

# FINANCIAL HIGHLIGHTS

Brief report of the three months ended June 30, 2014

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Three months ended June 30, 2013	Three months ended June 30, 2014	Three months ended June 30, 2014
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 295,724	¥ 319,786	\$ 3,154,962
Operating income (Millions of yen / Thousands of U.S. dollars)	7,332	9,685	95,556
Net income (Millions of yen / Thousands of U.S. dollars)	6,976	4,280	42,229
Per share of common stock (Yen / U.S. dollars)			
Basic	7.44	4.56	0.04
Diluted	-	3.90	0.04

	Year ended March 31, 2014	Three months ended June 30, 2014	Three months ended June 30, 2014
Total Assets (Millions of yen / Thousands of U.S. dollars)	¥ 1,254,741	¥ 1,198,421	\$ 11,823,415
Net assets (Millions of yen / Thousands of U.S. dollars)	410,688	407,162	4,016,996

	Three months ended June 30, 2013	Three months ended June 30, 2014	Three months ended June 30, 2014
Net cash provided by operating activities (Millions of yen / Thousands of U.S. dollars)	¥ 44,577	¥ 20,110	\$ 198,410
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	(21,308)	(3,246)	(32,026)
Net cash used in financing activities (Millions of yen / Thousands of U.S. dollars)	(35,120)	(57,237)	(564,696)

The U.S. dollar amounts are converted from the yen amount at ¥101.36 = U.S.\$1.00.

The exchange rate prevailing on June 30, 2014.

## 1. Qualitative Information and Financial Statements

### (1) Qualitative Information about the Consolidated Operating Result

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

	Three months ended June 30, 2013	Three months ended June 30, 2014	Change	% Change
Operating revenues	295.7	319.8	24.1	8.1%
Operating income	7.3	9.7	2.4	32.1%
Ordinary income	10.9	6.5	(4.5)	(40.8%)
Net income	7.0	4.3	(2.7)	(38.6%)

Exchange Rate (¥/US\$) (3-month average)	¥97.72	¥102.40	¥4.68	4.8%
Fuel oil price (US\$/MT) (3-month average)	\$638	\$615	(\$22)	(3.5%)

During the first cumulative consolidated fiscal quarter (April 1, 2014 to June 30, 2014, hereinafter referred to as the “1<sup>st</sup> Quarter”), the world saw a mild recovery trend in the U.S. economy, and signs of improvement in European economy as a whole while some countries are yet to see improvement in economic growth rate. Among emerging countries, economic growth in India kept slowdown while the Chinese economy showed signs of reversal from it.

Our domestic economy as a whole maintained the momentum for the recovery although there was a temporary decline in capital investment and private consumption after consumption tax hike.

In the business environment surrounding the shipping industry, we saw some negative factors toward our operating result such as continued shrinking trend in ex-Japan cargos in car carrier business, and declined freight rates market in dry bulk business. However, we saw positive trend in containership business where we saw an upward trend in freight rates for Europe-bound routes that had long been low.

As a result of these developments, for the 1<sup>st</sup> Quarter we posted operating revenues of ¥319.786billion (an increase of ¥24.062 billion compared with the result of one-year ago on a quarter-on-quarter (q-o-q) basis), operating income of ¥9.685 billion (an increase of ¥2.352 billion on a q-o-q basis), ordinary income of ¥6.481 billion (a decrease of ¥4.460 billion on a q-o-q basis) and net profit of ¥4.280 billion (a decrease of ¥2.696 billion on a q-o-q basis).

Performance per segment was as follows:

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

		Three months ended June 30, 2013	Three months ended June 30, 2014	Change	%Change
Containership	Operating revenues	141.9	158.4	16.6	11.7%
	Segment income (loss)	(0)	2.2	2.3	-
Bulk Shipping	Operating revenues	136.1	143.7	7.6	5.6%
	Segment income (loss)	12.2	6.4	(5.8)	(47.4%)
Offshore Energy E&P Support and Heavy Lifter	Operating revenues	8.5	8.4	(0.1)	(1.4%)
	Segment income (loss)	(1.2)	(1.9)	(0.7)	-
Other	Operating revenues	9.3	9.3	0	0.3%
	Segment income (loss)	1.5	0.4	(1.0)	(70.8%)
Adjustment and eliminations	Segment income (loss)	(1.5)	(0.7)	0.8	-
Total	Operating revenues	295.7	319.8	24.1	8.1%
	Segment income	10.9	6.5	(4.5)	(40.8%)

(i) Containership Business Segment

Containership Business

The number of loaded containers transported in the 1<sup>st</sup> Quarter increased by 10% approx. on a q-o-q basis in Asia-North America service, and by 6% approx. on a q-o-q basis in Asia-Europe services owing to the recovery trend in the U.S. and Europe economies. In Intra-Asia and North-South services, meanwhile, we carried approx. 2% less cargos on a q-o-q basis as a result of streamlining of unprofitable service lines. In all, overall result of transportation volume carried by entire “K” Line Group increased by 5% approx. on a q-o-q basis.

The freight rate levels were in the flat on a q-o-q basis in Asia-North America, and other services. The rates in Asia-Europe services improved due to freight rate restoration.

Our revenues and income in the 1<sup>st</sup> Quarter improved on a q-o-q basis together with our continued efforts for cost cutting including slow steaming navigation.

Logistics Business

In logistics business, we continued fairly strong business operation in the 1<sup>st</sup> Quarter in the domestic and international logistics, particularly in Asia. Due particularly to the increase of outbound air-cargos from Japan, we posted increased revenues and income in logistics business on a q-o-q basis.

As a result, in the Containership Business segment as a whole, we posted increased revenues on a q-o-q basis, and returned to black.

## (ii) Bulk Shipping Business Segment

### Dry Bulk Business

In Cape-size vessel sector, the freight rates market remained lackluster, in spite of China's historically high volume of iron ore import, due to tonnage oversupply.

In Panamax and Handymax sector, the freight rates dropped owing to imbalance of tonnage supply-demand caused by combined factors such as decreased volume of sea-borne coal, easing of congestion at grain exporting ports in South America, export ban of raw minerals in Indonesia, and deliveries of newly-built tonnages.

In such a business environment, we posted decreased income on increased revenues on a q-o-q basis despite our continued efforts toward reducing ship operating costs and forming efficient ship allocations.

### Car Carrier Business

The business operations in the 1<sup>st</sup> Quarter saw a steady performance in the transportation of ex-Europe and ex-North America cargos bound for Far Eastern markets as well as cargos in the Atlantic basin. However, we saw a declining trend in the volume of outbound cargos from Japan. The total number of cars transported by us dropped approx. 5% on a q-o-q basis.

In such a business environment, we posted decreased income on increased revenues in the 1<sup>st</sup> Quarter on a q-o-q basis despite our continued efforts toward reducing ship operating costs and forming efficient ship allocations.

### LNG Carrier Business and Tanker Business

Our LNG carriers, VLCCs and LPG carriers operated steadily under long and medium term charter contracts. With respect to Aframax tankers and product tankers, we maintained our tonnage size in an appropriate scale and kept our exposure to the market at a limited level.

The financial performance of our LNG carrier and tanker business as a whole in the 1<sup>st</sup> Quarter turned out to be decreased revenues and income on a q-o-q basis due in part to the effect of foreign exchange valuation loss.

### Short Sea and Coastal Business

In short sea dry bulk sector, we maintained high utilization of our fleet in transportation of coal to Japan despite overall stagnancy in activity of sea-borne coal. As for the timber transportation, we achieved to increase the volume of import plywood on a q-o-q basis as a result of our proactive sales activities while we carried less chip. The volume of steel and general cargos also decreased followed by the weaker demand seen in the transportation of these cargos bound for South- East Asia region.

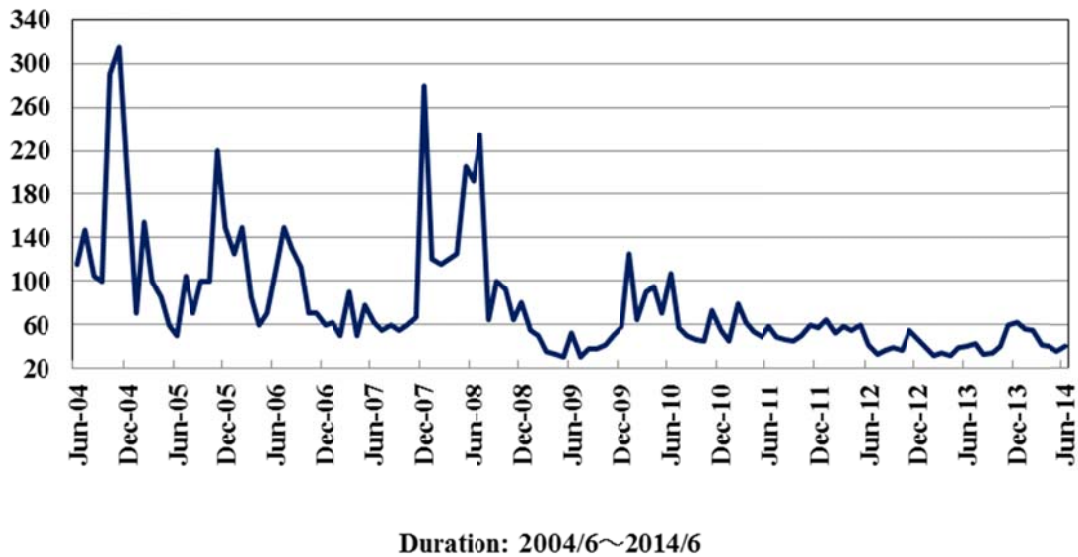
In coastal shipping business sector, shipper-dedicated carriers of limestone and coal continued stable service, while small-size general cargo ships rendered firm operation following a recovery trend of the domestic economy. For our coastal liner and ferry services, we saw a short decline in the volume of cargo and passenger at consumption tax hike, but achieved to retain the same amount as compared to the last year on a q-o-q basis owing to our aggressive sales activity.

As a result, in the Bulk Shipping Business segment as a whole, we posted decreased income on increased revenues on a q-o-q basis.

### Baltic Dry Index



### VLCC World Scale (AG/JPN)



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

##### Offshore Energy E&P Support Business

In offshore support business, we had our entire fleet in steady operations resulting from tonnage demand for active drilling operations at offshore oil and gas fields. However, the spot charter market was sluggish as compared on a q-o-q basis. The drill ship worked well and contributed to our earnings. In Offshore Energy E&P Support Business as a whole, we posted decreased revenues and income on a q-o-q basis due in part to the effect of foreign exchange valuation loss made at an overseas subsidiary.

## Heavy Lifter Business

Our heavy lifter business was affected by a stagnant freight rates market continued from last year, which lead to our revenues to be the same level as compared on a q-o-q basis. Despite our various cost-cutting measures such as enhancement of slow steaming navigation so as to restore our profitability, we posted decreased income on a q-o-q basis.

As a result, in the Offshore Energy E&P Support and Heavy Lifer Services segment as a whole, we posted decreased revenues and income on a q-o-q basis.

## (iv) Other Business

In other business, which includes ship management service, travel agency service and real estate rental and administration service, we posted the same level of revenues and decreased income on a q-o-q basis.

## (2) Qualitative Information on the Consolidated Financial Situation

Consolidated assets at the end of the 1st Quarter were ¥1,198.421 billion, a decrease of ¥56.32 billion over the end of the previous fiscal year as a result of a decrease in cash and deposits and other factors.

Consolidated liabilities decreased by ¥52.794 billion to ¥791.258 billion due to factors including a decrease in current portion of bonds compared to the previous fiscal year.

Consolidated net assets were ¥407.162 billion, a decrease of ¥3.526 billion compared to the end of the previous fiscal year as a result of decrease in foreign currency translation adjustment and other factors.

## (3) Qualitative Information on the Consolidated Prospects for FY2014

(Billion yen; rounded to the nearest 100 million)

	Prior Forecast (at the time of announcement dated April 30, 2014)	Current Forecast (at the time of announcement of the 1 <sup>st</sup> Quarter result)	Change	% Change
Operating revenues	1,230	1,250	20	1.6%
Operating income	36	36	-	(-)
Ordinary income	34	34	-	(-)
Net income	18	18	-	(-)
Exchange rate (¥/US\$)	¥100.00	¥100.71	¥0.71	0.7%
Fuel oil price (US\$/MT)	US\$621	US\$618	(US\$3)	(0.5%)

In containership business, while there is uncertainty in the development of tonnage supply-demand because of deliveries of newly-built large-size vessels, we expect a recovery of freight rates to a certain levels in summer peak-season. We will keep ourselves in prudent business operations with focus on profitability and continue our efforts to enhance cost competitiveness.

In logistics business, we expect steady performance to continue in domestic logistic service. With respect to international logistic service, we expect the continued recovery of ex-Japan air cargo as well as the continued solid performance of logistic activities particularly in the Asian region.

In dry bulk business, we expect market recovery in and after summer in Cape-size sector while slower recovery in Panamax and Handymax markets for it will take some more time to ease tonnage oversupply. We will form stable profit-making structure in this business through our continuous efforts toward efficient ship allocations and reduction in ship operating costs, as well as in our exposure to market fluctuations by securing long and medium term contracts.

In car carrier business, we expect steady development of the demands for sea-borne transportation of complete cars on a global basis. While trade patterns of sea-borne cars are changing in ways that ex-Japan cargos are in the trend of slight decrease, and cargos of ex-South-East Asia and intra-Atlantic basin are expected to expand further, we will flexibly adjust our business operation to follow these changes.

In LNG carrier and oil tanker business, we expect stable operations of our LNG carriers under long and medium term charter contracts. On the other hand, we will have VLCCs and LPG carriers operating under long and medium term contracts to secure stable income while seeking further profitability on Aframax tankers and product tankers through efficient vessel allocation.

In short sea business, we will expand our fleet but maintain appropriate tonnage. We will improve our profit by efficient vessel allocation as well as reduction in ship operating costs.

In coastal business, for tramper services we will work to develop new customers. For liner services we will deploy newly-built large vessel in Hitachinaka-Tomakomai service to increase loading capacity. For ferry services, we will maintain thorough implementation of safety measures in our business operation, and work to develop more passengers and vehicles.

In offshore energy E&P support vessel business, we expect continuous contribution to our earnings by offshore support vessels and drill ships through their stable operations.

In heavy lifter business, we expect it will take some more time before the market recovers in mid-/small-sized vessels sector. On the other hand, in large-sized vessels sector, we expect an increase of cargos and business opportunities in reaction to the booming energy and infrastructure projects. We will make further efforts to win service contracts of transportation and installation of these profitable offshore/infrastructure-related cargos. In addition, we will continue our cost-cutting measures to improve profitability.

Our important task is to maximize returns to our shareholders while, for the sake of sustainable growth which is a main task of our management plan, maintaining necessary internal reserve to fund for our investments in plant and equipment and strengthen our financial position. Our dividend policy is to raise distribution payment ratio gradually with an intermediate target of 30% of consolidated net profit to be achieved in mid-2010's.

As for annual dividend for the current financial period, we plan to pay a dividend of ¥5.0 per share (Interim dividend ¥2.5 per share) as we announced previously.

Despite recent signs of improvement in our business environment by which we expect to achieve financial result as was previously announced for the current fiscal year, there still are possibilities of change in our prospect of business performance and financial position arising from unexpected change in trends of shipping market, foreign exchange rates and fuel oil prices. In such business environment, we will continuously work on maintaining sound financial position as our most important management task through enhancement of rationalization of business operations and thorough cost cutting in order to maximize dividend payments.

## 2. Matters Relating to Summary Information

### Changes in Accounting Policies, Accounting estimates and retrospective restatements

#### Changes in Accounting Policies

##### (Application of Accounting Standard for Retirement Benefits)

The Company and its domestic consolidated subsidiaries have adopted “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No.26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, May 17, 2012), effective from the first quarter of the fiscal year ending March 31, 2015, in accordance with the provisions stated in paragraph 35 of ASBJ Statement No.26 and paragraph 67 of ASBJ Guidance No.25. As a result, the methods for calculating retirement benefit obligations and service costs have been revised in the following respects: The method for attributing projected benefits to periods has been changed from the straight-line basis to the benefit formula basis, and the method for determining the discount rate has been changed from referring to the period approximate to the expected average remaining working lives of employees, to use a single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and the amount of projected benefits every such period. According to the transitional treatment provided in paragraph 37 of ASBJ Statement No.26, the effect of changing the method for calculating retirement benefit obligations and service costs was recognized by adjusting retained earnings at the beginning of the first quarter of the fiscal year ending March 31, 2015.

As a result, net defined benefit asset decreased by ¥105 million and net defined benefit liability increased by ¥381 million, whereas retained earnings decreased by ¥244 million at the beginning of the fiscal year. The effect of this change on consolidated operating results for the current first quarter is immaterial.

#### Additional Information

##### (Adoption of the consolidated taxation system)

The Company files a tax return under the consolidated corporate-tax system, from the first quarter of the fiscal year ending March 31, 2015, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.



# Consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

## Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2014 and three months ended June 30, 2014

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

	Year ended March 31, 2014	Three months ended June 30, 2014	Three months ended June 30, 2014
<b>ASSETS</b>			
Current assets :			
Cash and deposits	¥ 186,394	¥ 146,477	\$ 1,445,122
Accounts and notes receivable-trade	94,345	88,376	871,911
Marketable securities	49,998	49,998	493,276
Raw material and supply	49,032	50,165	494,923
Prepaid expenses and deferred charges	46,106	46,160	455,407
Deferred income taxes	2,072	1,777	17,532
Short-term loans receivable	2,515	2,561	25,275
Other current assets	17,797	15,971	157,568
Allowance for doubtful receivables	(656)	(740)	(7,306)
Total current assets	447,605	400,747	3,953,707
Fixed assets :			
(Tangible fixed assets)			
Vessels	566,589	566,464	5,588,640
Buildings and structures	21,599	21,311	210,259
Machinery and vehicles	7,431	7,062	69,674
Land	26,623	26,694	263,364
Construction in progress	35,332	26,416	260,622
Other tangible fixed assets	3,649	3,572	35,245
Total tangible fixed assets	661,226	651,522	6,427,804
(Intangible fixed assets)			
Goodwill	507	444	4,384
Other intangible fixed assets	4,850	4,724	46,606
Total intangible fixed assets	5,358	5,168	50,991
(Investments and other long-term assets)			
Investments in securities	88,310	90,519	893,052
Long-term loans receivable	16,291	16,150	159,340
Net defined benefit asset	1,168	834	8,233
Deferred income taxes	19,757	18,329	180,834
Other long-term assets	15,333	15,455	152,477
Allowance for doubtful receivables	(310)	(306)	(3,023)
Total investments and other long-term assets	140,551	140,982	1,390,913
Total fixed assets	807,135	797,673	7,869,708
Total assets	¥ 1,254,741	¥ 1,198,421	\$ 11,823,415

## Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2014 and three months ended June 30, 2014

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

	Year ended March 31, 2014	Three months ended June 30, 2014	Three months ended June 30, 2014
<b>LIABILITIES</b>			
Current liabilities :			
Accounts and notes payable-trade	¥ 91,492	¥ 96,245	\$ 949,541
Short-term loans and current portion of long-term debt	77,091	76,248	752,253
Accrued income taxes	2,822	1,341	13,231
Accrued allowance	2,587	1,685	16,628
Other current liabilities	112,317	68,501	675,822
Total current liabilities	286,312	244,021	2,407,474
Long-term liabilities :			
Bonds	53,321	53,321	526,056
Long-term debt, less current portion	418,933	410,973	4,054,597
Accrued expenses for overhaul of vessels	15,452	14,695	144,982
Other allowance	1,541	1,283	12,659
Net defined benefit liability	7,978	7,669	75,666
Other long-term liabilities	60,513	59,294	584,985
Total long-term liabilities	557,740	547,236	5,398,944
Total liabilities	844,052	791,258	7,806,419
<b>NET ASSETS</b>			
Shareholder's equity:			
Common stock	75,457	75,457	744,452
Capital surplus	60,312	60,312	595,028
Retained earnings	234,429	234,243	2,311,009
Less treasury stock, at cost	(908)	(908)	(8,968)
Total shareholders' equity	369,291	369,104	3,641,521
Accumulated other comprehensive income (loss) :			
Net unrealized holding gain on investments in securities	8,188	9,725	95,946
Deferred gain (loss) on hedges	5,753	3,915	38,630
Revaluation reserve for land	5,978	5,978	58,983
Translation adjustments	71	(3,088)	(30,466)
Remeasurements of defined benefit plans	(446)	(303)	(2,993)
Total accumulated other comprehensive income (loss), net	19,545	16,227	160,100
Minority interests in consolidated subsidiaries	21,851	21,830	215,375
Total net assets	410,688	407,162	4,016,996
Total liabilities and net assets	¥ 1,254,741	¥ 1,198,421	\$ 11,823,415

## Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for three months ended June 30, 2014 and 2013

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

	Three months ended June 30, 2013	Three months ended June 30, 2014	Three months ended June 30, 2014
Marine transportation and other operating revenues	¥ 295,724	¥ 319,786	\$ 3,154,962
Marine transportation and other operating expenses	270,391	292,383	2,884,604
Gross income	25,333	27,403	270,358
Selling, general and administrative expenses	18,000	17,717	174,802
Operating income	7,332	9,685	95,556
Non-operating income :			
Interest income	305	215	2,129
Dividend income	1,045	804	7,936
Equity in earnings of affiliated companies	718	650	6,415
Exchange gain	3,750	-	-
Other non-operating income	1,043	240	2,371
Total non-operating income	6,863	1,910	18,852
Non-operating expenses :			
Interest expenses	2,802	2,493	24,601
Exchange loss	-	2,589	25,550
Other non-operating expenses	451	31	314
Total non-operating expenses	3,254	5,115	50,465
Ordinary income	10,941	6,481	63,942
Extraordinary profits :			
Gain on sales of fixed assets	1,438	652	6,439
Gain on cancellation of chartered vessels	-	212	2,092
Other extraordinary profits	1,365	109	1,076
Total extraordinary profits	2,803	973	9,607
Extraordinary losses :			
Loss on retirement of non-current assets	40	11	113
Loss on sales of fixed assets	0	16	161
Other extraordinary losses	4,719	10	107
Total extraordinary losses	4,760	38	381
Income before income taxes	8,984	7,416	73,169
Income taxes :			
Current	1,908	1,796	17,725
Deferred	(312)	928	9,164
Total income taxes	1,596	2,725	26,889
Net income before minority interests	7,388	4,690	46,280
Minority interests	411	410	4,051
Net income	¥ 6,976	¥ 4,280	\$ 42,229

## Consolidated Statements of Comprehensive Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for three months ended June 30, 2014 and 2013

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

	Three months ended June 30, 2013	<b>Three months ended June 30, 2014</b>	<b>Three months ended June 30, 2014</b>
Income before minority interests	¥ 7,388	¥ 4,690	\$ 46,280
Other comprehensive (loss) income			
Net unrealized holding gain on investments in securities	3,841	1,534	15,140
Deferred (loss) income on hedges	15,063	(1,734)	(17,108)
Revaluation reserve for land	272	-	-
Translation adjustments	5,403	(3,156)	(31,137)
Remeasurements of defined benefit plans, net of tax	-	146	1,443
Share of other comprehensive (loss) income of subsidiaries and affiliates accounted for by the equity method	548	(253)	(2,498)
Total other comprehensive (loss) income	<u>25,128</u>	<u>(3,462)</u>	<u>(34,161)</u>
Comprehensive income	<u>¥ 32,517</u>	<u>¥ 1,228</u>	<u>\$ 12,119</u>
(Breakdown)			
Comprehensive income attributable to:			
Shareholders of Kawasaki Kisen Kaisha, Ltd.	¥ 31,909	¥ 962	\$ 9,494
Minority interests	607	266	2,625

## Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for three months ended June 30, 2014 and 2013

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

	Three months ended June 30, 2013	Three months ended June 30, 2014	Three months ended June 30, 2014
Cash flows from operating activities :			
Income before income taxes and minority interests	¥ 8,984	¥ 7,416	\$ 73,169
Depreciation and amortization	12,850	13,098	129,231
Provision for employees' retirement benefits	48	-	-
Decrease in net defined benefit liability	-	(308)	(3,046)
Decrease in net defined benefit asset	-	333	3,290
Reversal of directors' and corporate auditors' retirement benefits	(335)	(258)	(2,550)
(Decrease) increase in accrued expenses for overhaul of vessels	35	(748)	(7,384)
Interest and dividend income	(1,351)	(1,020)	(10,066)
Interest expense	2,802	2,493	24,601
Exchange loss (gain)	(1,120)	996	9,831
Gain on sales of vessels, property and equipment	(1,437)	(636)	(6,278)
Loss on retirement of non-current assets	40	11	113
Gain on cancellation of chartered vessels	-	(212)	(2,092)
Decrease (increase) in accounts and notes receivable – trade	(2,685)	5,456	53,836
Increase in inventories	(598)	(1,245)	(12,289)
Increase in other current assets	(107)	(335)	(3,308)
Increase in accounts and notes payable – trade	2,527	5,189	51,201
Increase in other current liabilities	3,325	2,155	21,268
Change in derivative assets and liabilities, net	23,612	-	-
Other, net	1,318	(2,233)	(22,035)
Subtotal	47,912	30,153	297,492
Interest and dividends received	1,717	1,160	11,452
Interest paid	(2,536)	(2,283)	(22,524)
Payments related to Anti-Monopoly Act	-	(5,698)	(56,219)
Income taxes paid	(2,515)	(3,222)	(31,790)
Net cash provided by operating activities	44,577	20,110	198,410
Cash flows from investing activities :			
Purchases of marketable securities and investments in securities	(377)	(387)	(3,825)
Proceeds from sale of marketable securities and investments in securities	4,242	294	2,907
Purchases of vessels, property and equipment	(19,532)	(31,979)	(315,507)
Proceeds from sale of vessels, property and equipment	5,456	29,872	294,713
Purchases of intangible fixed assets	(197)	(219)	(2,165)
Increase in long-term loans receivable	(138)	(997)	(9,837)
Collection of long-term loans receivable	156	994	9,809
Other, net	(10,918)	(823)	(8,122)
Net cash used in investing activities	(21,308)	(3,246)	(32,026)
Cash flows from financing activities :			
Increase (decrease) in short-term loans, net	(1,335)	388	3,836
Proceeds from long-term debt	16,766	14,201	140,111
Repayment of long-term debt and obligations under finance leases	(22,202)	(22,481)	(221,796)
Redemption of Bonds	(25,496)	(45,000)	(443,962)
Cash dividends paid	(2,217)	(4,222)	(41,655)
Cash dividends paid to minority shareholders	(639)	(123)	(1,221)
Other, net	3	(0)	(9)
Net cash used in financing activities	(35,120)	(57,237)	(564,696)
Effect of exchange rate changes on cash and cash equivalents	2,789	(142)	(1,406)
Net decrease in cash and cash equivalents	(9,061)	(40,515)	(399,717)
Cash and cash equivalents at beginning of the period	159,075	222,606	2,196,197
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	-	1	11
Cash and cash equivalents at end of the period	¥ 150,013	¥ 182,092	\$ 1,796,491

## Segment information

Three months ended June 30, 2013

(Millions of Yen)

	Containership	Bulk shipping	Offshore Energy E&P Support and Heavy Lifter	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating Revenues from customers	¥ 141,862	¥ 136,075	¥ 8,521	¥ 9,265	¥ 295,724	¥ -	¥ 295,724
Inter-group revenues and transfers	1,888	672	-	10,310	12,871	(12,871)	-
Total revenues	143,750	136,747	8,521	19,575	308,596	(12,871)	295,724
Segment (loss) income	¥ (32)	¥ 12,247	¥ (1,192)	¥ 1,466	¥ 12,489	¥ (1,548)	¥ 10,941

Three months ended June 30, 2014

(Millions of Yen)

	Containership	Bulk shipping	Offshore Energy E&P Support and Heavy Lifter	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating Revenues from customers	¥ 158,425	¥ 143,663	¥ 8,404	¥ 9,292	¥ 319,786	¥ -	¥ 319,786
Inter-group revenues and transfers	1,801	673	-	10,792	13,268	(13,268)	-
Total revenues	160,227	144,337	8,404	20,085	333,055	(13,268)	319,786
Segment income (loss)	¥ 2,233	¥ 6,446	¥ (1,915)	¥ 427	¥ 7,192	¥ (711)	¥ 6,481

Three months ended June 30, 2014

(Thousands of U.S. Dollars)

	Containership	Bulk shipping	Offshore Energy E&P Support and Heavy Lifter	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating Revenues from customers	\$ 1,563,001	\$ 1,417,362	\$ 82,922	\$ 91,677	\$ 3,154,962	\$ -	\$ 3,154,962
Inter-group revenues and transfers	17,776	6,648	-	106,479	130,902	(130,902)	-
Total revenues	1,580,778	1,424,010	82,922	198,155	3,285,864	(130,902)	3,154,962
Segment income (loss)	\$ 22,034	\$ 63,596	\$ (18,894)	\$ 4,222	\$ 70,958	\$ (7,015)	\$ 63,942