Consolidated Financial Results for Three Months Ended June 30, 2017
(Japanese GAAP) (Unaudited)

July 31, 2017

Nippon Yusen Kabushiki Kaisha (NYK Line)

Security Code:	9101
Listings:	The First Section of Tokyo and Nagoya Stock Exchanges
URL:	http://www.nyk.com/english/index.htm
Head Office:	Tokyo, Japan
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Submit scheduled date of Quarterly Financial Report	August 9, 2017
Start scheduled date of paying Dividends	-
Preparation of Supplementary Explanation Material:	Yes
Financial Results Presentation Held:	Yes (for Analysts and Institutional Investors)

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2017 (April 1, 2017 to June 30, 2017)

(1) Consolidated Operating Results

(Percentage figures show year on year changes)

	Revenues		Operating profit		Recurring profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2017	521,721	10.8	3,572	-	10,279	-	5,398	-
Three months ended June 30, 2016	470,759	-20.0	(10,963)	-	(9,924)	-	(12,788)	-

(Note) Comprehensive income:
Three Months ended June 30, 2017: ¥ -2,045 million (-%), Three Months ended June 30, 2016: ¥ -46,021 million (-%)

	Profit per share	Profit per share–fully diluted
	yen	yen
Three months ended June 30, 2017	3.20	-
Three months ended June 30, 2016	(7.54)	-

(2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio
	million yen	million yen	%
As of June 30, 2017	2,072,290	586,507	25.0
As of March 31, 2017	2,044,183	591,936	25.6

(Reference) Shareholders' equity: As of June 30, 2017: ¥518,910 million, As of March 31, 2017: ¥522,471 million

2. Dividends

Date of record	Dividend per share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2017	-	0.00	-	0.00	0.00
Year ending March 31, 2018	-				
Year ending March 31, 2018 (Forecast)		0.00	-	-	-

(Note) Revision of forecast for dividends in this quarter: No
At present, the year-end dividend forecast has not yet been determined.

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Percentage figures show year on year changes)

	Revenues		Operating profit		Recurring profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Cumulative second quarter ending September 30, 2017	1,053,000	13.4	8,500	-	14,500	-	1,000	-	5.93
Year ending March 31,2018	2,112,000	9.8	21,500	-	23,000	-	5,000	-	29.65

(Note) Revision of forecast in this quarter: Yes

NYK Line plans to conduct the reverse stock split at a ratio of 10 ordinary shares to one ordinary share effective from October 1, 2017. The Company is taking into account the impact of this reverse stock split on profit attributable to owners of parent per share in its forecast of consolidated financial results for the fiscal year ending March 31, 2018. For details, please refer to "Assumption for the forecast of consolidated financial results and other particular issues".

4. Notes

(1) Changes of important subsidiaries in the period: None

(Changes in specified subsidiaries involving change in consolidation scope)

New: None Exclusion: None

(2) Particular accounting methods used for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and restatements

1. Changes in accounting policy in accordance with changes in accounting standard: None
2. Changes other than No.1: None
3. Changes in accounting estimates: None
4. Restatements: None

(4) Total issued shares (Ordinary shares)

1. Total issued shares (including treasury stock)	As of June 30, 2017	1,700,550,988	As of March 31, 2017	1,700,550,988
2. Number of treasury stock	As of June 30, 2017	13,977,210	As of March 31, 2017	14,050,542
3. Average number of shares (cumulative quarterly period)	Three months ended June 30, 2017	1,686,514,932	Three months ended June 30, 2016	1,695,873,223

(Note) From the second quarter of the previous fiscal year, NYK Line established a Board Incentive Plan Trust for remunerating directors and corporate officers. The Company's shares held in this trust are recorded under treasury stock and are excluded from calculations of the number of treasury stock shares at the end of the fiscal period and the average number of shares during the period under review.

*Indication of quarterly review process implementation status

This quarterly fiscal statement is exempt from the quarterly review process based upon the Financial Instruments and Exchange Act. As of the press release date, the quarterly review process is ongoing.

*Assumption for the forecast of consolidated financial results and other particular issues

(Forecast of Consolidated Financial Results Following a Reverse Stock Split)

A resolution to conduct a reverse stock split was approved at the 130th Ordinary General Meeting of Shareholders held on June 21, 2017. Accordingly, NYK Line plans to conduct the reverse stock split at a ratio of 10 ordinary shares to one ordinary share effective from October 1, 2017. The forecast of consolidated financial results for the fiscal year ending March 31, 2018 calculated based on conditions prior to the reverse stock split is as follows.

Forecast of consolidated financial results for the fiscal year ending March 31, 2018

Profit attributable to owners of parent per share

Interim (cumulative total): ¥0.59

Full fiscal year: ¥2.96

Foreign exchange rate: (for the second, third and fourth quarter) ¥110/US$, (full year) ¥110.37/US$

Bunker oil price: (for the second, third and fourth quarter) US$340/MT, (full year) US$336.68/MT

The above forecast is based on currently available information and assumptions that NYK Line deems to be reasonable. NYK Line offers no assurance that the forecast will be realized. Actual results may differ from the forecast as a result of various factors. Refer to pages 2-7 of the attachment for assumptions and other matters related to the forecast.

(Methods for obtaining supplementary materials and content of financial results disclosure)

NYK Line is to hold a financial result presentation meeting for analysts and institutional investors. The on-demand audio presentation and presentation materials are available on the NYK website (http://www.nyk.com/english/release/IR_explanation.html).

Index of the Attachments

1. Qualitative Information on Quarterly Results

(1) Review of Operating Results

In the first quarter of the fiscal year ending March 31, 2018 (April 1, 2017, to June 30, 2017), consolidated revenues amounted to ¥521.7 billion, up from ¥470.7 billion in the same period of the previous fiscal year. NYK Line posted operating profit of ¥3.5 billion compared with an operating loss of ¥10.9 billion in the first quarter of the previous fiscal year, and recurring profit of ¥10.2 billion, compared with a recurring loss of ¥9.9 billion. Likewise, profit attributable to owners of parent amounted to ¥5.3 billion, compared to a net loss of ¥12.7 billion in the same period of the previous fiscal year.

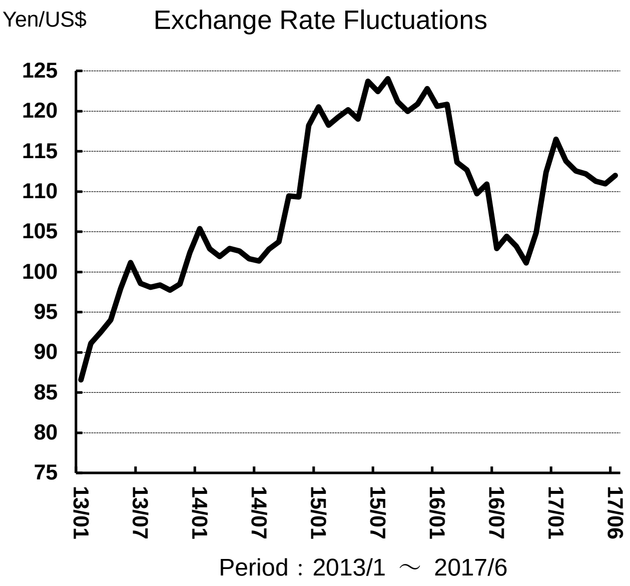
Overview

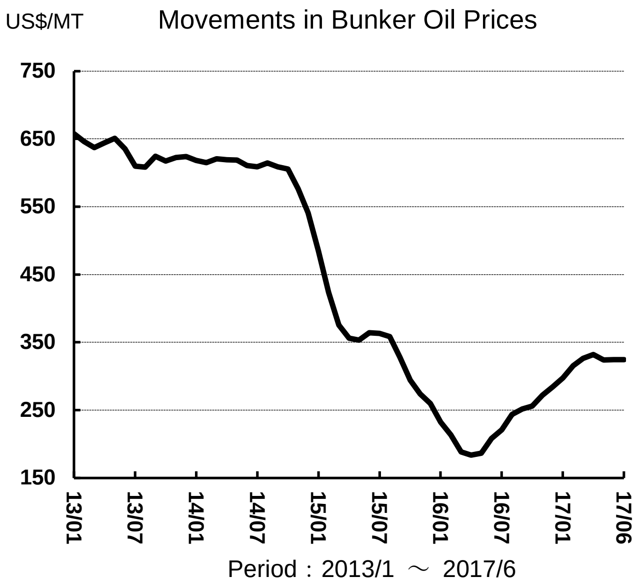
Conditions in the maritime shipping market were mixed during the first quarter under review. While shipping alliances were reorganized and total shipping capacity increased in the container shipping market, spot freight rates were mostly favorable on the back of brisk shipping traffic. Shipping traffic was also brisk in the dry bulk shipping market, however, excess tonnage was not eliminated as the scrapping of old ships was slow and new vessels were constructed. Consequently, the market recovery remained moderate. Among the Group’s non-shipping businesses, the Logistics business faced a sluggish market due to persistently high cost prices, while the Air Cargo Transportation segment benefited from busy shipping traffic overall.

Against that backdrop, results substantially improved and profits were posted during the first quarter of the current fiscal year. Consolidated revenues were up ¥50.9 billion, or 10.8%, compared with the same period of the previous fiscal year, while operating profit increased ¥14.5 billion, recurring profit increased ¥20.2 billion, and profit attributable to owners of parent jumped ¥18.1 billion year on year.

Changes in the average exchange rate between the U.S. dollar and yen as well as the average bunker oil price during the first quarter of the current and previous fiscal years are shown in the following tables.

	Three months ended June 30, 2016	Three months ended June 30, 2017	Change
Average exchange rate	¥111.12/US$	¥111.48/US$	Yen down ¥0.36/US$
Average bunker oil prices	US$192.62/MT	US$326.72/MT	Price up US$134.10/MT





Note: Exchange rates and bunker oil prices are our internal figures.

Overview by Business Segment

Business segment information for the three months ended June 30, 2017 (April 1, 2017–June 30, 2017) is as follows.

(in billion yen)

		Revenues				Recurring profit		
		FY2016 1Q	FY2017 1Q	Change	Percentage Change	FY2016 1Q	FY2017 1Q	Change
Global Logistics	Liner Trade	141.4	171.5	30.1	21.3 %	(8.8)	5.7	14.5
Global Logistics	Air Cargo Transportation	19.0	23.3	4.3	22.8 %	(1.9)	0.7	2.7
Global Logistics	Logistics	113.8	118.9	5.1	4.5 %	2.1	(0.0)	-2.2
Bulk Shipping		180.1	188.9	8.7	4.9 %	(0.8)	2.7	3.6
Others	Real Estate	2.4	1.9	-0.4	-18.1 %	0.9	0.6	-0.3
Others	Other	32.0	39.0	6.9	21.8 %	(0.6)	1.1	1.7

Liner Trade

Conditions in the container shipping market improved owing to brisk shipping traffic and steady spot rates along European shipping routes. Other shipping routes also mostly recovered, including routes in Central and South America. Shipping traffic was brisk along transpacific routes, however, the supply of tonnage increased, delaying a recovery in the market.

NYK Line and four other companies began offering new services as THE Alliance from April 1, 2017. THE Alliance has formed an extensive network and a full-range of non-stop service loops for Asia and Europe, Asia and North America, Asia and the Middle East, and transatlantic routes.

The NYK Group worked to limit fleet and operating costs by continuing efforts taken in the previous fiscal year to boost cargo-loading efficiency, switch to new highly fuel-efficient vessels with capacity for 14,000

TEU, and optimize vessel assignment and economic performance. By implementing measures for cutting freight costs, particularly the efficient operation of container ships, the Group improved profitability and its resistance to market fluctuations. Meanwhile, overall handling volume at container terminals in Japan and around the world increased year on year. Owing to these factors, results in the Liner Trade segment as a whole improved substantially, with the segment posting a profit and higher revenues than in the same period of the previous fiscal year.

As previously announced, NYK Line decided to integrate its container shipping business (including its terminal business outside Japan) with those of Kawasaki Kisen Kaisha, Ltd., and Mitsui O.S.K. Lines, Ltd. as a means of boosting competitiveness in the market and ensuring stable and sustainable container shipping operations. The three companies jointly established OCEAN NETWORK EXPRESS PTE. LTD. on July 7, 2017, and are now carrying out preparations for it to commence services from April 1, 2018.

Air Cargo Transportation

In the Air Cargo Transportation segment, although shipping traffic tends to slow down in the first quarter of every year, cargo volume increased as shipments were brisk overall, especially machinery and equipment, automobile-related cargo, and fresh produce. The segment raised its freight rates, and posted a profit and an increase in revenues compared with same period of the previous fiscal year.

Logistics

In the Logistics segment, although handling volume increased in both the air freight forwarding business and the ocean freight forwarding business, cost prices remained high and gross profit decreased. In the logistics business, land transport operations were busy in Europe, however, business in the Americas was affected by a decline in land transport freight rates and handling volume. Meanwhile, in the coastal transportation business, shipping traffic was solid despite the impact of a decrease in voyages due to vessels being docked for regulatory inspections. In the ferry transportation business, which offers services between Japan and South Korea, cargo volume remained firm but passenger numbers fell due to the appearance of LCC.

As a result of the factors above, revenue in the Logistics segment as a whole increased compared with the same period of the previous fiscal year, but the segment posted a slight loss.

Bulk Shipping

In the automobile transport market, the volume of automobile shipments to resource-rich countries in particular slowed down amid low prices of crude oil and other resources, but the total number of vehicles shipped increased slightly compared with the same period in the previous fiscal year due to solid shipments to North America and Asia. The NYK Group commenced service of the world’s first LNG fuel supply vessel in Belgium, which will support the operations of an LNG-fueled pure car and truck carrier it commissioned in 2016. In the automobile logistics business, existing operations performed solidly overall, especially automobile logistics centers in China and India. The business also made steady progress in expanding into growing markets with the launch of services by a new company in Vietnam.

In the dry bulk shipping market, cargo volume of iron ore, coal, and grains were up, but excess tonnage was not fully cancelled out as more new ships were commissioned than the number of vessels scrapped. Consequently, the market only recovered moderately. Under those circumstances, the NYK Group strove to secure long-term shipping contracts and took steps to reduce costs, including exhaustive measures for improving the operational efficiency of its fleet. At the same time, the Group worked to improve the bottom line through a number of initiatives, such as reducing ballast voyages by combining cargoes and more efficiently assigning vessels.

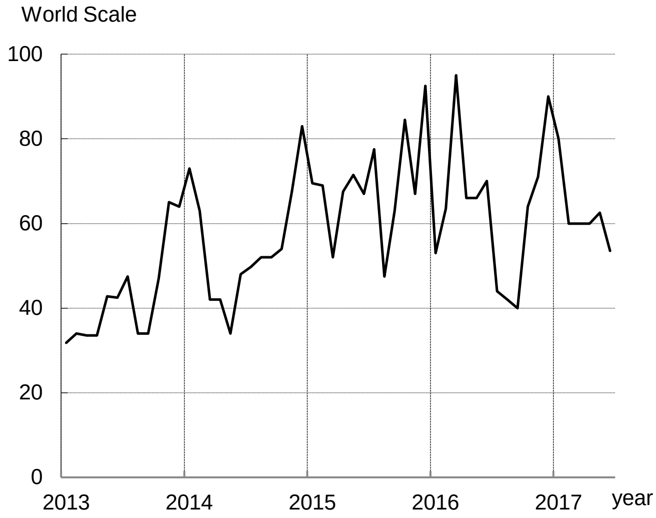
In the liquid transport market, conditions worsened across the board as the commissioning of new very large crude carriers (VLCC) put strong pressure on supply despite brisk shipping traffic. Petrochemical tanker shipments from the Middle East were sluggish, and long-distance shipping routes of liquefied petroleum gas (LPG) were shortened, including those bound for East Asia from the United States. Nevertheless, the NYK Group was able to secure favorable conditions in long-term contracts, providing a stable source of earnings from its fleet of LNG tankers. In addition, the Group's operations of floating production storage and offloading (FPSO) vessels, drill ships and shuttle tankers contributed substantially to its offshore business.

Taken altogether, the Bulk Shipping segment posted a profit and an increase in revenues compared with the first quarter of the previous fiscal year.

Fluctuation in Tramper Freight Rate in B.D.I

Period：2013/1 ～ 2017/6

Tanker Freight Rates (high) for VLCCs from Middle East to Japan



Period：2013/1 ～ 2017/6

Real Estate and Other Businesses Services

In the Real Estate segment, revenue and income decreased compared with the same period in the previous fiscal year due to the cancelation of contracts associated with the sale of trust beneficiary rights from certain investments in the previous fiscal year, and one-time expenses for the acquisition of a new building.

In the Other Business Services segment, although the cruise business recorded worsening occupancy rates, other businesses performed strongly, including the bunker oil sales business. As a result, revenues increased compared with the first quarter of the previous fiscal year, and the segment posted a profit.

(2) Explanation about Financial Position

Assets, Liabilities, and Equity

As of June 30, 2017, the end of the first quarter of the fiscal year under review, consolidated assets amounted to ¥2,072.2 billion, an increase of ¥28.1 billion compared with the end of the previous fiscal year on March 31, 2017. Consolidated liabilities totaled ¥1,485.7 billion, up ¥33.5 billion compared with the end of the previous fiscal year. Under consolidated equity, capital surplus was reduced by ¥122.5

billion following the transfer of capital surplus to retained earnings, which was conducted in accordance with a resolution of the 130th Ordinary General Meeting of Shareholders. Consequently, retained earnings increased ¥127.8 billion compared with the end of the previous fiscal year, while shareholders' equity—the aggregate of shareholders' capital and total accumulated other comprehensive income—amounted to ¥518.9 billion. This amount combined with non-controlling interests of ¥67.5 billion brought total equity to ¥586.5 billion. Based on this result, the debt-to-equity ratio came to 1.86.
Note: For details regarding the transfer of capital surplus to retained earnings, please refer to "Notes in the Event of Significant Changes in Shareholders' Capital" on page 12.

(3) Explanation of Consolidated Earnings Forecast and Future Outlook

① Forecast of Consolidated Financial Results

In the fiscal year ending March 31, 2018, the management of NYK Line expects freight rates to remain stable in the container shipping market, supported by ongoing brisk shipping traffic. It also expects favorable freight rates in the air cargo transportation market to continue owing to strong demand for freight shipments. The dry bulk shipping market is currently undergoing a period of adjustment, but market conditions are projected to pick up steadily from the summer. Meanwhile, the liquid transport market is forecasted to recover from the third quarter of the fiscal year under review when it enters a period of demand for shipments by tankers, and the Company expects to continue securing stable profits from its LNG tanker and offshore businesses. In the automobile transport market, although shipping traffic to emerging and resource-rich countries has been slow to recover, automobile shipments for trilateral transport business is brisk and NYK Line will work to boost profitability and optimize shipping efficiency.
In view of the above, the Company has revised its forecast of second quarter and full-year consolidated financial results, as follows.

(In billion yen)

		Previous Forecast on April 28, 2017	Revisions	Change	Percentage Change
Cumulative second quarter ending September 30, 2017	Revenues	1,000.0	1,053.0	53.0	5.3 %
	Operating Profit	11.5	8.5	-3.0	-26.1 %
	Recurring Profit	14.0	14.5	0.5	3.6 %
	Profit attributable to owners of parent	4.0	1.0	-3.0	-75.0 %

Fiscal Year ending March 31, 2018	Revenues	2,008.0	2,112.0	104.0	5.2 %
	Operating Profit	24.5	21.5	-3.0	-12.2 %
	Recurring Profit	23.0	23.0	-	-
	Profit attributable to owners of parent	5.0	5.0	-	-

Assumption for forecasts:
Exchange rate (for the second, third and fourth quarter) ¥110/US$, (Full year) ¥110.37/US$
Bunker oil prices (for the second, third and fourth quarter) US$340/MT, (Full year) US$336.68/MT

② Dividends for the Fiscal Year ending March 31, 2018

The management of NYK Line regards the stable return of profits to shareholders as one of the most important priorities of management. At the present time, however, having given full consideration to its forecast of financial results, the level of internal reserves needed for dealing with market changes, and other factors, management plans not to pay an interim dividend and has yet to decide on the payment of a fiscal year-end dividend for the fiscal year ending March 31, 2018.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	143,180	152,294
Notes and operating accounts receivable-trade	249,094	266,140
Inventories	39,689	42,256
Deferred and prepaid expenses	61,882	65,085
Deferred tax assets	2,460	2,573
Other	81,279	79,554
Allowance for doubtful accounts	(2,238)	(2,198)
Total current assets	575,347	605,705
Non-current assets		
Vessels, property, plant and equipment		
Vessels, net	631,393	630,939
Buildings and structures, net	72,952	74,444
Aircraft, net	24,024	23,693
Machinery, equipment, and vehicles, net	30,457	29,814
Equipment, net	5,930	5,981
Land	69,887	71,803
Construction in progress	50,574	59,315
Other, net	5,328	5,372
Total vessels, property, plant and equipment	890,547	901,365
Intangible assets		
Leasehold right	4,477	4,579
Software	12,675	12,010
Goodwill	18,636	18,209
Other	2,995	3,409
Total intangible assets	38,785	38,208
Investments and other assets		
Investment securities	410,236	401,385
Long-term loans receivable	30,028	26,938
Net defined benefit asset	47,253	47,010
Deferred tax assets	5,877	5,981
Other	52,460	51,934
Allowance for doubtful accounts	(6,626)	(6,638)
Total investments and other assets	539,229	526,612
Total non-current assets	1,468,562	1,466,186
Deferred assets	273	397
Total assets	2,044,183	2,072,290

(In million yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	196,317	204,021
Current portion of bonds	―	10,000
Short-term loans payable	102,842	97,183
Income taxes payable	8,099	5,266
Deferred tax liabilities	3,668	1,854
Advances received	38,894	45,586
Provision for bonuses	9,359	9,129
Provision for directors' bonuses	384	244
Provision for stock payment	―	35
Provision for losses related to antitrust law	19,515	21,284
Provision for losses related to contracts	5,328	8,886
Other	73,527	77,404
Total current liabilities	457,938	480,898
Non-current liabilities		
Bonds payable	145,000	165,000
Long-term loans payable	686,598	684,459
Deferred tax liabilities	50,039	49,060
Net defined benefit liability	18,596	18,885
Provision for directors' retirement benefits	1,857	1,724
Provision for stock payment	226	261
Provision for periodic dry docking of vessels	22,424	21,157
Provision for losses related to contracts	16,373	11,541
Other	53,192	52,795
Total non-current liabilities	994,309	1,004,884
Total liabilities	1,452,247	1,485,783
Equity		
Shareholders' capital		
Common stock	144,319	144,319
Capital surplus	155,461	32,960
Retained earnings	202,488	330,340
Treasury stock	(3,814)	(3,801)
Total shareholders' capital	498,455	503,820
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	48,860	44,371
Deferred gain (loss) on hedges	(27,284)	(28,326)
Foreign currency translation adjustments	(4,816)	(7,607)
Remeasurements of defined benefit plans	7,255	6,651
Total accumulated other comprehensive income (loss)	24,015	15,089
Non-controlling interests	69,464	67,596
Total equity	591,936	586,507
Total liabilities and equity	2,044,183	2,072,290

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(In million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Revenues	470,759	521,721
Cost and expenses	429,284	467,368
Gross profit	41,474	54,353
Selling, general and administrative expenses	52,437	50,781
Operating profit (loss)	(10,963)	3,572
Non-operating income		
Interest income	716	860
Dividend income	3,539	3,118
Equity in earning of unconsolidated subsidiaries and affiliates	4,324	5,787
Foreign exchange gains	―	273
Other	1,518	1,262
Total non-operating income	10,099	11,301
Non-operating expenses		
Interest expenses	3,678	4,174
Foreign exchange losses	5,242	―
Other	138	418
Total non-operating expenses	9,060	4,593
Recurring profit (loss)	(9,924)	10,279
Extraordinary income		
Gain on sales of non-current assets	4,731	410
Gain on liquidation of subsidiaries and associates	1	522
Other	924	687
Total extraordinary income	5,657	1,621
Extraordinary losses		
Loss on sales of non-current assets	81	17
Losses related to antitrust law	1,918	2,162
Other	2,884	531
Total extraordinary losses	4,884	2,711
Profit (loss) before income taxes	(9,151)	9,189
Total income taxes	2,230	2,744
Profit (loss)	(11,382)	6,444
Profit attributable to non-controlling interests	1,405	1,046
Profit (loss) attributable to owners of parent	(12,788)	5,398

(Consolidated Statements of Comprehensive Income)

(In million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit (loss)	(11,382)	6,444
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(6,815)	(4,524)
Deferred gain (loss) on hedges	2,848	(2,403)
Foreign currency translation adjustments	(19,808)	1,963
Remeasurements of defined benefit plans	840	(587)
Share of other comprehensive income of associates accounted for using equity method	(11,704)	(2,938)
Total other comprehensive income	(34,638)	(8,489)
Comprehensive income	(46,021)	(2,045)
(Breakdown)		
Comprehensive income attributable to owners of parent	(43,014)	(3,528)
Comprehensive income attributable to non-controlling interests	(3,006)	1,483

(3) Notes Regarding Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

The first quarter of this fiscal year (April 1, 2017– June 30, 2017)

Not applicable

(Notes in the Event of Significant Changes in Shareholders' Capital)

The first quarter of this fiscal year (April 1, 2017 – June 30, 2017)

In accordance with a resolution approved at the 130th Ordinary General Meeting of Shareholders held on June 21, 2017, the Company reduced its capital reserve by ¥121,500 million and its earned surplus reserve by ¥13,146 million, and transferred the amounts to other capital surplus and retained earnings carried forward, respectively. It then transferred ¥122,500 million of the total amount in other capital surplus to retained earnings carried forward. As a result, the Company's capital surplus was reduced by ¥122,500 million and its retained earnings were increased by ¥122,500 million as of the end of the first quarter of the current fiscal year on June 30, 2017.

(Additional Information)

(New Companies Established Following the Integration of the Container Shipping Business)

NYK Line, Kawasaki Kisen Kaisha, Ltd., and Mitsui O.S.K. Lines, Ltd. jointly established two new companies in accordance with a business integration contract and a shareholders agreement concluded on October 31, 2016, which were intended for integrating the container shipping businesses (including the operation of terminals outside Japan) of the three companies. The new operating company is scheduled to begin container shipping services from April 1, 2018.

Overview of the new companies

(1) Holding company

Company name: OCEAN NETWORK EXPRESS HOLDINGS, LTD.

Capital: 50 million yen

Investment ratios: Kawasaki Kisen Kaisha, Ltd.: 31%; Mitsui O.S.K. Lines, Ltd.: 31%; NYK Line: 38%

Location: Tokyo, Japan

Date of establishment: July 7, 2017

(2) Operating company

Company name: OCEAN NETWORK EXPRESS PTE. LTD.

Capital: 200 million U.S. dollars

Investment ratios (including indirect investment): Kawasaki Kisen Kaisha, Ltd.: 31%; Mitsui O.S.K. Lines, Ltd.: 31%; NYK Line: 38%

Location: Singapore

Date of establishment: July 7, 2017

(Change of the number of trading unit shares and consolidation of shares)

In a meeting held on May 16, 2017, the Board of Directors proposed to change the number of shares that constitute a single trading unit, to consolidate shares through a reverse stock split, and to partially amend the Articles of Incorporation. The proposals were approved by votes at the 130th Ordinary General Meeting of Shareholders held on June 21, 2017.

1. Reason for the reverse stock split and change of trading unit shares

Stock exchanges throughout Japan have called on all domestic listed companies to make a transition to single trading units of 100 shares by October 2018, based on an action plan for consolidating trading units. As a company listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange, NYK decided to change its single trading unit from 1,000 shares to 100 shares based on that plan. Furthermore, the Company will conduct a reverse stock split to consolidate 10 shares into one share in order to keep the price of a single trading unit within the range of ¥50,000 to ¥500,000, as requested by the stock exchanges.

2. Details of the reverse stock split

(1) Type of shares subject to the reverse stock split

Ordinary shares

(2) Reverse stock split method and ratio

Effective from October 1, 2017, shares held by shareholders recorded in the registry of shareholders as of September 30, 2017, will be consolidated at the ratio of 10 shares to one share.

(3) Number of shares to be reduced through the reverse stock split

Issued and outstanding shares as of March 31, 2017	1,700,550,988
Number of shares to be reduced through the reverse stock split	1,530,495,890
Issued and outstanding shares following the reverse stock split	170,055,098

(Note) The number of shares to be reduced through the reverse stock split and the number of issued and outstanding shares following the reverse stock split are presumed values calculated based on the consolidation ratio and the number of issued and outstanding shares before the reverse stock split.

(4) Handling of fractional shares

All fractional shares (a share amounting to less than one full share) resulting from the reverse stock split will be sold, and the Company will distribute the proceeds to shareholders who held the fractional shares in proportion to their respective amounts, in accordance with the Companies Act of Japan.

3. Details of the change of the number of shares in a single trading unit

The number of shares constituting a single trading unit will be changed from 1,000 shares to 100 shares effective from the date of the reverse stock split.

4. Important dates concerning the reverse stock split and change of trading unit shares

Date of decision by the Board of Directors	May 16, 2017
Date of the Ordinary General Meeting of Shareholders	June 21, 2017
Effective date of the reverse stock split and change of trading unit shares	October 1, 2017 (planned)

5. Presentation of Per Share Information

For informational purposes, the following items are presented based on the scenario that the aforementioned reverse stock split had been effective from the beginning of the previous fiscal year.

	First quarter of the previous fiscal year (April 1, 2016, to June 30, 2016)	First quarter of the current fiscal year (April 1, 2017, to June 30, 2017)
Profit (loss) attributable to owners of parent per share(yen)	(75.41)	32.01
Diluted profit attributable to owners of parent per share(yen)	—	—

(Notes) Diluted profit attributable to owners of parent per share was not recorded in the first quarter of the previous fiscal year because the Company posted a loss attributable to owners of parent per share. Diluted profit attributable to owners of parent per share was not recorded in the first quarter of the current fiscal year because there was no dilution of shares during the period.

(Segment Information)

Ⅰ. Three months ended June 30, 2016 (April 1, 2016 – June 30, 2016)

Revenues and income or loss by reportable segment

(In million yen)

	Global Logistics			Bulk Shipping	Others		Total	Adjustment (*1)	Consolidated Total (*2)
	Liner Trade	Air Cargo Transportation	Logistics		Real Estate	Other			
Revenues (1) Revenues from customer	138,179	17,332	113,157	179,981	2,180	19,928	470,759	-	470,759
(2)Inter-segment revenues	3,253	1,702	693	206	243	12,162	18,261	(18,261)	-
Total	141,432	19,034	113,850	180,188	2,423	32,091	489,020	(18,261)	470,759
Segment income (loss)	(8,843)	(1,997)	2,170	(874)	957	(627)	(9,214)	(710)	(9,924)

(Notes)

1. Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 5 million yen and other corporate expenses -715 million yen. The general and administrative expenses which do not belong to any single segment are treated as other corporate expenses.
2. Segment income (loss) is adjusted on recurring loss on the quarterly consolidated statements of income.

Ⅱ. Three months ended June 30, 2017 (April 1, 2017 – June 30, 2017)

Revenues and income or loss by reportable segment

(In million yen)

	Global Logistics			Bulk Shipping	Others		Total	Adjustment (*1)	Consolidated Total (*2)
	Liner Trade	Air Cargo Transportation	Logistics		Real Estate	Other			
Revenues (1) Revenues from customer	167,966	22,077	117,962	188,881	1,801	23,033	521,721	-	521,721
(2)Inter-segment revenues	3,587	1,302	1,007	103	184	16,056	22,243	(22,243)	-
Total	171,554	23,380	118,969	188,985	1,985	39,090	543,965	(22,243)	521,721
Segment income (loss)	5,702	770	(79)	2,765	612	1,146	10,917	(637)	10,279

(Notes)

1. Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 4 million yen and other corporate expenses -642 million yen. The general and administrative expenses which do not belong to any single segment are treated as other corporate expenses.
2. Segment income (loss) is adjusted on recurring profit on the quarterly consolidated statements of income.

3. Other Information

(1) Quarterly Operating Results

Year ended March 31, 2018

(In million yen)

	Apr 1, 2017 – Jun 30, 2017 1Q	Jul 1, 2017 – Sep 30, 2017 2Q	Oct 1, 2017 – Dec 31, 2017 3Q	Jan 1,2018 – Mar 31, 2018 4Q
Revenues	521,721			
Operating profit	3,572			
Recurring profit	10,279			
Profit attributable to owners of parent for the quarter	5,398			
Total assets	2,072,290			
Equity	586,507			

Year ended March 31, 2017

(In million yen)

	Apr 1, 2016 – Jun 30, 2016 1Q	Jul 1, 2016 – Sep 30, 2016 2Q	Oct 1, 2016 – Dec 31, 2016 3Q	Jan 1,2017 – Mar 31, 2017 4Q
Revenues	470,759	457,822	485,967	509,332
Operating profit(loss)	(10,963)	(11,509)	6,955	(2,562)
Recurring profit(loss)	(9,924)	(13,692)	25,909	(1,252)
Profit(loss) attributable to owners of parent for the quarter	(12,788)	(219,024)	5,719	(39,651)
Total assets	2,119,716	1,991,303	2,075,600	2,044,183
Equity	792,277	563,472	592,840	591,936

(Note) The above operating results (revenues, operating profit, recurring profit and profit attributable to owners of parent) are based on the results for the first quarter and the cumulative results for the first six, nine and twelve months, and are computed by taking the difference between the two adjacent periods.

(2) Foreign Exchange Rate Information

	Three months ended June 30, 2016	Three months ended June 30, 2017	Change	Year ended March 31, 2017
Average exchange rate during the period	¥111.12/US$	¥111.48/US$	Yen down ¥0.36/US$	¥108.76/US$
Exchange rate at the end of the period	¥102.91/US$	¥112.00/US$	Yen down ¥9.09/US$	¥112.19/US$

(3) Balance of Interest-Bearing Debt

(In million yen)

	Year ended March 31, 2017	Year ended June 30, 2017	Change
Loans	789,441	781,642	(7,799)
Corporate bonds	145,000	175,000	30,000
Leases liabilities	10,950	10,683	(266)
Total	945,391	967,326	21,934