(Unaudited translation of 'Kessan Tanshin', provided for reference only)

April 27, 2018

Mitsui O.S.K. Lines,Ltd.

Financial Highlights: Fiscal Year 2017 Ended March 31, 2018

1. Consolidated Financial Highlights (from April 1, 2017 to March 31, 2018)

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

(1) Operating Results

	FY2017 (￥Million)	FY2016 (￥Million)	FY2017 (US$ Thousand)
Revenues	1,652,393	1,504,373	15,553,398
Operating profit	22,684	2,558	213,517
Ordinary profit	31,473	25,426	296,244
Profit attributable to owners of parent	(47,380)	5,257	(445,971)
	(￥)	(￥)	(US$)
Net income (loss) per share	(396.16)	43.95	(3.729)
Diluted net income per share	—	40.61	—
Return to shareholders' equity	(8.7%)	0.9%	
Rate of ordinary income on assets	1.4%	1.1%	
Operating profit ratio	1.4%	0.2%	

*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

	FY2017 (￥Million)	FY2016 (￥Million)	FY2017 (US$ Thousand)
Total assets	2,225,636	2,217,528	20,949,134
Total net assets	628,044	683,621	5,911,559
Shareholders' equity / Total assets	23.0%	25.8%	
	(￥)	(￥)	(US$)
Shareholders' equity per share	4,274.81	4,782.25	40.237

* 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 (￥)					(￥Million)		
	Q1	Q2	Q3	Year end	Total	Total dividends paid	Dividend pay-out ration	Dividend ratio to shareholders' equity
FY2016	—	2.00	—	0.00	2.00	2,392	45.5%	0.4%
FY2017	—	1.00	—	10.00	—	2,392	—	0.4%
FY2018 (Forecast)	—	20.00	—	30.00	50.00		19.9%	

* The year-end dividend per share for the fiscal year ended 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 total annual dividend per share is ￥20.00 for the fiscal year ended March 31, 2017 and ￥20.00 for the fiscal year ended March, 2018, which are calculated on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year ended March 31, 2017.

3. Forecast for the Fiscal Year Ending March 31, 2019

	FY2018 (￥Million)	FY2018 (US$ Thousand)
Revenues	1,130,000	10,761,905
Operating profit	23,000	219,048
Ordinary profit	40,000	380,952
Profit attributable to owners of parent	30,000	285,714
	(￥) FY2018	(US$) FY2018
Net income per share	250.84	2.389

* Underlying Assumption for FY2018 Forecast.
The above forecast is made assuming the exchange rate and the bunker price for FY2018 will be as follows.

Exchange Rate 1US$=￥105.00 Bunker Price US$ 400/MT

(Translation of foreign currencies)
The Japanese yen amounts for FY2018 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2018, which was ￥106.24 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.)

(Unaudited translation of 'Kessan Tanshin', provided for reference only)

April 27 , 2018

(Reference)

1. Non-Consolidated Financial Highlights (from April 1, 2017 to March 31, 2018)

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

(1) Operational Results

	FY2017 (¥Million)	FY2016 (¥Million)	FY2017 (US$ Thousand)
Revenues	1,222,574	1,052,200	11,507,662
Operating profit (loss)	2,828	(27,450)	26,619
Ordinary profit	17,744	13,119	167,018
Net loss	(65,936)	(9,950)	(620,633)

	FY2017 (¥)	FY2016 (¥)	FY2017 (US$)
Net loss per share	(551.30)	(83.19)	(5.189)
Diluted net income per share	－	－	－

(2) Financial Position

	FY2017 (¥Million)	FY2016 (¥Million)	FY2017 (US$ Thousand)
Total assets	1,062,651	1,055,752	10,002,363
Total net assets	172,673	236,370	1,625,311
Shareholders' equity / Total assets	16.1%	22.2%	

	FY2017 (¥)	FY2016 (¥)	FY2017 (US$)
Shareholders' equity per share	1,426.85	1,995.75	13.430

(Translation of foreign currencies)

The Japanese yen amounts for FY2018 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2018, which was ￥106.24 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 and Financial Position

(1) Analysis of Operating Results

[Financial Highlights] (Billions of Yen)

	FY2016 From Apr. 1, 2016 to Mar. 31, 2017	FY2017 From Apr. 1, 2017 to Mar. 31, 2018	Year-on-year comparison (variance)
Revenue	1,504.3	1,652.3	148.0 / 9.8%
Operating profit (loss)	2.5	22.6	20.1 / 786.7%
Ordinary profit (loss)	25.4	31.4	6.0 / 23.8%
Profit/(loss) attributable to owners of parent	5.2	(47.3)	(52.6) / -%
Exchange rate	¥108.57/US$	¥111.08/US$	¥2.51/US$
Bunker price	US$284/MT	US$354/MT	US$70/MT

In the global economy during the fiscal year under review, overall, a trend of stable expansion seen in the last year continued to prevail. In the U.S. economy, there was ongoing recovery in personal consumption amid favorable employment and income environments, the corporate sector continued to recover in production and exports and a trend of expansion was maintained. In the European economy, personal consumption was firm amid improvement in the employment environment and a moderate recovery continued. The Chinese economy continued firmly with personal consumption expanding stably on the back of favorable employment and income environments, and exports also expanding on the tailwind of a recovering global economy. In Japan, economic recovery continued, with ongoing favorable employment and income environments and a continuing moderate recovery of personal consumption, along with a recovery in demand in the corporate sector both in Japan and overseas.

Looking at the maritime shipping market conditions, the dry bulker market proceeded firmly at a considerably higher level compared with the previous fiscal year, supported by strong cargo movements of iron ore, grain cargo from the east coast of South America, and coal, which is one of mainstay cargos. The very large crude oil carrier (VLCC) market, without a significant rise over the winter demand season, dropped below the previous fiscal year's levels even for the entire full year, against a backdrop of a surplus of vessels brought about by factors such as a vessel supply increase, delays in the progress of the retirement of aged vessels, and permeating adverse effects of decisions by OPEC countries to reduce oil production. In the containership freight market, there were observable improvements in the supply and demand environment on Asia-North America, Asia-Europe and Asia-South America routes, which facilitated a recovery in the spot freight rates. In particular, on the Asia-East Coast of South America routes, cargo volumes recovered sharply as the Brazilian economy showed signs of pickup, and spot freight rates began sharply rising from the beginning of spring and stayed strong throughout the fiscal year.

The average exchange rate of Japanese yen against the U.S. dollar during the fiscal year depreciated by ¥2.51 year on year to ¥111.08. The average bunker price during the same period rose by US$70/MT year on year to US$354/MT.

The Company established a joint-venture company to integrate the container shipping business, Ocean Network Express Pte. Ltd. (ONE). In relation to the business integration, losses related to the charter-out of vessels to ONE, losses on liquidation of the Company’s agencies, and others are projected to be incurred from FY2018 and afterwards. Therefore, the company has recorded a loss as “loss related to business restructuring”, the majority of which is provisions for the above-mentioned future integration-related loss.

As a result of the above, although revenue of ¥1,652.3 billion, operating profit of ¥22.6 billion, and ordinary profit of ¥31.4 billion all were higher compared with the previous fiscal year, loss attributable to owners of parent was ¥(47.3) 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)

		FY2016 From Apr. 1, 2016 to Mar. 31, 2017	FY2017 From Apr. 1, 2017 to Mar. 31, 2018	Year-on-year comparison (variance)
Dry Bulk Business		267.8	272.9	5.0 / 1.9%
		11.9	15.4	3.4 / 28.7%
Energy Transport Business		266.2	270.9	4.7 / 1.8%
		26.4	13.6	(12.8)/ (48.6)%
Product Transport Business	Containerships	622.5	751.6	129.0 / 20.7%
		(32.8)	(10.6)	22.1 / – %
	Car Carriers, Ferries and Coastal RoRo Ships	250.8	261.4	10.5 / 4.2%
		4.8	4.3	(0.4)/ (9.8)%
Associated Businesses		117.5	118.4	0.9 / 0.8%
		12.3	12.6	0.3 / 2.6%
Others		23.9	22.5	(1.4)/ (6.0)%
		2.0	2.6	0.5 / 26.8%

Note: Revenue includes internal sales or transfers among segments.

(A) Dry Bulk Business

In the Capsize bulker market, although the market continued to fall for the first half of the fiscal year due to the prolonged impact of a cyclone in eastern Australia, it began rising together with freight rates for cargoes loaded in Brazil, which started rebounding from the summer. From November onward the market has proceeded firmly, as cargo volume of iron ore began to increase and the market rose further, and then in mid-December the Capsize bulker market rate reached US$30,000 per day for the first time in four years. The Panamax market had risen to US$12,000 per day in mid-April but thereafter been stagnant until mid-June, and repeatedly rose and fell after mid-June. However, from late July onward, it proceeded firmly with a tight balance between supply and demand due to the strong cargo movements of grain from the east coast of South America and coal which is one of mainstay cargos. In accordance with the pick-up in the overall dry bulker market, the markets for the Handymax and smaller-sized bulkers also proceeded firmly, boosted by the energized trade cargo volume, improved supply and demand balance and a series of urgent vessel chartering activities caused by port congestion and climate conditions. Facing such market conditions, the dry bulk business increased its ordinary profit year on year due to the continued effect of the business structural reforms and efforts to cut costs.

(B) Energy Transport Business

<Tankers>

The very large crude oil carrier (VLCC) market did not rise over the winter demand period and dropped below the previous fiscal year’s levels, even for the entire full year against a backdrop of a surplus of vessels brought about by factors such as a steady pace of new vessel deliveries, delays in the progress of the retirement of aged vessels, and permeating adverse effects of decisions by OPEC countries to reduce oil production. The product tanker market proceeded weakly due to factors such as a slowdown in cargo movements between East and West along with increased pressures of supply arising from new vessel deliveries, despite a brief surge in the market caused by hurricanes striking the U.S. in the summer. Even in the winter, despite cold snaps in the U.S. and Europe, the effect of this on boosting the market was limited and overall, the product tanker market remained weak compared with the previous fiscal year. As for the LPG carrier market, the market followed a downward trend in the first half of the fiscal year with a reduction of arbitrage-trading from the U.S. to Asia due to diminishing LPG price variations between regions. On the other hand, during the period from autumn through winter, the market trended upwards owing to firm LPG shipments mainly from the U.S., despite temporary fluctuations due to changing circumstances in the vessel supply and demand balance. As a result, LPG carrier market for the entire full year was roughly the same level as the previous fiscal year. Operating in such a business environment, the tanker division experienced a profit decrease year on year, but nevertheless achieved a certain profit for the fiscal year as a result of stable fulfilment of long-term contracts, such as charter contracts, and the steady implementation of contract extensions, as well as ceaseless efforts to improve operating efficiency through pool operations and cost reduction.

<LNG Carriers/Offshore business>

The LNG carrier division, benefiting from stable revenues from long-term contracts, was able to secure a profitable operation overall. During the fiscal year, the division received delivery of five new vessels, including one for the world’s first ice-breaking LNG carrier project. The offshore business division also continued its performance of the previous fiscal year and recorded a stable ordinary profit, brought about by operations of one new FPSO and one new FSRU during the fiscal year in addition to the existing projects.

(C) Product Transport Business

<Containerships>

The spot freight market on the Asia-North America routes, although slumping in the first quarter, rose over the summer period with cargo volumes for this fiscal year proceeding at a record high pace. Over winter, the increased pressures of vessel supply caused market weakness, but the market once again began rising during the busy period before the Chinese New Year in February. On the Asia-Europe routes, although there was a significant recovery in cargo volume, this rise was picked up by new deployments of large-sized vessels at each liner company, causing the spot freight rates to remain relatively stable over the entire year. There was also a notable increase in backhaul cargo volumes to Asia. On the Asia-East Coast of South America routes, cargo volumes recovered sharply as a result of a pick-up in the Brazilian economy, and spot freight rates, which sharply rose from the beginning of spring and sometimes spiked largely, made a significant contribution to improving profitability. Needing to make use of the increased space provided by the launches of large containerships, the division energetically secured annual contracts in the beginning of spring, thereby limiting the amount of profits received from spot freight rates, which had risen from summer onward. Although the Company recorded the costs related to a containership joint-venture company (Ocean Network Express Pte. Ltd.) established in July 2017 as equity in losses of affiliated companies, the ordinary loss in the containership business overall was improved year on year by reducing slot cost due to the launches of large containerships, and also the ongoing effects of cost reduction.

<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. Ordinary profit was up from the previous fiscal year due to ongoing efforts to reduce the number of ships and to improve operation efficiency in response to changes in the trade patterns.

<Ferries and Coastal RoRo Ships>

In the business of ferries and coastal RoRo ships, the cargo volume was firm as a result of further accelerated modal shift, which reflects changes in the trucking labor situation such as shortage and aging of the workforce, and tighter labor controls. The MOL Group has solidly captured the flow of business, such as the firm cargo volume, and carried out promotion activities selling the concept of casual cruises to increase passengers. As a result, operations proceeded firmly, particularly for the Western Japan routes. Nevertheless, due to factors such as a delay in new ferry delivery and higher bunker prices, ordinary profit was down year on year for the business of ferries and coastal RoRo ships overall.

(D) Associated Businesses

The cruise ship business recorded a year-on-year decrease in ordinary profit due mainly to the effect of cruise cancellations because of the impact of typhoons, despite healthy passenger sales for the Nippon Maru. In the real estate business, ordinary profit increased year on year owing mainly to Daibiru Corporation, the core company in the MOL Group's real estate business, increasing its sales on the back of the firm office leasing market, centered on the Tokyo metropolitan area. Other associated businesses, such as the tugboat and trading businesses, also showed firm performances overall. Consequently, ordinary profit of the associated businesses segment increased on a year-on-year basis.

(E) Others

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

(2) Outlook for FY2018

[For FY2018] (Billions of Yen)

	FY2017 From Apr. 1, 2017 to Mar. 31, 2018	Outlook for FY2018 From Apr. 1, 2018 to Mar. 31, 2019	Year-on-year comparison (variance)
Revenue	1,652.3	1,130.0	(522.3) / (31.6)%
Operating profit (loss)	22.6	23.0	0.3 / 1.4 %
Ordinary profit (loss)	31.4	40.0	8.5 / 27.1 %
Profit (loss) attributable to owners of parent	(47.3)	30.0	77.3 / －%

Exchange rate	¥111.08/US$	¥105.00/US$	¥(6.08)/US$
Bunker price	US$354/MT	US$400/MT	US$46/MT
		(Assumption for FY2018)	

We anticipate that the world economy will continue its expansionary trend and proceed firmly in the next fiscal year. However, we also recognize the need to closely monitor monetary policies of the U.S. and Europe, trend toward trade friction centered on the U.S., and geopolitical risk in East Asia. In the developed countries, we anticipate that firm economic recovery will continue, particularly in the U.S., where the economy is growing under tax reforms and financial stimulus measures. In the economies of emerging countries, we anticipate stable expansion of the economy, as although the pace of economic growth in China is expected to slowly moderate, the economies of India and ASEAN are expected to maintain firm growth. The level of the dry bulker market is expected to remain higher than the current fiscal year due to a certain level of the vessel demand being supported by an increase in cargo volumes due to firm demand of iron ore from China, and an increase in grain shipments from South America, and other factors. With respect to the very large crude oil carrier (VLCC) market, although crude oil cargo volumes are expected to be flat from the Middle East stemming from prolonged OPEC production reductions, we expect a small increase in the seaborne crude oil cargo volume overall as we anticipate that the increase in exports of crude oil produced in the Atlantic Ocean, such as North-American produced shale oil, will provide growth for crude oil demand. Meanwhile, in terms of vessel supply, while we expect the number of new vessels coming into operation at the same high level as the previous fiscal year, we expect that the VLCC market will remain in an adjustment phase for the medium term, taking into account that the number of aged ships being scrapped is continuing at a high level due to firm scrapping prices. As for the product tanker market, although we anticipate trade to be invigorated due to a continuing trend of increasing exports of petroleum products from countries such as India and China, and increased demand for petroleum products in emerging countries, we expect the market to remain weak because we don’t expect any sudden growth in the number of vessels getting scrapped despite the continuing delivery of new vessels. With respect to the containership business, Ocean Network Express Pte. Ltd. (ONE),

a company established through the integration of the containership businesses of MOL, Kawasaki Kisen Kaisha, Ltd. and Nippon Yusen Kabushiki Kaisha, took over MOL’s pre-existing operations and started services in April this year. ONE’s operations combine the best practices cultivated by the respective containership businesses of MOL, Kawasaki Kisen Kaisha, Ltd., and Nippon Yusen Kabushiki Kaisha, and utilize the merit of scale of the business achieved by the integration in order to strengthen profitability.
In consideration of these prospects, for the full year, we project revenue of ¥1,130.0 billion, operating profit of ¥23.0 billion, ordinary profit of ¥40.0 billion and profit attributable to owners of parent of ¥30.0 billion.

5. Financial Position

Total assets as of March 31, 2018 increased by ¥ 8.1billion compared to the balance as of the end of the previous fiscal year, to ¥ 2,225.6billion. This was primarily due to the increase in Investment securities.

Total liabilities as of March 31, 2018 increased by ¥ 63.6billion compared to the balance as of the end of the previous fiscal year, to ¥ 1,597.5billion. This was primarily due to the increase in Short-term bank loans.

Total net assets as of March 31, 2018 decreased by ¥ 55.5billion compared to the balance as of the end of the previous fiscal year, to ¥ 628billion. This was primarily due to the decrease in Retained earnings.

As a result, shareholders’ equity ratio decreased by 2.8% compared to the ratio as of the end of the previous Fiscal year, to 23.0%.

6. Cash Flow

Cash and cash equivalents (hereinafter called “cash”) as of the end of FY2017 was ¥ 189.5billion, an increase of ¥ 2.7billion compared to the balance as of the end of the previous fiscal year. Cash flows on each activity are as follows.
Net cash provided by operating activities during FY2017 was ¥ 98.3billion (while net cash provided by FY2016 was ¥ 17.6billion), mainly due to Depreciation and amortization ¥ 86.6billion, partially offset by Loss before income taxes and non-controlling interests (¥ 28.7billion).
Net cash used in investing activities during FY2017 was ¥ 100.8billion (while net cash used in FY2016 was ¥ 73.9billion), mainly due to Purchase and proceeds from sale of vessels and other non-current assets .
Net cash provided by financing activities during FY2017 was ¥ 9.2billion (while net cash provided by FY2016 was ¥ 87.1billion), mainly due to Proceeds from long-term bank loans.

7. Basic policy on profit sharing and dividends

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

As for the fiscal year under review, we will distribute dividends of surplus (a year-end dividend) at ¥10.00 per share for the fiscal year under review. We will pay an annual dividend of ¥20.00 per share including the interim dividend of ¥10.00 per share (*)
(*) With an effective date of October 1, 2017, a 10:1 share consolidation of common stock was implemented. The interim dividend for the fiscal year under review is presented assuming that the shares were consolidated at the beginning of the fiscal year under review. The interim dividend without factoring in the consolidation of shares would be ¥1.00.

As for dividends of surplus for the next fiscal year, we plan to pay an annual dividend of ¥50.00 per share, comprising an interim dividend of ¥20.00 per share and a year-end dividend of ¥30.00 per share on the assumption that we secure the income described in our outlook for the next fiscal year.

8. Consolidated Financial Statements

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

(1) Consolidated Balance Sheets

(¥Million)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	177,145	192,797
Trade receivables	130,420	125,851
Marketable securities	12,800	500
Inventories	36,358	38,679
Deferred and prepaid expenses	60,888	61,918
Deferred tax assets	1,273	1,334
Other current assets	63,020	59,357
Allowance for doubtful accounts	(428)	(401)
Total current assets	481,477	480,036
Fixed assets		
Tangible fixed assets		
Vessels	756,930	776,554
Buildings and structures	153,767	148,598
Equipment and others	26,630	31,581
Furniture and fixtures	5,366	4,137
Land	221,342	221,045
Construction in progress	156,935	106,128
Other tangible fixed assets	2,693	2,884
Total tangible fixed assets	1,323,665	1,290,929
Intangible fixed assets	31,287	30,163
Investments and other assets		
Investment securities	231,978	274,527
Long-term loans receivable	62,796	73,403
Long-term prepaid expenses	6,824	6,388
Net defined benefit asset	15,390	18,811
Deferred tax assets	3,535	3,212
Other investments and other assets	62,661	50,583
Allowance for doubtful accounts	(2,089)	(2,421)
Total investments and other assets	381,097	424,506
Total fixed assets	1,736,051	1,745,599
Total assets	2,217,528	2,225,636

(¥Million)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Trade payables	125,118	131,405
Short-term bonds	20,000	31,872
Short-term bank loans	133,155	180,539
Commercial papers	―	5,000
Accrued income taxes	6,642	6,395
Advances received	32,258	34,409
Deferred tax liabilities	1,188	590
Allowance for bonuses	4,402	4,567
Allowance for directors' bonuses	153	186
Other current liabilities	60,537	83,320
Total current liabilities	383,456	478,287
Fixed liabilities		
Bonds	210,595	175,748
Long-term bank loans	738,163	706,944
Lease obligations	18,371	15,977
Deferred tax liabilities	56,678	55,225
Net defined benefit liabilities	12,445	12,909
Directors' and corporate auditors' retirement benefits	1,459	1,487
Reserve for periodic drydocking	18,566	20,647
Other fixed liabilities	94,171	130,364
Total fixed liabilities	1,150,450	1,119,304
Total liabilities	1,533,907	1,597,591
Net assets		
Owners' equity		
Common stock	65,400	65,400
Capital surplus	45,382	45,385
Retained earnings	355,263	306,642
Treasury stock	(6,820)	(6,807)
Total owners' equity	459,226	410,620
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	28,353	33,400
Unrealized gains on hedging derivatives, net of tax	54,326	37,873
Foreign currency translation adjustments	27,178	23,442
Remeasurements of defined benefit plans, net of tax	2,898	5,905
Total accumulated other comprehensive income	112,757	100,621
Share subscription rights	2,447	2,026
Non-controlling interests	109,190	114,776
Total net assets	683,621	628,044
Total liabilities and net assets	2,217,528	2,225,636

April 27, 2018

(2) Consolidated Statements of Income

(¥Million)

	FY2016 (Apr.1,2016-Mar 31, 2017)	FY2017 (Apr.1,2017-Mar 31, 2018)
Shipping and other revenues	1,504,373	1,652,393
Shipping and other expenses	1,388,264	1,513,736
Gross operating income	116,109	138,656
Selling, general and administrative expenses	113,551	115,972
Operating profit	2,558	22,684
Non-operating income		
Interest income	5,918	7,976
Dividend income	6,021	6,661
Equity in earnings of affiliated companies	5,543	—
Foreign exchange gains	24,179	16,834
Others	3,875	3,930
Total non-operating income	45,538	35,402
Non-operating expenses		
Interest expense	19,037	20,413
Equity in losses of affiliated companies	—	3,428
Others	3,633	2,771
Total non-operating expenses	22,670	26,613
Ordinary profit	25,426	31,473
Extraordinary income		
Gain on sale of fixed assets	6,125	16,979
Others	29,080	4,587
Total extraordinary income	35,206	21,566
Extraordinary losses		
Loss on sale of fixed assets	1,259	1,310
Loss related to business restructuring	—	73,476
Impairment loss	22,273	—
Others	13,795	6,962
Total extraordinary losses	37,328	81,748
Income (loss) before income taxes and non-cotrolling interests	23,303	(28,709)
Income taxes - current	13,323	10,729
Income taxes - deferred	(625)	2,002
Total income taxes	12,698	12,731
Net income (loss)	10,605	(41,440)
Profit attributable to non-controlling interests	5,348	5,939
Profit (loss) attributable to owners of parent	5,257	(47,380)

(3) Consolidated Statements of Comprehensive Income

(¥Million)

	FY2016 (Apr.1,2016-Mar.31, 2017)	FY2017 (Apr.1,2017-Mar.31, 2018)
Net income (loss)	10,605	(41,440)
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	8,768	5,839
Unrealized gains on hedging derivatives, net of tax	13,070	(22,402)
Foreign currency translation adjustments	2,463	(773)
Remeasurements of defined benefit plans, net of tax	2,944	3,007
Share of other comprehensive income of associates accounted for using equity method	4,100	3,501
Total other comprehensive income	31,347	(10,828)
Comprehensive income	41,952	(52,268)
(Breakdown)		
Comprehensive income attributable to owners of parent	35,183	(59,516)
Comprehensive income attributable to non-controlling interests	6,769	7,247

(4) Consolidated Statement of Changes in Net assets

FY2017 (April 1, 2017 – March 31, 2018)

(¥Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total owners' equity
Balance at Mar, 2017	65,400	45,382	355,263	(6,820)	459,226
Issuance of new shares - exercise of share acquisition rights				12	12
Dividends of surplus			(1,196)		(1,196)
Loss attributable to owners of parent			(47,380)		(47,380)
Change of scope of consolidation			3		3
Purchase of treasury shares				(98)	(98)
Disposal of treasury shares			(47)	98	51
Purchase of shares of consolidated subsidiaries		2			2
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	2	(48,620)	13	(48,605)
Balance at Mar, 2018	65,400	45,385	306,642	(6,807)	410,620

	Accumulated other comprehensive income					Share subscription rights	Non-controlling interests	Total net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Balance at Mar, 2017	28,353	54,326	27,178	2,898	112,757	2,447	109,190	683,621
Issuance of new shares - exercise of share acquisition rights						(12)		—
Dividends of surplus								(1,196)
Loss attributable to owners of parent								(47,380)
Change of scope of consolidation								3
Purchase of treasury shares								(98)
Disposal of treasury shares								51
Purchase of shares of consolidated subsidiaries								2
Net changes of items other than shareholders' equity	5,046	(16,453)	(3,735)	3,006	(12,135)	(408)	5,585	(6,959)
Total changes of items during period	5,046	(16,453)	(3,735)	3,006	(12,135)	(420)	5,585	(55,576)
Balance at Mar, 2018	33,400	37,873	23,442	5,905	100,621	2,026	114,776	628,044

(5) Consolidated Statements of Cash flows

(¥Million)

	FY2016 (Apr.1,2016-Mar 31, 2017)	FY2017 (Apr.1,2017-Mar 31, 2018)
Cash flows from operating activities		
Income (loss) before income taxes and non-cotrolling interests	23,303	(28,709)
Depreciation and amortization	87,190	86,629
Impairment loss	22,273	—
Loss related to business restructuring	—	73,476
Equity in losses (earnings) of affiliated companies	(5,543)	3,428
Various provisions (reversals)	(20,053)	1,021
Decrease (increase) in net defined benefit asset	1,996	785
Increase (Decrease) in net defined benefit liabilities	(755)	539
Interest and dividend income	(11,939)	(14,637)
Interest expense	19,037	20,413
Loss (gain) on sales and retirement of non-current assets	(3,938)	(13,471)
Foreign exchange loss (gain), net	(25,818)	(17,480)
Decrease (Increase) in trade receivables	(1,683)	4,690
Decrease (Increase) in inventories	(8,691)	(2,423)
Increase (Decrease) in trade payables	(573)	6,218
Others, net	(45,200)	(6,549)
Sub total	29,602	113,934
Interest and dividend income received	15,351	18,662
Interest expenses paid	(18,778)	(21,208)
Income taxes paid	(8,551)	(13,007)
Net cash provided by (used in) operating activities	17,623	98,380
Cash flows from investing activities		
Purchase of investment securities	(14,533)	(41,288)
Proceeds from sale and redemption of investment securities	27,738	2,029
Purchase of vessels and other non-current assets	(143,177)	(142,570)
Proceeds from sale of vessels and other non-current assets	71,350	89,446
Net decrease (increase) in short-term loans receivables	(6,652)	(28)
Disbursements for long-term loans receivables	(21,374)	(29,866)
Collection of long-term loans receivables	9,832	22,092
Others, net	2,876	(666)
Net cash provided by (used in) investing activities	(73,941)	(100,851)

(¥Million)

	FY2016 (Apr.1,2016-Mar 31, 2017)	FY2017 (Apr.1,2017-Mar 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	9,907	60,125
Net increase (decrease) in commercial paper	–	5,000
Proceeds from long-term bank loans	239,075	96,812
Repayments of long-term bank loans	(119,252)	(127,272)
Proceeds from issuance of bonds	10,000	–
Redemption of bonds	(45,000)	(20,000)
Cash dividends paid by the company	(4,258)	(1,214)
Cash dividends paid to non-controlling interests	(1,018)	(1,450)
Others, net	(2,323)	(2,757)
Net cash provided by (used in) financing activities	87,129	9,243
Effect of foreign exchange rate changes on cash and cash equivalents	(3,454)	(4,025)
Net increase (decrease) in cash and cash equivalents	27,357	2,746
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 period	186,844	189,591

April 27, 2018

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 started operations on 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	800 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

(6) Segment Information

Business segment information:

(￥Million)

FY2016 (Apr.1,2016 - Mar.31, 2017)	Reportable Segment						Others *1	Total	Adjust-ment *2	Consoli-dated
			Product Transport Business							
	Dry Bulk Business	Energy Transport Business	Container ships	Car Carries, Ferries and Coastal RoRo ships	Associated Businesses	Sub Total				
Revenues										
1.Revenues from external customers	267,864	257,834	620,714	250,648	90,025	1,487,087	17,286	1,504,373	—	1,504,373
2.Inter-segment revenues	14	8,378	1,816	181	27,518	37,909	6,658	44,568	(44,568)	—
Total Revenues	267,879	266,212	622,531	250,830	117,543	1,524,997	23,944	1,548,941	(44,568)	1,504,373
Segment profit (loss)	11,977	26,499	(32,864)	4,839	12,337	22,789	2,051	24,840	585	25,426
Segment assets	371,411	845,984	388,029	265,906	415,399	2,286,731	371,328	2,658,060	(440,531)	2,217,528
Others										
Depreciation and amortization	12,994	36,958	12,130	14,134	9,395	85,564	433	85,997	1,192	87,910
Amortization of goodwill	—	21	0	—	164	185	0	186	—	186
Interest income	846	3,295	895	36	43	5,117	2,119	7,236	(1,318)	5,918
Interest expenses	3,163	11,589	1,728	1,279	1,436	19,197	1,076	20,274	(1,237)	19,037
Equity in earnings (losses) of affiliates	(4,550)	10,341	(4)	360	226	6,373	(829)	5,543	—	5,543
Investment in affiliates	19,053	75,474	12,635	2,448	2,139	111,750	1,049	112,799	—	112,799
Increase of tangible / intangible fixed assets	13,709	63,617	28,307	30,011	4,937	140,584	253	140,838	955	141,793

* 1. "Others" primarily consists of business segments that are not included in reportable segments, such as the ship operations business, the ship management business, the ship chartering business, the financing business and the shipbuilding business.
* 2.
  (1) Adjustment in Segment income (loss) of ￥585 million include the following:
  ￥-4,578 million of corporate profit which is not allocated to segments, ￥6,312 million of adjustment for management accounting and ￥-1,148 million of inter-segment transaction elimination.
  (2) Adjustment in Segment assets of ￥-440,531 million include the following:
  ￥14,715 million of assets which are not allocated to segments and ￥-455,246 million of inter-segment transaction elimination.
  (3) Adjustment in Depreciation and amortization of ￥1,192 million include the following:
  ￥1,192 million of depreciation of assets which are not allocated to segments.
  (4) Adjustment in Interest income of ￥-1,318 million include the following:
  ￥2,522 million of interest income which is not allocated to segments and ￥-3,840 million of inter-segment transaction elimination.
  (5) Adjustment in Interest expenses of ￥-1,237 million include the following:
  ￥5,604 million yen of interest expenses which are not allocated to segments, ￥-2,999 million of adjustment for management accounting and ￥-3,842 million of inter-segment transaction elimination.
  (6) Adjustment in Increase of tangible / intangible fixed assets of ￥955 million is acquisition cost of tangible / intangible fixed assets which are not allocated to segments.
* 3. Management has decided not to allocate liabilities to segments. Therefore segment information regarding liabilities is not disclosed.
* 4. Segment income (loss) corresponds to Ordinary profit in the consolidated statements of income.

(¥ Million)

FY2017 (Apr.1,2017 - Mar.31, 2018)	Reportable Segment						Others *1	Total	Adjust-ment *2	Consoli-dated
			Product Transport Business							
	Dry Bulk Business	Energy Transport Business	Container ships	Car Carries, Ferries and Coastal RoRo ships	Associated Businesses	Sub Total				
Revenues										
1.Revenues from external customers	272,956	262,245	749,714	261,171	90,095	1,636,184	16,208	1,652,393	―	1,652,393
2.Inter-segment revenues	3	8,712	1,909	234	28,366	39,226	6,305	45,531	(45,531)	―
Total Revenues	272,960	270,957	751,624	261,406	118,462	1,675,410	22,514	1,697,925	(45,531)	1,652,393
Segment profit (loss)	15,414	13,633	(10,691)	4,363	12,657	35,378	2,601	37,980	(6,506)	31,473
Segment assets	341,638	866,429	384,612	263,983	422,008	2,278,672	347,336	2,626,008	(400,372)	2,225,636
Others										
Depreciation and amortization	11,749	37,105	11,525	15,758	9,143	85,282	361	85,644	985	86,629
Amortization of goodwill	―	22	0	―	159	182	―	182	―	182
Interest income	1,152	4,565	1,126	116	44	7,005	2,928	9,933	(1,957)	7,976
Interest expenses	2,863	13,190	1,581	1,221	1,331	20,189	1,951	22,141	(1,727)	20,413
Equity in earnings (losses) of affiliates	(4,507)	8,240	(6,808)	377	277	(2,421)	(1,007)	(3,428)	―	(3,428)
Investment in affiliates	15,784	84,547	35,751	2,776	2,218	141,078	369	141,448	―	141,448
Increase of tangible / intangible fixed assets	5,912	87,430	21,735	26,773	5,967	147,819	763	148,582	612	149,195

* 1. "Others" primarily consists of business segments that are not included in reportable segments, such as the ship operations business, the ship management business, the ship chartering business, the financing business and the shipbuilding business.
* 2.
  (1) Adjustment in Segment income (loss) of ¥ -6,506 million include the following:
  ¥ -11,610 million of corporate profit which is not allocated to segments, ¥ 5,998 million of adjustment for management accounting and ¥ -895 million of inter-segment transaction elimination.
  (2) Adjustment in Segment assets of ¥-400,372 million include the following:
  ¥ 12,378 million of assets which are not allocated to segments and ¥ -412,750 million of inter-segment transaction elimination.
  (3) Adjustment in Depreciation and amortization of ¥ 985 million include the following:
  ¥ 985 million of depreciation of assets which are not allocated to segments.
  (4) Adjustment in Interest income of ¥ -1,957 million include the following:
  ¥ 3,263 million of interest income which is not allocated to segments and ¥ -5,221 million of inter-segment transaction elimination.
  (5) Adjustment in Interest expenses of ¥ -1,727 million include the following:
  ¥ 7,270 million of interest expenses which are not allocated to segments, ¥ -3,773 million of adjustment for management accounting and ¥ -5,223 million of inter-segment transaction elimination.
  (6) Adjustment in Increase of tangible / intangible fixed assets of ¥ 612 million is acquisition cost of tangible / intangible fixed assets which are not allocated to segments.
* 3. Management has decided not to allocate liabilities to segments. Therefore segment information regarding liabilities is not disclosed.
* 4. Segment income (loss) corresponds to Ordinary profit in the consolidated statements of income.

(¥Million)

As of March 31, 2018	Reportable Segment						Others	Adjust-ment	Consoli-dated
	Dry Bulk Business	Energy Transport Business	Product Transport Business: Container ships	Product Transport Business: Car Carries, Ferries and Coastal RoRo ships	Associated Businesses	Sub Total			
Goodwill	－	44	－	－	1,845	1,890	－	－	1,890

* 5. There were no impairment loss.

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

* 7. There were no gains from negative goodwill.

Geographical segment information: (¥Million)

FY2017 (Apr.1,2017 - Mar.31, 2018)	Japan	North America	Europe	Asia	Others	Total
Revenues	1,442,585	31,806	39,369	136,530	2,101	1,652,393
Tangible fixed assets	984,611	45,382	2,995	219,260	38,720	1,290,929

(Major subsequent event)
(Additional investments in an equity-method affiliate of the Company)
As initially planned , the Company contributed an additional amount of capital to its equity-method affiliate Ocean Network Express Pte. Ltd. on April 2, 2018.

1. Overview of the equity-method affiliate of the Company

Company name	Ocean Network Express Pte. Ltd.
Amount of Capital	(before additional investments) US$ 800,000,000 (after additional investments) US$ 3,000,000,000
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) There has been no change in contribution ratios between before and after the additional contribution of capital.
Location	Singapore
Date of Establishment	July 7, 2017

2. Details of additional investments

Amount of additional investments	US$2,200,000,000
Amount of Capital after additional investments	US$3,000,000,000
Execution date of additional investments	April 2, 2018

[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 Apr-Jun, 2017	Q2 Jul-Sep, 2017	Q3 Oct-Dec, 2017	Q4 Jan-Mar, 2018
Revenues [¥ Millions]	403,284	415,617	420,760	412,732
Operating profit (loss)	1,147	9,999	13,218	(1,680)
Ordinary profit (loss)	5,885	11,462	17,217	(3,091)
Income (Loss) before income taxes	9,150	11,284	20,507	(69,650)
Profit (Loss) attributable to owners of parent	5,251	7,872	16,106	(76,609)
Net income (loss)* per share [¥]	43.91	65.81	134.68	(640.56)
Total Assets [¥ Millions]	2,198,561	2,188,391	2,251,848	2,225,636
Total Net Assets	679,362	687,223	714,061	628,044

*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 Apr-Jun, 2016	Q2 Jul-Sep, 2016	Q3 Oct-Dec, 2016	Q4 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

(￥ Millions)

	FY2016	FY2017	Increase / Decrease
Vessels	65,894	64,536	(1,357)
Others	21,296	22,093	797
Total	87,190	86,629	(560)

3. Interest-bearing Debt

(￥ Millions)

	As of Mar.31, 2017	As of Mar.31, 2018	Increase / Decrease
Bank loans	871,318	887,484	16,165
Bonds	230,595	207,620	(22,975)
Commercial paper	—	5,000	5,000
Others	20,487	17,985	(2,501)
Total	1,122,400	1,118,089	(4,310)

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	58	5,579	77	10,319	29	2,301	49	808	14	1,106
Chartered	279	24,840	79	3,626	7	429	70	1,196	77	6,367
Others	-	-	7	328	2	143	-	-	-	-
As of Mar.31, 2018	**337**	**30,420**	**163**	**14,273**	**38**	**2,873**	**119**	**2,004**	**91**	**7,474**
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	20,212
Chartered	3	19	-	-	25	75	540	36,551
Others	-	-	-	-	1	1	10	472
As of Mar.31, 2018	**14**	**79**	**1**	**5**	**32**	**109**	**795**	**57,235**
As of Mar.31, 2017	14	78	1	5	31	106	790	56,952

*including coastal ships (excluding coastal RoRo ships)

5. Exchange Rates

	FY2016	FY2017	Change
Average rates	¥108.57	¥111.08	¥2.51 [2.3%] JPY Depreciated
Term-end rates	¥112.19	¥106.24	¥5.95 [5.3%] JPY Appreciated

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

<Overseas subsidiaries>

	TTM on Dec/31/2016	TTM on Dec/31/2017	Change
Term-end rates	¥116.49	¥113.00	¥3.49 [3.0%] JPY Appreciated

6. Average Bunker Prices

	FY2016	FY2017	Increase / Decrease
Purchase Prices	US$284/MT	US$354/MT	US$＋70/MT

7. Market Information

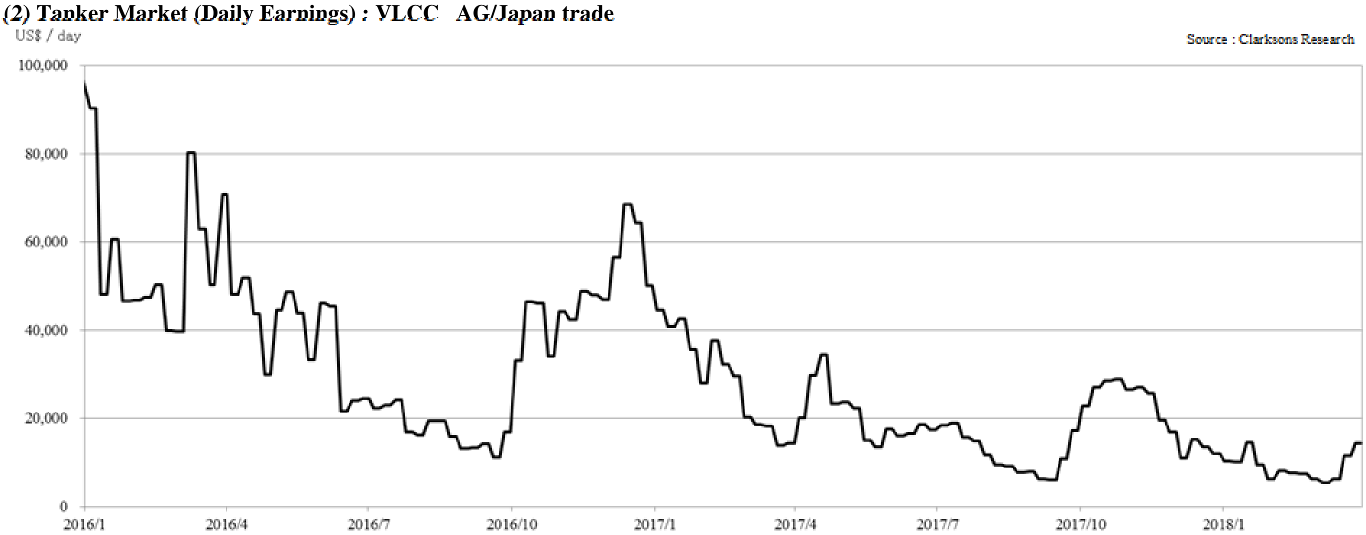
(1) Dry Bulker Market (Baltic Dry Index) (January 1985 = 1,000)

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
2018	1,242	1,125	1,154										1,174

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

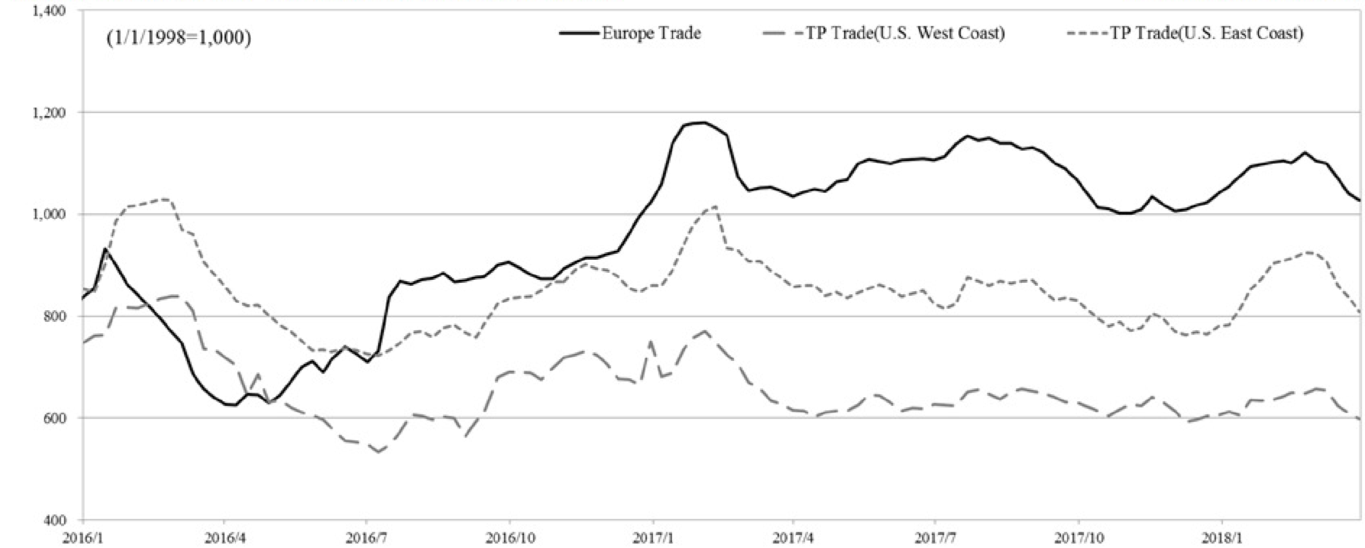
Source : Clarksons Research



Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
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
2018	11,148	7,357	8,739										9,081

(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.