FINANCIAL HIGHLIGHTS

Brief report of the six months ended September 30, 2017

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Six months ended September 30, 2017	Six months ended September 30, 2016	Six months ended September 30, 2017
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 578,928	¥ 491,152	$ 5,135,530
Operating income (loss) (Millions of yen / Thousands of U.S. dollars)	6,247	(26,423)	55,419
Profit (loss) attributable to owners of the parent (Millions of yen / Thousands of U.S. dollars)	13,175	(50,457)	116,877
Profit (loss) attributable to owners of the parent per share (Yen / U.S. dollars)			
Basic	140.78	(538.37)	1.25
Diluted	119.83	-	1.06

	Six months ended September 30, 2017	Year ended March 31, 2017	Six months ended September 30, 2017
Total assets (Millions of yen / Thousands of U.S. dollars)	¥ 1,062,602	¥ 1,045,209	$ 9,426,081
Net assets (Millions of yen / Thousands of U.S. dollars)	258,110	245,482	2,289,639

	Six months ended September 30, 2017	Six months ended September 30, 2016	Six months ended September 30, 2017
Net cash provided by (used in) operating activities (Millions of yen / Thousands of U.S. dollars)	¥ 15,143	¥ (26,525)	$ 134,334
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	(3,367)	(10,516)	(29,871)
Net cash provided by financing activities (Millions of yen / Thousands of U.S. dollars)	321	29,484	2,855

The U.S. dollar amounts are converted from the yen amounts at ¥112.73 = U.S.$1.00,
the approximate rate of exchange prevailing on September 30, 2017.

<Note>
The Company consolidated its common stock at a ratio of ten shares to one share, effective October 1, 2017.
Accordingly, values for the items noted below have been recalculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

・Profit (loss) attributable to owners of the parent per share
  -Basic
  -Diluted

１． Qualitative Information and Financial Statement

(1) Qualitative Information about the Consolidated Operating Result

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

	Six months ended September 30, 2017	Six months ended September 30, 2016	Change	% Change
Operating revenues	**578.9**	491.2	87.8	17.9%
Operating income (loss)	**6.2**	(26.4)	32.7	-
Ordinary income (loss)	**11.1**	(36.1)	47.3	-
Profit (loss) attributable to owners of the parent	**13.2**	(50.5)	63.6	-

Exchange Rate (¥/US$) (6-month average)	**¥111.20**	¥107.31	¥3.89	3.6%
Fuel oil price (US$/MT) (6-month average)	**US$324**	US$226	US$97	43.0%

In the first six months of the fiscal year ending March 31, 2018 (from April 1 to September 30, 2017; hereinafter referred to as the “six-month period”), the global economy showed a cyclical recovery on the whole even though the economic conditions were unstable due to such factors as rising geopolitical tensions in some regions.

In the United States, private consumption declined temporarily because of the impact of direct hits by a series of powerful hurricanes, but the U.S. economy continued to grow, supported by firm capital investment and the favorable employment situation. In Europe, where concerns over political risks eased somewhat, private consumption stayed firm and exports increased moderately. Among emerging countries, some economies, including India, staged a recovery due mainly to export growth propped up by the economic recovery in developed countries. However, the economic situation varied from country to country, with countries dependent on energy and resource exports continuing to struggle under the weight of stagnant resource prices. In China, while fixed asset investment declined somewhat, the pace of economic growth picked up thanks to robust exports and private consumption.

In Japan, export growth lost some momentum, but the economy continued to recover at a moderate pace, as private consumption stayed firm against the backdrop of the favorable employment situation.

As for the business environment for the shipping industry, freight rates bottomed out in the containership business as cargo movements in the East-West services remained firm. In the dry bulk business as well, market stayed on the path of recovery due to strong steel product demand in China in the Cape-size sector and robust cargo movements of grains and coal in the medium and small vessel sector. In addition to the structural reforms carried out in the previous two fiscal years in order to enhance competitiveness, the Group implemented measures to improve its profitability, including continued cost reduction and improvement of vessel allocation efficiency.

As a result, operating revenues for the six-month period were ¥578.928 billion (up ¥87.775 billion year on year), operating income was ¥6.247 billion (compared to operating loss of ¥26.423 billion for the previous fiscal year), ordinary income was ¥11.146 billion (compared to ordinary loss of ¥36.125 billion for the previous fiscal year). Profit attributable to owners of the parent was ¥13.175 billion (compared to loss attributable to owners of the parent of ¥50.457 billion for the previous fiscal year).

Performance per segment was as follows.

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

		Six months ended September 30, 2017	Six months ended September 30, 2016	Change	% Change
Containership	Operating revenues	**304.4**	246.9	57.5	23.3%
	Segment profit (loss)	**9.0**	(21.0)	30.0	-
Bulk Shipping	Operating revenues	**250.9**	217.7	33.1	15.2%
	Segment profit (loss)	**2.7**	(9.8)	12.6	-
Offshore Energy E&P Support and Heavy Lifter	Operating revenues	**6.2**	9.5	(3.2)	(34.2%)
	Segment profit (loss)	**0.8**	(1.7)	2.5	-
Other	Operating revenues	**17.4**	17.0	0.3	1.9%
	Segment profit	**2.0**	0.9	1.1	125.8%
Adjustments and eliminations	Segment loss	**(3.4)**	(4.5)	1.1	-
Total	Operating revenues	**578.9**	491.2	87.8	17.9%
	Segment profit (loss)	**11.1**	(36.1)	47.3	-

(i) Containership Business Segment

Containership Business

As cargo movements in the East-West services remained firm, handling volume grew around 2% year on year in the Asia-North America services, around 14% in the Asia-Europe services and around 13% in the intra-Asia services. In the North-South services, handling volume declined around 2% due to the termination of the South America-East Coast services. Consequently, the Group's overall handling volume increased around 6% year on year. As freight rates bottomed out due to a moderate recovery in the supply-demand balance, recorded year-on-year growth in revenue and returned to profitability from a loss in the same period of the previous year.

Logistics Business

In the domestic logistics sector, handling volume related to warehousing and inland transportation remained firm as in usual years, while volume related to sea/land transportation service increased. As a result, the domestic logistic sector recorded year-on-year growth in both revenues and profit. The international logistics sector also posted year-on-year growth in both revenue and profit due to an increase in handling volume for air cargoes, the Group's efforts to expand localized services in the Asian region, and new customer acquisition through buyers consolidation. Consequently, the overall logistics business recorded year-on-year growth in both revenue and profit.

As a result of the above, the overall Containership Business Segment registered year-on-year growth in revenue and returned to profitability from a loss in the same period of the previous year.

(ii) Bulk Shipping Business Segment

Dry Bulk Business

In the Cape-size sector, market remained stable, as the volume of iron ore imports by China increased amid rising steel product demand due to strong needs for public works investment associated with the Chinese government's economic stimulus package and for private-sector construction. Market in the medium and small vessel sector also generally stayed on an uptrend, supported by active cargo movements of grains from South America and coal from Australia. There were some improvements with respect to the vessel supply-demand balance, whereas scrapped capacity decreased steeply year on year and most new ships have been delivered on schedule. Consequently, the supply-demand gap narrowed but was not entirely resolved. As a result of the reduction in operation costs and efficient vessel allocation, the Dry Bulk Business Segment registered growth in revenue and a smaller loss compared with the same period of the previous year.

Car Carrier Business

In the six-month period, cargo movements for finished vehicles remained sluggish in shipments from Asia to resource-rich countries in the Middle East, Central and South America, and Africa. However, the overall volume of finished vehicles shipped by the Group increased around 14% year on year because of volume growth due to new cargo contracts for shipments from the Far East to Europe and for intra-Europe trade and the continued strength of trans-Atlantic cargo movements. In addition, continued efforts to improve vessel allocation and operation efficiency produced positive effects, and gain on the reversal of allowance for loss related to the Anti-Monopoly Act were recorded. As a result, both revenue and profit grew year on year.

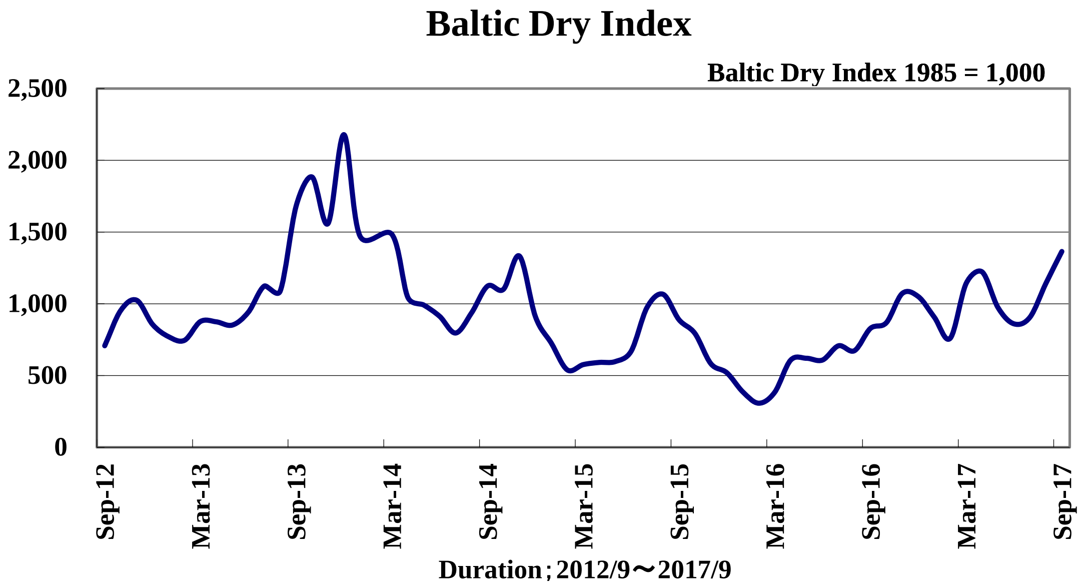
LNG Carrier Business and Tanker Business

Concerning LNG carriers, large crude tankers (VLCCs) and LPG carriers, business was firm for medium- and long-term charter contracts. However, as freight rates dropped, the overall LNG carrier business and Tanker business recorded a year-on-year decline in both revenue and profit.

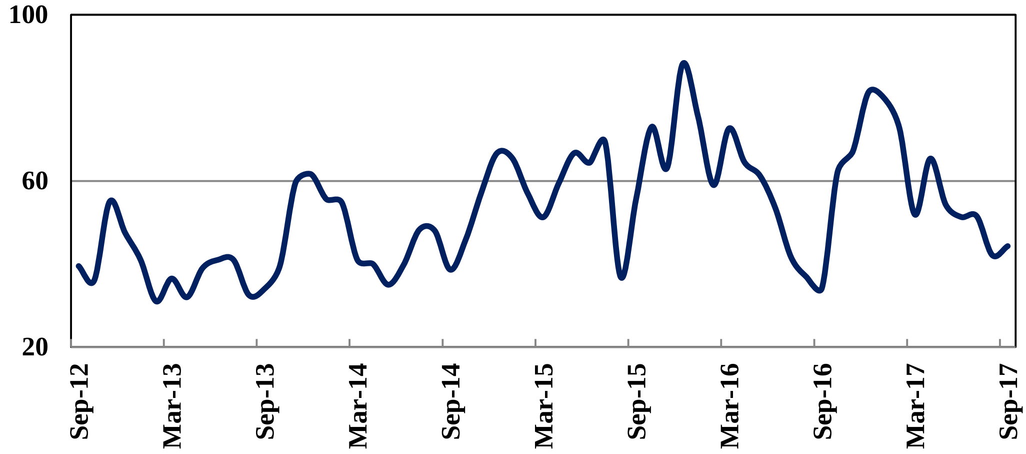
Short Sea and Coastal Business

In the short sea business, market improved year on year, while cargo movements stayed firm in the coastal business. Consequently, the overall short sea and coastal business recorded year-on-year growth in both revenue and profit.

As a result of the above, the overall Bulk Shipping Business Segment recorded year-on-year growth in revenue and returned to profitability from a loss in the same period of the previous year.



VLCC World Scale　(AG/JPN)



Duration：2012/9～2017/9

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

Offshore Energy E&P Support Business

The drillship vessel business continued to perform steadily, and contributed to secure stable long-term earnings. However, in the offshore support business, the market remained weak due to sluggish marine resource development activities. Overall, the offshore energy E&P support business recorded year-on-year growth in revenue and returned to profitability from a loss in the same period of the previous year partly due to favorable foreign exchange effects.

Heavy lifter business

As announced on July 26, the Company transferred all of its shares of SAL Heavy Lift GmbH, which is in charge of this business, to SALTO Holding GmbH & Co. KG.

As a result of the above, the overall Offshore Energy E&P Support and Heavy Lifter Business Segment recorded a decline in revenue but returned to profitability from a loss in the same period of the previous year

(iv) Other Business

Other business includes the Group's ship management service, travel agency service, and real estate rental and administration service. In the six-month period, this segment achieved a year-on-year growth in both revenue and profit.

(2) Qualitative Information on the Consolidated Financial Situation

Consolidated assets at the end of the consolidated 2nd Quarter were ¥1,062.602 billion, an increase of ¥17.392 billion from the end of the previous fiscal year as a result of an increase in cash and deposits, investments in securities and other factors.

Consolidated liabilities increased by ¥4.763 billion to ¥804.491 billion as a result of an increase in accounts and notes payable-trade and other factors compared to the end of the previous fiscal year.

Consolidated net assets were ¥258.110 billion, an increase of ¥12.628 billion compared to the end of the previous fiscal year as a result of increase in retained earnings and other factors.

(3) Qualitative Information on the Consolidated Prospects for FY2017

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

	Current Forecast (at the time of announcement of the 2nd Quarter result)	Prior Forecast (at the time of announcement Dated July 31, 2017)	Change	% Change
Operating revenues	**1,140.0**	1,122.0	18.0	1.6%
Operating income	**13.0**	23.0	(10.0)	(43.5%)
Ordinary income	**13.0**	21.0	(8.0)	(38.1%)
Profit attributable to owners of the parent	**8.5**	21.0	(12.5)	(59.5%)

Exchange rate (¥/US$)	**¥110.83**	¥110.37	¥0.46	0.4%
Fuel oil price (US$/MT)	**US$325**	US$322	US$3	0.9%

In the third quarter and beyond, the global economy is expected to remain on the path of moderate growth on the whole. However, a careful watch should be kept on the economic conditions, as a further rise in geopolitical tensions or the rollback of monetary easing in various countries could cause the economy to slow down by inducing risk-aversion.

In the containership business, freight rates are recovering from the historic low recorded in the previous fiscal year, but the rates remain top-heavy due to changes in the business environment caused by mergers and consolidation between shipping companies and the realignment of alliances, and on-schedule delivery of new large vessels. Under “THE Alliance”, which it joined in Fiscal 2017, the Group will strive to strengthen its income structure through more careful cost control efforts, including cost reduction through optimal vessel allocation and cuts in equipment costs through an improvement in the balance of inward and outward shipments. Meanwhile, the Group will prepare for the start of operation in April 2018 by the new company created through the containership business integration with two other domestic shipping companies.

In the dry bulk business, market started to recover due to robust cargo movements, but the vessel supply-demand balance is unlikely to improve significantly given the delivery of new vessels and the decrease in scrapped capacity. In addition to continuing to improve the efficiency of vessel operation and reduce costs, the Group will strive to expand stable income by achieving an optimal fleet mix by implementing the portfolio-rebuilding strategy that has been set forth under the medium-term management plan.

In the car carrier business, despite the lingering uncertainty over the future course of the economies of resource-rich and emerging countries as well as oil-producing countries, mainly in the Middle East, global demand for marine transport of finished vehicles is expected to stay firm over the medium to long term in line with growth in global vehicle sales. On the other hand, automakers' production bases are becoming increasingly diverse amid a shift to trends such as "local production, local consumption," "mass production in the right place" and "appropriate production in the right place." In order to make a flexible and timely response to changes in and the increasing complexity of the trade structure, the Group will strengthen its business foundation by reorganizing the shipping route network and maintaining an optimal fleet scale in an appropriate manner. The Group will also strive to enhance its revenue base by making maximum use of a new generation of large vessels featuring greater loading capacity for heavy construction machinery and rail cars. It will also continue strenuous efforts to reduce vessel expenditure and operation costs.

In the LNG carrier business and Tanker business, the Group will strive to secure stable revenues for LNG carriers, VLCCs, LPG carriers and thermal coal carriers by maintaining medium- and long-term charter contracts.

In the offshore energy E&P support business, although it is expected to take some time for the market to recover, the Group will continue efforts to improve its profitability through cost cutting and other measures.

In the domestic logistics business, demand for logistics services is expected to remain steady, mainly for land transport and warehousing, and handling volume related to sea/land transportation service is on an uptrend. In the international logistics business as well, demand for logistics services will remain firm. The Group will seek to increase profits through the effects of expanded localized services in Asian countries such as Thailand and Vietnam, the enhancement of its global network, and business expansion strategies, including forwarding and buyers consolidation.

In the short sea and coastal business, the Group will better satisfy customers' needs by improving user convenience through an optimal fleet scale intended to match the transportation demand and the market conditions.

As described above, although market has started to recover in the dry bulk business, it is expected to take some time before the vessel supply-demand gap is fully resolved. In the containership business, as freight rates will remain top-heavy due to on-schedule delivery of new large vessels, the recovery is expected to be slower than initially forecasted. Freight rates are also expected to remain low for tankers. In addition, the forecasts of the full-year results have been revised downward because the preparation cost for opening the new company created through the integration of the containership businesses of the Group was reflected in them.

The Group regards it to be its important task to maximize the return to its shareholders while maintaining necessary internal reserves to fund its capital investment and strengthen its financial position so that the Group can achieve sustainable growth, which is one of the priorities of its management plan. However, as outlined in the medium-term management plan announced in April 2017, improving the financial structure and stabilizing the business foundation are its top priorities for the current fiscal year. Therefore, although the Group expects to return to profitability in the current fiscal year from a loss in the previous year, it has decided to pay no interim dividend and have forecasted no year-end dividend for the current fiscal year.

Consolidated Financial Statements

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

Consolidated Balance Sheet

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

	Year ended September 30, 2017	Year ended March 31, 2017	Year ended September 30, 2017
ASSETS			
Current assets :			
Cash and deposits	¥ 215,644	¥ 199,678	$ 1,912,932
Accounts and notes receivable-trade	87,790	83,580	778,765
Raw material and supply	29,443	29,546	261,187
Prepaid expenses and deferred charges	44,609	45,862	395,723
Other current assets	29,668	24,491	263,181
Allowance for doubtful receivables	(1,516)	(2,035)	(13,451)
Total current assets	405,640	381,123	3,598,336
Non-current assets :			
(Vessels, property and equipment)			
Vessels, net	398,709	412,285	3,536,855
Buildings and structures, net	17,013	18,239	150,920
Machinery and vehicles, net	10,748	10,952	95,348
Land	20,920	24,781	185,583
Construction in progress	55,934	55,551	496,179
Other, net	4,722	4,577	41,894
Total vessels, property and equipment	508,049	526,387	4,506,778
(Intangible assets)			
Other intangible assets	3,805	4,005	33,753
Total intangible assets	3,805	4,005	33,753
(Investments and other assets)			
Investments in securities	92,239	80,721	818,230
Long-term loans receivable	19,408	17,466	172,170
Asset for retirement benefits	498	493	4,424
Other investments and other assets	33,938	35,942	301,057
Allowance for doubtful receivables	(977)	(931)	(8,668)
Total investments and other assets	145,107	133,692	1,287,213
Total non-current assets	656,961	664,085	5,827,745
Total assets	¥ 1,062,602	¥ 1,045,209	$ 9,426,081

Consolidated Balance Sheet

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

	Year ended September 30, 2017	Year ended March 31, 2017	Year ended September 30, 2017
LIABILITIES			
Current liabilities :			
Accounts and notes payable-trade	¥ 97,844	¥ 89,769	$ 867,956
Short-term loans and current portion of long-term loans	49,654	47,469	440,471
Accrued income taxes	1,844	1,268	16,361
Allowance for loss related to the Anti-Monopoly Act	1,672	5,223	14,832
Allowance for loss related to business restructuring	18,169	19,867	161,173
Other allowance	2,869	2,605	25,455
Other current liabilities	110,793	57,230	982,824
Total current liabilities	282,847	223,433	2,509,072
Non-current liabilities :			
Bonds	11,998	62,187	106,431
Long-term loans, less current portion	399,992	404,176	3,548,236
Allowance for loss related to business restructuring	19,735	28,022	175,064
Allowance for directors' and audit and supervisory board members' retirement benefits	1,732	1,645	15,370
Accrued expenses for overhaul of vessels	9,412	11,999	83,492
Liability for retirement benefits	7,279	7,514	64,573
Other non-current liabilities	71,493	60,748	634,203
Total non-current liabilities	521,643	576,293	4,627,371
Total liabilities	804,491	799,727	7,136,443
NET ASSETS			
Shareholders' equity:			
Common stock	75,457	75,457	669,366
Capital surplus	60,515	60,334	536,818
Retained earnings	69,439	55,753	615,983
Less treasury stock	(2,382)	(1,084)	(21,133)
Total shereholiders' equity	203,030	190,461	1,801,034
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on investments in securities	11,027	8,849	97,820
Deferred gain on hedges	10,428	10,189	92,509
Revaluation reserve for land	6,049	6,263	53,663
Translation adjustments	4,070	6,555	36,112
Retirement benefits liability adjustments	(2,654)	(2,835)	(23,549)
Total accumulated other comprehensive income	28,921	29,022	256,556
Non-controlling interests	26,158	25,997	232,049
Total net assets	258,110	245,482	2,289,639
Total liabilities and net assets	¥ 1,062,602	¥ 1,045,209	$ 9,426,081

Consolidated Statement of Operations

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

	Six months ended September 30, 2017	Six months ended September 30, 2016	Six months ended September 30, 2017
Marine transportation and other operating revenues	¥ 578,928	¥ 491,152	$ 5,135,530
Marine transportation and other operating costs and expenses	535,272	482,181	4,748,269
Gross Profit	43,655	8,971	387,261
Selling, general and administrative expenses	37,408	35,394	331,841
Operating income (loss)	6,247	(26,423)	55,419
Non-operating income :			
Interest income	648	656	5,751
Dividend income	1,342	919	11,908
Equity in earnings of subsidiaries and affiliates	-	1,281	-
Reversal of allowance for loss related to the Anti-Monopoly Act	3,551	-	31,501
Exchange gain	2,869	-	25,458
Other non-operating income	1,062	980	9,424
Total non-operating income	9,473	3,837	84,041
Non-operating expenses :			
Interest expenses	3,385	3,271	30,030
Equity in loss of subsidiaries and affiliates	610	-	5,418
Exchange loss	-	8,514	-
Other non-operating expenses	578	1,753	5,130
Total non-operating expenses	4,574	13,540	40,579
Ordinary income (loss)	11,146	(36,125)	98,882
Extraordinary income :			
Gain on sales of vessels, property and equipment	8,747	3,937	77,600
Other extraordinary income	2,019	538	17,915
Total extraordinary income	10,767	4,476	95,515
Extraordinary losses :			
Loss on impairment of vessels, property and equipment	-	2,533	-
Loss on cancellation of chartered vessels	661	4,979	5,868
Loss related to the Anti-Monopoly Act	789	11	7,002
Other extraordinary losses	201	6,508	1,787
Total extraordinary losses	1,652	14,034	14,657
Income (loss) before income taxes	20,262	(45,683)	179,741
Income taxes :			
Current	3,221	2,264	28,573
Deferred	2,709	1,679	24,038
Total income taxes	5,930	3,943	52,611
Profit (loss)	14,331	(49,627)	127,130
Profit attributable to non-controlling interests	1,155	829	10,252
Profit (loss) attributable to owners of the parent	¥ 13,175	¥ (50,457)	$ 116,877

Consolidated Statement of Comprehensive Income

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

	Six months ended September 30, 2017	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit (loss)	¥ 14,331	¥ (49,627)	$ 127,130
Other Comprehensive income (loss)			
Net unrealized holding gain (loss) on investments in securities	2,168	(1,598)	19,239
Deferred loss on hedges	(73)	(2,748)	(650)
Translation adjustments	(2,418)	(16,065)	(21,453)
Retirement benefits liability adjustments	163	273	1,449
Share of other comprehensive income (loss) of subsidiaries and affiliates accounted for by the equity method	688	(980)	6,104
Total other comprehensive income (loss)	528	(21,119)	4,690
Comprehensive income (loss)	¥ 14,859	¥ (70,746)	$ 131,819
(Breakdown)			
Comprehensive income (loss) attributable to:			
Owners of the parent	¥ 13,288	¥ (70,571)	$ 117,876
Non-controlling interests	1,571	(175)	13,944

Consolidated Statement of Cash Flows

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

	Six months ended September 30, 2017	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities :			
Profit (loss) before income taxes	¥ 20,262	¥ (45,683)	$ 179,741
Depreciation and amortization	21,675	22,895	192,278
Decrease in liability for retirement benefits	(292)	(485)	(2,595)
Increase in retirement benefits liability adjustments	214	261	1,902
Decrease in allowance for directors' and audit and supervisory board members' retirement benefits	(130)	(189)	(1,161)
Decrease in accrued expenses for overhaul of vessels	(1,323)	(1,435)	(11,740)
Decrease in allowance for loss related to buisiness restructuring	(9,985)	-	(88,574)
Decrease in allowance for loss related to the Anti-Monopoly Act	(3,551)	-	(31,500)
Interest and dividend income	(1,990)	(1,575)	(17,659)
Interest expenses	3,385	3,271	30,030
Exchange (gain) loss, net	(1,314)	3,224	(11,663)
Loss on impairment of vessels, property and equipment	-	2,533	-
Equity in (loss) earnings of subsidiaries and affiliates, net	610	(1,281)	5,418
Loss on cancellation of chartered vessels	661	4,979	5,868
Loss related to the Anti-Monopoly Act	789	11	7,002
(Gain) loss on sales of vessels, property and equipment, net	(8,747)	2,454	(77,599)
Increase in accounts and notes receivable – trade	(3,274)	(53)	(29,047)
Increase in inventories	(513)	(2,384)	(4,555)
(Increase) decrease in other current assets	(4,440)	347	(39,392)
Increase in accounts and notes payable – trade	6,564	7,263	58,233
Increase in other current liabilities	3,073	232	27,267
Other, net	(2,349)	376	(20,841)
Subtotal	19,323	(5,235)	171,412
Interest and dividends received	1,962	1,929	17,411
Interest paid	(3,400)	(3,271)	(30,161)
Payments for cancellation of chartered vessels	-	(17,055)	-
Payments related to the Anti-Monopoly Act	-	(285)	-
Income taxes paid	(2,742)	(2,607)	(24,328)
Net cash provided by (used in) operating activities	15,143	(26,525)	134,334
Cash flows from investing activities :			
Payments into time deposits	(44,281)	(42,791)	(392,809)
Proceeds from withdrawal of time deposits	42,926	41,948	380,791
Purchases of marketable securities and investments in securities	(10,095)	(2,032)	(89,556)
Proceeds from sales of marketable securities and investments in securities	755	868	6,698
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	771	-	6,847
Purchases of vessels, property and equipment	(50,814)	(25,922)	(450,764)
Proceeds from sales of vessels, property and equipment	57,433	17,194	509,479
Purchases of intangible assets	(275)	(296)	(2,448)
Payments of long-term loans receivable	(332)	(164)	(2,953)
Collection of long-term loans receivable	674	656	5,980
Other, net	(128)	23	(1,136)
Net cash used in investing activities	(3,367)	(10,516)	(29,871)
Cash flows from financing activities :			
Decrease in short-term loans, net	(477)	(646)	(4,234)
Proceeds from long-term loans	25,500	60,167	226,212
Repayments of long-term loans and obligations under finance leases	(22,176)	(26,572)	(196,727)
Redemption of bonds	(189)	(189)	(1,677)
Purchase of treasury stock	(1,299)	(0)	(11,529)
Cash dividends paid to non-controlling interests	(546)	(927)	(4,849)
Proceeds from share issuance to non-controlling interests	32	-	289
Purchases of shares of subsidiaries not resulting in change in scope of consolidation	(445)	-	(3,955)
Other, net	(76)	(2,346)	(677)
Net cash provided by financing activities	321	29,484	2,855
Effect of exchange rate changes on cash and cash equivalents	900	(5,180)	7,992
Net increase (decrease) in cash and cash equivalents	12,998	(12,738)	115,310
Cash and cash equivalents at beginning of the period	156,791	198,745	1,390,862
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	1,403	-	12,448
Cash and cash equivalents at end of the period	¥ 171,194	¥ 186,006	$ 1,518,620

Segment information

Six months ended September 30, 2017

(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	¥ 304,448	¥ 250,879	¥ 6,229	¥ 17,370	¥ 578,928	¥ -	¥ 578,928
Inter-group revenues and transfers	2,586	1,304	-	25,490	29,381	(29,381)	-
Total revenues	307,035	252,183	6,229	42,860	608,310	(29,381)	578,928
Segment profit (loss)	¥ 8,997	¥ 2,737	¥ 808	¥ 1,959	¥ 14,502	¥ (3,355)	¥ 11,146

Six months ended September 30, 2016

(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	¥ 246,902	¥ 217,745	¥ 9,460	¥ 17,043	¥ 491,152	¥ -	¥ 491,152
Inter-group revenues and transfers	2,514	1,164	-	22,309	25,988	(25,988)	-
Total revenues	249,417	218,909	9,460	39,353	517,141	(25,988)	491,152
Segment profit (loss)	¥ (21,026)	¥ (9,835)	¥ (1,655)	¥ 867	¥ (31,649)	¥ (4,475)	¥ (36,125)

Six months ended September 30, 2017

(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	$ 2,700,692	$ 2,225,488	$ 55,264	$ 154,087	$ 5,135,530	$ -	$ 5,135,530
Inter-group revenues and transfers	22,944	11,573	-	226,121	260,639	(260,639)	-
Total revenues	2,723,636	2,237,062	55,264	380,208	5,396,169	(260,639)	5,135,530
Segment profit (loss)	$ 79,816	$ 24,282	$ 7,168	$ 17,385	$ 128,651	$ (29,768)	$ 98,882

2. Matters Relating to Summary Information

(Change in Accounting Estimate)

As of the end of the previous fiscal year, the Company had recorded the allowance for loss related to the Anti-Monopoly Act taking into account a partial settlement of civil class action in the United States that was subject to the approval by the United States federal court. However, because the case was dismissed by the court during the current fiscal period, the Company reasonably re-estimated the allowance based on this judgment. As a result of this change in accounting estimate, ordinary income and income before income taxes increased by ¥3.551 billion for the six-month period.

(Additional Information)

(Establishment of Holding Company and Operating Company for New Integrated Container Shipping Business)

For the integration of the container shipping businesses, including worldwide terminal operation businesses outside Japan, Kawasaki Kisen Kaisha, Ltd., Mitsui O.S.K. Lines, Ltd., and Nippon Yusen Kabushiki Kaisha have concluded a business integration contract and a shareholders agreement on October 31, 2016. Based on the contract and the agreement, we have established the below holding company and operating company.

The companies are scheduled to begin offering container shipping services from April 1, 2018.

Overview of new companies

1. Holding company

Trade name	Ocean Network Express Holdings, Ltd.
Amount of capital stock	JPY 50,000,000
Shareholders/ Contribution ratio	Kawasaki Kisen Kaisha, Ltd. 31%
	Mitsui O.S.K. Lines, Ltd. 31%
	Nippon Yusen Kabushiki Kaisha 38%
Location	Tokyo, JAPAN
Date of establishment	July 7, 2017

2. Operating company

Trade name	OCEAN NETWORK EXPRESS PTE. LTD.
Amount of capital stock	USD 200,000,000
Shareholders/ Contribution ratio	Kawasaki Kisen Kaisha, Ltd. 31%
	Mitsui O.S.K. Lines, Ltd. 31%
	Nippon Yusen Kabushiki Kaisha 38%
	(Including the indirect ownership)
Location	SINGAPORE
Date of establishment	July 7, 2017

(New performance-based share remuneration plan “Board Benefit Trust (BBT)”)

In accordance with the resolution at the 148th Ordinary General Meeting of Shareholders on June 24, 2016, the Company introduced a new performance-based share remuneration plan “Board Benefit Trust (BBT)” for the directors (executive directors only) and executive officers of the Company. This plan purports to further enhance the connection between the remuneration of the directors (executive directors only) and executive officers, and share value, and thereby raise the directors’ motivation to make contributions to increase the Company group’s long-term performance and corporate value.

1. Overview of transactions

In accordance with the “Regulations for Delivery of Shares to Officers” which was established by Board of Directors’ meeting, the Company awards points to the directors, etc. At the time of their retirement, the directors, etc. who satisfy requirements for beneficiaries will be provided shares in proportions to the points which the Company has granted to them. With regard to the shares which will be provided to officers in the future, a trust bank acquires the Company’s treasury shares through third-party allotment by using the money entrusted by the Company. Such shares are managed as trust assets separately.

2. Method of accounting for these transactions

The Company applies the same method as stipulated in the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employee etc. through Trusts (ASBJ PITF No.30, March, 2015)”.

3. Shares in the Company held by the trust bank

The book value (excluding incidental costs) of the Company share now held by the trust bank are accounted for as treasury stock in the net assets section of the Company’s balance sheet. At the end of the consolidated 2nd Quarter, the book value and total number of treasury stock held by the trust bank are respectively, 1,298 million yen and 4,481,000 stocks.

With an effective date of October 1, 2017, the Company carried out a share consolidation at a ratio of one share for ten shares of the Company’s common stock. The number of the Company’s treasury stock held by the trust bank after the share consolidation is 448,100 stocks.

(Significant Subsequent Event)

(Share Consolidation and change in number of shares constituting one share unit)

The resolution to put forward the proposal on a share consolidation and a change in number of shares constituting one share unit at the 149th Ordinary General Meeting of Shareholders on June 23, 2017 was made at the Board of Directors' meeting held on May 18, 2017. This proposal was approved at that general shareholders' meeting and took effect on October 1, 2017.

1. Purpose of the share consolidation and the change in the number of shares constituting one share unit

The Japanese Stock Exchanges published an "Action Plan for Consolidating Trading Units" and are aiming to unify the trading units to 100 shares for common stock of domestic companies listed on Japanese stock exchanges. As a listed company, the Company adheres to this plan and decided to change the number of shares constituting one share unit from 1,000 shares to 100 shares. Simultaneously, the Company implemented the share consolidation (consolidating ten shares into one share) for the purpose of adjusting investment units to appropriate levels while taking the medium- to long-term share price trends into consideration.

2. Details of the share consolidation

(1) Type of shares to be consolidated

Common stock

(2) Method and ratio of the share consolidation

With respect to the shares owned by the shareholders recorded in the shareholder register as of September 30, 2017, ten shares were consolidated into one share as of October 1, 2017.

(3) Decrease in number of shares due to share consolidation

Total number of outstanding shares before share consolidation (As of September 30, 2017)

939,382,298 shares

Decrease in number of shares due to share consolidation

845,444,069 shares

Total number of outstanding shares after share consolidation

93,938,229 shares

(4) Treatment for any fractional shares less than one share

If any fractional shares less than one share are produced as a result of the share consolidation, the Company will sell or purchase such shares in bulk in accordance with the Companies Act, and the proceeds from the transactions will be distributed to shareholders of fractional shares at the ratio of fractional shares ownership.

3. Details of change in the number of shares constituting one share unit

As of October 1, 2017, the number of shares constituting one share unit of the Company's common stock was changed from the current 1,000 shares to 100 shares.

4. Impacts of this change on per share information

The impact on per share information is presented in the relevant section.