

Mitsui O.S.K. Lines, Ltd.



Financial Highlights: The Third Quarter Ended December 31, 2015

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

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

(1) Operating Results

	(¥ Million)		(US\$ Thousand)
	Q3/FY2015	Q3/FY2014	Q3/FY2015
Revenues	1,317,134	1,344,906	10,920,604
Operating Income	9,586	7,550	79,479
Ordinary Income	38,792	29,786	321,632
Profit Attributable to Owners of Parent	13,294	24,885	110,223
	(¥)		(US\$)
Net Income per share	11.11	20.81	0.092
Diluted Net Income per share	10.27	19.43	0.085

(2) Financial Position

	(¥ Million)		(US\$ Thousand)
	Q3/FY2015	FY2014	Q3/FY2015
Total Assets	2,479,074	2,624,049	20,554,465
Total Net Assets	855,717	892,435	7,094,909
Shareholders' Equity / Total Assets	30.2%	29.8%	
	(¥)		(US\$)
Shareholders' Equity per share	626.62	654.26	5.195

* 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
FY2014	—	3.00	—	4.00	7.00
FY2015	—	3.50	—		
FY2015 (Forecast)				1.50	5.00

3. Forecast for the Fiscal Year Ending March 31, 2016

	(¥ Million)	(US\$ Thousand)
	FY2015	FY2015
Revenues	1,720,000	14,279,784
Operating Income (Loss)	(5,000)	(41,511)
Ordinary Income (Loss)	32,000	265,670
Profit (Loss) Attributable to Owners of Parent	(175,000)	(1,452,885)
	(¥)	(US\$)
Net Income (Loss) per share	FY2015 (146.30)	FY2015 (1.215)

* Underlying assumptions for FY2015 Forecast

Above forecasts are made, assuming the exchange rate and the bunker price for FY2015 will be as follows:

4Q/FY2015 (Jan. 1 2016-Mar. 31 2016)

Exchange Rate 1US\$=¥117.00

Bunker Price US\$ 170/MT

FY2015

Exchange Rate 1US\$=¥120.45

Bunker Price US\$ 264/MT

(Translation of foreign currencies)

The Japanese yen amounts for FY2015 have been translated into U.S. dollars using the prevailing exchange rate at December 31, 2015, which was ¥120.61 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

(Billions of Yen)

	Nine months		Year-on-year comparison (variance)
	From Apr. 1 to Dec. 31, 2014	From Apr. 1 to Dec. 31, 2015	
Revenue	1,344.9	1,317.1	(27.7)/ (2.1)%
Operating income (loss)	7.5	9.5	2.0 / 27.0 %
Ordinary income (loss)	29.7	38.7	9.0 / 30.2 %
Profit/(loss) attributable to owners of parent	24.8	13.2	(11.5)/ (46.6)%
Exchange rate (nine-month average)	¥104.97/US\$	¥121.60/US\$	¥16.63/US\$
Bunker price (nine-month average)	US\$557/MT	US\$296/MT	US\$(261)/MT

In the global economy during the first nine months of the fiscal year (FY) 2015 (April 1, 2015 to December 31, 2015), excluding some countries such as India, there was an overall deceleration in economic growth in the emerging countries, although moderate recoveries continued in the developed countries including the U.S. and the euro zone. In the U.S. economy, moderate growth continued on the back of solid personal consumption trends and housing investment, reflecting improved conditions in the employment and income environments, despite weak growth in exports owing to factors including the strong U.S. dollar. In Europe, the economy showed a moderate trend of recovery, driven by personal consumption. In China, although personal consumption still appears to be growing solidly, the trend of economic slowdown continued, reflecting such factors as weakening fixed asset investment, which has been ongoing since the beginning of the year, and the slump in exports due to the strong yuan. In Japan, although the economy has switched to positive growth since July onward, the weak growth in exports and personal consumption continues to stall economic recovery throughout the period.

Looking at the maritime shipping market conditions, the dry bulker market remained weak until about June, then an increase of shipment volumes of iron ore for long-distance transport from Brazil hiked the market temporarily over the summer, but later, due to heightened concerns over the economic slowdown in China and deteriorated market sentiment, the dry-bulker shipment volumes declined. The very large crude oil carrier (VLCC) market was solid overall. It continued at a high level until the end of July, stimulated by growth in actual demand and an increase in the nations' strategic petroleum reserves due to lower crude oil prices. Then, despite a temporary sharp drop in the VLCC 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. The containership market remained extremely weak on all routes, reflecting the low cargo volumes coming particularly from Asia to Europe and South America as well as deliveries of large vessels.

The average exchange rate of Japanese yen against the U.S. dollar during the first nine months depreciated by ¥ 16.63 year on year to ¥ 121.60. The average bunker price during the first nine months fell by US\$261/MT year on year to US\$296/MT.

As a result of the above, we recorded revenue of ¥ 1,317.1 billion, operating income of ¥ 9.5 billion, ordinary income of ¥ 38.7 billion and profit attributable to owners of parent of ¥ 13.2 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)

	Nine months		Year-on-year comparison (variance)	
	From Apr. 1 to Dec. 31, 2014	From Apr. 1 to Dec. 31, 2015		
Bulkships	628.6	638.6	9.9	/ 1.6%
	31.6	44.8	13.2	/ 41.9%
Containerships	586.8	562.4	(24.4)	/ (4.2)%
	(20.9)	(18.4)	2.5	/ -%
Ferry and Domestic Transport	42.9	38.5	(4.4)	/ (10.3)%
	3.3	3.8	0.5	/ 15.6%
Associated Businesses	114.6	96.9	(17.7)	/ (15.5)%
	9.3	7.2	(2.0)	/ (22.0)%
Others	10.6	10.3	(0.3)	/ (3.3)%
	3.4	3.3	(0)	/ (0.3)%

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, in addition to the shipment volumes of iron ore from Western Australia maintaining a solid trend, there was a rise in shipment volumes of iron ore for long-distance transport from Brazil, leading to a positive turnaround. The market recovered to as high as the level of US\$20,000 per day in August. Later, however, the market began weakening again due to heightened concerns over the economic slowdown in China and a deterioration of sentiment reflecting the stagnant environment affecting in the commodity markets such as iron ore and coal, and FFAs (forward freight agreements). As a result, the average market level in the third quarter was down year on year to US\$8,000 per day.

The markets for Panamax on down, mid- and small-sized vessels also remained weak, because the ongoing oversupply of vessels was not resolved mainly due to 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 stable profits from long-term contracts for carriers of iron ore, woodchips, steaming coal and others, we continued to make efforts to improve operation efficiency and to cut costs. As a result of these efforts, although ordinary income in the dry bulker division significantly deteriorated year on year, a certain degree of income was secured.

<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 nations' strategic petroleum reserves due to lower crude oil prices. Later, despite a temporary sharp 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. 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 North American drive season. Later, there was a weakening of growth in demand for transport as a result of oil refineries in Asia, including the Far East, undergoing periodic repairs prior to winter, and a decline in imports of petroleum products accompanying political reforms in Nigeria, and the market began weakening from the beginning of autumn. The LPG carrier market remained at a high level until summer, mainly on the back of such favorable factors as an LPG export terminal in the U.S. becoming newly operational and an increase in demand for transportation to India. Later, over the winter, although it was following a downward trend due to a decline in arbitrage-trading caused by a smaller difference in commodity prices between East and West and the impact of deliveries of new vessels, it was firm overall. In spite of the above market situation, owing to 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.

In the LNG carrier market, amid stagnation in launches of new projects and an oversupply due to deliveries of new vessels, the short- and medium-term charter markets remained weak. 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. However, ordinary income in the car carrier division remained roughly level year on year as a result of efforts to improve operation efficiency in response to changes in trade patterns.

(B) Containerships

On Trans-Pacific routes, apart from a slump due to seasonal reasons directly after the Anniversary of the Founding of the People's Republic of China, cargo volumes from Asia to the west and east coasts of North America were firm. Despite this, the freight market fell to a record level. On Asia-Europe routes, cargo volumes from Asia weakened and despite efforts to reduce the supply space by a weekly reduction of sailings by the G6 Alliance, to which the Company belongs, the gap between supply and demand could not be reduced and the freight market deteriorated. On Asia-South America routes, a sharp fall in Brazil's economy and depreciation of the Brazilian real led to a further sudden drop in sluggish cargo volumes from Asia. As a result, the freight market for these routes dropped to record-low price levels. The freight markets on Intra-Asia routes also slumped as the cargo volumes were weak. Although the bunker price fell and the

division's ordinary loss improved year on year as a result of our efforts to cut operation costs by further rationalization of routes and reducing sailings under this business environment, a loss was recorded.

(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, 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 led to a year-on-year increase in ordinary income.

(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, while the office leasing market, centered on the Tokyo metropolitan area, continued a trend of improvement. 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.

5. Financial Position

Total assets as of December 31, 2015 decreased by 144.9 billion yen compared to the balance as of the end of the previous fiscal year, to 2,479.0 billion yen. This was primarily due to the decrease in Trade receivables and Investment securities.

Total liabilities as of December 31, 2015 decreased by 108.2 billion yen compared to the balance as of the end of the previous fiscal year, to 1,623.3 billion yen. This was primarily due to the decrease in Trade payables and Bonds.

Total net assets as of December 31, 2015 decreased by 36.7 billion yen compared to the balance as of the end of the previous fiscal year, to 855.7 billion yen. This was primarily due to the decrease in Unrealized holding gains on available-for-sale securities, net of tax and Unrealized gains on hedging derivatives, net of tax.

As a result, shareholders' equity ratio increased by 0.4% compared to the ratio as of the end of the previous fiscal year, to 30.2%.

6. Outlook for FY2015

For FY2015		(Billions of Yen)	
	Previous outlook (When announced Q2)	Latest outlook (When announced Q3)	Comparison (variance)
Revenue	1,758.0	1,720.0	(38.0) / (2.2)%
Operating income (loss)	5.0	(5.0)	(10.0) / -%
Ordinary income (loss)	42.0	32.0	(10.0) / (23.8)%
Profit (loss) attributable to owners of parent	17.0	(175.0)	(192.0) / -%

Exchange rate	¥120.00/US\$	¥117.00/US\$	¥(3.00)/US\$
Bunker price	US\$300/MT	US\$170/MT	US\$(130)/MT
	(Assumption for 3/4Q)	(Assumption for 4Q)	

In the dry bulker market, we expect the unfavorable current situation to continue as shipment volumes of iron ore will weaken due to the commencement of rainy seasons at the major loading ports in Brazil and Australia, and demand in China will slow during the Chinese new year. In the very large crude oil carrier (VLCC) market, we are expecting a temporary correction to occur due to a recoil from the market rise in December, and after passing through the recovery of the winter demand period, the market is expected to gradually weaken. With respect to the product tanker market, while we assume the completion of periodic repairs at oil refineries will contribute to increasing demand, we expect market rises will be limited due to the impact of weaker demand for kerosene owing to the warm winter. As for the LPG carrier market, we expect the market will bottom out due mainly to the increase in LPG shipment from the U.S., but on the other hand, further new vessel deliveries will suppress market rises.

With respect to the containerships, although temporarily buoyant cargo volumes are expected on all routes due to entering the busy season from January to the Chinese new year, there is ongoing uncertainty about the global conditions for cargo volumes and freight market following this period, and we expect the harsh business environment to continue. Under these business circumstances, looking forward, we will strive to improve financial performance by implementing measures to cut operation costs such as further rationalization of routes and cancelling some sailings, and by working to capture highly profitable cargo, among other measures.

In consideration of these prospects, for the full year, we project revenue of ¥ 1,720.2 billion, operating loss of ¥ 5.0 billion, and ordinary income of ¥ 32.0 billion. Also, we project loss attributable to owners of parent of ¥175.0 billion, factoring in the expenses related to structural reform taken to improve the bottom line for dry bulkers and containerships as mentioned below.

As indicated above, changes have been made to the outlook released on October 30, 2015. Please refer to the announcement “Revision of FY2015 Outlook and Business Structural Reforms” released today (January 29, 2016).

Regarding Business Structural Reforms

We have decided to implement business structural reforms in response to the current severe business environment, and details of each measure are under consideration.

1. Background

In the dry bulker business, the market is deteriorating to a new record low due to the imbalance of fleet supply and demand, along with stagnant cargo trade resulting from the slowdown in China's economy since last fall. Regarding the containership business, cargo volume, mainly for Europe and emerging countries, hovered at low levels while a succession of newbuilding vessels came into service, keeping freight rates at historic lows. Although we expect the market to recover to some extent, in light of its uncertainties it decided to implement structural reforms in these businesses to address the abruptly changing business climate.

2. Outline of business structural reforms

In regard to dry bulkers, we are further reducing the number of free Capesize vessels, while withdrawing from offering excess tonnage in the free-vessel market for Panamax and other mid- and small-size bulkers. Instead, we will focus on meeting the major transportation demands of our customers. Also, in regard to the containership business, we will reinforce its business structure and forge ahead to improve the bottom line, centered on thorough efforts to capture more profitable cargoes, based on reducing fixed costs through rationalization, mainly on North-South routes, and fleet reductions focused on mid-size vessels. As soon as the details of each measure are determined, we will separately announce them in accordance with timely disclosure rules.

3. Costs

We expect to record an extraordinary loss of up to approximately ¥ 180.0 billion in the fourth quarter of this fiscal year, due to costs for the business structural reforms including disposal of vessels in the dry bulker and containership businesses.

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 December 31, 2015
Assets		
Current assets		
Cash and deposits	86,622	78,211
Trade receivables	178,844	138,547
Marketable securities	45,000	64,000
Inventories	49,025	32,168
Deferred and prepaid expenses	75,937	75,587
Deferred tax assets	2,106	1,832
Other current assets	75,796	91,096
Allowance for doubtful accounts	(1,537)	(1,049)
Total current assets	511,795	480,393
Fixed assets		
Tangible fixed assets		
Vessels	906,983	907,390
Buildings and structures	165,930	160,018
Equipment and others	21,387	18,873
Furniture and fixtures	5,927	5,175
Land	221,993	221,747
Construction in progress	173,279	167,283
Other tangible fixed assets	2,526	2,550
Total tangible fixed assets	1,498,028	1,483,038
Intangible fixed assets	37,068	37,744
Investments and other assets		
Investment securities	268,811	220,988
Long-term loans receivable	74,958	46,059
Long-term prepaid expenses	3,692	3,607
Net defined benefit assets	24,063	23,534
Deferred tax assets	3,954	4,687
Other long-term assets	203,182	181,025
Allowance for doubtful accounts	(1,504)	(2,007)
Total investments and other assets	577,157	477,896
Total fixed assets	2,112,254	1,998,680
Total assets	2,624,049	2,479,074

(¥ Million)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Trade payables	167,001	124,605
Short-term bonds	15,000	45,000
Short-term bank loans	179,388	188,703
Accrued income taxes	7,638	4,716
Advances received	36,280	32,875
Deferred tax liabilities	592	556
Allowance for bonuses	4,763	2,871
Allowance for directors' bonuses	241	125
Commercial paper	5,500	1,500
Other current liabilities	88,940	69,729
Total current liabilities	505,346	470,683
Fixed liabilities		
Bonds	270,185	225,405
Long-term bank loans	688,331	678,404
Lease obligations	22,928	22,031
Deferred tax liabilities	109,042	97,392
Directors' and corporate auditors' retirement benefits	1,803	1,509
Reserve for periodic drydocking	15,802	16,082
Net defined benefit liabilities	13,659	13,773
Other fixed liabilities	104,513	98,075
Total fixed liabilities	1,226,267	1,152,673
Total liabilities	1,731,614	1,623,357
Net assets		
Owners' equity		
Common stock	65,400	65,400
Capital surplus	44,468	45,388
Retained earnings	533,484	537,930
Treasury stock	(6,823)	(6,859)
Total owners' equity	636,530	641,859
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	44,260	30,652
Unrealized gains on hedging derivatives, net of tax	68,769	47,365
Foreign currency translation adjustments	27,673	24,861
Remeasurements of defined benefit plans, net of tax	5,322	4,732
Total accumulated other comprehensive income	146,026	107,612
Share subscription rights	2,553	2,682
Non-controlling interests	107,324	103,562
Total net assets	892,435	855,717
Total liabilities and net assets	2,624,049	2,479,074

(2) Consolidated Statements of Income

(¥ Million)

	FY2014 (Apr.1, 2014 - Dec.31, 2014)	FY2015 (Apr.1, 2015 - Dec.31, 2015)
Shipping and other revenues	1,344,906	1,317,134
Shipping and other expenses	1,255,210	1,222,218
Gross operating income	89,695	94,915
Selling, general and administrative expenses	82,145	85,329
Operating income	7,550	9,586
Non-operating income		
Interest income	1,939	3,324
Dividend income	5,305	4,703
Equity in earnings of affiliated companies	3,158	7,774
Foreign exchange gains	17,859	19,820
Others	4,850	5,970
Total non-operating income	33,113	41,593
Non-operating expenses		
Interest expense	9,133	10,947
Others	1,743	1,440
Total non-operating expenses	10,877	12,388
Ordinary income	29,786	38,792
Extraordinary income		
Gain on sale of fixed assets	12,007	8,170
Gain on sale of investment securities	1	12,827
Gain on cancellation of chartered vessels	101	4,316
Others	4,708	2,199
Total extraordinary income	16,819	27,514
Extraordinary losses		
Loss on sale of fixed assets	800	210
Loss on valuation of shares of subsidiaries and associates	—	26,228
Others	7,509	12,302
Total extraordinary losses	8,310	38,741
Income before income taxes and non-controlling interests	38,296	27,565
Income taxes	9,201	10,931
Net income	29,094	16,633
Profit attributable to non-controlling interests	4,209	3,338
Profit attributable to owners of parent	24,885	13,294

(3) Consolidated Statements of Comprehensive Income

(¥ Million)

	FY2014 (Apr.1, 2014 - Dec.31, 2014)	FY2015 (Apr.1, 2015 - Dec.31, 2015)
Net income	29,094	16,633
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	8,110	(13,446)
Unrealized gains on hedging derivatives, net of tax	27,775	(16,117)
Foreign currency translation adjustments	(3,580)	(3,438)
Remeasurements of defined benefit plans, net of tax	(365)	(589)
Share of other comprehensive income (loss) of associates accounted for using equity method	(5,770)	(6,227)
Total other comprehensive income	26,170	(39,819)
Comprehensive income	55,265	(23,186)
(Breakdown)		
Comprehensive income attributable to owners of parent	50,912	(25,119)
Comprehensive income attributable to non-controlling interests	4,352	1,932

(4) Consolidated Statements of Cash flows

(¥ Million)

	FY2014 (Apr.1, 2014 - Dec.31, 2014)	FY2015 (Apr.1, 2015 - Dec.31, 2015)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	38,296	27,565
Depreciation and amortization	63,008	69,279
Equity in losses (earnings) of affiliated companies	(3,158)	(7,774)
Various provisions (reversals)	(443)	(2,046)
Decrease (Increase) on net defined benefit assets	(1,148)	(357)
Increase (Decrease) on net defined benefit liabilities	(82)	136
Interest and dividend income	(7,244)	(8,028)
Interest expense	9,133	10,947
Loss (Gain) on sale of investment securities	(0)	(12,827)
Loss (Gain) on sale and retirement of vessels, property and equipment	(9,771)	(7,912)
Loss on valuation of shares of subsidiaries and associates	—	26,228
Foreign exchange loss (gain), net	(15,521)	(19,144)
Decrease (Increase) in trade receivables	(22,694)	39,212
Decrease (Increase) in inventories	4,484	16,824
Increase (Decrease) in trade payables	7,537	(41,497)
Others, net	(8,187)	8,863
Sub total	54,205	99,468
Interest and dividend income received	9,756	10,363
Interest expenses paid	(9,615)	(10,994)
Income taxes paid	(12,803)	(12,728)
Net cash provided by operating activities	41,542	86,108
Cash flows from investing activities		
Purchase of investment securities	(8,960)	(1,879)
Proceeds from sale and redemption of investment securities	93	16,089
Purchase of vessels and other tangible and intangible fixed assets	(105,699)	(107,466)
Proceeds from sale of vessels and other tangible and intangible fixed assets	52,762	56,093
Net decrease (increase) in short-term loans receivables	(311)	(6,105)
Disbursements for long-term loans receivables	(36,382)	(27,380)
Collection of long-term loans receivables	4,217	38,490
Others, net	(6,338)	(2,789)
Net cash used in investing activities	(100,619)	(34,947)

(¥ Million)

	FY2014 (Apr.1, 2014 - Dec.31, 2014)	FY2015 (Apr.1, 2015 - Dec.31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	19,645	31,608
Net increase (decrease) in commercial paper	3,500	(4,000)
Proceeds from long-term bank loans	78,095	71,233
Repayments of long-term bank loans	(114,184)	(111,717)
Proceeds from issuance of bonds	80,280	—
Redemption of bonds	(30,000)	(15,000)
Purchase of treasury stock	(39)	(42)
Sale of treasury stock	55	22
Cash dividends paid by the company	(7,191)	(8,970)
Cash dividends paid to non-controlling interests	(2,572)	(1,044)
Others, net	(1,171)	(4,975)
Net cash provided by (used in) financing activities	26,417	(42,884)
Effect of foreign exchange rate changes on cash and cash equivalents	4,541	(1,816)
Net increase (decrease) in cash and cash equivalents	(28,118)	6,460
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 quarter	152,822	135,262

(5) Segment Information

Business segment information:

(¥Million)

Q3 / FY2014 (Apr.1 - Dec.31, 2014)	Reportable segments					Others *1	Total	Adjust- ment *2	Consoli- dated *4
	Bulk- ships	Container - ships	Ferry & Domestic Transport	Associated Businesses	Sub Total				
Revenues									
1.Revenues from external customers	628,307	584,722	42,742	82,862	1,338,634	6,271	1,344,906	—	1,344,906
2.Inter-segment revenues	333	2,168	236	31,792	34,531	4,395	38,926	(38,926)	—
Total Revenues	628,641	586,890	42,978	114,655	1,373,166	10,667	1,383,833	(38,926)	1,344,906
Segment income (loss)	31,633	(20,949)	3,357	9,312	23,354	3,402	26,756	3,030	29,786

(¥Million)

Q3 / FY2015 (Apr.1 - Dec.31, 2015)	Reportable Segment					Others *1	Total	Adjust- ment *3	Consoli- dated *4
	Bulk- ships	Container - ships	Ferry & Domestic Transport	Associated Businesses	Sub Total				
Revenues									
1.Revenues from external customers	638,423	560,977	38,391	73,195	1,310,987	6,146	1,317,134	—	1,317,134
2.Inter-segment revenues	214	1,510	148	23,741	25,615	4,174	29,789	(29,789)	—
Total Revenues	638,637	562,487	38,540	96,937	1,336,603	10,320	1,346,923	(29,789)	1,317,134
Segment income (loss)	44,875	(18,423)	3,881	7,262	37,595	3,391	40,987	(2,195)	38,792

* 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 3,030 million yen include the following:
-180 million yen of corporate profit which is not allocated to segments, 4,552 million yen of adjustment for management accounting and -1,341 million yen of inter-segment transaction elimination.

* 3. Adjustment in Segment income (loss) of -2,195 million yen include the following:
-6,237 million yen of corporate profit which is not allocated to segments, 5,398 million yen of adjustment for management accounting and -1,356 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 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	
Operating income	1,805	6,380	1,401	
Ordinary income	10,892	16,907	10,993	
Income (Loss) before income taxes	16,439	(7,832)	18,958	
Profit (Loss) attributable to owners of parent	12,783	(13,024)	13,535	
Net income (loss) (*) per share [¥]	10.69	(10.89)	11.32	
Total Assets [¥ Millions]	2,592,346	2,514,167	2,479,074	
Total Net Assets	890,520	873,900	855,717	

(*) 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)

	Nine months ended Dec.31, 2014	Nine months ended Dec.31, 2015	Increase / Decrease	FY2014
Vessels	49,486	52,963	3,477	68,341
Others	13,522	16,316	2,794	19,462
Total	63,008	69,279	6,271	87,803

3. Interest-bearing Debt

(¥ Millions)

	As of Mar.31, 2015	As of Dec.31, 2015	Increase / Decrease	As of Dec.31, 2014
Bank loans	867,720	867,107	(612)	860,762
Bonds	285,185	270,405	(14,780)	285,375
Commercial paper	5,500	1,500	(4,000)	3,500
Others	24,996	23,682	(1,314)	23,403
Total	1,183,401	1,162,694	(20,706)	1,173,040

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	6,873	70	11,313	26	1,887	48	787	17	1,196
Chartered	330	28,346	94	3,625	1	78	75	1,280	82	5,562
Others	-	-	-	-	2	143	-	-	-	-
As of Dec.31, 2015	402	35,218	164	14,938	29	2,108	123	2,067	99	6,758
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	16	92	1	5	-	-	250	22,152
Chartered	28	82	-	-	2	13	612	38,985
Others	1	1	-	-	-	-	3	144
As of Dec.31, 2015	45	175	1	5	2	13	865	61,281
As of Mar.31, 2015	43	171	1	5	2	13	896	62,980

(*1)excluding tug boats

5. Exchange Rates

	Nine months ended Dec.31, 2014	Nine months ended Dec.31, 2015	Change	
Average rates	¥104.97	¥121.60	¥16.63	[15.8%] JPY Depreciated
Term-end rates	¥120.55	¥120.61	¥0.06	[0.0%] JPY Depreciated

(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/30/2014	TTM on Sep/30/2015	Change	
Term-end rates	¥109.45	¥119.96	¥10.51	[9.6%] JPY Depreciated

6. Average Bunker Prices

	Nine months ended Dec.31, 2014	Nine months ended Dec.31, 2015	Increase / Decrease
Purchase Prices	US\$557/MT	US\$296/MT	US\$(261)/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

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

Source : researched by MOL

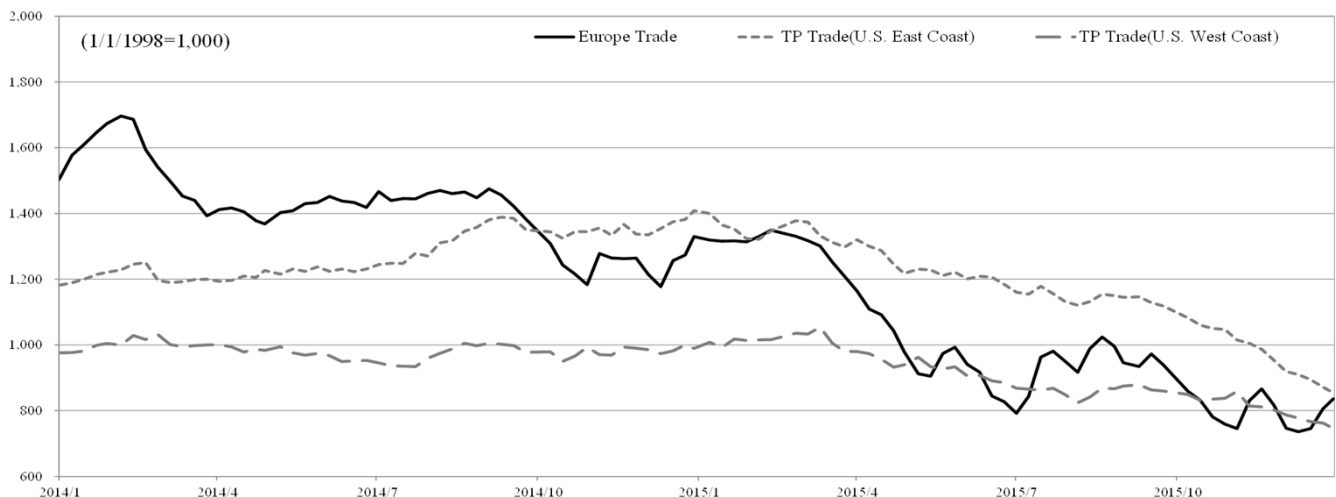


Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2014	57	57	44	41	36	40	50	49	39	48	57	70	49
2015	68	58	51	60	67	64	71	39	54	73	63	87	63

(Note) WS for 2014 has been translated by the Flat Rate of 2015.

(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.