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

October 31, 2017

Mitsui O.S.K. Lines, Ltd.

Financial Highlights: The Second Quarter Ended September 30, 2017

1. Consolidated Financial Highlights (from April 1, 2017 to September 30, 2017)

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

(1) Operating Results

	Q2/FY2017 (¥Million)	Q2/FY2016 (¥Million)	Q2/FY2017 (US$ Thousand)
Revenues	818,901	713,560	7,264,269
Operating profit (loss)	11,146	(2,020)	98,873
Ordinary profit	17,347	5,498	153,881
Profit attributable to owners of parent	13,123	16,058	116,411
		(¥)	(US$)
Net income per share	109.72	134.26	0.973
Diluted net income per share	101.33	124.06	0.899

* 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

	Q2/FY2017 (¥Million)	FY2016 (¥Million)	Q2/FY2017 (US$ Thousand)
Total Assets	2,188,391	2,217,528	19,412,676
Total Net Assets	687,223	683,621	6,096,186
Shareholders' Equity / Total assets	26.2%	25.8%	
		(¥)	(US$)
Shareholders' Equity per share	4,799.75	4,782.25	42.577

* 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."

October 31, 2017

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

	(￥Million) FY2017	(US$ Thousand) FY2017
Revenues	1,615,000	14,627,298
Operating profit	20,000	181,143
Ordinary profit	25,000	226,429
Profit attributable to owners of parent	12,000	108,686

	(￥) FY2017	(US$) FY2017
Net income per share	100.33	0.909

* 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.

2H/FY2017 (Oct. 1 2017-Mar. 31 2018)
Exchange Rate 1US$=￥110.00 Bunker Price US$ 350/MT

FY2017
Exchange Rate 1US$=￥110.41 Bunker Price US$ 336/MT

(Translation of foreign currencies)
The Japanese yen amounts for Q2/FY2017 have been translated into U.S. dollars using the prevailing exchange rate at September 30, 2017, which was ￥112.73 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: ¥10.03 for the full year

(Note 1) The dividend for the second quarter-end will be 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)

	Six months		Year-on-year comparison (variance)
	From Apr. 1, 2016 to Sep. 30, 2016	From Apr. 1, 2017 to Sep. 30, 2017	
Revenue	713.5	818.9	105.3 / 14.8 %
Operating profit (loss)	(2.0)	11.1	13.1 / – %
Ordinary profit (loss)	5.4	17.3	11.8 / 215.5 %
Profit/(loss) attributable to owners of parent	16.0	13.1	(2.9) / (18.3) %
Exchange rate (six-month average)	¥106.98/US$	¥110.82/US$	¥3.84/US$
Bunker price (six-month average)	US$241/MT	US$322/MT	US$81/MT

In the global economy during the first six months of the fiscal year (FY) 2017 (April 1, 2017 to September 30, 2017), the U.S. achieved moderate yet steady growth amid upward momentum with respect to capital investment largely brought about by improving business sentiment and sustained expansion of corporate earnings, and also underpinned by a consistent upturn with respect to employment and consumption. The European economy continued to mount a firm recovery and otherwise achieved an ongoing gradual pace of growth underpinned by solid recovery in personal consumption accompanied by an improving employment environment. In China, business slowed moderately amid a situation where the economy continued to draw support from personal consumption against a backdrop of a favorable employment and income environment on the one hand, but offset in part by somewhat slowing growth in exports which had been expanding amid a rebounding global economy, and also offset by a trend of slowing, albeit still high, infrastructure investment. In Japan, meanwhile, business activity continued on a track of moderate recovery as personal consumption remained firm driven by robust employment and income conditions, in addition to improvement in corporate earnings.

Looking at the maritime shipping market conditions, the dry bulker market proceeded firmly amid a scenario of improving market conditions owing to robust demand for coal and grain shipments from the east coast of South America, despite the prolonged impact of a cyclone in eastern Australia and downturn of cargo volume from Brazil. The very large crude oil carrier (VLCC) market has remained at low levels 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 containership freight market, on the Asia-North America routes, the highest ever cargo volumes from Asia were recorded due to the robust U.S. economy, and on the Asia-Europe routes cargo volumes from Asia also proceeded steadily. Nevertheless, spot freight rates over the busy summer season were lackluster largely due to a growing capacity supply brought about by launches of large containerships.

The average exchange rate of Japanese yen against the U.S. dollar during the first six months depreciated by ¥3.84 year on year to ¥110.82. The average bunker price during the same period rose by US$81/MT year on year to US$322/MT.

As a result of the above, we recorded revenue of ¥818.9 billion, operating profit of ¥11.1 billion, ordinary profit of ¥17.3 billion and profit attributable to owners of parent of ¥13.1 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)

		Six months		Year-on-year comparison (variance)
		From Apr. 1, 2016 to Sep. 30, 2016	From Apr. 1, 2017 to Sep. 30, 2017	
Dry Bulk Business		125.1	133.5	8.4 / 6.8%
		5.4	7.9	2.5 / 47.6%
Energy Transport Business		126.1	132.3	6.2 / 4.9%
		15.3	4.9	(10.3)/ (67.5)%
Product Transport Business	Containerships	292.6	374.2	81.5 / 27.9%
		(21.3)	(4.1)	17.2 / – %
	Car Carriers, Ferries and Coastal RoRo Ships	121.1	130.4	9.3 / 7.7%
		1.9	4.4	2.5 / 129.8%
Associated Businesses		60.1	58.9	(1.2)/ (2.0)%
		5.7	6.7	0.9 / 17.2%
Others		10.9	11.6	0.6 / 5.9%
		0.7	1.2	0.5 / 74.3%

Note: Revenue includes internal sales or transfers among segments.

(A) Dry Bulk Business

In the Capesize bulker market, after having temporarily reached US$20,000 per day at the end of March, the market rate continued to fall, thereby declining to the level of US$6,000 per day in July due partly to the prolonged impact of a cyclone in eastern Australia and the downturn of spot market for cargo from Brazil. However, in September the market rate once again reached US$20,000, amid a scenario where Pacific round-voyage rates increased amid an upturn in iron ore and steel prices along with rebounding freight rates from Brazil since late July, which also extended to Atlantic round-voyage rates amid more upbeat shipowner sentiment. The Panamax market has endured a stretch of repeated ups and downs since mid-June after having previously weakened from May to mid-June subsequent to having increased to the level of US$12,000 per day in mid-April. However, the rate has improved to US$10,000 per day on average in the second quarter amid renewed upward momentum brought about by active grain cargo movements from the east coast of South America beginning in late July. The Handymax market has been heading higher since July, boosted by an increase in Chinese coal imports and an upturn in Indian post-monsoon coal imports amid a tightening vessel supply and demand balance due to increased ton-mile demand. Facing such market conditions, the dry bulker division increased its ordinary profit year on year largely 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 has remained at low levels 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. The product tanker market continued to proceed weakly from the first quarter due to factors such as a slowdown in cargo volumes between East and West along with pressures of supply arising from new vessel deliveries, despite a brief surge in the market brought about by a hurricane striking the U.S. In the LPG carrier market, whereas a phase of recovery had previously ensued backed by robust cargo volumes, the market subsequently took a downturn amid a standstill in arbitrage-trading from the U.S. to Asia brought about by diminishing LPG price variations. Facing these conditions, the tanker division has recorded an ordinary profit for the first six 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, which operates vessels mainly under medium - to long-term contracts including three newly built vessels, recorded a stable ordinary profit for the first six months, although the spot market was sluggish. The offshore business also recorded a stable ordinary profit, brought about by operations of a new FPSO unit and the contribution of favorable revenues from a subsea support vessel.

(C) Product Transport Business

<Containerships>

In regard to the containership freight market, cargo volumes from Asia remained strong overall. On the Asia-North America routes, in particular, the highest ever cargo volumes from Asia were recorded due to the robust U.S. economy. On the other hand, upward momentum with respect to spot freight rates was limited during the busy summer season, amid a scenario where supply and demand balance did not tighten due to a growing capacity supply brought about by launches of large containerships against a backdrop of the Panama Canal expansion. On Asia-Europe routes upward momentum with respect to spot freight rates also did not materialize, despite steady cargo volumes from Asia. On the Asia-East Coast of South America routes, spot freight rates followed a downward trend beginning in August, after having remained at high levels from the beginning of spring, as a result of respective companies in the market operating extra sailings during the busy summer season in conjunction with cargo volumes from Asia marking further recovery. Despite spot freight rates remaining lackluster across every route during the busy summer season, ordinary loss in the containership business was reduced year on year. This was a result of an increase in backhaul cargo volume from Europe to Asia, contributions generated from annual contract freight rates which had been rising upon renewals since the start of the year, and efforts geared to cutting operation costs by reducing the expenses of repositioning empty containers through improved yield management.

<Car Carriers>

Although the transportation volume of completed cars continued to be firm to the U.S., there are no prospects of a full-fledged recovery to the resource-producing countries and emerging 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 six months.

<Ferries and Coastal RoRo Ships>

In the business of ferries and coastal RoRo ships, cargo volumes were firm reflecting the continuation of demand for ocean transportation against the backdrop of a shortage of truck drivers. Passenger transport also proceeded firmly, mainly as a result of launching a new vessel to the Eastern Japan route in May 2017. As a result, despite cancellations of multiple services because of the impact of typhoons, ordinary profit ended on par year on year.

(D) Associated Businesses

The cruise ship business recorded a year-on-year decrease in ordinary profit due mainly to 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, 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 September 30, 2017 decreased by ¥ 29.1 billion compared to the balance as of the end of the previous fiscal year, to ¥ 2,188.3 billion. This was primarily due to the decrease in Vessels.

Total liabilities as of September 30, 2017 decreased by ¥ 32.7 billion compared to the balance as of the end of the previous fiscal year, to ¥ 1,501.1 billion. This was primarily due to the decrease in Long-term bank loans.

Total net assets as of September 30, 2017 increased by ¥ 3.6 billion compared to the balance as of the end of the previous fiscal year, to ¥ 687.2 billion. This was primarily due to the decrease in Retained earnings.

As a result, shareholders' equity ratio increased by 0.4% compared to the ratio as of the end of the previous Fiscal year, to 26.2%.

6. Outlook for FY2017

[For FY2017] (Billions of Yen)

	Previous outlook (When announced on July 31, 2017)	Latest outlook (When announced Q2)	Comparison (variance)
Revenue	1615.0	1615.0	– / –%
Operating profit (loss)	18.0	20.0	2.0 / 11.1%
Ordinary profit (loss)	25.0	25.0	— / —%
Profit (loss) attributable to owners of parent	12.0	12.0	— / —%

Exchange rate	¥110.00/US$	¥110.00/US$	—/US$
Bunker price	US$330/MT	US$350/MT	US$20/MT
	(Assumption for the second half of FY2017)	(Assumption for the second half of FY2017)	

Looking ahead at the third quarter and beyond, we assume that the world economy will continue to achieve gradual expansion. Meanwhile, we anticipate ongoing robust economic performance by developed countries such as the U.S. and Europe, along with a gradual pace of economic slowdown in China. However, we will need to closely monitor changes in the European and U.S. financial environments, with the current state of affairs including, in the U.S., the Federal Reserve Bank (FRB) making decisions to scale back its asset portfolio, and, in Europe, the European Central Bank deciding to scale back quantitative easing policies. In East Asia, recognizing such risks as increasing tension on the Korean Peninsula, we expect the current unpredictability of the situation to continue.

In the dry bulker market, we anticipate robust performance over the rest of the year amid factors that include bullish sentiment among shipowners across all vessel types, a market downturn which remained limited ahead of the Anniversary of the Founding of the People's Republic of China, and the likelihood of robust demand for grain shipments for the time being. With respect to the very large crude oil carrier (VLCC) market, it seems likely that the market will remain firm going forward heading into the winter demand period, amid a prevailing scenario of rising rates partially fueled by increasing cargo demand. As for the product tanker market, we anticipate an improvement approaching the winter demand period. In the containership freight market, although we anticipate a temporary lull in cargo volume from October due to a natural market correction that typically happens every year following the summer demand period, we also expect developments that include stronger demand than usual with respect to cargo volumes from Asia across every route, a situation where spot freight rates bottom out early on, and a certain amount of increase in the spot freight market from the rush in demand before the Chinese New Year holidays. Accordingly, even though cargo volume demand currently remains strong on all fronts, we will need to keep paying close attention to the global economy and cargo volume trends.

In consideration of these prospects, for the full year, we project revenue of ¥1,615.0 billion, operating profit of ¥20.0 billion, ordinary profit of ¥25.0 billion and profit attributable to owners of parent of ¥12.0 billion.

At present, we plan to pay an annual dividend of ¥2 per share for FY2017, calculated based on the number of shares before the share consolidation, and we will pay an interim dividend. The amount of the interim dividend for FY2017 was set at ¥1 per share, calculated based on the number of shares before the share consolidation, by resolution of the Board of Directors at a meeting held on October 31, 2017.

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 September 30, 2017
Assets		
Current assets		
Cash and deposits	177,145	129,973
Trade receivables	130,420	150,922
Marketable securities	12,800	12,800
Inventories	36,358	34,180
Deferred and prepaid expenses	60,888	59,645
Deferred tax assets	1,273	1,286
Other current assets	63,020	66,916
Allowance for doubtful accounts	(428)	(658)
Total current assets	481,477	455,066
Fixed assets		
Tangible fixed assets		
Vessels	756,930	729,493
Buildings and structures	153,767	149,482
Equipment and others	26,630	26,434
Furniture and fixtures	5,366	4,986
Land	221,342	221,809
Construction in progress	156,935	151,116
Other tangible fixed assets	2,693	2,812
Total tangible fixed assets	1,323,665	1,286,136
Intangible fixed assets	31,287	30,784
Investments and other assets		
Investment securities	231,978	248,564
Long-term loans receivable	62,796	79,450
Long-term prepaid expenses	6,824	6,289
Net defined benefit asset	15,390	15,983
Deferred tax assets	3,535	3,688
Other investments and other assets	62,661	64,849
Allowance for doubtful accounts	(2,089)	(2,421)
Total investments and other assets	381,097	416,404
Total fixed assets	1,736,051	1,733,325
Total assets	2,217,528	2,188,391

(¥Million)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Trade payables	125,118	152,490
Short-term bonds	20,000	33,819
Short-term bank loans	133,155	149,577
Accrued income taxes	6,642	6,130
Advances received	32,258	31,595
Deferred tax liabilities	1,188	1,161
Allowance for bonuses	4,402	3,864
Allowance for directors' bonuses	153	50
Other current liabilities	60,537	62,301
Total current liabilities	383,456	440,991
Fixed liabilities		
Bonds	210,595	177,046
Long-term bank loans	738,163	687,573
Lease obligations	18,371	17,347
Deferred tax liabilities	56,678	58,372
Net defined benefit liabilities	12,445	12,469
Directors' and corporate auditors' retirement benefits	1,459	1,347
Reserve for periodic drydocking	18,566	19,455
Other fixed liabilities	94,171	86,565
Total fixed liabilities	1,150,450	1,060,176
Total liabilities	1,533,907	1,501,168
Net assets		
Owners' equity		
Common stock	65,400	65,400
Capital surplus	45,382	45,382
Retained earnings	355,263	368,377
Treasury stock	(6,820)	(6,808)
Total owners' equity	459,226	472,352
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	28,353	31,380
Unrealized gains on hedging derivatives, net of tax	54,326	49,955
Foreign currency translation adjustments	27,178	16,977
Remeasurements of defined benefit plans, net of tax	2,898	3,407
Total accumulated other comprehensive income	112,757	101,721
Share subscription rights	2,447	2,038
Non-controlling interests	109,190	111,111
Total net assets	683,621	687,223
Total liabilities and net assets	2,217,528	2,188,391

(2) Consolidated Statements of Income

(¥Million)

	FY2016 (Apr.1,2016-Sept 30, 2016)	FY2017 (Apr.1,2017-Sept 30, 2017)
Shipping and other revenues	713,560	818,901
Shipping and other expenses	661,629	750,331
Gross operating income	51,931	68,570
Selling, general and administrative expenses	53,951	57,423
Operating profit (loss)	(2,020)	11,146
Non-operating income		
Interest income	2,721	3,797
Dividend income	2,377	3,020
Equity in earnings of affiliated companies	1,733	—
Foreign exchange gains	8,956	8,487
Others	1,329	2,138
Total non-operating income	17,117	17,444
Non-operating expenses		
Interest expenses	8,640	9,931
Equity in losses of affiliated companies	—	281
Others	957	1,031
Total non-operating expenses	9,598	11,244
Ordinary profit	5,498	17,347
Extraordinary income		
Gain on sale of fixed assets	3,771	3,013
Others	23,902	1,890
Total extraordinary income	27,674	4,903
Extraordinary losses		
Loss on sale of fixed assets	681	840
Others	2,838	975
Total extraordinary losses	3,520	1,815
Income before income taxes and non-controlling interests	29,653	20,434
Income taxes	11,101	4,613
Net income	18,551	15,821
Profit attributable to non-controlling interests	2,492	2,698
Profit attributable to owners of parent	16,058	13,123

(3) Consolidated Statements of Comprehensive Income

(¥Million)

	FY2016 (Apr.1,2016-Sep30, 2016)	FY2017 (Apr.1,2017-Sep.30, 2017)
Net income	18,551	15,821
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	(3,493)	3,709
Unrealized gains on hedging derivatives, net of tax	(7,525)	(6,294)
Foreign currency translation adjustments	(28,491)	(7,295)
Remeasurements of defined benefit plans, net of tax	412	508
Share of other comprehensive income (loss) of associates accounted for using equity method	(20,968)	(1,604)
Total other comprehensive income	(60,067)	(10,977)
Comprehensive income	(41,516)	4,844
(Breakdown)		
Comprehensive income attributable to owners of parent	(39,471)	2,087
Comprehensive income attributable to non-controlling interests	(2,045)	2,756

(4) Consolidated Statements of Cash flows

(¥Million)

	FY2016 (Apr.1, 2016-Sep.30, 2016)	FY2017 (Apr.1, 2017-Sep.30, 2017)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	29,653	20,434
Depreciation and amortization	41,277	42,116
Equity in losses (earnings) of affiliated companies	(1,733)	281
Various provisions (reversals)	(15,882)	807
Decrease (Increase) in net defined benefit assets	1,066	126
Increase (Decrease) in net defined benefit liabilities	(711)	124
Interest and dividend income	(5,098)	(6,818)
Interest expense	8,640	9,931
Loss (gain) on sales and retirement of non-current assets	(2,993)	(2,153)
Foreign exchange loss (gain), net	(7,914)	(10,066)
Decrease (Increase) in trade receivables	9,569	(21,113)
Decrease (Increase) in inventories	(2,318)	2,043
Increase (Decrease) in trade payables	(11,298)	27,740
Others, net	(35,751)	(4,254)
Sub total	6,505	59,200
Interest and dividend income received	6,844	9,176
Interest expenses paid	(8,493)	(9,956)
Income taxes paid	(4,093)	(6,874)
Net cash provided by (used in) operating activities	762	51,547
Cash flows from investing activities		
Purchase of investment securities	(1,681)	(16,646)
Proceeds from sale and redemption of investment securities	23,565	936
Purchase of vessels and other tangible and intangible fixed assets	(55,021)	(67,332)
Proceeds from sale of vessels and other tangible and intangible fixed assets	40,408	46,387
Net decrease (increase) in short-term loans receivables	(6,030)	(27)
Disbursements for long-term loans receivables	(5,372)	(17,407)
Collection of long-term loans receivables	6,390	1,586
Others, net	512	1,315
Net cash provided by (used in) investing activities	2,771	(51,189)

(¥Million)

	FY2016 (Apr.1, 2016-Sep.30, 2016)	FY2017 (Apr.1, 2017-Sep.30, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	80,509	6,807
Net increase (decrease) in commercial paper	12,000	—
Proceeds from long-term bank loans	83,763	30,529
Repayments of long-term bank loans	(62,267)	(62,317)
Redemption of bonds	(25,000)	(20,000)
Cash dividends paid by the company	(1,804)	(11)
Cash dividends paid to non-controlling interests	(556)	(814)
Others, net	(685)	(858)
Net cash provided by (used in) financing activities	85,958	(46,665)
Effect of foreign exchange rate changes on cash and cash equivalents	(15,274)	167
Net increase (decrease) in cash and cash equivalents	74,218	(46,139)
Cash and cash equivalents at beginning of year	159,449	186,844
Cash and cash equivalents at end of quarter	233,667	140,704

October 31, 2017

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	200 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)

Q2 / FY2016 (Apr.1 - Sep.30, 2016)	Reportable Segment: Dry Bulk Business	Reportable Segment: Energy Transport Business	Reportable Segment: Product Transport Business: Container ships	Reportable Segment: Product Transport Business: Car Carries, Ferries and Coastal RoRo ships	Reportable Segment: Associated Businesses	Reportable Segment: Sub Total	Others *1	Total	Adjust-ment *2	Consoli-dated *4
Revenues										
1.Revenues from external customers	125,099	122,520	291,684	121,005	45,239	705,549	8,011	713,560	－	713,560
2.Inter-segment revenues	1	3,617	962	132	14,923	19,637	2,982	22,619	(22,619)	－
Total Revenues	125,101	126,137	292,647	121,137	60,162	725,187	10,993	736,180	(22,619)	713,560
Segment profit (loss)	5,405	15,331	(21,385)	1,926	5,729	7,006	717	7,723	(2,225)	5,498

(￥Million)

Q2 / FY2017 (Apr.1 - Sep.30, 2017)	Reportable Segment: Dry Bulk Business	Reportable Segment: Energy Transport Business	Reportable Segment: Product Transport Business: Container ships	Reportable Segment: Product Transport Business: Car Carries, Ferries and Coastal RoRo ships	Reportable Segment: Associated Businesses	Reportable Segment: Sub Total	Others *1	Total	Adjust-ment *3	Consoli-dated *4
Revenues										
1.Revenues from external customers	133,579	128,102	373,276	130,366	45,244	810,570	8,331	818,901	－	818,901
2.Inter-segment revenues	2	4,237	927	110	13,685	18,963	3,309	22,273	(22,273)	－
Total Revenues	133,582	132,339	374,204	130,476	58,930	829,533	11,641	841,174	(22,273)	818,901
Segment profit (loss)	7,976	4,987	(4,143)	4,426	6,713	19,961	1,250	21,211	(3,864)	17,347

* 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 ￥ -2,225 million include the following:
￥ -4,464 million of corporate profit which is not allocated to segments, ￥ 3,189 million of adjustment for management accounting and ￥ -949 million of inter-segment transaction elimination.

* 3. Adjustment in Segment profit (loss) of ￥ -3,864 million include the following:
￥ -5,984 million of corporate profit which is not allocated to segments, ￥ 3,037 million of adjustment for management accounting and ￥ -917 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.

October 31, 2017

[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		
Operating profit (loss)	1,147	9,999		
Ordinary profit (loss)	5,885	11,462		
Income (Loss) before income taxes	9,150	11,284		
Profit (Loss) attributable to owners of parent	5,251	7,872		
Net income (loss)* per share [¥]	43.91	65.81		
Total Assets [¥ Millions]	2,198,561	2,188,391		
Total Net Assets	679,362	687,223		

*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)

	Six months ended Sep.30, 2016	Six months ended Sep.30, 2017	Increase / Decrease	FY2016
Vessels	31,256	31,579	323	65,894
Others	10,021	10,537	516	21,296
Total	41,277	42,116	839	87,190

3. Interest-bearing Debt

(¥ Millions)

	As of Mar.31, 2017	As of Sep.30, 2017	Increase / Decrease	As of Sep.30, 2016
Bank loans	871,318	837,151	(34,167)	800,230
Bonds	230,595	210,865	(19,730)	235,060
Commercial paper	—	—	—	12,000
Others	20,487	19,517	(970)	19,189
Total	1,122,400	1,067,534	(54,866)	1,066,480

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	5,578	73	10,180	29	2,217	50	823	14	1,106
Chartered	273	24,709	78	3,645	7	429	67	1,146	74	5,922
Others	-	-	5	235	2	143	-	-	-	-
As of Sep.30, 2017	**331**	**30,287**	**156**	**14,060**	**38**	**2,789**	**117**	**1,969**	**88**	**7,028**
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	242	20,002
Chartered	3	19	-	-	25	75	527	35,945
Others	-	-	-	-	1	1	8	379
As of Sep.30, 2017	**14**	**78**	**1**	**5**	**32**	**109**	**777**	**56,325**
As of Mar.31, 2017	14	78	1	5	31	106	790	56,952

*including coastal ships (excluding coastal RoRo ships)

5. Exchange Rates

	Six months ended Sep.30, 2016	Six months ended Sep.30, 2017	Change	FY2016
Average rates	¥106.98	¥110.82	¥3.84 [3.6%] JPY Depreciated	¥108.57
Term-end rates	¥101.12	¥112.73	¥11.61 [11.5%] JPY Depreciated	¥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 Jun/30/2016	TTM on Jun/30/2017	Change	TTM on Dec/31/2016
Term-end rates	¥102.91	¥112.00	¥9.09 [8.8%] JPY Depreciated	¥116.49

6. Average Bunker Prices

	Six months ended Sep.30, 2016	Six months ended Sep.30, 2017	Increase / Decrease
Purchase Prices	US$241/MT	US$322/MT	US$＋81/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				1,031

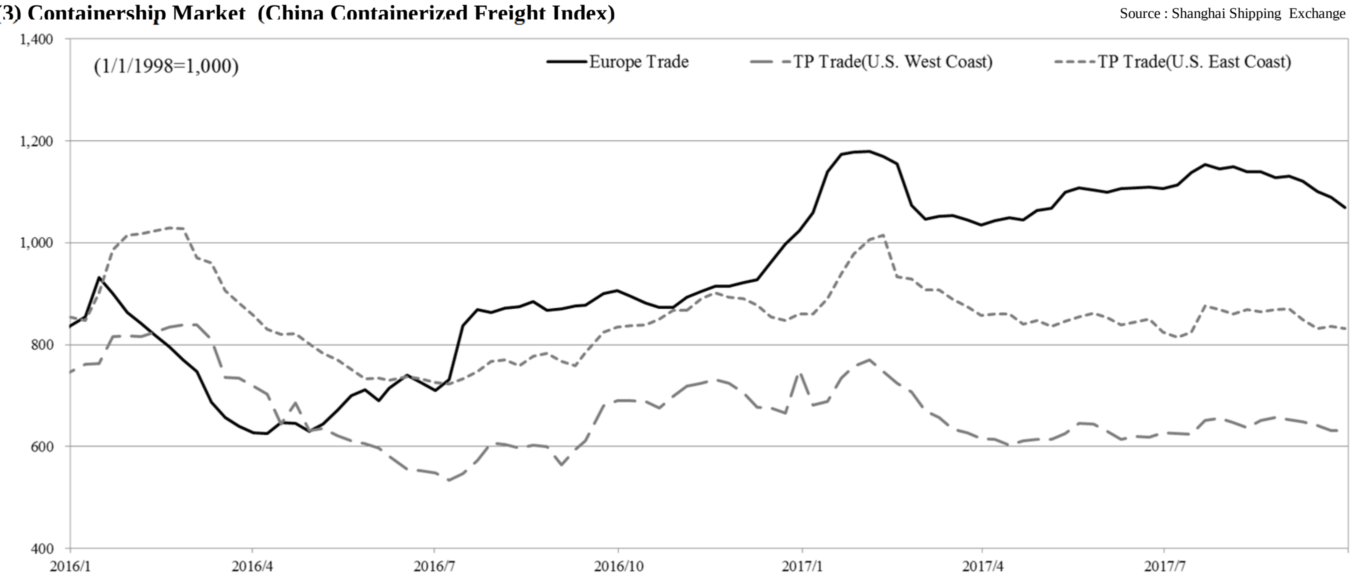
(2) Tanker Market (Daily Earnings) : VLCC AG/Japan trade

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				20,976

(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.