Consolidated Financial Results for Six Months Ended September 30, 2019
(Japanese GAAP) (Unaudited)

October 31, 2019

Nippon Yusen Kabushiki Kaisha (NYK Line)

Security Code:	9101
Listings:	The First Section of Tokyo and Nagoya Stock Exchanges
URL:	https://www.nyk.com/english/
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Submit scheduled date of Quarterly Financial Report	November 8, 2019
Start scheduled date of paying Dividends	November 26, 2019
Preparation of Supplementary Explanation Material:	Yes
Financial Results Presentation Held:	Yes (for Analysts and Institutional Investors)

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)

(1) Consolidated Operating Results

(Percentage figures show year on year changes)

	Revenues		Operating profit		Recurring profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2019	824,737	-9.9	15,836	-	16,019	-	11,123	-
Six months ended September 30, 2018	915,670	-14.0	(4,194)	-	(9,029)	-	(9,795)	-

(Note) Comprehensive income:
Six Months ended September 30, 2019: ¥-11,057 million (-%), Six Months ended September 30, 2018: ¥-15,001 million (-%)

	Profit per share	Profit per share–fully diluted
	yen	yen
Six months ended September 30, 2019	65.89	-
Six months ended September 30, 2018	(58.07)	-

(2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio
	million yen	million yen	%
As of September 30, 2019	2,036,653	505,028	23.0
As of March 31, 2019	2,001,704	521,725	24.4

(Reference) Shareholders' equity: As of September 30, 2019: ¥ 468,017 million, As of March 31, 2019: ¥ 487,432 million

2. Dividends

Date of record	Dividend per share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2019	-	10.00	-	10.00	20.00
Year ending March 31, 2020	-	20.00			
Year ending March 31, 2020 (Forecast)			-	20.00	40.00

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

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentage figures show year on year changes)

	Revenues		Operating profit		Recurring profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31,2020	1,680,000	-8.2	40,500	265.4	37,000	-	26,000	-	154.00

(Note) Revision of forecast in this quarter: Yes

4. Notes

(1) Changes of important subsidiaries in the period: None
(Changes in specified subsidiaries involving change in consolidation scope)
New: None Exclusion: None

(2) Particular accounting methods used for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and restatements
1. Changes in accounting policy in accordance with changes in accounting standard: Yes
2. Changes other than No.1: None
3. Changes in accounting estimates: None
4. Restatements: None

(4) Total issued shares (Ordinary shares)

1. Total issued shares (including treasury stock)	As of September 30, 2019	170,055,098	As of March 31, 2019	170,055,098
2. Number of treasury stock	As of September 30, 2019	1,221,909	As of March 31, 2019	1,349,732
3. Average number of shares (cumulative quarterly period)	Six months ended September 30, 2019	168,831,266	Six months ended September 30, 2018	168,683,831

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

*Assumption for the forecast of consolidated financial results and other particular issues
Foreign exchange rate: (for the third and fourth quarter) ¥105.00/US$, (full year) ¥107.09/US$
Bunker oil price: (for the third quarter) US$410.00/MT (for the fourth quarter) US$310.00/MT, (full year) US$398.27/MT
VLSFO price: (for the third and fourth quarters) US$580.00/MT
The above forecast is based on currently available information and assumptions that NYK Line deems to be reasonable. NYK Line offers no assurance that the forecast will be realized. Actual results may differ from the forecast as a result of various factors. Refer to pages 2-7 of the attachment for assumptions and other matters related to the forecast.

(Methods for obtaining supplementary materials and content of financial results disclosure)
NYK Line is to hold a financial result presentation meeting for analysts and institutional investors. The on-demand audio presentation and presentation material are available on the NYK website
(https://www.nyk.com/english/ir/library/result)

Index of the Attachments

1. Qualitative Information on Quarterly Results

(1) Review of Operating Results

（In billion yen）

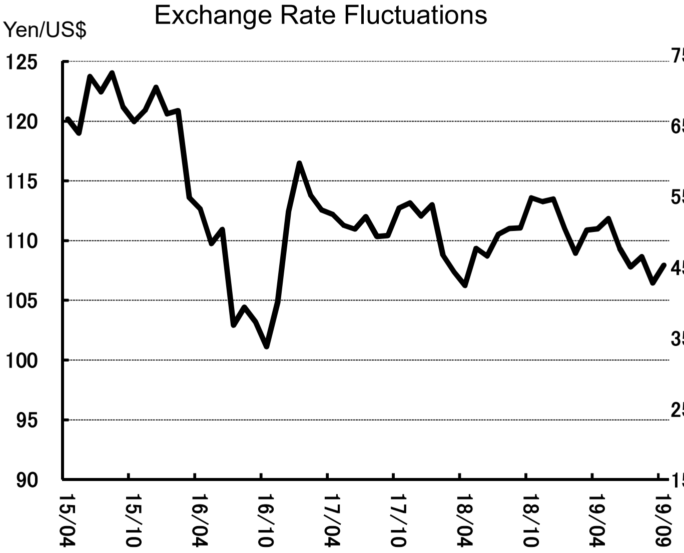
	Six months ended September 30, 2018	Six months ended September 30, 2019	Change	Percentage Change
Revenues	915.6	824.7	-90.9	-9.9%
Operating Profit	(4.1)	15.8	20.0	-
Recurring Profit	(9.0)	16.0	25.0	-
Profit attributable to owners of parent	(9.7)	11.1	20.9	-

In the first half of the fiscal year ending March 31, 2020 (April 1, 2019, to September 30, 2019), consolidated revenues amounted to ¥824.7 billion (decreased ¥90.9 billion in the first half of the previous fiscal year), operating profit amounted to ¥15.8 billion (increased ¥20.0 billion in the first half of the previous fiscal year), recurring profit amounted to ¥16.0 billion (increased ¥25.0 billion in the first half of the previous fiscal year), profit attributable to owners of parent amounted to ¥11.1 billion (increased ¥20.9 billion in the first half of the previous fiscal year), and the result improved significantly.

Changes in the average exchange rate between the U.S. dollar and yen as well as the average bunker oil price during the first half of the current and previous fiscal years are shown in the following tables.

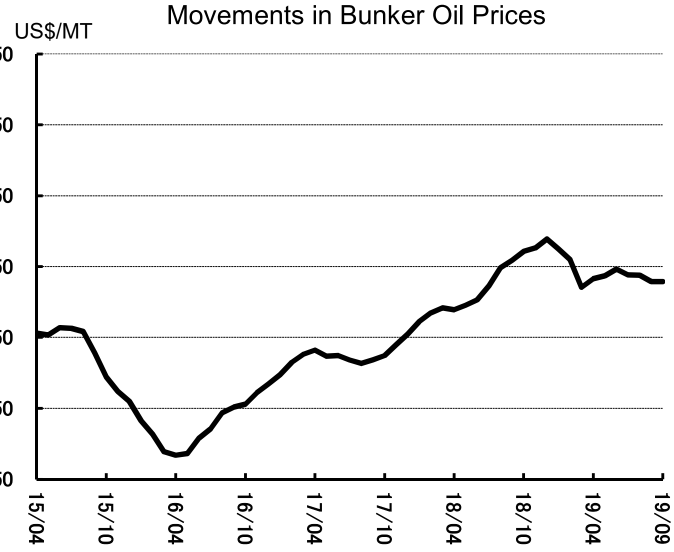
	Six months ended September 30, 2018	Six months ended September 30, 2019	Change
Average exchange rate	¥109.48/US$	¥109.18/US$	Yen up ¥0.30/US$
Average bunker oil prices	US419.65/MT	US$436.54/MT	Price up US$16.89MT

Exchange Rate Fluctuations



Period：2015/04 ～ 2019/09

Movements in Bunker Oil Prices



Period：2015/04 ～ 2019/09

Note: Exchange rates and bunker oil prices are our internal figures.

Overview by Business Segment

Business segment information for the six months ended September 30, 2019 (April 1, 2019–September 30, 2019) is as follows.

(in billion yen)

		Revenues				Recurring profit		
		FY2018 2Q	FY2019 2Q	Change	Percentage Change	FY2018 2Q	FY2019 2Q	Change
Global Logistics	Liner Trade	150.2	103.6	-46.5	-31.0 %	(18.8)	9.7	28.5
	Air Cargo Transportation	29.1	36.3	7.2	24.8 %	(7.9)	(9.1)	-1.1
	Logistics	265.7	238.2	-27.5	-10.4 %	3.2	2.3	-0.9
Bulk Shipping		414.6	400.3	-14.3	-3.5 %	15.8	14.2	-1.6
Others	Real Estate	3.8	3.6	-0.1	-4.5 %	1.4	1.3	-0.1
	Other	90.1	76.8	-13.3	-14.7 %	0.5	1.0	0.4

Liner Trade

In the container shipping division, Ocean Network Express Pte. Ltd. (ONE), which is an equity method affiliate, maintained steady overall liftings and utilization, and the liftings particularly increased on the major North America and Europe trades, as well as Intra-Asia trade. On the other hand, although freight rates in the North America trade were unchanged compared to the previous fiscal year, in the Europe trade, due to deterioration in the supply and demand balance, freight rates did not rise during the summer peak season and were sluggish during the quarter, but with the aim of improving profitability, synergistic effects of the business integration were further accumulated and improvement measures such as optimizing the cargo portfolio continued to be executed. Also, in the previous fiscal year, large one-time costs were incurred following the teething problems that occurred immediately after the start of service and the termination of the container shipping business at NYK Line. However, these costs have not occurred in the year to date through the second quarter of the consolidated fiscal year, and as a result, the bottom line greatly improved.
Although the total handling volume at terminals in Japan increased, the total handling volume at overseas terminals declined due to the impact of the sale of the equity share in the stevedoring subsidiary located in North America in the previous fiscal year.
As a result of the above, although revenue declined year on year in the Liner Trade as a whole, the business performance greatly improved, and a profit was recorded.

Air Cargo Transportation

In the Air Cargo Transportation segment, measures were implemented in line with the improvement plan for the improper handling of maintenance conducted in the past by the consolidated subsidiary Nippon Cargo Airlines Co., Ltd. The aircraft were all returned to service by the end of the previous fiscal year, and chargeable weight increased year on year. However, as the result of lower demand due to the impact of mainly the trade problem between the US and China, the freight rate and load factor fell, and a loss was recorded.

Logistics

In the air forwarding business, demand was slow in Japan and Asia, and handling volumes fell. In the ocean freight forwarding business, due to the agile marketing the cargo portfolio has been reviewed, but handling volumes dropped significantly in relation to the trade problem between the US and China. In the logistics business, the results were generally strong, including progress in the initiatives aimed at improving profitability in Europe. In the coastal transportation business, although the handling volume increased due in part to the establishment of new services, the increased costs resulting from new investments pressured the bottom line.

As a result of the above, the overall Logistics segment recorded lower profit on lower revenue year on year.

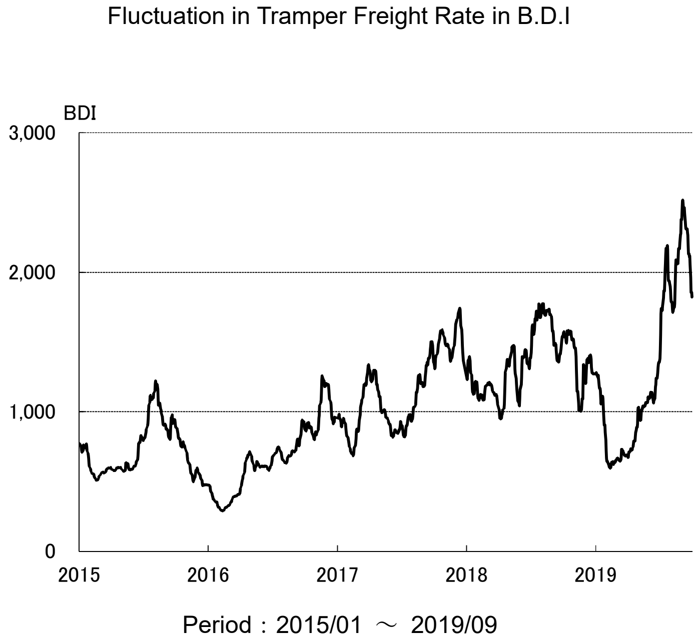
Bulk Shipping

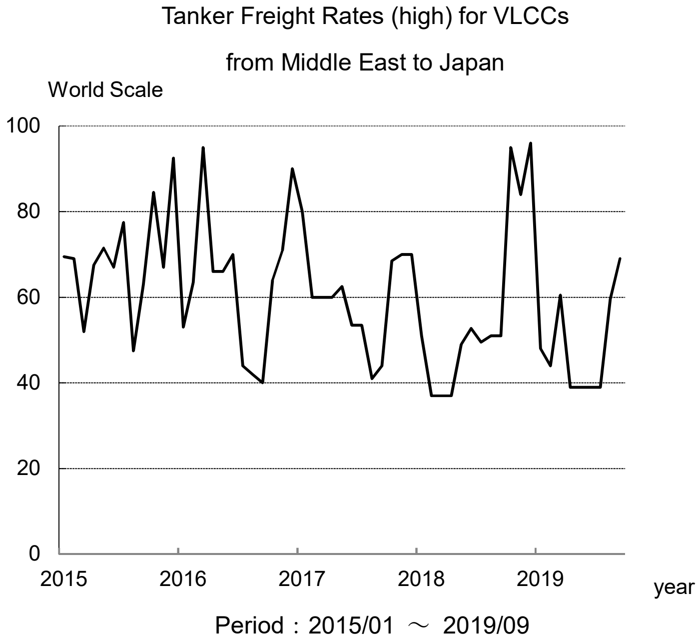
In the car transportation division, shipping traffic was strong to North America and within Asia. Also, operations were rationalized mainly in trilateral transport, resulting in increased transportation efficiency. In the auto logistics segment, activities were conducted with the aim of both strengthening the business base and expanding the business, including new logistics proposals through collaborations utilizing the group network.

In the dry bulk division, although more new ships were commissioned than the number of ships scrapped, as a result of increased dry dockings primarily of Capesize bulk carriers in preparation for the environmental regulations set to take effect from January 2020, the supply and demand balance tightened and the market improved. Cargo volumes of iron ore are recovering from the supply disruptions that occurred in Brazil and Western Australia at the end of the previous fiscal year. In addition, cargo volumes of coal and grain were firm. However, the effects of the market improvement were limited by the efforts made to fix revenues using freight forward agreements (FFA) concluded in order to control the changes to freight and charter rates from market fluctuations. Also, due to differences in the timing at which the revenue and expenditures are recorded, a loss has been recorded in the second quarter for the FFA transactions concluded for market fluctuations from the second half. However, there is no impact on the full-year business forecast. Under this environment, along with continuing to work to secure long-term contracts, cost reduction initiatives such as thoroughly conducting efficient navigation were implemented, and efforts were made to improve the bottom line, including the reduction of ballast voyages through innovations to the cargo combinations and ship deployments. In addition, progress was made in returning the high cost chartered ships early.

In the energy division, the risk of deploying ships to the Middle East was actualized for VLCC (very large crude carriers) following the attacks on tankers near the Strait of Hormuz in May and June and the drone attack on Saudi Arabian oil facilities in September, and the market levels rose. In petrochemical tankers, shipping traffic became more active. In LPG carriers, in addition to more active shipping volumes from the US to Asia, the ton-miles increased due to changes in the trade pattern resulting from the trade problem between the US and China, and market levels were pushed much higher. In LNG carriers, the bottom line was firm based on support from the long-term contracts that generate stable earnings. In the offshore business, FPSO (floating production, storage and offloading) vessels and drill ships were steady.

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





Real Estate and Other Businesses

The Real Estate segment was steady, and both revenue and recurring profit were generally unchanged year on year. Also, the gain on the sale of owned property was recorded as extraordinary income.

In the Other Business Services segment, although several of the businesses including the bunkering business and marine equipment sales were strong, mainly manufacturing and machining were slow due to a decline in orders. In the cruise business, the occupancy rates on cruises offered by the company were firm, and the Other Business Services segment overall recorded higher profits year on year. In regards to revenue, due to the impact of the conversion of NYK CRUISES CO., LTD. into an equity method affiliate, revenue declined year on year.

(2) Explanation of the Financial Position

①Status of Assets, Liabilities and Equity

As of the end of the second quarter of the current consolidated accounting period, assets amounted to ¥2,036.6 billion, an increase of ¥34.9 billion compared with the end of the previous consolidated fiscal year. Consolidated liabilities amounted to ¥1,531.6 billion, up ¥51.6 billion compared to the end of the previous consolidated fiscal year as a result of a ¥15.7 billion decrease in loans payable and an ¥87.3 billion increase in leases liabilities at the start of the year from the application of IFRS 16 at consolidated subsidiaries that have adopted the International Financial Reporting Standards (IFRS). Under consolidated equity, retained earnings increased by ¥1.7 billion, and shareholders' equity, which is the aggregate of shareholders' capital and accumulated other comprehensive income, amounted to ¥468.0 billion. This amount combined with the non-controlling interests of ¥37.0 billion brought total equity to ¥505.0 billion. Based on this result, the debt-to-equity ratio (D/E ratio) came to 2.40.

②Cash flow

Cash flow from operating activities through the second quarter of the current consolidated accounting period was ¥47.5 billion as a result of the profit before income taxes of ¥19.6 billion, non-cash depreciation and amortization of ¥51.0 billion and interest expenses paid of ¥13.7 billion. Cash flow from investing activities was an outflow of ¥47.6 billion due to the acquisition and sale of non-current assets, mainly vessels. Cash flow from financing activities was an outflow of ¥1.3 billion mainly due to the net changes in long-term and short-term loans, including loans from multiple commitment lines (total remaining unused balance as of the end of the quarter was about ¥210.0 billion) for the purpose of securing liquidity. As a result of these factors, the balance of cash and cash equivalents after taking into consideration the exchange rate differences at the end of the second quarter was ¥72.9 billion, down ¥5.3 billion from the beginning of the fiscal year.

(3) Explanation of the Consolidated Earnings Forecast and Future Outlook

① Forecast of the Consolidated Financial Results

NYK Line's forecast of the full-year consolidated financial results is as follows: revenues of ¥1,680.0 billion, operating profit of ¥40.5 billion, recurring profit of ¥37.0 billion and profit attributable to owners of parent of ¥26.0 billion.

Concerning the future outlook, in the Liner Trade segment, although ONE has revised the short-term freight rate assumptions in light of concern over a global slowdown, the cargo handling volumes at the terminals in Japan are expected to remain strong. In the Air Cargo Transportation segment, the situation is expected to remain challenging due to lower transportation demand against the backdrop of the trade problem between the US and China. Similarly, in the Logistics segment, the cargo handling volumes in both the air freight forwarding business and ocean freight forwarding business are expected to fall. In the car transportation division, continued efforts are being made to increase ship deployment efficiency mainly in trilateral transport. In the energy division, the market has soared following tightened supply and demand of capacity due to US government sanctions on Chinese tanker companies and the avoidance of the tankers that has called at Venezuelan ports by oil companies. As a result of this, it has become more difficult to forecast the long-term market, but given the impact of the response to the environmental regulations and the peak demand season in the second half, the VLCC and petrochemical tanker markets are expected to trend at relatively high levels. In the dry bulk division, too, the supply and demand balance will tighten following the response to the environmental regulations, and the market is expected to be firm. Also, a certain amount of fleeting costs is expected to be incurred in relation to the changeover to regulatory compliant fuel (low sulfur fuel) in response to the environmental regulations.

Based on the above, the Company has revised its forecast of full-year consolidated financial results, as follows.

(In billion yen)

	Revenues	Operating Profit	Recurring Profit	Profit attributable to owners of parent
Previous Forecast (July 31, 2019)	1,700.0	34.5	37.0	26.0
Revised Forecast	1,680.0	40.5	37.0	26.0
Change	-20.0	6.0	-	-
Percentage Change (%)	-1.18%	17.39%	-	-

Assumptions for the forecast:
Exchange Rate
(for the third and fourth quarters) ¥105.00/US$
(for the full year) ¥107.09/US$

Bunker Oil Prices
(for the third quarters) US$410.00/MT
(for the fourth quarters) US$310.00/MT
(for the full year) US$398.27/MT
VLSFO price
(for the third and fourth quarters) US$580.00/MT

② Dividends for the Fiscal Year ending March 31, 2020

NYK Line has designated the stable return of profits to shareholders as one of the most important management priorities, and generally targeting a consolidated dividend payout ratio of 25%, the distribution of profits is decided after comprehensively taking into account the business forecast and other factors. At the same time, based on an ongoing minimum dividend that is not affected by the business results, an annual dividend of ¥20 per share has been set as the minimum dividend. In accordance with this policy, the planned interim dividend for the current fiscal year of ¥20 per share will be issued. In addition, including the expected year-end dividend of ¥20 per share, there is no change in the plan to issue a full-year dividend of ¥40 per share.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	79,915	76,714
Notes and operating accounts receivable-trade	219,937	198,754
Short-term investment securities	140	135
Inventories	39,308	32,510
Deferred and prepaid expenses	63,211	70,371
Other	71,909	75,331
Allowance for doubtful accounts	(2,299)	(2,252)
Total current assets	472,123	451,565
Non-current assets		
Vessels, property, plant and equipment		
Vessels, net	620,212	635,097
Buildings and structures, net	84,827	116,664
Aircraft, net	39,692	38,824
Machinery, equipment, and vehicles, net	29,310	30,183
Equipment, net	5,729	5,677
Land	68,543	87,055
Construction in progress	44,172	48,423
Other, net	5,372	5,475
Total vessels, property, plant and equipment	897,861	967,401
Intangible assets		
Leasehold right	4,553	4,351
Software	6,562	7,020
Goodwill	16,404	13,610
Other	3,815	5,147
Total intangible assets	31,335	30,129
Investments and other assets		
Investment securities	478,996	467,668
Long-term loans receivable	21,445	19,416
Net defined benefit asset	55,997	55,374
Deferred tax assets	6,361	6,586
Other	44,146	43,947
Allowance for doubtful accounts	(6,847)	(5,818)
Total investments and other assets	600,099	587,174
Total non-current assets	1,529,295	1,584,705
Deferred assets	285	382
Total assets	2,001,704	2,036,653

(In million yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	160,258	138,899
Current portion of bonds	30,000	20,000
Short-term loans payable	196,849	165,667
Commercial papers	11,000	25,000
Leases liabilities	4,151	18,419
Income taxes payable	7,536	5,772
Advances received	39,879	38,962
Provision for bonuses	9,264	8,919
Provision for directors' bonuses	333	276
Provision for stock payment	734	—
Provision for losses related to contracts	4,731	3,086
Provision for related to business restructuring	351	233
Other	62,461	67,483
Total current liabilities	527,553	492,721
Non-current liabilities		
Bonds payable	125,000	132,000
Long-term loans payable	663,305	678,719
Leases liabilities	15,875	84,480
Deferred tax liabilities	49,540	51,020
Net defined benefit liability	16,837	16,973
Provision for directors' retirement benefits	1,375	1,058
Provision for stock payment	—	123
Provision for periodic dry docking of vessels	20,136	18,689
Provision for losses related to contracts	30,734	27,153
Provision for related to business restructuring	1,220	1,053
Other	28,400	27,631
Total non-current liabilities	952,424	1,038,903
Total liabilities	1,479,978	1,531,624
Equity		
Shareholders' capital		
Common stock	144,319	144,319
Capital surplus	42,894	45,737
Retained earnings	293,719	295,468
Treasury stock	(3,715)	(3,424)
Total shareholders' capital	477,218	482,102
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	23,156	20,394
Deferred gain (loss) on hedges	(15,685)	(27,288)
Foreign currency translation adjustments	(9,988)	(18,954)
Remeasurements of defined benefit plans	12,731	11,763
Total accumulated other comprehensive income (loss)	10,214	(14,085)
Non-controlling interests	34,293	37,011
Total equity	521,725	505,028
Total liabilities and equity	2,001,704	2,036,653

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

(Consolidated Statements of Income)

(In million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Revenues	915,670	824,737
Cost and expenses	824,862	724,561
Gross profit	90,808	100,175
Selling, general and administrative expenses	95,003	84,339
Operating profit (loss)	(4,194)	15,836
Non-operating income		
Interest income	1,694	1,785
Dividend income	5,326	3,811
Equity in earnings of unconsolidated subsidiaries and affiliates	—	15,205
Foreign exchange gains	1,588	—
Other	2,937	1,564
Total non-operating income	11,546	22,366
Non-operating expenses		
Interest expenses	11,607	13,849
Equity in losses of unconsolidated subsidiaries and affiliates	1,316	—
Foreign exchange losses	—	1,813
Derivative losses	1,632	6,111
Other	1,826	408
Total non-operating expenses	16,382	22,183
Recurring profit (loss)	(9,029)	16,019
Extraordinary income		
Gain on sales of non-current assets	5,690	10,247
Other	20,658	861
Total extraordinary income	26,348	11,108
Extraordinary losses		
Loss on sales of non-current assets	75	48
Loss on valuation of investment securities	1	2,799
Provision for losses related to contracts	—	1,604
Other	18,468	3,026
Total extraordinary losses	18,544	7,480
Profit (loss) before income taxes	(1,225)	19,648
Total income taxes	6,511	6,392
Profit (loss)	(7,737)	13,255
Profit attributable to non-controlling interests	2,058	2,131
Profit (loss) attributable to owners of parent	(9,795)	11,123

(Consolidated Statements of Comprehensive Income)

(In million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit (loss)	(7,737)	13,255
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(11,214)	(2,632)
Deferred gain (loss) on hedges	(1,535)	(4,859)
Foreign currency translation adjustments	(1,662)	(3,066)
Remeasurements of defined benefit plans	(518)	(924)
Share of other comprehensive income of associates accounted for using equity method	7,666	(12,829)
Total other comprehensive income	(7,263)	(24,312)
Comprehensive income	(15,001)	(11,057)
(Breakdown)		
Comprehensive income attributable to owners of parent	(17,533)	(12,924)
Comprehensive income attributable to non-controlling interests	2,532	1,867

(3) Consolidated Statements of Cash Flows

(In million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	(1,225)	19,648
Depreciation and amortization	45,479	51,082
Impairment loss	11,727	1,028
Provision for losses related to contracts	—	1,604
Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(5,120)	(10,089)
Loss (gain) on sales of short-term and long-term investment securities	(17,976)	(447)
Loss (gain) on valuation of short-term and long-term investment securities	5	2,799
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	1,316	(15,205)
Interest and dividend income	(7,021)	(5,596)
Interest expenses	11,607	13,849
Foreign exchange losses (gains)	(9,258)	4,228
Decrease (increase) in notes and accounts receivable - trade	35,877	17,119
Decrease (increase) in inventories	3,583	6,649
Increase (decrease) in notes and accounts payable - trade	(43,420)	(18,347)
Other, net	(17,524)	(15,490)
Subtotal	8,049	52,833
Interest and dividend income received	13,817	10,782
Interest expenses paid	(10,766)	(13,707)
Paid expenses related to antitrust law	(18,997)	—
Income taxes (paid) refund	(5,612)	(2,317)
Net cash provided by (used in) operating activities	(13,509)	47,591
Net cash provided by (used in) investing activities		
Purchase of securities	(82)	—
Purchase of vessels, property, plant and equipment and intangible assets	(91,888)	(60,562)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	28,067	15,009
Purchase of investment securities	(98,248)	(3,669)
Proceeds from sales and redemption of investment securities	31,469	2,762
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,686)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	2,741	—
Payments of loans receivable	(4,120)	(6,137)
Collection of loans receivable	3,404	2,847
Other, net	1,214	2,125
Net cash provided by (used in) investing activities	(130,128)	(47,623)

(In million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	85,558	(6,390)
Net increase (decrease) in commercial papers	33,000	14,000
Proceeds from long-term loans payable	61,257	59,911
Repayments of long-term loans payable	(38,082)	(58,948)
Proceeds from issuance of bonds	9,937	26,856
Redemption of bonds	(30,000)	(30,000)
Repayments of leases liabilities	(1,022)	(8,778)
Proceeds from stock issuance to non-controlling shareholders	—	3,290
Purchase of treasury stock	(7)	(476)
Proceeds from sales of treasury stock	105	716
Cash dividends paid to shareholders	(5,087)	(1,695)
Cash dividends paid to non-controlling interests	(3,915)	(2,088)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(103)	—
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	3,073
Other, net	5,698	(793)
Net cash provided by (used in) financing activities	117,338	(1,325)
Effect of exchange rate change on cash and cash equivalents	2,401	(3,991)
Net increase (decrease) in cash and cash equivalents	(23,897)	(5,348)
Cash and cash equivalents at beginning of period	103,278	78,280
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	475	26
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	28	(26)
Cash and cash equivalents at end of period	79,885	72,932

(4) Notes Regarding Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

The second quarter of this fiscal year (April 1, 2019 – September 30, 2019)

Not applicable

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

The second quarter of this fiscal year (April 1, 2019 – September 30, 2019)

Not applicable

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

（Adoption of IFRS 16 Leases）

Our affiliate companies, which prepare their financial statements in conformity with the International Financial Reporting Standards (IFRS), have adopted IFRS 16 Leases effective from the first quarter of the consolidated accounting period. Accordingly, in principle, all leases, where we are the lessee, have been recognized as assets and liabilities on the quarterly consolidated balance sheets. Furthermore, in adopting the standards, we follow the approach for recognizing the cumulative effect of retroactive adjustments on the adoption date.

Due to the adoption of the above-mentioned accounting standards, at the beginning of the first quarter of the consolidated accounting period, we saw increases mainly in the following assets and liabilities: vessels by 19,346 million yen, buildings and structures by 35,821 million yen, land by 20,600 million yen, and leases liabilities by 87,369 million yen. The effect on retained earnings is minor.

The results of the second quarter of the consolidated cumulative period is as follows: operating profit increased by 1,267 million yen; and recurring profit and profit before income taxes decreased by 1,912 million yen.

(Segment Information)

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

1.Revenues and income or loss by reportable segment

(In million yen)

	Global Logistics			Bulk Shipping	Others		Total	Adjustment (*1)	Consolidated Total (*2)
	Liner Trade	Air Cargo Transportation	Logistics		Real Estate	Other			
Revenues (1) Revenues from customer	145,818	27,350	264,521	413,360	3,313	61,305	915,670	-	915,670
(2) Inter-segment revenues	4,385	1,768	1,219	1,302	487	28,877	38,041	(38,041)	-
Total	150,204	29,119	265,741	414,663	3,800	90,183	953,712	(38,041)	915,670
Segment income (loss)	(18,892)	(7,980)	3,288	15,856	1,434	595	(5,697)	(3,332)	(9,029)

(Notes)

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

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

2. Information regarding impairment losses on non-current assets and goodwill of each reporting segment
(Important impairment losses concerning non-current assets)
In the Air Cargo Transportation segment, the book value of some of the aircraft, etc. was reduced to the recoverable amount, and the relevant reduction amount of 10,295 million yen has been recognized to be an impairment loss and recorded as an extraordinary loss.

Ⅱ. Six months ended September 30, 2019 (April 1, 2019 – September 30, 2019)

Revenues and income or loss by reportable segment

(In million yen)

	Global Logistics			Bulk Shipping	Others		Total	Adjustment (*1)	Consolidated Total (*2)
	Liner Trade	Air Cargo Transportation	Logistics		Real Estate	Other			
Revenues (1) Revenues from customer	100,785	33,866	237,177	400,254	3,190	49,463	824,737	-	824,737
(2) Inter-segment revenues	2,841	2,477	1,043	57	441	27,419	34,280	(34,280)	-
Total	103,626	36,344	238,220	400,311	3,631	76,882	859,018	(34,280)	824,737
Segment income (loss)	9,704	(9,176)	2,340	14,220	1,320	1,028	19,438	(3,418)	16,019

(Notes)

1. Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 31 million yen and other corporate expenses -3,450 million yen. The general and administrative expenses and non-operating expenses which do not belong to any single segment are treated as other corporate expenses.
2. Segment income (loss) is adjusted on recurring profit on the quarterly consolidated statements of income.

3. Other Information

(1) Quarterly Operating Results

Year ending March 31, 2020

(In million yen)

	Apr 1, 2019 – Jun 30, 2019 1Q	Jul 1, 2019 – Sep 30, 2019 2Q	Oct 1, 2019 – Dec 31, 2019 3Q	Jan 1, 2020 – Mar 31, 2020 4Q
Revenues	406,402	418,334		
Operating profit (loss)	5,470	10,366		
Recurring profit (loss)	6,415	9,604		
Profit (loss) attributable to owners of parent for the quarter	9,141	1,982		
Total assets	2,050,150	2,036,653		
Equity	515,910	505,028		

Year ended March 31, 2019

(In million yen)

	Apr 1, 2018 – Jun 30, 2018 1Q	Jul 1, 2018 – Sep 30, 2018 2Q	Oct 1, 2018 – Dec 31, 2018 3Q	Jan 1, 2019 – Mar 31, 2019 4Q
Revenues	464,895	450,775	468,949	444,679
Operating profit (loss)	(8,119)	3,925	8,758	6,520
Recurring profit (loss)	(6,606)	(2,423)	5,640	1,337
Profit (loss) attributable to owners of parent for the quarter	(4,594)	(5,200)	1,079	(35,786)
Total assets	2,122,246	2,096,483	2,029,609	2,001,704
Equity	568,362	564,828	564,868	521,725

(Note) The above operating results (revenues, operating profit (loss), recurring profit (loss) and profit (loss) attributable to owners of parent) are based on the results for the first quarter and the cumulative results for the first six, nine and twelve months, and are computed by taking the difference between the two adjacent periods.

(2) Foreign Exchange Rate Information

	Six months ended September 30, 2018	Six months ended September 30, 2019	Change	Year ended March 31, 2019
Average exchange rate during the period	¥109.48/US$	¥109.18/US$	Yen up ¥0.30/US$	¥110.67/US$
Exchange rate at the end of the period	¥113.57/US$	¥107.92/US$	Yen up ¥5.65/US$	¥110.99/US$

(3) Balance of Interest-Bearing Debt

(In million yen)

	Year ended March 31, 2019	Six months ended September 30, 2019	Change
Loans	860,154	844,387	(15,767)
Corporate bonds	155,000	152,000	(3,000)
Commercial papers	11,000	25,000	14,000
Leases liabilities	20,027	102,899	82,872
Total	1,046,182	1,124,286	78,104

(Note) Due to the adoption of IFRS16 Leases by our consolidated subsidiaries, which have applied the International Financial Reporting Standards (IFRS), leases liabilities at the beginning of the current period increased by 87.3 billion yen.