

October 3, 2011

Revised Forecast of Financial Results and Revision of Dividend Projections

Kawasaki Kisen Kaisha, Ltd. (“K” Line) announces that, based on recent performance, it has revised its forecast of consolidated financial results for the first half and full fiscal year ending March 31, 2012, and its projection for year-end dividend as set forth below.

1. Revised Forecast of Consolidated Financial Results for the First Half and Full Year

(1) Details of the Revision (Consolidated)

1) Forecast of Consolidated Financial Results for the First Half (April 1 – September 30, 2011)

	First Half				
	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Net income per share (yen)
Forecast announced previously on July 29, 2011 (A)	500,000	(15,000)	(14,000)	(2,000)	(2.62)
Revised forecast (B)	498,000	(19,000)	(19,000)	(16,000)	(20.95)
Change (B – A)	(2,000)	(4,000)	(5,000)	(14,000)	(18.33)
Change (%)	-0.4%	-	-	-	-
Reference: Consolidated results for first half of prior fiscal year (half ended September 30, 2010)	520,358	50,008	42,849	26,329	34.48

2) Forecast of Consolidated Financial Results for the Full Year (April 1, 2011 – March 31, 2012)

	Full Year				
	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Net income per share (yen)
Forecast announced previously (A) (announced on July 29, 2011)	1,060,000	(5,000)	(6,000)	2,000	2.62
Revised forecast (B)	998,000	(32,000)	(39,000)	(30,000)	(39.28)
Change (B – A)	(62,000)	(27,000)	(33,000)	(32,000)	(41.90)
Change (%)	-5.8%	-	-	-	-
Reference: Consolidated results for prior fiscal year (fiscal year ended March 31, 2011)	985,084	58,609	47,350	30,603	40.08

(2) Reasons for the Revision

In the second quarter, freight levels did not recover as anticipated in the leadup to the peak summer season, particularly in containership business, and as a result, a decline in financial results compared to previously announced projection is expected. Also, “K” Line projects to experience an extraordinary loss of 15.6 billion yen resulting from devaluation of investment securities due to stagnation in the stock market. Operating results in our car carrier business are expected to improve in the second half supported by higher export volumes by Japanese automobile manufacturers, however the extremely high value of the yen and the prolonged slump in the containership market are expected to cause deterioration of business results as a whole. “K” Line is taking measures to improve profitability and cut costs, and based on deterioration of the business environment, forecasts of consolidated financial results for the first half and full fiscal year have been revised downward as described above.

Business outlook and its major assumptions are detailed below by segment.

Business segment		FY2011 (unit: billion yen)					Estimate on July 29	
		1Q Result	2Q Est.	1H	2H	FY	FY	
Containership	Operating revenue	104.7	105.3	210.0	200.0	410.0	460.0	
	Ordinary Income	(7.8)	(9.2)	(17.0)	(16.0)	(33.0)	(10.5)	
Bulk shipping	Operating revenue	110.1	120.9	231.0	239.0	470.0	470.0	
	Ordinary Income	(2.0)	(0.0)	(2.0)	(4.0)	(6.0)	2.5	
Other	Operating revenue	29.4	27.6	57.0	61.0	118.0	130.0	
	Ordinary Income	1.8	0.2	2.0	2.0	4.0	6.0	
Adjustments and eliminations	Operating revenue	-	-	-	-	0.0	0.0	
	Ordinary Income	(0.9)	(1.1)	(2.0)	(2.0)	(4.0)	(4.0)	
Total	Operating revenue	244.2	253.8	498.0	500.0	998.0	1,060.0	
	Ordinary Income	(8.8)	(10.2)	(19.0)	(20.0)	(39.0)	(6.0)	

Bulk market	FY2011	
	1H Estimate	2H Estimate
Cape (170 type)	\$12,800	\$18,000
Panamax (74 type)	\$13,350	\$13,500
Handy (53 type)	\$14,300	\$13,500

Premises

Exchange Rate 2H ¥77.00/\$

Bunker Price 2H \$650/MT

More details about financial results for the second quarter and full year forecast will be explained when financial results for the second quarter are announced on October 31, 2011.

2. Revision of Dividend Projections for the Fiscal Year ending March 31, 2012

(1) Details of the Revision

Record date	Dividends per share (yen)		
	End of first half	End of fiscal year	Total dividend
Forecast announced previously (announced on July 29, 2011)	0.00 yen	(Undetermined)	(Undetermined)
Revised forecast	0.00 yen	0.00 yen	0.00 yen
Results for prior fiscal year (ended March 31, 2011)	4.00 yen	5.50 yen	9.50 yen

(2) Reasons for the Revision

With respect to the payment of dividends this fiscal year, "K" Line's policy of seeking a dividend payout ratio of 25% remains unchanged, and as indicated above, the recent deterioration of the business environment has led "K" Line to predict a loss for the full fiscal year. Accordingly, the forecast was changed from undetermined to no payment of a year-end dividend.

With concerns about a global recession, it is difficult to be optimistic about the future business environment. However, to move into the black next fiscal year and beyond, we are taking measures to improve medium- and long-term profitability, including reviewing investment strategies and measures to improve short-term earnings through streamlining and reducing costs. Thus we will ensure a stable profit structure with positive earnings from the following fiscal year.

Note: The forecasts of financial results set forth in this document were calculated based on available information as of October 3rd. Actual results may differ from the forecast because of various factors such as future developments in the business environment. Further details will be provided on October 31st at the announcement of financial results for the second quarter of the fiscal year ending March 31, 2012.

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