FINANCIAL HIGHLIGHTS

Brief report of the three months ended June 30, 2017

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Three months ended June 30, 2017	Three months ended June 30, 2016	Three months ended June 30, 2017
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 287,375	¥ 244,593	$ 2,565,852
Operating income (loss) (Millions of yen / Thousands of U.S. dollars)	3,878	(14,836)	34,627
Profit (loss) attributable to owners of the parent (Millions of yen / Thousands of U.S. dollars)	8,523	(26,793)	76,105
Profit (loss) attributable to owners of the parent per share (Yen / U.S. dollars)			
Basic	9.09	(28.59)	0.08
Diluted	7.74	-	0.07

	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2017
Total assets (Millions of yen / Thousands of U.S. dollars)	¥ 1,055,642	¥ 1,045,209	$ 9,425,382
Net assets (Millions of yen / Thousands of U.S. dollars)	253,176	245,482	2,260,507

	Three months ended June 30, 2017	Three months ended June 30, 2016	Three months ended June 30, 2017
Net cash provided by (used in) operating activities (Millions of yen / Thousands of U.S. dollars)	¥ 8,948	¥ (12,689)	$ 79,897
Net cash provided by (used in) investing activities (Millions of yen / Thousands of U.S. dollars)	6,180	(9,435)	55,183
Net cash used in financing activities (Millions of yen / Thousands of U.S. dollars)	(10,512)	(417)	(93,865)

The U.S. dollar amounts are converted from the yen amounts at ¥112.00 = U.S.$1.00, the approximate rate of exchange prevailing on June 30, 2017.

１． Qualitative Information and Financial Statement

(1) Qualitative Information about the Consolidated Operating Result

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

	Three months ended June 30, 2016	Three months ended June 30, 2017	Change	% Change
Operating revenues	244.6	287.4	42.8	17.5%
Operating income (loss)	(14.8)	3.9	18.7	-
Ordinary income (loss)	(22.5)	6.0	28.5	-
Profit (loss) attributable to owners of the parent	(26.8)	8.5	35.3	-

Exchange Rate (¥/US$) (3-month average)	¥111.12	¥111.48	¥0.36	0.3%
Fuel oil price (US$/MT) (3-month average)	US$208	US$326	US$118	57.0%

During the first three months of the fiscal year ending March 31, 2018 (from April 1, 2017 to June 30, 2017; hereinafter "the three-month period"), the global economy gradually recovered, despite unstable situations with geopolitical risks. The U.S. economy made solid movement, with strong private consumption, increased capital investment and real estate investment. In Europe, anxiety over political risks was temporarily wiped out as political events including the French presidential election ended without any major confusion, and while there was some variance by country, the overall European economy maintained its course of recovery centered on capital investment. While government policy temporally supported the Chinese economy, overall trend was weak partly due to concern about the government again making structural corrections out of fear over overheating in the financial and real estate markets. Overall, the economies of developing nations struggled to improve, as the economies of resource-rich countries weighed heavily due to low levels of resource prices, which had been on a course of recovery, despite current pickup in consumption in the Indian economy, whose growth rate had temporarily faltered partly responding to the ban of their large currency bills.

The Japanese economy continued its gradual recovery due to increased exports following the recovery in the global economy. Domestic demand including private consumption and capital investment showed recovery backed by improvement in employment and income.

In the business environment for the shipping industry, freight rate market experienced a recovery as cargo movements in the East-West services and Intra-Asia services were strong in the containership business. On the other hand, in the dry bulk business, while recovery was seen in parts of the market in the medium and small vessel sector, the Group expects it will still take some time for improvement in the vessel supply-demand gap. The Group, during the previous two fiscal years, carried out business structural reform as an initiative to increase competitiveness in the dry bulk business, containership business, and offshore energy E&P support and heavy lifter business. The Group worked on measures to improve profitability such as implementing ongoing cost cuts and more efficient vessel allocation, in addition to the effect of the business structural reform.

As a result, operating revenues for the fiscal year were ¥287.375 billion (up ¥42.782 billion year on year), operating income was ¥3.878 billion (compared to operating loss of ¥14.836 billion for the previous fiscal year), ordinary income was ¥5.970 billion (compared to ordinary loss of ¥22.515 billion for the previous fiscal year). Profit attributable to owners of the parent was ¥8.523 billion (compared to loss attributable to owners of the parent of ¥26.793 billion for the previous fiscal year).

Performance per segment was as follows.

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

		Three months ended June 30, 2016	Three months ended June 30, 2017	Change	%Change
Containership	Operating revenues	122.2	147.2	24.9	20.4%
	Segment profit (loss)	(12.3)	6.1	18.4	-
Bulk Shipping	Operating revenues	109.2	126.4	17.2	15.8%
	Segment profit (loss)	(7.3)	0.4	7.6	-
Offshore Energy E&P Support and Heavy Lifter	Operating revenues	4.6	4.9	0.2	4.4%
	Segment loss	(1.8)	(0.2)	1.6	-
Other	Operating revenues	8.5	8.9	0.4	4.8%
	Segment profit	0.1	1.0	1.0	-
Adjustments and eliminations	Segment loss	(1.2)	(1.3)	(0.1)	-
Total	Operating revenues	244.6	287.4	42.8	17.5%
	Segment profit (loss)	(22.5)	6.0	28.5	-

(i) Containership Business Segment

Containership Business

In the containership business, solid cargo movements were seen in the East-West services and Intra-Asia services. The Group achieved the handling volume increase of approximately 6% in the Asia-North America services, approximately 9% in the Asia-Europe services, and approximately 17% in the Intra-Asia services year on year while there were decreases by 5% year on year in the North-South services, which is mainly due to termination of the South America-East Coast services. As a result, the Group’s cargo handling volume increased approximately by 7% year on year. The freight rate market recovered, reflecting steady cargo movements, and profit rose year on year, with the containership business regaining positive earnings.

Logistics Business

In the logistics business, which includes inland transportation and warehousing, handling volume for domestic logistics services maintained the same level year on year. International logistics, on the other hand, handling volume for air cargoes increased, and owing to the Group’s efforts to expand localized services in the Asian region, and new customer acquisition through buyers consolidation, logistics business overall recorded year-on-year increase in both revenues and profit.

As a result of the above, the Containership Business Segment overall recorded year-on-year increases in revenues and regained positive earnings.

(ii) Bulk Shipping Business Segment

Dry Bulk Business

In the Cape-size market, despite steady cargo movements of iron ore which is to continue from the previous fiscal year, market itself gradually slowed down with concerns over the risks where Chinese financial and real estate markets may be tightened, as well as uncertainty in the outlook for demand for steel raw materials. Market conditions in the medium and small vessel sector continued to decline from the start of spring, with cargo supply unable to cover tonnage volume, but the market has shifted to an upward trend due to active cargo movements of grains from South America and coal from Australia. Fundamentally, the vessel supply-demand gap is yet to be resolved with on-scheduled delivery of new buildings as well as slowdown of scrapping old vessels in reaction to somewhat recovered secondhand ship market and spot freight market. However, as a result of operation cost savings and vessels allocations in more efficient manner, the Group narrowed its loss with higher revenues year on year.

Car Carrier Business

During the three-month period, cargo movements for finished vehicles continued to be sluggish in the trades from Asia to resource-rich countries in the Middle East, Central/South America, and Africa due to falls in resource prices. On the other hand, Far East to Europe, Trans-Atlantic, and Intra-Europe performed steadily. As a result, the overall volume of finished vehicles shipped by the Group during the three-month period increased by roughly 15% year on year. The Group recorded year-on-year increases in both revenues and profit through continuous efforts to improve efficiency of vessel allocation and operation.

LNG Carrier Business and Tanker Business

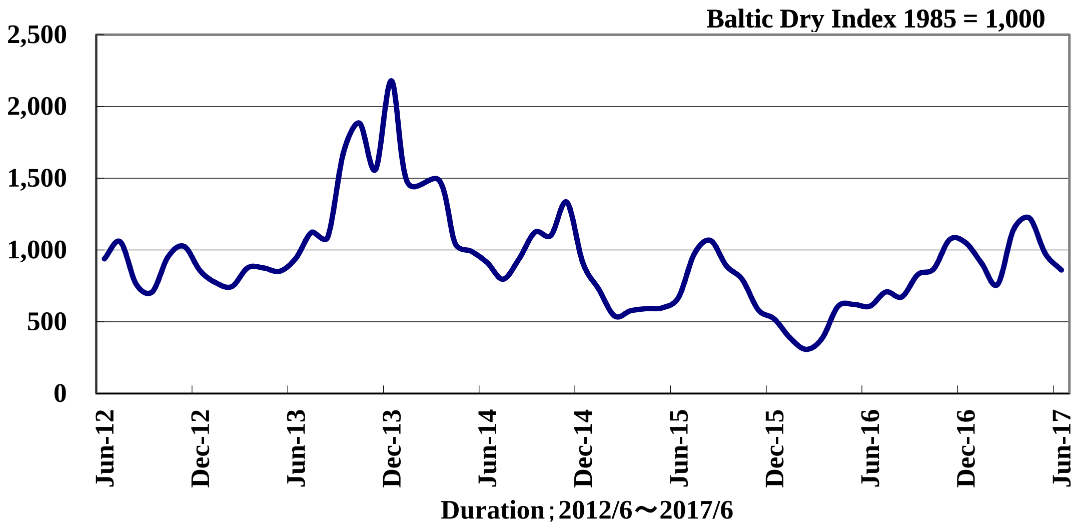
Despite softening market trend in LNG carriers, large crude tankers (VLCCs), and LPG carriers, the LNG carrier business and Tanker business overall were able to record year-on-year increase in both revenues and profit supported by steady performance of medium- and long-term charter contracts.

Short Sea and Coastal Business

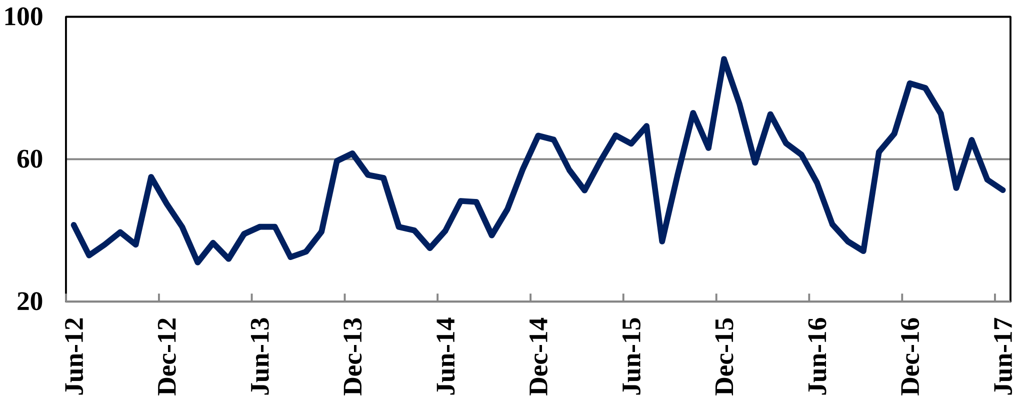
While the slumping market was to continue in the short sea business, and expenses such as fuel oil prices increased in the coastal business, the short sea and coastal business overall achieved year-on-year increase in revenues by securing stable transport volumes and regained positive earnings.

As a result of the above, the Bulk Shipping Business Segment overall recorded year-on-year increases in revenues and regained positive earnings.

Baltic Dry Index



VLCC World Scale　(AG/JPN)



Duration：2012/6～2017/6

(iii) Offshore Energy E&P Support and Heavy Lifter Business

Offshore Energy E&P Support Business

The drillship vessel continued to perform steadily, and contributed to secure stable long-term earnings. On the other hand, in the offshore support business, market remained stagnant due to stalled marine resource development. Overall, the offshore energy E&P support business narrowed its loss despite a year-on-year decline in revenue, partly due to the impact of foreign exchange rates.

Heavy Lifter business

As announced on July 26, the Company determined to transfer all shares of SAL Heavy Lift GmbH, which is in charge of this business, to SALTO Holding GmbH & Co. KG.

As a result of the above, the Offshore Energy E&P Support and Heavy Lifter Business Segment overall narrowed its loss with higher revenues year on year.

(iv) Other Business

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

(2) Qualitative Information on the Consolidated Financial Situation

Consolidated assets at the end of the consolidated 1st Quarter were ¥1,055.642 billion, an increase of ¥10.432 billion from the end of the previous fiscal year as a result of an increase in cash and deposits, vessels and other factors.

Consolidated liabilities increased by ¥2.738 billion to ¥802.466 billion as a result of an increase in accounts and notes payable-trade and other factors compared to the end of the previous fiscal year.

Consolidated net assets were ¥253.176 billion, an increase of ¥7.694 billion compared to the end of the previous fiscal year as a result of increase in retained earnings and other factors.

(3) Qualitative Information on the Consolidated Prospects for FY2017

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

	Prior Forecast (at the time of announcement Dated April 28, 2017)	Current Forecast (at the time of announcement of the 1st Quarter result)	Change	% Change
Operating revenues	1,130.0	1,122.0	(8.0)	(0.7%)
Operating income	24.0	23.0	(1.0)	(4.2%)
Ordinary income	21.0	21.0	-	-
Profit attributable to owners of the parent	21.0	21.0	-	-

Exchange rate (¥/US$)	¥110.00	¥110.37	¥0.37	0.3%
Fuel oil price (US$/MT)	US$320	US$322	US$2	0.6%

Looking at the global economy from the second quarter onward, while an overall gradual expansion is maintained, the pace of recovery is expected to remain sluggish for the foreseeable future with resource and oil prices have trouble rising. Political risks such as the delay in the realization of the U.S. administration’s policies, as well as geopolitical risks such as increased tension in the Middle East and North Korea mean an unstable situation will likely to continue for some time.

Under this business environment in the containership business, the freight rate market turned to an upward trend after reaching historically low levels last year, and there has been improvement in both long-term and short-term contracts. On the other hand, there are still unresolved issues that require observation such as changes to the business environment following events such as accelerating mergers and integrations of other shipping companies and the impact of geopolitical risks in major countries on consumer trends and cargo movements. Based on “THE Alliance” service launched by the Company in Fiscal 2017, in addition to responding to diversifying customer needs, through further cost cutting, while working to strengthen our income structure, the Group will make solid progress in our preparations for the integration of our containership business with the two other domestic shipping companies.

In the dry bulk business, while the gradual course of recovery is maintained, the market will continue to have difficulty rising since some time is required for adjusting tonnage surplus. While continuing to work to improve the efficiency of vessel operation and cost cutting, the Group will aim to utilize strengths to increase medium- and long-term contracts and work to stabilize revenue.

In the car carrier business, while sense of uncertainty remains over the economies of resource-rich countries starting with the countries of the Middle East and emerging countries such as Russia, the Group forecasts continued strong global demand for marine transport of finished vehicles. The production bases of each automaker are in the midst of a shift to “mass production in the right place” and “appropriate production in the right place.” To respond flexibly in the future to changes in the increasingly complicated trade structure, while appropriately upgrading our fleet and continuing to reinforce its business platform, the Group will strive to enhance its revenue base by making maximum use of its fleet of large-sized and new generation vessels, featuring larger loading capacity for heavy construction machinery and rail cars as well as improved fuel efficiency. In addition, the Group will continuously work to cut operation costs.

In the LNG carrier business and Tanker business, the Group will continuously work to secure stable revenues for LNG carriers, VLCCs and LPG carriers supported by medium- and long-term charter contracts.

In the offshore energy E&P support business, although it is expected to take some time for the market to recover, the Group will continue to work to improve its profitability through cost cutting and other means.

In the logistics business, demand for domestic logistics services, including inland transportation services and warehousing, is projected to trend stably in line with the previous year. Transport demand for air cargoes continues to be strong in the international logistics services, and expanded localized services in Thailand and Vietnam are starting to produce results. The Group will strive to accumulate profits through further enhancement of its global network and its business expansion strategies of forwarding and buyers consolidation.

In the short sea and coastal business, the Group will continue to aggressively expand its business operations.

As noted above, while the marine transportation market for containerships and dry bulk has begun to show signs of escaping rock bottom and recovering, it should still take some time before the balance between vessel supply and demand improves fundamentally, and the Group will strive to improve profitability through further cost cutting and rationalization. The Group expects full-year results for operating income to be amounts that are slightly lower than the previous announcement, but has not changed the amounts of the previous announcement for ordinary income and profit attributable to owners of the parent.

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, as outlined in the medium-term management plan announced in April 2017, improving financial structure and stabilizing the business foundation are our current highest priorities. As such, though forecasting to regain net ordinary income for this fiscal year, it is with sincere regret that the Company announces it has decided not to pay an interim dividend nor an annual dividend for the current fiscal year.

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 June 30, 2017		Year ended March 31, 2017		Year ended June 30, 2017
ASSETS						
Current assets :						
Cash and deposits	¥	205,102	¥	199,678	$	1,831,271
Accounts and notes receivable-trade		86,255		83,580		770,134
Raw material and supply		28,876		29,546		257,828
Prepaid expenses and deferred charges		43,431		45,862		387,782
Other current assets		26,027		24,491		232,386
Allowance for doubtful receivables		(1,821)		(2,035)		(16,262)
Total current assets		387,871		381,123		3,463,139
Non-current assets :						
(Vessels, property and equipment)						
Vessels, net		418,919		412,285		3,740,351
Buildings and structures, net		16,917		18,239		151,047
Machinery and vehicles, net		10,847		10,952		96,851
Land		20,904		24,781		186,646
Construction in progress		59,622		55,551		532,347
Other, net		4,482		4,577		40,022
Total vessels, property and equipment		531,693		526,387		4,747,266
(Intangible assets)						
Other intangible assets		3,946		4,005		35,234
Total intangible assets		3,946		4,005		35,234
(Investments and other assets)						
Investments in securities		82,136		80,721		733,364
Long-term loans receivable		17,181		17,466		153,409
Asset for retirement benefits		490		493		4,376
Other investments and other assets		33,288		35,942		297,218
Allowance for doubtful receivables		(965)		(931)		(8,624)
Total investments and other assets		132,131		133,692		1,179,743
Total non-current assets		667,771		664,085		5,962,243
Total assets	¥	1,055,642	¥	1,045,209	$	9,425,382

Consolidated Balance Sheet

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

		Year ended June 30, 2017		Year ended March 31, 2017		Year ended June 30, 2017
LIABILITIES						
Current liabilities :						
Accounts and notes payable-trade	¥	96,767	¥	89,769	$	863,993
Short-term loans and current portion of long-term loans		47,021		47,469		419,839
Accrued income taxes		1,274		1,268		11,383
Allowance for loss related to the Anti-Monopoly Act		5,223		5,223		46,634
Allowance for loss related to business restructuring		16,967		19,867		151,496
Other allowance		1,670		2,605		14,915
Other current liabilities		59,617		57,230		532,302
Total current liabilities		228,543		223,433		2,040,563
Non-current liabilities :						
Bonds		62,187		62,187		555,241
Long-term loans, less current portion		396,491		404,176		3,540,102
Allowance for loss related to business restructuring		23,878		28,022		213,201
Allowance for directors' and audit and supervisory board members' retirement benefits		1,516		1,645		13,539
Accrued expenses for overhaul of vessels		11,398		11,999		101,773
Liability for retirement benefits		7,379		7,514		65,885
Other non-current liabilities		71,071		60,748		634,571
Total non-current liabilities		573,922		576,293		5,124,312
Total liabilities		802,466		799,727		7,164,875
NET ASSETS						
Shareholders' equity:						
Common stock		75,457		75,457		673,729
Capital surplus		60,515		60,334		540,317
Retained earnings		64,502		55,753		575,917
Less treasury stock		(1,083)		(1,084)		(9,670)
Total shereholiders' equity		199,392		190,461		1,780,292
Accumulated other comprehensive income (loss):						
Net unrealized holding gain on investments in securities		9,025		8,849		80,584
Deferred gain on hedges		9,179		10,189		81,959
Revaluation reserve for land		6,038		6,263		53,913
Translation adjustments		6,682		6,555		59,666
Retirement benefits liability adjustments		(2,736)		(2,835)		(24,432)
Total accumulated other comprehensive income		28,189		29,022		251,690
Non-controlling interests		25,594		25,997		228,525
Total net assets		253,176		245,482		2,260,507
Total liabilities and net assets	¥	1,055,642	¥	1,045,209	$	9,425,382

Consolidated Statement of Operations

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

	Three months ended June 30, 2017	Three months ended June 30, 2016	Three months ended June 30, 2017
Marine transportation and other operating revenues	¥ 287,375	¥ 244,593	$ 2,565,852
Marine transportation and other operating costs and expenses	265,241	241,731	2,368,224
Gross Profit	22,134	2,861	197,628
Selling, general and administrative expenses	18,256	17,698	163,001
Operating income (loss)	3,878	(14,836)	34,627
Non-operating income :			
Interest income	314	332	2,809
Dividend income	1,006	665	8,986
Equity in earnings of subsidiaries and affiliates	1,200	530	10,717
Exchange gain	1,251	-	11,176
Other non-operating income	363	462	3,250
Total non-operating income	4,136	1,991	36,937
Non-operating expenses :			
Interest expenses	1,685	1,657	15,045
Exchange loss	-	7,786	-
Other non-operating expenses	359	225	3,214
Total non-operating expenses	2,044	9,669	18,259
Ordinary income (loss)	5,970	(22,515)	53,306
Extraordinary income :			
Gain on sales of vessels, property and equipment	8,021	1,085	71,620
Other extraordinary income	74	513	669
Total extraordinary income	8,096	1,599	72,289
Extraordinary losses :			
Loss from liquidation of subsidiaries and affiliates	99	-	887
Other extraordinary losses	92	5,265	827
Total extraordinary losses	191	5,265	1,714
Income (loss) before income taxes	13,874	(26,181)	123,880
Income taxes :			
Current	2,298	1,618	20,525
Deferred	2,368	(1,066)	21,150
Total income taxes	4,667	552	41,675
Profit (loss)	9,207	(26,733)	82,205
Profit attributable to non-controlling interests	683	60	6,101
Profit (loss) attributable to owners of the parent	¥ 8,523	¥ (26,793)	$ 76,105

Consolidated Statement of Comprehensive Income

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

		Three months ended June 30, 2017		Three months ended June 30, 2016		Three months ended June 30, 2017
Profit (loss)	¥	9,207	¥	(26,733)	$	82,205
Other Comprehensive income (loss)						
Net unrealized holding gain (loss) on investments in securities		129		(2,670)		1,155
Deferred loss on hedges		(1,145)		(1,835)		(10,226)
Translation adjustments		315		(14,758)		2,813
Retirement benefits liability adjustments		81		142		732
Share of other comprehensive income (loss) of subsidiaries and affiliates accounted for by the equity method		102		(686)		913
Total other comprehensive loss		(516)		(19,809)		(4,614)
Comprehensive income (loss)	¥	8,690	¥	(46,542)	$	77,592
(Breakdown)						
Comprehensive income (loss) attributable to:						
Owners of the parent	¥	7,915	¥	(45,313)	$	70,672
Non-controlling interests		775		(1,229)		6,920

Consolidated Statement of Cash Flows

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

	Three months ended June 30, 2017	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from operating activities :			
Profit (loss) before income taxes	¥ 13,874	¥ (26,181)	$ 123,880
Depreciation and amortization	10,444	11,462	93,255
Decrease in liability for retirement benefits	(136)	(456)	(1,221)
Increase in retirement benefits liability adjustments	107	134	958
Decrease in allowance for directors' and audit and supervisory board members' retirement benefits	(129)	(276)	(1,156)
Decrease in accrued expenses for overhaul of vessels	(616)	(624)	(5,505)
Decrease in allowance for loss related to buisiness restructuring	(7,043)	-	(62,884)
Interest and dividend income	(1,321)	(997)	(11,795)
Interest expenses	1,685	1,657	15,045
Exchange (gain) loss, net	(187)	3,576	(1,674)
Equity in earnings of subsidiaries and affiliates, net	(1,204)	(530)	(10,754)
Gain on sales of vessels, property and equipment, net	(8,021)	(1,084)	(71,619)
Loss on liquidation of subsidiaries and affiliates	99	-	887
(Increase) decrease in accounts and notes receivable – trade	(2,049)	5,702	(18,298)
Decrease (increase) in inventories	758	(1,475)	6,771
Decrease (increase) in other current assets	446	(2,287)	3,984
Increase in accounts and notes payable – trade	6,289	3,904	56,159
(Decrease) increase in other current liabilities	(443)	2,860	(3,962)
Other, net	(1,540)	5,221	(13,750)
Subtotal	11,012	603	98,323
Interest and dividends received	1,686	1,015	15,062
Interest paid	(1,497)	(1,446)	(13,374)
Income taxes paid	(2,252)	(2,451)	(20,113)
Other, net	-	(10,411)	-
Net cash provided by (used in) operating activities	8,948	(12,689)	79,897
Cash flows from investing activities :			
Payments into time deposits	(2,339)	(1,557)	(20,886)
Proceeds from withdrawal of time deposits	1,544	1,326	13,794
Purchases of marketable securities and investments in securities	(1,422)	(1,135)	(12,703)
Proceeds from sales of marketable securities and investments in securities	381	509	3,402
Purchases of vessels, property and equipment	(18,320)	(16,246)	(163,572)
Proceeds from sales of vessels, property and equipment	26,304	7,529	234,865
Purchases of intangible assets	(187)	(147)	(1,677)
Payments of long-term loans receivable	(35)	(139)	(317)
Collection of long-term loans receivable	343	277	3,067
Other, net	(88)	146	(791)
Net cash provided by (used in) investing activities	6,180	(9,435)	55,183
Cash flows from financing activities :			
Decrease in short-term loans, net	(429)	(603)	(3,832)
Proceeds from long-term loans	234	18,565	2,096
Repayments of long-term loans and obligations under finance leases	(9,683)	(15,435)	(86,463)
Cash dividends paid to non-controlling interests	(220)	(599)	(1,964)
Proceeds from share issuance to non-controlling interests	32	-	291
Purchases of shares of subsidiaries not resulting in change in scope of consolidation	(445)	-	(3,981)
Other, net	(1)	(2,343)	(13)
Net cash used in financing activities	(10,512)	(417)	(93,865)
Effect of exchange rate changes on cash and cash equivalents	9	(4,268)	88
Net increase (decrease) in cash and cash equivalents	4,625	(26,810)	41,302
Cash and cash equivalents at beginning of the period	156,791	198,745	1,399,928
Cash and cash equivalents at end of the period	¥ 161,417	¥ 171,934	$ 1,441,230

Segment information

Three months ended June 30, 2017

(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	¥ 147,170	¥ 126,408	¥ 4,851	¥ 8,945	¥ 287,375	¥ -	¥ 287,375
Inter-group revenues and transfers	1,337	656	-	12,447	14,441	(14,441)	-
Total revenues	148,507	127,064	4,851	21,393	301,816	(14,441)	287,375
Segment profit (loss)	¥ 6,068	¥ 356	¥ (201)	¥ 1,011	¥ 7,235	¥ (1,265)	¥ 5,970

Three months ended June 30, 2016

(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	¥ 122,242	¥ 109,170	¥ 4,645	¥ 8,534	¥ 244,593	¥ -	¥ 244,593
Inter-group revenues and transfers	1,276	577	-	10,764	12,618	(12,618)	-
Total revenues	123,519	109,747	4,645	19,299	257,211	(12,618)	244,593
Segment profit (loss)	¥ (12,335)	¥ (7,256)	¥ (1,777)	¥ 50	¥ (21,319)	¥ (1,195)	¥ (22,515)

Three months ended June 30, 2017

(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	$ 1,314,024	$ 1,128,643	$ 43,316	$ 79,870	$ 2,565,852	$ -	$ 2,565,852
Inter-group revenues and transfers	11,940	5,859	-	111,143	128,941	(128,941)	-
Total revenues	1,325,964	1,134,502	43,316	191,012	2,694,794	(128,941)	2,565,852
Segment profit (loss)	$ 54,186	$ 3,179	$ (1,795)	$ 9,035	$ 64,605	$ (11,299)	$ 53,306

2. **Matters Relating to Summary Information**

(Additional Information)

(Establishment of Holding Company and Operating Company for New Integrated Container Shipping Business)

For the integration of the container shipping businesses, including worldwide terminal operation businesses outside Japan, Kawasaki Kisen Kaisha, Ltd., Mitsui O.S.K. Lines, Ltd., and Nippon Yusen Kabushiki Kaisha have concluded a business integration contract and a shareholders agreement on October 31, 2016. Based on the contract and the agreement, we have established the below holding company and operating company.

The companies are scheduled to begin offering container shipping services from April 1, 2018.

Overview of new companies

1. Holding company

Trade name	Ocean Network Express Holdings, Ltd.
Amount of capital stock	JPY 50,000,000
Shareholders/ Contribution ratio	Kawasaki Kisen Kaisha, Ltd. 31%
	Mitsui O.S.K. Lines, Ltd. 31%
	Nippon Yusen Kabushiki Kaisha 38%
Location	Tokyo, JAPAN
Date of establishment	July 7, 2017

2. Operating company

Trade name	OCEAN NETWORK EXPRESS PTE. LTD.
Amount of capital stock	USD 200,000,000
Shareholders/ Contribution ratio	Kawasaki Kisen Kaisha, Ltd. 31%
	Mitsui O.S.K. Lines, Ltd. 31%
	Nippon Yusen Kabushiki Kaisha 38%
	(Including the indirect ownership)
Location	SINGAPORE
Date of establishment	July 7, 2017

(Significant Subsequent Events)

Kawasaki Kisen Kaisha, Ltd. (“K” Line) entered into agreement transfer all shares of SAL Heavy Lift GmbH (SAL), its subsidiary company, to SALTO Holding GmbH & Co. KG (SALTO).

1. Reason for the transfer

“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.

2. Name of the transferee of shares

SALTO Holding GmbH & Co. KG

3. Schedule

Date of the conditions are satisfied:	July 25, 2017
Date of the transfer to be executed:	July 27, 2017

4. Outline of the company to be transferred

(1) Company name	SAL Heavy Lift GmbH
(2) Head office	Brooktorkai 20, 20457 Hamburg, Germany
(3) Name of representative	Executive Chairman Yutaka Nakagawa
(4) Amount of capital stock	EUR155,458,544.00
(5) Main business	Owing of heavy lifter vessels and transport of heavy cargoes

5. Equity contribution before after the transfer

(1) Equity contribution before the transfer	EUR155,458,544.00 (The number of voting rights: 155,458,544) (The share of voting rights: 100%)
(2) Equity contribution to be transferred	EUR155,458,544.00 (The number of voting rights: 155,458,544)
(3) Transfer price	Undisclosed due to the agreement
(4) Equity contribution after the transfer	EUR－ (The number of voting rights: －) (The share of voting rights: －%)