

July 26, 2017

Notice of transferring subsidiary company

Kawasaki Kisen Kaisha, Ltd. (“K” Line) announces today that it was approved by its board of directors that SAL Heavy lift GmbH (SAL), its subsidiary company, enters into agreement to transfer its share to SALTO Holding GmbH & Co. KG. (SALTO)

Outline of the company to be transferred

(1) Company Name	SAL Heavy Lift GmbH		
(2) Head Office	Brooktorkai 20, 20457 Hamburg, Germany		
(3) Representative	Executive Chairman Yutaka Nakagawa		
(4) Main Business	Owning of Heavyliifter Vessels and Transport of Heavy Cargoes		
(5) Capital	Eur 155,458,544.00		
(6) Date Established	May 9, 1980		
(7) Main Shareholder and Share Ownership Ratio	"K" Line Heavy Lift (Germany) GmbH 100% (Listed company's 100% owning subsidiary)		
(8) Relationship with Subsidiary	Capital	Whole voting rights are held by the listed company's 100% owning subsidiary	
	Personnel	one executive officer and two employee are engaged.	
	Business Transactions	some investment capital to aquire ship assets are lent	
(9) Subsidiary's consolidated business performance nad and consolidated financial status for the three most recent years (Unit : Eur 1,000)			
Reporting period for Year Ended	March 2015	March 2016	March 2017
Net Assets	97,201.17	72,333.31	△ 25,127.79
Total Assets	358,296.14	315,350.89	196,872.26
Net Assets per Share (Eur)	0.63	0.47	△ 0.16
Sales	201,594.23	151,617.72	133,626.67
Operating Profit	6,367.97	△ 17,846.98	△ 17,303.30
Ordinary Profit	4,508.49	△ 23,079.41	△ 17,356.96
Net Income	14,272.43	△ 24,867.86	△ 97,461.10
Net Income per Share (Eur)	0.09	△ 0.16	△ 0.63
Dividend per Share (Eur)	-	-	-

for reference : as of 31 March 2017 Euro 1 = Yen 119.79

Background

“K” Line entered into agreement to take 50% shares of SAL in 2007 in order to diversify its business. In 2011, “K” Line took all the rest of the shares and SAL has become 100% subsidiary company ever since then. However SAL has long struggled after financial crisis in 2008 and profitability of owning asset has been depressed, heavily affected by low-price in energy markets. “K” Line reviewed its business portfolio in “Mid-term management

plan” in 2016 and has studied over the last fiscal year on how a sweeping reform of the company could be made. Upon giving careful considerations to the situation, it was decided that the best solution should be to transfer the business to SALTO.

Outline of the transferee

(1) Company name	SALTO Holding GmbH & Co.KG	
(2) Head Office	Hermann-Hollerith-Strasse 10, 28355 Bremen	
(3) Representative	Dr.Martin Harren	
(4) Main Business	Acquisition and managing of investments in shipping business	
(5) Capital	Eur 10,000	
(6) Date established	7th March 2017	
(7) Consolidated NET capital	Eur 10,000	
(8) Consolidated total asset	Eur 10,000	
(9) Main Shareholder and Share Ownership Ratio	Dr.Martin Harren (50.1%),	
	Peter Harren (49.9%)	
(10) Relationship with Subsidiary	Capital	None
	Personell	None
	Business	None

It is NOT estimated that financial loss will be recorded in this fiscal year by this transaction.

“K” Line’s website URL <http://www.kline.co.jp/en>

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.

For further information, please contact:

Kazumasa Mori (Mr.) or Mikio Aso (Mr.)

General Manager or Assistant General Manager, Business Promotion Group

Tel: +81-3-3595-6049 or 5583 Fax: +81-3-3595-5175

Kiyoshi Tokonami (Mr.)

General Manager, IR & PR Group

Tel: +81-3-3595-5189 Fax: +81-3-3595-5001

Kawasaki Kisen Kaisha, Ltd. (“K” Line)