

# Mitsui O.S.K. Lines, Ltd.



Financial Highlights: The First Quarter Ended June 30, 2016

## 1. Consolidated Financial Highlights (from April 1, 2016 to June 30, 2016)

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

### (1) Operating Results

	(¥ Million)		(US\$ Thousand)
	Q1/FY2016	Q1/FY2015	Q1/FY2016
Revenues	360,079	449,435	3,498,970
Operating income (loss)	(3,573)	1,805	(34,720)
Ordinary income	733	10,892	7,123
Profit attributable to owners of parent	1,401	12,783	13,614
	(¥)		(US\$)
Net income per share	1.17	10.69	0.011
Diluted net income per share	1.08	9.87	0.010

### (2) Financial Position

	(¥ Million)		(US\$ Thousand)
	Q1/FY2016	FY2015	Q1/FY2016
Total Assets	2,183,555	2,219,587	21,218,103
Total Net Assets	619,006	646,924	6,015,023
Shareholders' Equity / Total assets	23.6%	24.4%	
	(¥)		(US\$)
Shareholders' Equity per share	430.45	452.28	4.183

\* Shareholders' Equity is defined as follows.

Shareholders' Equity = Total Net Assets - ( Share subscription rights + Non-controlling interests )

## 2. Dividends

	(¥)				
	Dividend per share				
	Q1	Q2	Q3	Year end	Total
FY2015	—	3.50	—	1.50	5.00
FY2016	—				
FY2016 (Forecast)		2.00	—	2.00	4.00

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

	(¥ Million)		(US\$ Thousand)
	1H/FY2016	FY2016	FY2016
Revenues	714,500	1,493,000	14,041,193
Operating loss	(3,000)	(5,000)	(47,023)
Ordinary income	3,000	10,000	94,047
Profit attributable to owners of parent	10,000	15,000	141,070
	(¥)		(US\$)
Net income per share	8.36	12.54	0.118

\* Underlying Assumption for FY2016 Forecast.

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

Q2/FY2016

Exchange Rate 1US\$=¥105.00

Bunker Price US\$ 260/MT

2H/FY2016

Exchange Rate 1US\$=¥105.00

Bunker Price US\$ 280/MT

( Translation of foreign currencies )

The Japanese yen amounts for Q1/FY2016 have been translated into U.S. dollars using the prevailing exchange rate at June 30, 2016, which was ¥102.91 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**

	Three months		(Billions of Yen)
	From Apr. 1 to Jun. 30, 2015	From Apr. 1 to Jun. 30, 2016	Year-on-year comparison (variance)
Revenue	449.4	360.0	(89.3) / (19.9) %
Operating income (loss)	1.8	(3.5)	(5.3) / -%
Ordinary income	10.8	0.7	(10.1) / (93.3) %
Profit attributable to owners of parent	12.7	1.4	(11.3) / (89.0) %
Exchange rate (three-month average)	¥120.02/US\$	¥110.31/US\$	¥(9.71)/US\$
Bunker price (three-month average)	US\$369/MT	US\$226/MT	US\$(143)/MT

In the global economy during the first three months of the fiscal year (FY) 2016 (April 1, 2016 to June 30, 2016), although the U.S. continued a trend of moderate recovery, a feeling of economic slowdown strengthened in Europe, among other factors resulted in uneven performance. The U.S. economy maintained a trend of recovery, supported by strong personal consumption and a firm bottom in housing investment, despite concerns over temporary deterioration in the employment environment. In Europe, personal consumption, which has been a main economic driver in recent years, appears unable to grow further and there is rising sentiment that the economy is headed for slowdown. In China economic slowdown appears to be in remission as a result of a strong recovery in personal consumption in the latter half of the period, despite a continuing slowdown in fixed asset investment. In Japan, meanwhile, economic recovery continued to stall due to weak growth in exports and personal consumption.

Looking at the maritime shipping market conditions, the dry bulker market remained weak due to the unresolved full-scale perception of vessel oversupply, despite various factors improving the market, such as the effect of intensive chartering activities by major shippers in Western Australia, strong grain shipments from South America, and improved demand for coal transportation. The very large crude oil carrier (VLCC) market saw upward pressure from time to time owing to a tight balance between supply and demand, but overall, the decrease in cargo volume from the seasonal drop off in demand has led to the market following a weakening trend since the beginning of the year. In the containership freight market, although improvements in the supply and demand environment on Asia-Europe and Asia-South America routes facilitated a recovery in the spot freight rates, the market continued to be difficult overall due to significant falls in the one-year contract freight rates, notably on the Asia-North America routes due to the impact of last year's weak market conditions.

The average exchange rate of Japanese yen against the U.S. dollar during the first three months appreciated by ¥9.71 year on year to ¥110.31. The average bunker price during the first three months fell by US\$143/MT year on year to US\$226/MT.

As a result of the above, we recorded revenue of ¥360.0 billion, operating loss of ¥3.5 billion, ordinary income of ¥0.7 billion and profit attributable to owners of parent of ¥1.4 billion.

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)

	Three months		Year-on-year comparison (variance)
	From Apr. 1 to Jun. 30, 2015	From Apr. 1 to Jun. 30, 2016	
Bulkships	216.9	178.8	(38.1) / (17.6)%
	10.8	8.4	(2.3) / (21.8)%
Containerships	195.0	147.2	(47.8) / (24.5)%
	(5.0)	(11.6)	(6.6) / -%
Ferries and Coastal RoRo Ships	11.2	10.3	(0.9) / (8.2)%
	0.8	0.9	0.1 / 12.3%
Associated Businesses	32.7	29.8	(2.8) / (8.8)%
	2.5	3.1	0.5 / 23.3%
Others	3.3	3.4	0.1 / 3.7%
	1.3	0.6	(0.7) / (51.0)%

Note: Revenue includes internal sales or transfers among segments.

#### (A) Bulkships

##### <Dry Bulkers>

In the Capesize bulker market, although there was improvement from April onwards due to a tighter balance between vessel supply and demand for a short period owing to increased chartering activities by major shippers in Western Australia, this improvement was limited and the market remained at a standstill in the high-end of the US\$6,000 range per day on average. The markets for Panamax on down, mid- and small-sized vessels managed to evade bottom price levels due to such upward pressures as strong grain shipments from South America and firm demand for coal transportation, but overall, the markets remained weak because of the unresolved oversupply of vessels. In the dry bulker division overall, as we saw little chance of fundamental improvement in the market environment for the time being, we focused on reducing the fleet of Capesize bulkers under spot operation and fundamentally redesigning our business model for the mid- and small-sized vessels. As a result, ordinary profit/loss improved year on year, and we reported black ink in ordinary income for the first three months of the fiscal year.

##### <Tankers/LNG Carriers>

The very large crude oil carrier (VLCC) market sometimes saw upward pressure owing to a tight balance between supply and demand, but overall, the decrease in cargo volume from the seasonal drop off in demand has led to the market following a weakening trend since the beginning of the year. In the product tanker market, although the trade volumes for Europe-bound middle distillates from Middle-Eastern refineries and for Far East-bound naphtha were firm, trade volumes for vegetable oils, etc. weakened and new vessels were delivered to the market, which created stronger supply against demand and weakened the market overall. In the LPG carrier business, the market fell on account of not only the limited arbitrage-trading from the U.S. owing to low LPG prices in the Asian region, but also the pressure of extra supply arising from new vessel deliveries. Facing such market conditions, the tanker division experienced a

profit decrease year on year, but nevertheless achieved a certain profit for the first three months of the fiscal year as a result of stable fulfilment of long-term contracts and ceaseless efforts to improve operating efficiency through pool operations and cost reduction.

The LNG carrier market was weak overall as the market has yet been able to absorb the oversupply of vessels, despite the trend of increasing ocean cargo volume due mainly 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 improvement in ordinary income year on year. The Offshore business also realized increase of ordinary income year on year owing to an accumulation of long-term contracts.

#### <Car Carriers>

In the car carrier division, transportation of completed cars to the U.S. and Europe were firm. Meanwhile, transportation to resource-producing countries and emerging countries weakened owing to those countries continuing to experience economic slowdown amid low resource prices, etc. As a result, although the division took positive steps to improve operation efficiency in response to changes in the trade pattern, ordinary profit/loss deteriorated year on year.

#### (B) Containerships

On Asia-North America routes, as a result of a decline in cargo volumes from Asia, the spot freight market fell considerably for routes to the North American both west and east coasts. On Asia-Europe routes, although the freight market switched to an upward trend as a counteraction to last year's record-low freight levels during a period of a slump in cargo volumes from Asia, it nevertheless continued at a low level. On Asia-South America Routes, the spot freight market remarkably rose as a result of improvements in the supply and demand balance due to the measures by each container shipping line, including the Company, to rationalize services, despite the continuation of weak cargo volumes from Asia to the east coast of South America on account of economic downturn in Brazil and other factors. Meanwhile, for one-year contract freight, there were considerable year-on-year declines in rates, particularly on Asia-North America routes, due to the impact of last year's stagnation in the spot freight market. Under this business environment the ordinary loss in the Containerships segment deepened year on year despite efforts not only to reduce vessel costs through business structural reforms, and improve capacity utilization rates on both dominant and return legs of the Asia-North America and Asia-Europe routes through stronger sales capabilities, but also to cut operation costs by reducing the expenses of positioning empty containers through improved yield management, and continuously to scale down the space supply.

#### (C) Ferries and Coastal RoRo Ships

In the ferries and coastal RoRo ships segment, cargo volumes were firm reflecting the continuation of

demand for freight transportation against the backdrop of a shortage of truck drivers. 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 income at almost the same level year on year.

(D) Associated Businesses

The cruise ship business achieved a year-on-year improvement in ordinary income/loss as a result of the Nippon Maru enjoying strong passenger numbers. In the real estate business, ordinary income 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 income 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 income in this segment decreased year on year.

## 5. Financial Position

Total assets as of June 30, 2016 decreased by 36.0 billion yen compared to the balance as of the end of the previous fiscal year, to 2,183.5 billion yen. This was primarily due to the decrease in Construction in progress and Investment securities.

Total liabilities as of June 30, 2016 decreased by 8.1 billion yen compared to the balance as of the end of the previous fiscal year, to 1,564.5 billion yen. This was primarily due to the decrease in Deferred tax liabilities.

Total net assets as of June 30, 2016 decreased by 27.9 billion yen compared to the balance as of the end of the previous fiscal year, to 619.0 billion yen. This was primarily due to the decrease in Foreign currency translation adjustment.

As a result, shareholders' equity ratio decreased by 0.8% compared to the ratio as of the end of the previous fiscal year, to 23.6%.

**6. Outlook for FY2016**

For the first half of FY2016

(Billions of Yen)

	Initial outlook (When announced on April 28, 2016)	Latest outlook (When announced Q1)	Comparison (variance)
Revenue	759.0	714.5	(44.5) / (5.9)%
Operating income (loss)	(0.5)	(3.0)	(2.5) / -%
Ordinary income	7.5	3.0	(4.5) / (60.0)%
Profit attributable to owners of parent	7.5	10.0	2.5 / 33.3%

Exchange rate	¥108.00/US\$	¥105.00/US\$	¥(3.00)/US\$
Bunker price	US\$220/MT	US\$260/MT	US\$40/MT
	(Assumption for the first half of FY2016)	(Assumption for Q2)	

For FY2016

	Initial outlook (When announced on April 28, 2016)	Latest outlook (When announced Q1)	Comparison (variance)
Revenue	1,516.0	1,493.0	(23.0) / (1.5)%
Operating income	3.0	(5.0)	(8.0) / -%
Ordinary income	20.0	10.0	(10.0) / (50.0)%
Profit attributable to owners of parent	20.0	15.0	(5.0) / (25.0)%

Exchange rate	¥108.00/US\$	105.00¥/US\$	¥(3.00)/US\$
Bunker price	US\$230/MT	US\$280/MT	US\$50/MT
	(Assumption for FY2016)	(Assumption for the second half of FY2016)	

Looking ahead at the second quarter and beyond, we assume the world economy will continue to gently expand, supported particularly by the United States, despite growth rates in the economies of China, Europe and other countries showing trends of either leveling off or weakening. However, recognizing such risks as interest rates rising in the United States, China's economy slowing more than expected, and the general uncertainty surrounding the United Kingdom's decision to leave the EU, we foresee a continuation of the current unpredictability of the situation.

Looking at the dry bulker market, although the market is improving from its position at the beginning of the year when all vessel types were experiencing record-low rates, we don't expect any significant improvements other than seasonal and short-term market fluctuations, forecasting no dramatic changes in the uncertainty regarding the direction of the Chinese economy or the market fundamentals such as vessel supply and demand.

We expect the very large crude oil carrier (VLCC) market and the product tanker market to be comparatively firm. Although there will be a temporary drop during the summer, we are expecting cargo

volume to pick up again during the winter demand period. As for containerships, we can expect certain rises in the spot freight market over summer as a result of the typical annual trends of increased cargo volume departing from Asia in the latter half of the year for the Christmas trading season, etc. However, at the same time, we are assuming a continuation of unstable freight markets due to such factors as the rising level of uncertainty concerning the global economic outlook.

In consideration of these prospects, for the first six months of FY2016, we project revenue of ¥714.5 billion, operating loss of ¥3.0 billion, ordinary income of ¥3.0 billion and profit attributable to owners of parent of ¥10.0 billion.

For the full year, we project revenue of ¥1,493.0 billion, operating loss of ¥5.0 billion, ordinary income of ¥10.0 billion and profit attributable to owners of parent of ¥15.0 billion.

At present, we plan to pay an annual dividend of ¥4 per share (including an interim dividend of ¥2 per share) for FY2016. As indicated above, changes have been made to the outlook released on April 28, 2016. Please refer to the announcement "Revisions of the Outlook for First-half and Full-year FY2016" released today (July 29, 2016).

## 7. 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 June 30, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	146,260	226,560
Trade receivables	130,293	117,114
Marketable securities	20,000	10,000
Inventories	27,860	26,424
Deferred and prepaid expenses	66,101	63,702
Deferred tax assets	1,449	1,448
Other current assets	65,486	62,953
Allowance for doubtful accounts	(975)	(1,009)
<b>Total current assets</b>	<b>456,475</b>	<b>507,193</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Vessels	822,269	811,416
Buildings and structures	159,483	156,117
Equipment and others	22,827	20,776
Furniture and fixtures	4,481	4,671
Land	221,614	221,568
Construction in progress	143,342	117,752
Other tangible fixed assets	2,412	2,431
<b>Total tangible fixed assets</b>	<b>1,376,431</b>	<b>1,334,733</b>
Intangible fixed assets	33,483	32,341
<b>Investments and other assets</b>		
Investment securities	215,055	194,063
Long-term loans receivable	49,014	40,856
Long-term prepaid expenses	3,565	3,360
Net defined benefit asset	13,291	13,047
Deferred tax assets	4,422	5,050
Other investments and other assets	69,909	54,870
Allowance for doubtful accounts	(2,061)	(1,961)
<b>Total investments and other assets</b>	<b>353,197</b>	<b>309,286</b>
<b>Total fixed assets</b>	<b>1,763,112</b>	<b>1,676,362</b>
<b>Total assets</b>	<b>2,219,587</b>	<b>2,183,555</b>



(¥Million)

	As of March 31, 2016	As of June 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables	127,171	116,235
Short-term bonds	45,000	35,000
Short-term bank loans	107,976	184,617
Accrued income taxes	4,871	3,379
Advances received	29,326	28,977
Deferred tax liabilities	711	1,134
Allowance for bonuses	4,484	3,090
Allowance for directors' bonuses	130	26
Other current liabilities	144,120	121,697
<b>Total current liabilities</b>	<b>463,794</b>	<b>494,159</b>
<b>Fixed liabilities</b>		
Bonds	220,840	215,955
Long-term bank loans	648,116	646,069
Lease obligations	20,947	19,341
Deferred tax liabilities	81,553	47,682
Directors' and corporate auditors' retirement benefits	1,659	1,414
Reserve for periodic drydocking	14,854	16,473
Net defined benefit liabilities	13,442	12,891
Other fixed liabilities	107,454	110,560
<b>Total fixed liabilities</b>	<b>1,108,868</b>	<b>1,070,389</b>
<b>Total liabilities</b>	<b>1,572,662</b>	<b>1,564,549</b>
<b>Net assets</b>		
<b>Owners' equity</b>		
Common stock	65,400	65,400
Capital surplus	45,388	45,388
Retained earnings	354,179	353,785
Treasury stock	(6,847)	(6,847)
<b>Total owners' equity</b>	<b>458,121</b>	<b>457,727</b>
<b>Accumulated other comprehensive income</b>		
Unrealized holding gains on available-for-sale securities, net of tax	20,950	14,019
Unrealized gains on hedging derivatives, net of tax	35,033	29,460
Foreign currency translation adjustments	26,885	13,469
Remeasurements of defined benefit plans, net of tax	(39)	166
<b>Total accumulated other comprehensive income</b>	<b>82,830</b>	<b>57,116</b>
Share subscription rights	2,681	2,369
Non-controlling interests	103,292	101,794
<b>Total net assets</b>	<b>646,924</b>	<b>619,006</b>
<b>Total liabilities and net assets</b>	<b>2,219,587</b>	<b>2,183,555</b>

## (2) Consolidated Statements of Income

(¥Million)

	FY2015 (Apr.1, 2015 - Jun.30, 2015)	FY2016 (Apr.1, 2016 - Jun.30, 2016)
Shipping and other revenues	449,435	360,079
Shipping and other expenses	419,224	335,929
Gross operating income	30,211	24,150
Selling, general and administrative expenses	28,405	27,723
Operating income (loss)	1,805	(3,573)
Non-operating income		
Interest income	832	1,133
Dividend income	2,072	1,901
Equity in earnings of affiliated companies	1,720	435
Foreign exchange gains	7,170	5,072
Others	1,125	645
Total non-operating income	12,920	9,188
Non-operating expenses		
Interest expense	3,369	4,327
Others	464	554
Total non-operating expenses	3,834	4,882
Ordinary income	10,892	733
Extraordinary income		
Gain on sale of fixed assets	6,014	1,829
Others	1,213	4,250
Total extraordinary income	7,227	6,080
Extraordinary losses		
Loss on sale of fixed assets	392	118
Others	1,288	1,534
Total extraordinary losses	1,680	1,653
Income before income taxes and non-controlling interests	16,439	5,160
Income taxes	2,607	2,601
Net income	13,831	2,559
Profit attributable to non-controlling interests	1,047	1,157
Profit attributable to owners of parent	12,783	1,401

## (3) Consolidated Statements of Comprehensive Income

(¥ Million)

	FY2015 (Apr.1, 2015 - Jun.30, 2015)	FY2016 (Apr.1, 2016 - Jun.30, 2016)
Net income	13,831	2,559
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	5,358	(7,331)
Unrealized gains on hedging derivatives, net of tax	(2,097)	(1,140)
Foreign currency translation adjustments	(6,650)	(8,399)
Remeasurements of defined benefit plans, net of tax	(169)	205
Share of other comprehensive income (loss) of associates accounted for using equity method	(3,986)	(11,927)
Total other comprehensive income	(7,544)	(28,593)
Comprehensive income	6,286	(26,033)
(Breakdown)		
Comprehensive income attributable to owners of parent	5,720	(24,312)
Comprehensive income attributable to non-controlling interests	565	(1,721)

## (4) Consolidated Statements of Cash flows

(¥ Million)

	FY2015 (Apr.1, 2015 –Jun.30, 2015)	FY2016 (Apr.1, 2016 –Jun.30, 2016)
<b>Cash flows from operating activities</b>		
Income before income taxes and non-controlling interests	16,439	5,160
Depreciation and amortization	22,855	21,163
Equity in losses (earnings) of affiliated companies	(1,720)	(435)
Various provisions (reversals)	(556)	(7,014)
Decrease (Increase) in net defined benefit assets	(176)	536
Increase (Decrease) in net defined benefit liabilities	(51)	(233)
Interest and dividend income	(2,904)	(3,035)
Interest expense	3,369	4,327
Loss (Gain) on sale and retirement of vessels, property and equipment	(5,609)	(1,704)
Foreign exchange loss (gain), net	(6,671)	(5,591)
Decrease (Increase) in trade receivables	385	11,000
Decrease (Increase) in inventories	2,855	1,053
Increase (Decrease) in trade payables	3,696	(9,066)
Others, net	4,046	(8,596)
Sub total	35,959	7,565
Interest and dividend income received	3,547	4,751
Interest expenses paid	(3,335)	(4,994)
Income taxes paid	(7,960)	(2,990)
Net cash provided by (used in) operating activities	28,210	4,331
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(650)	(1,181)
Proceeds from sale and redemption of investment securities	0	1,535
Purchase of vessels and other tangible and intangible fixed assets	(27,802)	(27,025)
Proceeds from sale of vessels and other tangible and intangible fixed assets	27,368	7,628
Net decrease (increase) in short-term loans receivables	1,240	329
Disbursements for long-term loans receivables	(11,525)	(3,523)
Collection of long-term loans receivables	20,653	7,450
Others, net	722	(61)
Net cash provided by (used in) investing activities	10,007	(14,846)

(¥Million)

	FY2015 (Apr.1, 2015 –Jun.30, 2015)	FY2016 (Apr.1, 2016 –Jun.30, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	277	81,892
Net increase (decrease) in commercial paper	(1,000)	—
Proceeds from long-term bank loans	38,796	50,555
Repayments of long-term bank loans	(60,217)	(28,539)
Redemption of bonds	—	(10,000)
Purchase of treasury stock	(10)	(2)
Sale of treasury stock	5	0
Cash dividends paid by the company	(4,757)	(1,755)
Cash dividends paid to non-controlling interests	(554)	(554)
Others, net	(431)	(415)
Net cash provided by (used in) financing activities	(27,891)	91,181
Effect of foreign exchange rate changes on cash and cash equivalents	(1,068)	(9,823)
Net increase (decrease) in cash and cash equivalents	9,257	70,842
Cash and cash equivalents at beginning of year	128,801	159,449
Cash and cash equivalents at end of quarter	138,059	230,292

**(5) Segment Information**

Business segment information:

(¥Million)

Q1 / FY2015 (Apr.1 - Jun.30, 2015)	Reportable Segment					Others *1	Total	Adjust- ment *2	Consoli- dated *4
	Bulk- ships	Container - ships	Ferries & Coastal RoRo Ships	Associated Businesses	Sub Total				
Revenues									
1.Revenues from external customers	216,859	194,530	11,198	24,884	447,472	1,962	449,435	—	449,435
2.Inter-segment revenues	117	507	48	7,857	8,531	1,411	9,942	(9,942)	—
Total Revenues	216,976	195,038	11,247	32,741	456,004	3,373	459,377	(9,942)	449,435
Segment income (loss)	10,868	(5,001)	819	2,521	9,208	1,385	10,593	298	10,892

(¥Million)

Q1 / FY2016 (Apr.1 - Jun.30, 2016)	Reportable Segment					Others *1	Total	Adjust- ment *3	Consoli- dated *4
	Bulk- ships	Container - ships	Ferries & Coastal RoRo Ships	Associated Businesses	Sub Total				
Revenues									
1.Revenues from external customers	178,773	146,732	10,280	22,472	358,257	1,821	360,079	—	360,079
2.Inter-segment revenues	30	489	43	7,403	7,966	1,675	9,642	(9,642)	—
Total Revenues	178,803	147,221	10,323	29,876	366,224	3,497	369,722	(9,642)	360,079
Segment income (loss)	8,494	(11,652)	921	3,108	871	678	1,550	(816)	733

\* 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. Adjustment in Segment income (loss) of 298 million yen include the following:  
-952 million yen of corporate profit which is not allocated to segments, 1,773 million yen of adjustment for management accounting and -522 million yen of inter-segment transaction elimination.

\* 3. Adjustment in Segment income (loss) of -816 million yen include the following:  
-1,572 million yen of corporate profit which is not allocated to segments, 1,668 million yen of adjustment for management accounting and -912 million yen of inter-segment transaction elimination.

\* 4. Segment income (loss) corresponds to ordinary income in the consolidated statements of income.

**[ 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			
Operating income	(3,573)			
Ordinary income (Loss)	733			
Income before income taxes	5,160			
Profit attributable to owners of parent	1,401			
Net income (*) per share [ ¥]	1.17			
Total Assets [ ¥ Millions]	2,183,555			
Total Net Assets	619,006			

(\*) Profit 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 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

**2. Depreciation and Amortization**

			(¥ Millions)	(¥ Millions)
	Three months ended Jun.30, 2015	Three months ended Jun.30, 2016	Increase / Decrease	FY2015
Vessels	17,556	16,032	(1,524)	70,107
Others	5,299	5,131	(168)	22,664
<b>Total</b>	<b>22,855</b>	<b>21,163</b>	<b>(1,692)</b>	<b>92,771</b>

**3. Interest-bearing Debt**

			(¥ Millions)	
	As of Mar.31, 2016	As of Jun.30, 2016	Increase / Decrease	As of Jun.30, 2015
Bank loans	756,093	830,687	74,594	856,949
Bonds	265,840	250,955	(14,885)	286,325
Commercial paper	—	—	—	4,500
Others	23,046	21,165	(1,881)	24,519
<b>Total</b>	<b>1,044,980</b>	<b>1,102,807</b>	<b>57,827</b>	<b>1,172,294</b>

**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	72	6,557	70	11,305	28	2,131	52	854	16	1,168
Chartered	322	25,589	94	3,693	1	78	67	1,140	78	5,635
Others	1	1	-	-	2	143	-	-	-	-
<b>As of Jun.30, 2016</b>	<b>395</b>	<b>32,147</b>	<b>164</b>	<b>14,999</b>	<b>31</b>	<b>2,351</b>	<b>119</b>	<b>1,994</b>	<b>94</b>	<b>6,804</b>
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	-	-	250	22,079
Chartered	4	20	-	-	2	13	568	36,169
Others	-	-	-	-	-	-	3	144
<b>As of Jun.30, 2016</b>	<b>15</b>	<b>80</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>13</b>	<b>821</b>	<b>58,392</b>
As of Mar.31, 2016	15	82	1	5	2	13	830	58,637

(\*)including coastal bulkers

**5. Exchange Rates**

	Three months ended Jun.30, 2015	Three months ended Jun.30, 2016	Change			FY2015
Average rates	¥120.02	¥110.31	¥9.71	[8.1%]	JPY Appreciated	¥120.62
Term-end rates	¥122.45	¥102.91	¥19.54	[16.0%]	JPY Appreciated	¥112.68

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.

&lt;Overseas subsidiaries&gt;

	TTM on Mar/31/2015	TTM on Mar/31/2016	Change			TTM on Dec/31/2015
Term-end rates	¥120.17	¥112.68	¥7.49	[6.2%]	JPY Appreciated	¥120.61

**6. Average Bunker Prices**

	Three months ended Jun.30, 2015	Three months ended Jun.30, 2016	Increase / Decrease
Purchase Prices	US\$369/MT	US\$226/MT	US\$(143)/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							485

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

Source : researched by MOL

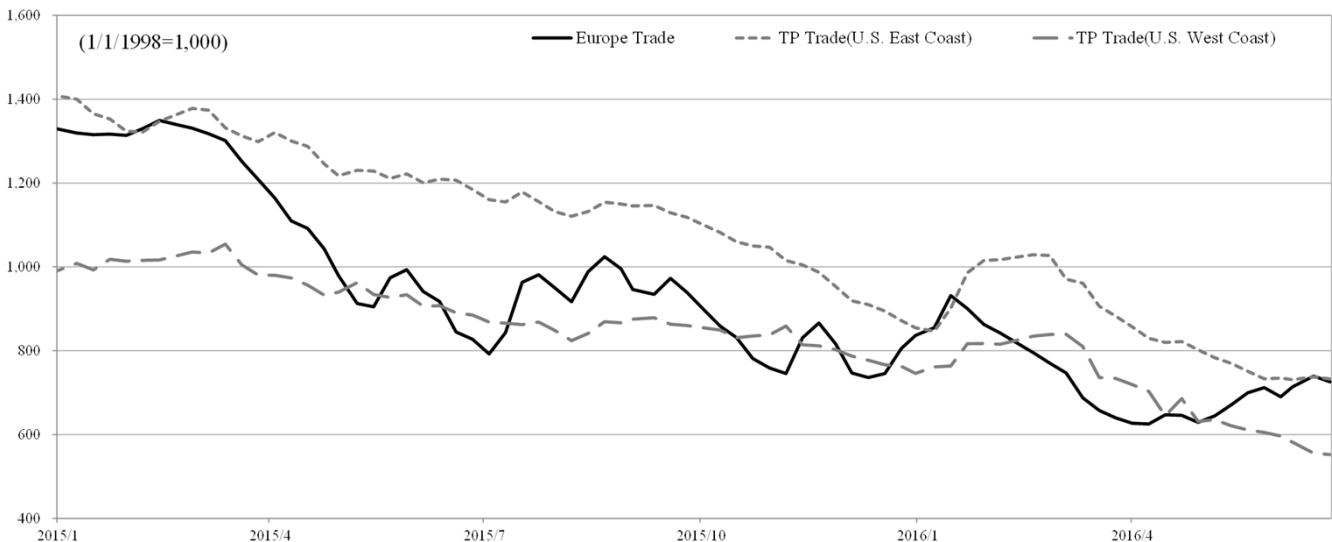


Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2015	95	81	71	84	93	89	99	54	75	102	88	121	88
2016	77	60	72	64	62	53							65

Note: WS for 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.