

Mitsui O.S.K. Lines, Ltd.

Financial Highlights: The Third Quarter Ended December 31, 2017

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

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

(1) Operating Results

| | (¥ Million) | | (US\$ Thousand) |
|--|-------------|-----------|-----------------|
| | Q3/FY2017 | Q3/FY2016 | Q3/FY2017 |
| Revenues | 1,239,661 | 1,081,440 | 10,970,451 |
| Operating profit (loss) | 24,364 | (2,078) | 215,611 |
| Ordinary profit | 34,564 | 13,811 | 305,876 |
| Profit attributable to owners of parent | 29,229 | 19,026 | 258,664 |
| | (¥) | | (US\$) |
| Net income per share | 244.40 | 159.08 | 2.163 |
| Diluted net income per share | 225.70 | 146.99 | 1.997 |

*The Company consolidated its common shares on the basis of one (1) unit for every ten (10) shares effective October 1, 2017. Accordingly, net income per share and diluted net income per share are calculated on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year ended March 31, 2017.

(2) Financial Position

| | (¥ Million) | | (US\$ Thousand) |
|--|-------------|-----------|-----------------|
| | Q3/FY2017 | FY2016 | Q3/FY2017 |
| Total assets | 2,251,848 | 2,217,528 | 19,927,858 |
| Total net assets | 714,061 | 683,621 | 6,319,124 |
| Shareholders' equity / Total assets | 26.6% | 25.8% | |
| | (¥) | | (US\$) |
| Shareholders' equity per share | 5,003.19 | 4,782.25 | 44.276 |

* Shareholders' equity is defined as follows.

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

* Shareholder's equity per share is calculated on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year ended March 31, 2017.

2. Dividends

| | (¥) | | | | |
|--------------------------|--------------------|------|----|----------|-------|
| | Dividend per share | | | | |
| | Q1 | Q2 | Q3 | Year end | Total |
| FY2016 | — | 2.00 | — | 0.00 | 2.00 |
| FY2017 | — | 1.00 | | | |
| FY2017 (Forecast) | | | — | 10.00 | — |

* The forecasted year-end dividend per share for the fiscal year ending March 31, 2018 represents the amount with impacts from the consolidation of shares taken into consideration and the total annual dividend is indicated as “—.” The forecasted year-end dividend per share for the fiscal year ending March 31, 2018 in the case the consolidation of shares is not taken into consideration is ¥1.00, and the annual dividend per share is ¥2.00. For more details, please see “Statement on the Appropriate Use of Financial Forecasts and Other Special Remarks.”

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

| | (¥ Million) | (US\$ Thousand) |
|--|-------------|-----------------|
| | FY2017 | FY2017 |
| Revenues | 1,630,000 | 14,682,039 |
| Operating profit | 25,000 | 225,185 |
| Ordinary profit | 25,000 | 225,185 |
| Profit attributable to owners of parent | 10,000 | 90,074 |
| | (¥) | (US\$) |
| | FY2017 | FY2017 |
| Net income per share | 83.61 | 0.753 |

* Net income per share in the forecast for the fiscal year ending March 31, 2018 reflects impacts from the consolidation of shares. For more details, please see "Statement on the Appropriate Use of Financial Forecasts and Other Special Remarks."

* Underlying Assumption for FY2017 Forecast.

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

4Q/FY2017 (Jan. 1 2018-Mar. 31 2018)

Exchange Rate 1US\$=¥110.00

Bunker Price US\$ 380/MT

FY2017

Exchange Rate 1US\$=¥111.02

Bunker Price US\$ 351/MT

(Translation of foreign currencies)

The Japanese yen amounts for Q3/FY2017 have been translated into U.S. dollars using the prevailing exchange rate at December 31, 2017, which was ¥113.00 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.)

(Statement on the Appropriate Use of Financial Forecasts and Other Special Remarks)

(Dividends and Consolidated Financial Forecasts after Consolidation of Shares)

The consolidation of shares was approved at the Ordinary General Meeting of Shareholders on June 27, 2017, and the Company consolidated its common shares on the basis of one (1) unit for every ten (10) shares effective October 1, 2017. The dividend and consolidated financial forecasts for the fiscal year ending March 31, 2018 without consolidation of shares taken into consideration are as follows:

1. Dividend Forecast for the Fiscal Year Ending March 31, 2018

Dividend per share: second quarter-end: ¥1.00 (Note 1); fiscal year-end: ¥1.00 (Note 2)

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

Net income per share: ¥8.36. for the full year

(Note 1) The dividend for the second quarter-end was paid for the number of shares before the consolidation of shares.

(Note 2) The amount represents the dividend without the consolidation of shares taken into consideration.

(Note 3) The annual dividend for the fiscal year ending March 31, 2018 (without the consolidation of shares taken into consideration) is ¥2.00.

4. Business Performance

(Billions of Yen)

| | Nine months | | Year-on-year comparison (variance) |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| | From Apr. 1, 2016 to Dec. 31, 2016 | From Apr. 1, 2017 to Dec. 31, 2017 | |
| Revenue | 1,081.4 | 1,239.6 | 158.2 / 14.6 % |
| Operating profit (loss) | (2.0) | 24.3 | 26.4 / - % |
| Ordinary profit (loss) | 13.8 | 34.5 | 20.7 / 150.3 % |
| Profit/(loss) attributable to owners of parent | 19.0 | 29.2 | 10.2 / 53.6 % |
| Exchange rate (nine-month average) | ¥106.38/US\$ | ¥111.36/US\$ | ¥4.98/US\$ |
| Bunker price (nine-month average) | US\$265/MT | US\$341/MT | US\$76/MT |

In the global economy during the first nine months of the fiscal year (FY) 2017 (April 1, 2017 to December 31, 2017), the U.S. economy grew firmly supported by improvement in the employment and income environments due to favorable corporate business conditions, despite some impact from hurricane damage. The European economy continued to mount a firm recovery due also to continued favorable corporate business conditions and an improving employment environment. The Chinese economy slowed moderately amid tightening financial supervision and environmental regulations by the government, despite steady increases in personal consumption and exports. Meanwhile, the Japanese economy continued its period of recovery, experiencing increased exports, expanded domestic demand and improving corporate earnings, as well as a favorable employment situation.

Looking at the maritime shipping market conditions, the dry bulker market had only a limited downturn ahead of the Anniversary of the Founding of the People's Republic of China and overall proceeded firmly, due to strong vessel demand and recovery in Brazil's iron-ore prices, as well as robust orders for grain shipments from the U.S. Gulf and the east coast of South America and firm coal demand during the winter in China. The very large crude oil carrier (VLCC) market was at low levels for the first half, due to factors that include permeating adverse effects of decisions by OPEC countries to reduce oil production along with a steady pace of new vessel deliveries, and these low levels have continued. In the containership freight market, on the Asia-North America and Asia-Europe routes, demand continued to proceed firmly as cargo volumes from Asia reached a record high. Nevertheless, the rise in the spot freight market was limited due to the deployment of new containerships, etc.

The average exchange rate of Japanese yen against the U.S. dollar during the first nine months depreciated by ¥4.98 year on year to ¥111.36. The average bunker price during the same period rose by US\$76/MT year on year to US\$341/MT.

As a result of the above, we recorded revenue of ¥1,239.6 billion, operating profit of ¥24.3 billion, ordinary profit of ¥34.5 billion and profit attributable to owners of parent of ¥29.2 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)

| | | Nine months | | Year-on-year comparison (variance) |
|----------------------------|--|------------------------------------|------------------------------------|------------------------------------|
| | | From Apr. 1, 2016 to Dec. 31, 2016 | From Apr. 1, 2017 to Dec. 31, 2017 | |
| Dry Bulk Business | | 193.3 | 200.2 | 6.9 / 3.6% |
| | | 9.3 | 11.2 | 1.8 / 19.8% |
| Energy Transport Business | | 186.3 | 202.4 | 16.0 / 8.6% |
| | | 17.9 | 9.3 | (8.5) / (47.7)% |
| Product Transport Business | Containerships | 447.6 | 567.4 | 119.7 / 26.8% |
| | | (26.1) | (0.3) | 25.7 / - % |
| | Car Carriers, Ferries and Coastal RoRo Ships | 182.4 | 196.9 | 14.4 / 7.9% |
| | | 2.2 | 5.2 | 3.0 / 134.6% |
| Associated Businesses | | 89.0 | 89.1 | 0 / 0.1% |
| | | 9.1 | 10.2 | 1.1 / 12.3% |
| Others | | 16.6 | 17.5 | 0.9 / 5.5% |
| | | 1.9 | 2.3 | 0.3 / 20.4% |

Note: Revenue includes internal sales or transfers among segments.

(A) Dry Bulk Business

The Capesize bulker market had only a limited downturn ahead of the Anniversary of the Founding of the People's Republic of China and was showing an underlying firmness. Then against a backdrop of strong chartering activities by major shippers in Western Australia and a recovery in Brazil's iron-ore prices, the market rose sharply from November, reaching US\$30,000 per day for the first time in four years in mid-December. Afterward transactions were limited during the Christmas holidays, and the market fell.

The Panamax market proceeded with a firm bottom in early October due to firm orders for grain shipments from the U.S. Gulf and the east coast of South America, and in the Pacific Ocean, the market index recorded the highest value of all of 2017. Coal imports softened in China around the National Congress of the Communist Party, and the market responded by dropping from late October. However, from mid-November onward, in the Pacific Ocean, orders for coal from Eastern Australia and Indonesia increased in response to China's winter heating demand. Meanwhile, in the Atlantic Ocean, competition between intra-regional drybulk shipments and grain shipments from the east coast of South America led to a tightening of vessel supply, providing a boost to the market until the start of the Christmas holidays and the market index recorded the highest value of all of 2017. The markets for the handymax and smaller-sized bulkers also proceeded firmly overall. Facing such market conditions, the dry bulker division increased its ordinary profit year on year due to ongoing efforts to reduce costs, in addition to a more upbeat market.

(B) Energy Transport Business

<Tankers>

The very large crude oil carrier (VLCC) market proceeded at low levels in the first half due to factors that include permeating adverse effects of decisions by OPEC countries to reduce oil production along with arrival of the spring and summer low-demand period, combined with other factors such as a steady pace of

new vessel deliveries. In the third quarter as well, the market continued at low levels regardless of the winter demand period due to an oversupply of vessels for cargo from the Middle East. The product tanker market continued to proceed weakly in the first half due to factors such as a slowdown in cargo volumes between East and West along with increased pressures of supply arising from new vessel deliveries, despite a brief surge in the market brought about by hurricanes striking the U.S. Meanwhile in the third quarter, the low levels continued from the first half as the boost to the market from winter demand was limited despite cold snaps in the U.S. and Europe. The LPG carrier market followed a downward trend for the first half amid a standstill in arbitrage-trading from the U.S. to Asia brought about by diminishing LPG price variations, but the market rebounded upward for the third quarter due to firm LPG shipments mainly from the U.S., aside from several temporary ups and downs due to the fluctuations in the vessel supply and demand balance. Facing these conditions, the tanker division has recorded an ordinary profit for the first nine months, having made ceaseless efforts to improve operating efficiency and reduce costs through pool operations, in addition to having achieved stable fulfillment of long-term contracts.

<LNG Carriers/Offshore business>

The LNG carrier division recorded a stable ordinary profit mainly through medium- to long-term charter contracts, including three newly built vessels. The offshore business division also recorded a stable ordinary profit, brought about by operations of a new FPSO unit and the favorable revenues from the subsea support vessel business.

(C) Product Transport Business

<Containerships>

On the Asia-North America routes, demand continued to proceed firmly as cargo volumes from Asia reached a record high. On the other hand, upward momentum with respect to spot freight market was limited, even during the busy summer season, as the supply and demand balance did not tighten due to increased vessel supply as a result of the deployment of new containerships, etc. On Asia-Europe routes also, upward momentum with respect to spot freight rates was marginal despite the highest ever cargo volumes from Asia. The backhaul cargo volumes from Europe to Asia have also increased since the beginning of the year, which led to a rise in the spot freight market and greatly contributed to route profitability. On the Asia-East Coast of South America routes, cargo volumes from Asia entered a recovery track with full swing, which has led to the spot freight market proceeding in the high value range from the beginning of spring. Although there was a temporary drop in the spot freight market in part due to increased supply as a result of respective companies in the market allocating temporary vessels, the spot freight rates rose again from October to high levels. Under this business environment, and thanks also to the contribution from annual contract freight rates that have risen upon renewals since the start of the year and efforts to cut operation costs by reducing the expenses of repositioning empty containers through improved yield management, the ordinary loss in the containership business was reduced year on year.

<Car Carriers>

Although the transportation volume of completed cars continued to be firm to North America, Asia and Oceania, there are no prospects of a full-fledged recovery to the resource-producing countries under the current climate of sluggish resource prices. As a result of ceaseless efforts to strengthen profitability through reducing the number of ships and improving operation efficiency in response to changes in the trade pattern, the car carrier division improved profit/loss on a year-on-year basis and recorded an ordinary profit for the first nine months.

<Ferries and Coastal RoRo Ships>

In the business of ferries and coastal RoRo ships, the demand for freight transportation continued firmly due to the advancement of the modal shift. However, ordinary profit decreased year on year as a result of an increased number of cancellations of services due to typhoons, ship trouble and so forth in the third quarter.

(D) Associated Businesses

The cruise ship business recorded a year-on-year decrease in ordinary profit due to typhoon related stoppages of the Nippon Maru during the summer and sluggish passenger numbers on some autumn and winter cruises. 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, 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 increased year on year.

5. Financial Position

Total assets as of December 31, 2017 increased by ¥ 34.3 billion compared to the balance as of the end of the previous fiscal year, to ¥ 2,251.8 billion. This was primarily due to the increase in Investment securities.

Total liabilities as of December 31, 2017 increased by ¥ 3.8 billion compared to the balance as of the end of the previous fiscal year, to ¥ 1,537.7 billion. This was primarily due to the increase in Short-term bank loans.

Total net assets as of December 31, 2017 increased by ¥ 30.4 billion compared to the balance as of the end of the previous fiscal year, to ¥ 714.0 billion. This was primarily due to the increase in Retained earnings.

As a result, shareholders' equity ratio increased by 0.8% compared to the ratio as of the end of the previous Fiscal year, to 26.6%.

6. Outlook for FY2017

[For FY2017]

(Billions of Yen)

| | Previous outlook (When announced on October 31, 2017) | Latest outlook (When announced Q3) | Comparison (variance) |
|---|---|---------------------------------------|-----------------------|
| Revenue | 1,615.0 | 1,630.0 | 15.0 / 0.9 % |
| Operating profit (loss) | 20.0 | 25.0 | 5.0 / 25.0 % |
| Ordinary profit (loss) | 25.0 | 25.0 | - / - % |
| Profit (loss) attributable to owners of parent | 12.0 | 10.0 | (2.0) / (16.7) % |

| | | | |
|---------------|---|---------------------|-----------|
| Exchange rate | ¥110.00/US\$ | ¥110.00/US\$ | - /US\$ |
| Bunker price | US\$350/MT | US\$380/MT | US\$30/MT |
| | (Assumption for the second half of FY2017) | (Assumption for Q4) | |

In the dry bulker market, the market substantially fell since the Christmas holidays. However, we are expecting the market to proceed firmly again from the start of the year, supported by a robust supply and demand environment. With respect to the very large crude oil carrier (VLCC), although the market has been proceeding at a low level since the end of last year, the market is expected to recover moderately during the period of winter demand that lasts until around the end of February, and then gradually soften after that. As for the product tanker market, although there is an expectation of demand mainly for small-sized vessels due to the winter demand period, the overall vessel supply and demand balance, including large-sized vessels, is not going to vastly improve, which means there will be continued suppression of market price rises. In the containership freight market, a jump in spot freight market is expected when the market heats up for cargo volumes from Asia across all routes due to the rush in demand prior to the Chinese New Year holidays in mid-February, and as a subsequent slack season is expected following the holidays, the freight rates are expected to decrease to a certain extent. Furthermore, from the start of April, we will work toward the rebirth of our containership business as a new joint-venture company formed as a result of the integration of three Japanese shipping companies.

In consideration of these prospects, for the full year, we project revenue of ¥1,630.0 billion, operating profit of ¥25.0 billion, ordinary profit of ¥25.0 billion and profit attributable to owners of parent of ¥10.0 billion.

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, 2017 | As of December 31, 2017 |
|------------------------------------|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 177,145 | 154,808 |
| Trade receivables | 130,420 | 133,511 |
| Marketable securities | 12,800 | 1,300 |
| Inventories | 36,358 | 38,897 |
| Deferred and prepaid expenses | 60,888 | 65,222 |
| Deferred tax assets | 1,273 | 983 |
| Other current assets | 63,020 | 70,302 |
| Allowance for doubtful accounts | (428) | (472) |
| Total current assets | 481,477 | 464,555 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Vessels | 756,930 | 789,347 |
| Buildings and structures | 153,767 | 148,396 |
| Equipment and others | 26,630 | 29,446 |
| Furniture and fixtures | 5,366 | 4,866 |
| Land | 221,342 | 221,659 |
| Construction in progress | 156,935 | 105,952 |
| Other tangible fixed assets | 2,693 | 2,781 |
| Total tangible fixed assets | 1,323,665 | 1,302,450 |
| Intangible fixed assets | 31,287 | 31,430 |
| Investments and other assets | | |
| Investment securities | 231,978 | 278,432 |
| Long-term loans receivable | 62,796 | 87,785 |
| Long-term prepaid expenses | 6,824 | 6,704 |
| Net defined benefit asset | 15,390 | 16,065 |
| Deferred tax assets | 3,535 | 3,668 |
| Other investments and other assets | 62,661 | 63,200 |
| Allowance for doubtful accounts | (2,089) | (2,445) |
| Total investments and other assets | 381,097 | 453,411 |
| Total fixed assets | 1,736,051 | 1,787,293 |
| Total assets | 2,217,528 | 2,251,848 |

(¥Million)

| | As of March 31, 2017 | As of December 31, 2017 |
|---|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Trade payables | 125,118 | 137,631 |
| Short-term bonds | 20,000 | 33,900 |
| Short-term bank loans | 133,155 | 167,761 |
| Accrued income taxes | 6,642 | 5,418 |
| Advances received | 32,258 | 33,436 |
| Deferred tax liabilities | 1,188 | 805 |
| Allowance for bonuses | 4,402 | 2,732 |
| Allowance for directors' bonuses | 153 | 67 |
| Other current liabilities | 60,537 | 62,583 |
| Total current liabilities | 383,456 | 444,337 |
| Fixed liabilities | | |
| Bonds | 210,595 | 177,100 |
| Long-term bank loans | 738,163 | 718,109 |
| Lease obligations | 18,371 | 17,126 |
| Deferred tax liabilities | 56,678 | 62,292 |
| Net defined benefit liabilities | 12,445 | 12,643 |
| Directors' and corporate auditors' retirement benefits | 1,459 | 1,400 |
| Reserve for periodic drydocking | 18,566 | 21,007 |
| Other fixed liabilities | 94,171 | 83,769 |
| Total fixed liabilities | 1,150,450 | 1,093,450 |
| Total liabilities | 1,533,907 | 1,537,787 |
| Net assets | | |
| Owners' equity | | |
| Common stock | 65,400 | 65,400 |
| Capital surplus | 45,382 | 45,385 |
| Retained earnings | 355,263 | 383,283 |
| Treasury stock | (6,820) | (6,862) |
| Total owners' equity | 459,226 | 487,207 |
| Accumulated other comprehensive income | | |
| Unrealized holding gains on available-for-sale securities, net of tax | 28,353 | 39,743 |
| Unrealized gains on hedging derivatives, net of tax | 54,326 | 47,500 |
| Foreign currency translation adjustments | 27,178 | 20,209 |
| Remeasurements of defined benefit plans, net of tax | 2,898 | 3,662 |
| Total accumulated other comprehensive income | 112,757 | 111,115 |
| Share subscription rights | 2,447 | 2,035 |
| Non-controlling interests | 109,190 | 113,702 |
| Total net assets | 683,621 | 714,061 |
| Total liabilities and net assets | 2,217,528 | 2,251,848 |

(2) Consolidated Statements of Income

| | (¥Million) | |
|--|-------------------------------------|-------------------------------------|
| | FY2016 (Apr.1,2016-Dec 31, 2016) | FY2017 (Apr.1,2017-Dec 31, 2017) |
| Shipping and other revenues | 1,081,440 | 1,239,661 |
| Shipping and other expenses | 1,003,208 | 1,129,216 |
| Gross operating income | 78,231 | 110,445 |
| Selling, general and administrative expenses | 80,309 | 86,080 |
| Operating profit (loss) | (2,078) | 24,364 |
| Non-operating income | | |
| Interest income | 4,616 | 5,934 |
| Dividend income | 4,510 | 4,974 |
| Equity in earnings of affiliated companies | 3,543 | — |
| Foreign exchange gains | 15,960 | 14,480 |
| Others | 2,414 | 2,467 |
| Total non-operating income | 31,045 | 27,857 |
| Non-operating expenses | | |
| Interest expense | 13,573 | 15,311 |
| Equity in losses of affiliated companies | — | 530 |
| Others | 1,582 | 1,815 |
| Total non-operating expenses | 15,155 | 17,657 |
| Ordinary profit | 13,811 | 34,564 |
| Extraordinary income | | |
| Gain on sale of fixed assets | 4,034 | 5,874 |
| Others | 24,812 | 2,841 |
| Total extraordinary income | 28,847 | 8,715 |
| Extraordinary losses | | |
| Loss on sale of fixed assets | 937 | 1,103 |
| Others | 6,429 | 1,235 |
| Total extraordinary losses | 7,366 | 2,338 |
| Income before income taxes and non-controlling interests | 35,292 | 40,941 |
| Income taxes | 11,957 | 7,408 |
| Net income | 23,335 | 33,532 |
| Profit attributable to non-controlling interests | 4,308 | 4,302 |
| Profit attributable to owners of parent | 19,026 | 29,229 |

(3) Consolidated Statements of Comprehensive Income

| | (¥Million) | |
|--|-------------------------------------|-------------------------------------|
| | FY2016 (Apr.1,2016-Dec.31, 2016) | FY2017 (Apr.1,2017-Dec.31, 2017) |
| Net income | 23,335 | 33,532 |
| Other comprehensive income | | |
| Unrealized holding gains on available-for-sale securities, net of tax | 8,273 | 13,022 |
| Unrealized gains on hedging derivatives, net of tax | 11,387 | (9,280) |
| Foreign currency translation adjustments | (35,271) | (4,953) |
| Remeasurements of defined benefit plans, net of tax | 618 | 762 |
| Share of other comprehensive income (loss) of associates accounted for using equity method | (21,030) | 464 |
| Total other comprehensive income | (36,023) | 14 |
| Comprehensive income | (12,688) | 33,547 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | (14,802) | 27,588 |
| Comprehensive income attributable to non-controlling interests | 2,114 | 5,959 |

(4) Consolidated Statements of Cash flows

(¥Million)

| | FY2016 (Apr.1, 2016-Dec.31, 2016) | FY2017 (Apr.1, 2017-Dec.31, 2017) |
|--|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | |
| Income before income taxes and non-controlling interests | 35,292 | 40,941 |
| Depreciation and amortization | 62,267 | 64,351 |
| Equity in losses (earnings) of affiliated companies | (3,543) | 530 |
| Various provisions (reversals) | (19,500) | 424 |
| Decrease (Increase) in net defined benefit assets | 1,532 | 403 |
| Increase (Decrease) in net defined benefit liabilities | (580) | 270 |
| Interest and dividend income | (9,127) | (10,909) |
| Interest expense | 13,573 | 15,311 |
| Loss (gain) on sales and retirement of non-current assets | (3,043) | (4,708) |
| Foreign exchange loss (gain), net | (14,798) | (14,464) |
| Decrease (Increase) in trade receivables | (10,104) | (3,181) |
| Decrease (Increase) in inventories | (5,375) | (2,650) |
| Increase (Decrease) in trade payables | 13,760 | 12,672 |
| Others, net | (58,621) | (12,560) |
| Sub total | 1,730 | 86,430 |
| Interest and dividend income received | 11,027 | 13,788 |
| Interest expenses paid | (13,005) | (16,164) |
| Income taxes paid | (7,810) | (11,122) |
| Net cash provided by (used in) operating activities | (8,057) | 72,931 |
| Cash flows from investing activities | | |
| Purchase of investment securities | (3,573) | (31,254) |
| Proceeds from sale and redemption of investment securities | 25,010 | 1,533 |
| Purchase of vessels and other tangible and intangible fixed assets | (78,367) | (113,793) |
| Proceeds from sale of vessels and other tangible and intangible fixed assets | 47,656 | 58,048 |
| Net decrease (increase) in short-term loans receivables | (8,380) | (6) |
| Disbursements for long-term loans receivables | (11,601) | (26,426) |
| Collection of long-term loans receivables | 6,763 | 4,903 |
| Others, net | 1,374 | 1,334 |
| Net cash provided by (used in) investing activities | (21,117) | (105,661) |

(¥Million)

| | FY2016 (Apr.1, 2016-Dec.31, 2016) | FY2017 (Apr.1, 2017-Dec.31, 2017) |
|---|--------------------------------------|--------------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term bank loans | 54,925 | 24,406 |
| Proceeds from long-term bank loans | 200,301 | 74,795 |
| Repayments of long-term bank loans | (91,124) | (77,150) |
| Proceeds from issuance of bonds | 10,000 | — |
| Redemption of bonds | (45,000) | (20,000) |
| Cash dividends paid by the company | (4,280) | (1,218) |
| Cash dividends paid to non-controlling interests | (1,017) | (1,421) |
| Others, net | (1,329) | (1,472) |
| Net cash provided by (used in) financing activities | 122,475 | (2,060) |
| Effect of foreign exchange rate changes on cash and cash equivalents | (5,513) | 1,309 |
| Net increase (decrease) in cash and cash equivalents | 87,787 | (33,480) |
| Cash and cash equivalents at beginning of year | 159,449 | 186,844 |
| Net cash increase from new consolidation/de-consolidation of subsidiaries | 37 | — |
| Cash and cash equivalents at end of quarter | 247,274 | 153,363 |

Notice of Establishment of Holding Company and Operating Company for New Integrated Container Shipping Business

Mitsui O.S.K. Lines, Ltd., Kawasaki Kisen Kaisha, Ltd., and Nippon Yusen Kabushiki Kaisha have announced the establishment of the below holding company and operating company, based on the business integration contract and the shareholders agreement on October 31, 2016 to integrate the container shipping businesses (including worldwide terminal operation businesses outside Japan) of all three companies.

The new operating company is planned to start operations from April 1, 2018.

Overview of New Companies

(1) Holding Company

| | |
|-------------------------------------|---|
| Company name | Ocean Network Express Holdings, Ltd. |
| Amount of Capital | 50 Million JPY |
| Shareholders/ Contribution Ratio | Kawasaki Kisen Kaisha, Ltd. 31% Nippon Yusen Kabushiki Kaisha 38% Mitsui O.S.K. Lines, Ltd. 31% |
| Location | Tokyo |
| Date of Establishment | July 7, 2017 |

(2) Operating Company

| | |
|-------------------------------------|---|
| Company name | Ocean Network Express Pte. Ltd. |
| Amount of Capital | 600 Million USD |
| Shareholders/ Contribution Ratio | Kawasaki Kisen Kaisha, Ltd. 31% (including indirect investment) Nippon Yusen Kabushiki Kaisha 38% (including indirect investment) Mitsui O.S.K. Lines, Ltd. 31% (including indirect investment) |
| Location | Singapore |
| Date of Establishment | July 7, 2017 |

(5) Segment Information

Business segment information:

(¥ Million)

| Q3 / FY2016 (Apr.1 - Dec.31, 2016) | Reportable Segment | | | | | | Others *1 | Total | Adjust- ment *2 | Consoli- dated *4 |
|---------------------------------------|----------------------|---------------------------------|----------------------------|--|--------------------------|-----------|--------------|-----------|-----------------------|-------------------------|
| | Dry Bulk Business | Energy Transport Business | Product Transport Business | | Associated Businesses | Sub Total | | | | |
| | | | Container ships | Car Carries, Ferries and Coastal RoRo ships | | | | | | |
| Revenues | | | | | | | | | | |
| 1.Revenues from external customers | 193,313 | 180,993 | 446,268 | 182,359 | 66,654 | 1,069,589 | 11,850 | 1,081,440 | — | 1,081,440 |
| 2.Inter-segment revenues | 9 | 5,319 | 1,370 | 140 | 22,395 | 29,235 | 4,766 | 34,001 | (34,001) | — |
| Total Revenues | 193,322 | 186,313 | 447,638 | 182,499 | 89,050 | 1,098,825 | 16,616 | 1,115,441 | (34,001) | 1,081,440 |
| Segment profit (loss) | 9,385 | 17,947 | (26,134) | 2,244 | 9,165 | 12,608 | 1,935 | 14,543 | (731) | 13,811 |

(¥ Million)

| Q3/ FY2017 (Apr.1 - Dec.31, 2017) | Reportable Segment | | | | | | Others *1 | Total | Adjust- ment *3 | Consoli- dated *4 |
|---------------------------------------|----------------------|---------------------------------|----------------------------|--|--------------------------|-----------|--------------|-----------|-----------------------|-------------------------|
| | Dry Bulk Business | Energy Transport Business | Product Transport Business | | Associated Businesses | Sub Total | | | | |
| | | | Container ships | Car Carries, Ferries and Coastal RoRo ships | | | | | | |
| Revenues | | | | | | | | | | |
| 1.Revenues from external customers | 200,290 | 195,938 | 566,074 | 196,838 | 67,755 | 1,226,898 | 12,763 | 1,239,661 | — | 1,239,661 |
| 2.Inter-segment revenues | 3 | 6,463 | 1,351 | 158 | 21,371 | 29,347 | 4,770 | 34,117 | (34,117) | — |
| Total Revenues | 200,293 | 202,402 | 567,425 | 196,997 | 89,126 | 1,256,245 | 17,533 | 1,273,779 | (34,117) | 1,239,661 |
| Segment profit (loss) | 11,246 | 9,379 | (372) | 5,264 | 10,289 | 35,807 | 2,330 | 38,137 | (3,572) | 34,564 |

* 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 profit (loss) of ¥ -731 million include the following:
¥ -4,544 million of corporate profit which is not allocated to segments, ¥ 4,766 million of adjustment for management accounting and ¥ -953 million of inter-segment transaction elimination.

* 3. Adjustment in Segment profit (loss) of ¥ -3,572 million include the following:
¥ -7,101 million of corporate profit which is not allocated to segments, ¥ 4,421 million of adjustment for management accounting and ¥ -893 million of inter-segment transaction elimination.

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

* 5. Notes to changes in reportable segments etc.
(Changes in segment classification)

The MOL Group implemented reorganization on April 1, 2017, with the aim of optimizing the fleet portfolio, improving efficiency of the management resources, and proposing as well as providing optimal transportation services meeting the customers' needs more than before by establishing a cross-divisional structure for sales promotion as "One MOL."

As a result, we changed the business domains from "Bulkships," "Containerships," "Ferries and Coastal RoRo Ships" and "Associated Businesses" to "Dry Bulk Business," "Energy Transport Business," "Product Transport Business" and "Associated Businesses." We have also classified "Product Transport Business" into "Containerships" and "Car Carriers, Ferries and Coastal RoRo Ships" as its reportable segments. In addition, Revenues and Segment profit (loss) during the second quarter of the previous fiscal year are reclassified or adjusted to conform to the presentation for the fiscal year.

[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 2017>**

| | Q1 | Q2 | Q3 | Q4 |
|--|---------------|---------------|---------------|---------------|
| | Apr-Jun, 2017 | Jul-Sep, 2017 | Oct-Dec, 2017 | Jan-Mar, 2018 |
| Revenues [¥ Millions] | 403,284 | 415,617 | 420,760 | |
| Operating profit (loss) | 1,147 | 9,999 | 13,218 | |
| Ordinary profit (loss) | 5,885 | 11,462 | 17,217 | |
| Income (Loss) before income taxes | 9,150 | 11,284 | 20,507 | |
| Profit (Loss) attributable to owners of parent | 5,251 | 7,872 | 16,106 | |
| Net income (loss)* per share [¥] | 43.91 | 65.81 | 134.68 | |
| Total Assets [¥ Millions] | 2,198,561 | 2,188,391 | 2,251,848 | |
| Total Net Assets | 679,362 | 687,223 | 714,061 | |

*Profit (Loss) attributable to owners of parent

Note: The Company consolidated its common shares on the basis of one (1) unit for every ten (10) shares effective October 1, 2017. Accordingly, net income per share is calculated on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year ended March 31, 2017.

<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 (loss) | 733 | 4,765 | 8,313 | 11,615 |
| Income (Loss) 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 [¥] | 11.72 | 122.54 | 24.82 | (115.13) |
| 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

Note: The Company consolidated its common shares on the basis of one (1) unit for every ten (10) shares effective October 1, 2017. Accordingly, net income per share is calculated on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year ended March 31, 2017.

2. Depreciation and Amortization

| | Nine months ended Dec.31, 2016 | Nine months ended Dec.31, 2017 | Increase / Decrease | (¥ Millions) FY2016 |
|--------------|-----------------------------------|-----------------------------------|---------------------|------------------------|
| Vessels | 47,013 | 48,109 | 1,096 | 65,894 |
| Others | 15,254 | 16,241 | 987 | 21,296 |
| Total | 62,267 | 64,351 | 2,084 | 87,190 |

3. Interest-bearing Debt

| | As of Mar.31, 2017 | As of Dec.31, 2017 | Increase / Decrease | (¥ Millions) As of Dec.31, 2016 |
|--------------|--------------------|--------------------|---------------------|------------------------------------|
| Bank loans | 871,318 | 885,871 | 14,552 | 870,984 |
| Bonds | 230,595 | 211,000 | (19,595) | 232,745 |
| Others | 20,487 | 19,130 | (1,357) | 18,625 |
| Total | 1,122,400 | 1,116,001 | (6,399) | 1,122,355 |

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 | 57 | 5,405 | 76 | 10,551 | 30 | 2,369 | 50 | 825 | 14 | 1,106 |
| Chartered | 275 | 25,245 | 77 | 3,615 | 7 | 429 | 67 | 1,143 | 77 | 6,356 |
| Others | - | - | 6 | 282 | 2 | 143 | - | - | - | - |
| As of Dec.31, 2017 | 332 | 30,650 | 159 | 14,448 | 39 | 2,941 | 117 | 1,968 | 91 | 7,462 |
| As of Mar.31, 2017 | 337 | 30,669 | 159 | 14,375 | 37 | 2,730 | 120 | 2,042 | 91 | 6,947 |

| | 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 | 60 | 1 | 5 | 6 | 33 | 245 | 20,354 |
| Chartered | 3 | 19 | - | - | 25 | 75 | 531 | 36,881 |
| Others | - | - | - | - | 1 | 1 | 9 | 426 |
| As of Dec.31, 2017 | 14 | 79 | 1 | 5 | 32 | 109 | 785 | 57,662 |
| As of Mar.31, 2017 | 14 | 78 | 1 | 5 | 31 | 106 | 790 | 56,952 |

*including coastal ships (excluding coastal RoRo ships)

5. Exchange Rates

| | Nine months ended Dec.31, 2016 | Nine months ended Dec.31, 2017 | Change | | | FY2016 |
|----------------|-----------------------------------|-----------------------------------|--------|--------|-----------------|---------|
| Average rates | ¥106.38 | ¥111.36 | ¥4.98 | [4.7%] | JPY Depreciated | ¥108.57 |
| Term-end rates | ¥116.49 | ¥113.00 | ¥3.49 | [3.0%] | JPY Appreciated | ¥112.19 |

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 Sep/30/2016 | TTM on Sep/30/2017 | Change | | | TTM on Dec/31/2016 |
|----------------|--------------------|--------------------|--------|---------|-----------------|--------------------|
| Term-end rates | ¥101.12 | ¥112.73 | ¥11.61 | [11.5%] | JPY Depreciated | ¥116.49 |

6. Average Bunker Prices

| | Nine months ended Dec.31, 2016 | Nine months ended Dec.31, 2017 | Increase / Decrease |
|-----------------|-----------------------------------|-----------------------------------|---------------------|
| Purchase Prices | US\$265/MT | US\$341/MT | US\$ + 76/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 |
|-----------------|-----|-----|-------|-------|-----|-----|-----|-------|-------|-------|-------|-------|---------|
| 2016 | 386 | 307 | 383 | 607 | 620 | 608 | 707 | 673 | 828 | 868 | 1,072 | 1,050 | 676 |
| 2017 | 907 | 759 | 1,141 | 1,222 | 973 | 860 | 906 | 1,142 | 1,364 | 1,484 | 1,454 | 1,619 | 1,153 |

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

US\$ / day

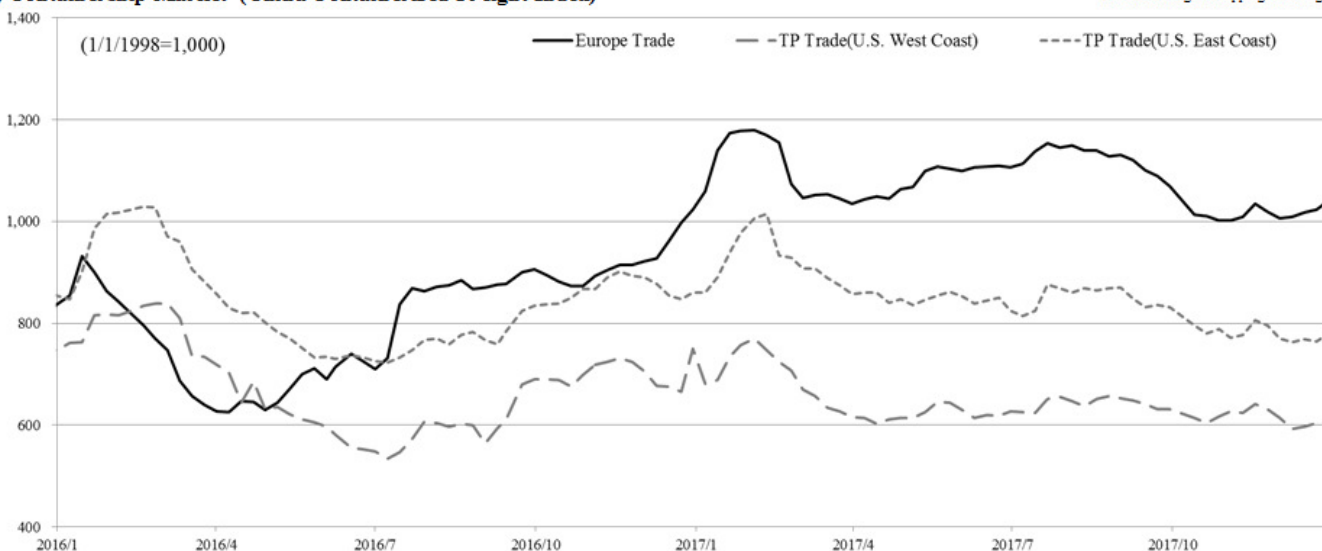
Source : Clarksons Research



| Monthly Average | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Average |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 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 | 26,966 | 18,646 | 17,212 | 17,002 | 9,510 | 9,673 | 26,812 | 24,727 | 13,743 | 21,172 |

(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.