

Mitsui O.S.K. Lines, Ltd.



Financial Highlights: Fiscal Year 2015 Ended March 31, 2016

1. Consolidated Financial Highlights (from April 1, 2015 to March 31, 2016)

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

(1) Operating Results

	(¥ Million)		(US\$ Thousand)
	FY2015	FY2014	FY2015
Revenues	1,712,222	1,817,069	15,195,438
Operating Income	2,323	17,249	20,616
Ordinary Income	36,267	51,330	321,858
Profit (Loss) Attributable to Owners of Parent	(170,447)	42,356	(1,512,664)
	(¥)		(US\$)
Net Income (Loss) per share	(142.50)	35.42	(1.265)
Diluted Net Income per share	—	32.98	—
Return to shareholders' equity	(25.8%)	5.8%	
Rate of ordinary income on assets	1.5%	2.1%	
Operating income ratio	0.1%	0.9%	

(2) Financial Position

	(¥ Million)		(US\$ Thousand)
	FY2015	FY2014	FY2015
Total Assets	2,219,587	2,624,049	19,698,145
Total Net Assets	646,924	892,435	5,741,250
Shareholders' Equity / Total Assets	24.4%	29.8%	
	(¥)		(US\$)
Shareholders' Equity per share	452.28	654.26	4.014

* 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			
FY2014	—	3.00	—	4.00	7.00	8,372	19.8%	1.1%
FY2015	—	3.50	—	1.50	5.00	5,980	—	0.8%
FY2016 (Forecast)	—	2.00	—	2.00	4.00		23.9%	

3. Forecast for the Fiscal Year Ending March 31, 2017

	(¥ Million)		(US\$ Thousand)
	1H/FY2016	FY2016	FY2016
Revenues	759,000	1,516,000	14,037,037
Operating Income	(500)	3,000	27,778
Ordinary Income	7,500	20,000	185,185
Profit Attributable to Owners of Parent	7,500	20,000	185,185
	(¥)		(US\$)
Net Income per share	6.27	16.72	155

* Underlying Assumption for FY2016 Forecast.

The above forecast is made assuming the exchange rate and the bunker price for FY2016 will be as follows.

Exchange Rate 1US\$=¥108.00

Bunker Price US\$ 230/MT

(Translation of foreign currencies)

The Japanese yen amounts for FY2015 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2016, which was ¥112.68 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, 2015 to March 31, 2016)**

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

(1) Operational Results

	(¥Million)		(US\$ Thousand)
	FY2015	FY2014	FY2015
Revenues	1,200,518	1,275,969	10,654,224
Operating Income (Loss)	(14,255)	(12,129)	(126,509)
Ordinary Income	5,691	23,929	50,506
Net Income (Loss)	(193,748)	17,883	(1,719,453)
		(¥)	(US\$)
Net Income (Loss) per share	(161.98)	14.95	(1.438)
Diluted Net Income per share	—	13.92	—

(2) Financial Position

	(¥Million)		(US\$ Thousand)
	FY2015	FY2014	FY2015
Total Assets	959,570	1,101,677	8,515,886
Total Net Assets	244,572	467,309	2,170,501
Shareholders' Equity / Total assets	25.2%	42.2%	
		(¥)	(US\$)
Shareholders' Equity per share	202.23	388.55	1.795

(Translation of foreign currencies)

The Japanese yen amounts for FY2015 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2016, which was ¥112.68 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 FY2015

[Consolidated financial highlights]

(Billions of Yen)

	FY2014 From Apr. 1, 2014 to Mar. 31, 2015	FY2015 From Apr. 1, 2015 to Mar. 31, 2016	Year-on-year comparison (variance)
Revenue	1,817.0	1,712.2	(104.8) / (5.8) %
Operating income (loss)	17.2	2.3	(14.9) / (86.5) %
Ordinary income (loss)	51.3	36.2	(15.0) / (29.3) %
Profit/(loss) attributable to owners of parent	42.3	(170.4)	(212.8) / - %
Exchange rate	¥108.34/US\$	¥120.62/US\$	¥12.28/US\$
Bunker price	US\$503/MT	US\$265/MT	US\$(238)/MT

In the global economy during the fiscal year (FY) 2015 (April 1, 2015 to March 31, 2016), excluding some countries such as India, there was deceleration in most of the emerging countries, although overall moderate recoveries continued in the developed countries including the U.S. and the eurozone. In the U.S., despite signs of a partial slowdown being observed from the latter half of the previous year, the economy maintained a moderate trend of recovery throughout the fiscal year on the back of solid personal consumption, reflecting improved conditions in the employment and income environments. In Europe, the economy showed a moderate trend of recovery, amid solid personal consumption, increased construction investment over the winter, among other factors, despite currently showing a weakening trend in exports. In China, although personal consumption still shows comparatively solid growth, the trend of economic slowdown continued, reflecting such factors as weakening fixed asset investment and the slump in export, which have been ongoing since the beginning of the fiscal year. In Japan, although the economy switched temporarily to positive growth in the quarter from July to September, stagnancy in exports and personal consumption and other factors led to the reemergence of negative growth in the quarter from October to December, and economic recovery continued to stall.

Looking at the maritime shipping market conditions, the dry bulker market remained weak due to factors such as a decline in the growth of iron ore imports and a decrease in coal imports by China. The Capesize bulker market, which hiked temporarily over the summer, then followed a downturn mainly as a result of the subsequent trend of economic slowdown in China and deteriorated market sentiment. And during the winter, the markets for all types of dry bulkers dropped to record-low levels. On the other hand, on average for the fiscal year, in the very large crude oil carrier (VLCC), the market conditions were stronger by year-on-year comparison, despite seasonal fluctuations, stimulated by growth in actual demand and an increase in the strategic petroleum reserves by China due to lower crude oil prices.

The containership freight market remained extremely weak on all routes, reflecting the low cargo volumes particularly from Asia to Europe and South America as well as deliveries of very large container ships.

The average exchange rate of Japanese yen against the U.S. dollar during the fiscal year depreciated by ¥12.28 year on year to ¥120.62. The average bunker price during the fiscal year fell by US\$238/MT year on year to US\$265/MT.

As a result of the above, we recorded revenue of ¥1,712.2 billion, operating income of ¥2.3 billion, and ordinary income of ¥36.2 billion. Loss attributable to owners of parent was ¥170.4 billion, mainly due to factors such as recording extraordinary loss for business structural reforms in the fourth quarter.

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

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

	FY2014 From Apr. 1, 2014 to Mar. 31, 2015	FY2015 From Apr. 1, 2015 to Mar. 31, 2016	Year-on-year comparison (variance)
Bulkships	857.8	839.1	(18.6)/ (2.2)%
	54.1	54.8	0.7 / 1.4%
Containerships	789.1	721.1	(67.9)/ (8.6)%
	(24.1)	(29.8)	(5.6)/ - %
Ferry and Domestic Transport	56.3	49.8	(6.4)/ (11.5)%
	4.4	4.4	(0) / (0.8)%
Associated Businesses	148.1	126.9	(21.1)/ (14.3)%
	10.9	10.1	(0.7)/ (6.9)%
Others	14.2	13.3	(0.9)/ (6.3)%
	4.1	3.5	(0.6)/ (15.2)%

Note: Revenue includes internal sales or transfers among segments.

(A) Bulkships

<Dry Bulkers>

The Capesize bulker market remained at the weak level of US\$5,000 per day on average until mid-June. However, amid the ongoing scrapping of vessels since the start of the year, there was a rise in shipment volumes of iron ore for long-distance transport from Brazil from June onward, leading to a positive turnaround. The market reached as high as the level of US\$20,000 per day in August. Later, however, the trend of economic slowdown by China continued, and the weakening of the commodity markets such as iron ore and coal, and of FFAs (forward freight agreements) led to a deterioration of sentiment. As a result, the average market level for the fiscal year was US\$7,000 per day, which was a severe market environment. The markets for Panamax on down, mid- and small-sized vessels remained weak because the ongoing oversupply of vessels was not resolved mainly as a result of a heavy supply pressure of newly delivered vessels and a decrease in the volume of coal imports in China associated with its economic slowdown.

Under such a market environment, in addition to working to secure certain profits from long-term fixed-rate freight contracts for carriers of iron ore, woodchips, steaming coal and others, we continued to make efforts to improve operation efficiency and to cut costs. Despite these efforts, ordinary income/loss in the dry

bulker division significantly deteriorated year on year, and a loss was recorded for the fiscal year.

<Tankers/LNG Carriers>

The very large crude oil carrier (VLCC) market was strong overall and kept its level high until the end of July as the ocean transport of crude oil was stimulated by growth in actual demand and an increase in the strategic petroleum reserves by China due to lower crude oil prices. Later, despite a temporary drop in the market mainly due to the effect of the low demand period over summer, it rose again from October onward upon entering the winter demand period. Consequently, on average for the fiscal year, the market conditions were stronger by year-on-year comparison.

In the product tanker market, the market was firm up until summer, owing to a tighter balance between vessel supply and demand, mainly reflecting not only lower crude oil prices and expansion of production at oil refineries in the Middle East, but also increased gasoline demand for the drive season in North America. Since the beginning of autumn, the market has softened owing to some of oil refineries in Asia, undergoing periodic repairs for production in winter; a decline in imports of petroleum products accompanying the reduction of import subsidies in Nigeria; and weaker demand for heating oil due to warm winter. On average for the fiscal year, however, the market conditions were stronger by year-on-year comparison.

Under the above market situation, with our ceaseless efforts to improve operation efficiency by setting up pools with other operators and to cut costs, the tanker division posted a considerable year-on-year increase in ordinary income.

The LNG carrier market was weak overall reflecting the ongoing situation of strong supply pressure of newly delivered vessels, in spite of a slight increase in the ocean cargo volume due to the launch of new projects. Despite such market conditions, the LNG carrier division continued to secure stable profits through long-term transport contracts, leading to a year-on-year improvement in ordinary income.

<Car Carriers>

In the car carrier division, transportation of completed cars to the U.S., where economic conditions continued to be strong, were firm. Meanwhile, transportation to some emerging countries and some resource-producing countries, which were experiencing economic slowdown mainly due to a drop in the price of crude oil, weakened. As a result, ordinary income in the car carrier division decreased year on year despite efforts to improve operation efficiency in response to changes in trade patterns.

(B) Containerships

On Trans-Pacific routes, although cargo volumes from Asia were firm overall, the supply-demand balance weakened because of the increase in the supply of vessels, and the freight market significantly fell on both routes to the west and east coasts of North America. On Asia-Europe route, cargo volumes from Asia weakened significantly and despite efforts to scale-down the supply space by reducing sailings, the gap between supply and demand could not be closed and the freight market maintained record-lows throughout

the fiscal year. On Asia-South America routes, the cargo volume to the South America east coast sharply declined owing to an economic downturn in Brazil, and the freight market for these routes similarly maintained record-lows like the Asia-Europe route. The freight markets on Intra-Asia routes also slumped as the cargo volumes were weak. Under this business environment, despite our efforts to implement various rationalization measures for each route, cut operation costs and reduce supply space, the division's loss increased year on year.

(C) Ferry and Domestic Transport

In the ferry business, Oarai-Tomakomai route of MOL Ferry Co., Ltd. had a decrease in transportation volumes of passengers and cargo, since one of their vessels, which suffered a fire incident on the vehicle deck at the end of July 2015, has been removed from their service for its repair work. However, on the other routes, transportation volumes were firm for both passengers and cargo. In the domestic transport business, cargo volume for steel materials has remained weak mainly reflecting the impact of continuing inventory adjustments. As a result, although revenue from the ferry and domestic transport businesses overall decreased year on year, a fall in the bunker price and other factors made it possible to secure profits at roughly the same level as the previous fiscal year.

(D) Associated Businesses

In the cruise ship business, the number of passengers on the Nippon Maru continued to be firm, resulting in a year-on-year improvement in ordinary income/loss. In the real estate business, Daibiru Corporation, the core company in the MOL Group's real estate business, maintained stable sales, supported by the firm office leasing market, centered on the Tokyo metropolitan area. However, ordinary income decreased year on year due mainly to an increase in temporary costs associated with Shin-Daibiru which was completed in March 2015. Sales from the trading businesses reduced due to the drop in bunker prices, and profitability deteriorated in some parts of the civil engineering business. On the other hand, the tugboat business and others showed firm performances overall. Consequently, ordinary income of the associated businesses segment decreased 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 income in this segment decreased year on year.

(2) Outlook for FY2016

[For FY2016]

(Billions of Yen)

	FY2015 From Apr. 1, 2015 to Mar. 31, 2016	Outlook for FY2016 From Apr. 1, 2016 to Mar. 31, 2017	Year-on-year comparison (variance)
Revenue	1,712.2	1,516.0	(196.2) / (11.5)%
Operating income	2.3	3.0	0.6 / 29.1%
Ordinary income	36.2	20.0	(16.2) / (44.9)%
Profit (loss) attributable to owners of parent	(170.4)	20.0	190.4 / -%

Exchange rate	¥120.62/US\$	¥108.00/US\$	¥(12.62)/US\$
Bunker price	US\$265/MT	US\$230/MT	US\$(35)/MT
		(Assumption for FY2016)	

We assume that the world economy in FY2016 will maintain a trend of recovery, albeit gentle. However, recognizing such risks as the U.S. revising its pace of lifting interest rates and a greater-than-expected slowdown in China, we foresee a continuation of the current unpredictability of the situation. In the developed countries, we forecast moderate economic recovery, driven by domestic demand, will continue owing to an easing in the financial market. In the emerging countries, we are seeing strong growth in some countries and territories, such as India, but in China, on the other hand, while we forecast growth will continue, we also expect its trend of slowdown to continue, resulting in a continuation of its uneven performance.

In the dry bulker market, we forecast the severe situation will continue, not only because of such factors as little prospects of any increase in ocean transportation for iron ore, reflecting a drop in global crude steel production volume, and further declines in coal imports by China, but also because the ongoing supply of vessels will continue. In the very large crude oil carrier (VLCC) market, despite a slight increase in ocean cargo volume mainly due to an increase in crude oil imports mainly by China and India, we forecast the market will follow an adjustment phase because of a widening gap between supply and demand of vessels due to an increase in newly delivered vessels. In the product tanker market, we forecast comparatively firm cargo volumes, particularly in the Pacific area, there is a possibility that the supply and demand of vessels will worsen as a result of the increase in the strong supply pressure of newly delivered vessel, and we forecast that the present lack of optimism will continue. With respect to containerships, although we expect the Asia-North America cargo volumes to continue to be firm on the back of the comparatively firm U.S. economy, we forecast that the current decline in the spot freight market will lead to intensified competition between shipping companies concerning revisions of one-year contract freight rates. On Asia-Europe routes, as it is unclear when surplus inventory will be cleared in Europe, there is a concern that cargo volumes from Asia will remain stagnant until the summer demand period. On Asia-South America routes, despite our efforts to improve route profitability through various rationalization measures, we are forecasting a severe market environment based on our concerns that the cargo volumes will continue on a weak level.

In consideration of these prospects, we will work to recover our business performance through various means including more stringent cost reductions through improvements in operation efficiency, strengthening of our cross-divisionally coordinated, global sales capabilities to better serve customer needs, and steady implementation of business structural reforms in the dry bulker business and containership business. For the full year, we project revenue of ¥1,516.0 billion, operating income of 3.0 billion, ordinary income of 20.0 billion and profit attributable to owners of parent of ¥20.0 billion.

5. Financial Position

Total assets as of March 31, 2016 decreased by 404.4 billion yen compared to the balance as of the end of the previous fiscal year, to 2,219.5 billion yen. This was primarily due to the decrease in Vessels and Investment securities.

Total liabilities as of March 31, 2016 decreased by 158.9 billion yen compared to the balance as of the end of the previous fiscal year, to 1,572.6 billion yen. This was primarily due to the decrease in Short-term bank loans and Bonds.

Total net assets as of March 31, 2016 decreased by 245.5 billion yen compared to the balance as of the end of the previous fiscal year, to 646.9 billion yen. This was primarily due to the decrease in Retained earnings. As a result, shareholders' equity ratio decreased by 5.4% compared to the ratio as of the end of the previous fiscal year, to 24.4%.

6. Cash Flow

Cash and cash equivalents (hereinafter called "cash") as of the end of FY2015 was 159.4 billion yen, an increase of 30.6 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 FY2015 was 209.1 billion yen, an increase of 116.6 billion yen compared to the previous fiscal year.

This was mainly due to Loss before income taxes (154.3 billion yen), and was partially offset by Depreciation and amortization (92.7 billion), Costs of business structural reforms (179.2 billion) and Decrease in trade receivables (47.4 billion yen).

(2) Cash flows from investing activities

Net cash used in investing activities during FY2015 was 26.6 billion yen, a decrease of 132.4 billion yen

compared to the previous fiscal year.

This was mainly due to Payments for purchases of vessels and other tangible / intangible fixed assets (123.8 billion yen), and Disbursements for long-term loans receivables (32.9 billion yen). This was partially offset by Proceeds from sale of vessels and other tangible / intangible fixed assets (69.2 billion yen) and Collection of long-term loans receivables (49.3 billion yen).

(3) Cash flows from financing activities

Net cash used in financing activities during FY2015 was 148.7 billion yen, while net cash provided by FY2014 was 6.5 billion yen.

This was mainly due to Repayments of long-term bank loans (152.5 billion yen), bonds (15.6 billion yen) and short-term bank loans (40.0 billion yen). This was partially offset by Proceeds from long-term bank loans (80.8 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 dividends. 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 FY2015, we intend to pay an annual dividend of ¥5 per share for (including the interim dividend of ¥3.5 per share already paid).

Looking ahead to the dividend for FY2016, we are planning to pay a dividend of ¥4 per share (including an interim dividend of ¥2 per share) on the assumption that we secure the income described in our outlook for FY2016.

8. Management policies

(1) Fundamental management policies

The MOL Group Corporate Principles, established in April 2001, are as follows.

MOL Group Corporate Principles

As a multi-modal transport group, we will:

- actively contribute to global economic growth and development, anticipating the needs of our customers and the challenges of this new era
- strive to maximize corporate value through creativity, operating efficiency and promotion of ethical and transparent management
- nurture and protect the natural environment by maintaining highest standards of operational safety and navigation

(2) Management Strategies and Issues to be Addressed

Working under the three-year midterm management plan “STEER FOR 2020” (hereinafter “SF2020”), which started in April 2014, we had been proceeding with three innovations: I. Innovation of Business Portfolio, II. Innovation of Business Model, and III. Innovation of Business Domain. However, realizing the immense difficulties in the external environment such as lower crude oil prices, lower natural resource prices, and the slowdown in economic growth in China in achieving the profit targets for fiscal 2015, we decided to implement business structural reforms at the end of January 31, 2016.

In fiscal 2016, we will implement the following measures as a single-year management plan.

(1) Completion of Business Structural Reforms

Operating under SF2020, we had been accumulating stable profits from long-term contracts and reducing the market exposure (in spot transactions in the charter market). However the dry bulker and containership freight maintained at the historic low levels, considerably affecting our business performance.

In response to this, we decided to implement business structural reforms that included redesigning our business model for Panamax and Handysize bulkers and downsizing Capesize bulker fleet in the dry bulker businesses, and recording impairment losses on business assets in the containership business.

In fiscal 2016, we will securely carry out early sale or redelivery of surplus vessels.

(2) Basic Framework for Future Growth Strategies

We are working to establish a basic framework for creating suitable business models for changing environment over the medium-term in order to develop businesses for the future and get the Company back on track for growth. Placing priority on business growth and competitiveness, we will review each

business segment and work to optimize the business portfolio as necessary through implementing restructuring measures, including collaboration with other companies, M&A, withdrawal, or sale.

(1) Strengthening of Marketing Capabilities

- Through measures including the new establishment of the Dry Bulk Business Unit and the Energy Transport Business Unit, we will strengthen intersegment collaboration to accurately serve our customer needs.
- By seizing the business opportunities in growth fields centered on specific regions, such as Asia, Middle East, and Oceania, we will develop activities by utilizing the MOL Group's comprehensive strength through the use of Chief Executive Representatives and Chief Country Representatives.

(2) Creating Suitable Business Models for Changing Environment

- While retaining our Maritime Shipping business as our core value, we will intensively allocate management resources to the Maritime Shipping related businesses, such as logistics business and terminal business, and also into the real estate business.
- We will move forward with the development of services that incorporate IT and environmental technologies to boost the added-value component in the services provided by the MOL Group.

The MOL Group is the subject of investigations by regulators in the United States, Europe and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed vehicles. In addition, a class-action lawsuit was filed in the U.S. and other countries against the MOL Group, seeking damage claims, a cease and desist order, and so on. The MOL Group takes this situation very seriously, and will continue to work to enhance compliance, including compliance with the Antimonopoly Act, as well as strive to prevent recurrence.

9. 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, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	86,622	146,260
Trade receivables	178,844	130,293
Marketable securities	45,000	20,000
Inventories	49,025	27,860
Deferred and prepaid expenses	75,937	66,101
Deferred tax assets	2,106	1,449
Other current assets	75,796	65,486
Allowance for doubtful accounts	(1,537)	(975)
Total current assets	511,795	456,475
Fixed assets		
Tangible fixed assets		
Vessels	906,983	822,269
Buildings and structures	165,930	159,483
Equipment and others	21,387	22,827
Furniture and fixtures	5,927	4,481
Land	221,993	221,614
Construction in progress	173,279	143,342
Other tangible fixed assets	2,526	2,412
Total tangible fixed assets	1,498,028	1,376,431
Intangible fixed assets	37,068	33,483
Investments and other assets		
Investment securities	268,811	215,055
Long-term loans receivable	74,958	49,014
Long-term prepaid expenses	3,692	3,565
Net defined benefit asset	24,063	13,291
Deferred tax assets	3,954	4,422
Other investments and other assets	203,182	69,909
Allowance for doubtful accounts	(1,504)	(2,061)
Total investments and other assets	577,157	353,197
Total fixed assets	2,112,254	1,763,112
Total assets	2,624,049	2,219,587

(¥ Million)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Trade payables	167,001	127,171
Short-term bonds	15,000	45,000
Short-term bank loans	179,388	107,976
Accrued income taxes	7,638	4,871
Advances received	36,280	29,326
Deferred tax liabilities	592	711
Allowance for bonuses	4,763	4,484
Allowance for directors' bonuses	241	130
Commercial paper	5,500	—
Other current liabilities	88,940	144,120
Total current liabilities	505,346	463,794
Fixed liabilities		
Bonds	270,185	220,840
Long-term bank loans	688,331	648,116
Lease obligations	22,928	20,947
Deferred tax liabilities	109,042	81,553
Directors' and corporate auditors' retirement benefits	1,803	1,659
Reserve for periodic drydocking	15,802	14,854
Net defined benefit liabilities	13,659	13,442
Other fixed liabilities	104,513	107,454
Total fixed liabilities	1,226,267	1,108,868
Total liabilities	1,731,614	1,572,662
Net assets		
Owners' equity		
Common stock	65,400	65,400
Capital surplus	44,468	45,388
Retained earnings	533,484	354,179
Treasury stock	(6,823)	(6,847)
Total owners' equity	636,530	458,121
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	44,260	20,950
Unrealized gains on hedging derivatives, net of tax	68,769	35,033
Foreign currency translation adjustments	27,673	26,885
Remeasurements of defined benefit plans, net of tax	5,322	(39)
Total accumulated other comprehensive income	146,026	82,830
Share subscription rights	2,553	2,681
Non-controlling interests	107,324	103,292
Total net assets	892,435	646,924
Total liabilities and net assets	2,624,049	2,219,587

(2) Consolidated Statements of Income

(¥ Million)

	FY2014 (Apr.1, 2014 - Mar.31, 2015)	FY2015 (Apr.1, 2015 - Mar.31, 2016)
Shipping and other revenues	1,817,069	1,712,222
Shipping and other expenses	1,683,795	1,594,568
Gross operating income	133,274	117,653
Selling, general and administrative expenses	116,024	115,330
Operating income	17,249	2,323
Non-operating income		
Interest income	2,704	4,078
Dividend income	6,920	6,131
Equity in earnings of affiliated companies	4,930	9,178
Foreign exchange gains	25,523	23,907
Others	8,687	7,451
Total non-operating income	48,765	50,747
Non-operating expenses		
Interest expense	12,555	14,576
Others	2,129	2,227
Total non-operating expenses	14,685	16,803
Ordinary income	51,330	36,267
Extraordinary income		
Gain on sale of fixed assets	16,225	9,430
Gain on sale of investment securities	135	12,933
Gain on cancellation of chartered vessels	2,229	4,059
Others	7,562	3,588
Total extraordinary income	26,152	30,011
Extraordinary losses		
Loss on sale of fixed assets	896	628
Loss on valuation of shares of subsidiaries and associates	—	26,228
Impairment loss	10,198	—
Costs of business structural reforms	—	179,290
Others	8,055	14,517
Total extraordinary losses	19,150	220,665
Income (loss) before income taxes and non-controlling interests	58,332	(154,385)
Income taxes - current	12,440	11,133
Income taxes - deferred	(2,577)	260
Total income taxes	9,863	11,394
Net income (loss)	48,469	(165,779)
Profit attributable to non-controlling interests	6,113	4,668
Profit (loss) attributable to owners of parent	42,356	(170,447)

(3) Consolidated Statements of Comprehensive Income

(¥ Million)

	FY2014 (Apr.1, 2014 - Mar.31, 2015)	FY2015 (Apr.1, 2015 - Mar.31, 2016)
Net income (loss)	48,469	(165,779)
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	12,891	(24,186)
Unrealized gains on hedging derivatives, net of tax	46,674	(31,368)
Foreign currency translation adjustments	20,802	(1,519)
Remeasurements of defined benefit plans, net of tax	4,133	(5,369)
Share of other comprehensive income (loss) of associates accounted for using equity method	(9,980)	(3,474)
Total other comprehensive income	74,521	(65,918)
Comprehensive income	122,990	(231,698)
(Breakdown)		
Comprehensive income attributable to owners of parent	114,990	(233,643)
Comprehensive income attributable to non-controlling interests	8,000	1,945

(4) Consolidated Statement of Changes in Net Assets
FY2015 (April 1, 2015 - March 31, 2016)

(¥Million)

	Owners' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total owners' equity
Balance at Mar 31, 2015	65,400	44,468	533,484	(6,823)	646,530
Issuance of new shares - exercise of subscription rights to shares				7	7
Dividends paid			(8,970)		(8,970)
Profit (loss) attributable to owners of parent			(170,447)		(170,447)
Increase/decrease due to change in affiliated companies accounted for by the equity method			140		140
Purchase of treasury stock				(47)	(47)
Disposal of treasury stock			(27)	15	(11)
Increase/decrease due to purchase of shares of consolidated subsidiaries		920			920
Net changes of items other than owners' equity during the year					
Total changes of items during the year	—	920	(179,305)	(24)	(178,409)
Balance at Mar 31, 2016	65,400	45,388	354,179	(6,847)	458,121

(¥Million)

	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 gains from valuation and translation adjustments			
Balance at Mar 31, 2015	44,260	68,769	27,673	5,322	146,026	2,553	107,324	892,435
Issuance of new shares - exercise of subscription rights to shares						(7)		—
Dividends paid								(8,970)
Profit (loss) attributable to owners of parent								(170,447)
Increase/decrease due to change in affiliated companies accounted for by the equity method								140
Purchase of treasury stock								(47)
Disposal of treasury stock								(11)
Increase/decrease due to purchase of shares of consolidated subsidiaries								920
Net changes of items other than owners' equity during the year	(23,310)	(33,735)	(787)	(5,362)	(63,195)	134	(4,032)	(67,093)
Total changes of items during the year	(23,310)	(33,735)	(787)	(5,362)	(63,195)	127	(4,032)	(245,510)
Balance at Mar 31, 2016	20,950	35,033	26,885	(39)	82,830	2,681	103,292	646,924

(5) Consolidated Statements of Cash flows

(¥Million)

	FY2014 (Apr.1, 2014 - Mar.31, 2015)	FY2015 (Apr.1, 2015 - Mar.31, 2016)
Cash flows from operating activities		
Income (loss) before income taxes and non-controlling interests	58,332	(154,385)
Depreciation and amortization	87,803	92,771
Impairment loss	10,198	—
Costs of business structural reforms	—	179,290
Equity in losses (earnings) of affiliated companies	(4,930)	(9,178)
Various provisions (reversals)	2,355	(1,096)
Decrease (Increase) in net defined benefit assets	(1,560)	(454)
Increase (Decrease) in net defined benefit liabilities	377	(233)
Interest and dividend income	(9,625)	(10,210)
Interest expense	12,555	14,576
Loss (Gain) on sale of investment securities	(134)	(12,914)
Loss (Gain) on sale and retirement of vessels, property and equipment	(13,379)	(8,643)
Loss on valuation of shares of subsidiaries and associates	—	26,228
Foreign exchange loss (gain), net	(24,800)	(25,083)
Decrease (Increase) in trade receivables	(28,223)	47,462
Decrease (Increase) in inventories	11,749	21,184
Increase (Decrease) in trade payables	19,756	(38,943)
Others, net	(11,744)	104,626
Sub total	108,732	224,997
Interest and dividend income received	12,411	14,099
Interest expenses paid	(13,107)	(14,306)
Income taxes paid	(15,541)	(15,600)
Net cash provided by operating activities	92,494	209,189
Cash flows from investing activities		
Purchase of investment securities	(14,594)	(7,919)
Proceeds from sale and redemption of investment securities	1,769	16,371
Purchase of vessels and other tangible and intangible fixed assets	(186,317)	(123,839)
Proceeds from sale of vessels and other tangible and intangible fixed assets	74,183	69,202
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,257)	—
Proceeds from sale of shares of subsidiaries	8,706	11,137
Net decrease (increase) in short-term loans receivables	(4,525)	(5,458)
Disbursements for long-term loans receivables	(59,941)	(32,983)
Collection of long-term loans receivables	27,957	49,311
Others, net	(131)	(2,501)
Net cash used in investing activities	(159,150)	(26,681)

(¥ Million)

	FY2014 (Apr. 1, 2014 - Mar. 31, 2015)	FY2015 (Apr. 1, 2015 - Mar. 31, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	59,030	(40,010)
Net increase (decrease) in commercial paper	5,500	(5,500)
Proceeds from long-term bank loans	107,951	80,884
Repayments of long-term bank loans	(203,116)	(152,552)
Proceeds from issuance of bonds	95,280	—
Redemption of bonds	(45,000)	(15,600)
Purchase of treasury stock	(56)	(47)
Sale of treasury stock	68	28
Cash dividends paid by the company	(7,177)	(8,927)
Cash dividends paid to non-controlling interests	(3,958)	(1,115)
Others, net	(2,008)	(5,895)
Net cash provided by (used in) financing activities	6,511	(148,735)
Effect of foreign exchange rate changes on cash and cash equivalents	8,005	(3,125)
Net increase (decrease) in cash and cash equivalents	(52,139)	30,647
Cash and cash equivalents at beginning of year	180,125	128,801
Net cash increase from new consolidation/de-consolidation of subsidiaries	815	—
Cash and cash equivalents at end of year	128,801	159,449

(6) Segment Information

Business segment information:

(¥ Million)

FY2014(Apr.1, 2014 - Mar.31, 2015)	Reportable Segment					Others *1	Total	Adjust- ment *2	Consoli- dated
	Bulk- ships	Container - ships	Ferry & Domestic Transport	Associated Businesses	Sub Total				
Revenues									
1.Revenues from external customers	857,289	787,068	56,032	108,388	1,808,779	8,290	1,817,069	—	1,817,069
2.Inter-segment revenues	526	2,062	271	39,775	42,636	5,920	48,556	(48,556)	—
Total revenues	857,815	789,131	56,304	148,164	1,851,415	14,210	1,865,625	(48,556)	1,817,069
Segment income (loss)	54,105	(24,146)	4,461	10,925	45,344	4,183	49,528	1,802	51,330
Segment assets	1,719,713	496,486	40,535	426,130	2,682,866	346,182	3,029,049	(404,999)	2,624,049
Others									
Depreciation and amortization	59,234	16,109	2,278	8,510	86,132	283	86,415	1,388	87,803
Amortization of goodwill	(307)	17	44	130	(115)	(8)	(124)	—	(124)
Interest income	2,019	260	3	61	2,345	1,389	3,735	(1,030)	2,704
Interest expenses	10,632	2,314	169	1,779	14,895	723	15,618	(3,062)	12,555
Equity in earnings of affiliates	3,285	1,096	224	269	4,876	54	4,930	—	4,930
Investment in affiliates	110,451	4,873	1,693	1,971	118,990	1,967	120,957	—	120,957
Increase of tangible / intangible fixed assets	138,058	21,782	3,193	32,341	195,376	181	195,557	587	196,145

* 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 1,802 million yen include the following:

-2,465 million yen of corporate profit which is not allocated to segments, 6,152 million yen of adjustment for management accounting and -1,885 million yen of inter-segment transaction elimination.

(2) Adjustment in Segment assets of -404,999 million yen include the following:

19,889 million yen of assets which are not allocated to segments and -424,888 million yen of inter-segment transaction elimination.

(3) Adjustment in Depreciation and amortization of 1,388 million yen include the following:

1,388 million yen of depreciation on the whole company's assets.

(4) Adjustment in Interest income of -1,030 million yen include the following:

1,766 million yen of interest income which is not allocated to segments and -2,796 million yen of inter-segment transaction elimination.

(5) Adjustment in Interest expenses of -3,062 million yen include the following:

2,829 million yen of interest expenses which is not allocated to segments, -3,004 million yen of adjustment for management accounting and -2,887 million yen of inter-segment transaction elimination.

(6) Adjustment in Increase of tangible / intangible fixed assets of 587 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 income in the consolidated statements of income.

(¥Million)

FY2015(Apr.1, 2015 - Mar.31, 2016)	Reportable Segment					Others *1	Total	Adjust- ment *2	Consoli- dated
	Bulk- ships	Container - ships	Ferry & Domestic Transport	Associated Businesses	Sub Total				
Revenues									
1.Revenues from external customers	838,893	719,108	49,618	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	839,143	721,134	49,806	126,978	1,737,064	13,308	1,750,372	(38,150)	1,712,222
Segment income (loss)	54,857	(29,831)	4,424	10,171	39,621	3,549	43,171	(6,903)	36,267
Segment assets	1,526,582	397,080	44,096	416,454	2,384,215	162,724	2,546,939	(327,352)	2,219,587
Others									
Depreciation and amortization	62,112	16,907	2,022	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	21	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 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	87,115	15,525	5,865	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 on the whole company's assets 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 is 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 income in the consolidated statements of income.

(¥Million)

FY2015 (Apr.1, 2015 - Mar.31, 2016)	Reportable Segment					Others	Adjust- ment	Consoli- dated
	Bulk- ships	Container - ships	Ferry & Domestic Transport	Associated Businesses	Sub Total			
Impairment loss	33,858	56,449	—	—	90,308	—	—	90,308

* 5. Impairment losses were recorded as Costs of business structural reforms.

(¥Million)

As of March 31, 2016	Reportable Segment					Others	Adjust- ment	Consoli- dated
	Bulk- ships	Container - ships	Ferry & Domestic Transport	Associated Businesses	Sub Total			
Goodwill (Negative goodwill) at the end of current year	88	14	—	2,317	2,420	0	—	2,420

* 6. Amortization of goodwill (negative goodwill) is disclosed in business segment information.

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

Geographical segment information:

(¥Million)

FY2015 (Apr.1, 2015 - Mar.31, 2016)	Japan	North America	Europe	Asia	Others	Total
Revenues	1,432,968	28,184	35,758	214,874	435	1,712,222
Tangible fixed assets	1,082,305	41,747	3,454	214,262	34,661	1,376,431

[Supplement]

1. Review of Quarterly Results**<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 income (Loss)	1,805	6,380	1,401	(7,263)
Ordinary income (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

<FY 2014>

	Q1	Q2	Q3	Q4
	Apr-Jun, 2014	Jul-Sep, 2014	Oct-Dec, 2014	Jan-Mar, 2015
Revenues [¥ Millions]	443,913	446,245	454,748	472,163
Operating income	3,959	268	3,323	9,699
Ordinary income	7,543	7,018	15,225	21,544
Income before income taxes	12,299	7,585	18,412	20,036
Profit attributable to owners of parent	8,512	3,008	13,365	17,471
Net income(*) per share [¥]	7.12	2.51	11.18	14.61
Total Assets [¥ Millions]	2,381,797	2,369,638	2,523,644	2,624,049
Total Net Assets	773,579	780,849	825,658	892,435

(*) Profit attributable to owners of parent

2. Depreciation and Amortization

(¥ Millions)

	FY2014	FY2015	Increase / Decrease
Vessels	68,341	70,107	1,766
Others	19,462	22,664	3,202
Total	87,803	92,771	4,968

3. Interest-bearing Debt

(¥ Millions)

	As of Mar.31, 2015	As of Mar.31, 2016	Increase / Decrease
Bank loans	867,720	756,093	(111,627)
Bonds	285,185	265,840	(19,345)
Commercial paper	5,500	—	(5,500)
Others	24,996	23,046	(1,950)
Total	1,183,401	1,044,980	(138,421)

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	68	6,525	71	11,358	26	1,960	52	854	16	1,168
Chartered	305	26,102	94	3,662	1	78	68	1,164	79	5,430
Others	-	-	-	-	2	143	-	-	-	-
As of Mar.31, 2016	373	32,627	165	15,021	29	2,181	120	2,017	95	6,599
As of Mar.31, 2015	411	36,217	166	15,077	28	1,991	127	2,105	118	7,401

	Ferries / Domestic carriers(*1)		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	15	90	1	5	-	-	249	21,960
Chartered	29	84	-	-	2	13	578	36,533
Others	1	1	-	-	-	-	3	144
As of Mar.31, 2016	45	174	1	5	2	13	830	58,637
As of Mar.31, 2015	43	171	1	5	2	13	896	62,980

(*1)excluding tug boats

5. Exchange Rates

	FY2014	FY2015	Change	
Average rates	¥108.34	¥120.62	¥12.28	[11.3%] JPY Depreciated
Term-end rates	¥120.17	¥112.68	¥7.49	[6.2%] 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/31/2014	TTM on Dec/31/2015	Change	
Term-end rates	¥120.55	¥120.61	¥0.06	[0.0%] JPY Depreciated

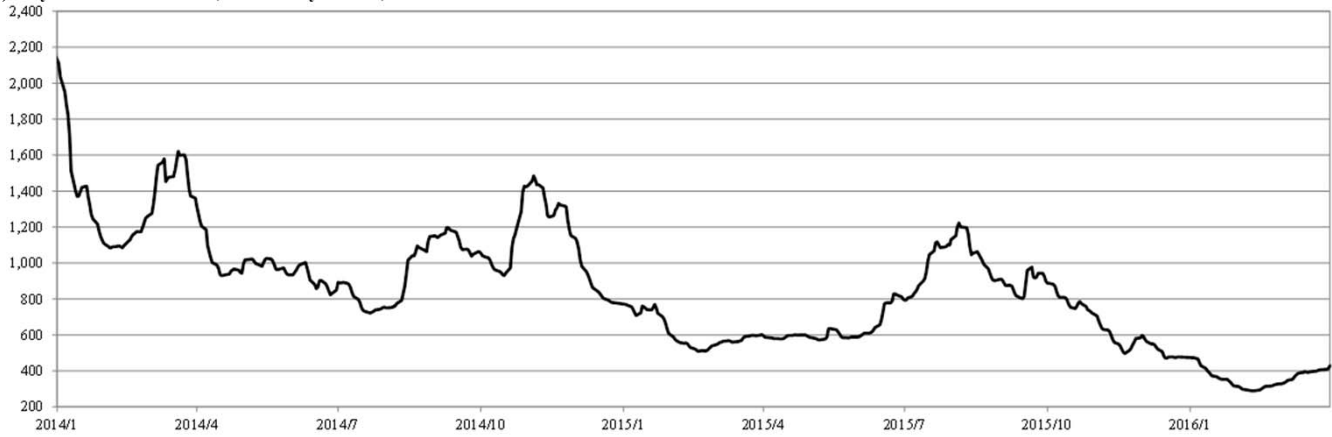
6. Average Bunker Prices

	FY2014	FY2015	Increase / Decrease
Purchase Prices	US\$503/MT	US\$265/MT	US\$(238)/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
2014	1,472	1,140	1,484	1,045	991	912	796	937	1,123	1,101	1,332	910	1,104
2015	725	539	576	591	597	699	975	1,066	889	793	582	519	713
2016	386	307	383										359

(2) Tanker Market (World Scale) : VLCC AG/Japan trade

Source : researched by MOL

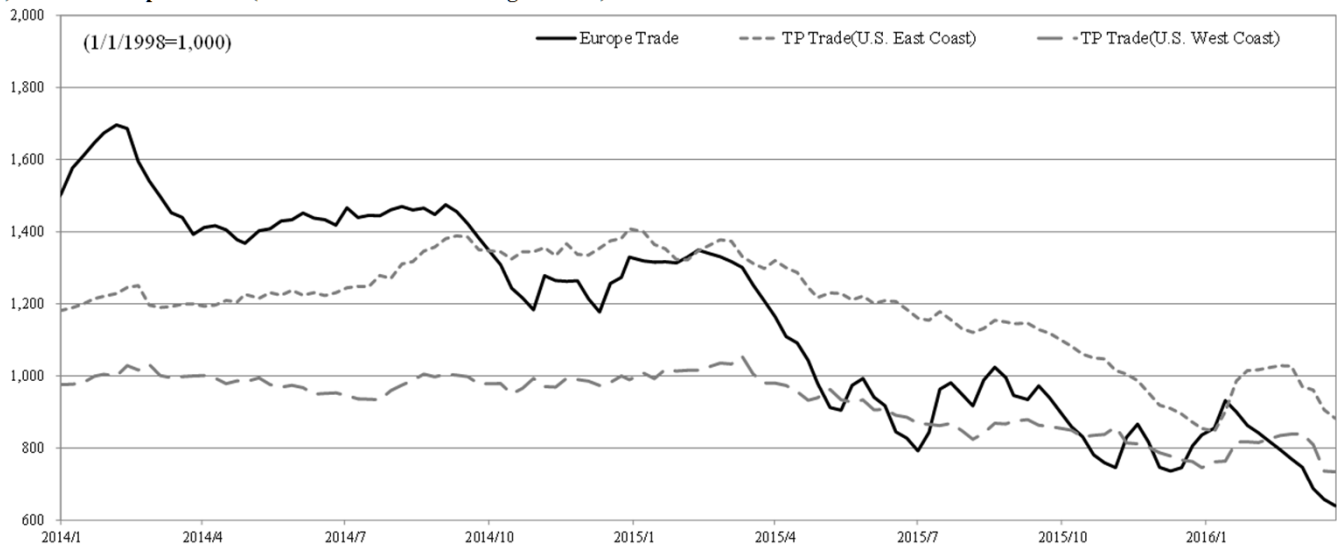


Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2014	110	111	85	80	70	78	97	95	76	93	110	136	95
2015	95	81	71	84	93	89	99	54	75	102	88	121	88
2016	77	60	72										70

Note: WS for 2014/2015 has been translated by the Flat Rate of 2016.

(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.