Consolidated Financial Results for Nine Months Ended December 31, 2017
(Japanese GAAP) (Unaudited)

January 31, 2018

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
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Submit scheduled date of Quarterly Financial Report	February 13, 2018
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 Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 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	%
Nine months ended December 31, 2017	1,630,609	15.3	24,822	-	35,602	-	16,804	-
Nine months ended December 31, 2016	1,414,549	-19.9	(15,516)	-	2,292	-95.9	(226,093)	-

(Note) Comprehensive income:
Nine Months ended December 31, 2017: ¥31,097 million (-%), Nine Months ended December 31, 2016: ¥-239,758 million (-%)

	Profit per share	Profit per share-fully diluted
	yen	yen
Nine months ended December 31, 2017	99.64	-
Nine months ended December 31, 2016	(1,336.88)	-

(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 December 31, 2017	2,116,871	588,447	26.0
As of March 31, 2017	2,044,183	591,936	25.6

(Reference) Shareholders' equity: As of December 31, 2017: ¥ 549,609 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)				20.00	-

(Note) Revision of forecast for dividends in this quarter: Yes
On October 1, 2017, NYK Line conducted a reverse stock split at a ratio of 10 ordinary shares to one ordinary share. In consideration of the effect of this reverse stock split, the amount of the planned year-end dividend per share for the fiscal year ending March 31, 2018, is shown in the table above, while the total dividend per share amount for the full fiscal year is not shown. For details, please refer to "Assumptions for the forecast of consolidated financial results and other particular issues," in the 4. Notes section, below.

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	2,172,000	12.9	30,000	-	27,000	-	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 December 31, 2017	170,055,098	As of March 31, 2017	170,055,098
2. Number of treasury stock	As of December 31, 2017	1,394,348	As of March 31, 2017	1,405,053
3. Average number of shares (cumulative quarterly period)	Nine months ended December 31, 2017	168,658,743	Nine months ended December 31, 2016	169,119,830

(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 planned dividend amount and forecast of consolidated financial results for the fiscal year ending March 31, 2018, have been calculated based on conditions prior to the reverse stock split, as follows.

1. Planned dividend for the fiscal year ending March 31, 2018

   Fiscal year-end dividend of ¥2.00 per share (Note 1)

2. 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

(Note 1):The dividend amount has been calculated based on conditions prior to the reverse stock split.

(Note 2):The annual dividend for the fiscal year ending March31, 2018(based on conditions prior to the reverse stock split) amounts to ¥2.00 per share.

Foreign exchange rate: (for the fourth quarter) ¥110/US$, (full year) ¥111.26/US$

Bunker oil prices: (for the fourth quarter) US$390/MT, (full year) US$343.20/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 2-6 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 nine-month period of the fiscal year ending March 31, 2018 (April 1, 2017, to December 31, 2017), consolidated revenues amounted to ¥1,630.6 billion, up from ¥1,414.5 billion in the same period of the previous fiscal year. NYK Line posted an operating profit of ¥24.8 billion compared with operating loss of ¥15.5 billion, and a recurring profit of ¥35.6 billion compared with recurring profit of ¥2.2 billion. Likewise, profit attributable to owners of parent amounting to ¥16.8 billion, compared to a net loss of ¥226.0 billion in the same period of the previous fiscal year.

Overview

Conditions in the maritime shipping market were positive overall during the nine-month period of the fiscal year ending March 31, 2018. In the container shipping market, an upswing in spot freight rates stalled somewhat as the total supply of tonnage remained at similarly high levels as the previous year. Nevertheless, shipping traffic was brisk on the back of robust demand for container shipments. In the dry bulk shipping market, although excess tonnage still exists, market conditions improved owing to steady shipping traffic and the increased imports of iron ore to China. Among the Group’s non-shipping businesses, the Logistics segment 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 nine-month period of the current fiscal year. Consolidated revenues were up ¥216.0 billion, or 15.3%, compared with the same period of the previous fiscal year, while operating profit increased ¥40.3 billion, recurring profit increased ¥33.3 billion, and profit attributable to owners of parent jumped ¥242.8 billion year on year.

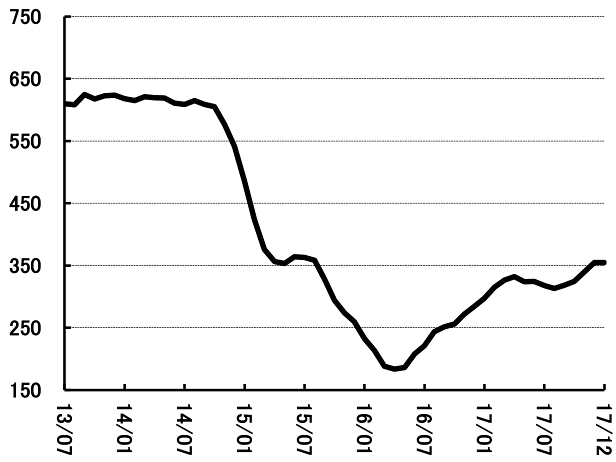
In addition, the average exchange rate and average bunker oil prices changed in the third quarter of the current fiscal year, as follows.

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Change
Average exchange rate	¥106.92/US$	¥111.68/US$	Yen down ¥4.76/US$
Average bunker oil prices	US$234.02/MT	US$327.60/MT	Price up US$93.58/MT

Yen/US$ Exchange Rate Fluctuations

Period：2013/7 ～ 2017/12

US$/MT Movements in Bunker Oil Prices



Period：2013/7 ～ 2017/12

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

Overview by Business Segment

Business segment information for the nine months ended December 31, 2017 (April 1, 2017–December 31, 2017) is as follows.

(In billion yen)

		Revenues				Recurring profit		
		FY 2016 3Q	FY 2017 3Q	Change	Percentage Change	FY 2016 3Q	FY 2017 3Q	Change
Global Logistics	Liner Trade	430.4	527.3	96.9	22.5 %	(11.3)	17.2	28.6
	Air Cargo Transportation	61.0	72.9	11.9	19.6 %	(1.2)	0.7	2.0
	Logistics	343.8	382.3	38.5	11.2 %	6.7	2.2	-4.4
Bulk Shipping		526.4	586.7	60.2	11.4 %	(1.4)	11.5	13.0
Others	Real Estate	7.4	5.8	-1.5	-20.9 %	11.3	2.1	-9.2
	Other	103.7	125.7	22.0	21.3 %	0.1	3.1	2.9

Liner Trade

In the container shipping market, while shipping traffic was brisk along transpacific and European routes, the upswing in spot freight rates largely came to a standstill due to the impact of growing shipping capacity, caused by the production of new ultra-large container ships.

NYK Line and four other companies have begun offering new services as THE Alliance. Under THE Alliance, efforts have been made to boost the efficiency of various services while maintaining and enhancing user-friendliness and competitiveness. The NYK Group worked to limit its 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.
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 in July 2017, and all legal procedures necessary for the commencement of new services by ONE have been completed in each of the countries and regions in which it will operate. Other aspects of the business integration have also been proceeding smoothly, and the three parent companies are now working together to prepare for the commencement of services in April 2018.

Air Cargo Transportation

In the Air Cargo Transportation segment, despite steeply rising fuel prices, increased maintenance costs, and various mechanical problems, the segment boosted cargo volume, especially auto-related and semiconductor-related cargoes, and increased freight rates as the market remained brisk overall.
Consequently, revenues improved compared with the same period of the previous fiscal year and the segment posted a profit.

Logistics

In the air freight forwarding business, market conditions improved in Japan and gross margin levels recovered. In the ocean freight forwarding business, handling volume increased compared with the same period of the previous fiscal year, but as a result of rising cost prices associated with maritime freight rates from Asia to Europe and the Americas, gross margin did not reach the expected levels. In the logistics business, there were additional costs relating to setting up new businesses. Meanwhile, in the coastal transportation business, shipping traffic was solid despite the negative impacts of steeply rising fuel prices and inclement weather.
Owing to the factors above, the Logistics segment as a whole posted an increase in revenues and a decrease in profit compared with the same period of the previous fiscal year.
NYK Line conducted a tender offer for the common stock of Yusen Logistics Co., Ltd., a consolidated subsidiary company, in a bid to make it a wholly owned subsidiary, and the tender offer was completed on December 14, 2017.

Bulk Shipping

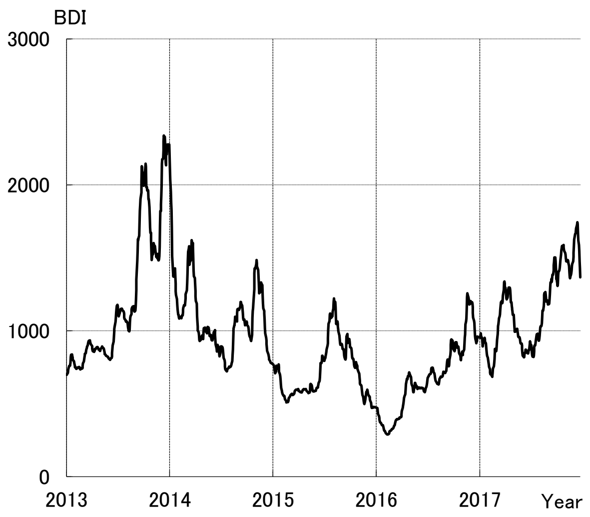
In the automobile transport market, the volume of automobile shipments to resource-rich countries in particular slowed down amid low prices of crude oil and other resources, but the demand for automobile shipments to North America, Europe and Asia were robust, and the total number of new vehicles it shipped by sea increased compared with the same period of the previous fiscal year. In the automobile logistics business, established operations performed solidly overall, especially automobile logistics centers in China, India and Europe. In light of those results, NYK Line is considering possibilities for expanding this business in steadily growing markets.

In the dry bulk shipping market, although excess tonnage still exists as more new ships were commissioned than the number of vessels scrapped, the cargo volume of iron ore, coal, and grains increased. As a result, market conditions improved compared with the same period 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, while shipping traffic was consistently steady, excessive supply resulted from the commissioning of new very large crude carriers (VLCC). Consequently, the market was in a slump. 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.

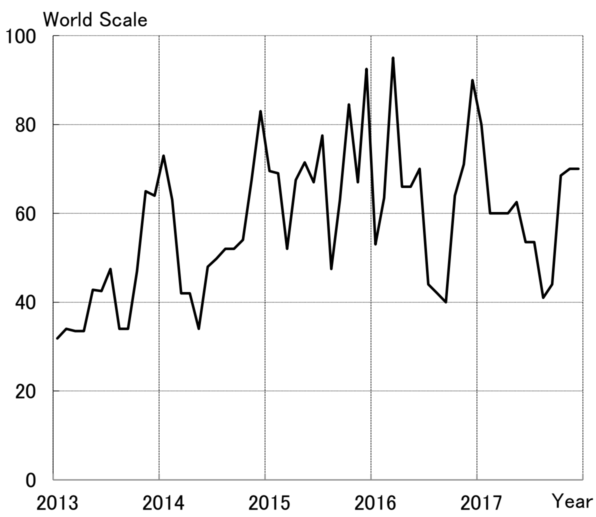
Taken altogether, the Bulk Shipping segment posted an increase in revenues and a profit compared with a loss in the nine-month period of the previous fiscal year.

Fluctuation in Tramper Freight Rate in BDI



Period：2013/1 ～ 2017/12

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



Period：2013/1 ～ 2017/12

Real Estate and Other Businesses Services

In the Real Estate segment, revenue and income decreased compared with the same period of 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 ship occupancy rate remained at the same level as the previous fiscal year in the cruise business, other businesses performed strongly, including the bunker oil sales business. As a result, both revenues and profit increased compared with the same period of the previous fiscal year.

(2) Explanation about Financial Position

Assets, Liabilities, and Equity

As of December 31, 2017, the end of the third quarter of the fiscal year under review, consolidated assets amounted to ¥2,116.8 billion, an increase of ¥72.6 billion compared with the end of the previous fiscal year on March 31, 2017. Consolidated liabilities totaled ¥1,528.4 billion, up ¥76.1 billion compared with the end of the previous fiscal year. Under consolidated equity, capital surplus was reduced by ¥120.2 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 ¥139.2 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 ¥549.6 billion. This amount combined with non-controlling interests of ¥38.8 billion brought total equity to ¥588.4 billion. Based on this result, the debt-to-equity ratio came to 1.82.

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

The Company expects to incur one-time expenses during the current fiscal year; however, consolidated results as a whole are still projected to improve. The forecast for the full fiscal year includes revenues of ¥2,172.0 billion, operating income of ¥30.0 billion, recurring profit of ¥27.0 billion, and profit attributable to owners of parent of ¥11.0 billion.

One-time expenses associated with preparations for integrating the container shipping business are forecast to increase, but container shipments are projected to remain solid going forward. In the automobile transport business, shipments originating from Japan bound for Europe and North America are solid, but an upswing of shipments to resource-rich countries has been delayed. Meanwhile, the dry bulk shipping market is projected to continue recovering moderately in line with seasonal trends, supported by steady shipping traffic. The liquid transport business will incur a one-time loss by an equity-method affiliate while facing a sluggish market for tanker shipments. Nevertheless, LNG tanker and offshore operations are forecast to remain busy and steadily contribute to revenues and profits. Among the Company's non-shipping businesses, the Logistics segment expects to continue facing a tough operating environment, while the Air Cargo Transportation segment expects brisk cargo volume to continue.

In view of the above, the Company's management has reconsidered the forecast of full-year consolidated financial results and downwardly revised it as follows.

(In billion yen)

	Revenues	Operating Profit	Recurring Profit	Profit attributable to owners of parent
Previous Forecast（October 31, 2017）	2,153.0	33.0	35.0	11.0
Revised Forecast	2,172.0	30.0	27.0	11.0
Change	19.0	-3.0	-8.0	-
Percentage Change (%)	0.9%	-9.1%	-22.9%	-

Assumption for forecasts:
Exchange rate (for the fourth quarter) ¥110/US$ (Full year) ¥111.26/US$
Bunker oil prices (for the fourth quarter) US$390/MT (Full year) US$343.20/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 its most important priorities. Although the payment of a fiscal year-end dividend had not been decided thus far, the Company now plans to pay a year-end dividend of ¥20 per share. Management reached this decision after determining that the Company has sufficient prospects for regaining profitability based on the results of various structural reforms and the recovery of the maritime shipping market.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	143,180	95,178
Notes and operating accounts receivable-trade	249,094	274,413
Inventories	39,689	50,334
Deferred and prepaid expenses	61,882	75,154
Deferred tax assets	2,460	2,375
Other	81,279	84,672
Allowance for doubtful accounts	(2,238)	(2,109)
Total current assets	575,347	580,018
Non-current assets		
Vessels, property, plant and equipment		
Vessels, net	631,393	633,820
Buildings and structures, net	72,952	77,607
Aircraft, net	24,024	38,920
Machinery, equipment, and vehicles, net	30,457	30,175
Equipment, net	5,930	5,683
Land	69,887	73,480
Construction in progress	50,574	73,452
Other, net	5,328	5,481
Total vessels, property, plant and equipment	890,547	938,621
Intangible assets		
Leasehold right	4,477	4,642
Software	12,675	7,704
Goodwill	18,636	19,631
Other	2,995	3,230
Total intangible assets	38,785	35,209
Investments and other assets		
Investment securities	410,236	442,661
Long-term loans receivable	30,028	23,497
Net defined benefit asset	47,253	43,368
Deferred tax assets	5,877	6,643
Other	52,460	54,115
Allowance for doubtful accounts	(6,626)	(7,610)
Total investments and other assets	539,229	562,675
Total non-current assets	1,468,562	1,536,506
Deferred assets	273	345
Total assets	2,044,183	2,116,871

(In million yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	196,317	218,069
Current portion of bonds	—	30,000
Short-term loans payable	102,842	89,717
Commercial papers	—	13,000
Income taxes payable	8,099	6,167
Deferred tax liabilities	3,668	4,465
Advances received	38,894	51,661
Provision for bonuses	9,359	6,808
Provision for directors' bonuses	384	313
Provision for stock payment	—	9
Provision for losses related to antitrust law	19,515	19,566
Provision for losses related to contracts	5,328	3,129
Other	73,527	80,789
Total current liabilities	457,938	523,697
Non-current liabilities		
Bonds payable	145,000	145,000
Long-term loans payable	686,598	709,789
Deferred tax liabilities	50,039	53,000
Net defined benefit liability	18,596	19,094
Provision for directors' retirement benefits	1,857	1,960
Provision for stock payment	226	445
Provision for periodic dry docking of vessels	22,424	21,316
Provision for losses related to contracts	16,373	2,298
Other	53,192	51,819
Total non-current liabilities	994,309	1,004,725
Total liabilities	1,452,247	1,528,423
Equity		
Shareholders' capital		
Common stock	144,319	144,319
Capital surplus	155,461	35,221
Retained earnings	202,488	341,732
Treasury stock	(3,814)	(3,796)
Total shareholders' capital	498,455	517,477
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	48,860	51,933
Deferred gain (loss) on hedges	(27,284)	(24,121)
Foreign currency translation adjustments	(4,816)	(1,119)
Remeasurements of defined benefit plans	7,255	5,439
Total accumulated other comprehensive income (loss)	24,015	32,131
Non-controlling interests	69,464	38,838
Total equity	591,936	588,447
Total liabilities and equity	2,044,183	2,116,871

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

(In million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Revenues	1,414,549	1,630,609
Cost and expenses	1,277,459	1,454,247
Gross profit	137,090	176,361
Selling, general and administrative expenses	152,606	151,539
Operating profit (loss)	(15,516)	24,822
Non-operating income		
Interest income	2,658	2,605
Dividend income	6,046	6,126
Equity in earning of unconsolidated subsidiaries and affiliates	11,872	13,696
Gain on investments in silent partnership	8,745	—
Foreign exchange gains	—	936
Other	4,449	2,800
Total non-operating income	33,773	26,165
Non-operating expenses		
Interest expenses	11,285	13,156
Foreign exchange losses	2,652	—
Other	2,026	2,228
Total non-operating expenses	15,964	15,385
Recurring profit	2,292	35,602
Extraordinary income		
Gain on sales of non-current assets	7,572	3,029
Gain on sales of investment securities	38	5,635
Other	1,417	2,765
Total extraordinary income	9,028	11,430
Extraordinary losses		
Loss on sales of non-current assets	489	69
Loss related to business restructuring	—	4,356
Losses related to antitrust law	2,109	3,026
Other	217,305	3,214
Total extraordinary losses	219,903	10,667
Profit (loss) before income taxes	(208,582)	36,365
Total income taxes	13,553	14,950
Profit (loss)	(222,136)	21,414
Profit attributable to non-controlling interests	3,957	4,609
Profit (loss) attributable to owners of parent	(226,093)	16,804

(Consolidated Statements of Comprehensive Income)

(In million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit (loss)	(222,136)	21,414
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	14,797	2,909
Deferred gain (loss) on hedges	736	1,621
Foreign currency translation adjustments	(12,796)	8,551
Remeasurements of defined benefit plans	1,475	(1,796)
Share of other comprehensive income of associates accounted for using equity method	(21,834)	(1,602)
Total other comprehensive income	(17,622)	9,683
Comprehensive income	(239,758)	31,097
(Breakdown)		
Comprehensive income attributable to owners of parent	(243,516)	24,601
Comprehensive income attributable to non-controlling interests	3,758	6,496

(3) Notes Regarding Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

The third quarter of this fiscal year (April 1, 2017 – December 31, 2017)

Not applicable

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

The third quarter of this fiscal year (April 1, 2017 – December 31, 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: 600 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. Nine months ended December 31, 2016 (April 1, 2016 – December 31, 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	420,729	56,400	341,432	525,784	6,532	63,670	1,414,549	-	1,414,549
(2)Inter-segment revenues	9,735	4,611	2,422	713	881	40,065	58,429	(58,429)	-
Total	430,464	61,011	343,854	526,497	7,414	103,735	1,472,979	(58,429)	1,414,549
Segment income (loss)	(11,349)	(1,267)	6,722	(1,435)	11,354	156	4,180	(1,888)	2,292

(Notes)

1. Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments -55 million yen and other cooperate expenses -1,833 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 ¥73,245 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 ¥84,460 million was recorded under extraordinary losses. This figure resulted from reducing the book value of a number of vessels and aircrafts to their respected recoverable amounts.

Ⅱ. Nine months ended December 31, 2017 (April 1, 2017 – December 31, 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	516,476	68,736	379,366	586,267	5,092	74,669	1,630,609	-	1,630,609
(2)Inter-segment revenues	10,903	4,247	3,012	496	775	51,112	70,547	(70,547)	-
Total	527,379	72,983	382,379	586,763	5,868	125,781	1,701,156	(70,547)	1,630,609
Segment income (loss)	17,268	791	2,297	11,588	2,138	3,129	37,213	(1,611)	35,602

(Notes)

1. Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 18 million yen and other corporate expenses -1,629 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	542,557	566,330	
Operating profit	3,572	9,168	12,081	
Recurring profit	10,279	11,732	13,590	
Profit attributable to owners of parent for the quarter	5,398	892	10,513	
Total assets	2,072,290	2,076,510	2,116,871	
Equity	586,507	587,209	588,447	

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

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Change	Year ended March 31, 2017
Average exchange rate during the period	¥106.92/US$	¥111.68/US$	Yen down ¥4.76/US$	¥108.76/US$
Exchange rate at the end of the period	¥116.49/US$	¥113.00/US$	Yen up ¥3.49/US$	¥112.19/US$

(3) Balance of Interest-Bearing Debt

(In million yen)

	Year ended March 31, 2017	Year ended December 31, 2017	Change
Loans	789,441	799,507	10,066
Corporate bonds	145,000	175,000	30,000
Commercial papers	-	13,000	13,000
Leases liabilities	10,950	12,614	1,663
Total	945,391	1,000,121	54,730