Consolidated Financial Results for Six Months Ended September 30, 2018
(Japanese GAAP) (Unaudited)

October 31, 2018

Nippon Yusen Kabushiki Kaisha (NYK Line)

Security Code:	9101
Listings:	The First Section of Tokyo and Nagoya Stock Exchanges
URL:	https://www.nyk.com/english/index.htm
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Submit scheduled date of Quarterly Financial Report	November 13, 2018
Start scheduled date of paying Dividends	November 20, 2018
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, 2018 (April 1, 2018 to September 30, 2018)

(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, 2018	915,670	-14.0	(4,194)	-	(9,029)	-	(9,795)	-
Six months ended September 30, 2017	1,064,279	14.6	12,741	-	22,012	-	6,291	-

(Note) Comprehensive income:
Six Months ended September 30, 2018: ¥-15,001 million (-%), Six Months ended September 30, 2017: ¥ 3,418 million (-%)

	Profit per share	Profit per share–fully diluted
	yen	yen
Six months ended September 30, 2018	(58.07)	-
Six months ended September 30, 2017	37.30	-

(2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio
	million yen	million yen	%
As of September 30, 2018	2,096,483	564,828	25.2
As of March 31, 2018	2,071,636	588,255	26.6

(Reference) Shareholders' equity: As of September 30, 2018: ¥ 529,231 million, As of March 31, 2018: ¥ 551,887 million

2. Dividends

Date of record	Dividend per share				
	1st Quarter End	2ndQuarter End	3rd Quarter End	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2018	-	0.00	-	30.00	-
Year ending March 31, 2019	-	10.00			
Year ending March 31, 2019 (Forecast)			-	10.00	20.00

(Note) Revision of forecast for dividends in this quarter: None

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 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.

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(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, 2019	1,810,000	-17.1	5,500	-80.2	(13,000)	-	(6,000)	-	(35.57)

(Note) Revision of forecast in this quarter: Yes

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: Yes
2. Changes other than No.1: Yes
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, 2018	170,055,098	As of March 31, 2018	170,055,098
2. Number of treasury stock	As of September 30, 2018	1,346,535	As of March 31, 2018	1,396,372
3. Average number of shares (cumulative quarterly period)	Six months ended September 30, 2018	168,683,831	Six months ended September 30, 2017	168,657,256

*This financial report is not subject to the audit procedure.

*Assumption for the forecast of consolidated financial results and other particular issues
Foreign exchange rate: (for the third and fourth quarter) ¥110/US$, (full year) ¥109.74/US$
Bunker oil price: (for the third and fourth quarter) US$500/MT, (full year) US$459.83/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
(https://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, 2019 (April 1, 2018, to September 30, 2018), consolidated revenues amounted to ¥915.6 billion, down from ¥1,064.2 billion in the same period of the previous fiscal year. NYK Line posted an operating loss of ¥4.1 billion compared with operating profit of ¥12.7 billion, and a recurring loss of ¥9.0 billion compared with recurring profit of ¥22.0 billion in the first half of the previous fiscal year. Likewise, profit attributable to owners of parent of ¥6.2 billion in the previous fiscal year turned into a net loss of ¥9.7 billion.

Overview

In the container shipping market, the high level of new supply has remained ongoing from last year, but supported by strong shipping volumes, the spot freight rates were generally favorable. In the dry bulk shipping market, the pace of new capacity completion is definitely slowing down while the shipping volumes of cargoes such as coal and grain have increased, and the gradual market improvement continued. On the other hand, bunker prices increased as a result of the higher crude oil prices.

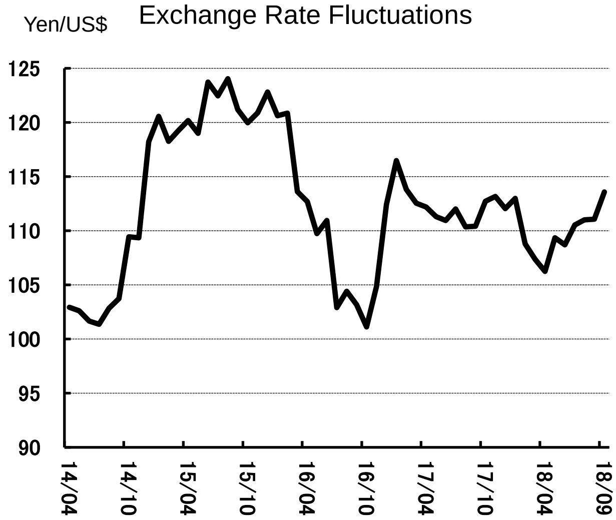
Within this shipping industry environment, the new shipping line OCEAN NETWORK EXPRESS PTE. LTD. (“ONE”), which was established with the aim of integrating the container shipping business with those of Kawasaki Kisen Kaisha, Ltd. and Mitsui O.S.K. Lines, Ltd. started offering service from April 1, 2018. However, immediately after the start of the business, a disruption to the service occurred, causing a drop in loading volumes and slot utilization. The impact of this resulted in a loss being recorded. In addition, NYK Line incurred significant one-time costs following the termination of the container shipping business mainly in the first quarter. In the Air Cargo Transportation segment, the company’s consolidated subsidiary Nippon Cargo Airlines Co., Ltd. grounded all 11 of its aircraft from the middle of June in order to confirm the soundness of the aircraft. Also, an extraordinary loss was recorded due to an impairment loss on some of the aircraft and spare engines owned by the company. On the other hand, in accordance with the policy of reducing the strategic shareholdings, some of the securities held by the company were sold, and the gain on sales of investment securities was recorded as an extraordinary income.

Against that backdrop, during the first half of the current fiscal year underway, consolidated revenues were decreased ¥148.6 billion, or 14.0%, year on year. Operating profit declined ¥16.9 billion, turning into a loss, while recurring profit dropped ¥31.0 billion, and profit attributable to owners of parent fell ¥16.0 billion, compared with the same period of the previous fiscal year.

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

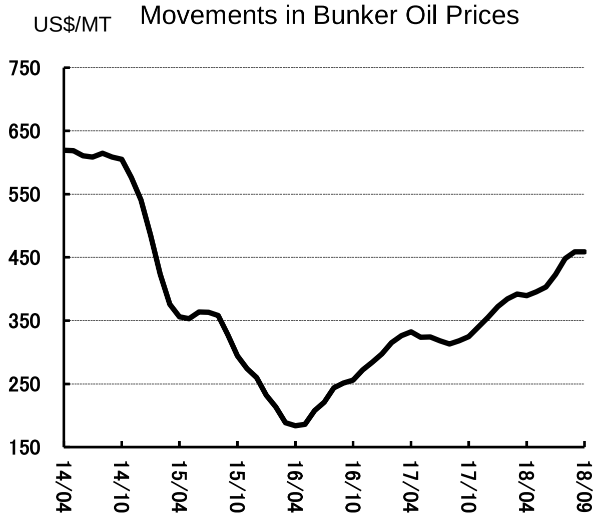
	Six months ended September 30, 2017	Six months ended September 30, 2018	Change
Average exchange rate	¥111.20/US$	¥109.48/US$	Yen up ¥1.72/US$
Average bunker oil prices	US$321.52/MT	US$419.65/MT	Price up US$98.13/MT

Exchange Rate Fluctuations



Period：2014/4 ～ 2018/9

Movements in Bunker Oil Prices



Period：2014/4 ～ 2018/9

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, 2018 (April 1, 2018–September 30, 2018) is as follows.

(in billion yen)

		Revenues				Recurring profit		
		FY2017 2Q	FY2018 2Q	Change	Percentage Change	FY2017 2Q	FY2018 2Q	Change
Global Logistics	Liner Trade	350.5	150.2	-200.3	-57.2 %	13.3	(18.8)	-32.2
	Air Cargo Transportation	47.1	29.1	-18.0	-38.2 %	(0.0)	(7.9)	-7.9
	Logistics	246.7	265.7	18.9	7.7 %	1.2	3.2	2.0
Bulk Shipping		381.2	414.6	33.4	8.8 %	5.0	15.8	10.7
Others	Real Estate	3.9	3.8	-0.1	-3.5 %	1.4	1.4	-0.0
	Other	79.1	90.1	11.0	14.0 %	2.0	0.5	-1.4

Liner Trade

In the container shipping division, the newly established shipping line ONE started offering service from April 1, 2018. Synergistic effects of the business integration have emerged steadily. On the other hand, liftings and utilization dropped due to the impact of teething problems immediately after the commencement of services in April of this year. ONE sought to regain lost ground during the peak season from July to September, but liftings and utilization remained lower than the outlook because the negative impact remained on its main Asia-North America routes and Intra-Asia routes. The decrease in revenue resulting from the above-mentioned lower liftings and utilization, with additional negative effects from the higher cost of returning containers brought on by decreased liftings on backhaul voyages (from North America to Asia, Europe to Asia, etc.) resulted in the deterioration of results. Freight rate levels were generally favorable on both the

Asia-North America and Asia-Europe shipping routes.
At NYK Line, higher than expected one-time costs required to terminate the container shipping business occurred mainly in the first quarter, but these costs largely declined from July. The total handling volume at terminals in Japan and overseas declined year on year.
As a result of the above, the Liner Trade segment as a whole recorded a loss. Also, revenues greatly declined year on year due to the fact that the revenues of ONE, which is accounted for by the equity method, are no longer included.

Air Cargo Transportation

In the Air Cargo Transportation segment, as a result of the improper handling of maintenance work conducted in the past by the consolidated subsidiary Nippon Cargo Airlines Co., Ltd., a “Business improvement order regarding the securing of air transportation safety” was received on July 20 from the Minister of Land, Infrastructure, Transport and Tourism. In response to this order, the company submitted improvement measures on August 17. All 11 of the aircraft operated by the company were grounded from the middle of June in order to confirm the soundness of the aircraft, and the aircraft are successively being returned to service once the soundness has been confirmed. At the start of October, the fifth aircraft was returned to service. The company is currently operating flights on the Shanghai, Hong Kong, North America and Europe routes, but revenues were lower year on year and a loss was recorded.
In addition, as part of the above improvement measures, Nippon Cargo Airlines Co., Ltd. has decided to narrow down the types of aircraft it operates to the Boeing 747-8F. Based on this decision, an extraordinary loss was recorded for the impairment loss on the Boeing 747-400F and spare engines owned by the company.

Logistics

Handling volumes increased in the air freight forwarding business, particularly in Japan, and gross profit improved. In the ocean freight forwarding business, although higher costs in Asia delayed the improvement in gross profit, handling volumes increased. In the logistics business, the results were strong as the company worked to increase sales through participation in new businesses, streamline operations and reduce costs. In the coastal transportation business, the number of voyages declined due to the impact of typhoons and earthquakes, but the strong results were maintained on the back of firm shipping traffic.
As a result of the above, the overall Logistics segment achieved higher profit on higher revenue year on year.

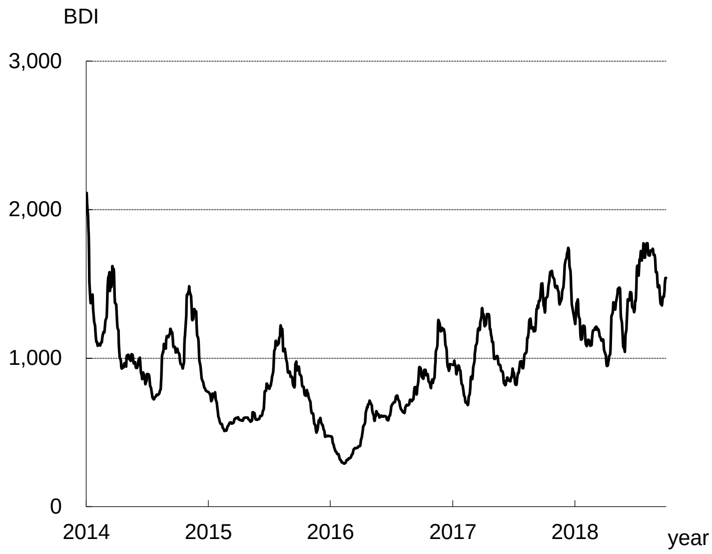
Bulk Shipping

In the automobile transport market, shipping traffic was strong to North America and Europe, but the recovery in the lower shipping volumes to resource rich countries was delayed by the low crude oil and other natural resource prices. This resulted in a decline in total finished car shipping volumes year on year. In the auto logistics segment, the number of vehicles handled declined as a result of slow vehicle sales in several regions, but consideration is being given to expanding the business in markets that will continue to grow in the future.
In the dry bulk shipping market, although capacity increased as more new ships were commissioned than the number of ships scrapped, cargo volumes of iron ore, coal and grain were firm, and the market improved. Under these circumstances, the NYK Group worked to secure long-term contracts, as well as reduce costs, such as thoroughly conducting efficient operations, and return high cost chartered ships early. In addition, efforts were made to improve the bottom line through initiatives such as reducing ballast voyages by finding innovative cargo combinations and ship deployments.

In the liquid transport market, although shipping traffic was firm in VLCC (very large crude carriers) and the supply and demand balance improved due to progress in scrapping old ships, the market continued to remain at low levels. In petrochemical tankers, although overall shipping traffic was strong, it was exceeded by the strong supply pressure from the completion of new ships, resulting in low market levels. Regarding LPG carriers, due to an increase in ton-miles resulting from expanded shipments from the US bound for Asia, the market started to recover. In LNG carriers, three new ships were commissioned during the period up the end of the second quarter, and supported by long-term contracts that generate stable earnings, the division was firm. In the offshore business, FPSO (floating production storage and offloading) vessels, drill ships and shuttle tankers were strong.

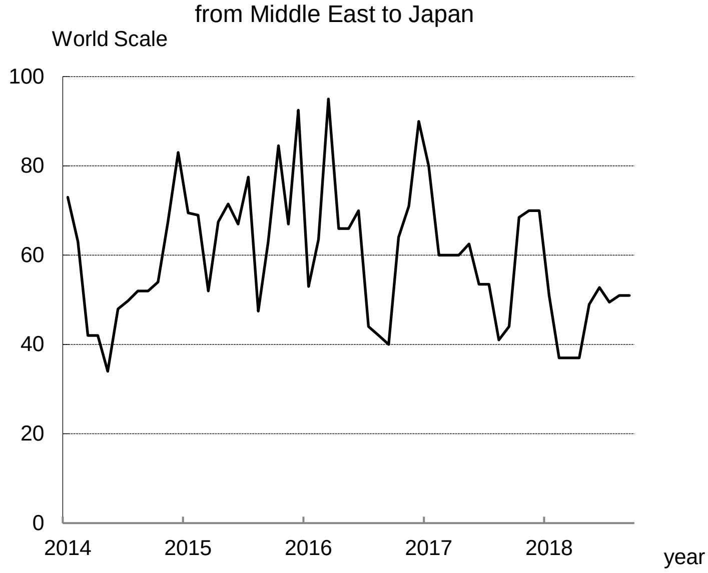
As a result of the above, the overall Bulk Shipping segment achieved higher profit on higher revenue year on year.

Fluctuation in Tramper Freight Rate in BDI



Period：2014/1 ～ 2018/9

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



Period：2014/1 ～ 2018/9

Real Estate and Other Businesses Services

The Real Estate segment was strong, and both revenue and recurring profit were generally unchanged year on year.

In the Other Business Services segment, a world cruise was conducted in the cruise business and the passenger occupancy rate increased. However, in the bunkering business, although bunker prices increased, gross profit declined. These factors resulted in lower profit on increased revenue year on year.

(2) Explanation about Financial Position

① Assets, Liabilities, and Equity

As of September 30, 2018, the end of the second quarter of the fiscal year under review, consolidated assets amounted to ¥2,096.4 billion, an increase of ¥24.8 billion compared with the end of the previous fiscal year on March 31, 2018. Consolidated liabilities totaled ¥1,531.6 billion, up ¥48.2 billion compared with the end of the previous fiscal year. Under consolidated equity, retained earnings decreased ¥14.8 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 ¥529.2 billion. This amount combined with non-controlling interests of ¥35.5 billion brought total equity to ¥564.8 billion. Based on this result, the debt-to-equity ratio came to 2.11.

With the change in accounting policy from this fiscal year, the consolidated financial statements for the fiscal year ended March 31, 2018 shown herein reflect the retroactive application of the indicated change.

② Cash flow

In the first half of the fiscal year ending March 31, 2019, net cash used in operating activities amounted to ¥ 13.5 billion. Main items included loss before income taxes of ¥1.2 billion, non-cash depreciation and amortization of ¥45.4 billion, interest expenses paid of ¥10.7 billion and paid expenses related to antitrust law of ¥18.9 billion. Net cash used in investing activities totaled ¥130.1 billion, reflecting the sale and acquisition of non-current assets centered on ships and the investment in ONE. Net cash provided by financing activities was ¥117.3 billion. The main inflow was earnings from long-term loans. As a result of these factors, the balance of cash and cash equivalents stood at ¥79.8 billion as of September 30, 2018, down ¥23.3 billion compared with the beginning of the fiscal year on April 1, 2018, 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 ¥1,810.0 billion, an operating profit of ¥5.5 billion, a recurring loss of ¥13.0 billion, and a loss attributable to owners of the parent of ¥6.0 billion.

In the container shipping division, although the service disruption at ONE has already ended, the drop in loading volumes and slot utilization ratio have not fully recovered, and the results are expected to significantly deteriorate. On the other hand, most of the one-time costs required to terminate the container shipping business have already been recorded in the first quarter and are expected to greatly decline in the second half. In the Air Cargo Transportation segment, while the aircraft for which soundness has been confirmed are successively being returned to service, the situation is expected to remain challenging in the second half. The Logistics segment is expected to remain strong. The market in the dry bulk division is expected to continue the modest recovery, and the market in the tanker division is expected to rise as the market enters the peak season in the second half. Both LNG carriers and the offshore business are expected to continue securing stable earnings. In the automobile transport segment, shipping traffic is expected to decline as a result of the delay in the recovery of shipments to resource rich countries. However, the company will work to further optimize operational efficiency and improve profitability.

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, 2018）	1,765.0	2.0	10.0	12.0
Revised Forecast	1,810.0	5.5	-13.0	-6.0
Change	45.0	3.5	-23.0	-18.0
Percentage Change (%)	2.5%	175.0%	-	-

Assumption for forecasts:

Exchange rate (for the third and fourth quarter) ¥110/US$ (Full year) ¥109.74/US$

Bunker oil prices (for the third and fourth quarter) US$500/MT (Full year) US$459.83/MT

② Dividends for the Fiscal Year ending March 31, 2019

NYK Line has designated the stable return of profits to shareholders as one of the most important management priorities, and the distribution of profits is decided after taking into consideration a wide range of factors, including the earnings outlook. The company will issue a dividend of ¥10 per share as planned as the interim division for the current fiscal year. In addition, it is planned to issue a year-end dividend of ¥10 per share, and there is no expected change to the full-year dividend of ¥20 per share.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	104,899	82,130
Notes and operating accounts receivable-trade	259,367	226,213
Short-term investment securities	155	238
Inventories	※1 46,598	※1 43,236
Deferred and prepaid expenses	68,758	70,801
Other	87,013	82,795
Allowance for doubtful accounts	(2,194)	(3,554)
Total current assets	564,597	501,860
Non-current assets		
Vessels, property, plant and equipment		
Vessels, net	631,840	642,516
Buildings and structures, net	79,083	84,580
Aircraft, net	47,813	41,179
Machinery, equipment, and vehicles, net	27,691	28,576
Equipment, net	5,919	6,005
Land	71,516	69,312
Construction in progress	49,920	51,960
Other, net	4,985	5,375
Total vessels, property, plant and equipment	918,770	929,507
Intangible assets		
Leasehold right	5,144	4,648
Software	6,807	5,827
Goodwill	22,032	22,094
Other	2,948	3,763
Total intangible assets	36,932	36,332
Investments and other assets		
Investment securities	423,246	502,962
Long-term loans receivable	20,819	22,793
Net defined benefit asset	52,971	52,445
Deferred tax assets	8,461	7,635
Other	52,779	49,042
Allowance for doubtful accounts	(7,263)	(6,426)
Total investments and other assets	551,015	628,453
Total non-current assets	1,506,718	1,594,293
Deferred assets	319	329
Total assets	2,071,636	2,096,483

(In million yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	206,205	164,067
Current portion of bonds	30,000	30,000
Short-term loans payable	113,198	238,238
Commercial papers	—	33,000
Income taxes payable	6,803	7,133
Advances received	48,543	39,792
Provision for bonuses	9,271	9,095
Provision for directors' bonuses	368	242
Provision for stock payment	59	591
Provision for losses related to antitrust law	499	—
Provision for losses related to contracts	3,129	—
Provision for related to business restructuring	2,241	965
Other	96,638	80,462
Total current liabilities	516,959	603,589
Non-current liabilities		
Bonds payable	145,000	125,000
Long-term loans payable	683,184	671,923
Deferred tax liabilities	52,215	45,744
Net defined benefit liability	18,301	18,410
Provision for directors' retirement benefits	1,958	1,333
Provision for stock payment	479	—
Provision for periodic dry docking of vessels	21,335	18,989
Other	43,945	46,665
Total non-current liabilities	966,420	928,065
Total liabilities	1,483,380	1,531,655
Equity		
Shareholders' capital		
Common stock	144,319	144,319
Capital surplus	35,112	34,922
Retained earnings	345,404	330,595
Treasury stock	(3,801)	(3,710)
Total shareholders' capital	521,035	506,127
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	41,637	30,514
Deferred gain (loss) on hedges	(18,929)	(13,506)
Foreign currency translation adjustments	(3,101)	(4,666)
Remeasurements of defined benefit plans	11,245	10,762
Total accumulated other comprehensive income (loss)	30,851	23,104
Non-controlling interests	36,368	35,596
Total equity	588,255	564,828
Total liabilities and equity	2,071,636	2,096,483

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

(Consolidated Statements of Income)

(In million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Revenues	1,064,279	915,670
Cost and expenses	949,947	824,862
Gross profit	114,331	90,808
Selling, general and administrative expenses	101,590	95,003
Operating profit (loss)	12,741	(4,194)
Non-operating income		
Interest income	1,781	1,694
Dividend income	3,925	5,326
Equity in earnings of unconsolidated subsidiaries and affiliates	10,032	—
Foreign exchange gains	904	1,588
Other	2,178	2,937
Total non-operating income	18,822	11,546
Non-operating expenses		
Interest expenses	8,554	11,607
Equity in losses of unconsolidated subsidiaries and affiliates	—	1,316
Other	996	3,459
Total non-operating expenses	9,551	16,382
Recurring profit (loss)	22,012	(9,029)
Extraordinary income		
Gain on sales of non-current assets	709	5,690
Gain on sales of investment securities	3,494	17,596
Other	1,041	3,061
Total extraordinary income	5,245	26,348
Extraordinary losses		
Loss on sales of non-current assets	43	75
Impairment loss	324	11,727
Losses related to antitrust law	2,723	—
Other	5,645	6,741
Total extraordinary losses	8,736	18,544
Profit (loss) before income taxes	18,520	(1,225)
Total income taxes	9,258	6,511
Profit (loss)	9,262	(7,737)
Profit attributable to non-controlling interests	2,970	2,058
Profit (loss) attributable to owners of parent	6,291	(9,795)

(Consolidated Statements of Comprehensive Income)

(In million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit (loss)	9,262	(7,737)
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(5,485)	(11,214)
Deferred gain (loss) on hedges	(524)	(1,535)
Foreign currency translation adjustments	5,024	(1,662)
Remeasurements of defined benefit plans	(1,277)	(518)
Share of other comprehensive income of associates accounted for using equity method	(3,580)	7,666
Total other comprehensive income	(5,844)	(7,263)
Comprehensive income	3,418	(15,001)
(Breakdown)		
Comprehensive income attributable to owners of parent	(697)	(17,533)
Comprehensive income attributable to non-controlling interests	4,115	2,532

(3) Consolidated Statements of Cash Flows

(In million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	18,520	(1,225)
Depreciation and amortization	42,679	45,479
Impairment loss	324	11,727
Losses related to antitrust law	2,723	―
Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(393)	(5,120)
Loss (gain) on sales of short-term and long-term investment securities	(3,463)	(17,976)
Loss (gain) on valuation of short-term and long-term investment securities	15	5
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(10,032)	1,316
Interest and dividend income	(5,706)	(7,021)
Interest expenses	8,554	11,607
Foreign exchange losses (gains)	362	(9,258)
Decrease (increase) in notes and accounts receivable - trade	(22,354)	35,877
Decrease (increase) in inventories	(4,816)	3,583
Increase (decrease) in notes and accounts payable - trade	5,900	(43,420)
Other, net	8,190	(17,524)
Subtotal	40,504	8,049
Interest and dividend income received	12,703	13,817
Interest expenses paid	(8,749)	(10,766)
Paid expenses related to antitrust law	(2,587)	(18,997)
Income taxes (paid) refund	(9,094)	(5,612)
Net cash provided by (used in) operating activities	32,776	(13,509)
Net cash provided by (used in) investing activities		
Purchase of securities	―	(82)
Purchase of vessels, property, plant and equipment and intangible assets	(75,305)	(91,888)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	14,626	28,067
Purchase of investment securities	(13,311)	(98,248)
Proceeds from sales and redemption of investment securities	8,623	31,469
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(4,613)	(2,686)
Payments for sales of shares in subsidiaries resulting in change in scope of consolidation	(268)	―
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	―	2,741
Payments of loans receivable	(3,042)	(4,120)
Collection of loans receivable	8,140	3,404
Other, net	3,998	1,214
Net cash provided by (used in) investing activities	(61,151)	(130,128)

(In million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(102)	85,558
Net increase (decrease) in commercial papers	―	33,000
Proceeds from long-term loans payable	39,166	61,257
Repayments of long-term loans payable	(58,141)	(38,082)
Proceeds from issuance of bonds	29,852	9,937
Redemption of bonds	―	(30,000)
Purchase of treasury stock	(7)	(7)
Proceeds from sales of treasury stock	34	105
Cash dividends paid to shareholders	―	(5,087)
Cash dividends paid to non-controlling interests	(6,200)	(3,915)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	―	(103)
Other, net	(1,777)	4,675
Net cash provided by (used in) financing activities	2,823	117,338
Effect of exchange rate change on cash and cash equivalents	670	2,401
Net increase (decrease) in cash and cash equivalents	(24,880)	(23,897)
Cash and cash equivalents at beginning of period	137,444	103,278
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	51	475
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	47	28
Cash and cash equivalents at end of period	112,662	79,885

(4) Notes Regarding Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

The second quarter of this fiscal year (April 1, 2018 – September 30, 2018)

Not applicable

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

The second quarter of this fiscal year (April 1, 2018 – September 30, 2018)

Not applicable

(Changes in Accounting Policies Due to Revisions of Accounting Standards)

(Application of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers)

At affiliated companies creating the financial statements in accordance with the International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers came into effect for fiscal years commencing on or after January 1, 2018, and the relevant accounting standards have been applied from the start of the first quarter consolidated accounting term.
The application of these accounting standards will have minimal impact on the consolidated financial statement.

(Application of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements and Related Practical Solution）

PITF No. 18 (September 14, 2018) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements, and PITF No. 24 (September 14, 2018) Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method have been applied early from the second quarter of the consolidated accounting period. The early application of these Practical Issues Task Forces will have minimal impact on the quarterly consolidated financial statement.

(Additional Information)

(Application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting", etc.)

The Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28 issued on February 16, 2018) has been applied from the start of the first quarter consolidated accounting term. The deferred tax assets are indicated in the investments and other assets category, and the deferred tax liabilities are indicated in the non-current liabilities category.

(Segment Information)

Ⅰ. 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.

Ⅱ. Six months ended September 30, 2018 (April 1, 2018 – September 30, 2018)

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	145,818	27,350	264,521	413,360	3,313	61,305	915,670	-	915,670
(2)Inter-segment revenues	4,385	1,768	1,219	1,302	487	28,877	38,041	(38,041)	-
Total	150,204	29,119	265,741	414,663	3,800	90,183	953,712	(38,041)	915,670
Segment income (loss)	(18,892)	(7,980)	3,288	15,856	1,434	595	(5,697)	(3,332)	(9,029)

(Notes)

1. Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 27 million yen and other corporate expenses -3,359 million yen. The general and administrative expenses and non-operating expenses which do not belong to any single segment are treated as other corporate expenses.
   Also, as a result of revising the business management method for the reportable segments from the start of the first quarter consolidated accounting term, there was a change to the interest burden of each segment. This revision has a minimal impact on segment profit, and it has no impact on the revenues of each segment, consolidated revenue and consolidated recurring loss.

2. Segment income (loss) is adjusted on recurring profit on the quarterly consolidated statements of income

2. Information regarding impairment losses on non-current assets and goodwill of each reporting segment

(Important impairment losses concerning non-current assets)

In the Air Cargo Transportation segment, the book value of some of the aircraft, etc. was reduced to the recoverable amount, and the relevant reduction amount of 10,295 million yen has been recognized to be an impairment loss and recorded as an extraordinary loss.

3. Other Information

(1) Quarterly Operating Results

Year ended March 31, 2019

(In million yen)

	Apr 1, 2018 – Jun 30, 2018 1Q	Jul 1, 2018 – Sep 30, 2018 2Q	Oct 1, 2018 – Dec 31, 2018 3Q	Jan 1, 2019 – Mar 31, 2019 4Q
Revenues	464,895	450,775		
Operating profit(loss)	(8,119)	3,925		
Recurring profit(loss)	(6,606)	(2,423)		
Profit(loss) attributable to owners of parent for the quarter	(4,594)	(5,200)		
Total assets	2,122,246	2,096,483		
Equity	568,362	564,828		

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	552,591
Operating profit(loss)	3,572	9,168	12,081	3,002
Recurring profit(loss)	10,279	11,732	13,590	(7,585)
Profit(loss) attributable to owners of parent for the quarter	5,398	892	10,513	3,362
Total assets	2,072,290	2,076,510	2,116,871	2,071,636
Equity	586,507	587,209	588,447	588,255

(Note)The above operating results (revenues, operating profit(loss), recurring profit(loss) and profit(loss) 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, 2017	Six months ended September 30, 2018	Change	Year ended March 31, 2018
Average exchange rate during the period	¥111.20/US$	¥109.48/US$	Yen up ¥1.72/US$	¥111.19/US$
Exchange rate at the end of the period	¥112.73/US$	¥113.57/US$	Yen down ¥0.84/US$	¥106.24/US$

(3) Balance of Interest-Bearing Debt

(In million yen)

	Year ended March 31, 2017	Year ended September 30, 2018	Change
Loans	796,383	910,162	113,779
Corporate bonds	175,000	155,000	(20,000)
Commercial papers	-	33,000	33,000
Leases liabilities	12,049	18,289	6,239
Total	983,432	1,116,451	133,018