

Mitsui O.S.K. Lines, Ltd.



Financial Highlights: Fiscal Year 2016 Ended March 31, 2017

1. Consolidated Financial Highlights (from April 1, 2016 to March 31, 2017)

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

(1) Operating Results

| | (¥ Million) | | (US\$ Thousand) |
|--|-------------|-----------|-----------------|
| | FY2016 | FY2015 | FY2016 |
| Revenues | 1,504,373 | 1,712,222 | 13,409,154 |
| Operating profit | 2,558 | 2,323 | 22,801 |
| Ordinary profit | 25,426 | 36,267 | 226,633 |
| Profit (loss) attributable to owners of parent | 5,257 | (170,447) | 46,858 |
| | | (¥) | (US\$) |
| Net income (loss) per share | 4.40 | (142.50) | 0.039 |
| Diluted net income per share | 4.06 | — | 0.036 |
| Return to shareholders' equity | 0.9% | (25.8%) | |
| Rate of ordinary income on assets | 1.1% | 1.5% | |
| Operating profit ratio | 0.2% | 0.1% | |

(2) Financial Position

| | (¥ Million) | | (US\$ Thousand) |
|-------------------------------------|-------------|-----------|-----------------|
| | FY2016 | FY2015 | FY2016 |
| Total assets | 2,217,528 | 2,219,587 | 19,765,826 |
| Total net assets | 683,621 | 646,924 | 6,093,422 |
| Shareholders' equity / Total assets | 25.8% | 24.4% | |
| | | (¥) | (US\$) |
| Shareholders' equity per share | 478.23 | 452.28 | 4.263 |

* Shareholders' equity is defined as follows:

Shareholders' equity = Total net assets - (Share subscription rights + Non-controlling interests)

2. Dividends

| | (¥) | | | | | (¥ Million) | | |
|-------------------|--------------------|------|----|----------|-------|----------------------|------------------------|--|
| | Dividend per share | | | | | Total dividends paid | Dividend pay-out ratio | Dividend ratio to shareholders' equity |
| | Q1 | Q2 | Q3 | Year end | Total | | | |
| FY2015 | — | 3.50 | — | 1.50 | 5.00 | 5,980 | — | 0.9% |
| FY2016 | — | 2.00 | — | 0.00 | 2.00 | 2,392 | 45.5% | 0.4% |
| FY2017 (Forecast) | — | 1.00 | — | 1.00 | 2.00 | | 23.9% | |

3. Forecast for the Fiscal Year Ending March 31, 2018

| | (¥ Million) | | (US\$ Thousand) |
|---|-------------|-----------|-----------------|
| | 1H/FY2017 | FY2017 | FY2017 |
| Revenues | 805,000 | 1,610,000 | 14,636,364 |
| Operating profit | 4,000 | 9,000 | 81,818 |
| Ordinary profit | 11,000 | 22,000 | 200,000 |
| Profit attributable to owners of parent | 7,000 | 10,000 | 90,909 |
| | | (¥) | (US\$) |
| Net income per share | 5.85 | 8.36 | 76 |

* Underlying Assumption for FY2017 Forecast.

The above forecast is made assuming the exchange rate and the bunker price for FY2017 will be as follows.

Exchange Rate 1US\$=¥110.00

Bunker Price US\$ 350/MT

(Translation of foreign currencies)

The Japanese yen amounts for FY2016 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2017, which was ¥112.19 to U.S. \$1.00, solely for the convenience of readers.

(The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.)

(Reference)

1. Non-Consolidated Financial Highlights (from April 1, 2016 to March 31, 2017)

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

(1) Operational Results

| | (¥Million) | | (US\$ Thousand) |
|-------------------------------------|------------|-----------|-----------------|
| | FY2016 | FY2015 | FY2016 |
| Revenues | 1,052,200 | 1,200,518 | 9,378,733 |
| Operating loss | (27,450) | (14,255) | (244,674) |
| Ordinary profit | 13,119 | 5,691 | 116,936 |
| Net loss | (9,950) | (193,748) | (88,689) |
| | | (¥) | (US\$) |
| Net loss per share | (8.32) | (161.98) | (0.074) |
| Diluted net income per share | - | - | - |

(2) Financial Position

| | (¥Million) | | (US\$ Thousand) |
|--|------------|---------|-----------------|
| | FY2016 | FY2015 | FY2016 |
| Total assets | 1,055,752 | 959,570 | 9,410,393 |
| Total net assets | 236,370 | 244,572 | 2,106,872 |
| Shareholders' equity / Total assets | 22.2% | 25.2% | |
| | | (¥) | (US\$) |
| Shareholders' equity per share | 197.62 | 202.23 | 1.761 |

(Translation of foreign currencies)

The Japanese yen amounts for FY2016 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2017, which was ¥112.19 to U.S. \$1.00, solely for the convenience of readers. (The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.)

4. Business Performance

(1) Business climate during FY2016

[Consolidated financial highlights]

(Billions of Yen)

| | FY2015 From Apr. 1, 2015 to Mar. 31, 2016 | FY2016 From Apr. 1, 2016 to Mar. 31, 2017 | Year-on-year comparison (variance) |
|--|---|---|--|
| Revenue | 1,712.2 | 1,504.3 | (207.8) / (12.1) % |
| Operating profit (loss) | 2.3 | 2.5 | 0.2 / 10.1 % |
| Ordinary profit (loss) | 36.2 | 25.4 | (10.8) / (29.9) % |
| Profit/(loss) attributable to owners of parent | (170.4) | 5.2 | 175.7 / - % |
| Exchange rate | ¥120.62/US\$ | ¥108.57/US\$ | ¥(12.05)/US\$ |
| Bunker price | US\$265/MT | US\$284/MT | US\$19/MT |

In the global economy during the fiscal year under review, overall, there has been increased vibrancy over the second half of 2016, notably in the U.S. and China. The U.S. economy maintained a trend of expansion, driven by strong personal consumption, which continues to trend on the side of improvement amid firm conditions in employment and income environments. The European economy, underpinned by steadily firm personal consumption continued to show moderate but stable growth. In the Chinese economy, it had been appearing that the trend of slowdown was on pause amid steadily firm personal consumption, but entering 2017, investments in fixed assets began to accelerate, and this and other factors have provided support for it to turn toward recovery since the latter half of the fiscal year. In Japan, economic recovery continued to be stalled but signs have appeared of an upswing in the personal consumption, which has recently been staying at weak levels.

Looking at the maritime shipping market conditions, the dry bulker experienced intensive chartering activities by major shippers in western Australia and an increase in the volume of coal imports in China, allowing to avoid a record low hit in the fourth quarter of the previous fiscal year. Afterward, although the dry bulker market continued to experience suppression of market rises, from the beginning of Autumn, firm iron ore shipments from major ports in Brazil and increased North American grain shipments pushed the market to once again rise and exhibit an overall trend of recovery. With respect to the very large crude oil carrier (VLCC) market, against the background of an excess supply of vessels, the market fluctuated significantly during the fiscal year due to the factors such as fluctuations in seasonal demand and the political situation in oil producing countries in West Africa, and it was firm throughout the fiscal year on average despite being lower than the strong levels of the previous fiscal year. In the containership freight market, although some improvements in the supply and demand environment on Asia-North America, Asia-Europe and Asia-South America routes facilitated a recovery in the spot freight rates, the business environment continued to be difficult overall due mainly to significant falls in the one-year contract freight rates at the beginning of the fiscal year, notably on the Asia-North America routes due to the impact of weak market conditions in the previous fiscal year.

The average exchange rate of Japanese yen against the U.S. dollar during the fiscal year appreciated by ¥ 12.05 year on year to ¥ 108.57. The average bunker price during the fiscal year rose by US\$19/MT year on year to US\$284/MT.

As a result of the above, we recorded revenue of ¥1,504.3 billion, operating profit of ¥2.5 billion, ordinary profit of ¥25.4 billion and profit attributable to owners of parent of ¥5.2 billion.

The following is a summary of business conditions including revenue and ordinary profit/loss per business segment.

Upper: Revenue, Lower: Segment Profit (Loss) (Ordinary Profit (Loss)) (Billions of Yen)

| | FY2015 From Apr. 1, 2015 to Mar. 31, 2016 | FY2016 From Apr. 1, 2016 to Mar. 31, 2017 | Year-on-year comparison (variance) |
|--------------------------------|---|---|--|
| Bulkships | 845.6 | 744.4 | (101.1)/ (12.0)% |
| | 54.8 | 39.0 | (15.8)/ (28.9)% |
| Containerships | 721.1 | 622.5 | (98.6)/ (13.7)% |
| | (29.8) | (32.8) | (3.0)/ - % |
| Ferries and Coastal RoRo Ships | 43.3 | 42.1 | (1.1)/ (2.8)% |
| | 4.3 | 4.5 | (0.1)/ 2.8% |
| Associated Businesses | 126.9 | 117.5 | (9.4)/ (7.4)% |
| | 10.1 | 12.3 | 2.1 / 21.3% |
| Others | 13.3 | 13.2 | (0.0)/ (0.6)% |
| | 3.5 | 1.8 | (1.7)/ (49.0)% |

Note: Revenue includes internal sales or transfers among segments.

(A) Bulkships

<Dry Bulkers>

In the Capesize bulker market at the beginning of the fiscal year, thanks to intensive vessel chartering by major shippers in Western Australia, the market was able to escape the record low levels that it reached in the fourth quarter of the previous fiscal year. Despite a subsequent scenario of suppression of market price rises, the market resumed its rise, supported by a shift to favorable market sentiment associated with firm iron ore shipments from major ports in Brazil and rising resource prices from the beginning of autumn onward. After passing through a temporary lull during the New Year holidays, another increase in iron ore shipments and an improvement in FFAs (forward freight agreements) caused the market to rise steeply at the end of February, and near the end of the fiscal year, it rose temporarily above US\$20,000 per day for the first time in about 20 months. Consequently, on average for the fiscal year, the market was at the level of US\$9,000 per day, which is higher compared with the previous fiscal year. In the markets for Panamax on down, mid- and small-sized vessels at the beginning of the fiscal year, an increase in coal imports in China and other such factors enabled the market to escape a market lull, and from the beginning of Autumn onward, the market rose, driven by an increase of grain shipments from North America. After falling temporarily during the New Year holidays, grain shipments from South America drove the market upward.

Although operating amid conditions of market recovery, the dry bulker division focused on Business Structural Reforms that essentially aim to reduce the fleet of Capesize bulkers under spot operation and

fundamentally redesign our business model for the mid- and small-sized vessels. As a result, the division made a significant year-on-year improvement to its ordinary profit/loss, returning back in the black for the fiscal year.

<Tankers/LNG Carriers/Offshore business>

In the very large crude oil carrier (VLCC) market, the supply of new vessels was larger than the previous fiscal year. The market was impacted by a decline in shipments over the summer and a suspension of crude oil shipments from Nigeria due to domestic conflict, causing it to follow a downward trend until about the end of September. From the beginning of autumn, the market rose supported by the resumption of crude oil shipments from Nigeria and increased demand in winter. However, at the beginning of spring, the market has been softening. The average market for the fiscal year was firm, despite being lower than the strong levels of the previous fiscal year. The product tanker market on average throughout the period was weaker than the previous fiscal year in part due to sluggish arbitrage-trading between East and West amid a scenario of weakening trade volumes for vegetable oils, etc., and ongoing deliveries of new vessels, as well as burdensome developments that included diminishing refinery margins brought about by a surplus of petroleum product inventories worldwide. The LPG carrier market also was at a lower level compared with the previous fiscal year on account of factors such as pressures of extra supply arising from new vessel deliveries, and also due to limited arbitrage-trading between East and West brought about by diminishing LPG price variations between regions, as well as a decrease in long-distance trade due to the opening of the new Panama Canal.

Under this business environment, the tanker division concentrated on efforts that were continued from the previous fiscal year to reduce the market exposure and ensure the stable fulfillment of long-term contracts while at the same time working to acquire new contracts such as oil tankers for overseas customers. In addition, although experiencing a significant profit decrease in the previous fiscal year, the tanker division posted a profit for the fiscal year as a result of ceaseless efforts to improve operating efficiency through pool operations and reduce costs.

The LNG carrier division achieved an increase in ordinary profit year on year while continuing to secure stable profits from long-term contracts, in addition to launching newly built vessels, including the world's first very large ethane carriers. The offshore business also achieved an increase in ordinary profit year on year owing to the smooth operation of FPSO, including the launch of one new unit.

<Car Carriers>

Although the transportation of completed cars to the U.S. and Europe was firm, transportation to resource-producing countries and emerging countries weakened owing to those countries continuing to experience economic slowdown amid low resource prices, etc. Amid this environment, the car carrier division experienced a significant ordinary profit decrease year on year despite taking steps to improve operating efficiency in response to changes in the trade pattern.

(B) Containerships

The spot freight market on Asia-North America routes fell to record low price levels in the first quarter, but from the second quarter onward largely maintained an upward trend amid a scenario where cargo volumes from Asia were at a record-high pace. The spot freight market on Asia-Europe routes followed an upward trend throughout the year, underpinned by firm cargo volumes from Asia, reflective of how it rose again upon entering the winter months due to the strong demand after passing through a brief adjustment phase after climbing until summer. On Asia-South America routes, the spot freight rates have risen remarkably since the first quarter, staying at a high level overall throughout the fiscal year. On Intra-Asia routes, the spot freight market slumped amid weak cargo volumes. Meanwhile, the considerable decline in one-year contract freight rates at the beginning of the fiscal year, notably on the Asia-North America routes, due to the impact of stagnation in the spot freight rate in the previous fiscal year weighed on the Containership segment throughout the period.

Under this business environment, we made efforts to reduce vessel costs through Business Structural Reforms and improve capacity utilization rates through stronger sales capabilities as well as to cut operation costs by continuously reducing the expenses of positioning empty containers through improved yield management. As a result, from the third quarter onward the division's ordinary loss improved year on year, but ordinary loss for the full year slightly increased year on year.

(C) Ferries and Coastal RoRo Ships

In the ferries and coastal RoRo ships segment, the cargo volume was firm as a result of further accelerated modal shift in long-distance truck transport switching to ferry transportation, which further reflects changes in the trucking labor situation such as shortage and aging of the workforce, and stronger labor controls. Although the Kumamoto Earthquake impacted negatively on some passenger routes, a fall in the bunker price and other factors made it possible for the segment to secure ordinary profit at almost the same level year on year.

(D) Associated Businesses

The cruise ship business achieved a year-on-year increase in ordinary profit as a result of the Nippon Maru enjoying strong passenger numbers. In the real estate business, ordinary profit increased year on year owing mainly to Daibiru Corporation, the core company in the MOL Group's real estate business, increasing its sales on the back of the firm office leasing market, centered on the Tokyo metropolitan area. Other associated businesses, such as the tugboat and trading businesses, also showed firm performances overall. Consequently, ordinary profit of the associated businesses segment increased on a year-on-year basis.

(E) Others

Other businesses, which are mainly cost centers, include ship operations, ship management, ship chartering, financing, and shipbuilding. Ordinary profit in this segment decreased year on year.

(2) Outlook for FY2017

[For FY2017] (Billions of Yen)

| | FY2016 From Apr. 1, 2016 to Mar. 31, 2017 | Outlook for FY2017 From Apr. 1, 2017 to Mar. 31, 2018 | Year-on-year comparison (variance) |
|---|---|---|--|
| Revenue | 1,504.3 | 1,610.0 | 105.6 / 7.0% |
| Operating profit (loss) | 2.5 | 9.0 | 6.4 / 251.8% |
| Ordinary profit (loss) | 25.4 | 22.0 | (3.4) / (13.5)% |
| Profit (loss) attributable to owners of parent | 5.2 | 10.0 | 4.7 / 90.2% |

| | | | |
|---------------|--------------|-------------------------|------------|
| Exchange rate | ¥108.57/US\$ | ¥110.00/US\$ | 1.43¥/US\$ |
| Bunker price | US\$284/MT | US\$350/MT | US\$66/MT |
| | | (Assumption for FY2017) | |

We anticipate that the world economy will firmly recover in the next fiscal year while its momentum has continued since the second half of the last year. However, we also recognize the need to closely observe risks such as the U.S. and other countries' moves to accelerate monetary policy faster than anticipated, rise in geopolitical tensions and global risk aversion, and protectionism in developed countries. In the developed countries, vibrancy has been continuing since the latter half of 2016, and the U.S., which is expected to expand fiscal measures, is driving a strong economic recovery that we assume will continue. In the economies of emerging countries, we are currently seeing firm growth continuing in some countries and territories, most notably in India. Amid this environment, we are seeing support for recovery among China, which has been following a moderate pace of economic slowdown and also among the resource exporting countries, most notably Russia, leading us to assume that this trend of economic expansion will be maintained.

The level of the dry bulker market is expected to remain higher than the current fiscal year due to a certain level of the fleet demand on the back of an increase in cargo volumes of iron ore due to firm demand from China, a major Brazilian resource company's plan to increase production, and an increase in grain shipments from South America, and other factors, while showing a dampening effect on growth in fleet supply.

With respect to the very large crude oil carrier (VLCC) market, despite expectations of an increase in long-distance trade from West Africa bound for Asia to supplement slowing crude oil cargo volumes from the Middle East stemming from OPEC production reductions, because the high level of vessel supply seen in 2016 will continue, we are assuming the market will follow a weakening trend. In the product tanker market, because we anticipate the ongoing weakening of the balance between vessel supply and demand due to deliveries of new vessels, we are assuming that the present lack of optimism will continue, although we do expect an increase of demand for petroleum products accompanying economic growth in emerging countries such as India and China, etc., which will make a positive contribution to cargo volumes.

With respect to containerships, we expect the Asia-North America cargo volumes to continue to be firm on the back of the strong U.S. economy. On Asia-Europe routes, we also expect cargo volumes from Asia to be firm as well based on current demand levels. On Asia-South America routes, we are expecting solid trade volumes as a continuation from FY2016 in which the supply and demand environment was significantly

improved through various rationalization measures. Under such a business environment, we will work on improving our ordinary profit/loss through such efforts as further streamlining our transportation routes under the new alliance system that launched in April, and cutting operation costs through rigorous yield management practices.

As for bunker prices, we are expecting the price to remain above FY2016 due to the crude oil price remaining at the higher end due to OPEC production reductions.

In consideration of these prospects, for the full year, we project revenue of ¥1,610.0 billion, operating profit of ¥9.0 billion, ordinary profit of ¥22.0 billion and profit attributable to owners of parent of ¥10.0 billion.

5. Financial Position

Total assets as of March 31, 2017 decreased by 2.0 billion yen compared to the balance as of the end of the previous fiscal year, to 2,217.5 billion yen. This was primarily due to the decrease in Vessels.

Total liabilities as of March 31, 2017 decreased by 38.7 billion yen compared to the balance as of the end of the previous fiscal year, to 1,533.9 billion yen. This was primarily due to the decrease in Short-term bonds.

Total net assets as of March 31, 2017 increased by 36.6 billion yen compared to the balance as of the end of the previous fiscal year, to 683.6 billion yen. This was primarily due to the increase in Deferred gains or losses on hedges.

As a result, shareholders' equity ratio increased by 1.4% compared to the ratio as of the end of the previous fiscal year, to 25.8%.

6. Cash Flow

Cash and cash equivalents (hereinafter called "cash") as of the end of FY2016 was 186.8 billion yen, an increase of 27.3 billion yen compared to the balance as of the end of the previous fiscal year. Cash flows on each activity are as follows.

(1) Cash flows from operating activities

Net cash provided by operating activities during FY2016 was 17.6 billion yen, a decrease of 191.5 billion yen compared to the previous fiscal year.

This was mainly due to Depreciation and amortization (87.1 billion yen). This was partially offset by decrease in Various provisions (20.0 billion yen), Gain on sales of shares of subsidiaries and associates (19.9 billion yen), and Payment for income taxes (8.5 billion yen).

(2) Cash flows from investing activities

Net cash used in investing activities during FY2016 was 73.9 billion yen, an increase of 47.2 billion yen compared to the previous fiscal year.

This was mainly due to Proceeds from sale of vessels and other tangible and intangible fixed assets (71.3 billion yen), and Proceed from sale and redemption of investment securities (27.7 billion yen). This was partially offset by Purchases of vessels and other tangible and intangible fixed assets (143.1 billion yen), and Disbursements for long-term loans receivables (21.3 billion yen).

(3) Cash flows from financing activities

Net cash provided by financing activities during FY2016 was 87.1 billion yen, while net cash used in FY2015 was 148.7 billion yen.

This was mainly due to Proceeds from long-term bank loans (239.0 billion yen) and Proceeds from issuance of bonds (10.0 billion yen). This was partially offset by Repayments of long-term bank loans (119.2 billion yen), and Redemption of bonds (45.0 billion yen).

7. Basic policy on profit sharing and dividends

Our key management policies are to enhance corporate value with proactive capital investment and to directly return profits to shareholders through dividend. Utilizing our internal capital reserves, we work to reinforce corporate strength and strive to further raise our per-share corporate value. In the coming terms, with a 20% dividend payout ratio as a guideline, we will pay dividends linked with business performance, and we will address the need to increase the ratio as a medium- and long-term management issue.

As for FY2016, while we've already paid the interim dividend of ¥2.0 per share, we regrettably intend to suspend year-end dividend, reflecting our operating results and financial position. Accordingly our annual dividends are to be decreased by ¥3.0 per share to ¥2.0 per share for FY2016.

Looking ahead to the dividend for FY2017, we are planning to pay a dividend of ¥2 per share (including an interim dividend of ¥1 per share) on the assumption that we secure the income described in our outlook for FY2017.

8. Consolidated Financial Statements

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

(1) Consolidated Balance Sheets

(¥ Million)

| | As of March 31, 2016 | As of March 31, 2017 |
|------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 146,260 | 177,145 |
| Trade receivables | 130,293 | 130,420 |
| Marketable securities | 20,000 | 12,800 |
| Inventories | 27,860 | 36,358 |
| Deferred and prepaid expenses | 66,101 | 60,888 |
| Deferred tax assets | 1,449 | 1,273 |
| Other current assets | 65,486 | 63,020 |
| Allowance for doubtful accounts | (975) | (428) |
| Total current assets | 456,475 | 481,477 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Vessels | 822,269 | 756,930 |
| Buildings and structures | 159,483 | 153,767 |
| Equipment and others | 22,827 | 26,630 |
| Furniture and fixtures | 4,481 | 5,366 |
| Land | 221,614 | 221,342 |
| Construction in progress | 143,342 | 156,935 |
| Other tangible fixed assets | 2,412 | 2,693 |
| Total tangible fixed assets | 1,376,431 | 1,323,665 |
| Intangible fixed assets | 33,483 | 31,287 |
| Investments and other assets | | |
| Investment securities | 215,055 | 231,978 |
| Long-term loans receivable | 49,014 | 62,796 |
| Long-term prepaid expenses | 3,565 | 6,824 |
| Net defined benefit asset | 13,291 | 15,390 |
| Deferred tax assets | 4,422 | 3,535 |
| Other investments and other assets | 69,909 | 62,661 |
| Allowance for doubtful accounts | (2,061) | (2,089) |
| Total investments and other assets | 353,197 | 381,097 |
| Total fixed assets | 1,763,112 | 1,736,051 |
| Total assets | 2,219,587 | 2,217,528 |

(¥ Million)

| | As of March 31, 2016 | As of March 31, 2017 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Trade payables | 127,171 | 125,118 |
| Short-term bonds | 45,000 | 20,000 |
| Short-term bank loans | 107,976 | 133,155 |
| Accrued income taxes | 4,871 | 6,642 |
| Advances received | 29,326 | 32,258 |
| Deferred tax liabilities | 711 | 1,188 |
| Allowance for bonuses | 4,484 | 4,402 |
| Allowance for directors' bonuses | 130 | 153 |
| Other current liabilities | 144,120 | 60,537 |
| Total current liabilities | 463,794 | 383,456 |
| Fixed liabilities | | |
| Bonds | 220,840 | 210,595 |
| Long-term bank loans | 648,116 | 738,163 |
| Lease obligations | 20,947 | 18,371 |
| Deferred tax liabilities | 81,553 | 56,678 |
| Directors' and corporate auditors' retirement benefits | 1,659 | 1,459 |
| Reserve for periodic drydocking | 14,854 | 18,566 |
| Net defined benefit liabilities | 13,442 | 12,445 |
| Other fixed liabilities | 107,454 | 94,171 |
| Total fixed liabilities | 1,108,868 | 1,150,450 |
| Total liabilities | 1,572,662 | 1,533,907 |
| Net assets | | |
| Owners' equity | | |
| Common stock | 65,400 | 65,400 |
| Capital surplus | 45,388 | 45,382 |
| Retained earnings | 354,179 | 355,263 |
| Treasury stock | (6,847) | (6,820) |
| Total owners' equity | 458,121 | 459,226 |
| Accumulated other comprehensive income | | |
| Unrealized holding gains on available-for-sale securities, net of tax | 20,950 | 28,353 |
| Unrealized gains on hedging derivatives, net of tax | 35,033 | 54,326 |
| Foreign currency translation adjustments | 26,885 | 27,178 |
| Remeasurements of defined benefit plans, net of tax | (39) | 2,898 |
| Total accumulated other comprehensive income | 82,830 | 112,757 |
| Share subscription rights | 2,681 | 2,447 |
| Non-controlling interests | 103,292 | 109,190 |
| Total net assets | 646,924 | 683,621 |
| Total liabilities and net assets | 2,219,587 | 2,217,528 |

(2) Consolidated Statements of Income

(¥ Million)

| | FY2015 (Apr.1, 2015 - Mar.31, 2016) | FY2016 (Apr.1, 2016 - Mar.31, 2017) |
|---|--|--|
| Shipping and other revenues | 1,712,222 | 1,504,373 |
| Shipping and other expenses | 1,594,568 | 1,388,264 |
| Gross operating income | 117,653 | 116,109 |
| Selling, general and administrative expenses | 115,330 | 113,551 |
| Operating profit | 2,323 | 2,558 |
| Non-operating income | | |
| Interest income | 4,078 | 5,918 |
| Dividend income | 6,131 | 6,021 |
| Equity in earnings of affiliated companies | 9,178 | 5,543 |
| Foreign exchange gains | 23,907 | 24,179 |
| Others | 7,451 | 3,875 |
| Total non-operating income | 50,747 | 45,538 |
| Non-operating expenses | | |
| Interest expense | 14,576 | 19,037 |
| Others | 2,227 | 3,633 |
| Total non-operating expenses | 16,803 | 22,670 |
| Ordinary profit | 36,267 | 25,426 |
| Extraordinary income | | |
| Gain on sale of fixed assets | 9,430 | 6,125 |
| Gain on sales of shares of subsidiaries and associates | 816 | 20,007 |
| Others | 19,764 | 9,073 |
| Total extraordinary income | 30,011 | 35,206 |
| Extraordinary losses | | |
| Loss on sale of fixed assets | 628 | 1,259 |
| Impairment loss | — | 22,273 |
| Others | 220,036 | 13,795 |
| Total extraordinary losses | 220,665 | 37,328 |
| Income (loss) before income taxes and non-controlling interests | (154,385) | 23,303 |
| Income taxes - current | 11,133 | 13,323 |
| Income taxes - deferred | 260 | (625) |
| Total income taxes | 11,394 | 12,698 |
| Net income (loss) | (165,779) | 10,605 |
| Profit attributable to non-controlling interests | 4,668 | 5,348 |
| Profit (loss) attributable to owners of parent | (170,447) | 5,257 |

(3) Consolidated Statements of Comprehensive Income

(¥ Million)

| | FY2015 (Apr.1, 2015 - Mar.31, 2016) | FY2016 (Apr.1, 2016 - Mar.31, 2017) |
|--|--|--|
| Net income (loss) | (165,779) | 10,605 |
| Other comprehensive income | | |
| Unrealized holding gains on available-for-sale securities, net of tax | (24,186) | 8,768 |
| Unrealized gains on hedging derivatives, net of tax | (31,368) | 13,070 |
| Foreign currency translation adjustments | (1,519) | 2,463 |
| Remeasurements of defined benefit plans, net of tax | (5,369) | 2,944 |
| Share of other comprehensive income (loss) of associates accounted for using equity method | (3,474) | 4,100 |
| Total other comprehensive income | (65,918) | 31,347 |
| Comprehensive income | (231,698) | 41,952 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | (233,643) | 35,183 |
| Comprehensive income attributable to non-controlling interests | 1,945 | 6,769 |

(4) Consolidated Statement of Changes in Net assets

FY2016 (April 1, 2016 – March 31, 2017)

(¥Million)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury shares | Total owners' equity |
| Balance at Mar 31, 2016 | 65,400 | 45,388 | 354,179 | (6,847) | 458,121 |
| Issuance of new shares - exercise of subscription rights to shares | | | | 4 | 4 |
| Dividends of surplus | | | (4,186) | | (4,186) |
| Profit attributable to owners of parent | | | 5,257 | | 5,257 |
| Change of scope of consolidation | | | 36 | | 36 |
| Purchase of treasury shares | | | | (23) | (23) |
| Disposal of treasury shares | | | (23) | 45 | 22 |
| Purchase of shares of consolidated subsidiaries | | (6) | | | (6) |
| Net changes of items other than shareholders' equity | | | | | — |
| Total changes of items during period | — | (6) | 1,083 | 27 | 1,104 |
| Balance at Mar 31, 2017 | 65,400 | 45,382 | 355,263 | (6,820) | 459,226 |

| | Accumulated other comprehensive income | | | | | Share subscription rights | Non-controlling interests | Total net assets |
|--|---|---|--|---|--|---------------------------|---------------------------|------------------|
| | Unrealized holding gains on available-for-sale securities, net of tax | Unrealized gains on hedging derivatives, net of tax | Foreign currency translation adjustments | Remeasurements of defined benefit plans, net of tax | Total accumulated other comprehensive income | | | |
| Balance at Mar 31, 2016 | 20,950 | 35,033 | 26,885 | (39) | 82,830 | 2,681 | 103,292 | 646,924 |
| Issuance of new shares - exercise of subscription rights to shares | | | | | | (4) | | — |
| Dividends of surplus | | | | | | | | (4,186) |
| Profit attributable to owners of parent | | | | | | | | 5,257 |
| Change of scope of consolidation | | | | | | | | 36 |
| Purchase of treasury shares | | | | | | | | (23) |
| Disposal of treasury shares | | | | | | | | 22 |
| Purchase of shares of consolidated subsidiaries | | | | | | | | (6) |
| Net changes of items other than shareholders' equity | 7,403 | 19,292 | 292 | 2,938 | 29,926 | (228) | 5,898 | 35,596 |
| Total changes of items during period | 7,403 | 19,292 | 292 | 2,938 | 29,926 | (233) | 5,898 | 36,696 |
| Balance at Mar 31, 2017 | 28,353 | 54,326 | 27,178 | 2,898 | 112,757 | 2,447 | 109,190 | 683,621 |

(5) Consolidated Statements of Cash flows

(¥ Million)

| | FY2015 (Apr.1, 2015 - Mar.31, 2016) | FY2016 (Apr.1, 2016 - Mar.31, 2017) |
|--|--|--|
| Cash flows from operating activities | | |
| Income (loss) before income taxes and non-controlling interests | (154,385) | 23,303 |
| Depreciation and amortization | 92,771 | 87,190 |
| Impairment loss | — | 22,273 |
| Equity in losses (earnings) of affiliated companies | (9,178) | (5,543) |
| Various provisions (reversals) | (1,096) | (20,053) |
| Increase (Decrease) in net defined benefit assets | (454) | 1,996 |
| Increase (Decrease) in net defined benefit liabilities | (233) | (755) |
| Interest and dividend income | (10,210) | (11,939) |
| Interest expense | 14,576 | 19,037 |
| Loss (Gain) on sale and retirement of vessels, property and equipment | (8,643) | (4,516) |
| Loss (gain) on sales of shares of subsidiaries and associates | (816) | (19,946) |
| Foreign exchange loss (gain), net | (25,083) | (25,818) |
| Decrease (Increase) in trade receivables | 47,462 | (1,683) |
| Decrease (Increase) in inventories | 21,184 | (8,691) |
| Increase (Decrease) in trade payables | (38,943) | (573) |
| Others, net | 298,046 | (24,677) |
| Sub total | 224,997 | 29,602 |
| Interest and dividend income received | 14,099 | 15,351 |
| Interest expenses paid | (14,306) | (18,778) |
| Income taxes paid | (15,600) | (8,551) |
| Net cash provided by (used in) operating activities | 209,189 | 17,623 |
| Cash flows from investing activities | | |
| Purchase of investment securities | (7,919) | (14,533) |
| Proceeds from sale and redemption of investment securities | 16,371 | 27,738 |
| Purchase of vessels and other tangible and intangible fixed assets | (123,839) | (143,177) |
| Proceeds from sale of vessels and other tangible and intangible fixed assets | 69,202 | 71,350 |
| Net decrease (increase) in short-term loans receivables | (5,458) | (6,652) |
| Disbursements for long-term loans receivables | (32,983) | (21,374) |
| Collection of long-term loans receivables | 49,311 | 9,832 |
| Others, net | 8,635 | 2,876 |
| Net cash provided by (used in) investing activities | (26,681) | (73,941) |

(¥ Million)

| | FY2015 (Apr.1, 2015 - Mar.31, 2016) | FY2016 (Apr.1, 2016 - Mar.31, 2017) |
|---|--|--|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term bank loans | (40,010) | 9,907 |
| Net increase (decrease) in commercial paper | (5,500) | — |
| Proceeds from long-term bank loans | 80,884 | 239,075 |
| Repayments of long-term bank loans | (152,552) | (119,252) |
| Proceeds from issuance of bonds | — | 10,000 |
| Redemption of bonds | (15,600) | (45,000) |
| Cash dividends paid by the company | (8,927) | (4,258) |
| Cash dividends paid to non-controlling interests | (1,115) | (1,018) |
| Others, net | (5,914) | (2,323) |
| Net cash provided by (used in) financing activities | (148,735) | 87,129 |
| Effect of foreign exchange rate changes on cash and cash equivalents | (3,125) | (3,454) |
| Net increase (decrease) in cash and cash equivalents | 30,647 | 27,357 |
| Cash and cash equivalents at beginning of year | 128,801 | 159,449 |
| Net cash increase from new consolidation/de-consolidation of subsidiaries | — | 37 |
| Cash and cash equivalents at end of period | 159,449 | 186,844 |

Notice of Agreement to the Integration of Container Shipping Businesses

Mitsui O.S.K. Lines Ltd., Kawasaki Kisen Kaisha, Ltd., and Nippon Yusen Kabushiki Kaisha have agreed, after the resolution by the board of directors held on October 31, 2016, and subject to regulatory approval from the authorities, to establish a new joint-venture company to integrate the container shipping businesses (including worldwide terminal operating businesses excluding Japan) of all three companies and to sign a business integration contract and a shareholders agreement.

(1) Background

Although growing modestly, the container shipping industry has struggled in recent years due to a decline in the container growth rate and the rapid influx of newly built vessels. These two factors have contributed to an imbalance of supply and demand which has destabilized the industry and has created an environment that is adverse to container line profitability. In order to combat these factors, industry participants have sought to gain scale merit through mergers and acquisitions and consequently the structure of the industry is changing through consolidation. Under these circumstances, the Company has decided to integrate the respective container shipping to ensure future stable, efficient and competitive business operations.

(2) Overview of the new joint-venture company

| Item | Outline |
|-------------------------------------|---|
| Shareholders/ Contribution Ratio | Mitsui O.S.K. Lines, Ltd. 31% Kawasaki Kisen Kaisha, Ltd. 31% Nippon Yusen Kabushiki Kaisha 38% |
| Amount of Contribution | Approx. 300 Billion JPY (Including fleets, share of terminals as investment in kind) |
| Business Domain | Container Shipping Business (Including terminal operating business excluding Japan) |
| Fleet Size | Approx. 1.4 Million TEU*, 6th in the market with approx. 7% of global share Note: Figures are as of October, 2016 excluding order book |

*TEU: Twenty-foot Equivalent Unit

(3) Schedule

Agreement date: October 31st, 2016

Establishment of the new joint-venture company: July 1st, 2017 (planned)

Business commencement: April 1st, 2018 (planned)

(6) Segment Information

Business segment information:

(¥Million)

| FY2015(Apr.1, 2015 - Mar.31, 2016) | Reportable Segment | | | | | Others *1 | Total | Adjust- ment *2 | Consoli- dated |
|---|--------------------|----------------------|---------------------------------------|--------------------------|-----------|--------------|-----------|-----------------------|-------------------|
| | Bulk- ships | Container - ships | Ferries & Coastal RoRo Ships | Associated Businesses | Sub Total | | | | |
| Revenues | | | | | | | | | |
| 1.Revenues from external customers | 845,356 | 719,108 | 43,154 | 96,606 | 1,704,226 | 7,996 | 1,712,222 | — | 1,712,222 |
| 2.Inter-segment revenues | 250 | 2,025 | 188 | 30,372 | 32,837 | 5,312 | 38,150 | (38,150) | — |
| Total revenues | 845,607 | 721,134 | 43,342 | 126,978 | 1,737,064 | 13,308 | 1,750,372 | (38,150) | 1,712,222 |
| Segment income (loss) | 54,899 | (29,831) | 4,382 | 10,171 | 39,621 | 3,549 | 43,171 | (6,903) | 36,267 |
| Segment assets | 1,531,278 | 397,080 | 39,401 | 416,454 | 2,384,215 | 162,724 | 2,546,939 | (327,352) | 2,219,587 |
| Others | | | | | | | | | |
| Depreciation and amortization | 62,228 | 16,907 | 1,906 | 10,090 | 91,132 | 272 | 91,405 | 1,366 | 92,771 |
| Amortization of goodwill | 11 | 63 | — | 132 | 207 | 0 | 207 | — | 207 |
| Interest income | 2,761 | 664 | 20 | 73 | 3,521 | 1,785 | 5,306 | (1,227) | 4,078 |
| Interest expenses | 12,934 | 2,021 | 143 | 1,737 | 16,836 | 1,034 | 17,871 | (3,294) | 14,576 |
| Equity in earnings (losses) of affiliates | 7,812 | 706 | 452 | 255 | 9,226 | (48) | 9,178 | — | 9,178 |
| Costs of business structural reforms | 117,411 | 61,879 | — | — | 179,290 | — | 179,290 | — | 179,290 |
| Investment in affiliates | 91,286 | 14,131 | 2,093 | 2,083 | 109,594 | 1,896 | 111,490 | — | 111,490 |
| Increase of tangible / intangible fixed assets | 88,253 | 15,525 | 4,727 | 5,177 | 113,684 | 123 | 113,808 | 1,903 | 115,712 |

* 1. "Others" primarily consists of business segments that are not included in reportable segments, such as the ship operations business, the ship management business, the ship chartering business, the financing business and the shipbuilding business.

* 2.

(1) Adjustment in Segment income (loss) of -6,903 million yen include the following:

-12,610 million yen of corporate profit which is not allocated to segments, 6,949 million yen of adjustment for management accounting and -1,242 million yen of inter-segment transaction elimination.

(2) Adjustment in Segment assets of -327,352 million yen include the following:

18,087 million yen of assets which are not allocated to segments and -345,439 million yen of inter-segment transaction elimination.

(3) Adjustment in Depreciation and amortization of 1,366 million yen include the following:

1,375 million yen of depreciation of assets which are not allocated to segments and -9 million yen of inter-segment transaction elimination.

(4) Adjustment in Interest income of -1,227 million yen include the following:

1,795 million yen of interest income which is not allocated to segments and -3,023 million yen of inter-segment transaction elimination.

(5) Adjustment in Interest expenses of -3,294 million yen include the following:

3,039 million yen of interest expenses which are not allocated to segments, -3,309 million yen of adjustment for management accounting and -3,025 million yen of inter-segment transaction elimination.

(6) Adjustment in Increase of tangible / intangible fixed assets of 1,903 million yen is acquisition cost of tangible / intangible fixed assets which are not allocated to segments.

* 3. Management has decided not to allocate liabilities to segments. Therefore segment information regarding liabilities is not disclosed.

* 4. Segment income (loss) corresponds to Ordinary profit in the consolidated statements of income.

(¥ Million)

| FY2016(Apr.1, 2016 - Mar.31, 2017) | Reportable Segment | | | | | Others *1 | Total | Adjust- ment *2 | Consoli- dated |
|---|--------------------|----------------------|---------------------------------------|--------------------------|-----------|--------------|-----------|-----------------------|-------------------|
| | Bulk- ships | Container - ships | Ferries & Coastal RoRo Ships | Associated Businesses | Sub Total | | | | |
| Revenues | | | | | | | | | |
| 1.Revenues from external customers | 744,287 | 620,714 | 42,036 | 90,025 | 1,497,062 | 7,310 | 1,504,373 | — | 1,504,373 |
| 2.Inter-segment revenues | 167 | 1,816 | 107 | 27,518 | 29,610 | 5,916 | 35,527 | (35,527) | — |
| Total revenues | 744,455 | 622,531 | 42,143 | 117,543 | 1,526,673 | 13,227 | 1,539,901 | (35,527) | 1,504,373 |
| Segment income (loss) | 39,051 | (32,864) | 4,506 | 12,337 | 23,030 | 1,810 | 24,840 | 585 | 25,426 |
| Segment assets | 1,411,137 | 388,029 | 54,418 | 415,399 | 2,298,984 | 359,526 | 2,658,510 | (440,981) | 2,217,528 |
| Others | | | | | | | | | |
| Depreciation and amortization | 62,246 | 12,130 | 1,905 | 9,395 | 85,678 | 319 | 85,997 | 1,192 | 87,190 |
| Amortization of goodwill | 21 | 0 | — | 164 | 185 | 0 | 186 | — | 186 |
| Interest income | 4,171 | 895 | 14 | 43 | 5,124 | 2,118 | 7,242 | (1,324) | 5,918 |
| Interest expenses | 15,909 | 1,728 | 124 | 1,436 | 19,198 | 1,081 | 20,280 | (1,243) | 19,037 |
| Equity in earnings (losses) of affiliates | 5,791 | (4) | 360 | 226 | 6,373 | (829) | 5,543 | — | 5,543 |
| Investment in affiliates | 94,527 | 12,635 | 2,448 | 2,139 | 111,750 | 1,049 | 112,799 | — | 112,799 |
| Increase of tangible / intangible fixed assets | 87,182 | 28,307 | 20,229 | 4,937 | 140,657 | 180 | 140,838 | 955 | 141,793 |

* 1. "Others" primarily consists of business segments that are not included in reportable segments, such as the ship operations business, the ship management business, the ship chartering business, the financing business and the shipbuilding business.

* 2.

(1) Adjustment in Segment income (loss) of 585 million yen include the following:

-4,578 million yen of corporate profit which is not allocated to segments, 6,312 million yen of adjustment for management accounting and -1,148 million yen of inter-segment transaction elimination.

(2) Adjustment in Segment assets of -440,981 million yen include the following:

14,715 million yen of assets which are not allocated to segments and -455,696 million yen of inter-segment transaction elimination.

(3) Adjustment in Depreciation and amortization of 1,192 million yen include the following:

1,192 million yen of depreciation of assets which are not allocated to segments.

(4) Adjustment in Interest income of -1,324 million yen include the following:

2,522 million yen of interest income which is not allocated to segments and -3,846 million yen of inter-segment transaction elimination.

(5) Adjustment in Interest expenses of -1,243 million yen include the following:

5,604 million yen of interest expenses which are not allocated to segments, -2,999 million yen of adjustment for management accounting and -3,848 million yen of inter-segment transaction elimination.

(6) Adjustment in Increase of tangible / intangible fixed assets of 955 million yen is acquisition cost of tangible / intangible fixed assets which are not allocated to segments.

* 3. Management has decided not to allocate liabilities to segments. Therefore segment information regarding liabilities is not disclosed.

* 4. Segment income (loss) corresponds to Ordinary profit in the consolidated statements of income.

(¥ Million)

| FY2016 (Apr.1, 2016 - Mar.31, 2017) | Reportable Segment | | | | | Others | Adjust- ment | Consoli- dated |
|--|--------------------|----------------------|---------------------------------------|--------------------------|-----------|--------|-----------------|-------------------|
| | Bulk- ships | Container - ships | Ferries & Coastal RoRo Ships | Associated Businesses | Sub Total | | | |
| Impairment loss | 1,266 | 21,007 | — | — | 22,273 | — | — | 22,273 |

(¥ Million)

| As of March 31, 2017 | Reportable Segment | | | | | Others | Adjust- ment | Consoli- dated |
|----------------------|--------------------|----------------------|---------------------------------------|--------------------------|-----------|--------|-----------------|-------------------|
| | Bulk- ships | Container - ships | Ferries & Coastal RoRo Ships | Associated Businesses | Sub Total | | | |
| Goodwill | 66 | 0 | — | 2,073 | 2,140 | — | — | 2,140 |

* 5. Amortization of goodwill is disclosed in business segment information.

* 6. There were no material gains from negative goodwill.

Geographical segment information:

(¥ Million)

| FY2016 (Apr.1, 2016 - Mar.31, 2017) | Japan | North America | Europe | Asia | Others | Total |
|--|-----------|------------------|--------|---------|--------|-----------|
| Revenues | 1,264,121 | 27,570 | 32,195 | 180,063 | 422 | 1,504,373 |
| Tangible fixed assets | 1,020,253 | 43,966 | 2,975 | 220,888 | 35,581 | 1,323,665 |

[REFERENCE PURPOSE ONLY]

Please note that this document has been translated from the Japanese original for reference purposes only and the financial statements contained is unaudited. In case of any discrepancy or inconsistency between this document and the Japanese original, the latter shall prevail.

[Supplement]

1. Review of Quarterly Results**<FY 2016>**

| | Q1 | Q2 | Q3 | Q4 |
|--|---------------|---------------|---------------|---------------|
| | Apr-Jun, 2016 | Jul-Sep, 2016 | Oct-Dec, 2016 | Jan-Mar, 2017 |
| Revenues [¥ Millions] | 360,079 | 353,481 | 367,880 | 422,933 |
| Operating profit (loss) | (3,573) | 1,553 | (58) | 4,636 |
| Ordinary profit | 733 | 4,765 | 8,313 | 11,615 |
| Income before income taxes | 5,160 | 24,493 | 5,639 | 2,036 |
| Profit (Loss) attributable to owners of parent | 1,401 | 14,657 | 2,968 | (13,769) |
| Net income (loss) (*) per share [¥] | 1.17 | 12.26 | 2.48 | (11.51) |
| Total Assets [¥ Millions] | 2,183,555 | 2,103,167 | 2,191,309 | 2,217,528 |
| Total Net Assets | 619,006 | 603,685 | 629,444 | 683,621 |

(*) Profit (Loss) attributable to owners of parent

<FY 2015>

| | Q1 | Q2 | Q3 | Q4 |
|--|---------------|---------------|---------------|---------------|
| | Apr-Jun, 2015 | Jul-Sep, 2015 | Oct-Dec, 2015 | Jan-Mar, 2016 |
| Revenues [¥ Millions] | 449,435 | 455,249 | 412,450 | 395,088 |
| Operating profit (loss) | 1,805 | 6,380 | 1,401 | (7,263) |
| Ordinary profit (loss) | 10,892 | 16,907 | 10,993 | (2,525) |
| Income (Loss) before income taxes | 16,439 | (7,832) | 18,958 | (181,950) |
| Profit (Loss) attributable to owners of parent | 12,783 | (13,024) | 13,535 | (183,741) |
| Net income (loss) (*) per share [¥] | 10.69 | (10.89) | 11.32 | (153.62) |
| Total Assets [¥ Millions] | 2,592,346 | 2,514,167 | 2,479,074 | 2,219,587 |
| Total Net Assets | 890,520 | 873,900 | 855,717 | 646,924 |

(*) Profit (Loss) attributable to owners of parent

2. Depreciation and Amortization

(¥ Millions)

| | FY2015 | FY2016 | Increase / Decrease |
|--------------|---------------|---------------|---------------------|
| Vessels | 70,107 | 65,894 | (4,213) |
| Others | 22,664 | 21,296 | (1,368) |
| Total | 92,771 | 87,190 | (5,581) |

3. Interest-bearing Debt

(¥ Millions)

| | As of Mar.31, 2016 | As of Mar.31, 2017 | Increase / Decrease |
|------------------|--------------------|--------------------|---------------------|
| Bank loans | 756,093 | 871,318 | 115,225 |
| Bonds | 265,840 | 230,595 | (35,245) |
| Commercial paper | — | — | — |
| Others | 23,046 | 20,487 | (2,559) |
| Total | 1,044,980 | 1,122,400 | 77,420 |

4. Fleet Capacity (MOL and consolidated subsidiaries)

| | Dry bulkers(*) | | Tankers | | LNG carriers | | Car carriers | | Containerships | |
|---------------------------|----------------|---------------|-------------|---------------|--------------|--------------|--------------|--------------|----------------|--------------|
| | No.of ships | 1,000MT | No.of ships | 1,000MT | No.of ships | 1,000MT | No.of ships | 1,000MT | No.of ships | 1,000MT |
| Owned | 67 | 5,686 | 71 | 10,244 | 29 | 2,217 | 54 | 885 | 13 | 1,034 |
| Chartered | 298 | 25,075 | 87 | 4,085 | 6 | 370 | 66 | 1,157 | 78 | 5,913 |
| Others | 1 | 1 | 1 | 47 | 2 | 143 | - | - | - | - |
| As of Mar.31, 2017 | 366 | 30,762 | 159 | 14,375 | 37 | 2,730 | 120 | 2,042 | 91 | 6,947 |
| As of Mar.31, 2016 | 403 | 32,719 | 165 | 15,021 | 29 | 2,181 | 120 | 2,017 | 95 | 6,599 |

| | Ferries & Coastal RoRo Ships | | Passenger ships | | Others | | Total | |
|---------------------------|------------------------------|-----------|-----------------|----------|-------------|-----------|-------------|---------------|
| | No.of ships | 1,000MT | No.of ships | 1,000MT | No.of ships | 1,000MT | No.of ships | 1,000MT |
| Owned | 11 | 59 | 1 | 5 | - | - | 246 | 20,130 |
| Chartered | 3 | 19 | - | - | 2 | 13 | 540 | 36,632 |
| Others | - | - | - | - | - | - | 4 | 191 |
| As of Mar.31, 2017 | 14 | 78 | 1 | 5 | 2 | 13 | 790 | 56,952 |
| As of Mar.31, 2016 | 15 | 82 | 1 | 5 | 2 | 13 | 830 | 58,637 |

(*)including coastal ships (excluding coastal RoRo ships)

5. Exchange Rates

| | FY2015 | FY2016 | Change | |
|----------------|---------|---------|--------|-------------------------|
| Average rates | ¥120.62 | ¥108.57 | ¥12.05 | [10.0%] JPY Appreciated |
| Term-end rates | ¥112.68 | ¥112.19 | ¥0.49 | [0.4%] JPY Appreciated |

Remark: "Average rates" are average of monthly corporate rates in each term, while "term-end rates" are TTM rates on the last day of each term.

<Overseas subsidiaries>

| | TTM on Dec/31/2015 | TTM on Dec/31/2017 | Change | |
|----------------|--------------------|--------------------|--------|------------------------|
| Term-end rates | ¥120.61 | ¥116.49 | ¥4.12 | [3.4%] JPY Appreciated |

6. Average Bunker Prices

| | FY2015 | FY2016 | Increase / Decrease |
|-----------------|------------|------------|---------------------|
| Purchase Prices | US\$265/MT | US\$284/MT | US\$ + 19/MT |

7. Market Information

(1) Dry Bulker Market (Baltic Dry Index) (January 1985 = 1,000)

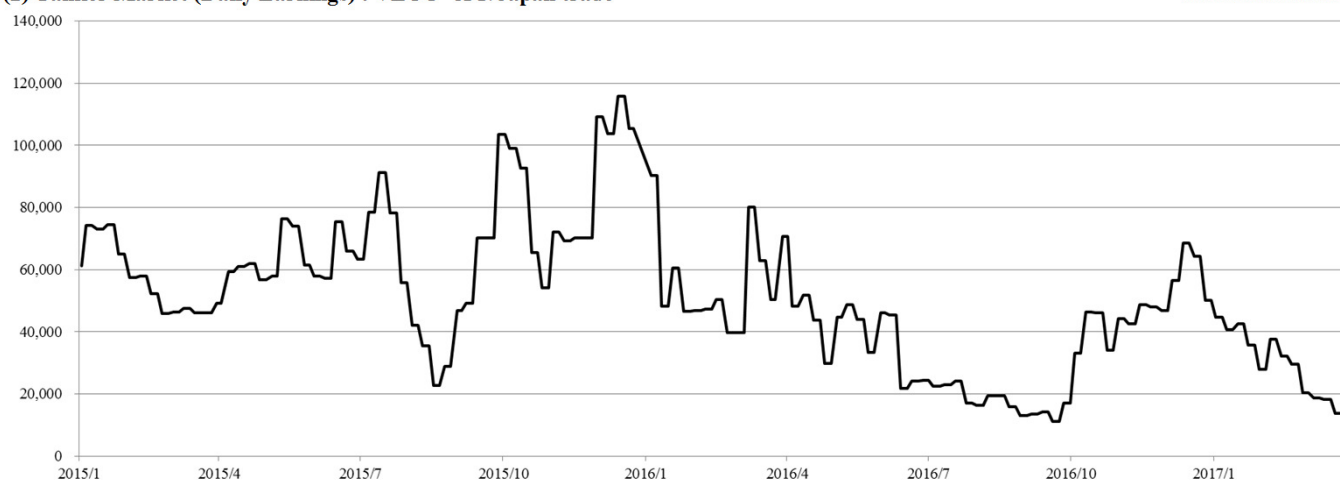
Source : Bloomberg



| Monthly Average | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Average |
|-----------------|-----|-----|-------|-----|-----|-----|-----|-------|-----|-----|-------|-------|---------|
| 2015 | 725 | 539 | 576 | 591 | 597 | 699 | 975 | 1,066 | 889 | 793 | 582 | 519 | 713 |
| 2016 | 386 | 307 | 383 | 607 | 620 | 608 | 707 | 673 | 828 | 868 | 1,072 | 1,050 | 676 |
| 2017 | 907 | 759 | 1,141 | | | | | | | | | | 936 |

(2) Tanker Market (Daily Earnings) : VLCC AG/Japan trade

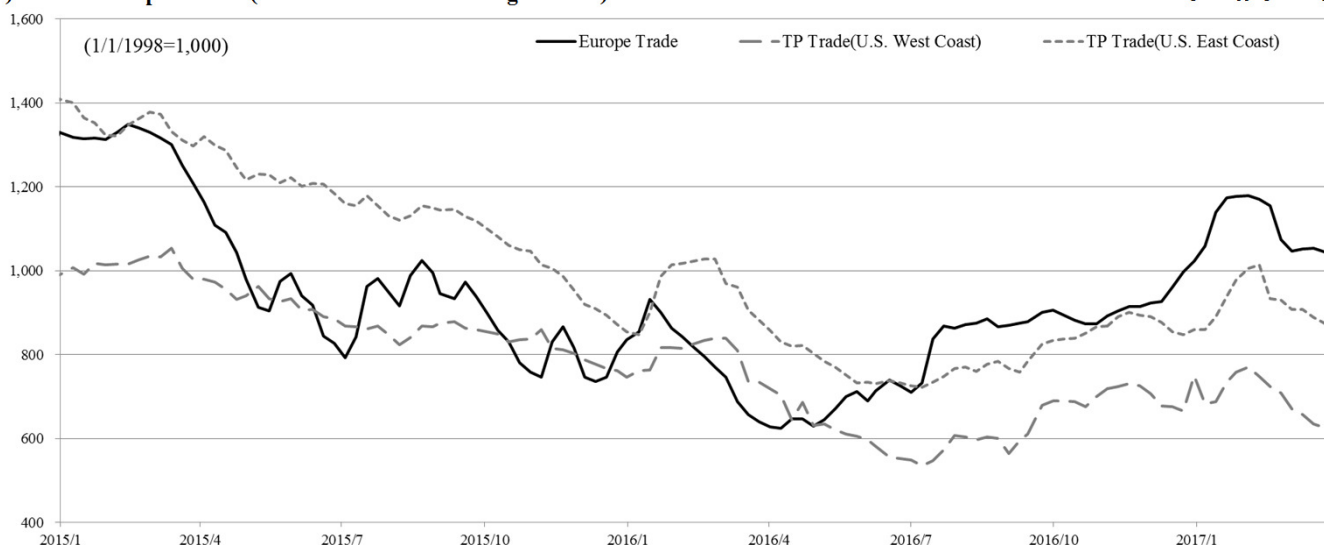
Source : Clarksons Research



| Monthly Average | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Average |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| 2015 | 69,562 | 53,327 | 46,591 | 57,805 | 65,266 | 64,160 | 73,441 | 32,295 | 59,114 | 82,940 | 70,419 | 108,529 | 65,287 |
| 2016 | 69,483 | 46,099 | 58,287 | 48,850 | 42,633 | 34,337 | 22,167 | 17,719 | 13,777 | 39,902 | 45,857 | 57,280 | 41,366 |
| 2017 | 40,905 | 31,822 | 17,051 | | | | | | | | | | 29,926 |

(3) Containership Market (China Containerized Freight Index)

Source : Shanghai Shipping Exchange



Note: CCFI reflects the freight rate trend for container exports from China only, which does not always match the overall trend for container exports from Asia.