FINANCIAL HIGHLIGHTS

Brief report of the six months ended September 30, 2018

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Six months ended September 30, 2018	Six months ended September 30, 2017	Six months ended September 30, 2018
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 416,129	¥ 578,928	$ 3,664,077
Operating (loss) income (Millions of yen / Thousands of U.S. dollars)	(12,321)	6,247	(108,495)
(Loss) profit attributable to owners of the parent (Millions of yen / Thousands of U.S. dollars)	(24,581)	13,175	(216,440)
(Loss) profit attributable to owners of the parent per share (Yen / U.S. dollars)			
Basic	(263.54)	140.78	(2.32)
Diluted	-	119.83	-

	Six months ended September 30, 2018	Year ended March 31, 2018	Six months ended September 30, 2018
Total assets (Millions of yen / Thousands of U.S. dollars)	¥ 1,037,415	¥ 1,036,886	$ 9,134,595
Net assets (Millions of yen / Thousands of U.S. dollars)	284,603	243,094	2,505,971

	Six months ended September 30, 2018	Six months ended September 30, 2017	Six months ended September 30, 2018
Net cash (used in) provided by operating activities (Millions of yen / Thousands of U.S. dollars)	¥ (26,250)	¥ 15,143	$ (231,142)
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	(44,882)	(3,367)	(395,196)
Net cash provided by financing activities (Millions of yen / Thousands of U.S. dollars)	51,046	321	449,472

The U.S. dollar amounts are converted from the yen amounts at ¥113.57 = U.S.$1.00,
the approximate rate of exchange prevailing on September 30, 2018.

<Note>
The Company consolidated its common stock at a ratio of 10 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.

・(Loss) profit 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, 2018	Six months ended September 30, 2017	Change	% Change
Operating revenues	**416.1**	578.9	(162.8)	(28.1%)
Operating (loss) income	**(12.3)**	6.2	(18.6)	–
Ordinary (loss) income	**(21.3)**	11.1	(32.5)	–
(Loss) profit attributable to owners of the parent	**(24.6)**	13.2	(37.8)	–

Exchange Rate (¥/US$) (6-month average)	**¥109.48**	¥111.20	(¥1.72)	(1.5%)
Fuel Oil Price (US$/MT) (6-month average)	**US$437**	US$324	US$113	34.8%

During the first six months of the fiscal year ending March 31, 2019 (from April 1, 2018 to September 30, 2018; hereinafter “the six-month period”), operating revenues for the six-month period was ¥416.129 billion (down ¥162.799 billion year-on-year), operating loss was ¥12.321 billion (compared to operating income of ¥6.247 billion in the same period of the previous fiscal year), and ordinary loss was ¥21.329 billion (compared to ordinary income of ¥11.146 billion in the same period of the previous fiscal year). Loss attributable to owners of the parent was ¥24.581 billion (compared to profit attributable to owners of the parent of ¥13.175 billion in the same period of the previous fiscal year).

Performance per segment was as follows.

Starting in the 1st Quarter of the current fiscal year, the Group changed the categorization of business segments used in the report. The comparison and analysis regarding this first six months are based on the revised categorization.

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

		Six months ended September 30, 2018	Six months ended September 30, 2017	Change	% Change
Dry bulk	Operating revenues	**132.0**	118.5	13.4	(11.3%)
	Segment profit (loss)	**2.1**	(1.2)	3.3	-
Energy resource transport	Operating revenues	**42.0**	36.4	5.6	15.3%
	Segment profit	**1.6**	1.7	(0.0)	(2.0%)
Product logistics	Operating revenues	**225.4**	402.3	(177.0)	(44.0%)
	Segment (loss) profit	**(23.1)**	12.5	(35.5)	-
Other	Operating revenues	**16.8**	21.6	(4.8)	(22.3%)
	Segment profit	**1.0**	1.9	(1.0)	(49.2%)
Adjustments and eliminations	Segment loss	**(3.0)**	(3.7)	0.8	-
Total	Operating revenues	**416.1**	578.9	(162.8)	(28.1%)
	Segment (loss) profit	**(21.3)**	11.1	(32.5)	-

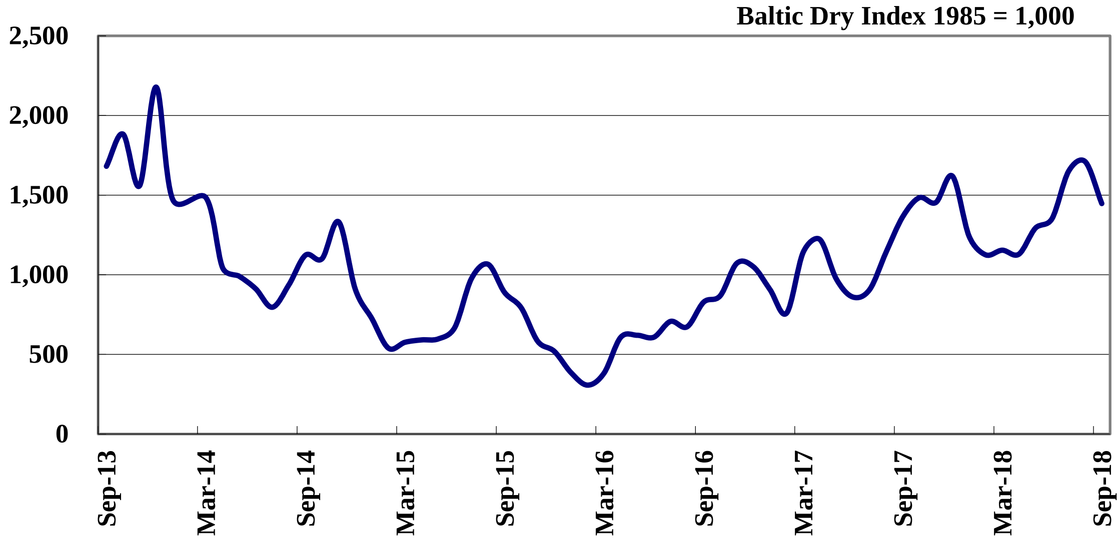
(i) Dry Bulk Segment

Dry Bulk Business

In the Cape-size sector, the average market rate in the major services rose steeply because of an increase in cargo movements in the trans-Atlantic service and regained 20,000 U.S. dollars per day level in early July to August. In the medium and small vessel sector, the vessel supply-demand balance temporarily loosened, but market rates stayed steady, supported by robust grain shipments from South America and the Black Sea region. Scrapped vessel capacity declined year-on-year, but as the pressure from the supply of new ships was limited, the supply-demand balance improved, so market rates generally stayed steady. In the overall dry bulk business, the Group strove to reduce operation costs and improve vessel allocation efficiency.

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

Baltic Dry Index



Duration：2013/9～ 2018/9

(ii) Energy Resource Transport Segment

Energy Transportation Business

(LNG Carrier, Tanker and Thermal Coal Carrier Business)

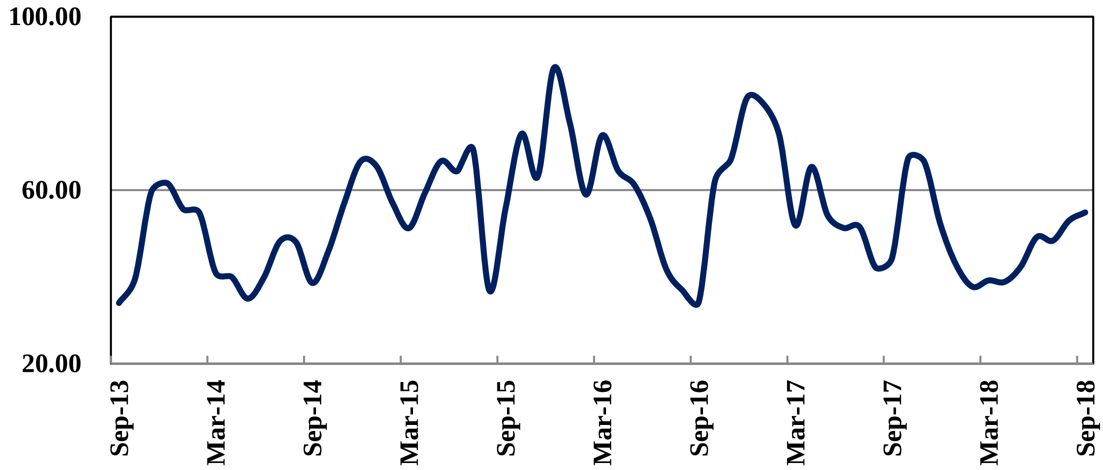
Concerning LNG carriers, large crude tankers (VLCCs), LPG carriers and thermal coal carriers, business stayed firm for medium- and long-term charter contracts. The overall energy transportation business recorded increases in both revenue and profit on a year-on-year basis.

Offshore Energy E&P Support Business

The drillship business and the FPSO (Floating Production, Storage and Offloading system) business performed steadily and contributed to securing stable long-term earnings. However, in the offshore support business, the market remained weak by a gap between vessel supply and demand. Overall, the offshore energy E&P support business recorded a year-on-year increase in revenue, but a loss was recorded.

As a result, the overall Energy Resource Transport Segment recorded year-on-year growth in revenue and a decline in profit on a year-on-year basis.

VLCC World Scale (AG/JPN)



Duration：2013/9~2018/9

(iii) Product Logistics Segment

Car Carrier Business

Cargo movements for finished vehicles continued to gradually increase as a trend except for shipments to the Middle East, whose economic recovery is lagging, and within Europe, whose sales decline affected by implementation of Worldwide harmonized Light vehicles Test Procedure (WLTP), and the overall volume of finished vehicles shipped by the Group also increased. On the other hand, as a result of factors such as a rise in fuel costs and the deterioration of operation efficiency, revenue declined year-on-year and a loss was recorded.

Logistics Business

In the domestic logistics sector, cargo movements continued to be robust. Although the operating rate declined and costs increased due to earthquakes and rough weather, the impact was limited.

In the international logistics sector, the growth of cargo movements related to semiconductors and e-commerce in air cargo transportation continued solidly. Likewise, the business scale of localized logistics services in such countries as Thailand, Indonesia and the Philippines steadily expanded.

On the other hand, cost increasing for enhancing business capabilities in the logistics business occurred after the integration of the containership business. As a result, the logistics business overall recorded a year-on-year increase in revenue, but profit declined year-on-year basis.

Short Sea and Coastal Business

In the short sea and coastal businesses, transport volume increased thanks to robust cargo movements and the effects of upsizing vessels in the coastal business sector. On the other hand, costs increased not only from the additional depreciation associated with a newly delivered vessel, but also from an increased service frequency in existing service as well as the start of new service, and furthermore, additional operation due to frequent occurrence of typhoons. As a result, revenue grew but profit declined year-on-year basis.

Containership Business

The operating revenues of OCEAN NETWORK EXPRESS PTE. LTD. (hereinafter "ONE"), the Company's equity-method affiliate, decreased compared with the previous forecast which was announced at the financial closing for the first three months of fiscal year ending March 31, 2019, mainly because liftings and utilization dropped due to the impact of teething problems immediately after the commencement of services in April of this year. While synergistic effects of the business integration have emerged steadily, losses after tax deteriorated due to an increase in operation costs from returning empty containers back to Asia as well as from rise in fuel oil price.

As for the containerships business remained in the Group, one-time expenditure related to business transition occurred, and loss was recorded.

As a result of the above, the overall Product Logistics Segment recorded decline in revenue year-on-year, and a loss was recorded.

(iv) Other Segment

Other Segment includes but not limited to the Group's ship management service, travel agency service, and real estate rental and administration service. The segment recorded a year-on-year decrease in both revenues and profit.

(2) Qualitative Information on the Consolidated Financial Situation

Consolidated assets at the end of the consolidated 2nd Quarter of this fiscal year were ¥1,037.415 billion, an increase of ¥0.529 billion from the end of the previous fiscal year as a result of an increase in investments in securities and other factors.

Consolidated liabilities decreased by ¥40.980 billion to ¥752.812 billion as a result of a decrease in accounts and notes payable-trade and other factors compared to the end of the previous fiscal year.

Consolidated net assets were ¥284.603 billion, an increase of ¥41.509 billion compared to the end of the previous fiscal year as a result of an increase in non-controlling interests and other factors.

(3) Qualitative Information on the Consolidated Prospects for FY2018

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

	Prior Forecast (at the time of announcement made on October 16, 2018)	**Current Forecast (at the time of announcement of the 2nd Quarter result)**	Change	% Change
Operating revenues	815.0	**820.0**	5.0	0.6%
Operating loss	(6.0)	**(5.0)**	1.0	–
Ordinary loss	(29.5)	**(28.0)**	1.5	–
Loss attributable to owners of the parent	(21.5)	**(20.0)**	1.5	–

	Prior Forecast (at the time of announcement of the 1st Quarter result) *R1	**Current Forecast (at the time of announcement of the 2nd Quarter result)**	Change	% Change
Exchange Rate (¥/US$)	¥109.24	**¥110.37**	¥1.13	1.0%
Fuel Oil Price (US$/MT)	US$451	**US$466**	US$15	3.3%

R1: The Company revised its full year forecast as announced in “Revised Forecast of Consolidated Financial Results for the 1st Half and Full Fiscal Year 2018” dated October 16, 2018 which did not include the forecasts for Exchange Rate and Fuel Oil Price, therefore the comparison is made with the forecast at the time of announcement of the first three months result of fiscal year ending March 31, 2019.

In and beyond the 3rd Quarter, in the dry bulk business, the supply-demand balance is expected to improve further because of demand for marine transport will increase and also because of the pressure from the supply of new ships is expected to be limited. In the car carrier business, while the measures are being taken to resolve the impact of bunker price rise and a fall in the operation efficiency, it is expected to take some more time. In the containership business, the profit and revenue of ONE are forecasted as disclosed in “Notice of Revisions in First Half and Full Year Consolidated Business Forecasts of Integrated Container Shipping Operating Company Ocean Network Express Pte. Ltd.” on October 16, 2018 while efforts to tackle such challenges as improving liftings and utilization are made.

As a result, the Company’s financial results are expected to be lower than the forecast announced at the first three months result of fiscal year ending March 31, 2019, so the forecasts of the financial results in the full year have been revised as announced in “Revised Forecast of Consolidated Financial Results for the 1st Half and Full Fiscal Year 2018” on October 16, 2018.

Our important management task is to maximize returns to our shareholders while maintaining necessary internal reserves to fund investment for sustainable growth and strengthen our financial position. However, as announced today (October 31, 2018), it is forecasted the loss attributable to owners of the parent for the fiscal year 2018 to be 20.000 billion yen, therefore, it is with sincere regret that the Company announces it has 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, 2018	Year ended March 31, 2018	Year ended September 30, 2018
ASSETS			
Current assets :			
Cash and deposits	¥ 145,054	¥ 200,606	$ 1,277,222
Accounts and notes receivable-trade	78,707	89,218	693,028
Raw materials and supplies	30,416	31,759	267,821
Prepaid expenses and deferred charges	50,456	43,880	444,280
Other current assets	18,619	26,941	163,951
Allowance for doubtful receivables	(1,475)	(1,679)	(12,992)
Total current assets	321,779	390,726	2,833,310
Non-current assets :			
(Vessels, property and equipment)			
Vessels, net	413,238	398,473	3,638,622
Buildings and structures, net	14,531	15,400	127,948
Machinery and vehicles, net	9,759	9,522	85,932
Land	20,796	21,119	183,117
Construction in progress	15,910	35,125	140,091
Other, net	2,864	3,312	25,226
Total vessels, property and equipment	477,100	482,953	4,200,937
(Intangible assets)			
Other intangible assets	3,786	3,745	33,339
Total intangible assets	3,786	3,745	33,339
(Investments and other assets)			
Investments in securities	184,999	107,545	1,628,943
Long-term loans receivable	18,208	19,011	160,330
Asset for retirement benefits	700	657	6,169
Other investments and other assets	31,823	33,180	280,209
Allowance for doubtful receivables	(981)	(934)	(8,641)
Total investments and other assets	234,750	159,461	2,067,009
Total non-current assets	715,636	646,160	6,301,285
Total assets	¥ 1,037,415	¥ 1,036,886	$ 9,134,595

Consolidated Balance Sheet

(Millions of yen / Thousands of U.S.dollars)

	Year ended September 30, 2018	Year ended March 31, 2018	Year ended September 30, 2018
LIABILITIES			
Current liabilities :			
Accounts and notes payable-trade	¥ 65,915	¥ 90,369	$ 580,396
Short-term loans and current portion of long-term loans	99,128	41,783	872,838
Accrued income taxes	969	3,242	8,536
Allowance for loss related to the Anti-Monopoly Act	833	1,672	7,343
Allowance for loss related to business restructuring	13,925	24,543	122,619
Other allowance	2,930	2,894	25,801
Other current liabilities	58,993	118,635	519,447
Total current liabilities	242,696	283,141	2,136,979
Non-current liabilities :			
Bonds	10,000	11,809	88,051
Long-term loans, less current portion	422,379	419,935	3,719,112
Allowance for loss related to the Anti-Monopoly Act	2,449	2,449	21,571
Allowance for directors' and audit and supervisory board members' retirement benefits	915	1,843	8,059
Allowance for directors' stock benefits	29	10	259
Accrued expenses for overhaul of vessels	10,884	11,201	95,836
Liability for retirement benefits	6,003	6,578	52,864
Other non-current liabilities	57,454	56,823	505,893
Total non-current liabilities	510,116	510,651	4,491,644
Total liabilities	752,812	793,792	6,628,624
NET ASSETS			
Shareholders' equity:			
Common stock	75,457	75,457	664,415
Capital surplus	1,383	60,507	12,184
Retained earnings	101,853	67,107	896,831
Less treasury stock	(2,380)	(2,383)	(20,962)
Total shareholders' equity	176,313	200,688	1,552,468
Accumulated other comprehensive income:			
Net unrealized holding gain on investments in securities	10,573	8,570	93,104
Deferred gain on hedges	7,925	7,768	69,783
Revaluation reserve for land	6,184	6,184	54,457
Translation adjustments	9,293	(3,539)	81,832
Retirement benefits liability adjustments	(2,616)	(2,661)	(23,038)
Total accumulated other comprehensive income	31,361	16,321	276,139
Non-controlling interests	76,928	26,083	677,364
Total net assets	284,603	243,094	2,505,971
Total liabilities and net assets	¥ 1,037,415	¥ 1,036,886	$ 9,134,595

Consolidated Statement of Operations

(Millions of yen / Thousands of U.S.dollars)

	Six months ended September 30, 2018	Six months ended September 30, 2017	Six months ended September 30, 2018
Marine transportation and other operating revenues	¥ 416,129	¥ 578,928	$ 3,664,077
Marine transportation and other operating costs and expenses	396,896	535,272	3,494,726
Gross Profit	19,233	43,655	169,352
Selling, general and administrative expenses	31,555	37,408	277,846
Operating (loss) income	(12,321)	6,247	(108,495)
Non-operating income :			
Interest income	737	648	6,494
Dividend income	782	1,342	6,888
Exchange gain	3,651	2,869	32,152
Other non-operating income	1,527	4,613	13,450
Total non-operating income	6,698	9,473	58,984
Non-operating expenses :			
Interest expenses	4,136	3,385	36,422
Equity in loss of subsidiaries and affiliates	10,728	610	94,469
Other non-operating expenses	841	578	7,405
Total non-operating expenses	15,706	4,574	138,296
Ordinary (loss) income	(21,329)	11,146	(187,807)
Extraordinary income :			
Gain on sales of vessels, property and equipment	2,301	8,747	20,265
Other extraordinary income	433	2,019	3,821
Total extraordinary income	2,735	10,767	24,086
Extraordinary losses :			
Loss on impairment of vessels, property and equipment	279	-	2,459
Loss on cancellation of chartered vessels	-	661	-
Loss related to the Anti-Monopoly Act	-	789	-
Other extraordinary losses	204	201	1,797
Total extraordinary losses	483	1,652	4,255
(Loss) profit before income taxes	(19,077)	20,262	(167,976)
Income taxes :			
Current	1,464	3,221	12,892
Deferred	2,806	2,709	24,707
Total income taxes	4,270	5,930	37,600
(Loss) profit	(23,347)	14,331	(205,576)
Profit attributable to non-controlling interests	1,233	1,155	10,864
(Loss) profit attributable to owners of the parent	¥ (24,581)	¥ 13,175	$ (216,440)

Consolidated Statement of Comprehensive Income

(Millions of yen / Thousands of U.S dollars)

	Six months ended September 30, 2018	Six months ended September 30, 2017	Six months ended September 30, 2018
(Loss) profit	¥ (23,347)	¥ 14,331	$ (205,576)
Other comprehensive income			
Net unrealized holding gain on investments in securities	2,002	2,168	17,636
Deferred loss on hedges	(484)	(73)	(4,269)
Translation adjustments	5,963	(2,418)	52,513
Retirement benefits liability adjustments	41	163	366
Share of other comprehensive income of subsidiaries and affiliates accounted for by the equity method	8,021	688	70,627
Total other comprehensive income	15,544	528	136,873
Comprehensive (loss) income	¥ (7,802)	¥ 14,859	$ (68,703)
(Breakdown)			
Comprehensive (loss) income attributable to owners of the parent	¥ (9,541)	¥ 13,288	$ (84,018)
Comprehensive income attributable to non-controlling interests	1,739	1,571	15,315

Consolidated Statement of Cash Flows

(Millions of yen / Thousands of U.S.dollars)

	Six months ended September 30, 2018	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities :			
(Loss) profit before income taxes	¥ (19,077)	¥ 20,262	$ (167,976)
Depreciation and amortization	20,466	21,675	180,213
Decrease in liability for retirement benefits	(625)	(292)	(5,509)
Increase in retirement benefits liability adjustments	76	214	676
Decrease in allowance for directors' and audit and supervisory board members' retirement benefits	(928)	(130)	(8,177)
Decrease in accrued expenses for overhaul of vessels	(301)	(1,323)	(2,659)
Decrease in allowance for loss related to business restructuring	(10,617)	(9,985)	(93,486)
Decrease in allowance for loss related to the Anti-Monopoly Act	(838)	(3,551)	(7,379)
Interest and dividend income	(1,519)	(1,990)	(13,382)
Interest expenses	4,136	3,385	36,422
Exchange gain, net	(2,770)	(1,314)	(24,391)
Loss on impairment of vessels, property and equipment	279	-	2,459
Equity in loss of subsidiaries and affiliates, net	10,728	610	94,469
Loss on cancellation of chartered vessels	-	661	-
Loss related to the Anti-Monopoly Act	-	789	-
Gain on sales of vessels, property and equipment, net	(2,254)	(8,747)	(19,847)
Decrease (increase) in accounts and notes receivable – trade	11,696	(3,274)	102,989
Decrease (increase) in inventories	1,481	(513)	13,049
Decrease (increase) in other current assets	4,435	(4,440)	39,059
(Decrease) increase in accounts and notes payable – trade	(25,383)	6,564	(223,508)
(Decrease) increase in other current liabilities	(7,571)	3,073	(66,666)
Other, net	(694)	(2,349)	(6,113)
Subtotal	(19,279)	19,323	(169,758)
Interest and dividends received	2,013	1,962	17,733
Interest paid	(4,128)	(3,400)	(36,356)
Payments for cancellation of chartered vessels	(1,450)	-	(12,767)
Income taxes paid	(3,406)	(2,742)	(29,994)
Net cash (used in) provided by operating activities	(26,250)	15,143	(231,142)
Cash flows from investing activities :			
Payments into time deposits	(3,226)	(44,281)	(28,413)
Proceeds from withdrawal of time deposits	42,532	42,926	374,505
Purchases of marketable securities and investments in securities	(78,655)	(10,095)	(692,572)
Proceeds from sales of marketable securities and investments in securities	855	755	7,536
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	771	-
Purchases of vessels, property and equipment	(67,823)	(50,814)	(597,197)
Proceeds from sales of vessels, property and equipment	61,576	57,433	542,191
Purchases of intangible assets	(388)	(275)	(3,417)
Payments of long-term loans receivable	(470)	(332)	(4,139)
Collection of long-term loans receivable	546	674	4,809
Other, net	170	(128)	1,502
Net cash used in investing activities	(44,882)	(3,367)	(395,196)
Cash flows from financing activities :			
Increase (decrease) in short-term loans, net	50,136	(477)	441,459
Proceeds from long-term loans	27,932	25,500	245,951
Repayments of long-term loans and obligations under finance leases	(25,993)	(22,176)	(228,876)
Redemption of bonds	(50,189)	(189)	(441,921)
Cash dividends paid to non-controlling interests	(668)	(546)	(5,885)
Proceeds from share issuance to non-controlling interests	50,000	32	440,257
Purchases of shares of subsidiaries not resulting in change in scope of consolidation	(265)	(445)	(2,335)
Other, net	93	(1,375)	823
Net cash provided by financing activities	51,046	321	449,472
Effect of exchange rate changes on cash and cash equivalents	3,812	900	33,570
Net (decrease) increase in cash and cash equivalents	(16,274)	12,998	(143,296)
Cash and cash equivalents at beginning of the period	158,072	156,791	1,391,851
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	-	1,403	-
Cash and cash equivalents at end of the period	¥ 141,798	¥ 171,194	$ 1,248,555

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

In accordance with a resolution approved at the 150th Ordinary General Meeting of Shareholders on June 21, 2018, the Company reduced its capital reserve by ¥59.002 billion and its legal reserve by ¥2.540 billion and transferred such amounts to other capital surplus and retained earnings carried forward respectively. It then transferred the other capital surplus by ¥59.002 billion and general reserve by ¥60.552 billion to retained earnings carried forward respectively.

As a result, the Company's capital surplus was reduced by ¥59.002 billion and its retained earnings were increased by ¥59.002 billion during the six-month period.

(Change in Accounting Estimate)

Taking the opportunity of the review of fleet planning following the changes of business environment for the car carriers, the Group reviewed our policies concerning vessel use during the consolidated 1st Quarter of this fiscal year in accordance with the actual service records and the outlook for vessel supply and demand.

As a result of that review, it becomes clear that longer service life period can be expected than the previous period, and therefore the service life period of pure car carriers changed from 20 years to 25 years.

As a result of this change in accounting estimate, operating loss, ordinary loss and loss before income taxes during the six-month period decreased by ¥ 1.252 billion respectively compared to under the prior method.

The effect to each segment is stated in page 15, Segment Information.

(Additional Information)

(Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)

"Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28 issued Feb. 16, 2018) has been applied from the beginning of the consolidated 1st Quarter of this fiscal year. Deferred tax assets are included in the "Investments and other assets" and Deferred tax liabilities are included in the "Non-current liabilities" of the consolidated balance sheet respectively.

Segment information

Six months ended September 30, 2018

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating revenues from customers	¥ 131,968	¥ 41,998	¥ 225,355	¥ 16,807	¥ 416,129	¥ -	¥ 416,129
Inter-group revenues and transfers	79	0	3,724	24,492	28,296	(28,296)	-
Total revenues	¥ 132,048	¥ 41,998	¥ 229,079	¥ 41,300	¥ 444,425	¥ (28,296)	¥ 416,129
Segment profit (loss)	¥ 2,090	¥ 1,641	¥ (23,071)	¥ 990	¥ (18,349)	¥ (2,979)	¥ (21,329)

Six months ended September 30, 2017

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating revenues from customers	¥ 118,538	¥ 36,433	¥ 402,317	¥ 21,638	¥ 578,928	¥ -	¥ 578,928
Inter-group revenues and transfers	3	0	3,913	25,884	29,802	(29,802)	-
Total revenues	¥ 118,542	¥ 36,434	¥ 406,230	¥ 47,523	¥ 608,730	¥ (29,802)	¥ 578,928
Segment profit (loss)	¥ (1,195)	¥ 1,675	¥ 12,458	¥ 1,949	¥ 14,887	¥ (3,740)	¥ 11,146

Six months ended September 30, 2018

(Thousands of U.S. dollars)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating revenues from customers	$ 1,161,998	$ 369,800	$ 1,984,285	$ 147,995	$ 3,664,077	$ -	$ 3,664,077
Inter-group revenues and transfers	704	2	32,791	215,658	249,154	(249,154)	-
Total revenues	$ 1,162,702	$ 369,801	$ 2,017,076	$ 363,652	$ 3,913,232	$ (249,154)	$ 3,664,077
Segment profit (loss)	$ 18,407	$ 14,449	$ (203,146)	$ 8,719	$ (161,570)	$ (26,237)	$ (187,807)

(Notes)

(Change in service life period)

As stated in the page 14, Change in Accounting Estimate, the Group changed the service life period of pure car carriers from 20 years to 25 years during the consolidated 1st Quarter of this fiscal year, and same change has been applied for the vessels of the reporting segments. As a result of this change, segment loss of the “Product Logistics” segment during the six- month period decreased by ¥ 1.252 billion compared to under the prior method.

(Change in reporting segments)

The Group decided to change its reporting segments to “Dry bulk,” “Energy resource transport,” “Product logistics,” and “Other” respectively, effective the consolidated 1st Quarter of this fiscal year, from previously “Containership,” “Bulk shipping,” “Offshore energy E&P support and heavy lifter,” and “Other.”

Accompanied by the integration of the containership business under OCEAN NETWORK EXPRESS PTE. LTD., the Group has reorganized its business portfolio strategy to build a new business model with a strong customer relationship base.

The “Dry bulk” segment includes dry bulk business, “Energy resource transport” segment includes energy transportation business and offshore energy E&P support business, “Product logistics” segment includes car carrier business, logistics business, short sea and coastal business and containership business.

The revenues and segment profit or loss for the consolidated 2nd Quarter of the previous year have been recalculated in conformity to the current year.