues from customers	\$ 5,637,250	\$ 4,998,644	\$ 293,896	\$ 324,442	\$ 11,254,232	\$ -	\$ 11,254,232
Inter-group revenues and transfers	61,190	25,272	13	394,663	481,138	(481,138)	-
Total revenues	5,698,440	5,023,917	293,909	719,106	11,735,371	(481,138)	11,254,232
Segment (loss) income	\$ 171,615	\$ 303,745	\$ (47,186)	\$ 25,161	\$ 453,335	\$ (45,741)	\$ 407,594
Segment assets	\$ 2,552,633	\$ 6,030,180	\$ 861,247	\$ 889,138	\$ 10,333,198	\$ (153,218)	\$ 10,179,980
Depreciation and amortization	\$ 73,366	\$ 295,740	\$ 51,031	\$ 18,661	\$ 438,799	\$ 6,626	\$ 445,424
Amortization of goodwill	2,013	-	(6)	-	2,007	-	2,007
Interest income	6,220	5,781	197	1,383	13,582	(1,255)	12,326
Interest expenses	9,099	51,063	18,911	1,775	80,848	868	81,716
Equity in earning of affiliates	8,544	497	7,586	1,522	18,149	-	18,149
Investments in affiliates accounted for by the equity method	68,520	66,470	49,638	34,702	219,330	-	219,330
Increase in vessels, property and equipment, and intangible assets	146,864	590,145	832	3,903	741,745	3,048	744,793