Consolidated Financial Results for Six Months Ended September 30, 2017
(Japanese GAAP) (Unaudited)

October 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
Representative:	Tadaaki Naito, President
Contact:	Toru Maruyama, General Manager, IR Group Tel: +81-3-3284-5151

Submit scheduled date of Quarterly Financial Report	November 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 Six Months Ended September 30, 2017 (April 1, 2017 to September 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	%
Six months ended September 30, 2017	1,064,279	14.6	12,741	-	22,012	-	6,291	-
Six months ended September 30, 2016	928,582	-22.5	(22,472)	-	(23,616)	-	(231,812)	-

(Note) Comprehensive income:
Six Months ended September 30, 2017: ¥3,418 million (-%), Six Months ended September 30, 2016: ¥-272,001 million (-%)

	Profit per share	Profit per share-fully diluted
	yen	yen
Six months ended September 30, 2017	37.30	-
Six months ended September 30, 2016	(1,369.08)	-

(Note) On October 1, 2017, NYK Line conducted a reverse stock split at a ratio of 10 ordinary shares to one ordinary share. Profit attributable to owners of parent per share has been calculated based on the scenario that the reverse stock split had been effective from the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio
	million yen	million yen	%
As of September 30, 2017	2,076,510	587,209	25.2
As of March 31, 2017	2,044,183	591,936	25.6

(Reference) Shareholders' equity: As of September 30, 2017: ¥522,533 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	-	0.00			
Year ending March 31, 2018 (Forecast)			-	-	-

(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
Year ending March 31,2018	2,153,000	11.9	33,000	-	35,000	-	11,000	-	65.22

(Note) Revision of forecast in this quarter: Yes

NYK Line has conducted 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 September 30, 2017	170,055,098	As of March 31, 2017	170,055,098
2. Number of treasury stock	As of September 30, 2017	1,390,782	As of March 31, 2017	1,405,053
3. Average number of shares (cumulative quarterly period)	Six months ended September 30, 2017	168,657,256	Six months ended September 30, 2016	169,320,320

(Note): On October 1, 2017, NYK Line conducted a reverse stock split at a ratio of 10 ordinary shares to one ordinary share. The total number of issued shares as of March 31, the number of treasury stock as of March 31, and the average number of shares as of September 30 have been calculated based on the scenario that the reverse stock split had been effective from the beginning of the previous fiscal year.

*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 issue

(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 has conducted 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

Full fiscal year: ¥6.52

Foreign exchange rate: (for the third and fourth quarter) ¥110/US$, (full year) ¥110.60/US$

Bunker oil prices: (for the third and fourth quarter) US$350/MT, (full year) US$335.76/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 half of the fiscal year ending March 31, 2018 (April 1, 2017, to September 30, 2017), consolidated revenues amounted to ¥1,064.2 billion, up from ¥928.5 billion in the same period of the previous fiscal year. NYK Line posted an operating profit of ¥12.7 billion compared with operating loss of ¥22.4 billion, and a recurring profit of ¥22.0 billion compared with recurring loss of ¥23.6 billion in the first half of the previous fiscal year. Likewise, profit attributable to owners of parent amounting to ¥6.2 billion, compared to a net loss of ¥231.8 billion in the same period of the previous fiscal year.

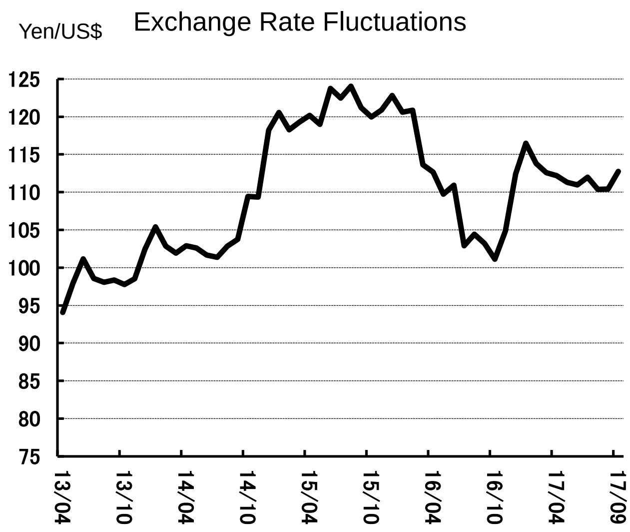
Overview

Conditions in the maritime shipping market were positive overall during the first half of the fiscal year under review. In the container shipping market, while the supply of tonnage remained at similarly high levels as the previous fiscal year, spot freight rates stayed mostly favorable on the back of brisk shipping traffic. In the dry bulk shipping market, although excess tonnage has yet to be fully cancelled out, market conditions improved owing to steady shipping traffic and the impact of increased imports of iron ore to China. 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.

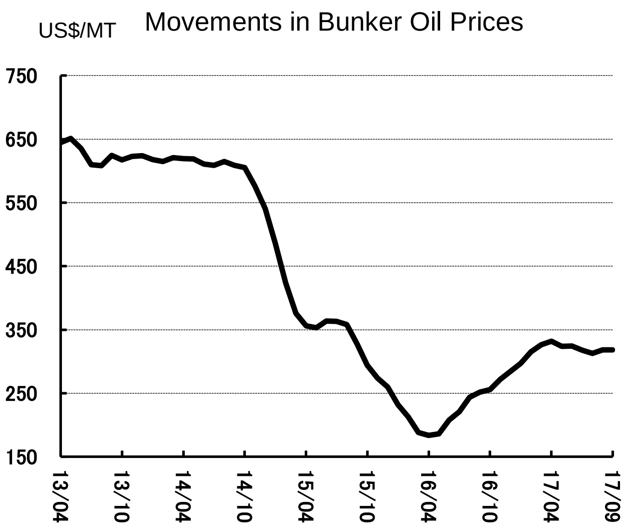
Against that backdrop, results substantially improved and profits were posted during the first half of the current fiscal year. Consolidated revenues were up ¥135.6 billion, or 14.6%, compared with the same period of the previous fiscal year, while operating profit increased ¥35.2 billion, recurring profit increased ¥45.6 billion, and profit attributable to owners of parent jumped ¥238.1 billion year on year.

In addition, the average exchange rate and average bunker oil prices changed in the second quarter of the current fiscal year, as follows.

	Six months ended September 30, 2016	Six months ended September 30, 2017	Change
Average exchange rate	¥107.31/US$	¥111.20/US$	Yen down ¥3.89/US$
Average bunker oil prices	US$215.67/MT	US$321.52/MT	Price up US$105.85/MT



Period：2013/4 ～ 2017/9



Period：2013/4 ～ 2017/9

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

Overview by Business Segment

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

(In billion yen)

		Revenues				Recurring profit		
		FY2016 2Q	FY2017 2Q	Change	Percentage Change	FY2016 2Q	FY2017 2Q	Change
Global Logistics	Liner Trade	280.5	350.5	69.9	24.9 %	(15.3)	13.3	28.6
	Air Cargo Transportation	38.5	47.1	8.6	22.5 %	(3.4)	(0.0)	3.3
	Logistics	225.8	246.7	20.9	9.3 %	4.6	1.2	-3.4
Bulk Shipping		349.8	381.2	31.4	9.0 %	(9.4)	5.0	14.5
Others	Real Estate	4.8	3.9	-0.9	-18.8 %	1.8	1.4	-0.4
	Other	66.6	79.1	12.4	18.7 %	(0.5)	2.0	2.5

Liner Trade

In the container shipping market, shipping traffic was brisk along transpacific routes, but not enough to compensate for an increase in total shipping capacity for trades overall following the reorganization of alliances and commissioning of extra vessels by some shipping companies. Consequently, the upswing in spot freight rates largely came to a standstill. Meanwhile, robust demand for freight shipments along European shipping routes supported favorable conditions in the market.

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

The NYK Group worked to limit fleet and operating costs by continuing efforts 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 in accordance with the circumstances of shipping routes. 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. Following the integration, OCEAN NETWORK EXPRESS PTE. LTD. (hereafter, “ONE”) was established as an operating company in Singapore on July 7, 2017, and has been included in the scope of consolidation as an equity-affiliated company from the second quarter of the current fiscal year. Preparations are currently underway for ONE to commence services from April 1, 2018.

Air Cargo Transportation

The Air Cargo Transportation segment dealt with rising fuel prices, increased maintenance costs, minor mechanical problems, and delays caused by airport congestion. On the back of steady shipping traffic, however, the segment boosted cargo volume and raised its freight rates. Consequently, revenues improved compared with the same period of the previous fiscal year.

Logistics

In the air freight forwarding business, gross profit remained low amid unfavorable conditions particularly in the Americas and East Asia. In the ocean freight forwarding business, although handling volume was up year on year, gross profit did not reach forecasted levels as freight rates and cost prices remained high, especially for voyages originating from Asia. In the logistics business, the land transport business in the Americas remained in a slump, and the warehousing business in South Asia was sluggish. Meanwhile, in the coastal transportation business, shipping traffic was solid despite a reduction in voyages due to typhoons.

Owing to the factors, above, the Logistics segment as a whole posted an increase in revenues and a decrease in income compared with the same period of the previous fiscal year.

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 Group took advantage of robust demand for automobile shipments to North America, Europe and Asia by steadily and effectively assigning vessels to those regions. As a result, the total number of new vehicles it shipped by sea increased compared with the same period of the previous fiscal year. In Europe, shipments by the Group’s LNG-fueled pure car and truck carrier continued to be steady. In the automobile logistics business, established operations performed solidly overall, especially automobile logistics centers in China, India and Europe. The business also made progress in expanding into growing markets with the startup of operations of a new company in Kenya.

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. Nonetheless, the market continued to recover moderately after bottoming out in second half of the previous fiscal year. 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.

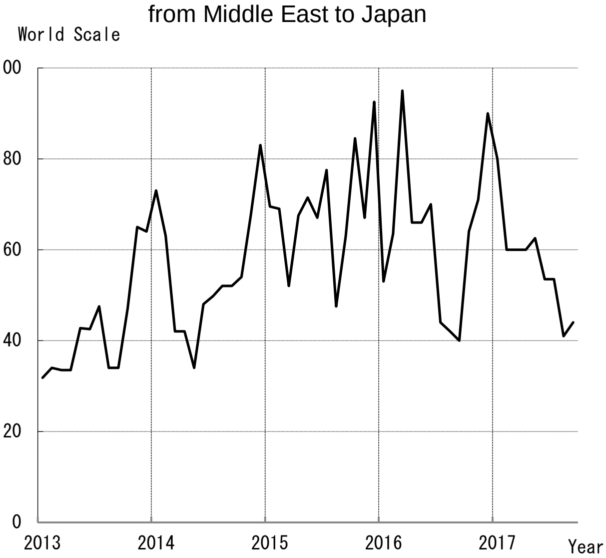
In the liquid transport market, conditions worsened across the board compared with the same period of the previous fiscal year, as the commissioning of new very large crude carriers (VLCC) put strong pressure on supply despite brisk shipping traffic. Petrochemical tanker shipments from the Middle East 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 half of the previous fiscal year.

Fluctuation in Tramper Freight Rate in BDI

Period：2013/1 ～ 2017/9

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



Period：2013/1 ～ 2017/9

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 failed to attract passengers through some cruise plans, other businesses performed strongly, including the bunker oil sales business. As a result, revenues increased compared with the same period of the previous fiscal year, and the segment posted a profit.

(2) Explanation about Financial Position

① Assets, Liabilities, and Equity

As of September 30, 2017, the end of the second quarter of the fiscal year under review, consolidated assets amounted to ¥2,076.5 billion, an increase of ¥32.3 billion compared with the end of the previous fiscal year on March 31, 2017. Consolidated liabilities totaled ¥1,489.3 billion, up ¥37.0 billion compared with the end of the previous fiscal year. Under consolidated equity, capital surplus was reduced by ¥121.7 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 ¥128.7 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 ¥522.5 billion. This amount combined with non-controlling interests of ¥64.6 billion brought total equity to ¥587.2 billion. Based on this result, the debt-to-equity ratio came to 1.84.

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 14.

② Cash flow

In the first half of the fiscal year ending March 31, 2018, net cash provided by operating activities amounted to ¥ 32.7 billion. Main items included income before income taxes of ¥18.5 billion, non-cash depreciation and amortization of ¥42.6 billion and interest expenses paid of ¥8.7 billion. Net cash used in investing activities totaled ¥61.1 billion, reflecting both the purchase of and proceeds from sales of vessels, property, plant and equipment and intangible assets, which were mainly vessels in this case. Net cash provided by financing activities was ¥2.8 billion. The main outflow item was repayments of long-term loans payable while the main inflow was from the issuance of corporate bonds. As a result of these factors, the balance of cash and cash equivalents stood at ¥112.6 billion as of September 30, 2017, down ¥24.7 billion compared with the beginning of the fiscal year on April 1, 2017, after taking into account the effect of exchange rate fluctuations.

(3) Explanation of Consolidated Earnings Forecast and Future Outlook

① Forecast of Consolidated Financial Results

NYK Line's forecast of full-year consolidated financial results is as follows: revenues of ¥2,153.0 billion, an operating profit of ¥33.0 billion, a recurring profit of ¥35.0 billion, and a profit attributable to owners of the parent of ¥11.0 billion.

Although demand in the container shipping market is projected to decline in the second half, which is the slack season, shipping traffic is expected to remain stable for both transpacific and European shipping routes. The dry bulk shipping market is forecast to continue recovering moderately, supported by brisk shipping traffic. The liquid transport market is forecast to recover from the third quarter of the fiscal year 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, NYK Line will take advantage of strong demand for shipments originating from Japan and mainly bound for Europe and North America, while working to boost profitability and optimize shipping efficiency. Among the Group's non-shipping businesses, in the Logistics segment, gross profit has been sluggish but is forecast to gradually improve.

In view of the above, the Company has revised its forecast of full-year consolidated financial results, as follows.

(In billion yen)

	Revenues	Operating Profit	Recurring Profit	Profit attributable to owners of parent
Previous Forecast（July 31, 2017）	2,112.0	21.5	23.0	5.0
Revised Forecast	2,153.0	33.0	35.0	11.0
Change	41.0	11.5	12.0	6.0
Percentage Change (%)	1.9%	53.5%	52.2%	120.0%

Assumption for forecasts:
Exchange rate (for the third and fourth quarter) ¥110/US$ (Full year) ¥110.60/US$
Bunker oil prices (for the third and fourth quarter) US$350/MT (Full year) US$335.76/MT

② Dividends for the Fiscal Year ending March 31, 2018

While the management of NYK Line regards the stable return of profits to shareholders as one of its most important priorities, it has decided not to pay an interim dividend since the Company recorded a substantial decrease in shareholders' capital in the previous fiscal year. The payment of a fiscal year-end dividend has yet to be decided, but management will make a decision after carefully examining market conditions and financial results in the second half of the fiscal year, and determining whether internal reserves have reached a sufficient level for responding to market changes.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	143,180	117,817
Notes and operating accounts receivable-trade	249,094	275,930
Inventories	39,689	44,739
Deferred and prepaid expenses	61,882	67,125
Deferred tax assets	2,460	2,623
Other	81,279	82,476
Allowance for doubtful accounts	(2,238)	(2,108)
Total current assets	575,347	588,604
Non-current assets		
Vessels, property, plant and equipment		
Vessels, net	631,393	637,090
Buildings and structures, net	72,952	76,268
Aircraft, net	24,024	23,815
Machinery, equipment, and vehicles, net	30,457	30,599
Equipment, net	5,930	5,825
Land	69,887	73,321
Construction in progress	50,574	65,982
Other, net	5,328	5,205
Total vessels, property, plant and equipment	890,547	918,110
Intangible assets		
Leasehold right	4,477	4,579
Software	12,675	7,762
Goodwill	18,636	19,932
Other	2,995	3,495
Total intangible assets	38,785	35,770
Investments and other assets		
Investment securities	410,236	411,602
Long-term loans receivable	30,028	25,599
Net defined benefit asset	47,253	46,810
Deferred tax assets	5,877	6,300
Other	52,460	50,938
Allowance for doubtful accounts	(6,626)	(7,597)
Total investments and other assets	539,229	533,653
Total non-current assets	1,468,562	1,487,533
Deferred assets	273	371
Total assets	2,044,183	2,076,510

(In million yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	196,317	205,188
Current portion of bonds	—	30,000
Short-term loans payable	102,842	88,197
Income taxes payable	8,099	7,300
Deferred tax liabilities	3,668	3,212
Advances received	38,894	49,087
Provision for bonuses	9,359	9,100
Provision for directors' bonuses	384	231
Provision for stock payment	—	8
Provision for losses related to antitrust law	19,515	19,263
Provision for losses related to contracts	5,328	8,681
Other	73,527	84,545
Total current liabilities	457,938	504,815
Non-current liabilities		
Bonds payable	145,000	145,000
Long-term loans payable	686,598	684,472
Deferred tax liabilities	50,039	49,937
Net defined benefit liability	18,596	18,939
Provision for directors' retirement benefits	1,857	1,822
Provision for stock payment	226	342
Provision for periodic dry docking of vessels	22,424	21,656
Provision for losses related to contracts	16,373	7,894
Other	53,192	54,418
Total non-current liabilities	994,309	984,484
Total liabilities	1,452,247	1,489,300
Equity		
Shareholders' capital		
Common stock	144,319	144,319
Capital surplus	155,461	33,754
Retained earnings	202,488	331,220
Treasury stock	(3,814)	(3,787)
Total shareholders' capital	498,455	505,506
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	48,860	43,415
Deferred gain (loss) on hedges	(27,284)	(27,159)
Foreign currency translation adjustments	(4,816)	(5,189)
Remeasurements of defined benefit plans	7,255	5,961
Total accumulated other comprehensive income (loss)	24,015	17,027
Non-controlling interests	69,464	64,675
Total equity	591,936	587,209
Total liabilities and equity	2,044,183	2,076,510

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

(Consolidated Statements of Income)

(In million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Revenues	928,582	1,064,279
Cost and expenses	847,288	949,947
Gross profit	81,293	114,331
Selling, general and administrative expenses	103,765	101,590
Operating profit (loss)	(22,472)	12,741
Non-operating income		
Interest income	1,586	1,781
Dividend income	4,119	3,925
Equity in earning of unconsolidated subsidiaries and affiliates	7,313	10,032
Foreign exchange gains	—	904
Other	3,166	2,178
Total non-operating income	16,185	18,822
Non-operating expenses		
Interest expenses	7,260	8,554
Foreign exchange losses	8,330	—
Other	1,738	996
Total non-operating expenses	17,330	9,551
Recurring profit (loss)	(23,616)	22,012
Extraordinary income		
Gain on sales of non-current assets	7,039	709
Gain on sales of investment securities	21	3,494
Other	1,225	1,041
Total extraordinary income	8,287	5,245
Extraordinary losses		
Loss on sales of non-current assets	119	43
Loss related to business restructuring	—	4,202
Losses related to antitrust law	1,926	2,723
Other	203,427	1,767
Total extraordinary losses	205,472	8,736
Profit (loss) before income taxes	(220,802)	18,520
Total income taxes	9,028	9,258
Profit (loss)	(229,830)	9,262
Profit attributable to non-controlling interests	1,982	2,970
Profit (loss) attributable to owners of parent	(231,812)	6,291

(Consolidated Statements of Comprehensive Income)

(In million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit (loss)	(229,830)	9,262
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(2,270)	(5,485)
Deferred gain (loss) on hedges	275	(524)
Foreign currency translation adjustments	(18,981)	5,024
Remeasurements of defined benefit plans	1,271	(1,277)
Share of other comprehensive income of associates accounted for using equity method	(22,465)	(3,580)
Total other comprehensive income	(42,170)	(5,844)
Comprehensive income	(272,001)	3,418
(Breakdown)		
Comprehensive income attributable to owners of parent	(268,468)	(697)
Comprehensive income attributable to non-controlling interests	(3,532)	4,115

(3) Consolidated Statements of Cash Flows

(In million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	(220,802)	18,520
Depreciation and amortization	48,871	42,679
Impairment loss	163,232	324
Losses related to antitrust law	1,926	2,723
Loss related to business restructuring	—	4,202
Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(6,703)	(393)
Loss (gain) on sales of short-term and long-term investment securities	(479)	(3,463)
Loss (gain) on valuation of short-term and long-term investment securities	88	15
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(7,313)	(10,032)
Interest and dividend income	(5,705)	(5,706)
Interest expenses	7,260	8,554
Foreign exchange losses (gains)	4,688	362
Decrease (increase) in notes and accounts receivable - trade	(4,622)	(22,354)
Decrease (increase) in inventories	(5,553)	(4,816)
Increase (decrease) in notes and accounts payable - trade	7,516	5,900
Other, net	30,716	3,988
Subtotal	13,120	40,504
Interest and dividend income received	9,644	12,703
Interest expenses paid	(7,456)	(8,749)
Paid expenses related to antitrust law	(862)	(2,587)
Income taxes (paid) refund	(6,595)	(9,094)
Net cash provided by (used in) operating activities	7,851	32,776
Net cash provided by (used in) investing activities		
Purchase of vessels, property, plant and equipment and intangible assets	(76,328)	(75,305)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	16,315	14,626
Purchase of investment securities	(19,591)	(13,311)
Proceeds from sales and redemption of investment securities	7,025	8,623
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(4,613)
Payments for sales of shares in subsidiaries resulting in change in scope of consolidation	—	(268)
Payments of loans receivable	(11,127)	(3,042)
Collection of loans receivable	3,175	8,140
Other, net	25,136	3,998
Net cash provided by (used in) investing activities	(55,394)	(61,151)

(In million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	60,796	(102)
Proceeds from long-term loans payable	24,246	39,166
Repayments of long-term loans payable	(50,434)	(58,141)
Proceeds from issuance of bonds	—	29,852
Redemption of bonds	(345)	—
Proceeds from share issuance to non-controlling shareholders	127	—
Purchase of treasury stock	(1,711)	(7)
Proceeds from sales of treasury stock	0	34
Cash dividends paid to shareholders	(3,391)	—
Cash dividends paid to non-controlling interests	(2,926)	(6,200)
Other, net	(1,745)	(1,777)
Net cash provided by (used in) financing activities	24,616	2,823
Effect of exchange rate change on cash and cash equivalents	(9,485)	670
Net increase (decrease) in cash and cash equivalents	(32,412)	(24,880)
Cash and cash equivalents at beginning of period	253,618	137,444
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	478	51
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	(17)	47
Cash and cash equivalents at end of period	221,666	112,662

(4) Notes Regarding Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

The second quarter of this fiscal year (April 1, 2017 – September 30, 2017)

Not applicable

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

The second quarter of this fiscal year (April 1, 2017 – September 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

(Segment Information)

Ⅰ. Six months ended September 30, 2016 (April 1, 2016 – September 30, 2016)

1. 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	273,935	35,386	224,283	349,378	4,327	41,271	928,582	-	928,582
(2)Inter-segment revenues	6,656	3,113	1,545	423	524	25,369	37,633	(37,633)	-
Total	280,591	38,500	225,829	349,802	4,852	66,640	966,215	(37,633)	928,582
Segment income (loss)	(15,303)	(3,469)	4,648	(9,441)	1,896	(524)	(22,194)	(1,422)	(23,616)

(Notes)

1. Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments -59 million yen and other cooperate expenses -1,363 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.

2. Information Regarding Goodwill and Impairment Loss on Fixed Assets in Reported Segments
Significant Impairment Loss on Fixed Assets

In the Liner Trade segment, an impairment loss of ¥73,468 million was recorded under extraordinary losses.
In the Air Cargo Transportation segment, an impairment loss of ¥5,075 million was recorded under extraordinary losses. In the Bulk Shipping segment, an impairment loss of ¥84,630 million was recorded under extraordinary losses. This figure resulted from reducing the book value of a number of vessels to their respected recoverable amounts.

Ⅱ. Six months ended September 30, 2017 (April 1, 2017 – September 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	343,451	44,436	244,777	380,945	3,505	47,161	1,064,279	-	1,064,279
(2)Inter-segment revenues	7,113	2,708	1,978	259	432	31,943	44,436	(44,436)	-
Total	350,565	47,145	246,756	381,204	3,938	79,105	1,108,716	(44,436)	1,064,279
Segment income (loss)	13,370	(69)	1,229	5,061	1,454	2,059	23,106	(1,093)	22,012

(Notes)

1. Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 11 million yen and other corporate expenses -1,105 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.

(Important Subsequent Event)

(Consolidation of Shares and Change of the Number of Trading Unit Shares)

In a meeting held on May 16, 2017, the Board of Directors proposed to partially amend the Articles of Incorporation in connection with a plan to consolidate shares through a reverse stock split and to change the number of shares that constitute a single trading unit. The proposal was approved by a vote at the 130th Ordinary General Meeting of Shareholders held on June 21, 2017, and went into effect from October 1, 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 has conducted 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, were 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 September 30, 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

(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 is distributing 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 was 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

5. Impact on per share data

The impact of the reverse stock split and change of trading unit shares is stated in relevant sections of this document.

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	542,557		
Operating profit	3,572	9,168		
Recurring profit	10,279	11,732		
Profit attributable to owners of parent for the quarter	5,398	892		
Total assets	2,072,290	2,076,510		
Equity	586,507	587,209		

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

	Six months ended September 30, 2016	Six months ended September 30, 2017	Change	Year ended March 31, 2017
Average exchange rate during the period	¥107.31/US$	¥111.20/US$	Yen down ¥3.89/US$	¥108.76/US$
Exchange rate at the end of the period	¥101.12/US$	¥112.73/US$	Yen down ¥11.61/US$	¥112.19/US$

(3) Balance of Interest-Bearing Debt

(In million yen)

	Year ended March 31, 2017	Year ended September 30, 2017	Change
Loans	789,441	772,670	(16,771)
Corporate bonds	145,000	175,000	30,000
Leases liabilities	10,950	12,954	2,004
Total	945,391	960,624	15,232