[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the Ordinary General Meeting of Shareholders of Mitsui O.S.K. Lines, Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the Japanese version shall be the official version.

Securities Code: 9104
May 30, 2016

To Shareholders with Voting Rights

Junichiro Ikeda
Representative Director
President, Chief Executive Officer
Mitsui O.S.K. Lines, Ltd.
1-1, Toranomon 2-chome,
Minato-ku, Tokyo, Japan

NOTICE OF CONVOCATION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Ordinary General Meeting of Shareholders of Mitsui O.S.K. Lines, Ltd. (“MOL” or the “Company”) will be held as set forth below.

You may exercise your voting rights by any of the following methods. Please review the Reference Documents for the General Meeting of Shareholders listed on the right, and exercise your voting rights.

1. **Date and Time:** 10:00 a.m., Tuesday, June 21, 2016
2. **Place:** Shinagawa Intercity Hall,
   2-15-4, Konan, Minato-ku, Tokyo, Japan
3. **Agenda of the Meeting:**

   Matters to Be Reported:
   (1) The Business Report and the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements for the Fiscal Year 2015 (From April 1, 2015 to March 31, 2016)
   (2) The Non-consolidated Financial Statements for the Fiscal Year 2015 (From April 1, 2015 to March 31, 2016)

   Proposals to Be Resolved:
   Proposal No. 1: Appropriation of Surplus
   Proposal No. 2: Partial Amendments to the Articles of Incorporation
   Proposal No. 3: Election of Nine (9) Directors
   Proposal No. 4: Election of One (1) Substitute Corporate Auditor
   Proposal No. 5: Issue of Stock Acquisition Rights for the Purpose of Executing a Stock Option System to Executive Officers, General Managers, and Presidents of the Company’s Subsidiaries

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Guide to Exercising Your Voting Rights

When you attend the meeting	Please bring the enclosed Voting Form and submit it to the reception desk upon arrival at the venue on the day of the meeting. (It is not necessary to affix a seal on the form.) → **Date and time of the General Meeting of Shareholders: 10:00 A.M., Tuesday, June 21, 2016**
When you are unable to attend the meeting	**If exercising your voting rights by mail (in writing)** Please review the Reference Documents for the General Meeting of Shareholders listed below and indicate your approval or disapproval of the proposals in the enclosed Voting Form, and post it without affixing a postage stamp. → **Deadline for exercising voting rights: No later than 5:00 P.M., Monday, June 20, 2016 (must arrive by this time)** **If exercising your voting rights via the Internet** Please access the Company's designated voting website (http://www.web54.net) from your computer or smartphone, enter your voting right exercise code and password indicated on the enclosed Voting Form, and follow the instructions on the display to enter whether you approve or disapprove of the proposals upon reviewing the Reference Documents for the General Meeting of Shareholders. (Note: The website for Internet Voting is Japanese only.) → **Deadline for exercising voting rights: No later than 5:00 P.M., Monday, June 20, 2016** * In the event that a voting right is exercised both by returning a Voting Form and via the Internet, only voting via the Internet will be deemed valid. In the event that a voting right is exercised more than once via the Internet or via PC and via smartphone, only the last vote will be deemed as valid.

Should any modification to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements occur, the matters after modification will be posted on the Internet website of the Company (listed below).

If you are unable to attend the general meeting of shareholders, you can exercise your voting rights by sending another shareholder with voting rights to the meeting as your proxy. Please note, however, that it is necessary to submit a document evidencing the authority of proxy.

WEBSITE	**http://www.mol.co.jp/ir-e/stock_e/asm_e.html**

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REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposal No. 1: Appropriation of Surplus

The Company's key management policies are the enhancement of corporate value with proactive business investment and the direct return of profits to shareholders through dividend payments.

Using internal capital reserves, we are working to reinforce our corporate strength and further increase per-share corporate value. In the coming terms, with a 20% dividend payout ratio as a guideline, we will pay dividends linked to business performance, and we will address the need to increase the ratio as a medium- and long-term management issue.

Based on an overall consideration of results for this fiscal year and the challenging business environment, etc., we propose to pay a year-end dividend of ¥1.50 per share.

As we have already paid an interim dividend of ¥3.50 per share on November 24, 2015, the annual dividend of the Company will be ¥5.00 per share for FY2015.

1. Matters related to year-end dividend

(1) Type of dividend property
Cash

(2) Matter related to distribution of dividend property to shareholders and total amount thereof
¥1.50 per common share of the Company Total amount: ¥ 1,794,132,279

(3) Effective date of distribution of surplus
June 22, 2016

2. Matters related to appropriation of surplus

As shown below, we intend to draw down funds from the general reserve. This is to offset the loss in retained earnings brought forward due to structural reform initiatives implemented this fiscal year and to pay the year-end dividend.

(1) Item and amount of surplus to increase
Retained earnings brought forward Amount: ¥ 183,000,000,000

(2) Item and amount of surplus to decrease
General reserve Amount: ¥ 183,000,000,000

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Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Purpose of amendments

1) Allowing the President to be chosen from executive officers in addition to representative directors will give the Company flexibility in building the optimal management organization.

2) The Company adopted the executive officer system in 2000 to enable swift business execution and clarify responsibilities. Accompanying the above changes, the proposed amendments will introduce new provisions to clarify how executive officers are chosen and their roles.

3) Moreover, necessary changes will be made such as revisions to wording and changes to article numbers in accordance with the above changes.

2. Details of amendments

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed Amendments
Article 12. An ordinary general meeting of shareholders shall be convened annually in June each year. 2. An extraordinary general meeting of shareholders shall be convened from time to time whenever necessary. 3. A general meeting of shareholders shall be convened by the Representative Director of the Company, who is the President Executive Officer (hereinafter referred to as the "President") in accordance with a resolution of the Board of Directors, except as otherwise provided for by laws or regulations; provided, however, that should the President be unable to act, one of the other Directors, in accordance with the order predetermined by a resolution of the Board of Directors, shall convene such general meeting of shareholders.	Article 12. An ordinary general meeting of shareholders shall be convened annually in June each year. 2. An extraordinary general meeting of shareholders shall be convened from time to time whenever necessary. 3. A general meeting of shareholders shall be convened by one of the Directors in accordance with the order predetermined by a resolution of the Board of Directors in accordance with a resolution of the Board of Directors, except as otherwise provided for by laws or regulations.
Article 15. The President shall preside over a general meeting of shareholders. 2. Should the President be unable to act, one of the other Directors, in accordance with the order predetermined by a resolution of the Board of Directors, shall take the chair thereof.	Article 15. The President shall preside over a general meeting of shareholders. 2. Should the President be unable to act, a substitute, in accordance with the order predetermined by a resolution of the Board of Directors, shall take the chair thereof.
(Newly established)	Article 23. The company shall appoint executive officers by a resolution of the Board of Directors and assign them company business to execute. 2. The Board of Directors shall resolve to appoint one of the executive officers as President. Further, the Board of Directors may choose other executive officers with titles.
Article 23. – Article 36. (Omitted)	Article 24. – Article 37. (No change)

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Proposal No. 3: Election of Nine (9) Directors
The terms of office of all eight (8) directors will expire at the conclusion of this meeting. Accordingly, election of the following nine (9) directors is proposed.

Selection policy and process
The selection of candidates for the Board of Directors is based on the report from the Nomination Advisory Committee. The basic policy of the Company is to have a board composed of internal directors and several outside directors. Directors appointed from within the company should have extensive experience and knowledge and the ability to contribute to the enhancement of the Group's corporate value. Moreover, they should possess broad perspectives and foresight and be able to make management decisions on a global basis. Outside directors should be able to contribute to the enhancement of the Group's corporate value from an objective perspective based on extensive experience and knowledge in their area of expertise.

The candidates for directors are as follows:

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)</th><th>Number of the Company's Shares Held</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Koichi Muto
(September 26, 1953)

Reappointed

Number of years as Director: 9 years
*as of the conclusion of this meeting

Attendance to the Board of Directors' meetings: 10 of 10
(Attendance rate: 100%)</td><td>Apr. 1976 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2002 General Manager of Bulk Carrier Division
Jan. 2003 General Manager of Corporate Planning Division
Jun. 2004 Executive Officer, General Manager of Planning Division
Jun. 2006 Managing Executive Officer
Jun. 2007 Director, Managing Executive Officer
Jun. 2008 Director, Senior Managing Executive Officer
Jun. 2010 Representative Director, President Executive Officer
Jun. 2015 Representative Director, Chairman Executive Officer
(to present)</td><td>166,000 shares</td></tr>
<tr><td colspan="2">[Reason for nominating the candidate for director]
Koichi Muto led management of the Group from June 2010 until June 2015 as Representative Director, President Executive Officer. He has considerable experience and achievements. Since June 2015, as Chairman of the Board of Directors, he has worked to strengthen the Group's corporate governance. He has extensive management knowledge and supervisory abilities. Going forward, he will continue to supervise company management with due consideration to all stakeholders. He will also work to strengthen the decision-making capacity of the Board of Directors regarding important management issues to enhance corporate value. We thus propose that he be reappointed as director.</td></tr>
</table>

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<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)</th><th>Number of the Company’s Shares Held</th></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Junichiro Ikeda
(July 16, 1956)

Reappointed

Number of years as Director: 3 years
*as of the conclusion of this meeting

Attendance to the Board of Directors’ meetings: 10 of 10
(Attendance rate: 100%)</td><td>Apr. 1979 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2004 General Manager of Human Resources Division
Jun. 2007 General Manager of Liner Division
Jun. 2008 Executive Officer
Jun. 2010 Managing Executive Officer
Jun. 2013 Director, Senior Managing Executive Officer
Jun. 2015 Representative Director
President, Chief Executive Officer
(to present)
(Significant concurrent positions outside the Company)
Chairman, The Japan Ship Owners’ Mutual Protection & Indemnity Association</td><td>100,000 shares</td></tr>
<tr><td colspan="2">[Reason for nominating the candidate for director]
Since being appointed as Representative Director, President, Chief Executive Officer in June 2015, Junichiro Ikeda has been carrying out resolutions of the Board of Directors and leading management of the Group. He has been working to enhance corporate value by embarking on a structural reform program made possible due to his strong leadership and decision-making ability, based on his considerable experience and achievements. In light of his extensive experience, track record and other attributes, we judge that he is qualified to develop Group management and strengthen corporate governance. We thus propose that he be reappointed as director.</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Kenichi Nagata
(January 22, 1956)

Reappointed

Number of years as Director: 1 year
*as of the conclusion of this meeting

Attendance to the Board of Directors’ meetings: 10 of 10
(Attendance rate: 100%)</td><td>Apr. 1979 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2005 General Manager of Coal and Iron Ore Carrier Division
Jun. 2007 Executive Officer, General Manager of Coal and Iron Ore Carrier Division
Jun. 2009 Managing Executive Officer
Jun. 2013 Senior Managing Executive Officer
Jun. 2015 Representative Director, Executive Vice President, Executive Officer
(to present)
Assignment: Assistant to President, Dry Bulk Business Unit, Dry Bulk Business Planning & Co-ordination Office, Dry Bulk Carrier Division (B)</td><td>49,000 shares</td></tr>
<tr><td colspan="2">[Reason for nominating the candidate for director]
Kenichi Nagata has been involved in the management of the dry bulk carrier business, primarily in the transport of steel raw materials. He spearheaded the business’s global development and is currently in charge as the head of the Dry Bulk Business Unit. He has a wealth of experience and deep knowledge and since June 2015 he has been involved in overall management as Executive Vice President, Executive Officer. We thus consider him to be qualified as a director who can enhance the Group’s corporate value and propose that he be reappointed as director.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)</th><th>Number of the Company’s Shares Held</th></tr>
<tr><td rowspan="2">4</td><td rowspan="2">Masahiro Tanabe
(March 11, 1957)

Reappointed

Number of years as Director: 3 years
*as of the conclusion of this meeting

Attendance to the Board of Directors’ meetings: 10 of 10
(Attendance rate: 100%)</td><td>Apr. 1979 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2003 General Manager of Logistics Business Division
Jun. 2008 Executive Officer, and Managing Director of MOL (Europe) B.V.
Jun. 2011 Managing Executive Officer
Jun. 2013 Director, Managing Executive Officer
Jun. 2015 Director, Senior Managing Executive Officer (to present)
Assignment: Finance Division, Accounting Division, Investor Relations Office, Liner Division, Port Projects & Logistics Business Division, Group Business Division, Research Office</td><td>30,000
shares</td></tr>
<tr><td colspan="2">[Reason for nominating the candidate for director]
Masahiro Tanabe has extensive experience and achievements in the liner and port projects & logistics businesses. In addition, he has served as the individual responsible for the liner business companies in Europe. Currently, as senior managing executive officer, he is not only responsible for the liner and port projects & logistics businesses, but is in charge of corporate functions (Finance Division, Accounting Division, and Investor Relations Office) and is a business management expert. We thus consider him to be qualified as a director who can enhance the Group’s corporate value and propose that he be reappointed as director.</td></tr>
<tr><td rowspan="2">5</td><td rowspan="2">Shizuo Takahashi
(January 18, 1959)

Reappointed

Number of years as Director: 2 years
*as of the conclusion of this meeting

Attendance to the Board of Directors’ meetings: 10 of 10
(Attendance rate: 100%)</td><td>Apr. 1981 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2006 General Manager of Corporate Planning Division
Jun. 2008 Executive Officer, General Manager of Corporate Planning Division
Jun. 2010 Executive Officer
Jun. 2011 Managing Executive Officer
Jun. 2014 Director, Managing Executive Officer
Jun. 2015 Director, Senior Managing Executive Officer (to present)
Assignment: Chief Compliance Officer, Chief Information Officer, Safety Operations Headquarters, Internal Audit Office, Secretaries Office, Corporate Planning Division, Public Relations Office, MOL Information Systems, Ltd.</td><td>77,000
shares</td></tr>
<tr><td colspan="2">[Reason for nominating the candidate for director]
Shizuo Takahashi has considerable experience and achievements in corporate planning and the liquefied natural gas (LNG) carrier business. As a senior managing executive officer, he is in charge of corporate planning for the Group and has expertise in business management and operations as Chief Compliance Officer (CCO) and Chief Information Officer (CIO). We thus the consider him to be qualified as a director who can enhance the Group’s corporate value and propose that he be reappointed as director.</td></tr>
</table>

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<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)</th><th>Number of the Company’s Shares Held</th></tr>
<tr><td rowspan="2">6</td><td rowspan="2">Takeshi Hashimoto
(October 14, 1957)

Reappointed

Number of years as Director: 1 year
*as of the conclusion of this meeting

Attendance to the Board of Directors’ meetings: 10 of 10
(Attendance rate: 100%)</td><td>Apr. 1982 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2008 General Manager of LNG Carrier Division
Jun. 2009 Executive Officer, General Manager of LNG Carrier Division
Jun. 2011 Executive Officer
Jun. 2012 Managing Executive Officer
Jun. 2015 Director, Managing Executive Officer
Apr. 2016 Director, Senior Managing Executive Officer (to present)
Assignment: Energy Transport Business Unit, Energy Business Strategy Office, Steaming Coal Carrier Division, LNG Carrier Division, Offshore and LNG Project Division, LNG Safety Management Office</td><td>45,000
shares</td></tr>
<tr><td colspan="2">[Reason for nominating the candidate for director]
Takeshi Hashimoto has extensive experience in the liquefied natural gas (LNG) carrier and offshore businesses and expertise in global business development. Currently, as a senior managing executive officer, he is in charge of the Energy Transport Business Unit and is extremely well-versed in the Group’s business management. We thus the consider him to be qualified as a director who can enhance the Group’s corporate value and propose that he be reappointed as director.</td></tr>
</table>

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<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)</th><th>Number of the Company’s Shares Held</th></tr>
<tr><td rowspan="2">7</td><td rowspan="2">Masayuki Matsushima
(June 15, 1945)

Reappointed
Outside
Independent

Number of years as Director: 5 years
*as of the conclusion of this meeting

Attendance to the Board of Directors’ meetings: 10 of 10
(Attendance rate: 100%)</td><td>Apr. 1968 Joined Bank of Japan
Apr. 1990 General Manager, Kumamoto Branch
Nov. 1992 Associate Director – General, the Bank of Japan Representative Office in London
Feb. 1996 Director – General, Research & Statistics Department
Jun. 1998 Executive Director, Bank of Japan (in charge of International Affairs)
Jun. 2002 Senior Advisor, the Boston Consulting Group K.K.
Feb. 2005 Senior Executive Advisor, Credit Suisse Securities (Japan) Limited
Jun. 2008 Chairman, Credit Suisse Securities (Japan) Limited
May 2011 Senior Advisor, the Boston Consulting Group K.K.
Jun. 2011 Director, Mitsui O.S.K. Lines, Ltd. (to present)
(Significant concurrent positions outside the Company)
Outside Director, Mitsui Fudosan Co., Ltd.
Chairman, NWIC Co., Ltd.
Senior Adviser, Integral Corporation</td><td>20,000 shares</td></tr>
<tr><td colspan="2">[Reason for nominating the candidate for outside director]
Masayuki Matsushima has broad-ranging experience and insight in the financial and other sectors. His global perspective based on this foundation is reflected in the Company’s management. Furthermore, he has a standpoint independent from the executive team involved in our business and is a proactive contributor to discussions at Board of Directors meetings, skillfully fulfilling his role as a supervisor of Company business. Also, he has enhanced the transparency and objectivity of decision-making procedures in the Nomination Advisory Committee and the Remuneration Advisory Committee. In light of the above we consider him to be qualified as a director who can enhance the Group’s corporate value and propose that he be reappointed as outside director.</td></tr>
<tr><td rowspan="2">8</td><td rowspan="2">Hideto Fujii
(December 13, 1947)

Newly appointed
Outside
Independent

Number of years as Director: –
*as of the conclusion of this meeting

Attendance to the Board of Directors’ meetings: –
(Attendance rate: –%)</td><td>Apr. 1971 Joined Ministry of Finance
Jan. 2003 Deputy Vice Minister, Minister’s Secretariat
Jul. 2004 Director-General, Budget Bureau
Jul. 2006 Administrative Vice Minister
Oct. 2007 Deputy Governor, Development Bank of Japan
Oct. 2008 Deputy President, Development Bank of Japan Inc. (Resigned in June 2015)
(Significant concurrent positions outside the Company)
Adviser, Sumitomo Corporation</td><td>–</td></tr>
<tr><td colspan="2">[Reason for nominating the candidate for outside director]
Hideto Fujii has many years of experience and expertise from his involvement in Japan’s economic management and policy finance. Furthermore, he is familiar with corporate management as a financial institution manager. We think he will use his wealth of experience and keen insight to provide advice from a position of independence and fairness. We think that he will contribute to the maintenance and enhancement of the Group’s corporate governance. We thus propose that he be appointed as outside director.</td></tr>
</table>

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<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)</th><th>Number of the Company’s Shares Held</th></tr>
<tr><td rowspan="2">9</td><td rowspan="2">Etsuko Katsu
(April 3, 1955)
Newly appointed
Outside
Independent

Number of years as Director: –
*as of the conclusion of this meeting

Attendance to the Board of Directors’ meetings: –
(Attendance rate: –%)</td><td>Apr. 1978 Joined The Bank of Tokyo, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
Dec. 1992 Senior Economist, The Japan Research Institute, Limited
Apr. 1995 Associate Professor of Finance and Economics, Ibaraki University
Apr. 1998 Associate Professor, School of Political Science and Economics, Meiji University
Apr. 2003 Professor, School of Political Science and Economics, Meiji University (to present)
Apr. 2008 Vice President International, Meiji University (Resigned in March 2016)
(Significant concurrent positions outside the Company)
Professor, School of Political Science and Economics, Meiji University
Director, Center for Entrance Examination Standardization
Board Member, Japan-United States Educational Commission</td><td>–</td></tr>
<tr><td colspan="2">[Reason for nominating the candidate for outside director]
Etsuko Katsu has knowledge and insight as an expert in international finance, experience in university management and experience and knowledge regarding global human resource development initiatives. We propose that Etsuko Katsu be appointed as outside director. If appointed, her knowledge and experience could be reflected in the company’s management; she could provide advice from an objective viewpoint independent from executives involved in our business; and she could contribute to the maintenance and enhancement of the Group’s corporate governance.
Although she has not been involved in corporate management as a person who executes business, the Company has judged that she can perform her duties as outside director appropriately for the above-mentioned reasons.</td></tr>
</table>

Notes:

1. No special interests exist between any of the director candidates and the Company.
2. Among the above candidates, Masayuki Matsushima, Hideto Fujii and Etsuko Katsu are candidates for outside directors stipulated in Article 2, paragraph (3), item (7) of the Ordinance for Enforcement of the Companies Act. The Company has appointed Masayuki Matsushima as an independent director stipulated under the regulations of the stock exchanges where the Company’s common stock is listed, and has notified the exchanges. Also the Company intends to appoint Hideto Fujii and Etsuko Katsu as independent directors stipulated under the regulations of the stock exchanges where the Company’s common stock is listed, and notify the exchanges.
3. Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company has entered into liability limitation agreements with Masayuki Matsushima which limit the amount of his liability under Article 423, paragraph (1) of the Companies Act to the aggregate of the amounts specified in items of Article 425, paragraph (1) of the Companies Act, if he performs his duty in good faith and without significant negligence. If his election as outside director is approved, the Company intends to continue the liability limitation agreements with him.

   If Hideto Fujii and Etsuko Katsu are elected as directors, pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company intends to enter into liability limitation agreements with them, which limit the amount of their liability under Article 423, paragraph (1) of the Companies Act to the aggregate of the amounts specified in items of Article 425, paragraph (1) of the Companies Act, if they perform their duties in good faith and without significant negligence.

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Proposal No. 4: Election of One (1) Substitute Corporate Auditor

In preparation for lacking a quorum of corporate auditors, election of one (1) substitute corporate auditor is proposed, based on the provisions of Article 329, paragraph (3) of the Companies Act.

The Board of Corporate Auditors has previously given its consent to this proposal.

The candidate for substitute corporate auditor is as follows:

<table>
<tr><th>Name
(Date of Birth)</th><th>Career Summary
(Title in the Company and Significant Concurrent Positions Outside the Company)</th><th>Number of the Company's Shares Held</th></tr>
<tr><td rowspan="2">Isao Seki
(August 10, 1946)

Newly appointed
Outside
Independent</td><td>Aug. 1969 Joined Chiyoda Audit Corporation
Jun. 2006 Joined Shisei Audit Corporation
Took office as representative partner
Jan. 2013 Established SEKI Tax Corporation
Took office as representative partner (Changed corporate name to Prudence Tax Accountant Corporation, to present)
(Significant concurrent positions outside the Company)
Representative Partner, Prudence Tax Accountant Corporation</td><td>–</td></tr>
<tr><td colspan="2">[Reason for nominating the candidate for outside auditor]
As a long-serving certified public accountant, Isao Seki has many years of experience in accounting and a wide knowledge of the field. If appointed as a corporate auditor he could use this experience and knowledge in the company's auditing systems. We think he would carry out his duties as an outside corporate auditor competently from a position of objectivity and fairness. We thus propose that he be appointed as a substitute corporate auditor.
Although he has not been involved in corporate management as a person who executes business, the Company has judged that he can perform his duties as outside corporate auditor appropriately for the above-mentioned reasons.</td></tr>
</table>

Notes:

1. No special interests exist between Isao Seki and the Company.
2. It is proposed that Isao Seki be elected as a substitute outside corporate auditor. If he assumes his office as a corporate auditor, the Company will appoint him as an independent corporate auditor stipulated under the regulations of the stock exchanges where the Company's stock is listed and notify the matter to the exchanges.
3. On Isao Seki's assumption of office as a corporate auditor, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company intends to enter into contract with Isao Seki, which will limit his liability as set forth in Article 423, paragraph (1) of the Companies Act to the total of the amounts set forth in items of Article 425, paragraph (1) of the Companies Act, if he is without knowledge and is not grossly negligent in performing his duties.

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Proposal No. 5: Issue of Stock Acquisition Rights for the Purpose of Executing a Stock Option System to Executive Officers, General Managers, and Presidents of the Company's Subsidiaries

In fiscal year 2016, determination of offering subscription of stock acquisition rights as stock options for Executive Officers who do not serve as Directors of the Company, General Managers, or Presidents of subsidiaries, will be authorized by the Board of Directors, based on the provisions of Article 236, 238 and 239 of the Companies Act in the following matters.

1. Reason for the necessity of subscription for persons who underwrite the stock acquisition rights on particularly advantageous terms
   With the purpose of increasing the Company's business performance and shareholders' profit by increasing incentives for Executive Officers who do not serve as Directors of the Company, General Managers, or Presidents of subsidiaries, the Company will allocate stock option rights to these persons, without a payment requirement.
2. Details and maximum number of stock acquisition rights
   (1) Maximum number of stock acquisition rights
   Maximum shall be 1,500, determined as provided in item (3) below.
   The total number of shares issuable by exercising the stock acquisition rights, shall be up to 1,500,000 of the Company's common shares, and in the case that the number of granted shares related to the relevant stock acquisition rights by (3) (a) below is adjusted, it shall be that number multiplied by the number of granted shares related to the relevant stock acquisition rights after adjustment by the above-written maximum number of stock acquisition rights.
   (2) Payment shall not be required for granting of the stock acquisition rights
   (3) Details of stock acquisition rights
   (a) Class and number of shares for the purpose of stock acquisition rights
   Class of shares for the purpose of stock acquisition rights shall be common shares, and the number for the purpose of each stock acquisition right (hereinafter called "granted shares"), is to be limited to 1,000.
   However, in the event of the Company's common stock split (including the gratis allotment of the stock) or reverse share split after the resolution by the General Meeting of Shareholders (hereinafter called "resolution date"), the number of granted shares related to the relevant stock acquisition rights shall be adjusted proportionally in accordance with the percentage of the share split or reverse share split.
   In addition, in the case the Company decreases capital, after the resolution date, due to cases beyond the Company's control that needs adjustment of the number of granted shares related to the relevant stock acquisition rights, the number of granted shares related to the relevant stock acquisition rights shall be adjusted within a rational range, under consideration of conditions, etc. of capital reduction, etc.
   Fractions of less than one (1) share as a result of the above adjustment are to be rounded down.
   (b) Amount to be paid when stock acquisition rights are exercised
   Amount to be paid when stock acquisition rights are exercised shall be the paid amount per share that can be issued by exercising the stock acquisition rights (hereinafter called "exercise amount"), multiplied by the anticipated number of shares concerning the relevant stock acquisition rights.
   The exercise amount will be the average closing price, multiplied by 1.10, of the Company's common stock (hereinafter called "closing price") on the Tokyo Stock Exchange of the previous month of the date when the stock acquisition rights are allocated (hereinafter called "allotment date"). Note that the date when the trade was not effective is not included. Fractions of less than ¥1 will be rounded up.
   However, in the case the amount is lower than the closing price of the warrant issue date (when no closing rate is published on that day, closing rate of the nearest previous date shall be applied), it will be the closing price on that date.
   After the allotment date, in the event of a share split (including the gratis allotment of the stock) or reverse share split its shares after the issue date of warrants, the exercise amount will be adjusted by the following formula, with fractions of less than ¥1 rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of share split/reverse share split}}$$

   In addition, after the allotment date, for the Company's common stock, in the case the Company issues new shares or disposes of treasury stock at a price lower than market price [excluding sale of treasury stock based on provision of Article 194 of the Companies Act (claim of sale of minimum trading unit (*tan-gen*) of shares by shareholders of minimum trading unit (*tan-gen*)); and transfer or exercise of securities that are or can be made to common stock of the Company or the stock acquisition rights (including ones committed to corporate bonds with new stock acquisition rights) that can be claimed for issue of the Company's common stock, the exercise price shall be adjusted in accordance with the following formula, with fractions of less than ¥1 rounded higher.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares outstanding} + \dfrac{\text{Number of shares to be issued} \times \text{Subscription price per share to be issued}}{\text{Market price per share}}}{\text{Number of shares outstanding} + \text{Number of shares to be issued}}$$

In the above formula, the "number of shares outstanding" is the number of the Company's outstanding common stock, deducted by the number of shares of its treasury stock concerning common stock. In case the treasury stock is disposed, the "number of shares to be issued" shall be treated as the "number of shares to be disposed."

Furthermore, in the case the Company is merged with another company, in the case the Company executes a demerger, or in the case the Company decreases capital, after allotment date, that require adjustment of the exercise price, the exercise price shall be adjusted within a rational range, subject to a resolution of the Board of Directors.

(c) Period during which stock acquisition rights may be exercised
It will be determined by the Board of Directors, which will be within a period from June 20, 2017 to June 21, 2026.

(d) Capital and capital reserve increased in the case the stocks are issued by exercising the stock acquisition rights
- i) The amount of capital increased in the case the shares are issued by exercising the stock acquisition rights shall be half of the maximum limit to increase capital, calculated in accordance with the Company Calculation Ordinance, Article 17, paragraph (1), and is adjusted in accordance with the following formula, with fractions rounded up.
- ii) The amount of capital reserve increased in the case the shares are issued upon the exercise of stock acquisition rights shall be the amount that the maximum limits of capital, etc. described in i) above is subtracted by the increased capital amount determined in i) above.

(e) Restrictions on acquisition of stock acquisition rights by transfer
Any acquisition of the stock acquisition rights by transfer shall require the prior approval of the Board of Directors.

(f) Acquisition conditions of stock acquisition rights
Acquisition conditions of stock acquisition rights shall not be determined.

(g) The Company, in the case of merger (limited only to cases in which the Company is dissolved by merger), absorption-type company split/incorporation-type company split, stock exchange or stock transfer (all hereinafter called "organizational restructure"), may issue the stock acquisition rights of the companies listed in the Companies Act, Article 236, paragraph (1), item (8)-A to E (hereinafter called "restructure target company") to each person holding stock acquisition rights (hereinafter called "remaining stock acquisition rights") that remain outstanding at the time when the effects of the organizational restructure arises, for each case thereof, based on the following conditions. In this case, the remaining stock acquisition rights shall be void and the restructured target companies shall issue new stock acquisition rights. However, this will apply only to the case of the agreement to issue the stock acquisition rights of the restructure target companies, in accordance with the following conditions: the merger agreement, newly founded merger agreement, merger/split agreement, new split agreement, stock exchange agreement, or stock transfer plan.
- i) Number of stock acquisition rights of restructured target companies
The same number of stock acquisition rights shall be issued as the number that the person holds of remaining stock acquisition rights with respect to the Company's stock.
- ii) Class of shares of restructured target companies for the purpose of stock acquisition rights
It shall be the common stock of the restructured target companies.
- iii) Number of shares of restructured target companies for the purpose of stock acquisition rights
It shall be determined in accordance with the above item (a), after considering the conditions, etc. for organizational restructure.
- iv) Amount to be paid when stock acquisition rights are exercised

Amount to be paid when each stock acquisition right is exercised shall be the amount obtained by multiplying the payout amount after restructure adjusted after considered conditions, etc. for the organizational restructure by the number of shares for the purpose of the relevant stock acquisition rights determined in accordance with the sentence iii).

v) Exercise period of the stock acquisition rights
The stock acquisition rights determined in the above item (c) can be exercised from the later of: the commencement date of the exercise period of the stock acquisition rights determined in the above item (c); or the effective date of the organizational restructure, to the expiration date of the period.

vi) Capital and capital reserve increased in the case the shares are issued by exercising the stock acquisition rights
It shall be determined in accordance with item (d) above.

vii) Limits of acquisition of stock acquisition rights by assignment
Acquisition of stock acquisition rights by assignment shall require approval of the restructured target company.

viii) Acquisition conditions of stock acquisition rights
It shall be determined in accordance with item (f) above.

(h) In the case of fractions of less than one (1) share is included in the number of shares delivered to the persons who exercise the stock acquisition rights, the fractional portion shall be omitted.

(i) Exercise conditions of stock acquisition rights

i) A single stock acquisition right may not be split.

ii) Persons who receive the allotment may exercise the right, even in the case that they no longer hold the position of Executive Officer, General Manager, or President of a subsidiary, when exercising the rights.
Note: The granted stock acquisition rights shall immediately be cancelled, in the case that he or she is sentenced to imprisonment or severer, in the case that he or she is dismissed or discharged, or in the case that he or she has died.

iii) Other conditions to exercise the rights shall be determined by the Board of Directors.

- END -

[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of the Japanese original text of the business report of Mitsui O.S.K. Lines, Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the Japanese version shall be the official version.

BUSINESS REPORT

(From April 1, 2015 to March 31, 2016)

1. Matters Concerning the Present State of the Corporate Group

(1) Business Progress and Results

In the global economy during the fiscal year (FY) 2015 (April 1, 2015 to March 31, 2016), excluding some countries such as India, there was deceleration in most of the emerging countries, although overall moderate recoveries continued in the developed countries including the U.S. and the eurozone. In the U.S., despite signs of a partial slowdown being observed from the latter half of the previous year, the economy maintained a moderate trend of recovery throughout the fiscal year on the back of solid personal consumption, reflecting improved conditions in the employment and income environments. In Europe, the economy showed a moderate trend of recovery, amid solid personal consumption, increased construction investment over the winter, among other factors, despite currently showing a weakening trend in exports. In China, although personal consumption still shows comparatively solid growth, the trend of economic slowdown continued, reflecting such factors as weakening fixed asset investment and the slump in export, which have been ongoing since the beginning of the fiscal year. In Japan, although the economy switched temporarily to positive growth in the quarter from July to September, stagnancy in exports and personal consumption and other factors led to the reemergence of negative growth in the quarter from October to December, and economic recovery continued to stall.

Looking at the maritime shipping market conditions, the dry bulker market remained weak due to factors such as a decline in the growth of iron ore imports and a decrease in coal imports by China. The Capesize bulker market, which hiked temporarily over the summer, then followed a downturn mainly as a result of the subsequent trend of economic slowdown in China and deteriorated market sentiment. And during the winter, the markets for all types of dry bulkers dropped to record-low levels. On the other hand, on average for the fiscal year, in the very large crude oil carrier (VLCC), the market conditions were stronger by year-on-year comparison, despite seasonal fluctuations, stimulated by growth in actual demand and an increase in the strategic petroleum reserves by China due to lower crude oil prices. The containership freight market remained extremely weak on all routes, reflecting the low cargo volumes particularly from Asia to Europe and South America as well as deliveries of very large container ships.

The average exchange rate of Japanese yen against the U.S. dollar during the fiscal year depreciated by ¥12.28 year on year to ¥120.62. The average bunker price during the fiscal year fell by US$238/MT year on year to US$265/MT.

As a result of the above, we recorded revenue of ¥1,712.2 billion, operating income of ¥2.3 billion, and ordinary income of ¥36.2 billion. Loss attributable to owners of parent was ¥170.4 billion, mainly due to factors such as recording extraordinary loss for business structural reforms in the fourth quarter.

[Translation for Reference and Convenience Purposes Only]

(2) Financial Position and Results of Operations

(Millions of yen)

Category	FY2012	FY2013	FY2014	FY2015 (current fiscal year)
Revenues	1,509,194	1,729,452	1,817,069	1,712,222
Ordinary income (loss)	(28,568)	54,985	51,330	36,267
Profit (loss) attributable to owners of parent	(178,846)	57,393	42,356	(170,447)
Net income (loss) per share (yen)	(149.57)	47.99	35.42	(142.50)
Total assets	2,164,611	2,364,695	2,624,049	2,219,587
Total net assets	619,492	783,549	892,435	646,924
ROE (Return on Equity)	(30.5)%	9.5%	5.8%	(25.8)%
ROA (Return on Assets)	(1.4)%	2.4%	2.1%	1.5%
Equity ratio	24.7%	28.7%	29.8%	24.4%
Net gearing ratio *(Interest-bearing debt - Cash and cash equivalents)/Shareholders' equity	158%	135%	135%	164%

Note: Figures in revenues, ordinary income (loss), profit (loss) attributable to owners of parent, total assets and total net assets are rounded down to the nearest million.

(3) Business Overview by Segment

Bulkships			
Revenues	¥838,893 million	Revenue composition ratio	48.99%
Ordinary income (loss)	¥ 54,857 million		

<Dry Bulkers>
The Capesize bulker market remained at the weak level of US$5,000 per day on average until mid-June. However, amid the ongoing scrapping of vessels since the start of the year, there was a rise in shipment volumes of iron ore for long-distance transport from Brazil from June onward, leading to a positive turnaround. The market reached as high as the level of US$20,000 per day in August. Later, however, the trend of economic slowdown by China continued, and the weakening of the commodity markets such as iron ore and coal, and of FFAs (forward freight agreements) led to a deterioration of sentiment. As a result, the average market level for the fiscal year was US$7,000 per day, which was a severe market environment. The markets for Panamax on down, mid- and small-sized vessels remained weak because the ongoing oversupply of vessels was not resolved mainly as a result of a heavy supply pressure of newly delivered vessels and a decrease in the volume of coal imports in China associated with its economic slowdown. Under such a market environment, in addition to working to secure stable profits from long-term fixed-rate freight contracts, we continued to make efforts to improve operation efficiency and to cut costs. Despite these efforts, ordinary income/loss in the dry bulker division significantly deteriorated year on year, and a loss was recorded for the fiscal year.

<Tankers/LNG Carriers>
The very large crude oil carrier (VLCC) market was strong overall and kept its level high until the end of July as the ocean transport of crude oil was stimulated by growth in actual demand and an increase in the strategic petroleum reserves by China due to lower crude oil prices. Later, despite a temporary drop in the market mainly due to the effect of the low demand period over summer, it rose again from October onward upon entering the winter demand period. Consequently, on average for the fiscal year, the market conditions were stronger by year-on-year comparison. In the product tanker market, the market was firm up until summer, owing to a tighter balance between vessel supply and demand, mainly reflecting not only lower crude oil prices and expansion of production at oil refineries in the Middle East, but also increased gasoline demand for the drive season in North America. Since the beginning of autumn, the market has softened owing to some of oil refineries in Asia, undergoing periodic repairs for production in winter; a decline in imports of petroleum products accompanying the reduction of import subsidies in Nigeria; and weaker demand for heating oil due to warm winter. On average for the fiscal year, however, the market

conditions were stronger by year-on–year comparison.
Under the above market situation, with our ceaseless efforts to improve operation efficiency by setting up pools with other operators and to cut costs, the tanker division posted a considerable year-on-year increase in ordinary income. The LNG carrier market was weak overall reflecting the ongoing situation of strong supply pressure of newly delivered vessels, in spite of a slight increase in the ocean cargo volume due to the launch of new projects. Despite such market conditions, the LNG carrier division continued to secure stable profits through long-term transport contracts, leading to a year-on-year improvement in ordinary income.

<Car Carriers>
In the car carrier division, transportation of completed cars to the U.S., where economic conditions continued to be strong, were firm. Meanwhile, transportation to some emerging countries and some resource-producing countries, which were experiencing economic slowdown mainly due to a drop in the price of crude oil, weakened. As a result, ordinary income in the car carrier division decreased year on year despite efforts to improve operation efficiency in response to changes in trade patterns.

Containerships			
Revenues	¥719,108 million	Revenue composition ratio	42.00%
Ordinary income (loss)	¥(29,831) million		

On Trans-Pacific routes, although cargo volumes from Asia were firm overall, the supply-demand balance weakened because of the increase in the supply of vessels, and the freight market significantly fell on both routes to the west and east coasts of North America. On Asia-Europe route, cargo volumes from Asia weakened significantly and despite efforts to scale-down the supply space by reducing sailings, the gap between supply and demand could not be closed and the freight market maintained record-lows throughout the fiscal year. On Asia-South America routes, the cargo volume to the South America east coast sharply declined owing to an economic downturn in Brazil, and the freight market for these routes similarly maintained record-lows like the Asia-Europe route. The freight markets on Intra-Asia routes also slumped as the cargo volumes were weak.
Regarding Terminal business, we worked on improving efficiency through the use of the latest technology. For example, in our independent terminal at the Port of Los Angeles in North America, we extended the automated loading/unloading operations, which have been in operation since 2014, and at the Port of Rotterdam in the Netherlands, operations commenced at an automated terminal in which the Company has an equity stake. In Logistics business, although orders were weak in Japan for domestic heavy cargo transport, we worked on aggressive expansion of the customer base overseas.
Under this business environment, despite our efforts to implement various rationalization measures for containership business overall and work on cost reductions and streamlining, the division's loss increased considerably year on year.

Ferry and Domestic Transport			
Revenues	¥49,618 million	Revenue composition ratio	2.90%
Ordinary income (loss)	¥4,424 million		

In the ferry business, Oarai-Tomakomai route of MOL Ferry Co., Ltd. had a decrease in transportation volumes of passengers and cargo, since one of their vessels, which suffered a fire incident on the vehicle deck at the end of July 2015, has been removed from their service for its repair work. However, on the other routes, transportation volumes were firm for both passengers and cargo. In the domestic transport business, cargo volume for steel materials has remained weak mainly reflecting the impact of continuing inventory adjustments. As a result, although revenue from the ferry and domestic transport businesses overall decreased year on year, a fall in the bunker price and other factors made it possible to secure profits at roughly the same level as the previous fiscal year.

Associated Businesses			
Revenues	¥96,606 million	Revenue composition ratio	5.64%
Ordinary income (loss)	¥10,171 million		

In the cruise ship business, the number of passengers on the Nippon Maru continued to be firm, resulting in a year-on-year improvement in ordinary income/loss. In the real estate business, Daibiru Corporation, the core company in the MOL Group's real estate business, maintained stable sales, supported by the firm office leasing market, centered on the Tokyo metropolitan area. However, ordinary income decreased year on year due mainly to an increase in temporary costs associated with Shin-Daibiru which was completed in March 2015. Sales from the trading businesses reduced due to the drop in bunker prices, and profitability deteriorated in some parts of the civil engineering business. On the other hand, the tugboat business and others showed firm performances overall. Consequently, ordinary income of the associated businesses segment decreased on a year-on-year basis.

Others			
Revenues	¥7,996 million	Revenue composition ratio	0.47%
Ordinary income (loss)	¥3,549 million		

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.

(4) Fund Raising

1) Fund Raising

The Group's funds required in the fiscal year under review were financed with our own resources and borrowings from financial institutions.

2) Capital Investment

The Group's capital investment, mainly in ships, implemented in the fiscal year under review amounted to approximately ¥115.7 billion.

(Millions of yen)

Name of Segment	Amount of Capital Investment
Bulkships	87,115
Containerships	15,525
Ferry and Domestic Transport	5,865
Associated Businesses	5,177
Others	123
Adjustment	1,903
Total	115,712

Notes: 1. Figures less than one (1) million are rounded down to the nearest million.

2. "Adjustment" includes company-wide assets not belonging to any segment.

Twenty nine vessels, bulkships and containerships, were sold and removed.

Sale of Vessels

Name of Segment	Number of Vessels	Deadweight Tons (in thousands)	Book Value (millions of yen)
Bulkships	27	1,615	42,861
Containerships	2	47	6
Total	29	1,663	42,867

Note: Figures less than one (1) million are rounded down to the nearest million.

(5) Management Strategies and Issues to be Addressed

Working under the three-year midterm management plan "STEER FOR 2020" (hereinafter "SF2020"), which started in April 2014, we had been proceeding with three innovations: I. Innovation of Business Portfolio, II. Innovation of Business Model, and III. Innovation of Business Domain. However, realizing the immense difficulties in the external environment such as lower crude oil prices, lower natural resource prices, and the slowdown in economic growth in China in achieving the profit targets for fiscal 2015, we decided to implement business structural reforms at the end of January 31, 2016.

In fiscal 2016, we will implement the following measures as a single-year management plan, instead of SF

2020.

1) Completion of Business Structural Reforms

Operating under SF2020, we had been accumulating stable profits from long-term contracts and reducing the market exposure (in spot transactions in the charter market). However the dry bulker and containership freight maintained at the historic low levels, considerably affecting our business performance.
In response to this, we decided to implement business structural reforms that included redesigning our business model for Panamax and Handysize bulkers and downsizing Capesize bulker fleet in the dry bulker businesses, and recording impairment losses on business assets in the containership business.
In fiscal 2016, we will securely carry out early sale or redelivery of surplus vessels.

2) Basic Framework for Future Growth Strategies

We are working to establish a basic framework for creating suitable business models for changing environment over the medium-term in order to develop businesses for the future and get the Company back on track for growth. Placing priority on business growth and competitiveness, we will review each business segment and work to optimize the business portfolio as necessary through implementing restructuring measures, including collaboration with other companies, M&A, withdrawal, or sale.

i) Strengthening of Marketing Capabilities

・ Through measures including the new establishment of the Dry Bulk Business Unit and the Energy Transport Business Unit, we will strengthen intersegment collaboration to accurately serve our customer needs.
・ By seizing the business opportunities in growth fields centered on specific regions, such as Asia, Middle East, and Oceania, we will develop activities by utilizing the MOL Group's comprehensive strength through the use of Chief Executive Representatives and Chief Country Representatives.

ii) Creating Suitable Business Models for Changing Environment

・ While retaining our Maritime Shipping business as our core value, we will intensively allocate management resources to the Maritime Shipping related businesses, such as logistics business and terminal business, and also into the real estate business.
・ We will move forward with the development of services that incorporate IT and environmental technologies to boost the added-value component in the services provided by the MOL Group.

The MOL Group is the subject of investigations by regulators in the United States, Europe and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed vehicles. In addition, a class-action lawsuit was filed in the U.S. and other countries against the MOL Group, seeking damage claims, a cease and desist order, and so on. The MOL Group takes this situation very seriously, and will continue to work to enhance compliance, including compliance with antitrust laws of respective nations, as well as strive to prevent recurrence.

[Translation for Reference and Convenience Purposes Only]

(6) Principal Business (As of March 31, 2016)

Worldwide Maritime cargo transport services such as Bulkships, various Bulk Carriers, Tankers, LNG Carriers and Container vessels and Marine transportation businesses such as collection of freight, ship charter hire and handling charges in operations, offshore business, warehousing and real estate

(7) Principal Business Offices (As of March 31, 2016)

1) The Company

	Location
Head and registered office	Tokyo
Branch offices	Nagoya (Aichi Pref.), Kansai (Osaka Pref.), Kyushu (Fukuoka Pref.), Hiroshima (Hiroshima Pref.)
Representative offices	Beijing Representative Office (China)

2) Subsidiaries

- Principal domestic business offices
  Tokyo, Kanagawa Pref., Osaka, Hyogo Pref.
- Principal overseas business offices
  U.S.A., Canada, Mexico, Panama, Brazil, Chile, Peru, Uruguay, United Kingdom, Germany, the Netherlands, Belgium, Poland, Czech Republic, Turkey, Egypt, Cote d'Ivoire, Ghana, Nigeria, South Africa, China, Korea, Taiwan, the Philippines, Vietnam, Cambodia, Singapore, Malaysia, Indonesia, India, Pakistan, Thailand, Myanmar, Australia, New Zealand

(8) Shipping Tonnage of the Group (As of March 31, 2016)

Category	Bulkships				Containerships	
	Dry Bulkers, Car Carriers		Tankers, LNG Carriers		Containerships	
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
		in thousands		in thousands		in thousands
Owned vessels	120	7,378	97	13,319	16	1,168
Chartered vessels	373	27,266	95	3,740	79	5,430
Others	0	0	2	143	0	0
Total	493	34,644	194	17,202	95	6,599

Category	Ferry and Domestic Transport		Associated Businesses		Others		Total	
	Ferry and Domestic Transport Vessels		Cruise Ship		Others			
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
		in thousands		in thousands		in thousands		in thousands
Owned vessels	15	90	1	5	0	0	249	21,960
Chartered vessels	29	84	0	0	2	13	578	36,533
Others	1	1	0	0	0	0	3	144
Total	45	174	1	5	2	13	830	58,637

(9) Employees (As of March 31, 2016)

1) Employees of the Group

Name of Segment	Number of Employees	
Bulkships	1,357	(139)
Containerships	5,456	(354)
Ferry and Domestic Transport	845	(62)
Associated Businesses	2,160	(1,489)
Others	355	(71)
Company-wide (common)	327	(66)
Total	10,500	(2,181)
As of March 31, 2015	10,508	(2,174)

Notes: 1. The number of employees includes the entire labor force, and the approximate average number of temporary employees is indicated in parentheses.
2. The employees indicated as Company-wide (common) belong to administrative departments, which cannot be classified in any specific segment.

2) Employees of the Company

Number of Employees		Year-on-year Increase (Decrease)	Average Age	Average Years of Service
	persons	persons	years old	years
Employees on land duty	642	36	39.6	16.0
Employees on sea duty	283	(1)	33.6	10.7
Total	925	35	37.7	14.4

Notes: 1. The number of employees on land duty does not include 418 employees dispatched outside the Company and 172 non-regular employees and others.
2. The number of employees on sea duty does not include 5 employees dispatched outside the Company and 45 non-regular employees and others.

(10) Principal Subsidiaries (As of March 31, 2016)

Company	Paid-in Capital (millions of yen)	Percentage of Equity Participation (%)	Principal Business
Daibiru Corporation	12,227	*51.06	Real estate business
Utoc Corporation	2,155	*67.42	Harbor and transportation business
Mitsui O.S.K. Passenger Line, Ltd.	100	100.00	Marine transportation business
Mitsui O.S.K. Kinkai, Ltd.	660	100.00	Marine transportation business
Mitsui O.S.K. Techno-Trade, Ltd.	490	100.00	Sales of fuel oil/vessel materials/ machinery
MOL Logistics (Japan) Co., Ltd.	756	75.06	Air Transport agents and other businesses
Ferry Sunflower Limited	100	99.00	Marine transportation business
Nissan Motor Car Carrier Co., Ltd.	640	90.00	Marine transportation business
MOL Ferry Co., Ltd.	1,577	100.00	Marine transportation business
Phoenix Tankers Pte. Ltd.	379,311 USD Thousand	100.00	Marine transportation business
Tokyo Marine Asia Pte. Ltd.	138,017 SGD Thousand	100.00	Marine transportation business
TraPac, LLC.	–	*51.00	Harbor and transportation business

Notes: 1. Figures less than one million yen are rounded down to the nearest million. Figures less than one thousand USD and one thousand SGD are rounded down to the nearest thousand.
2. Percentage of participation is the total of percentage of direct equity participation by the Company and indirect equity participation through subsidiaries.
Figures prefixed by * include a percentage of indirect equity participation by subsidiaries. Such figures reflect the percentage of equity participation of the holding subsidiary held by the Group.

(11) Major Creditors (As of March 31, 2016)

(Millions of yen)

Creditor	Loan Outstanding
Sumitomo Mitsui Banking Corporation	29,517
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	25,592
Mitsubishi UFJ Trust and Banking Corporation	20,152
Sumitomo Mitsui Trust Bank, Limited.	19,597
Development Bank of Japan Inc.	17,851
The Norinchukin Bank	15,997
Mizuho Bank, Ltd.	960

Note: Figures less than one (1) million are rounded down to the nearest million.

2. Status of Shares (As of March 31, 2016)

(1) Total Number of Shares Authorized to Be Issued 3,154,000,000 shares

(2) Number of Shares Issued 1,206,286,115 shares

(**including own shares** 10,197,929 shares)

(3) Number of Shareholders 104,202 parties

(4) Major Shareholders

Name of Shareholders	Investment in the Company by the Shareholders	
	Number of Shares (in thousands)	Investment ratio (%)
1. Japan Trustee Services Bank, Ltd.	216,542	18.10
2. The Master Trust Bank of Japan, Ltd.	43,804	3.66
3. Mitsui Sumitomo Insurance Co., Ltd.	30,165	2.52
4. Sumitomo Mitsui Banking Corporation	30,000	2.51
5. BNYML -NON TREATY ACCOUNT	29,716	2.48
6. Trust & Custody Services Bank, Ltd.	19,877	1.66
7. Chase Manhattan Bank Gts Clients Account Escrow	18,509	1.55
8. The Nomura Trust and Banking Co., Ltd.	17,997	1.50
9. Mizuho Bank, Ltd.	17,000	1.42
10. State Street Bank West Client-Treaty 505234	15,026	1.26

Notes: 1. Shares less than 1,000 have been rounded down to the nearest 1,000 shares.
2. Shares of the above loan and trust companies include shares related to trust services.
3. The investment ratio is calculated excluding own shares (10,197,929 shares).

3. Matters Concerning Stock Acquisition Rights

(1) Outline of Stock Acquisition Rights Held by the Company's Officers at the End of the Fiscal Year under Review, etc.

Issue date	August 10, 2007	August 8, 2008	August 14, 2009	August 16, 2010	August 9, 2011	August 13, 2012	August 16, 2013	August 18, 2014	August 17, 2015
Total number of holders (persons)	1	2	2	2	3	2	5	6	8
MOL Directors (excluding outside directors) (persons)	1	1	1	1	1	1	3	4	6
MOL Outside Directors (persons)	0	1	1	1	2	1	2	2	2
MOL Corporate Auditors (persons)	None	None	None	None	None	None	None	None	None
Total number of stock acquisition rights (units)	30	60	60	120	140	40	178	240	400
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 30,000	(common stock) 60,000	(common stock) 60,000	(common stock) 120,000	(common stock) 140,000	(common stock) 40,000	(common stock) 178,000	(common stock) 240,000	(common stock) 400,000
Paid-in value at exercise of stock acquisition rights (yen)	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration
Exercise price (yen per share)	1,962	1,569	639	642	468	277	447	412	427
Exercise period of the stock acquisition rights	June 20, 2008 to June 21, 2017	July 25, 2009 to June 24, 2018	July 31, 2011 to June 22, 2019	July 31, 2012 to June 21, 2020	July 26, 2013 to June 22, 2021	July 28, 2014 to June 21, 2022	August 2, 2015 to June 20, 2023	August 2, 2016 to June 23, 2024	August 1, 2017 to June 20, 2025
Exercise conditions of the stock acquisition rights	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Notes: 1. 1) A stock acquisition right cannot be partially exercised.

2) Even if the grantee no longer holds a position as an officer of the Company, he/she may exercise stock acquisition rights. However, if the grantee is sentenced to imprisonment or heavier penalty, dismissed from office, or passes away, the granted stock acquisition rights shall become invalid immediately.

3) Other exercise conditions of stock acquisition rights are according to the decision of the Board of Directors.

2. The stock acquisition rights granted to MOL directors are indicated.

(2) Outline of Stock Acquisition Rights Granted to MOL Employees, etc. during the Fiscal Year under Review, etc.

Issue date	August 17, 2015
Total number of employees granted (persons)	87
MOL executive officers (excluding ones concurrently serving as an MOL officer) (persons)	18
MOL employees (excluding one serving as an MOL officer/executive officer) (persons)	37
Officers and employees of MOL subsidiaries (excluding ones serving as an MOL officer/executive officer/employee) (persons)	32
Total number of stock acquisition rights (units)	1,150
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 1,150,000
Paid-in value at exercise of stock acquisition rights	without consideration
Exercise price (yen per share)	427
Exercise period of the stock acquisition rights	August 1, 2017 to June 20, 2025
Exercise conditions of the stock acquisition rights	(Note)

Notes:
1. A stock acquisition right cannot be partially exercised.
2. Even if the grantee no longer holds a position as an MOL employee, he/she may exercise stock acquisition rights. However, if the grantee is sentenced to imprisonment or heavier penalty, dismissed from office, or passes away, the granted stock acquisition rights shall become invalid immediately.
3. Other exercise conditions of stock acquisition rights are according to the decision of the Board of Directors.

(3) Other Significant Matters Concerning Stock Acquisition Rights, etc.

The Company issued “Euro US dollar Zero Coupon Convertible Bond due 2018” and “Euro US dollar Zero Coupon Convertible Bond Due 2020,” and their details are as follows.

Euro US dollar Zero Coupon Convertible Bond due 2018

Issue date	April 24, 2014
Total number of stock acquisition rights (units)	3,000
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 56,497,175
Conversion price	US$5.31
Exercise period of the stock acquisition rights	May 8, 2014 to April 10, 2018
Exercise conditions of the stock acquisition rights	Partial exercise of each stock acquisition right is not allowed.
Balance of convertible bonds	US$300 million

Euro US dollar Zero Coupon Convertible Bond Due 2020

Issue date	April 24, 2014
Total number of stock acquisition rights (units)	2,000
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 41,841,004
Conversion price	US$4.78
Exercise period of the stock acquisition rights	May 8, 2014 to April 9, 2020
Exercise conditions of the stock acquisition rights	Partial exercise of each stock acquisition right is not allowed.
Balance of convertible bonds	US$200 million

[Translation for Reference and Convenience Purposes Only]

4. Matters Concerning Officers

(1) Directors and Corporate Auditors (As of March 31, 2016)

Position	Name	Assignment	Significant Concurrent Positions Outside the Company
Representative Director, Chairman of the Board, Chairman Executive Officer	Koichi Muto		
Representative Director, President, Chief Executive Officer	Junichiro Ikeda		Chairman, The Japan Ship Owners' Mutual Protection & Indemnity Association
Representative Director, Executive Vice President, Executive Officer	Kenichi Nagata	Assistant to President, Bulk Carrier Office	
Director, Senior Managing Executive Officer	Masahiro Tanabe	Finance Division, Accounting Division, Investor Relations Office, Liner Division, Port Projects & Logistics Business Division, Research Office	
Director, Senior Managing Executive Officer	Shizuo Takahashi	Internal Audit Office, Secretaries Office, Corporate Planning Division, Public Relations Office, MOL Information Systems, Ltd., Compliance	
Director, Managing Executive Officer	Takeshi Hashimoto	LNG Carrier Division, Offshore and LNG Project Division, MOL LNG Transport Co., Ltd.	
Director	Takeshi Komura		Provided in (4) Matters Concerning Outside Officers below.
Director	Masayuki Matsushima		Provided in (4) Matters Concerning Outside Officers below.
Full-time Corporate Auditor	Takehiko Ota		Outside Corporate Auditor, Utoc Corporation
Full-time Corporate Auditor	Takashi Nakashima		
Corporate Auditor	Hiroyuki Itami		Provided in (4) Matters Concerning Outside Officers below.
Corporate Auditor	Hideki Yamashita		Provided in (4) Matters Concerning Outside Officers below.

Notes:
1. Directors, Takeshi Komura and Masayuki Matsushima are outside directors. The Company has appointed them as independent directors stipulated under the regulations of the stock exchanges where the Company's common stock is listed and notified the exchanges.
2. Corporate Auditors, Hiroyuki Itami and Hideki Yamashita are outside corporate auditors. The Company has appointed them as independent auditors stipulated under the regulations of the stock exchanges where the Company's common stock is listed and notified the exchanges.
3. Hiroyuki Itami, a corporate auditor, is thoroughly versed in business management through practical research on business strategies as an expert in business science, and has considerable knowledge about finance and accounting.
4. Hideki Yamashita, a corporate auditor, is familiar with corporate legal affairs as an attorney at law, and has considerable knowledge about finance and accounting.
5. At the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2015, Directors Kazuhiro Sato and Tsuneo Watanabe resigned from their offices due to expiration of their terms.

6. Director Atsutoshi Nishida (outside, no position of responsibility) retired by resignation on July 21, 2015.
7. At the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2015, Masaaki Tsuda, a corporate auditor, resigned from his office due to expiration of his term.
8. Executive officers as of March 31, 2016 are as follows (excluding ones concurrently serving as director).

Executive Officers (As of March 31, 2016)

Position	Name	Assignment
Senior Managing Executive Officer	Masaaki Nemoto	Dry Bulk Carrier Supervising Office, Tanker Safety Management Office, MOL LNG Transport Co., Ltd., Human Resources Division, Marine Safety Division, Safety Operation
Managing Executive Officer	Hirokazu Hatta	General Affairs Division, Group Business Division, Kansai Area
Managing Executive Officer	Tetsuro Nishio	Dedicated Bulk Carrier Division
Managing Executive Officer	Toshiya Konishi	Port Projects & Logistics Business Division, Chief Executive Representative, Americas
Managing Executive Officer	Takaaki Inoue	Tanker Safety Management Office, MOL LNG Transport Co., Ltd., Marine Safety Division
Managing Executive Officer	Takashi Maruyama	Finance Division, Investor Relations Office
Managing Executive Officer	Akihiko Ono	Liner Division
Managing Executive Officer	Akio Mitsuta	Tanker Division, Tanker Safety Management Office
Managing Executive Officer	Naotoshi Omoto	Car Carrier Division
Executive Officer	Toshiyuki Sonobe	Managing Director of Mitsui O.S.K. Bulk Shipping (Asia Oceania) Pte. Ltd., Chief Executive Representative, Asia, Middle East & Oceania
Executive Officer	Yoshikazu Kawagoe	Technical Division
Executive Officer	Hideo Horiguchi	Accounting Division
Executive Officer	Koichi Yashima	Human Resources Division
Executive Officer	Mitsujiro Akasaka	Managing Director of MOL (ASIA) LIMITED, Deputy Chief Executive Representative, Asia, Middle East & Oceania
Executive Officer	Shunichi Inaoka	Dry Bulk Carrier Supervising Office, Marine Safety Division, General Manager of Dry Bulk Carrier Supervising Office
Executive Officer	Toshiaki Tanaka	Coal and Iron Ore Carrier Division
Executive Officer	Nobuo Ishihara	Managing Director of Mitsui O.S.K. Bulk Shipping (Europe) Ltd., Chief Executive Representative, Europe & Africa
Executive Officer	Kenta Matsuzaka	General Manager of LNG Carrier Division

(2) Outline of the limited liability contract

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into contracts with outside officers that limit their liability as set forth in Article 423, paragraph (1) of the Companies Act to the total of the amounts set forth in items of Article 425, paragraph (1) of the Companies Act, if they are without knowledge and are not grossly negligent in performing their duties.

(3) Remunerations Paid to Directors and Corporate Auditors

By reference to companies in the same industry and companies of the same size in other industries, the Company has developed a system of remunerations for Directors and Corporate Auditors that is suited for securing human resources, having a link with the Company's business performance designed to motivate Directors and Corporate Auditors to achieve performance goals, and also ensuing a link with a medium- to a long-term corporate value.

In addition, the Company has established Remuneration Advisory Committee that consists of all Outside Directors and Representative Director-Chairman Executive Officer and Representative Director-President, Chief Executive Officer who were appointed by a resolution of the Board of Directors as committee members, and is chaired by an outside director to deliberate a structure for remunerations and other compensation packages for directors (including outside directors), calculation method thereof, as well as remunerations and other compensation packages of each individual.

Category	Number of Persons Remunerated	Total Amount of Remunerations by Type (millions of yen)			Total Amount of Remunerations Paid (millions of yen)
		Monthly remuneration	Bonus	Stock option	
Directors (including outside directors)	11	316	-	37	353
Corporate Auditors (including outside corporate auditors)	5	85	-	-	85
Total	16	401	-	37	438

Notes:
1. The above includes remuneration related to three (3) directors and one (1) corporate auditor who resigned during FY2015.
2. The above includes payments of remunerations to five (5) outside officers totaling ¥45 million.
3. Recorded figures less than one (1) million are rounded down to the nearest million.

(4) Matters Concerning Outside Officers

1) Major activities and significant concurrent positions outside the Company

[Outside Directors]

Name	Major Activities	Significant Concurrent Positions outside the Company
Takeshi Komura	Attended all ten (10) board meetings held in the fiscal year under review and appropriately made statements necessary for discussion of proposals on the basis of many years of experience and knowledge in the fields of economy management and policy finance of our country, from the objective viewpoint of an outside director.	President, Capital Market Promotion Foundation Outside Director, Maezawa Industries, Inc.
Masayuki Matsushima	Attended all ten (10) board meetings held in the fiscal year under review and appropriately made statements necessary for discussing proposals on the basis of his many years of experience and knowledge in the financial sector, from the objective viewpoint of an outside director.	Outside Director, Mitsui Fudosan Co., Ltd. Chairman, NWIC Co., Ltd. Senior Adviser, Integral Corporation
Atsutoshi Nishida	Attended two (2) out of three (3) board meetings held in the fiscal year under review before retirement on July 21, 2015 and made statements necessary for discussion of proposals on the basis of his abundant experience and extensive knowledge as a corporate manager, from the objective viewpoint of an outside director.	Advisor to the Board, TOSHIBA CORPORATION President, Japan Tax Association Chairman, Japan Institute of Logistics Systems Chairman, Japan International Training Cooperation Organization

[Outside Corporate Auditors]

Name	Major Activities	Significant Concurrent Positions outside the Company
Hiroyuki Itami	Attended nine (9) out of ten (10) board meetings and ten (10) out of eleven (11) corporate auditors' meetings held in the fiscal year under review and appropriately made statements necessary for discussion of proposals mainly from the professional viewpoint as a scholar of business administration.	Professor and head of Graduate School of Innovation Studies, Tokyo University of Science Outside Director, TOSHIBA CORPORATION Outside Corporate Auditor, JFE Holdings, Inc.
Hideki Yamashita	Attended all ten (10) board meetings and all eleven (11) corporate auditors' meetings held in the fiscal year under review and appropriately made statements necessary for discussion of proposals mainly from the professional viewpoint as an attorney at law.	Attorney at law, YAMASHITA & TOYAMA LAW AND PATENT OFFICE Outside Corporate Auditor, I-Cell Networks

Note: No significant business relationships exist between the Company and the organizations for which the outside directors and outside corporate auditors hold significant concurrent positions.

[Translation for Reference and Convenience Purposes Only]

Status of the Accounting Auditor of Business Report

(1) Name of Accounting Auditor KPMG AZSA LLC

(2) Compensations to the Accounting Auditor

(Millions of yen)

	Amount of Compensations Paid
Compensations paid for the fiscal year under review	108
Total of cash and other economic benefits payable by the Company and its subsidiaries to the Accounting Auditor	219

Notes: 1. Figures less than one (1) million are rounded down to the nearest million.

2. The audit agreement entered into by MOL and the Accounting Auditor does not clearly distinguish the amount being derived from the audit under the Companies Act and that which is being derived from the audit under the Financial Instruments and Exchange Act and cannot practically distinguish between the two types, therefore, the amount of compensations paid to the Accounting Auditor for the fiscal year under review is the total of these amounts.

3. The Board of Corporate Auditors of the Company has given its consent to the compensations to the Accounting Auditor for the fiscal year under review as stipulated in Article 399, paragraph (1) of the Companies Act, after the Board reviewed the descriptions in the audit plan, the Accounting Auditor's performance of its duties, the basis for calculating the estimated compensation, audit hours, and historical changes of compensations and other factors, and concluded that the compensations to the Accounting Auditor for the fiscal year under review are appropriate in view of efficiency of the audit and quality of audit delivered.

(3) Contents of Non-audit Services

The Company has entrusted to the Accounting Auditor with advisory and support services relating to financial reporting systems of overseas subsidiaries, etc. .that are services other than ones stipulated in Article 2, paragraph (1) of the Certified Public Accountants Act (non-audit services).

(4) Company Policy for Decisions on Dismissal or Non-reappointment of Accounting Auditor

In case the Accounting Auditor is considered to be within the circumstances stipulated in any of items of Article 340, paragraph (1) of the Companies Act, the Board of Corporate Auditors shall dismiss the Accounting Auditor by consent of all corporate auditors.

In addition to the above, in the case when there is any event that undermines eligibility or credibility as the Accounting Auditor, when it is considered difficult for the Accounting Auditor to properly perform an accounting audit, when it is considered reasonable to change the Accounting Auditor in order to improve the appropriateness of the accounting audit, or when the Company concludes that it is appropriate to dismiss or not to reappoint the Accounting Auditor in comprehensive consideration of the Accounting Auditor's performance of its duties and other various factors, the Board of Corporate Auditors decides details of an agenda concerning dismissal or non-reappointment of the Accounting Auditor and requests the Board of Directors to include that agenda in the agenda of the general meeting of shareholders.

The Board of Directors, upon request from the Board of Corporate Auditors, decides to include the said agenda in the agenda of the general meeting of shareholders.

5 System to Secure Properness of Operations

(1) Outline of the system to secure the properness of operations

The Company resolved a policy for development of the system to secure the properness of operations in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, has been implementing it with amendments as appropriate, as specified below. In FY2015, we resolved the following updates (final revision made on March 31, 2016). We intend to update the policy to ensure continuous improvement.

1) Descriptions concerning Nomination Advisory Committee and Remuneration Advisory Committee that were established during FY2015 added;
2) A policy clarified to the effect that status of executing business operations at the Group companies should be managed based on the midterm management plan and annual budget and required management resources should be allocated as appropriate and in a timely manner;

3) A reporting system from officers and employees of the Group companies to corporate auditors of the Company clarified;
4) A method of processing expenses relating to execution of duties of the corporate auditors clarified; and,
5) A policy concerning whistle-blowing clarified to the effect that the confidentiality is strictly maintained and any individual will never suffer any disadvantageous treatment for the reason of reporting or seeking consultation.

(a) System to Ensure that the Execution of Duties by the Directors and Executive Officers Complies with Laws and Regulations and the Articles of Incorporation

<Compliance>

i) The Group not only complies with laws and regulations and the articles of incorporation but also advocates an “open and visible management style that is guided by the highest ethical and social standards” as one of its corporate principles. The Company formulates the Compliance Policy as a basis of the compliance system and establishes a Compliance Committee, which is headed by a Chief Compliance Officer (CCO) appointed by the Board of Directors to develop and maintain the compliance system through regular monitoring.

ii) The Company ensures that officers and employees comply with the code of conduct stipulated in Article 5 of the Compliance Policy, with a focus on compliance with overseas competition laws, taking a stringent and resolute attitude toward antisocial forces, prohibition of insider trading, prohibition of bribery, preservation of confidential information on customers and companies, etc. and prohibition of discrimination and harassment.

iii) The Company provides training by job rank and category and implements e-learning with respect to various laws and regulations and rules such as the Antimonopoly Act, the Financial Instruments and Exchange Act and the Unfair Competition Prevention Act as well as the Company regulations for all officers and employees to prevent compliance violations and take remedial actions while ensuring that officers and employees are fully aware of compliance and improving the level of such awareness.

iv) Based on the Compliance Policy, the Company develops and operates a reporting and consultation system by establishing a service desk for reports and consultation on violation of compliance rules as well as a compliance advisory service desk provided by an outside attorney. The Company guarantees that reports and consultations concerning compliance violations by officers or employees are held in strict confidence and any individual initiating such report or consultation will not suffer any disadvantageous treatment for such report or consultation made.

<Corporate governance>

v) The Board of Directors consisting of internal directors and outside directors secures its proper operations with rules of the Board of Directors, supervises execution of duties by directors and prevents compliance violations. Also directors are involved in the highest level of policymaking regarding all aspects of corporate management through the Board of Directors, and, as members of the Board of Directors, they supervise and encourage executive officers to execute business.

vi) The Executive Committee set up by the Board of Directors deliberates to enable the President, Chief Executive Officer to decide important issues on basic management plans and execution of business, based on uppermost policies decided by the Board of Directors.

vii) The Board of Directors shall make efforts to create an environment which enables the corporate auditors to audit the performance of duties by directors and executive officers in accordance with auditing policies stipulated in the rules of the Board of Corporate Auditors and the standards of audit by the corporate auditors, and enables the corporate auditors to fulfill policies stipulated in other laws and regulations.

viii) The Internal Audit Office is established, and is directed only by the Executive Committee as an internal audit department and independent from any other positions.

(b) System to Ensure Objectivity and Transparency of Personnel Affairs and the Process for Determining Remuneration for the Directors and Executive Officers

i) For the purpose of improving objectivity and transparency in procedures for nomination of directors and executive officers as well as determination of their remunerations, etc. and reinforcing accountability, the Company establishes Nomination Advisory Committee and Remuneration Advisory Committee under the Board of Directors.

ii) Nomination Advisory Committee and Remuneration Advisory Committee comprise a chairman, a president, and all independent outside directors respectively. The chairpersons of the committees shall be elected from independent outside directors by a resolution of the Board of Directors.

iii) Nomination Advisory Committee shall deliberate matters concerning appointment or removal of directors and executive officers in response to a consultation by the Board of Directors and make a recommendation to the Board of Directors.

iv) Remuneration Advisory Committee shall deliberate matters concerning remuneration for directors and executive officers and their treatment in response to a consultation by the Board of Directors and makes a recommendation to the Board of Directors.

v) The Board of Directors shall respect recommendations from Nomination Advisory Committee and Remuneration Advisory Committee.

(c) System Concerning the Preservation and Management of Information on Execution of Duties by Directors and Executive Officers

i) Information on execution of duties by directors and executive officers is properly preserved and managed during a specified period in accordance with the rules of document management in the case of documents and the rules of electronic information security in the case of electronic information.

ii) Directors and corporate auditors may access to these documents at any time.

(d) Rules and Other Systems Concerning Management of Risk that May Cause Losses

In preparation for major risks that may cause losses, the Company establishes the following control systems, and the Executive Committee functions as a body to comprehensively manage all risks.

i) Risks concerning maritime shipping market trends
In the marine transportation field, the Company's principal business, the shipping tonnage supply-demand is influenced by trends in the volume of global seaborne trades and supply of vessels, and freight rates and charter hire rates fluctuate. Hence, such material issues as investment in ships and others are brought to a decision-making body, after the Investment and Finance Committee set up as a primary deliberative organ of the Executive Committee understands, analyzes and evaluates risks.

ii) Safe operation of ships
The Operational Safety Committee, that has been set up as a subordinate organ of the Executive Committee and led by the President, Chief Executive Officer, reviews and deliberates issues concerning safe operation based on the rules of the Operational Safety Committee, in order to secure and thoroughly implement the safe operation of ships. Should an accident occur, it prevents damage from expanding and protects the environment in accordance with the rules of the Emergency Control Headquarters.

iii) Market risks
Market risks including fluctuations of bunker prices, exchange rates and interest rates are reduced with appropriate management based on the rules of market risk management.

(e) System to Secure Efficient Execution of Duties by Directors and Executive Officers

i) The Board of Directors meets approximately 10 times per year with appropriate intervals between meetings, and as necessary. Material matters to be brought to the Board of Directors are, in general, deliberated in the Executive Committee in advance based on the rules of the Board of Directors.

ii) The Executive Committee consists of members appointed by the President, Chief Executive Officer and approved by the Board of Directors. The Executive Committee meets once a week in general, and as necessary, based on the rules of the Executive Committee. Furthermore, if required, the Executive Committee sets up a subcommittee to consult about necessary matters.

iii) Executive officers are appointed by the Board of Directors, take over authorities transferred by representative directors based on rules of executive officers, and perform their duties in accordance with the uppermost policies decided by the Board of Directors regarding all aspects of corporate management, based on the division of duties by organization and the administrative authority of each position stipulated in the organizational rules.

(f) System to Secure the Reliability of Financial Reporting

i) In attempt to secure appropriate accounting and enhance the reliability of financial reporting, the rules for accounting shall be prescribed while a system of internal control over financial reporting shall be established and steps shall be taken to enhance the effectiveness of the system.

ii) The Internal Audit Office evaluates the effectiveness of internal control over financial reporting. The department receiving the evaluation implements measures for correction or improvement as necessary.

(g) System to Secure the Propriety of Business Carried Out by the Group Consisting of the Company and its Subsidiaries

i) In an attempt to secure the propriety of business carried out by the Group companies, the group corporate principles are advocated, and each Group company prescribes various rules based on it.
ii) With regard to the business management of the Group companies, the status of executing business operations at each company shall be supervised based on the midterm management plan and annual budget of the entire Group. In addition, a division of the Company shall be established to be responsible for the business management of each Group company, depending on the nature of each company's business operation. Based on the rules of the Group companies' business management, a head of the division shall receive necessary reports in a timely manner from directors, etc. of the Group companies to properly understand the management status and business risks. In addition, the head of the division shall require the Group companies to carry out material matters about management of the Group companies with the Company's approval, and allocate necessary managerial resources in a timely and appropriate manner to ensure that directors, etc. of the Group companies will perform their duties efficiently. For the Group companies classified as quasi internal organizations in accordance with the organizational rules, however, a relevant officer shall perform the said procedures, instead of the head of the division.
iii) To secure compliance among the Group companies, each Group company prescribes various rules conforming to the Company's Compliance Policy including the code of conduct. The Compliance Advisory Service Desk provides officers and employees of the Group companies with consultation service, about the compliance program as properly applicable to the entire Group. The Company requests the Group companies to guarantee that reports and consultations concerning compliance violation by officers or employees of the Group are held in strict confidence and any individual initiating such report or consultation will not suffer any disadvantageous treatment for such report or consultation made.
iv) As for the audits of the Group companies, each Group company appropriately establishes an internal audit system, and the Internal Audit Office of the Company conducts internal audits of the Group companies on a periodical basis and as necessary based on the internal audit rules.

(h) Dedicated Staff Members to Assist in the Corporate Auditors' Duties and Their Independence
i) The Corporate Auditor Office is established to assist in the corporate auditors' duties, and assistants for corporate auditors are appointed among the Company's employees.
ii) Personnel evaluation of assistants for corporate auditors is conducted by the corporate auditors, and the transfer of assistants for corporate auditors is decided with approval of the Board of Corporate Auditors.
iii) In general, assistants for corporate auditors shall not be concurrently involved in business execution.

(i) System Concerning Reports to the Corporate Auditors Including a Reporting System from Directors, Executive Officers, Employees and Others Concerning Reports to the Corporate Auditors, and System to Ensure that the Audit is Effectively Conducted by the Corporate Auditors
i) Rules are prescribed on matters to be reported to the corporate auditors by directors, executive officers and employees. Based on those rules, directors, executive officers and employees shall report to the corporate auditors on material matters that may have an impact on the Company's businesses or performance. Directors, corporate auditors, executive officers and employees of the Group companies may report to the corporate auditors on material matters that may have an impact on businesses or performance of the Company or the Group.
ii) By maintaining the appropriate operation of reporting and consultation service systems based on the Compliance Policy, the appropriate reporting system to the corporate auditors on issues concerning compliance such as violation of laws is secured. The Company guarantees that reports to and consultations with any corporate auditor concerning compliance violation by officers or employees of the Group are held in strict confidence and any individual initiating such report or consultation will not suffer any disadvantageous treatment for such report or consultation made.
iii) Representative directors make efforts to have regular meetings with the corporate auditors.
iv) The Internal Audit Office shall cooperate in the effective implementation of the audit by the corporate auditors, while keeping in contact and coordinating with the corporate auditors.
v) When a corporate auditor requests an advance payment for expenses, etc. relating to execution of their duties in accordance with Article 388 of the Companies Act, such expense or liability requested to be paid shall be processed accordingly unless such expense or liability requested to be paid is deemed unnecessary for executing duties of the corporate auditor.

(2) Overview of Status of Operating System to Secure Properness of Operations

The Company has been appropriately managing the system to secure properness of operations of the Company as described above. There are no issues to report.

i) With regard to compliance in particular, we have established a code of conduct for officers and employees of the Company and its subsidiaries and provided internal training and e-learning training to ensure that officers and employees are fully aware of compliance and improve the level of such awareness.

ii) With regard to the execution of duties by directors and executive officers, executive officers take over authorities transferred by representative directors, who is appointed by the Board of Directors. We have endeavored to speed up managerial processes by having these executive officers carry out the execution of business in accordance with the uppermost management policies decided by the Board of Directors. The Board of Directors held meetings on ten occasions and in addition to discussing and deciding on the matters of highest importance, it received reports concerning the execution of business by the executive officers assigned to each division. In addition, the Executive Committee are held every week and at these meetings, the important management issues relating to the management basic plan and the execution of business are discussed and decided.

iii) The Company evaluated effectiveness of internal control over financial reporting in accordance with the Financial Instruments and Exchange Act, and confirmed that the internal control system has been appropriately operated.

iii) Businesses of the Company and the subsidiaries have been regularly reported not only at the Board of Directors of the Company but also at important internal meetings, and in case any issue to improve or problems arises, the Company has given direction to relevant departments in a timely manner.

[Translation for Reference and Convenience Purposes Only]

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2015
	Amount	Amount
(Assets)		
Current assets	**456,475**	**511,795**
Cash and deposits	146,260	86,622
Trade receivables	130,293	178,844
Marketable securities	20,000	45,000
Inventories	27,860	49,025
Deferred and prepaid expenses	66,101	75,937
Deferred tax assets	1,449	2,106
Other current assets	65,486	75,796
Allowance for doubtful accounts	(975)	(1,537)
Fixed assets	**1,763,112**	**2,112,254**
(Tangible fixed assets)	**1,376,431**	**1,498,028**
Vessels	822,269	906,983
Buildings and structures	159,483	165,930
Equipment and others	22,827	21,387
Furniture and fixtures	4,481	5,927
Land	221,614	221,993
Construction in progress	143,342	173,279
Other tangible fixed assets	2,412	2,526
(Intangible fixed assets)	**33,483**	**37,068**
(Investments and other assets)	**353,197**	**577,157**
Investment securities	94,387	128,415
Investments in and advances to subsidiaries and affiliates	120,667	140,395
Long-term loans receivable	49,014	74,958
Long-term prepaid expenses	3,565	3,692
Net defined benefit assets	13,291	24,063
Deferred tax assets	4,422	3,954
Other investments and other assets	69,909	203,182
Allowance for doubtful accounts	(2,061)	(1,504)
Total Assets	**2,219,587**	**2,624,049**

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

	As of March 31, 2016	As of March 31, 2015
	Amount	Amount
(Liabilities)		
Current liabilities	**463,794**	**505,346**
Trade payables	127,171	167,001
Short-term bonds	45,000	15,000
Short-term bank loans	107,976	179,388
Accrued income taxes	4,871	7,638
Advances received	29,326	36,280
Deferred tax liabilities	711	592
Allowance for bonuses	4,484	4,763
Allowance for directors' bonuses	130	241
Allowance for loss on business liquidation	71,007	-
Allowance for loss on contracts	8,603	-
Commercial paper	-	5,500
Other current liabilities	64,508	88,940
Fixed liabilities	**1,108,868**	**1,226,267**
Bonds	220,840	270,185
Long-term bank loans	648,116	688,331
Lease obligations	20,947	22,928
Deferred tax liabilities	81,553	109,042
Net defined benefit liabilities	13,442	13,659
Directors' and corporate auditors' retirement benefits	1,659	1,803
Reserve for periodic drydocking	14,854	15,802
Other fixed liabilities	107,454	104,513
Total Liabilities	**1,572,662**	**1,731,614**
(Net Assets)		
Owners' equity	**458,121**	**636,530**
Common stock	65,400	65,400
Capital surplus	45,388	44,468
Retained earnings	354,179	533,484
Treasury stock	(6,847)	(6,823)
Accumulated other comprehensive income	**82,830**	**146,026**
Unrealized holding gains on available-for-sale securities, net of tax	20,950	44,260
Unrealized gains on hedging derivatives, net of tax	35,033	68,769
Foreign currency translation adjustments	26,885	27,673
Remeasurements of defined benefit plans, net of tax	(39)	5,322
Share subscription rights	**2,681**	**2,553**
Non-controlling interests	**103,292**	**107,324**
Total Net Assets	**646,924**	**892,435**
Total Liabilities and Total Net Assets	**2,219,587**	**2,624,049**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Income

(Millions of yen)

	FY2015 (From April. 1, 2015 to March. 31, 2016)	FY2014 (From April. 1, 2014 to March. 31, 2015)
	Amount	Amount
Shipping and other revenues	**1,712,222**	**1,817,069**
Shipping and other expenses	1,594,568	1,683,795
Gross operating income	**117,653**	**133,274**
Selling, general and administrative expenses	115,330	116,024
Operating income	**2,323**	**17,249**
Non-operating income		
Interest income	4,078	2,704
Dividend income	6,131	6,920
Equity in earnings of affiliated companies	9,178	4,930
Others	31,359	34,210
Total non-operating income	**50,747**	**48,765**
Non-operating expenses		
Interest expense	14,576	12,555
Others	2,227	2,129
Total non-operating expenses	**16,803**	**14,685**
Ordinary income	**36,267**	**51,330**
Extraordinary income		
Gain on sale of fixed assets	9,430	16,225
Gain on sale of investment securities	12,933	135
Gain on cancellation of chartered vessels	4,059	2,229
Others	3,588	7,562
Total extraordinary income	**30,011**	**26,152**
Extraordinary loss		
Loss on sales, disposal and retirement of fixed assets	787	2,852
Loss on valuation of shares of subsidiaries and associates	26,228	-
Costs of business structural reforms	179,290	-
Impairment loss	-	10,198
Others	14,359	6,099
Total extraordinary loss	**220,665**	**19,150**
Income (loss) before income taxes and non-controlling interests	**(154,385)**	**58,332**
Income taxes - current	**11,133**	**12,440**
Income taxes - deferred	**260**	**(2,577)**
Net income (loss)	**(165,779)**	**48,469**
Profit attributable to non-controlling interests	**4,668**	**6,113**
Profit (loss) attributable to owners of parent	**(170,447)**	**42,356**

Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Owners' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total owners' equity
Balance at April 1, 2015	**65,400**	**44,468**	**533,484**	**(6,823)**	**636,530**
Changes during the fiscal year					
Issuance of new shares - exercise of subscription rights to shares				7	7
Dividends paid			(8,970)		(8,970)
Profit (loss) attributable to owners of parent			(170,447)		(170,447)
Increase/decrease due to change in affiliated companies accounted for by the equity method			140		140
Purchase of treasury stock				(47)	(47)
Disposal of treasury stock			(27)	15	(11)
Increase/decrease due to purchase of shares of consolidated subsidiaries		920			920
Net changes of items other than owners' equity during the year					
Total changes of items during the year	**-**	**920**	**(179,305)**	**(24)**	**(178,409)**
Balance at March 31, 2016	**65,400**	**45,388**	**354,179**	**(6,847)**	**458,121**

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

	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 (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans, net of tax	Accumulated other comprehensive income			
Balance at April 1, 2015	**44,260**	**68,769**	**27,673**	**5,322**	**146,026**	**2,553**	**107,324**	**892,435**
Changes during the fiscal year								
Issuance of new shares - exercise of subscription rights to shares						(7)		-
Dividends paid								(8,970)
Profit (loss) attributable to owners of parent								(170,447)
Increase/decrease due to change in affiliated companies accounted for by the equity method								140
Purchase of treasury stock								(47)
Disposal of treasury stock								(11)
Increase/decrease due to purchase of shares of consolidated subsidiaries								920
Net changes of items other than owners' equity during the year	(23,310)	(33,735)	(787)	(5,362)	(63,195)	134	(4,032)	(67,093)
Total changes of items during the year	**(23,310)**	**(33,735)**	**(787)**	**(5,362)**	**(63,195)**	**127**	**(4,032)**	**(245,510)**
Balance at March 31, 2016	**20,950**	**35,033**	**26,885**	**(39)**	**82,830**	**2,681**	**103,292**	**646,924**

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Financial Statements

Significant Matters for Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 362

(2) Names of principal consolidated subsidiaries are as stated in "1. Matters Concerning the Present State of the Corporate Group, (10) Principal Subsidiaries".

(3) Name of principal non-consolidated subsidiary: Asia Cargo Service Co., Ltd.

(4) Reason for exclusion from the scope of consolidation

Total assets, total operating revenues, net income (based on the Group's equity interest) and retained earnings (based on the Group's equity interest) of non-consolidated subsidiaries are not significant respectively, and do not have a material impact on the consolidated statutory reports.

2. Application of equity method accounting

(1) Number of equity method affiliates: 76

(2) Names of principal equity method affiliates:
Asahi Tanker Co., Ltd.

(3) Name of principal non-consolidated subsidiary that is not accounted under the equity method:
Asia Cargo Service Co., Ltd.

(4) Name of principal affiliate that is not accounted under the equity method:
Sorami Container Center Co., Ltd.

(5) Reason for exclusion from the scope of applying the equity method accounting

Net income and retained earnings (based on the Group's equity interest) of non-consolidated subsidiaries and affiliates that are not accounted under the equity method are not significant.

3. Changes in scope of consolidation and application of equity method

(1) Scope of consolidation

10 companies including Boscage Maritime Inc., a newly established company, have been newly included in the scope of consolidation from this fiscal year. 19 companies including Bantan Renraku Kisen Co., Ltd., which had been a consolidated subsidiary, were excluded from the scope of consolidation due to their liquidation and other reasons.

(2) Scope of applying the equity method accounting

7 companies, including PT. Bhaskara Inti Samudra, a newly established company, have been newly accounted under the equity method from this fiscal year. Daiichi Chuo Kisen Kaisha, which was an equity method affiliate, was excluded from the scope of equity method application as it has filed for bankruptcy protection.

[Translation for Reference and Convenience Purposes Only]

4. Significant accounting policies

(1) Bases and methods of valuation of assets

Securities

Trading securities	Market value method (Costs of securities sold are determined based on the moving-average method)
Held-to-maturity debt securities	Amortized cost method
Other securities	
Available-for-sale securities	
with market value	Market value method based on the market price as of the closing date (Unrealized gains/losses are recorded in equity. Costs of securities sold are determined mainly based on the moving-average method)
without market value	Stated at cost mainly based on the moving-average method
Derivative transactions	Market value method
Inventories (Fuel and supplies)	Stated at cost mainly based on the moving-average method (Amounts on the balance sheet are measured at the lower of cost or net realizable value)

(2) Depreciation methods for fixed assets

Tangible fixed assets (excluding leased assets)

Vessels	Mainly straight-line method (Declining-balance method for a part of vessels)
Buildings and structures	Mainly straight-line method
Other tangible fixed assets	Mainly declining-balance method

Intangible fixed assets (excluding leased assets) Straight-line method

Internal use software is depreciated by the straight line method, based on the estimated useful life of 5 years.

Goodwill is amortized equally over 5 years, in general.

Leased assets

Leased assets under finance leases that transfer ownership are depreciated consistently as fixed assets that the Group owns.

Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on lease terms and residual value of zero.

Finance leases other than those that transfer ownership, which have commenced prior to March 31, 2008 are accounted for as ordinary rental and lease transactions.

(3) Accounting treatment for deferred assets

Bond issue expenses	Expensed as incurred
Stock issue expenses	Expensed as incurred

(4) Accounting for allowances

Allowance for doubtful accounts

Allowance for general receivables is based on historical default rate.

Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.

Allowance for bonuses

Allowance for bonuses to employees is based on the estimated amount of future payments attributed to the fiscal year.

Allowance for directors' bonuses

The Company and several domestic consolidated subsidiaries record allowances for bonuses to directors based on the estimated amount of future payments.

Allowance for loss on business liquidation

Allowance for loss on business liquidation is based on the estimated amounts of loss on business liquidation.

Allowance for loss on contracts

Allowance for loss on contracts is based on the estimated amounts of loss on contracts with future higher probability of loss to be incurred due to a decision made over contracts, etc.

Allowance for directors' and corporate auditors' retirement benefits

Several domestic consolidated subsidiaries record allowances for payments of retirement benefits to directors and corporate auditors based on amounts to adequately cover payments at the end of the fiscal year, in accordance with internal regulations.

Allowance for periodic drydocking

Allowance for periodic drydocking is based on the estimated amount of repairs of vessels.

(5) Recognition of freight revenues and related expenses

Containerships:	Recognized by the multiple transportation progress method.
Vessels other than containerships:	Recognized mainly by the completed-voyage method.

(6) Hedge accounting

Hedge accounting

The Company mainly adopts deferral hedge accounting. The Company adopts special accounting rules for interest swaps that meet the requirements of special accounting rules.

Hedging instruments and hedged items

Means for hedging	Hedged items
Loans payable in foreign currencies	Future transactions in foreign currencies
Forward foreign exchange contracts	Future transactions in foreign currencies
Currency option contracts	Future transactions in foreign currencies
Currency swap contracts	Loans payable in foreign currencies
Interest rate swap contracts	Interest on loans and bonds payable
Crude oil swap contracts	Fuel oil
Commodities futures	Fuel oil
Freight futures	Freight

Hedging policy

The hedging derivative transactions are executed and managed by the Company mainly in accordance with established policies, "Market Risk Management Policy" and "Guideline for Market Risk Management," clarifying hedged items by individual case, in order to hedge risks of currency exchange rate fluctuations, interest rate fluctuations, or changes in prices against relevant hedged items.

Method of evaluating the effectiveness of hedges

The Company evaluates hedge effectiveness mainly by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items, and the cumulative changes in cash flows from or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amounts and others. As for interest swap contracts meeting the requirement for special treatment, the evaluation of hedge effectiveness is omitted.

(7) Interest expense is generally expensed as incurred. However, interest expense for assets which are constructed over a long term and are significant in terms of investment, is included in acquisition cost.

(8) Other significant matters for the preparation of consolidated financial statements

Accounting for retirement benefits

Net defined benefit assets/liabilities are recorded based on estimates of retirement benefit obligations and pension assets as of the end of the fiscal year. Unrecognized actuarial gains/losses are amortized by the straight-line method over a period that does not exceed the employees' estimated remaining service period (generally 10 years) from the next fiscal year. Prior service costs are generally expensed as incurred.

Accounting for consumption taxes

Consumption tax and similar local taxes are excluded from income and expense.

Notes to Changes in Accounting Policies

(Application of the Accounting Standard for Business Combinations, etc.)

Effective from this fiscal year, the Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ statement No. 22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ statement No. 7, September 13, 2013), etc. Accordingly, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. In addition, as for business combinations carried out on or after the beginning of this fiscal year, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the consolidated financial statements for the fiscal year in which the business combination occurs. In addition, the presentation method for "net income" and other related items was changed, and the presentation of "minority interests" was changed to "non-controlling interests".

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. Application of these standards commenced as of the beginning of this fiscal year, and will continue going forward.

The effect of these changes on capital surplus at the end of the fiscal year and loss before income taxes of the fiscal year is immaterial.

[Translation for Reference and Convenience Purposes Only]

Notes to Changes in Presentations

(Consolidated statements of income)

"Gain on sale of investment securities" and "Gain on cancellation of chartered vessels", which were included in "Others" in Extraordinary income in the previous fiscal year, are separately disclosed in this fiscal year due to the increase in materiality.

"Gain on sale of investment securities" and "Gain on cancellation of chartered vessels" for the previous fiscal year were 135 million yen and 2,229 million yen, respectively.

Notes to Consolidated Balance Sheets

1. Breakdown and amounts of inventories

Raw materials and supplies	26,602 million yen
Other	1,258 million yen

2. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	245,710 million yen
Vessels and other property under construction	26,108 million yen
Investment securities	29,411 million yen
Equity securities issued by subsidiaries and affiliates	47,211 million yen
Total	348,441 million yen

(2) Secured obligations

Short-term loans	14,499 million yen
Long-term loans	158,772 million yen
Total	173,271 million yen

Pledged investment securities and equity securities issued by subsidiaries and affiliates include the following:

a) Investment securities of ¥29,330 million and equity securities issued by subsidiaries and affiliates of ¥11,143 million are pledged as collateral to secure losses that could arise if the Company and subsidiaries/affiliates cause oil pollution accidents in U.S. waters. As of March 31, 2016 there are no outstanding liabilities. ¥11,143 million of equity securities issued by subsidiaries and affiliates are equity securities issued by consolidated subsidiaries, which do not appear on the consolidated balance sheets.

b) Equity securities issued by subsidiaries and affiliates of ¥36,067 million are pledged as collateral to secure long-term loans of subsidiaries/affiliates and future payment of charter hire.

c) Investment securities of ¥81 million are pledged as collateral for long-term loans associated with LNG carrier projects.

3. Accumulated depreciation of tangible fixed assets 834,197 million yen

4. Contingent liabilities

Guarantee liabilities, etc.	148,653 million yen
(Guarantee liabilities in foreign currency included in above)	126,468 million yen)

5. Others

The MOL Group is subject to investigations by overseas competition law authorities including those of the U.S. and Europe for violation of competition laws of those countries regarding price control negotiations for ocean transport services of completely built-up vehicles. In addition, a class-action lawsuit was filed in the U.S. and other countries against the MOL Group for damage claims and for a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of MOL Group is uncertain as its financial impact is not estimable at this stage.

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Statements of Income

Breakdown of Costs of business structural reforms

Impairment loss and allowance for loss on business liquidation arising from the business structural reforms for dry bulkers and containerships are collectively recorded as Costs of business structural reforms. A breakdown of the costs is as follows:

	(Millions of yen)
Impairment loss	90,308
Allowance for loss on business liquidation	71,007
Loss on cancellation fee for chartered vessels	9,458
Others	8,515
Total	179,290

Notes to Consolidated Statement of Changes in Net Assets

1. Class and total number of issued and outstanding shares as of the end of this fiscal year

Class: Common stock
Total number of shares: 1,206,286,115 shares

2. Class and number of shares of treasury stock as of the end of this fiscal year

Class: Common stock
Number of shares: 10,222,184 shares

3. Dividends distribution of surplus

(1) Dividends paid

Resolution	Class of stock	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders June 23, 2015	Common stock	4,784	4.0	March 31, 2015	June 24, 2015
Board of Directors' Meeting October 30, 2015	Common stock	4,186	3.5	September 30, 2015	November 24, 2015

(2) Dividends for which record date is in this fiscal year but the effective date for the dividends is in the following fiscal year.

Resolution	Class of stock	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders June 21, 2016	Common stock	1,794	Retained earnings	1.5	March 31, 2016	June 22, 2016

4. Class and number of shares subject to the share subscription rights at the end of the fiscal year

(Excluding share subscription rights yet to be effective)

Class: Common stock
Total number of shares: 12,730,000 shares

[Translation for Reference and Convenience Purposes Only]

Notes on Financial Instruments

1. Qualitative information on financial instruments

To acquire vessels and other fixed assets, the Group raises capital investment primarily by bank loans and bonds. In addition, the Group raises short-term working capital primarily by bank loans. Furthermore, the Group has commitment lines with Japanese banks to maintain sufficient sources of working capital and secure necessary liquidity in case of emergency situations.

Trade receivables are exposed to the credit risks of customers. The Group mitigates such risks by performing operations in accordance with internal regulations. In addition, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risks. The Group avoids this risk mainly by using exchange forward contracts to cover net trade receivables and payables denominated in foreign currencies. Investment securities are mainly stocks of companies which the Group has business relationships with. Fair value of listed stock is measured at market value on a quarterly basis.

Trade payables are due within a year. Short-term loans are primarily used to raise short-term working capital, while long-term loans and bonds are mainly used to raise necessary funds for capital investments. Although several items have variable interest rates and therefore are exposed to volatility risks, the Group uses derivative financial instruments (interest rate swaps) to fix certain portions of such variable interest rates. Long-term loans denominated in foreign currencies are exposed to foreign currency exchange rate risks; however, currency swaps are set for a portion of such loans to minimize the risks. Derivatives are used to hedge risks as discussed above and are executed to manage risks related to actual demand. In accordance with internal policies ("Market Risk Management Policy" and "Guideline for Market Risk Management"), the Group's policy is not to use derivatives for speculative purposes.

2. Fair values of financial instruments

The book value, fair value, and differences between the two values of financial instruments at end of this fiscal year are as follows:

(Millions of yen)

	Book Value	Fair Value	Difference
(1) Cash and deposits	146,260	146,260	–
(2) Trade receivables	130,293	130,293	–
(3) Marketable securities Available-for-sale securities	20,000	20,000	–
(4) Short-term loans receivable	10,988	10,988	–
(5) Long-term loans receivable (*1)	59,130	64,560	5,430
(6) Investment securities Available-for-sale securities	87,318	87,318	–
(7) Trade payables	127,171	127,171	–
(8) Short-term loans	30,275	30,275	–
(9) Bonds (*2)	265,840	261,863	(3,976)
(10) Long-term loans (*3)	725,818	746,599	20,781
(11) Derivative financial instruments (*4)	16,404	16,187	(217)

(*1) The book value of long-term loans receivable includes current portion of ¥ 10,117 million.
(*2) The book value of bonds includes current portion of ¥ 45,000 million.
(*3) The book value of long-term loans includes current portion of ¥ 77,701 million.
(*4) Assets and liabilities from derivative financial instruments are net. Negative amounts are stated in [ ].

Notes: 1. Methods used to measure financial instruments at fair value, and issues regarding investment securities and derivative financial instruments are as follows:

(1) Cash and deposits, (2) Trade receivables, and (4) Short-term loans receivable

Fair value of above assets is evaluated at book value since they are settled within a short period and fair value is almost equivalent to book value.

(3) Marketable securities and (6) Investment securities

Fair value of stocks is evaluated at market prices at the stock exchange as of the end of the fiscal year. Fair value of bonds is evaluated at market prices at the stock exchange or at the value provided by financial institutions as of the end of the fiscal year. Fair value of negotiable certificates of deposit is evaluated at book value since they are settled within a short period and fair value is almost equivalent to book value.

(5) Long-term loans receivable

Fair value of long-term loans receivable with variable interest rate is evaluated at book value since the interest rate reflects the market rate in a short term and fair value is almost equal to book value, unless the creditworthiness of the borrower has changed significantly since the loan was made. Fair value of long-term loans receivable with fixed interest rates, for each category of loans based on the type of loans, and maturity length, is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar borrowing were newly made.

(7) Trade payables and (8) Short-term loans

Fair value of above liabilities is evaluated at book value, since they are settled within a short period and fair value is almost equivalent to book value.

(9) Bonds

Fair value of marketable corporate bond is evaluated at market price.

(10) Long-term loans

Fair value of long-term bank loans with variable interest rates is evaluated at book value since fair value is almost equivalent to book value, the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of the Group before and after such bank loans were made. Long-term bank loans with fixed interest rates are classified by their duration, and based on their individual loan type, their fair value is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar bank loans were to be newly made. Fair value of long-term bank loans qualifying for allocation method of interest and currency swap is evaluated at book value since such bank loans were deemed as the variable interest rates bank loans and the interest rate reflects the market rate in a short term.

(11) Derivative financial instruments

Fair value of derivatives, which are used for hedging purposes, is measured at the value of forward exchange rates as of the end of the fiscal year or offered prices by financial institutions. Since currency swaps, which deferral hedge accounting is applied, are accounted for together with the long-term bank loans being hedged, the fair value is included in the fair value of the relevant hedged item.

2. Financial instruments which fair value are extremely difficult to determine are as follows:

(Millions of yen)

	Book Value
Unlisted stocks	7,062
Others	6
Total	7,069

The above items are not included in the amount presented under the line “(6) Investments securities Available-for-sale securities” in the table summarizing fair value of financial instruments, because the fair value is extremely difficult to determine as they have no quoted market price and the future cash flow cannot be estimated.

Notes on Rental Property

1. Qualitative information on rental property

The Company and certain of its consolidated subsidiaries own real estate for office lease (including land) in Tokyo, Osaka and other areas.

2. Fair value of rental property

(Millions of yen)

Book Value	Fair Value
311,092	444,844

Notes: 1. Book value is acquisition cost less accumulated depreciation.
2. Fair value of major properties is based on the valuation of independent real estate appraisers. For other properties, fair value of land is adjusted using an index that reflects market price properly. Fair value of depreciable assets such as buildings is the amount recorded on the consolidated balance sheets.

Per-share Information

1. Net assets per share 452.28 yen
2. Net loss per share 142.50 yen

Significant Subsequent Events

There are no significant events to be disclosed.

Other Notes

Figures less than one million yen are rounded down to the nearest million.

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2015
	Amount	Amount
(Assets)		
Current assets	**293,099**	**380,617**
Cash and deposits	81,798	22,130
Trade receivables	74,680	112,952
Short-term loans receivable	31,886	71,795
Advances	4,115	7,921
Marketable securities	20,000	45,000
Inventories	16,985	33,151
Deferred and prepaid expenses	36,859	44,475
Receivable from agencies	11,086	18,351
Other current assets	16,272	26,068
Allowance for doubtful accounts	(585)	(1,227)
Fixed assets	**666,471**	**721,059**
(Tangible fixed assets)	**126,525**	**117,259**
Vessels	86,486	84,419
Buildings	10,506	9,440
Structures and equipment	338	411
Vehicles and transportation equipment	42	95
Equipment, mainly containers	523	609
Land	16,694	16,694
Vessels and other property under construction	10,216	3,784
Other tangible fixed assets	1,716	1,803
(Intangible fixed assets)	**13,227**	**15,970**
(Investments and other assets)	**526,718**	**587,829**
Investment securities	69,603	99,684
Investments in and advances to subsidiaries and affiliates	211,648	239,726
Long-term loans receivable	150,294	137,971
Long-term prepaid expenses	12,621	15,593
Long-term lease receivables	80,452	84,841
Other investments and other assets	12,513	12,279
Allowance for doubtful accounts	(10,415)	(2,268)
Total Assets	**959,570**	**1,101,677**

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

	As of March 31, 2016	As of March 31, 2015
	Amount	Amount
(Liabilities)		
Current liabilities	**388,033**	**280,778**
Trade payables	91,333	122,296
Short-term bonds	30,000	15,000
Short-term bank loans	157,830	104,185
Other payables	1,398	1,385
Accrued expenses	1,528	1,564
Advances received	17,993	23,194
Payable to agencies	1,940	2,383
Allowance for bonuses	1,784	2,117
Allowance for directors' bonuses	-	42
Allowance for loss on liquidation of subsidiaries and affiliates	77,744	-
Allowance for loss on contracts	4,223	-
Other current liabilities	2,256	8,609
Fixed liabilities	**326,964**	**353,589**
Bonds	150,840	185,185
Long-term bank loans	142,702	141,206
Deferred tax liabilities	10,491	20,303
Allowance for employees' severance and retirement benefits	8	8
Allowance for loss on guarantees	6,107	3,510
Other fixed liabilities	16,814	3,375
Total Liabilities	**714,997**	**634,367**
(Net Assets)		
Owners' equity	**226,214**	**428,937**
Common stock	65,400	65,400
Capital surplus	44,371	44,371
Additional paid-in capital	44,371	44,371
Retained earnings	123,291	326,038
Legal earnings reserve	8,527	8,527
Other retained earnings	114,764	317,510
Reserve for special depreciation	177	635
Reserve for overseas investment loss	14	23
Reserve for advanced depreciation	966	978
General reserve	294,630	289,630
Retained earnings (losses) brought forward	(181,023)	26,243
Treasury stock, at cost	(6,849)	(6,872)
Accumulated gains from valuation and translation adjustments	**15,677**	**35,818**
Unrealized holding gains on available-for-sale securities, net of tax	18,475	40,315
Unrealized gains (losses) on hedging derivatives, net of tax	(2,797)	(4,497)
Share subscription rights	**2,681**	**2,553**
Total Net Assets	**244,572**	**467,309**
Total Liabilities and Total Net Assets	**959,570**	**1,101,677**

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statements of Income

(Millions of yen)

	FY2015 (From April. 1, 2015 to March. 31, 2016)	FY2014 (From April. 1, 2014 to March. 31, 2015)
	Amount	Amount
Shipping and other operating revenues		
Shipping revenues		
Freight	917,953	993,810
Charter fees	244,658	243,465
Other shipping revenues	36,795	37,591
Total	**1,199,407**	**1,274,868**
Other operating revenue	1,111	1,101
Total shipping and other operating revenues	**1,200,518**	**1,275,969**
Shipping and other operating expenses		
Shipping expenses		
Voyage expenses	527,566	628,994
Vessels	13,449	13,440
Charter fees	501,015	474,576
Other shipping expenses	139,305	137,035
Total	**1,181,337**	**1,254,046**
Other operating expenses	814	824
Total shipping and other operating expenses	**1,182,152**	**1,254,870**
Gross operating income	**18,366**	**21,098**
Selling, general and administrative expenses	32,621	33,228
Operating income (loss)	**(14,255)**	**(12,129)**
Non-operating income		
Interest and dividend income	21,876	29,049
Gain on sale of containers	3,905	4,094
Exchange gains	-	6,136
Others	1,224	1,134
Total non-operating income	**27,006**	**40,414**
Non-operating expenses		
Interest expense	3,319	3,139
Exchange losses	2,451	
Others	1,288	1,216
Total non-operating expenses	**7,060**	**4,355**
Ordinary income	**5,691**	**23,929**
Extraordinary profits		
Gain on sales of fixed assets	2,608	1,915
Gain on sales of investment securities	12,839	2
Gain on sales of securities issued by subsidiaries and affiliates	456	98
Gain on liquidation of subsidiaries and affiliates	721	2,878
Reversal of allowance for doubtful accounts	17	9
Cancellation fee for chartered vessels	405	219
Others	2,480	686
Total extraordinary profits	**19,528**	**5,810**
Extraordinary losses		
Loss on disposal of fixed assets	467	225
Loss on valuation of securities issued by subsidiaries and affiliates	38,062	8,969
Provision of allowance for loss on guarantees	-	3,210
Provision of allowance for doubtful accounts	-	650
Costs of business structural reforms	177,645	-
Others	3,173	1,108
Total extraordinary losses	**219,348**	**14,164**
Income (loss) before income taxes	**(194,128)**	**15,575**
Income taxes - current	(79)	(1,191)
Income taxes - deferred	(300)	(1,116)
Net income	**193,748**	**17,883**

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statement of Changes in Net Assets

(Millions of yen)

	Owners' equity											
		Capital surplus		Retained earnings								
					Other retained earnings							
	Common stock	Additional paid-in capital	Total capital surplus	Legal earnings reserve	Reserve for special deprecia-tion	Reserve for overseas investment loss	Reserve for advanced deprecia-tion	General reserve	Retained earnings (losses) brought forward	Total retained earnings	Treasury stock, at cost	Total owners' equity
Balance at April 1, 2015	**65,400**	**44,371**	**44,371**	**8,527**	**635**	**23**	**978**	**289,630**	**26,243**	**326,038**	**(6,872)**	**428,937**
Changes during the fiscal year												
Issuance of new shares - exercise of subscription rights to shares			-							-	7	7
Dividends paid			-						(8,970)	(8,970)		(8,970)
Adjustments of reserves due to effective tax rate change in accordance with Act on Special Measures concerning Taxation			-		1	0	13		(15)	-		-
Net income (loss)			-						(193,748)	(193,748)		(193,748)
Reversal of reserve for special depreciation			-		(460)				460	-		-
Reversal of reserve for overseas investment loss			-			(9)			9	-		-
Reversal of reserve for advanced depreciation			-				(25)		25	-		-
Provision of general reserve			-					5,000	(5,000)	-		-
Purchase of treasury stock			-							-	(47)	(47)
Disposal of treasury stock			-						(27)	(27)	63	35
Net changes of items other than owners' equity during the fiscal year			-							-		-
Total changes during the fiscal year	**-**	**-**	**-**	**-**	**(458)**	**(9)**	**(12)**	**5,000**	**(207,266)**	**(202,746)**	**23**	**(202,723)**
Balance at March 31, 2016	**65,400**	**44,371**	**44,371**	**8,527**	**177**	**14**	**966**	**294,630**	**(181,023)**	**123,291**	**(6,849)**	**226,214**

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

	Accumulated gains from valuation and translation adjustments			Share subscription rights	Total Net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Total accumulated gains from valuation and translation adjustments		
Balance at April 1, 2015	**40,315**	**(4,497)**	**35,818**	**2,553**	**467,309**
Changes during the fiscal year					
Issuance of new shares - exercise of subscription rights to shares			-	(7)	-
Dividends paid			-		(8,970)
Adjustments of reserves due to effective tax rate change in accordance with Act on Special Measures concerning Taxation			-		-
Net income (loss)			-		(193,748)
Reversal of reserve for special depreciation			-		-
Reversal of reserve for overseas investment loss			-		-
Reversal of reserve for advanced depreciation			-		-
Provision of general reserve			-		-
Purchase of treasury stock			-		(47)
Disposal of treasury stock			-		35
Net changes of items other than owners' equity during the fiscal year	(21,840)	1,700	(20,140)	134	(20,005)
Total changes during the fiscal year	**(21,840)**	**1,700**	**(20,140)**	**127**	**(222,736)**
Balance at March 31, 2016	**18,475**	**(2,797)**	**15,677**	**2,681**	**244,572**

[Translation for Reference and Convenience Purposes Only]

Notes to Non-consolidated Financial Statements

Notes to Matters for Significant Accounting Policies

1. Bases and methods of valuation of assets

Securities

Trading securities	Market value method (Costs of securities sold are determined based on the moving-average method)
Held-to-maturity debt securities	Amortized cost method
Equity securities issued by subsidiaries and affiliates	Stated at cost using the moving-average method
Other securities	
Available-for-sale securities	
with market value	Market value method based on the market price as of the closing date (Unrealized gains/losses are recorded in equity. Costs of securities sold are determined based on the moving-average method)
without market value	Stated at cost based on the moving-average method
Derivative transactions	Market value method
Inventories	Stated at cost mainly based on the moving-average method (Amounts on the balance sheet are measured at the lower of cost or net realizable value)

2. Depreciation methods for fixed assets

Tangible fixed assets (excluding leased assets)

Vessels	Straight-line method
Buildings and structures	Straight-line method
Other tangible fixed assets	Declining-balance method
Intangible fixed assets (excluding leased assets)	Straight-line method Internal use software is depreciated by the straight line method, based on the estimated useful life of 5 years.
Leased assets	Leased assets under finance leases that transfer ownership are depreciated consistently as fixed assets that the Company owns. Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on lease terms and residual value of zero. Finance leases other than those that transfer ownership, which have commenced prior to March 31, 2008 are accounted for as ordinary rental and lease transactions.

3. Accounting treatment for deferred assets

Bond issue expenses

Expensed as incurred

Stock issue expenses

Expensed as incurred

4. Accounting for allowances

Allowance for doubtful accounts

Allowance for general receivables is based on historical default rate.
Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.

Allowance for bonuses

Allowance for bonuses to employees is based on the estimated amount of future payments attributed to the fiscal year.

Allowance for directors' bonuses

Allowance for bonuses to directors is based on the estimated amounts of future payments.

Allowance for loss on business liquidation of subsidiaries and affiliates

Allowance for loss on business liquidation of subsidiaries and affiliates is based on the estimated amounts of loss on business liquidation of subsidiaries and affiliates to provide for the payment in the future

Allowance for loss on contracts

Allowance for loss on contracts is based on the estimated amounts of loss on contracts with future higher probability of loss to be incurred due to decision made over contracts, etc.

Allowance for employees' severance and retirement benefits

Allowance for retirement benefits to employees is based on the estimated amounts of retirement benefit obligations and pension assets as of the end of the fiscal year.
In calculating retirement benefit obligations, the Company uses straight-line attribution as a method of attributing estimates of retirement benefit to a period up to the end of the fiscal year.
Actuarial differences are recognized using the straight-line method within the estimated remaining service period (generally 10 years) commencing with the following period. Prior service cost is accounted for as expenses in lump-sum at the time of occurrence.

Allowance for loss on guarantees

Provided for losses arising from fulfilling guarantee obligations, the Company appropriates a provision for the estimated losses in view of the financial conditions of guaranteed companies.

5. Recognition of freight revenues and related expenses

Containerships:	Recognized by the multiple transportation progress method.
Vessels other than containerships:	Recognized by the completed-voyage method.

6. Hedge accounting

Hedge accounting

The Company adopts deferral hedge accounting.

Special accounting rules are used for interest swaps that meet the requirements of special accounting rules.

Hedging instruments and hedged items

Hedging instruments	Hedged items
Loans payable in foreign currencies	Future transactions in foreign currencies
Forward foreign exchange contracts	Future transactions in foreign currencies
Currency option contracts	Future transactions in foreign currencies
Interest rate swap contracts	Interest on loans and bonds payable
Commodities futures	Fuel oil
Freight futures	Freight

Hedging policy

Hedging derivative transactions are executed in accordance with the Company's internal regulations, "Market Risk Management Policy" and "Guideline for Market Risk Management," clarifying hedged items by individual case, in order to hedge risks of currency exchange rate fluctuations, interest rate fluctuations, or changes in prices against relevant hedged items.

Method of evaluating the effectiveness of hedges

In principle, the Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows from or the changes in the fair value of hedged items, and the cumulative changes in cash flows from or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amounts and others. As for interest swap contracts meeting the requirement of special treatment, the evaluation of hedge effectiveness is omitted.

7. Interest expense is generally expensed as incurred. However, interest expense for assets which are constructed over a long term and are significant in terms of investment, is included in acquisition cost.

8. The accounting methods for unrecognized actuarial differences relating to retirement benefits are different from those accounting methods in the consolidated financial statements.

9. Consumption tax and similar local taxes are excluded from income and expense.

Notes to Changes in Presentations

(Non-consolidated balance sheets)

"Other receivables" (¥489 million for this fiscal year), which was separately disclosed in the previous fiscal year, is included in "Other current assets" in this fiscal year due to the decrease in materiality. "Other receivables" for the previous fiscal year was ¥12,243 million.

Notes to Non-consolidated Balance Sheets

1. To subsidiaries and affiliates

Short-term monetary lending	51,325 million yen
Long-term monetary lending	155,512 million yen
Short-term monetary debts	150,059 million yen
Long-term monetary debts	546 million yen

2. Accumulated depreciation on tangible fixed assets 193,588 million yen

3. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	33,255 million yen
Investment securities	29,411 million yen
Equity securities issued by subsidiaries and affiliates	35,371 million yen
Total	98,039 million yen

(2) Secured obligations

Short-term loans	2,399 million yen
Long-term loans	13,969 million yen
Total	16,368 million yen

Pledged investment securities and equity securities issued by subsidiaries and affiliates include the following:

a) Investment securities of ¥29,330 million and equity securities issued by subsidiaries and affiliates of ¥11,143 million are pledged as collateral to secure losses that could arise if the Company and subsidiaries/affiliates cause oil pollution accidents in U.S. waters. As of March 31, 2016 there are no outstanding liabilities.

b) Equity securities issued by subsidiaries and affiliates of ¥24,228 million are pledged as collateral to secure long-term loans of subsidiaries/affiliates and future payment of charter hire.

c) Investment securities at ¥81 million are pledged as collateral for long-term loans associated with LNG carrier projects.

4. Contingent liabilities

Guarantee liabilities, etc.	633,057 million yen
(Guarantee liabilities in foreign currency included in above)	392,286 million yen)

5. Others

MOL is subject to investigations by overseas competition law authorities including those of the U.S. and Europe for violation of competition laws of those countries regarding price control negotiations for ocean transport services of completely built-up vehicles. In addition, a class-action lawsuit was filed in the U.S. and other countries against MOL for damage claims and for a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of MOL is uncertain as its financial impact is not estimable at this stage.

Notes to Non-consolidated Statements of Income

1. Volume of transactions with subsidiaries and affiliates

Volume of operating transactions	
Revenues	110,334 million yen
Amount of purchase	346,529 million yen
Transactions other than operating transactions	44,435 million yen

2. Breakdown of Costs of business structural reforms

Allowance for loss on liquidation of subsidiaries and affiliates and on valuation of securities issued by subsidiaries and affiliates arising from the business structural reforms for dry bulkers and containerships are collectively recorded as Costs of business structural reforms. A breakdown of the costs is as follows:

Allowance for loss liquidation of subsidiaries and affiliates	77,744 million yen
Loss on valuation of securities issued by subsidiaries and affiliates	69,074 million yen
Loss on cancellation fee for chartered vessels	9,458 million yen
Allowance for doubtful accounts	7,919 million yen
Allowance for loss on guarantees	5,807 million yen
Others	7,641 million yen
Total	177,645 million yen

Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock as of the end of this fiscal year

Common stock	10,197,929 shares

[Translation for Reference and Convenience Purposes Only]

Notes on Deferred Tax Accounting

Significant components of deferred tax assets and liabilities

	(Millions of yen)
Deferred tax assets	
Loss brought forward	48,721
Retained income of specific foreign subsidiaries	10,329
Voluntary adjustment of loss on valuation of securities issued by subsidiaries and affiliates	52,378
Reserve for bonuses expenses	512
Impairment loss	987
Deferred hedge losses	830
Excess of provision of allowance for doubtful accounts	3,136
Allowance for loss on guarantees	1,740
Allowance for loss on liquidation of subsidiaries and affiliates	22,157
Allowance for loss on contracts	1,203
Others	4,868
Total of deferred tax assets	146,866
Valuation allowance	(146,832)
Net deferred tax assets	33
Deferred tax liabilities	
Gain on securities contributed to employee retirement benefit trust	(2,713)
Unrealized gains on available-for-sale securities	(7,142)
Others	(669)
Total deferred tax liabilities	(10,525)
Net deferred tax liabilities	(10,491)

[Translation for Reference and Convenience Purposes Only]

Notes on Fixed Assets to Use on Lease

1. Finance lease transactions that commenced on or before March 31, 2008, except those whose ownership deems to transfer to the lessee.

(1) Lease payments, depreciation equivalent and interest equivalent

Lease payments	102 million yen
Depreciation equivalent	23 million yen
Interest equivalent	0 million yen

(2) Calculation of depreciation equivalent

Assumed depreciation amounts are computed using the declining-balance method or the straight-line method in accordance with the depreciation method of each account in balance sheets over the lease terms assuming no residual value.

(3) Calculation of interest equivalent

The excess of total lease payments over acquisition cost equivalents is regarded as amounts representing interest payable equivalents and is allocated to each period using the interest method.

2. Operating lease transactions

Future lease payments

Amount due within one year	11,132 million yen
Amount due after one year	11,807 million yen
Total	22,940 million yen

[Translation for Reference and Convenience Purposes Only]

Notes on Transactions with Related Parties

(Millions of yen)

Attribution	Name of company, etc.	Ratio of MOL's voting rights	Nature of relationship	Nature of transaction (Note 1)	Transacted amount (Note 2)	Account	Term-end balance
Subsidiary	White Bear Maritime Ltd.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	51,953	-	-
	MOL Euro-orient Shipping S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee Underwriting of capital increase	34,130 17,780	- -	- -
	Canopus Maritime Inc.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee Underwriting of capital increase	25,622 34,519	- - Lease receivables (Note 3)	- - 53,872
	Camellia Container Carrier S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee Underwriting of capital increase	20,838 14,418	- -	- -
	Samba Offshore S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	16,413	-	-
	MOG-IX LNG Shipholding S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	16,187	-	-
	Cleopatra LNG Shipping Co., Ltd.	Directly 70%	Interlocking directorate Debt guarantee	Debt guarantee	15,625	-	-
	Nefertiti LNG Shipping Co., Ltd	Directly 70%	Interlocking directorate Debt guarantee	Debt guarantee	14,207		
	Euromol B.V.	Indirectly 100%	Interlocking directorate Debt guarantee	Debt guarantee	13,135	-	-
	Aurora Car Maritime Transport S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	13,117	-	-
	MOL Cape (Singapore) Pte. Ltd.	Directly 100%	Interlocking directorate Ship chartering	Debt guarantee	12,081	-	-
	Dolphin Navigation Inc.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	10,405	-	-
	Astraea Maritime Inc.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	10,328	-	-
	Snowscape Car Carriers S.A	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	8,157	- Short-term loans receivable Long-term loans receivable	- 641 11,978
	Polar Express S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	7,110	- Short-term loans receivable Long-term loans receivable	- 631 9,591
	Ural Container Carriers S.A.	Directly 100%	Interlocking directorate Acquisition of vessels Ship chartering Debt guarantee	Debt guarantee Acquisition of vessels	5,779 10,760	- -	- -
	Kilimanjaro Container Carriers S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	5,035	Short-term loans receivable Long-term loans receivable (Note 4)	954 10,162
	Lakler S.A.	Directly 100%	Interlocking directorate Funding loan Debt guarantee	Debt guarantee Funding loan	3,677 8,425	- Long-term loans receivable	- 19,950
	Linkman Holdings Inc.	Directly 100%	Interlocking directorate Funding loan Borrowing of funds	Funding loan Borrowing of funds	17,844 79,685	Short-term loans receivable Short-term loans	13,030 77,805

[Translation for Reference and Convenience Purposes Only]

Attribution	Name of company, etc.	Ratio of MOL's voting rights	Nature of relationship	Nature of transaction (Note 1)	Transacted amount (Note 2)	Account	Term-end balance
Affiliate	T.E.N. Ghana MV25 B.V.	Directly 20%	Interlocking directorate Debt guarantee	Debt guarantee	26,123	-	-
	Carioca MV27 B.V.	Directly 21%	Interlocking directorate Debt guarantee	Debt guarantee	25,456	-	-
	Cernambi Norte MV26 B.V.	Directly 21%	Interlocking directorate Debt guarantee	Debt guarantee	19,987	-	-
	Tartaruga MV29 B.V.	Directly 21%	Interlocking directorate Debt guarantee	Debt guarantee	14,282	-	-
	Joint Gas Two Ltd.	Directly 50%	Interlocking directorate Debt guarantee	Debt guarantee	10,125	-	-
	IceGas LNG Shipping Co. Ltd.	Directly 50%	Interlocking directorate Debt guarantee	Debt guarantee	9,676	-	-

Notes 1. Transaction conditions and policies to decide transaction conditions, etc.
(1) Debt guarantees are decided based on the form of guarantees and other conditions.
(2) As for funding loan, it is determined by market rates and conditions, and companies are not required to pay mortgages.
(3) As for borrowing of funds, it is determined by market rates and conditions.
(4) As for underwriting of capital increase, the Company decided to underwrite capital increase carried out by subsidiaries.
(5) Acquisition cost of vessels is determined based on appraisal values of vessels.
(6) As for part of the funding loans, because they involve repeated transactions, the average for this fiscal year is shown for the transacted amount.
2. Consumption taxes are not included in transacted amount.
3. Lease receivables shown include lease receivables scheduled to be paid within one year.
4. In Long-term loans receivable, 7,919 million yen of allowance for doubtful accounts is recorded.

Per-share Information

1. Net assets per share 202.23 yen
2. Net loss per share 161.98 yen

Significant Subsequent Events

There are no significant events to be disclosed.

Other Notes

Figures less than one million yen are rounded down to the nearest million.