FINANCIAL HIGHLIGHTS

Brief report of the nine months ended December 31, 2018

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Consolidated			
Operating revenues (Millions of yen / Thousands of U.S. dollars)	¥ 638,498	¥ 884,066	$ 5,752,235
Operating (loss) income (Millions of yen / Thousands of U.S. dollars)	(9,273)	7,148	(83,549)
(Loss) profit attributable to owners of the parent (Millions of yen / Thousands of U.S. dollars)	(30,953)	9,295	(278,860)
(Loss) profit attributable to owners of the parent per share (Yen / U.S. dollars)			
Basic	(331.86)	99.43	(2.99)
Diluted	-	84.62	-

	Nine months ended December 31, 2018	Year ended March 31, 2018	Nine months ended December 31, 2018
Total assets (Millions of yen / Thousands of U.S. dollars)	¥ 992,148	¥ 1,036,886	$ 8,938,275
Net assets (Millions of yen / Thousands of U.S. dollars)	264,012	243,094	2,378,493

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net cash (used in) provided by operating activities (Millions of yen / Thousands of U.S. dollars)	¥ (25,218)	¥ 9,685	$ (227,193)
Net cash used in investing activities (Millions of yen / Thousands of U.S. dollars)	(44,116)	(18,961)	(397,448)
Net cash provided by (used in) financing activities (Millions of yen / Thousands of U.S. dollars)	41,798	(1,763)	376,565

The U.S. dollar amounts are converted from the yen amounts at ¥111.00 = U.S.$1.00, the approximate rate of exchange prevailing on December 31, 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)

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	Change	% Change
Operating revenues	**638.5**	884.1	(245.6)	(27.8%)
Operating (loss) income	**(9.3)**	7.1	(16.4)	–
Ordinary (loss) income	**(27.4)**	9.4	(36.8)	–
(Loss) profit attributable to owners of the parent	**(31.0)**	9.3	(40.2)	–

Exchange Rate (¥/US$) (9-month average)	**¥110.80**	¥111.68	(¥0.88)	(0.8%)
Fuel Oil Price (US$/MT) (9-month average)	**US$454**	US$336	US$118	35.3%

During the first nine months of the fiscal year ending March 31, 2019 (from April 1, 2018 to December 31, 2018; hereinafter “the nine-month period”), operating revenues for the nine-month period was ¥638.498 billion (down ¥245.568 billion year-on-year), operating loss was ¥9.273 billion (compared to operating income of ¥7.148 billion in the same period of the previous fiscal year), and ordinary loss was ¥27.427 billion (compared to ordinary income of ¥9.395 billion in the same period of the previous fiscal year).

Loss attributable to owners of the parent was ¥30.953 billion (compared to profit attributable to owners of the parent of ¥9.295 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 utilized in the report. The comparison and analysis regarding the nine-month period is based on the revised categorization.

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

		Nine months ended December 31, 2018	Nine months ended December 31, 2017	Change	% Change
Dry bulk	Operating revenues	**208.8**	186.7	22.1	11.8%
	Segment profit (loss)	**3.5**	(0.0)	3.6	–
Energy resource transport	Operating revenues	**65.4**	56.3	9.1	16.1%
	Segment profit	**1.9**	1.5	0.5	33.1%
Product logistics	Operating revenues	**339.0**	609.8	(270.8)	(44.4%)
	Segment (loss) profit	**(29.7)**	11.1	(40.8)	–
Other	Operating revenues	**25.3**	31.3	(6.0)	(19.1%)
	Segment profit	**1.0**	2.4	(1.4)	(56.3%)
Adjustments and eliminations	Segment loss	**(4.2)**	(5.5)	1.3	–
Total	Operating revenues	**638.5**	884.1	(245.6)	(27.8%)
	Segment (loss) profit	**(27.4)**	9.4	(36.8)	–

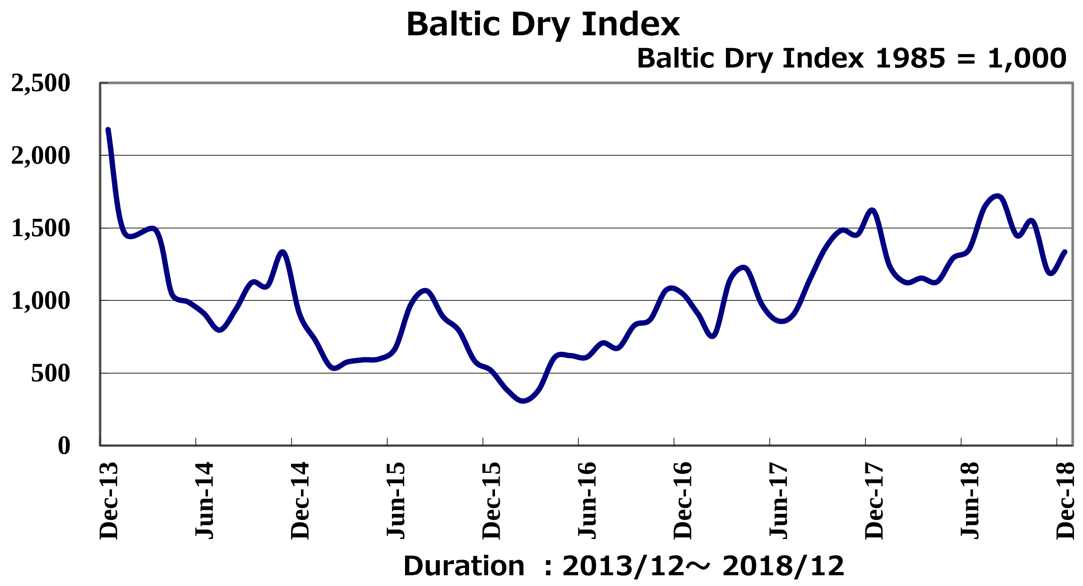
(i) Dry Bulk Segment

Dry Bulk Business

In the Cape-size sector, the average market rate in the major trades temporarily fell down below 10,000 U.S. dollars per day because of the combined effects of the expectations that transportation demand would weaken due to the restrictions imposed on crude steel production and coal imports under Chinese environmental regulation as well as a freight train derailment accident occurred in Western Australia; however, the demand and the market rate constantly recovered onwards.

In the medium and small size-vessel sector, while there were negative factors such as the temporary market's decline in the Cape-size sector and winter-season restrictions on coal imports in China, grain market in the Atlantic region was robust. Consequently, the market rates remained steady compared with the same period of the previous fiscal year. In dry bulk business, the Group strove to reduce operation costs and improve vessel operation 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.



(ii) Energy Resource Transport Segment

Energy Transportation Business (LNG Carrier, Tanker and Thermal Coal Carrier Business)

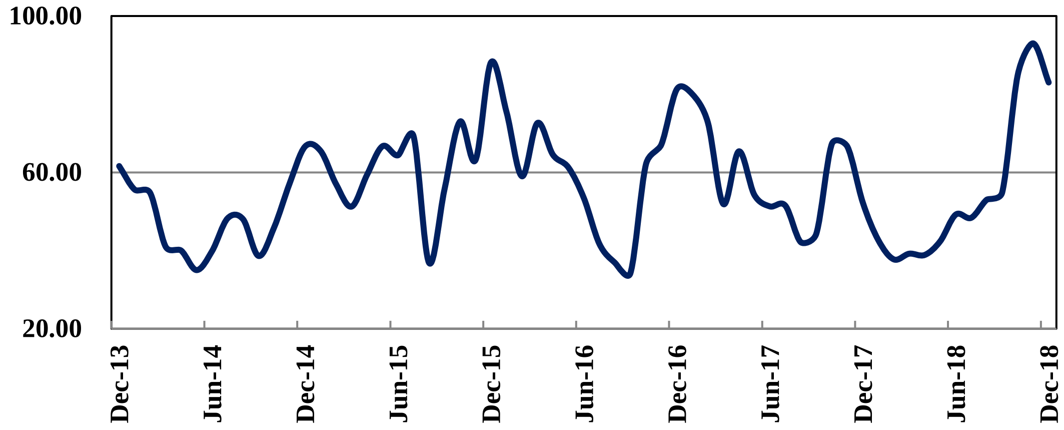
Concerning LNG carriers, large crude oil tankers (VLCCs), LPG carriers and thermal coal carriers, the business stayed firm for mid- and long-term charter contracts. The overall energy transportation business recorded year-on-year increase both in revenue and profit.

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 as the vessel supply-demand balance did not improve. Thus the overall offshore energy–E&P support business recorded year-on-year increase in revenue, but loss was recorded.

As a result, the overall Energy Resource Transport Segment recorded year-on-year increases both in revenue and profit.

VLCC World Scale (AG/JPN)



Duration : 2013/12～2018/12

(iii) Product Logistics Segment

Car Carrier Business

The volume of finished vehicles shipped by the Group increased year-on-year mainly by continued high demand to the United States and Europe and robust demand from Europe to Japan under new contracts, even there were such negative factors as the lifting decline effected by natural disasters in Japan and sales declines mainly in South America region. However, due to rise in fuel costs as well as deterioration of vessel operation efficiency, the overall car carrier business recorded year-on-year decline in revenue and loss was recorded.

Logistics Business

In the domestic logistics sector, the operational ratio temporarily declined due to natural disasters occurred in the 2nd Quarter. However, as the cargo movements in general were robust, the profitability improved.

In the international logistics sector, the cargo movements related to semiconductors continued to be robust and the expanded high demand for the cargoes related to e-commerce also contributed to the earnings in air cargo transportation business. Likewise, the business scale of localized logistics services in Thailand, Indonesia and the Philippines also steadily expanded. On top of that, the Group has been making progress in the reorganization of the global network following the integration of the containership business, organizational reformation and the development of IT systems. However, cost increasing for enhancing business capabilities in the logistics business occurred after the integration of the containership business. As a result, the overall logistics business recorded year-on-year increase in revenue, but profit declined.

Short Sea and Coastal Business

In the short sea business, the transport volume mainly coal and biological mass fuel steady increased and the market itself was also improved. In the coastal business, the number of the voyages was increased by the effect of new built large-size fleets launched and the demand of the alternative transportation by domestic natural disasters.

As a result, the short sea and coastal business overall recorded year-on-year increase in revenue; however, profit declined due to the increase of coastal fleets' maintenance cost as well as new built fleets' depreciation cost.

Containership Business

The operating revenues of OCEAN NETWORK EXPRESS PTE. LTD. (hereinafter "ONE"), the Company's equity-method affiliate, has recorded the decline of the liftings and the space utilization in the 1st half period of the current fiscal year, due to the teething problems immediately after the commencement of the services. However, in the 3rd Quarter, the teething issues have been almost settled and the market rate mainly in Asia-North America eastbound services was steadily improved with the continued high demand. On top of that, ONE continuously carried out the tasks to improve its profitability.

As a result, the overall Product Logistics Segment recorded year-on-year decline in revenue and 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 and administration service. The segment recorded year-on-year decrease both in revenue and profit.

(2) Qualitative Information on the Consolidated Financial Situation

Consolidated assets at the end of the consolidated 3rd Quarter of this fiscal year were ¥992.148 billion, a decrease of ¥44.738 billion from the end of the previous fiscal year as a result of a decrease in cash and deposits and other factors.

Consolidated liabilities decreased by ¥65.657 billion to ¥728.135 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 ¥264.012 billion, an increase of ¥20.918 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 31, 2018)	**Current Forecast (at the time of announcement of the 3rd Quarter result)**	Change	% Change
Operating revenues	820.0	**840.0**	20.0	2.4%
Operating loss	(5.0)	**(5.0)**	–	–
Ordinary loss	(28.0)	**(28.0)**	–	–
Loss attributable to owners of the parent	(20.0)	**(20.0)**	–	–

Exchange Rate (¥/US$)	¥110.37	**¥110.35**	(¥0.02)	(0.0%)
Fuel Oil Price (US$/MT)	US$466	**US$429**	(US$37)	(7.9%)

The 4th Quarter onwards, in dry bulk business, the supply-demand balance is expected to remain steady because of gradual demand's increase even by certain pressure from the supply. In energy transportation business, the Group will continue to secure the stable profit with mid- and long-term contracts in the field of LNG carriers, large crude oil tankers (VLCCs), LPG carriers, and thermal coal carriers. In car carrier business, it is expected to minimize the loss through continuing to improve the vessel operation efficiency and trades' network reorganization. In containership business, even ONE continues to tackle challenges such as lifting increase and improvements in the space utilization, it is expected to keep the current fiscal year's result as has been reported at the last by considering the unpredictable environmental factors such as the trade disputes between the United States and China, the European economy, as well as the possible effect to the liftings in Asia-North America westbound services by the Chinese regulations.

As above, it is expected to maintain the same operating loss, ordinary loss and loss attributable to owners of the parent for the current fiscal year as had been announced on October 31, 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, under the circumstances that it is forecasted the loss attributable to owners of the parent for the fiscal year 2018, we deeply consider the improvement of financial structure and the stabilization of business portfolio as our high-top priorities to be acted; therefore, as announced on October 31, 2018, 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 December 31, 2018	Year ended March 31, 2018	Year ended December 31, 2018
ASSETS			
Current assets :			
Cash and deposits	¥ 134,925	¥ 200,606	$ 1,215,545
Accounts and notes receivable-trade	76,741	89,218	691,361
Raw materials and supplies	29,113	31,759	262,284
Prepaid expenses and deferred charges	48,701	43,880	438,751
Other current assets	19,350	26,941	174,332
Allowance for doubtful receivables	(1,374)	(1,679)	(12,380)
Total current assets	307,458	390,726	2,769,893
Non-current assets :			
(Vessels, property and equipment)			
Vessels, net	406,487	398,473	3,662,046
Buildings and structures, net	14,390	15,400	129,645
Machinery and vehicles, net	9,453	9,522	85,164
Land	20,763	21,119	187,055
Construction in progress	14,524	35,125	130,847
Other, net	2,753	3,312	24,805
Total vessels, property and equipment	468,371	482,953	4,219,562
(Intangible assets)			
Other intangible assets	3,760	3,745	33,882
Total intangible assets	3,760	3,745	33,882
(Investments and other assets)			
Investments in securities	165,981	107,545	1,495,328
Long-term loans receivable	17,541	19,011	158,030
Asset for retirement benefits	918	657	8,278
Other investments and other assets	29,075	33,180	261,940
Allowance for doubtful receivables	(958)	(934)	(8,638)
Total investments and other assets	212,558	159,461	1,914,938
Total non-current assets	684,690	646,160	6,168,382
Total assets	¥ 992,148	¥ 1,036,886	$ 8,938,275

Consolidated Balance Sheet

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

	Year ended December 31, 2018	Year ended March 31, 2018	Year ended December 31, 2018
LIABILITIES			
Current liabilities :			
Accounts and notes payable-trade	¥ 56,852	¥ 90,369	$ 512,182
Short-term loans and current portion of long-term loans	98,802	41,783	890,111
Accrued income taxes	675	3,242	6,081
Allowance for loss related to the Anti-Monopoly Act	-	1,672	-
Allowance for loss related to business restructuring	9,286	24,543	83,664
Other allowance	1,604	2,894	14,459
Other current liabilities	63,091	118,635	568,391
Total current liabilities	230,312	283,141	2,074,889
Non-current liabilities :			
Bonds	10,000	11,809	90,090
Long-term loans, less current portion	412,338	419,935	3,714,762
Allowance for loss related to the Anti-Monopoly Act	2,449	2,449	22,070
Allowance for directors' and audit and supervisory board members' retirement benefits	913	1,843	8,229
Allowance for directors' stock benefits	19	10	175
Accrued expenses for overhaul of vessels	10,989	11,201	99,007
Liability for retirement benefits	5,861	6,578	52,804
Other non-current liabilities	55,251	56,823	497,758
Total non-current liabilities	497,823	510,651	4,484,894
Total liabilities	728,135	793,792	6,559,783
NET ASSETS			
Shareholders' equity:			
Common stock	75,457	75,457	679,799
Capital surplus	1,383	60,507	12,463
Retained earnings	95,398	67,107	859,444
Less treasury stock	(2,380)	(2,383)	(21,449)
Total shareholders' equity	169,858	200,688	1,530,256
Accumulated other comprehensive income:			
Net unrealized holding gain on investments in securities	3,803	8,570	34,269
Deferred gain on hedges	4,609	7,768	41,526
Revaluation reserve for land	6,184	6,184	55,718
Translation adjustments	5,104	(3,539)	45,982
Retirement benefits liability adjustments	(2,566)	(2,661)	(23,121)
Total accumulated other comprehensive income	17,135	16,321	154,375
Non-controlling interests	77,018	26,083	693,861
Total net assets	264,012	243,094	2,378,493
Total liabilities and net assets	¥ 992,148	¥ 1,036,886	$ 8,938,275

Consolidated Statement of Operations

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

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Marine transportation and other operating revenues	¥ 638,498	¥ 884,066	$ 5,752,235
Marine transportation and other operating costs and expenses	601,230	820,905	5,416,487
Gross Profit	37,268	63,160	335,748
Selling, general and administrative expenses	46,541	56,011	419,297
Operating (loss) income	(9,273)	7,148	(83,549)
Non-operating income :			
Interest income	1,082	986	9,749
Dividend income	1,283	2,109	11,562
Reversal of allowance for loss related to the Anti-Monopoly Act	-	3,551	-
Exchange gain	1,241	2,097	11,182
Other non-operating income	1,784	981	16,074
Total non-operating income	5,390	9,726	48,567
Non-operating expenses :			
Interest expenses	6,190	5,103	55,772
Equity in loss of subsidiaries and affiliates	16,307	1,630	146,919
Other non-operating expenses	1,046	745	9,425
Total non-operating expenses	23,544	7,479	212,116
Ordinary (loss) income	(27,427)	9,395	(247,097)
Extraordinary income :			
Gain on sales of vessels, property and equipment	3,521	10,119	31,727
Gain on sales of investments in securities	1,617	0	14,572
Other extraordinary income	723	2,193	6,521
Total extraordinary income	5,862	12,312	52,819
Extraordinary losses :			
Loss on impairment of vessels, property and equipment	322	-	2,910
Loss on cancellation of chartered vessels	-	1,322	-
Loss related to the Anti-Monopoly Act	-	789	-
Other extraordinary losses	213	690	1,921
Total extraordinary losses	536	2,802	4,833
(Loss) profit before income taxes	(22,101)	18,905	(199,111)
Income taxes :			
Current	1,826	3,589	16,456
Deferred	5,108	3,934	46,027
Total income taxes	6,935	7,524	62,483
(Loss) profit	(29,036)	11,381	(261,594)
Profit attributable to non-controlling interests	1,916	2,085	17,266
(Loss) profit attributable to owners of the parent	¥ (30,953)	¥ 9,295	$ (278,860)

Consolidated Statement of Comprehensive Income

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

		Nine months ended December 31, 2018		Nine months ended December 31, 2017		Nine months ended December 31, 2018
(Loss) profit	¥	(29,036)	¥	11,381	$	(261,594)
Other comprehensive income						
Net unrealized holding (loss) gain on investments in securities		(4,728)		5,491		(42,603)
Deferred (loss) gain on hedges		(3,133)		231		(28,231)
Translation adjustments		1,927		(1,729)		17,369
Retirement benefits liability adjustments		90		236		815
Share of other comprehensive income of subsidiaries and affiliates accounted for by the equity method		6,771		1,172		61,006
Total other comprehensive income		927		5,401		8,356
Comprehensive (loss) income	¥	(28,109)	¥	16,782	$	(253,238)
(Breakdown)						
Comprehensive (loss) income attributable to owners of the parent	¥	(30,139)	¥	13,973	$	(271,529)
Comprehensive income attributable to non-controlling interests		2,030		2,809		18,291

Consolidated Statement of Cash Flows

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

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from operating activities :			
(Loss) profit before income taxes	¥ (22,101)	¥ 18,905	$ (199,111)
Depreciation and amortization	30,493	32,821	274,719
Decrease in liability for retirement benefits	(747)	(621)	(6,732)
Increase in retirement benefits liability adjustments	116	321	1,051
Decrease in allowance for directors' and audit and supervisory board members' retirement benefits	(929)	(16)	(8,377)
Decrease in accrued expenses for overhaul of vessels	(201)	(357)	(1,816)
Decrease in allowance for loss related to business restructuring	(15,256)	(14,340)	(137,445)
Decrease in allowance for loss related to the Anti-Monopoly Act	(838)	(3,551)	(7,550)
Interest and dividend income	(2,365)	(3,096)	(21,311)
Interest expenses	6,190	5,103	55,772
Exchange gain, net	(1,039)	(531)	(9,364)
Loss on impairment of vessels, property and equipment	322	-	2,910
Equity in loss of subsidiaries and affiliates, net	16,307	1,630	146,919
Loss on cancellation of chartered vessels	-	1,322	-
Loss related to the Anti-Monopoly Act	-	789	-
Gain on sales of vessels, property and equipment, net	(3,473)	(10,118)	(31,293)
Gain on sales of marketable securities and investments in securities, net	(1,614)	(0)	(14,542)
Decrease (increase) in accounts and notes receivable – trade	12,655	(11,678)	114,017
Decrease (increase) in inventories	2,666	(2,385)	24,021
Decrease (increase) in other current assets	4,394	(7,395)	39,588
(Decrease) increase in accounts and notes payable – trade	(33,462)	9,151	(301,468)
(Decrease) increase in other current liabilities	(13,280)	7,051	(119,640)
Other, net	5,710	(6,138)	51,446
Subtotal	(16,450)	16,866	(148,206)
Interest and dividends received	3,348	3,364	30,169
Interest paid	(5,833)	(4,886)	(52,557)
Payments for cancellation of chartered vessels	(1,450)	(1,322)	(13,063)
Payments related to the Anti-Monopoly Act	(833)	(789)	(7,513)
Income taxes paid	(3,998)	(3,546)	(36,023)
Net cash (used in) provided by operating activities	(25,218)	9,685	(227,193)
Cash flows from investing activities :			
Payments into time deposits	(3,364)	(84,406)	(30,307)
Proceeds from withdrawal of time deposits	43,878	83,615	395,298
Purchases of marketable securities and investments in securities	(78,755)	(24,981)	(709,512)
Proceeds from sales of marketable securities and investments in securities	3,098	775	27,915
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	3,660	-
Purchases of vessels, property and equipment	(87,770)	(65,513)	(790,723)
Proceeds from sales of vessels, property and equipment	79,124	68,550	712,835
Purchases of intangible assets	(550)	(480)	(4,956)
Payments of long-term loans receivable	(779)	(393)	(7,023)
Collection of long-term loans receivable	1,111	915	10,015
Other, net	(109)	(702)	(989)
Net cash used in investing activities	(44,116)	(18,961)	(397,448)
Cash flows from financing activities :			
Increase (decrease) in short-term loans, net	50,189	(638)	452,154
Proceeds from long-term loans	27,932	35,648	251,642
Repayments of long-term loans and obligations under finance leases	(34,988)	(32,557)	(315,216)
Redemption of bonds	(50,189)	(189)	(452,153)
Cash dividends paid to non-controlling interests	(872)	(2,182)	(7,857)
Proceeds from share issuance to non-controlling interests	50,000	32	450,450
Purchases of shares of subsidiaries not resulting in change in scope of consolidation	(265)	(513)	(2,389)
Other, net	(7)	(1,364)	(66)
Net cash provided by (used in) financing activities	41,798	(1,763)	376,565
Effect of exchange rate changes on cash and cash equivalents	2,395	1,545	21,585
Net decrease in cash and cash equivalents	(25,140)	(9,493)	(226,490)
Cash and cash equivalents at beginning of the period	158,072	156,791	1,424,077
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	-	1,403	-
Cash and cash equivalents at end of the period	¥ 132,932	¥ 148,701	$ 1,197,587

(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 nine-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 nine-month period decreased by ¥ 1.864 billion respectively compared to under the prior method.

The effect to each segment is stated in page 14, 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

Nine months ended December 31, 2018

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating revenues from customers	¥ 208,781	¥ 65,383	¥ 339,039	¥ 25,294	¥ 638,498	¥ -	¥ 638,498
Inter-group revenues and transfers	78	0	6,939	36,628	43,646	(43,646)	-
Total revenues	¥ 208,859	¥ 65,383	¥ 345,979	¥ 61,922	¥ 682,144	¥ (43,646)	¥ 638,498
Segment profit (loss)	¥ 3,539	¥ 1,931	¥ (29,727)	¥ 1,048	¥ (23,206)	¥ (4,220)	¥ (27,427)

Nine months ended December 31, 2017

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating revenues from customers	¥ 186,704	¥ 56,308	¥ 609,796	¥ 31,256	¥ 884,066	¥ -	¥ 884,066
Inter-group revenues and transfers	42	1	6,152	36,788	42,984	(42,984)	-
Total revenues	¥ 186,747	¥ 56,309	¥ 615,949	¥ 68,044	¥ 927,050	¥ (42,984)	¥ 884,066
Segment profit (loss)	¥ (43)	¥ 1,451	¥ 11,100	¥ 2,401	¥ 14,910	¥ (5,514)	¥ 9,395

Nine months ended December 31, 2018

(Thousands of U.S. dollars)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating revenues from customers	$ 1,880,911	$ 589,039	$ 3,054,411	$ 227,874	$ 5,752,235	$ -	$ 5,752,235
Inter-group revenues and transfers	706	3	62,520	329,986	393,215	(393,215)	-
Total revenues	$ 1,881,617	$ 589,041	$ 3,116,931	$ 557,861	$ 6,145,450	$ (393,215)	$ 5,752,235
Segment profit (loss)	$ 31,888	$ 17,405	$ (267,814)	$ 9,448	$ (209,072)	$ (38,025)	$ (247,097)

(Notes)

(Change in service life period)

As stated in the page 13, 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 nine-month period decreased by ¥ 1.864 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 3rd Quarter of the previous year have been recalculated in conformity to the current year.