

FINANCIAL HIGHLIGHTS

Brief report of six months ended September 30, 2012

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Six months ended Sept. 30, 2011	Six months ended Sept. 30, 2012	Six months ended Sept. 30, 2012
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 496,987	¥ 546,213	\$ 7,038,839
Operating income (loss) (Millions of yen / Thousands of U.S. dollars)	(18,391)	12,148	156,558
Net loss (Millions of yen / Thousands of U.S. dollars)	(18,601)	(1,124)	(14,490)
Per share of common stock (Yen / U.S. dollars)	(24.35)	(1.34)	(0.02)

	Year ended Mar.31, 2012	Six months ended Sept. 30, 2012	Six months ended Sept. 30, 2012
Total Assets (Millions of yen / Thousands of U.S. dollars)	¥ 1,066,648	¥ 1,106,825	\$ 14,263,210
Net assets (Millions of yen / Thousands of U.S. dollars)	259,934	280,655	3,616,695

	Six months ended Sept. 30, 2011	Six months ended Sept. 30, 2012	Six months ended Sept. 30, 2012
Net cash provided by (used in) operating activities (Millions of yen / Thousands of U.S. dollars)	¥ (4,146)	¥ 19,551	\$ 251,948
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	(71,552)	(18,538)	(238,898)
Net cash provided by financing activities (Millions of yen / Thousands of U.S. dollars)	46,916	34,873	449,397

The U.S. dollar amounts are converted from the yen amount at ¥77.60=U.S.\$1.00.
The exchange rate prevailing on September 30, 2012.

1. Qualitative Information and Financial Statements

(1) Qualitative Information about the Consolidated Operating Results

(Billion yen; rounded to nearest 100 million)

	Six months ended September 30, 2011	Six months ended September 30, 2012	Change (% change)	
Operating revenues	497.0	546.2	49.2	(9.9%)
Operating (loss) income	-18.4	12.1	30.5	(-)
Ordinary (loss) income	-20.3	9.1	29.4	(-)
Net (loss) income	-18.6	-1.1	17.5	(-)

Exchange rate (¥/US\$)(6-month average)	¥80.24	¥79.73	-¥0.51	(-0.6%)
Fuel oil price (US\$/MT)(6-month average)	\$656	\$685	\$29	(4.4%)

During the second cumulative consolidated accounting quarter (April 1, 2012 to September 30, 2012, hereinafter referred to as the “Current Cumulative Period”) the global economy was in a slump: Europe was stagnant amid the prolonged sovereign debt crisis, the U.S. recovery was decelerating in a persistent harsh employment environment, and the yet-growing emerging economies including China, India and other countries began to slow down in the face of the stalling European and U.S. economies.

Our domestic economy enjoyed a mild recovery on the back of post-disaster reconstruction and other demand, but now it is stalled, affected by the decelerating overseas economy.

The containership market saw a smooth restoration of freight rates. The car carrier business as a whole was generally strong although Europe-bound shipments of automobiles turned downward. The dry bulk market, in the meantime, continued to be sluggish under strong supply pressure stemming from massive deliveries of newly-constructed ships, as well as from the slowdown of the Chinese economy. High fuel oil prices and the continuing yen appreciation also served to make the business environment surrounding the marine transportation business generally unstable.

As a result of these developments, cumulative consolidated operating revenues in the Current Cumulative Period were ¥546.213 billion (increase of ¥49.226 billion over same period previous year), operating income was ¥12.148 billion (operating losses ¥18.391 billion in same period previous year), and ordinary income of ¥9.075 billion (ordinary losses of ¥20.313 billion in same period previous year). Quarterly net loss was ¥1.124 billion (net loss ¥18.601 billion in same period previous year).

Summaries of developments in each business segment are provided below.

(Billion yen; rounded to nearest 100 million)

		Six months ended September 30, 2011	Six months ended September 30, 2012	Change (% change)	
Containership	Operating revenues	246.6	271.1	24.5	(9.9%)
	Segment (loss) income	-16.8	3.8	20.6	(—)
Bulk shipping	Operating revenues	218.6	244.1	25.5	(11.6%)
	Segment (loss) income	-1.8	7.9	9.7	(—)
Offshore Energy E&P Support and Heavy Lifter	Operating revenues	11.2	10.9	-0.3	(-2.4%)
	Segment (loss) income	-0.9	-2.6	-1.8	(—)
Other	Operating revenues	20.6	20.1	-0.5	(-2.2%)
	Segment (loss) income	2.0	2.6	0.6	(32.0%)
Adjustments and eliminations	Segment (loss) income	-2.8	-2.6	0.2	(—)
Total	Operating revenues	497.0	546.2	49.2	(9.9%)
	Segment (loss) income	-20.3	9.1	29.4	(—)

Note: The segment categories changed from the first cumulative consolidated accounting quarter (April 1, 2012 to June 30, 2012). Figures for “Six months ended September 30, 2011” in the above table are based on the new segment categories. Please see “Segment Information” section for details.

(i) Containership Business Segment

Containership business

The number of loaded containers during the Current Cumulative Period increased approximately 21% from the same period of the previous year on Asia-North American routes (two ways), and approximately 4% on Asia-European routes. Meanwhile, we further trimmed/downsized operations on unprofitable routes. Such efforts resulted in a 10% decrease in the number of loaded containers on South-North routes, but with about 7% increase compared to the same period of the previous year in the overall number of loaded containers by the “K” Line Group as a whole. The Current Cumulative Period saw a restoration of freight rates, principally on Asia-Europe and Asia-U.S. routes, for an improvement from the same period previous year. We worked on structural reforms by putting into service newly-constructed large energy-efficient vessels for improved navigation efficiency while implementing slow steaming and other measures. As a result, financial performance increased from the same period of the previous year.

Logistics business

Our international logistics business continued to be supported by emergency air cargo demand for restoration of the flood-disrupted supply chains in Thailand. Our domestic logistics services were affected by calming-down reconstruction demand. Although affected by the higher yen value and the slumping domestic demand, our logistics

business over all showed an improvement from same period previous year.

As a result of above situations, financial performance in the containership business segment improved.

(ii) Bulk Shipping Business Segment

Dry Bulk business

The cape-size market came through a tough environment. Due to massive deliveries of newly constructed vessels, the supply-demand gap did not narrow despite shipping companies' efforts of stopping, laying up, slow steaming, or acceleration in scrapping of vessels. Panamax and Handymax market continued to suffer low freight rates amid excessive supply of vessels, plus slower movements of China-bound coal cargo for thermal power generation as the result of declining electricity consumption attributable to an economic downturn and increased hydroelectric power generation made possible by heavy rainfall.

Although the "K" Line Group worked throughout the Current Cumulative Period to reduce operating costs and to improve business efficiency by proper ship allocation, due to weak market conditions and appreciation of the yen, operating revenues increased but income decreased compared to same period previous year.

Car Carrier business

The Current Cumulative Period saw shipment of automobiles generally moving on a firm basis on all major routes except some outbound Japan-Europe routes and a part of services in Atlantic basin where cargo movements were lower than our forecast at the beginning of the fiscal year. The number of automobiles exported from Japan substantially recovered from the level registered in the same period of the previous year when the car industry was severely affected by the March 11 Great East Japan Earthquake. In such circumstances, the number of automobiles transported by the "K" Line Group increased by approximately 14% compared to same period previous year. As a result, our car carrier business had a significant improvement in both operating revenues and income compared to same period previous year.

LNG Carrier business and Tanker business

LNG carriers, VLCCs and LPG carriers were operated steadily under long-term and medium-term contracts. For AFRAMAX tankers and product tankers, under expectation that it would take quite a long time for their markets to recover, we took measures to reduce number of vessels in operation, thus reducing potential impact our fleet would receive from the market and avoid further business deterioration.

Short Sea and Coastal business

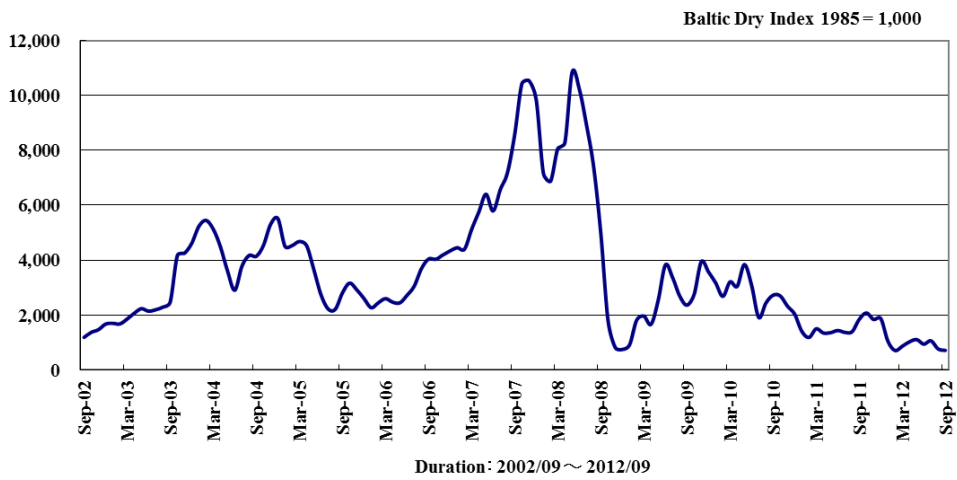
In short sea shipping, while we had an increase compared to same period previous year in volume of dry bulk cargo shipment, we saw a slight decrease in volume of steel and imported wood products shipments.

In coastal business, operations of coastal tramper services for various vessels, including those dedicated to limestone

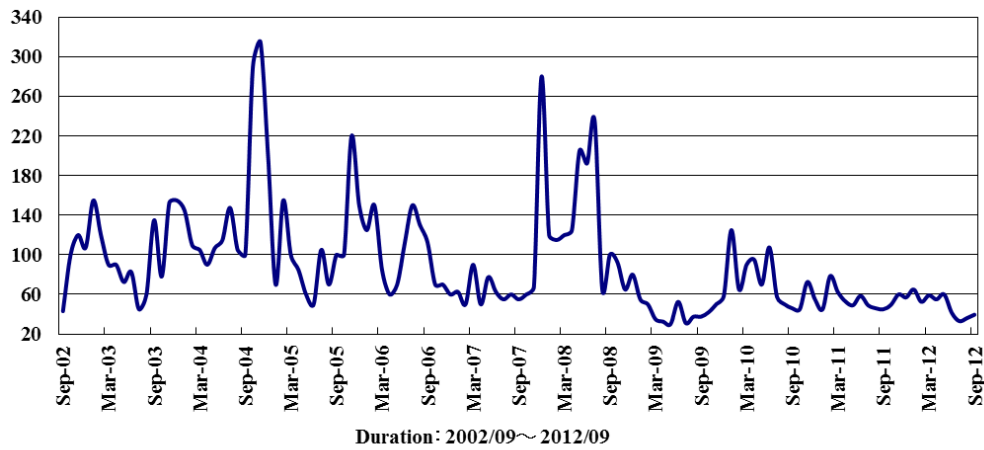
and coal trades, were stable while volume of cargo decreased for small-size ships because of the stagnating market. The liner business saw an increase in cargo volume from same period previous year when industries were still in the process of recovery from the impact of the earthquake. Ferry business saw an increased number of trucks, passenger cars and passengers transported as a result of a new delivery and revision of our timetables.

As a result of all above measures implemented, both operating revenues and income increased in the bulk shipping business segment.

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

Our offshore support vessel business saw a steady operation of our seven-vessel fleet. A drill ship was put into operation, which contributed to earnings. Our offshore energy E&P support business as a whole had increased operating revenues and decreased income compared to same period previous year from effect of revaluation in foreign exchange.

Heavy Lifter business

In our heavy lifter business, although there was an increase in freight cargo allotment for industrial projects transportation, the market continued in a slump principally in highly-competitive small-sized cargo. Both operating revenues and income decreased compared to same period previous year.

As a result of all of the above, the offshore energy E&P support and heavy lifter business segment as a whole booked a decrease in both operating revenues and income compared to same period of previous year.

(iv) Other businesses

Other businesses, which include ship management services, travel agency businesses and real estate rental and administration, booked a decrease in operating revenue and an increase in income compared to same period previous year.

(2) Qualitative Information on the Consolidated Financial Situation

Consolidated assets at the end of the 2nd Quarter were ¥1,106.825 billion, an increase of ¥40.176 billion over the end of the previous fiscal year as a result of increases in factors such as cash and deposits, marketable securities and vessels.

Consolidated liabilities increased by ¥19.455 billion to ¥826.169 billion due to factors such as an increase in long-term debt compared to the previous fiscal year.

Consolidated net assets were ¥280.655 billion, an increase of ¥20.721 billion compared to the end of the previous fiscal year as a result of increases in issuance of new shares of stock, and other factors.

(3) Qualitative Information regarding Consolidated Prospects for FY2012

(Billion yen; rounded to nearest 100 million)

	Prior Forecast (at time of announcement dated 31 July 2012)	Current Forecast (at time of announcement of 2 nd quarter result)	Change (% change)	
Operating revenues	1,130.0	1,130.0	—	(—)
Operating (loss) income	27.0	16.0	-11.0	(-40.7%)
Ordinary (loss) income	22.0	10.0	-12.0	(-54.5%)
Net (loss) income	8.0	2.0	-6.0	(-75.0%)

Exchange rate (¥/US\$)	¥80.13	¥79.87	-¥0.26	(-0.3%)
Fuel oil price (US\$/MT)	\$699	\$677	-\$22	(-3.1%)

In containership business, despite lingering uncertainty we expect steady cargo movements for North America-bound transportation, given some signs of the U.S. housing market hitting bottom. For Europe-bound routes, for the second fiscal half we expect sluggish movements due to impact of the sovereign debt crisis and also due to seasonal factors. Specific movements are being seen among shipping companies toward reduction of operations in keeping with off-season demand. As required by slumping demand, the “K” Line Group also will cut back operations and consequently operation costs, expand slow steaming measures, and push ahead with cost reduction measures in the Group. We expect financial results to improve compared to previous fiscal year.

In dry bulk business, the cape-size market will likely suffer a delayed recovery because of continuing excessive vessel supply due to massive number of new deliveries, plus a decrease in steel demand following the deceleration in the Chinese economy. In the Panamax and Handymax market, we expect tough market condition will continue given the current over-supply of vessels, sluggish China-bound coal demand and delayed shipment of newly-harvested grain from North America due to the drought. The “K” Line Group will seek to improve earnings by reducing free tonnage, efficient ship allocation and cost reduction through slow steaming.

In car carrier business, although we expect automobile sales will continue to recover in North America and also continue strong in Russia and in Southeast Asian countries, at the same time, trend of weakness, due to slump in the European market and slowdown in market growth of China, likely to enlarge. While demand for marine transportation of automobiles continues strong worldwide, we expect a gradual decline in the volume of cargo exported from Japan, given production shifts made by Japanese car manufacturers toward overseas markets in coping with the prolonged yen appreciation.

We expect stable operation of LNG carriers, LPG carriers and VLCCs under long-term and medium-term charters. With regard to AFRAMAX tankers and product tankers, as we expect it will take more time for their markets to

recover, we are planning to downsize our fleet, reduce operations in spot business and thereby stabilize profitability.

In our short sea and coastal business we aim to improve financial performance as we expect an increase in cargo volumes due to delivery of a new coal carrier, improved fuel efficiency by launching a new roll-on/roll-off carrier and an increase in transportation capacity in conjunction with operation of a new ferry.

In offshore energy E&P support and heavy lifter business we expect contribution to earnings to be made by stable operation of offshore support vessels and drill ships. Our heavy lifter business will see its profitability improved as we expect to sign a profitable contract for a large-scale project and that the burden imposed by the depreciation of the goodwill associated with our acquisition of the business to decrease.

With respect to the interim dividend, “K” Line regrettably posted a consolidated net loss for the first half, and accordingly, the Board of Directors today resolved that no interim dividend be paid.

“K” Line’s dividend policy, which takes into consideration the consolidated dividend payout ratio, remains unchanged, and the highest priority is being placed on achieving a black consolidated net profit for the fiscal year so that the payment of dividends can be resumed at this fiscal year-end. However, there still remain many unpredictable factors in the business environment, and no revision concerning the year-end dividend has been made at this time. “K” Line will release further information when it determines that a prediction is possible taking into account the forecast for the full fiscal year and “K” Line’s financial status.

2. Matters Relating to Summary Information

Changes in Accounting Policies, Accounting Estimates and Retrospective Restatement

Changes in Accounting Estimates (Change of Service Lives)

Following the adoption of the Medium-Term Management Plan (of which fiscal 2012 is the first year) during the 1st Quarter of the this fiscal year, we reviewed our policies concerning vessel use as part of our investigation of fleet upgrade plans, taking into consideration the vessel use results, newly acquired upgrade results, and the outlook for vessel supply and demand. As a result of that review, it was determined that long-term use beyond the service lives previously employed can be expected for containerships, pure car carriers (PCCs), and oil tankers. Accordingly, the service lives of containerships and PCCs were increased from 15 years to 20 years, and the service lives of oil tankers were increased from 13 years to 20 years.

Further, dry bulk carriers entered repair docks during the 1st Quarter of this fiscal year for the first time under the new ballast tank paint standards adopted by the International Maritime Organization, and we received information corroborating the improved anti-corrosion performance. As a result, we determined that use for periods longer than

the service lives applied in the past can be expected, and the service lives of vessels subject to the Performance Standard for Protective Coatings (PSPC) were increased from 15 years to 20 years.

As a result, operating income and ordinary income were increased by ¥2.980 billion respectively, and net losses before income taxes and minority interests were decreased by that amount in the 2nd Quarter of this fiscal year compared to under the prior method.

Changes in Accounting Policies

(Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates)

Effective from the 1st Quarter of this fiscal year, the Company and its domestic subsidiaries changed the depreciation method for the relevant tangible assets newly acquired from April 1, 2012 according to the amendment of Corporation Tax Act in Japan.

The impact of this change on the consolidated quarterly financial statements was immaterial.

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, 2012 and six months ended September 30, 2012

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

	Year ended Mar. 31, 2012	Six months ended Sept. 30, 2012	Six months ended Sept. 30, 2012
ASSETS			
Current assets :			
Cash and deposits	¥ 96,698	¥ 122,510	\$ 1,578,748
Accounts and notes receivable-trade	77,894	88,294	1,137,818
Short-term loans receivable	7,022	1,493	19,240
Marketable securities	1	29,999	386,597
Raw material and supply	38,303	40,705	524,553
Prepaid expenses and deferred charges	36,758	34,643	446,438
Other current assets	24,732	17,437	224,713
Allowance for doubtful receivables	(666)	(926)	(11,938)
Total current assets	280,744	334,158	4,306,169
Fixed assets :			
(Tangible fixed assets)			
Vessels	473,552	488,661	6,297,189
Buildings and structures	24,262	23,843	307,261
Machinery and vehicles	6,467	6,564	84,589
Land	29,825	28,019	361,070
Construction in progress	78,797	58,314	751,479
Other tangible fixed assets	5,545	4,875	62,830
Total tangible fixed assets	618,449	610,278	7,864,419
(Intangible fixed assets)			
Goodwill	4,473	3,073	39,604
Other intangible fixed assets	5,479	5,148	66,349
Total intangible fixed assets	9,952	8,221	105,953
(Investments and other long-term assets)			
Investments in securities	75,214	63,939	823,960
Long-term loans receivable	15,066	14,531	187,266
Deferred income taxes	51,869	60,202	775,806
Other long-term assets	15,843	16,063	207,001
Allowance for doubtful receivables	(491)	(571)	(7,364)
Total investments and other long-term assets	157,501	154,165	1,986,669
Total fixed assets	785,904	772,666	9,957,041
Total assets	¥ 1,066,648	¥ 1,106,825	\$ 14,263,210

Consolidated Balance Sheets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2012 and six months ended September 30, 2012

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

	Year ended Mar. 31, 2012	Six months ended Sept. 30, 2012	Six months ended Sept. 30, 2012
LIABILITIES			
Current liabilities :			
Accounts and notes payable-trade	¥ 75,275	¥ 81,160	\$ 1,045,880
Short-term loans and current portion of long-term debt	72,049	76,733	988,830
Accrued income taxes	2,661	3,368	43,403
Accrued allowance	1,731	1,877	24,195
Other current liabilities	72,610	73,622	948,742
Total current liabilities	224,328	236,761	3,051,051
Long-term liabilities :			
Bonds	74,573	48,888	630,000
Long-term debt, less current portion	406,162	431,822	5,564,721
Deferred income taxes on land revaluation	2,590	2,590	33,385
Accrued expenses for overhaul of vessels	17,555	16,001	206,203
Other allowance	9,478	8,962	115,496
Other long-term liabilities	72,025	81,143	1,045,658
Total long-term liabilities	582,385	589,407	7,595,464
Total liabilities	806,714	826,169	10,646,515
NET ASSETS			
Shareholder's equity:			
Common stock	65,031	75,457	972,392
Capital surplus	49,892	60,318	777,301
Retained earnings	212,850	211,509	2,725,640
Less treasury stock, at cost	(904)	(901)	(11,615)
Total shareholders' equity	326,870	346,384	4,463,719
Accumulated other comprehensive income (loss) :			
Net unrealized holding loss on investments in securities	(6,036)	(1,615)	(20,817)
Deferred loss on hedges	(41,596)	(46,763)	(602,618)
Revaluation reserve for land	2,297	2,350	30,289
Translation adjustments	(38,962)	(38,233)	(492,706)
Total accumulated other comprehensive loss, net	(84,297)	(84,262)	(1,085,852)
Minority interests in consolidated subsidiaries	17,361	18,533	238,828
Total net assets	259,934	280,655	3,616,695
Total liabilities and net assets	¥ 1,066,648	¥ 1,106,825	\$ 14,263,210

Consolidated Statements of Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for six months ended September 30, 2012 and 2011

	(Millions of Yen/Thousands of U.S.Dollars)		
	Six months ended Sept. 30, 2011	Six months ended Sept. 30, 2012	Six months ended Sept. 30, 2012
Marine transportation and other operating revenues	¥ 496,987	¥ 546,213	\$ 7,038,839
Marine transportation and other operating expenses	480,764	502,318	6,473,177
Gross income	16,223	43,895	565,662
Selling, general and administrative expenses	34,614	31,746	409,104
Operating income (loss)	(18,391)	12,148	156,558
Non-operating income :			
Interest income	480	543	7,005
Dividend income	1,932	1,638	21,109
Equity in earnings of affiliated companies	352	1,194	15,387
Other non-operating income	1,253	1,153	14,869
Total non-operating income	4,018	4,529	58,370
Non-operating expenses :			
Interest expenses	4,515	4,890	63,023
Exchange loss	1,215	1,000	12,889
Other non-operating expenses	210	1,712	22,065
Total non-operating expenses	5,940	7,602	97,977
Ordinary income (loss)	(20,313)	9,075	116,951
Extraordinary profits :			
Gain on sales of fixed assets	2,240	6,096	78,561
Gain on exchange of shares	6,963	-	-
Other extraordinary profits	1,174	1,449	18,680
Total extraordinary profits	10,378	7,545	97,241
Extraordinary losses :			
Loss from revaluation of investment securities	16,620	17,988	231,810
Other extraordinary losses	2,685	1,685	21,725
Total extraordinary losses	19,305	19,674	253,536
Loss before income taxes	(29,240)	(3,053)	(39,344)
Income taxes : current	2,973	3,796	48,920
Income taxes : deferred	(14,371)	(6,963)	(89,738)
Total income taxes	(11,398)	(3,167)	(40,818)
Net income (loss) before minority interests	(17,842)	114	1,474
Minority interests	759	1,238	15,965
Net loss	¥ (18,601)	¥ (1,124)	\$ (14,490)

Consolidated Statements of Comprehensive Income

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for six months ended September 30, 2012 and 2011

	(Millions of Yen/Thousands of U.S.Dollars)		
	Six months ended Sept. 30, 2011	Six months ended Sept. 30, 2012	Six months ended Sept. 30, 2012
Income (loss) before minority interests	¥ (17,842)	¥ 114	\$ 1,474
Other comprehensive income (loss):			
Net unrealized holding gain (loss) on investments in securities	(1,387)	4,434	57,148
Deferred loss on hedges	(1,359)	(5,079)	(65,460)
Translation adjustments	(1,324)	861	11,104
Share of other comprehensive loss of subsidiaries and affiliates accounted for by the equity method	(1,794)	(92)	(1,197)
Total other comprehensive income (loss)	(5,866)	123	1,595
Comprehensive income (loss)	¥ (23,708)	¥ 238	\$ 3,069
(Breakdown)			
Comprehensive (loss) income attributable to :			
Shareholders of Kawasaki Kisen Kaisha, Ltd.	¥ (24,430)	¥ (1,141)	\$ (14,713)
Minority interests	721	1,379	17,782

Consolidated Statements of Cash Flows

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for six months ended September 30, 2012 and 2011

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

	Six months ended Sept. 30, 2011	Six months ended Sept. 30, 2012	Six months ended Sept. 30, 2012
Cash flows from operating activities :			
Loss before income taxes and minority interests	¥ (29,240)	¥ (3,053)	\$ (39,344)
Depreciation and amortization	24,204	23,890	307,869
Reversal of employees' retirement benefits	(261)	(124)	(1,607)
Reversal of directors' and corporate auditors' retirement benefits	(227)	(341)	(4,400)
Decrease in accrued expenses for overhaul of vessels	(452)	(1,570)	(20,236)
Interest and dividend income	(2,412)	(2,181)	(28,114)
Interest expense	4,515	4,890	63,023
Exchange gain	(1,488)	(1,893)	(24,397)
Gain on sales of vessels, property and equipment	(2,219)	(6,064)	(78,145)
Loss on revaluation of marketable securities and investments in securities	16,620	17,988	231,810
Gain on exchange of shares	(6,963)	-	-
Increase in accounts and notes receivable – trade	(2,947)	(10,079)	(129,886)
Increase in accounts and notes payable – trade	279	5,724	73,773
Increase in inventories	(2,200)	(2,415)	(31,129)
Decrease (increase) in other current assets	(1,266)	5,234	67,452
(Decrease) increase in other current liabilities	2,428	(2,790)	(35,958)
Other, net	3,158	(57)	(741)
Subtotal	1,526	27,157	349,971
Interest and dividends received	2,440	2,291	29,529
Interest paid	(4,514)	(4,884)	(62,948)
Income taxes paid	(3,598)	(3,120)	(40,206)
Other, net	-	(1,893)	(24,398)
Net cash provided by (used in) operating activities	(4,146)	19,551	251,948
Cash flows from investing activities :			
Purchases of marketable securities and investments in securities	(862)	(11,192)	(144,236)
Proceeds from sale of marketable securities and investments in securities	1,283	5,118	65,963
Purchases of vessels, property and equipment	(149,921)	(57,436)	(740,166)
Proceeds from sale of vessels, property and equipment	94,281	48,401	623,734
Purchases of intangible fixed assets	(316)	(288)	(3,720)
Increase in long-term loans receivable	(5,400)	(203)	(2,621)
Collection of long-term loans receivable	3,010	5,652	72,844
Payment for acquisition of shares in consolidated subsidiaries	(12,414)	-	-
Other, net	(1,212)	(8,590)	(110,697)
Net cash used in investing activities	(71,552)	(18,538)	(238,898)
Cash flows from financing activities :			
(Decrease) increase in short-term loans, net	153	(107)	(1,387)
Decrease in commercial paper	-	(17,000)	(219,072)
Proceeds from long-term debt	79,704	66,856	861,555
Repayment of long-term debt and obligations under finance leases	(28,426)	(35,271)	(454,536)
Redemption of Bonds	(189)	(189)	(2,436)
Issuance of shares	-	20,852	268,713
Cash dividends paid	(4,208)	(1)	(22)
Cash dividends paid to minority shareholders	(384)	(298)	(3,842)
Proceeds from stock issuance to minority shareholders	268	32	418
Other, net	(2)	0	5
Net cash provided by financing activities	46,916	34,873	449,397
Effect of exchange rate changes on cash and cash equivalents	(1,857)	1,398	18,025
Net increase (decrease) in cash and cash equivalents	(30,639)	37,284	480,472
Cash and cash equivalents at beginning of the period	94,429	92,756	1,195,314
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	695	22	287
Cash and cash equivalents at end of the period	¥ 64,486	¥ 130,063	\$ 1,676,073

Segment information

Following the adoption of the Medium-Term Management Plan of which fiscal 2012 is the first year, the logistics business included in the “Other” segment until last fiscal year was consolidated with the containership business as of the 1st Quarter of this fiscal year. In addition, the energy transportation business, offshore support vessel business, and heavy lifter business which were included in bulk shipping business formed an independent reporting segment, Offshore E&P Support and Heavy Lifter business. As a result, the previous two segments—the containership business and bulk shipping business—were divided into three separate segments: containership business, bulk shipping business, and offshore energy E&P Support and Heavy Lifter business.

Information concerning operating revenues and profits or losses for the 2nd Quarter of fiscal year 2012 and 2011 in each of these reporting segments reflecting these changes are as follows.

Six months ended September 30, 2011

(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	¥ 246,566	¥ 218,597	¥ 11,224	¥ 20,600	¥ 496,987	¥ -	¥ 496,987
Inter-group revenues and transfers	5,555	1,096	-	17,313	23,965	(23,965)	-
Total revenues	252,121	219,694	11,224	37,913	520,953	(23,965)	496,987
Segment (loss) income	(16,823)	(1,804)	(865)	2,004	(17,489)	(2,824)	(20,313)

Six months ended September 30, 2012

(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	¥ 271,056	¥ 244,060	¥ 10,949	¥ 20,147	¥ 546,213	¥ -	¥ 546,213
Inter-group revenues and transfers	3,622	1,398	-	18,472	23,493	(23,493)	-
Total revenues	274,679	245,458	10,949	38,620	569,707	(23,493)	546,213
Segment income (loss)	3,766	7,940	(2,646)	2,645	11,706	(2,630)	9,075

Six months ended September 30, 2012

(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	\$ 3,492,997	\$ 3,145,103	\$ 141,101	\$ 259,637	\$ 7,038,839	\$ -	\$ 7,038,839
Inter-group revenues and transfers	46,683	18,023	-	238,048	302,755	(302,755)	-
Total revenues	3,539,681	3,163,126	141,101	497,685	7,341,594	(302,755)	7,038,839
Segment income (loss)	48,532	102,332	(34,103)	34,091	150,852	(33,900)	116,951