

Mitsui O.S.K. Lines, Ltd.



Financial Highlights: The Second Quarter Ended September 30, 2016

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

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

(1) Operating Results

	(¥ Million)		(US\$ Thousand)
	Q2/FY2016	Q2/FY2015	Q2/FY2016
Revenues	713,560	904,684	7,056,566
Operating income (loss)	(2,020)	8,185	(19,976)
Ordinary income	5,498	27,799	54,371
Profit (loss) attributable to owners of parent	16,058	(241)	158,801
		(¥)	(US\$)
Net income (loss) per share	13.43	(0.20)	0.133
Diluted net income per share	12.41	-	0.123

(2) Financial Position

	(¥ Million)		(US\$ Thousand)
	Q2/FY2016	FY2015	Q2/FY2016
Total Assets	2,103,167	2,219,587	20,798,724
Total Net Assets	603,685	646,924	5,969,986
Shareholders' Equity / Total assets	23.8%	24.4%	
		(¥)	(US\$)
Shareholders' Equity per share	417.77	452.28	4.131

* Shareholders' Equity is defined as follows.

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

2. Dividends

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

* Dividends for FY2016 has not been determined at this time.

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

	(¥ Million)	(US\$ Thousand)
	FY2016	FY2016
Revenues	1,413,000	13,522,825
Operating loss	(15,000)	(143,554)
Ordinary income	(3,000)	(28,711)
Profit attributable to owners of parent	7,000	66,992
	(¥)	(US\$)
Net income per share	5.85	0.056

* Underlying Assumption for FY2016 Forecast.

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

2H/FY2016 (Oct. 1 2016-Mar. 31 2017)

Exchange Rate 1US\$=¥102.00

Bunker Price US\$ 310/MT

FY2016

Exchange Rate 1US\$=¥104.49

Bunker Price US\$ 276/MT

(Translation of foreign currencies)

The Japanese yen amounts for Q2/FY2016 have been translated into U.S. dollars using the prevailing exchange rate at September 30, 2016, which was ¥101.12 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

	Six months		(Billions of Yen)
	From Apr. 1 to Sep. 30, 2015	From Apr. 1 to Sep. 30, 2016	Year-on-year comparison (variance)
Revenue	904.6	713.5	(191.1) / (21.1) %
Operating income (loss)	8.1	(2.0)	(10.2) / - %
Ordinary income	27.7	5.4	(22.3) / (80.2) %
Profit (Loss) attributable to owners of parent	(0.2)	16.0	16.3 / - %
Exchange rate (six-month average)	¥121.82/US\$	¥106.98/US\$	¥(14.84)/US\$
Bunker price (six-month average)	US\$328/MT	US\$241/MT	US\$(87)/MT

During the first six months of the fiscal year (FY) 2016 (April 1, 2016 to September 30, 2016), there was uneven performance in the global economy, reflecting the slow pace of recovery in Europe, among other factors, despite a continued trend of moderate recovery in the U.S. and signs of remission from economic slowdown in some emerging countries such as China. The U.S. economy maintained a trend of recovery, supported by strong personal consumption, which continues to improve amid firm conditions in employment and income environments. In Europe, personal consumption, which has been a main economic driver in recent years, appears unable to grow further, limiting economic improvement to a mild recovery. In China, economic slowdown appears to be in remission as a result of a firm personal consumption, despite a continuing trend of slowdown in fixed asset investment. In Japan, meanwhile, economic recovery continued to stall due to weak growth in exports and personal consumption.

Looking at the maritime shipping market conditions, the dry bulker market continued to experience suppression of market rises despite various factors improving the market, such as the effect of intensive chartering activities by major shippers in Western Australia, firm shipment volumes of iron ore from Brazil, and an increase in the volume of coal imports in China. The very large crude oil carrier (VLCC) market continued on a weakening trend due to not only a decline in cargo volume because of the low demand period for crude oil over summer, but also the deterioration of the balance between supply and demand resulting from deliveries of new vessels and suspension of crude oil shipments from Nigeria. In the containership freight market, although some improvements in the supply and demand environment on Asia-North America, Asia-Europe and Asia-South America routes facilitated a recovery in the spot freight rates, the market continued to be difficult overall due to significant falls in the one-year contract freight rates, notably on the Asia-North America routes due to the impact of last year's weak market conditions.

The average exchange rate of Japanese yen against the U.S. dollar during the first six months appreciated by ¥14.84 year on year to ¥106.98. The average bunker price during the first six months fell by US\$87/MT year on year to US\$241/MT.

As a result of the above, we recorded revenue of ¥713.5 billion, operating loss of ¥2.0 billion, ordinary income of ¥5.4 billion and profit attributable to owners of parent of ¥16.3 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)

	Six months		Year-on-year comparison (variance)
	From Apr. 1 to Sep. 30, 2015	From Apr. 1 to Sep. 30, 2016	
Bulkships	439.9	351.8	(88.0) / (20.0)%
	29.1	20.3	(8.8) / (30.3)%
Containerships	390.1	292.6	(97.5) / (25.0)%
	(9.1)	(21.3)	(12.2) / – %
Ferries and Coastal RoRo Ships	22.7	21.2	(1.5) / (6.6)%
	2.3	2.4	0 / 2.1%
Associated Businesses	65.0	60.1	(4.8) / (7.4)%
	4.3	5.7	1.4 / 32.5%
Others	6.4	6.3	(0.1) / (2.7)%
	1.6	0.5	(1.0) / (63.2)%

Note: Revenue includes internal sales or transfers among segments.

(A) Bulkships

<Dry Bulkers>

In the Capesize bulker market, there was improvement from April onwards due to a tighter balance between vessel supply and demand for a short period owing to increased chartering activities by major shippers in Western Australia. Then the market segment took a turn for the better owing to firm iron ore shipments from major ports in Brazil. From September onwards, the market further improved and remained at a standstill in the low end of the US\$7,000 range per day on average. The markets for Panamax on down, mid- and small-sized vessels benefited from the increase in coal imports in China and the market followed a trajectory of gentle recovery. Nevertheless, the Panamax market experienced suppression of market price rises and no full-scale recovery was realized. In the dry bulker division overall, as we saw little chance of fundamental improvement in the market environment for the time being, we focused on reducing the fleet of Capesize bulkers under spot operation and fundamentally redesigning our business model for the mid- and small-sized vessels. As a result, segment ordinary income improved year on year.

<Tankers/LNG Carriers/Offshore business>

The very large crude oil carrier (VLCC) market saw upward pressure from time to time owing to a tight balance between supply and demand in the first quarter. Later the market continued on a weakening trend not only due to a decline in cargo volume because of the low demand period for crude oil over summer, but also the deterioration of the balance between supply and demand resulting from deliveries of new vessels not being counterbalanced by the decommissioning of old vessels and suspension of crude oil shipments from Nigeria due to domestic conflict. The product tanker market was soft in an environment of weakening trade volumes for vegetable oils, etc. coupled with ongoing delivery of new vessels to the market, reflecting the weak arbitrage-trading between East and West, which had been expected to be stronger. In the LPG carrier business, the market fell on account of the ongoing weakening of the balance between vessel supply

and demand as caused not only by pressure of extra supply arising from new vessel deliveries, but also due to cancellations of outward bound shipments from the U.S., reflecting limited arbitrage-trading from the U.S. owing to low LPG prices in the Asian region, among other factors. Facing such market conditions, the tanker division experienced a profit decrease year on year, but nevertheless achieved a certain profit for the first six months of the fiscal year as a result of stable fulfilment of long-term contracts and ceaseless efforts to improve operating efficiency through pool operations and cost reduction.

The LNG carrier market remained weak throughout the period despite following a slightly upward trend as a result of vessels that temporarily operated as free-vessels being absorbed by the launch of new projects, and a tighter balance between vessel supply and demand mainly in the Atlantic Ocean area. Despite such market conditions, the LNG carrier division continued to secure stable profits through long-term contracts, leading to improvement in ordinary income year on year. The Offshore business also realized increase of ordinary income year on year owing to an accumulation of long-term contracts.

<Car Carriers>

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

(B) Containerships

On Asia-North America routes, weak market conditions remained in the first quarter, but the spot freight market rose as a result of firm cargo volumes from Asia in the summer peak season. On Asia-Europe routes, although the spot freight market was unstable and repeatedly rose and fell, a recovery in cargo volumes from Asia lifted the market from the record-low territory of last year. On Asia-South America Routes, the spot freight market stayed at a high level as a result of improvements in the supply and demand balance due to the measures by each container shipping line, including the Company, to rationalize services. Although a temporary surge in the spot freight market did occur, mainly with respect to the Asia-North America routes, on account of a major shipping company filing for bankruptcy protection, etc., the impact on the Company's financial results was only slight. Meanwhile, for one-year contract freight, there were considerable year-on-year declines in rates, particularly on Asia-North America routes, due to the impact of last year's stagnation in the spot freight market. Under this business environment the ordinary loss in the Containerships segment deepened year on year despite efforts not only to reduce vessel costs through the Business Structural Reforms, and improve capacity utilization rates through stronger sales capabilities, but also to cut operation costs by reducing the expenses of positioning empty containers through improved yield management.

(C) Ferries and Coastal RoRo Ships

In the ferries and coastal RoRo ships segment, cargo volumes were firm reflecting the continuation of demand for freight transportation against the backdrop of a shortage of truck drivers. Although the Kumamoto Earthquake impacted negatively on some passenger routes, a fall in the bunker price and other factors made it possible for the segment to secure ordinary income at almost the same level year on year.

(D) Associated Businesses

The cruise ship business achieved a year-on-year improvement in ordinary income/loss as a result of the Nippon Maru enjoying strong passenger numbers. In the real estate business, ordinary income increased year on year owing mainly to Daibiru Corporation, the core company in the MOL Group's real estate business, increasing its sales on the back of the firm office leasing market, centered on the Tokyo metropolitan area. Other associated businesses, such as the tugboat and trading businesses, also showed firm performances overall. Consequently, ordinary income of the associated businesses segment increased on a year-on-year basis.

(E) Others

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

5. Financial Position

Total assets as of September 30, 2016 decreased by 116.4 billion yen compared to the balance as of the end of the previous fiscal year, to 2,103.1 billion yen. This was primarily due to the decrease in Vessels and Investment securities.

Total liabilities as of September 30, 2016 decreased by 73.1 billion yen compared to the balance as of the end of the previous fiscal year, to 1,499.4 billion yen. This was primarily due to the decrease in Long-term bank loans and Deferred tax liabilities.

Total net assets as of September 30, 2016 decreased by 43.2 billion yen compared to the balance as of the end of the previous fiscal year, to 603.6 billion yen. This was primarily due to the decrease in Foreign currency translation adjustments.

As a result, shareholders' equity ratio decreased by 0.6% compared to the ratio as of the end of the previous fiscal year, to 23.8%.

6. Outlook for FY2016

For FY2016

(Billions of Yen)

	Previous outlook (When announced on July 29, 2016)	Latest outlook (When announced Q2)	Comparison (variance)
Revenue	1,493.0	1,413.0	(80.0) / (5.4)%
Operating income (loss)	(5.0)	(15.0)	(10.0) / —%
Ordinary income (loss)	10.0	(3.0)	(13.0) / —%
Profit attributable to owners of parent	15.0	7.0	(8.0) / (53.3)%

Exchange rate	¥105.00/US\$	¥102.00/US\$	¥(3.00)/US\$
Bunker price	US\$280/MT	US\$310/MT	US\$30/MT
	(Assumption for the second half of FY2016)	(Assumption for the second half of FY2016)	

Looking ahead at the third quarter and beyond, we assume the world economy will continue to gently expand, supported particularly by firm recovery in the United States, and growth or at least a bottoming out of economic activity in some emerging countries, particularly India, despite signs in Europe that economic recovery will remain stalled. However, recognizing such risks as interest rates rising in the United States, China's economy slowing more than expected, and the general uncertainty surrounding the United Kingdom's decision to leave the EU, we foresee a continuation of the current unpredictability of the situation.

Looking at the dry bulker market, although the market is improving from its position at the beginning of the year when all vessel types were experiencing record-low rates, we don't expect any significant improvements other than seasonal and short-term market fluctuations, forecasting no dramatic improvement in the uncertainty regarding the direction of the Chinese economy or the market fundamentals such as vessel supply and demand. With respect to the very large crude oil carrier (VLCC) market, the market is moving towards recovery on the back of the reopening of crude oil shipments from Nigeria following the resolution of domestic conflict, and we expect the market to be firm approaching the winter demand period. In the product tanker market, we forecast gradual recovery as we are expecting cargo volume to pick up during the winter demand period. As for containerships, although we are experiencing a temporary lull in cargo volume, this is a natural market correction that typically happens every year following the summer demand period, and we expect a certain rise in the spot freight market from the rush in demand before the Chinese New Year. However, we foresee the difficult business environment to continue. Specifically, the future outlook in the containerships industry is unclear on account of a major shipping company filing for bankruptcy protection, etc. Moreover, there are also other unknowns such as the risk of fuel price rises that could occur after the oil-producing countries reach agreement on production reductions, and a further deterioration in the balance between vessel supply and demand, particularly among the old Panamax sector.

In consideration of these prospects, for the full year, we project revenue of ¥1,413.0 billion, operating

loss of ¥15.0 billion, ordinary loss of ¥3.0 billion and profit attributable to owners of parent of ¥7.0 billion.

At present, the year-end dividend payment is to be determined but we will pay an interim dividend. The amount of the interim dividend for FY2016 was set at ¥2 per share by resolution of the Board of Directors at a meeting held on October 31, 2016. As indicated above, changes have been made to the outlook released on July 29, 2016. Please refer to the announcement “Differences between Financial Outlook and Financial Results for the First Half of FY2016, Revision of FY2016 Outlook, and Revision of Forecast of Year-end Dividend” released today (October 31, 2016).

7. Consolidated Financial Statements

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

(1) Consolidated Balance Sheets

(¥ Million)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	146,260	227,350
Trade receivables	130,293	115,493
Marketable securities	20,000	11,500
Inventories	27,860	29,311
Deferred and prepaid expenses	66,101	64,902
Deferred tax assets	1,449	1,380
Other current assets	65,486	50,519
Allowance for doubtful accounts	(975)	(977)
Total current assets	456,475	499,481
Fixed assets		
Tangible fixed assets		
Vessels	822,269	738,094
Buildings and structures	159,483	152,789
Equipment and others	22,827	18,816
Furniture and fixtures	4,481	4,600
Land	221,614	221,170
Construction in progress	143,342	126,483
Other tangible fixed assets	2,412	3,024
Total tangible fixed assets	1,376,431	1,264,979
Intangible fixed assets	33,483	31,573
Investments and other assets		
Investment securities	215,055	187,356
Long-term loans receivable	49,014	48,710
Long-term prepaid expenses	3,565	3,256
Net defined benefit asset	13,291	12,809
Deferred tax assets	4,422	4,551
Other investments and other assets	69,909	52,543
Allowance for doubtful accounts	(2,061)	(2,094)
Total investments and other assets	353,197	307,132
Total fixed assets	1,763,112	1,603,686
Total assets	2,219,587	2,103,167

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Trade payables	127,171	111,610
Short-term bonds	45,000	40,000
Short-term bank loans	107,976	180,105
Accrued income taxes	4,871	6,805
Advances received	29,326	32,553
Deferred tax liabilities	711	851
Allowance for bonuses	4,484	3,760
Allowance for directors' bonuses	130	55
Commercial paper	—	12,000
Other current liabilities	144,120	74,909
Total current liabilities	463,794	462,651
Fixed liabilities		
Bonds	220,840	195,060
Long-term bank loans	648,116	620,125
Lease obligations	20,947	17,617
Deferred tax liabilities	81,553	47,258
Directors' and corporate auditors' retirement benefits	1,659	1,372
Reserve for periodic drydocking	14,854	15,044
Net defined benefit liabilities	13,442	12,139
Other fixed liabilities	107,454	128,211
Total fixed liabilities	1,108,868	1,036,829
Total liabilities	1,572,662	1,499,481
Net assets		
Owners' equity		
Common stock	65,400	65,400
Capital surplus	45,388	45,378
Retained earnings	354,179	368,434
Treasury stock	(6,847)	(6,841)
Total owners' equity	458,121	472,371
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	20,950	17,429
Unrealized gains on hedging derivatives, net of tax	35,033	23,108
Foreign currency translation adjustments	26,885	(13,611)
Remeasurements of defined benefit plans, net of tax	(39)	373
Total accumulated other comprehensive income	82,830	27,300
Share subscription rights	2,681	2,452
Non-controlling interests	103,292	101,561
Total net assets	646,924	603,685
Total liabilities and net assets	2,219,587	2,103,167

(2) Consolidated Statements of Income

(¥Million)

	FY2015 (Apr.1, 2015 - Sep.30, 2015)	FY2016 (Apr.1, 2016 - Sep.30, 2016)
Shipping and other revenues	904,684	713,560
Shipping and other expenses	838,355	661,629
Gross operating income	66,329	51,931
Selling, general and administrative expenses	58,143	53,951
Operating income (loss)	8,185	(2,020)
Non-operating income		
Interest income	2,029	2,721
Dividend income	3,106	2,377
Equity in earnings of affiliated companies	4,364	1,733
Foreign exchange gains	13,712	8,956
Others	4,310	1,329
Total non-operating income	27,523	17,117
Non-operating expenses		
Interest expense	7,035	8,640
Others	873	957
Total non-operating expenses	7,909	9,598
Ordinary income	27,799	5,498
Extraordinary income		
Gain on sale of fixed assets	7,425	3,771
Gain on sales of shares of subsidiaries and associates	—	18,443
Others	5,558	5,459
Total extraordinary income	12,984	27,674
Extraordinary losses		
Loss on sale of fixed assets	239	681
Loss on valuation of shares of subsidiaries and associates	26,228	119
Others	5,710	2,718
Total extraordinary losses	32,177	3,520
Income before income taxes and non-controlling interests	8,607	29,653
Income taxes	6,987	11,101
Net income	1,619	18,551
Profit attributable to non-controlling interests	1,860	2,492
Profit (loss) attributable to owners of parent	(241)	16,058

(3) Consolidated Statements of Comprehensive Income

(¥Million)

	FY2015 (Apr.1, 2015 - Sep.30, 2015)	FY2016 (Apr.1, 2016 - Sep.30, 2016)
Net income	1,619	18,551
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	(11,669)	(3,493)
Unrealized gains on hedging derivatives, net of tax	(4,846)	(7,525)
Foreign currency translation adjustments	1,841	(28,491)
Remeasurements of defined benefit plans, net of tax	(379)	412
Share of other comprehensive income (loss) of associates accounted for using equity method	3,705	(20,968)
Total other comprehensive income	(11,349)	(60,067)
Comprehensive income	(9,730)	(41,516)
(Breakdown)		
Comprehensive income attributable to owners of parent	(10,798)	(39,471)
Comprehensive income attributable to non-controlling interests	1,068	(2,045)

(4) Consolidated Statements of Cash flows

(¥Millions)

	FY2015 (Apr.1, 2015 –Sep.30, 2015)	FY2016 (Apr.1, 2016 –Sep.30, 2016)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	8,607	29,653
Depreciation and amortization	46,074	41,277
Equity in losses (earnings) of affiliated companies	(4,364)	(1,733)
Various provisions (reversals)	(1,795)	(15,882)
Decrease (Increase) in net defined benefit assets	(188)	1,066
Increase (Decrease) in net defined benefit liabilities	17	(711)
Interest and dividend income	(5,135)	(5,098)
Interest expense	7,035	8,640
Loss (Gain) on sale and retirement of vessels, property and equipment	(7,145)	(2,993)
Loss (gain) on sales of shares of subsidiaries and associates	49	(18,429)
Loss on valuation of shares of subsidiaries and associates	26,228	119
Foreign exchange loss (gain), net	(13,787)	(7,914)
Decrease (Increase) in trade receivables	16,848	9,569
Decrease (Increase) in inventories	9,675	(2,318)
Increase (Decrease) in trade payables	(19,942)	(11,298)
Others, net	(4,564)	(17,441)
Sub total	57,611	6,505
Interest and dividend income received	6,338	6,844
Interest expenses paid	(6,790)	(8,493)
Income taxes paid	(7,663)	(4,093)
Net cash provided by (used in) operating activities	49,496	762
Cash flows from investing activities		
Purchase of investment securities	(1,484)	(1,681)
Proceeds from sale and redemption of investment securities	3	23,565
Purchase of vessels and other tangible and intangible fixed assets	(66,114)	(55,021)
Proceeds from sale of vessels and other tangible and intangible fixed assets	43,057	40,408
Net decrease (increase) in short-term loans receivables	1,061	(6,030)
Disbursements for long-term loans receivables	(23,402)	(5,372)
Collection of long-term loans receivables	38,669	6,390
Others, net	245	512
Net cash provided by (used in) investing activities	(7,963)	2,771

	FY2015 (Apr.1, 2015 –Sep.30, 2015)	FY2016 (Apr.1, 2016 –Sep.30, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	5,958	80,509
Net increase (decrease) in commercial paper	(3,000)	12,000
Proceeds from long-term bank loans	62,463	83,763
Repayments of long-term bank loans	(93,610)	(62,267)
Redemption of bonds	(15,000)	(25,000)
Purchase of treasury stock	(23)	(8)
Sale of treasury stock	18	5
Cash dividends paid by the company	(4,748)	(1,804)
Cash dividends paid to non-controlling interests	(600)	(556)
Others, net	(4,617)	(681)
Net cash provided by (used in) financing activities	(53,159)	85,958
Effect of foreign exchange rate changes on cash and cash equivalents	(148)	(15,274)
Net increase (decrease) in cash and cash equivalents	(11,774)	74,218
Cash and cash equivalents at beginning of year	128,801	159,449
Cash and cash equivalents at end of quarter	117,027	233,667

(5) Segment Information

Business segment information:

(¥Million)

Q2 / FY2015 (Apr.1 - Sep.30, 2015)	Reportable Segment					Others *1	Total	Adjust- ment *2	Consoli- dated *4
	Bulk- ships	Container - ships	Ferries & Coastal RoRo Ships	Associated Businesses	Sub Total				
Revenues									
1.Revenues from external customers	439,705	389,149	22,608	49,318	900,782	3,902	904,684	—	904,684
2.Inter-segment revenues	200	1,030	97	15,685	17,012	2,580	19,593	(19,593)	—
Total revenues	439,905	390,179	22,706	65,003	917,794	6,483	924,278	(19,593)	904,684
Segment income (loss)	29,161	(9,179)	2,397	4,323	26,703	1,622	28,325	(525)	27,799

(¥Million)

Q2 / FY2016 (Apr.1 - Sep.30, 2016)	Reportable Segment					Others *1	Total	Adjust- ment *3	Consoli- dated *4
	Bulk- ships	Container - ships	Ferries & Coastal RoRo Ships	Associated Businesses	Sub Total				
Revenues									
1.Revenues from external customers	351,820	291,684	21,105	45,239	709,849	3,711	713,560	—	713,560
2.Inter-segment revenues	66	962	96	14,923	16,050	2,596	18,646	(18,646)	—
Total revenues	351,887	292,647	21,202	60,162	725,900	6,307	732,207	(18,646)	713,560
Segment income (loss)	20,333	(21,385)	2,448	5,729	7,126	597	7,723	(2,225)	5,498

* 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 -525 million yen include the following:
-3,534 million yen of corporate profit which is not allocated to segments, 3,556 million yen of adjustment for management accounting and -547 million yen of inter-segment transaction elimination.

* 3. Adjustment in Segment income (loss) of -2,225 million yen include the following:
-4,464 million yen of corporate profit which is not allocated to segments, 3,189 million yen of adjustment for management accounting and -949 million yen of inter-segment transaction elimination.

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

[Supplement]

1. Review of Quarterly Results**<FY 2016>**

	Q1	Q2	Q3	Q4
	Apr-Jun, 2016	Jul-Sep, 2016	Oct-Dec, 2016	Jan-Mar, 2017
Revenues [¥ Millions]	360,079	353,481		
Operating income (loss)	(3,573)	1,553		
Ordinary income	733	4,765		
Income before income taxes	5,160	24,493		
Profit attributable to owners of parent	1,401	14,657		
Net income (*) per share [¥]	1.17	12.26		
Total Assets [¥ Millions]	2,183,555	2,103,167		
Total Net Assets	619,006	603,685		

(*) Profit attributable to owners of parent

<FY 2015>

	Q1	Q2	Q3	Q4
	Apr-Jun, 2015	Jul-Sep, 2015	Oct-Dec, 2015	Jan-Mar, 2016
Revenues [¥ Millions]	449,435	455,249	412,450	395,088
Operating income (loss)	1,805	6,380	1,401	(7,263)
Ordinary income (loss)	10,892	16,907	10,993	(2,525)
Income (Loss) before income taxes	16,439	(7,832)	18,958	(181,950)
Profit (Loss) attributable to owners of parent	12,783	(13,024)	13,535	(183,741)
Net income (loss) (*) per share [¥]	10.69	(10.89)	11.32	(153.62)
Total Assets [¥ Millions]	2,592,346	2,514,167	2,479,074	2,219,587
Total Net Assets	890,520	873,900	855,717	646,924

(*) Profit (Loss) attributable to owners of parent

2. Depreciation and Amortization

	Six months ended Sep.30, 2015	Six months ended Sep.30, 2016	(¥ Millions) Increase / Decrease	(¥ Millions) FY2015
Vessels	35,218	31,256	(3,962)	70,107
Others	10,856	10,021	(835)	22,664
Total	46,074	41,277	(4,797)	92,771

3. Interest-bearing Debt

	As of Mar.31, 2016	As of Sep.30, 2016	(¥ Millions) Increase / Decrease	As of Sep.30, 2015
Bank loans	756,093	800,230	44,137	856,559
Bonds	265,840	235,060	(30,780)	270,080
Commercial paper	—	12,000	12,000	2,500
Others	23,046	19,189	(3,857)	24,579
Total	1,044,980	1,066,480	21,500	1,153,719

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	73	6,289	68	10,462	28	2,131	51	839	15	1,089
Chartered	325	25,863	96	4,280	1	78	67	1,156	77	5,521
Others	1	1	-	-	2	143	-	-	-	-
As of Sep.30, 2016	399	32,153	164	14,742	31	2,351	118	1,994	92	6,611
As of Mar.31, 2016	403	32,719	165	15,021	29	2,181	120	2,017	95	6,599

	Ferries & Coastal RoRo Ships		Passenger ships		Others		Total	
	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT
Owned	11	62	1	5	-	-	247	20,876
Chartered	4	20	-	-	2	13	572	36,931
Others	-	-	-	-	-	-	3	144
As of Sep.30, 2016	15	82	1	5	2	13	822	57,952
As of Mar.31, 2016	15	82	1	5	2	13	830	58,637

(*)including coastal bulkers

5. Exchange Rates

	Six months ended Sep.30, 2015	Six months ended Sep.30, 2016	Change		FY2015	
Average rates	¥121.82	¥106.98	¥14.84	[12.2%]	JPY Appreciated	¥120.62
Term-end rates	¥119.96	¥101.12	¥18.84	[15.7%]	JPY Appreciated	¥112.68

<Overseas subsidiaries>

	TTM on Jun/30/2015	TTM on Jun/30/2016	Change		TTM on Dec/31/2015	
Term-end rates	¥122.45	¥102.91	¥19.54	[16.0%]	JPY Appreciated	¥120.61

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.

6. Average Bunker Prices

	Six months ended Sep.30, 2015	Six months ended Sep.30, 2016	Increase / Decrease
Purchase Prices	US\$328/MT	US\$241/MT	US\$(87)/MT

7. Market Information

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

Source : Bloomberg



Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2015	725	539	576	591	597	699	975	1,066	889	793	582	519	713
2016	386	307	383	607	620	608	707	673	828				569

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

Source : Clarksons Research

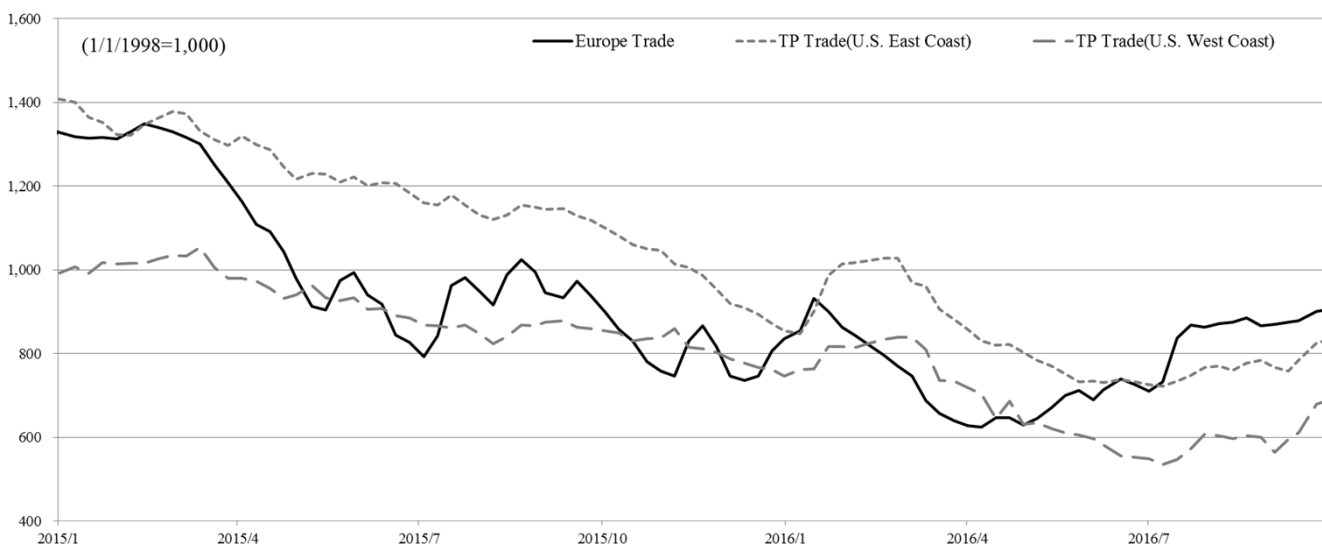
US\$ / day



Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2015	69,562	53,327	46,591	57,805	65,266	64,160	73,441	32,295	59,114	82,940	70,419	108,529	65,287
2016	69,483	46,099	58,287	48,850	42,633	34,337	22,167	17,719	13,777				39,261

(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.