**For immediate release**

**Consolidated Financial Results for the Year Ended March 31, 2016**

**(Japanese GAAP) (Unaudited)**

April 28, 2016

# Nippon Yusen Kabushiki Kaisha (NYK Line)

| | |
|---|---|
| Security Code: | 9101 |
| Listings: | The First Section of Tokyo and Nagoya Stock Exchanges |
| URL: | http://www.nyk.com/english/index.htm |
| Head Office: | Tokyo, Japan |
| Representative: | Tadaaki Naito, President |
| Contact: | Toru Maruyama, General Manager, IR Group |
| | Tel: +81-3-3284-5151 |
| Ordinary General Meeting of Shareholders | June 20, 2016 |
| Start scheduled date of paying Dividends | June 21, 2016 |
| Submit scheduled date of Financial Report | June 20, 2016 |
| Preparation of Supplementary Explanation Material: | Yes |
| Financial Results Presentation Held: | Yes (for Analysts and Institutional Investors) |

(Amounts rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

### (1) Consolidated Operating Results

(Percentage figures show year on year changes)

| | Revenues | | Operating income | | Recurring profit | | Net income attributable to owners of the parent company | |
|---|---|---|---|---|---|---|---|---|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Year ended March 31, 2016 | 2,272,315 | -5.4 | 48,964 | -26.0 | 60,058 | -28.5 | 18,238 | -61.7 |
| Year ended March 31, 2015 | 2,401,820 | 7.4 | 66,192 | 47.1 | 84,010 | 43.8 | 47,591 | 44.0 |

Comprehensive income:
Year ended March 31, 2016: ¥ -16,666 million (－%) Year ended March 31, 2015: ¥108,350 million (27.2%)

| | Net income per share attributable to owners of the parent company | Net income per share attributable to owners of the parent company –fully diluted | Net income per share ratio in shareholders' equity | Recurring profit/ total assets | Operating income/ revenues |
|---|---|---|---|---|---|
| | yen | yen | % | % | % |
| Year ended March 31, 2016 | 10.75 | 10.75 | 2.3 | 2.5 | 2.2 |
| Year ended March 31, 2015 | 28.06 | 28.05 | 6.2 | 3.3 | 2.8 |

Equity in earnings of unconsolidated subsidiaries and affiliates:
Year ended March 31, 2016: ¥22,068 million, Year ended March 31, 2015: ¥12,657 million

### (2) Consolidated Financial Position

| | Total assets | Equity | Shareholders' equity ratio | Equity per share |
|---|---|---|---|---|
| | million yen | million yen | % | yen |
| Year ended March 31, 2016 | 2,244,772 | 844,269 | 34.5 | 456.21 |
| Year ended March 31, 2015 | 2,569,828 | 880,923 | 31.5 | 477.79 |

Shareholders' equity : Year ended March 31, 2016: ¥773,678 million, Year ended March 31, 2015: ¥810,311 million

### (3) Cash Flow

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| | million yen | million yen | million yen | million yen |
| Year ended March 31, 2016 | 142,857 | (46,895) | (160,260) | 253,618 |
| Year ended March 31, 2015 | 136,448 | 26,755 | (199,007) | 327,243 |

## 2. Dividends

| Date of record | Dividend per share | | | | | Total dividends paid (Full year) | Payout ratio (Consolidated) | Dividends/ Equity (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | Year-end | Full year | | | |
| | yen | yen | yen | yen | yen | million yen | % | % |
| Year ended March 31, 2015 | - | 2.00 | - | 5.00 | 7.00 | 11,872 | 24.9 | 1.6 |
| Year ended March 31, 2016 | - | 4.00 | - | 2.00 | 6.00 | 10,175 | 55.8 | 1.3 |
| Year ending March 31, 2017 (Forecast) | - | 2.00 | - | 2.00 | 4.00 | | 45.2 | |

## 3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Percentage figures show year on year changes)

| | Revenues | | Operating income | | Recurring profit | | Net income attributable to owners of the parent company | | Net income per share attributable to owners of the parent company |
|---|---|---|---|---|---|---|---|---|---|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen |
| Cumulative second quarter ending September 30, 2016 | 1,090,000 | -9.0 | 10,500 | -72.8 | 15,000 | -64.9 | 5,000 | -90.9 | 2.95 |
| Year ending March 31, 2017, | 2,180,000 | -4.1 | 27,500 | -43.8 | 35,000 | -41.7 | 15,000 | -17.8 | 8.84 |

## 4. Others

(1)Changes of important subsidiaries in the period (changes in specified subsidiaries involving change in consolidated scope) : None
New: None Exclusion: None

(2) Changes in accounting policy, changes in accounting estimates, and restatements

1. Changes in accounting policy in accordance with changes in accounting standard: Yes
2. Changes other than No.1: None
3. Changes in accounting estimates: None
4. Restatements: None

(3) Total issued shares (Ordinary shares)

| | | | | |
|---|---|---|---|---|
| 1. Total issued shares (includingtreasury stock) | As of March 31, 2016 | 1,700,550,988 | As of March 31, 2015 | 1,700,550,988 |
| 2. Number of treasury stock | As of March 31, 2016 | 4,671,463 | As of March 31, 2015 | 4,581,697 |
| 3. Average number of shares | Year ended March 31, 2016 | 1,695,922,318 | Year ended March 31, 2015 | 1,696,032,632 |

**(Reference)**

**Non-consolidated Financial Results for the Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)**

**(1) Operating Results**

(Percentage figures show year on year changes)

| | Revenues | | Operating income | | Recurring profit | | Net income | |
|---|---|---|---|---|---|---|---|---|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Year ended March 31, 2016 | 1,201,339 | -5.0 | (6,525) | — | 47,419 | -35.5 | 2,974 | -76.3 |
| Year ended March 31, 2015 | 1,264,761 | 8.2 | 17,215 | 24.3 | 73,530 | 95.7 | 12,565 | -6.0 |

| | Net income per share | Net income per share-fully diluted |
|---|---|---|
| | yen | yen |
| Year ended March 31, 2016 | 1.75 | 1.75 |
| Year ended March 31, 2015 | 7.41 | 7.41 |

**(2) Financial Position**

| | Total assets | Equity | Shareholders' equity ratio | Equity per share |
|---|---|---|---|---|
| | million yen | million yen | % | yen |
| Year ended March 31, 2016 | 1,366,544 | 458,825 | 33.6 | 270.55 |
| Year ended March 31, 2015 | 1,525,359 | 478,862 | 31.4 | 282.35 |

Shareholders' equity: Year ended March 31, 2016: ¥458,825 million, Year ended March 31, 2015: ¥478,862 million

*Indication about process of audit implementation status
This Financial Result is exempt from the audit process based upon Financial Instruments and Exchange Act. As of the press release date, the audit process is ongoing and therefore unaudited.

*Assumption for the forecast of consolidated financial results for the year ending March 31, 2017
Foreign exchange rate: (full year) ¥110/US$
Bunker oil price: (full year) US$200/MT
The above forecast is based on currently available information and assumptions that NYK Line deems to be reasonable. NYK Line offers no assurance the forecast will be realized. Actual results may differ from the forecast as a result of various factors. Refer to page 8-9 of the attachment for assumptions and other matters related to the forecast.

NYK Line is to hold a financial result presentation meeting for analysts and institutional investors. The on-demand audio presentation and presentation material are available
on the NYK website (http://www.nyk.com/english/release/IR_explanation.html)

## 1.Review of Operating Results and Financial Position

### (1) Review of Operating Results

1) Operating Results for the Fiscal Year 2015

Financial results for the consolidated fiscal accounting year are as follows:

(In billion yen)

| | Year Ended March 31,2015 | Year Ended March 31,2016 | Change | Percentage Change |
|---|---|---|---|---|
| Revenues | 2,401.8 | 2,272.3 | -129.5 | -5.4% |
| Cost and expenses | 2,127.2 | 2,009.5 | -117.6 | -5.5% |
| Selling, general and administrative expenses | 208.4 | 213.8 | 5.3 | 2.6% |
| Operating Income | 66.1 | 48.9 | -17.2 | -26.0% |
| Recurring Profit | 84.0 | 60.0 | -23.9 | -28.5% |
| Net Income attributable to owners of the parent company | 47.5 | 18.2 | -29.3 | -61.7% |

| | | | |
|---|---|---|---|
| Average Exchange Rate | ¥109.19/US$ | ¥120.78/US$ | Yen Down ¥11.59 |
| Average Bunker Oil Prices | US$557.28/MT | US$298.66/MT | Price Down US$258.62 |

**(Overview)**

During the fiscal year under review, the economic climate in the U.S. stabilized amid a recovery in employment conditions and housing investment, while signs of moderate economic growth continued to be seen in the Eurozone. In China, however, the slowdown of the economy became apparent and the economic environment became unstable with various economic indicators worsening due to sluggish demand. Economic growth in other emerging countries was negatively affected by declining prices of finished products, which reflected falling prices of crude oil and other resources along with the problem of excess production capacity. In Japan, the economy benefitted overall from the depreciation of the yen in the first half of the fiscal year, but owing to the yen's appreciation from the third quarter, the economy had yet to make a full-blown recovery.

In the global maritime shipping industry, the steady appearance of newly built ultra-large container ships has been driving an oversupply of tonnage in the container shipping market. At the same time, conditions in the shipping market as a whole severely stagnated as declining demand for freight shipments for Europe-bound routes widened the gap between supply and demand. Conditions in the liquid division were favorable, however, in the dry bulk division, spot freight rates fell to historical lows against the backdrop of falling raw material prices, contraction of steel and other materials and the economic slowdown in China, which pushed down.

Altogether, these factors made the operating environment extremely challenging for the NYK Group. In response, the Group worked to generate profits from businesses in which freight rates are stable, while continuing to further improve its balance of income and expenditures through a number of measures, including reorganizing container shipping routes, and selling off and returning unprofitable vessels, particularly dry bulk carriers. Meanwhile, the Group's non-shipping businesses performed strongly, with the Air Cargo Transportation segment and Logistics segment both recording solid results.

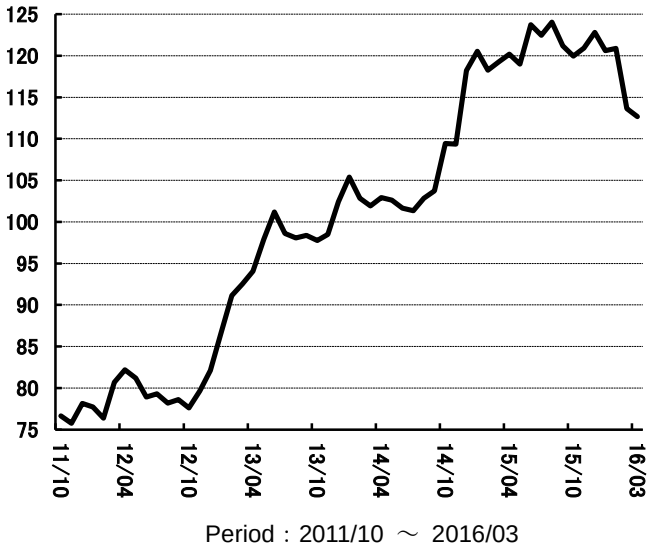
Against this backdrop, consolidated revenues decreased ¥129.5 billion, or 5.4%, compared to the previous

fiscal year. Likewise, cost and expenses were down ¥117.6 billion, or 5.5%. Income also decreased year on year at every level, with operating income falling ¥17.2 billion, or 26.0%, and recurring profit dropping ¥23.9 billion, or 28.5%.

Despite an extraordinary income from the sale of North American-based CRYSTAL CRUISES, LLC, NYK Line recorded an extraordinary loss from impairment losses on dry bulk carriers, which contributed to a year-on-year decrease in net income attributable to owners of the parent company of ¥29.3 billion, or 61.7%

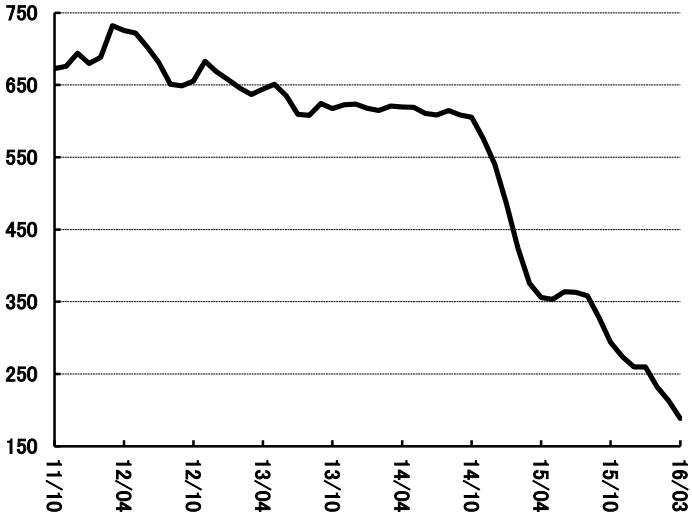
Changes in the average exchange rate between the U.S. dollar and yen as well as the average bunker oil price are shown in the following table.

Exchange Rate Fluctuations




Period：2011/10 ～ 2016/03

Movements in Bunker Oil Prices




Period：2011/10 ～ 2016/03

Note: Exchange rates and bunker oil prices are our internal figures.

**(Overview by Business Segment)**

(In billion yen )

| | | Revenues | | | | Recurring profit | | |
|---|---|---|---|---|---|---|---|---|
| | | FY 2014 | FY 2015 | Change | Percentage Change | FY 2014 | FY 2015 | Change |
| Global Logistics | Liner Trade | 696.3 | 706.3 | 10.0 | 1.4 % | 9.8 | (0.3) | -10.1 |
| | Air Cargo Transportation | 99.1 | 91.1 | -8.0 | -8.1 % | 0.6 | 1.5 | 0.8 |
| | Logistics | 486.9 | 496.5 | 9.5 | 2.0 % | 10.7 | 11.8 | 1.0 |
| Bulk Shipping | | 995.8 | 902.2 | -93.5 | -9.4 % | 60.0 | 46.5 | -13.4 |
| Others | Real Estate | 9.5 | 9.7 | 0.2 | 2.9 % | 3.2 | 3.3 | 0.1 |
| | Other | 219.5 | 147.0 | -72.5 | -33.0 % | 1.5 | (0.0) | -1.5 |

Note: From this fiscal year, reportable segments listed under business segments have changed. Consolidated results comparisons and analysis are based on segments after this change was implemented.

**Liner Trade**

Container shipping market continued to face extremely challenging conditions, which reached historical low freight level during the fiscal year under review. Although cargo volume was comparatively brisk along transpacific routes, the supply and demand balance in Europe widened as demand for freight shipments to the region declined due to its sluggish economy, while the appearance of newly built ultra-large container ships on European routes exacerbated the oversupply situation. The usage of these new ships in Europe has caused a chain reaction worldwide as increasingly larger capacity ships have entered other shipping routes, severely disrupting the balance between supply and demand.

In response to these circumstances, the NYK Group worked to keep its services competitive. Without reorganizing the main routes it handles as a member of the G6 Alliance, the Group rationalized its services according to demand, reorganized routes in Asia and along the east coast of South America in order to make them more efficient, and suspended service for some unprofitable routes.

Owing to these and other factors, revenues in the Liner Trade segment increased overall compared with the previous fiscal year, supported by year-on-year growth in handling volume at container terminals in Japan and around the world. On the other hand, the NYK Group posted a segment loss in the fiscal year under review.

**Air Cargo Transportation**

In its Air Cargo Transportation segment, the NYK Group improved the quality of its transport services and responded quickly to customers' needs in order to maintain orders for cargo shipments specifically for cargo aircraft. It also strove to expand its network by operating codeshare flight services. Despite these efforts, segment revenues declined compared with the previous fiscal year, largely owing to shrinking fuel surcharges in line with falling jet fuel prices. Nevertheless, segment income increased

year on year as a result of the Group's ongoing efforts to cut costs, and brisk business handling cargo transferred to its cargo aircraft due to the high congestion of ports on the North American west coast since the previous fiscal year.

**Logistics**

Handling volume in the Group's air freight forwarding business tapered off following the end of a sudden surge in demand brought on by the high congestion of ports on the North American west coast, and did not reach the amount of the previous fiscal year. In the ocean freight forwarding business,, handling volume was up year on year, particularly in Asia, while competitiveness improved on the back of sales growth. In its logistics business, the Group strove to cut costs through business restructuring while offering more comprehensive services particularly in Asia. Meanwhile, the Group finished replacing ships operating on the main routes of its coastal transportation business with all-new vessels, and shipments were brisk. As a result of these factors and initiatives, both revenues and income in the Logistics segment increased compared with the previous fiscal year.

**Bulk Shipping**

*Car Transportation Division*

In the automobile transportation, the Group took advantage of robust demand for automobile shipments to North America and Asia by steadily and effectively assigning vessels to those regions. Consequently, the total number of new vehicles it shipped by sea increased slightly compared with the previous fiscal year. Moreover, since the previous fiscal year, the Group has been commissioning a series of highly fuel-efficient ultra-large carriers, which have contributed to results in this business. In its auto-logistics business, the Group jointly established automobile logistics service subsidiaries in Saudi Arabia and Columbia after reaching agreements with local business partners in each respective country, and began operations of new automobile logistics centers in China and India in response to growing demand in those countries. By providing a diverse range of value-added services through these new operations, the NYK Group has been making steady progress toward expanding its businesses while meeting the needs of customers.

*Dry bulk Division*

In the dry bulk shipping market, shipments of iron ore and grains were up, while shipments of coal were on the decline. Despite the ongoing scrapping of bulk carriers, particularly capesize bulkers, excess tonnage has not been cancelled out in the market because of the ongoing production of new vessels. Reflecting these factors, the Baltic Dry Index fell to all-time low levels in February 2016, and market conditions as a whole were extremely sluggish in all regions and for all types of vessels. Under these circumstances, the NYK Group strove to conclude shipping contracts that are less susceptible to market fluctuations, while continuing to cut costs by selling off or returning surplus vessels, and taking exhaustive measures for improving the operational efficiency of its fleet. At the same time, the Group worked to improve its balance of income and expenditures through a number of initiatives, such as reducing ballast voyages by combining cargoes and more efficiently assigning vessels.

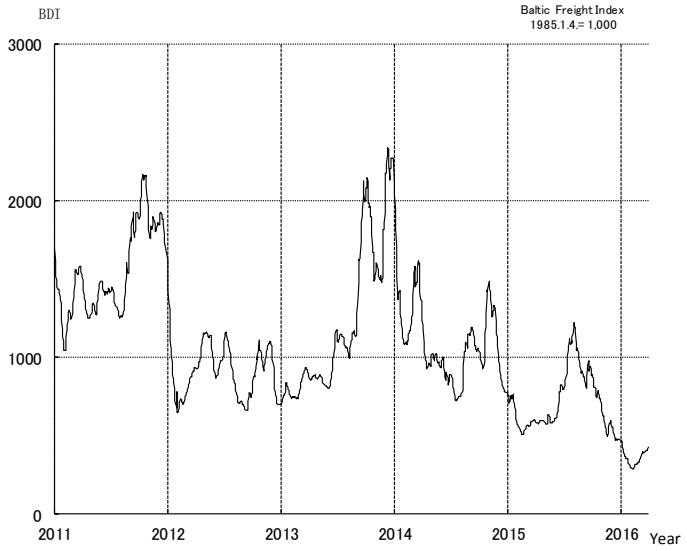
*Liquid Division*

Although new ships continued to be built without progress in scrapping older vessels, conditions improved overall compared to the previous fiscal year as the diversification of shipments resulted in longer transport distances. The market for shipments by very large crude carriers (VLCC) was bolstered by surplus demand from China, and shipments by petrochemical tankers increased year on year. Meanwhile, the Group

increased the overall distance of shipments by its liquefied petroleum gas (LPG) tankers from the United States to East Asia, and secured a stable source of earnings from its fleet of liquefied natural gas (LNG) tankers through long-term contracts. Consequently, both of these businesses performed solidly. In the offshore business, operations of shuttle tankers and drill ships contributed substantially to results, and the Group began operating its second new floating production storage and offloading (FPSO) vessel off the coast of Brazil.

Despite the factors above, both revenues and income in the Bulk Shipping segment decreased compared the previous fiscal year.

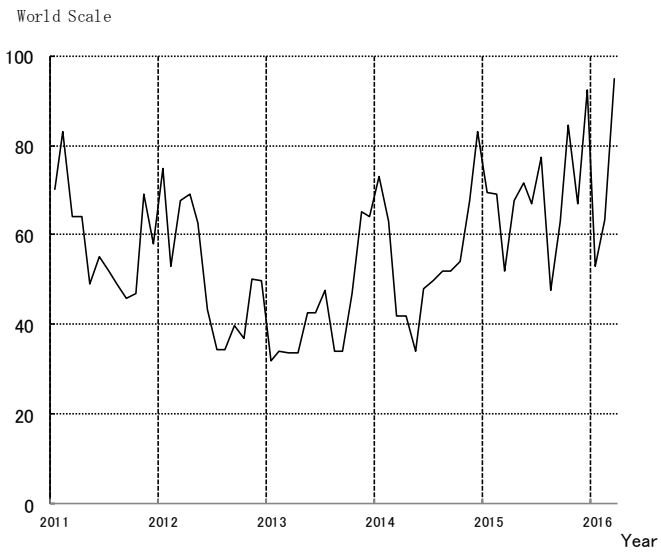
Fluctuation in Tramper Freight Rate in BDI (BFI)




Period : 2011/01 ～ 2016/03

Tanker Freight Rates (high) for VLCCs

From Middle East to Japan




Period : 2011/01 ～ 2016/03

**Real Estate and Other Businesses Services**

In the Real Estate segment, the Group sold off certain properties, acquired new properties and rebuilt a number of properties with the goal of rejuvenating its portfolio. Segment revenues and income were generally on par with results in the previous fiscal year.

In the Other Business Services segment, revenues and income decreased year on year as a result of several factors, including a steep fall in the trading business' selling price of vessel bunker oil caused by the low price of crude oil, and the cancellation of several Asuka Cruise trips due to typhoons.

In addition, due to the selloff of CRYSTAL CRUISES, LLC, in the first quarter of the fiscal year under review, NYK Line has integrated its cruise business in the Others segment, and changed its accounting methods accordingly.

2) Consolidated Earnings Outlook

In the fiscal year ending March 31, 2017, the management of NYK Line expects its operating environment to remain extremely challenging. Although cargo volume is projected to increase in the container shipping market, the oversupply of tonnage is forecast to persist due to the entry of newly built ultra-large container ships, and spot freight rates are expected to remain stagnant. In the dry bulk transport market, while steady growth is projected, the market is expected to weaken as newly built tanker vessels are launched.

Management forecasts solid performances by the Group's automobile transport business as well as its LNG and offshore businesses. Strong results are also expected in the Logistics segment.

In view of the above, and in consideration of the projected year-on-year appreciation of the yen, consolidated revenues and income are forecast to decrease year on year in the current fiscal year, as follows.

(In billion yen)

| | Revenues | Operating Income | Recurring Profit | Net Income attributable to owners of the parent company |
|---|---|---|---|---|
| Fiscal year Ending March 31,2017 (Forecast) | 2,180.0 | 27.5 | 35.0 | 15.0 |
| Fiscal year Ended March 31,2016 (Actual) | 2,272.3 | 48.9 | 60.0 | 18.2 |
| Change | (92.3) | (21.4) | (25.0) | (3.2) |

Assumptions for forecasts:

Foreign exchange rate: ¥110/US$ Bunker oil price: US$200/MT

(2) Review of Change in Financial Position

1) Assets, Liabilities, and Equity

As of March 31, 2016, the end of the fiscal year under review, consolidated assets totaled ¥2,244.7 billion, a decrease of ¥325.0 billion compared with the end of the previous fiscal year. Consolidated liabilities totaled ¥1,400.5 billion, a decrease of ¥288.4 billion compared with the end of the previous fiscal year, mainly due to the repayment of interest-bearing debt. Under consolidated equity, retained earnings increased ¥3.3 billion compared with the end of the previous fiscal year, while shareholders' equity—the aggregate of shareholders' capital and total accumulated other comprehensive income—amounted to ¥773.6 billion. This amount combined with non-controlling interests of ¥70.5 billion brought total equity to ¥844.2 billion. Based on this result, the debt-to-equity ratio came to 1.22.

2) Cash Flows

(Overview)

In the fiscal year ended March 31, 2016, net cash provided by operating activities amounted to ¥142.8 billion. Main items included income before income taxes of ¥63.7 billion, non-cash depreciation and amortization of ¥103.3 billion, and interest expenses paid of ¥17.2 billion. Net cash used in investing activities totalled ¥46.8 billion, reflecting both the purchase of and proceeds from sales of vessels, property, plant and equipment and intangible assets. Net cash used in financing activities was ¥160.2 billion, mainly due to repayments of long-term loans payable. As a result of these factors, the balance of cash and cash equivalents stood at ¥253.6 billion as of March 31, 2016, down ¥73.6 billion compared with the beginning of the fiscal year on April 1, 2015, after taking into account the effect of exchange rate fluctuations.

Trends in cash flow indicators

| | March 31,2012 | March 31,2013 | March 31,2014 | March 31,2015 | March 31,2016 |
|---|---|---|---|---|---|
| Shareholder's equity ratio (%) | 27.3 | 26.8 | 28.2 | 31.5 | 34.5 |
| Shareholder's equity ratio at market price (%) | 20.8 | 17.0 | 19.9 | 22.8 | 16.4 |
| Cash flows vs ratio of interest bearing debt (years) | 35.8 | 13.8 | 9.1 | 8.0 | 6.6 |
| Interest coverage ratio | 1.8 | 5.4 | 7.1 | 7.6 | 8.3 |

1. Shareholders' equity ratio: shareholders' equity/total assets

2. Shareholders' equity ratio at market value: total market capitalization/total assets
3. Interest-bearing debt to cash flow ratio (years): interest-bearing debt/cash flow from operating activities
4. Interest coverage ratio: cash flow from operating activities/interest paid

Notes:
1. All indicators are calculated using consolidated figures.
2. Total market capitalization is calculated by multiplying the closing price of NYK Line's shares at the end of the fiscal year by the number of its ordinary shares issued and outstanding at the end of the fiscal year.
3. Interest-bearing debt includes loans payable, bonds payable, and lease liabilities as stated in the consolidated balance sheets.
4. Cash flow from operating activities is equal to net cash provided by operating activities as stated in the consolidated cash flows statements.
5. Interest paid is equal to the amount of interest expenses paid as stated in the consolidated cash flows statements.

(3) Basic Policy Concerning Dividends and Planned Dividend Payments

NYK Line regards the stable return of profits to shareholders as one of the most important priorities of management. Dividends will be determined with consideration given to maintaining a certain level of retained earnings required to fortify the Company. Based on this policy, NYK Line plans to pay a year-end dividend of ¥2 per share, which, along with the interim dividend of ¥4 per share already paid, brings the full-year dividend to ¥6 per share for the fiscal year ended March 31, 2016. For the fiscal year ending March 31, 2017, NYK Line intends to maintain its policy of paying stable dividends to return profits to shareholders, and, accordingly, plans to pay an interim dividend of ¥2 per share along with a year-end dividend of ¥2 per share, for a total full-year dividend of ¥4 per share.

(4) Operational and Other Risks

Forecasts discussed herein may differ substantially from actual results due various factors associated with risks and uncertainties. These factors may include but are not limited to the following: accidents involving fleet or aircraft operated by the NYK Group; major changes in economic conditions or the maritime shipping market in which the Group operates; drastic fluctuations in exchange rates, interest rates, or bunker oil prices; social disorder in areas where the Group operates caused by acts of war, terrorism, or the spread of infectious disease; and various kinds of lawsuits, or investigations or other actions taken by regulatory authorities. Such risk factors or uncertainties could adversely affect the Group's business activities, operating results, or financial condition. Therefore, the NYK Group makes sure to assess the probability of such risks materializing, takes steps to avert their manifestation, and prepares countermeasures for immediately responding to any related incidents that could occur.

## (1)Consolidated Balance Sheets

(In million yen)

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 260,900 | 237,219 |
| Notes and operating accounts receivable-trade | 287,518 | 222,831 |
| Short-term investment securities | 73,400 | 24,000 |
| Inventories | 48,717 | 27,495 |
| Deferred and prepaid expenses | 70,510 | 57,554 |
| Deferred tax assets | 7,083 | 3,326 |
| Other | 96,589 | 82,596 |
| Allowance for doubtful accounts | (2,222) | (2,284) |
| Total current assets | 842,496 | 652,740 |
| Non-current assets | | |
| Vessels, property, plant and equipment | | |
| Vessels, net | 937,245 | 802,324 |
| Buildings and structures, net | 79,650 | 76,963 |
| Aircraft, net | 21,621 | 23,576 |
| Machinery, equipment and vehicles, net | 37,337 | 34,967 |
| Equipment, net | 6,446 | 7,217 |
| Land | 67,162 | 72,511 |
| Construction in progress | 34,113 | 43,952 |
| Other, net | 6,883 | 6,430 |
| Total vessels, property, plant and equipment | 1,190,460 | 1,067,943 |
| Intangible assets | | |
| Leasehold right | 4,625 | 4,102 |
| Software | 15,585 | 15,138 |
| Goodwill | 23,955 | 21,205 |
| Other | 4,621 | 2,123 |
| Total intangible assets | 48,787 | 42,569 |
| Investments and other assets | | |
| Investment securities | 348,665 | 358,090 |
| Long-term loans receivable | 30,196 | 29,678 |
| Net defined benefit asset | 50,238 | 39,403 |
| Deferred tax assets | 6,104 | 6,777 |
| Other | 54,848 | 50,032 |
| Allowance for doubtful accounts | (2,462) | (2,812) |
| Total investments and other assets | 487,589 | 481,168 |
| Total non-current assets | 1,726,837 | 1,591,681 |
| Deferred assets | 493 | 350 |
| Total assets | 2,569,828 | 2,244,772 |

(In million yen)

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and operating accounts payable-trade | 217,470 | 178,065 |
| Short-term loans payable | 99,566 | 92,374 |
| Income taxes payable | 20,628 | 8,963 |
| Deferred tax liabilities | 3,017 | 5,522 |
| Advances received | 78,102 | 40,653 |
| Provision for bonuses | 9,983 | 9,906 |
| Provision for directors' bonuses | 369 | 353 |
| Provision for losses related to antitrust law | 7,175 | — |
| Provision for losses related to contracts | 2,649 | 8,678 |
| Other | 97,894 | 76,826 |
| Total current liabilities | 536,858 | 421,343 |
| Non-current liabilities | | |
| Bonds payable | 195,445 | 145,445 |
| Long-term loans payable | 788,832 | 690,005 |
| Deferred tax liabilities | 46,749 | 38,684 |
| Net defined benefit liability | 19,480 | 18,708 |
| Provision for directors' retirement benefits | 1,786 | 1,717 |
| Provision for periodic dry docking of vessels | 20,959 | 21,295 |
| Provision for losses related to contracts | 8,678 | — |
| Other | 70,115 | 63,301 |
| Total non-current liabilities | 1,152,047 | 979,158 |
| Total liabilities | 1,688,905 | 1,400,502 |
| Equity | | |
| Shareholders' capital | | |
| Common stock | 144,319 | 144,319 |
| Capital surplus | 155,616 | 155,691 |
| Retained earnings | 467,092 | 470,483 |
| Treasury stock | (2,070) | (2,098) |
| Total shareholders' capital | 764,957 | 768,396 |
| Accumulated other comprehensive income (loss) | | |
| Unrealized gain (loss) on available-for-sale securities | 54,665 | 34,147 |
| Deferred gain (loss) on hedges | (41,857) | (35,411) |
| Foreign currency translation adjustments | 27,196 | 7,527 |
| Remeasurements of defined benefit plans | 5,348 | (981) |
| Total accumulated other comprehensive income (loss) | 45,353 | 5,281 |
| Non-controlling interests | 70,611 | 70,591 |
| Total equity | 880,923 | 844,269 |
| Total liabilities and equity | 2,569,828 | 2,244,772 |

## (2)Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### (Consolidated Statements of Income)

(In million yen)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---|---|---|
| Revenues | 2,401,820 | 2,272,315 |
| Cost and expenses | 2,127,207 | 2,009,547 |
| Gross profit | 274,612 | 262,767 |
| Selling, general and administrative expenses | 208,419 | 213,802 |
| Operating income | 66,192 | 48,964 |
| Non-operating income | | |
| Interest income | 3,249 | 3,411 |
| Dividend income | 5,099 | 5,611 |
| Equity in earning of unconsolidated subsidiaries and affiliates | 12,657 | 22,068 |
| Foreign exchange gains | 11,955 | — |
| Other | 7,366 | 7,305 |
| Total non-operating income | 40,328 | 38,397 |
| Non-operating expenses | | |
| Interest expenses | 17,755 | 16,924 |
| Foreign exchange losses | — | 6,652 |
| Other | 4,755 | 3,725 |
| Total non-operating expenses | 22,510 | 27,303 |
| Recurring profit | 84,010 | 60,058 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 12,165 | 13,368 |
| Gain on sales of shares of subsidiaries and affiliates | 36,647 | 28,747 |
| Other | 2,762 | 2,495 |
| Total extraordinary income | 51,575 | 44,611 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 503 | 2,526 |
| Impairment loss | 6,262 | 35,431 |
| Provision for losses related to contracts | 11,328 | — |
| Other | 31,335 | 2,963 |
| Total extraordinary losses | 49,429 | 40,922 |
| Income before income taxes | 86,156 | 63,748 |
| Income taxes - current | 35,538 | 29,106 |
| Income taxes - deferred | (1,661) | 8,176 |
| Total income taxes | 33,876 | 37,283 |
| Profit | 52,280 | 26,464 |
| Net income attributable to non-controlling interests | 4,689 | 8,226 |
| Net income attributable to owners of the parent company | 47,591 | 18,238 |

(Consolidated Statements of Comprehensive Income)

(In million yen)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---|---|---|
| Profit | 52,280 | 26,464 |
| Other comprehensive income | | |
| Unrealized gain (loss) on available-for-sale securities | 25,692 | (20,474) |
| Deferred gain (loss) on hedges | (14,074) | 5,774 |
| Foreign currency translation adjustments | 29,042 | (22,461) |
| Remeasurements of defined benefit plans | 9,459 | (6,453) |
| Share of other comprehensive income of associates accounted for using equity method | 5,950 | 483 |
| Total other comprehensive income | 56,069 | (43,131) |
| Comprehensive income | 108,350 | (16,666) |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent company | 98,697 | (20,097) |
| Comprehensive income attributable to non-controlling interests | 9,652 | 3,431 |

## (3)Consolidated Statements of Changes in Equity

(Year ended March 31,2015) (In million yen)

| | Shareholders' capital | | | | |
|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total Shareholders' capital |
| Balance at the beginning of current period | 144,319 | 155,617 | 428,173 | (2,034) | 726,076 |
| Cumulative effects of changes in accounting policies | | | (70) | | (70) |
| Restated balance | 144,319 | 155,617 | 428,102 | (2,034) | 726,005 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (8,480) | | (8,480) |
| Net income attributable to owners of the parent company | | | 47,591 | | 47,591 |
| Purchase of treasury stock | | | | (38) | (38) |
| Disposal of treasury stock | | (0) | | 1 | 1 |
| Change of scope of consolidation | | | (110) | | (110) |
| Increase by merger | | | 15 | | 15 |
| Other | | | (25) | | (25) |
| Net change of items other than shareholders' capital | | | | | |
| Total changes of items during the period | — | (0) | 38,989 | (36) | 38,952 |
| Balance at the end of current period | 144,319 | 155,616 | 467,092 | (2,070) | 764,957 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| | Unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at the beginning of current period | 29,169 | (22,638) | (8,289) | (4,046) | (5,805) | 53,628 | 773,899 |
| Cumulative effects of changes in accounting policies | | | | | | 293 | 223 |
| Restated balance | 29,169 | (22,638) | (8,289) | (4,046) | (5,805) | 53,922 | 774,122 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | | | | | | (8,480) |
| Net income attributable to owners of the parent company | | | | | | | 47,591 |
| Purchase of treasury stock | | | | | | | (38) |
| Disposal of treasury stock | | | | | | | 1 |
| Change of scope of consolidation | | | | | | | (110) |
| Increase by merger | | | | | | | 15 |
| Other | | | | | | | (25) |
| Net change of items other than shareholders' capital | 25,495 | (19,218) | 35,486 | 9,395 | 51,158 | 16,689 | 67,848 |
| Total changes of items during the period | 25,495 | (19,218) | 35,486 | 9,395 | 51,158 | 16,689 | 106,800 |
| Balance at the end of current period | 54,665 | (41,857) | 27,196 | 5,348 | 45,353 | 70,611 | 880,923 |

(Year ended March 31, 2016) (In million yen)

| | Shareholders' capital | | | | |
|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' capital |
| Balance at the beginning of current period | 144,319 | 155,616 | 467,092 | (2,070) | 764,957 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (15,263) | | (15,263) |
| Net income attributable to owners of the parent company | | | 18,238 | | 18,238 |
| Purchase of treasury stock | | | | (30) | (30) |
| Disposal of treasury stock | | (0) | | 2 | 1 |
| Change in equity of parent related to transactions with non-controlling shareholders | | 75 | | | 75 |
| Adjustments due to change in the fiscal period of consolidated subsidiaries | | | 22 | | 22 |
| Change of scope of consolidation | | | 255 | | 255 |
| Change of scope of equity method | | | 172 | | 172 |
| Other | | | (33) | 0 | (33) |
| Net change of items other than shareholders' capital | | | | | |
| Total changes of items during the period | — | 74 | 3,391 | (27) | 3,438 |
| Balance at the end of current period | 144,319 | 155,691 | 470,483 | (2,098) | 768,396 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| | Unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at the beginning of current period | 54,665 | (41,857) | 27,196 | 5,348 | 45,353 | 70,611 | 880,923 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | | | | | | (15,263) |
| Net income attributable to owners of the parent company | | | | | | | 18,238 |
| Purchase of treasury stock | | | | | | | (30) |
| Disposal of treasury stock | | | | | | | 1 |
| Change in equity of parent related to transactions with non-controlling shareholders | | | | | | | 75 |
| Adjustments due to change in the fiscal period of consolidated subsidiaries | | | | | | | 22 |
| Change of scope of consolidation | | | | | | | 255 |
| Change of scope of equity method | | | | | | | 172 |
| Other | | | | | | | (33) |
| Net change of items other than shareholders' capital | (20,517) | 6,445 | (19,669) | (6,329) | (40,071) | (20) | (40,091) |
| Total changes of items during the period | (20,517) | 6,445 | (19,669) | (6,329) | (40,071) | (20) | (36,653) |
| Balance at the end of current period | 34,147 | (35,411) | 7,527 | (981) | 5,281 | 70,591 | 844,269 |

## (4)Consolidated Statements of Cash Flows

(In million yen)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 86,156 | 63,748 |
| Depreciation and amortization | 101,045 | 103,347 |
| Impairment loss | 6,262 | 35,431 |
| Provision for losses related to contracts | 11,328 | — |
| Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets | (11,113) | (10,633) |
| Loss (gain) on sales of short-term and long-term investment securities | (35,244) | (28,976) |
| Loss (gain) on valuation of short-term and long-term investment securities | 7,241 | 173 |
| Equity in (earnings) losses of unconsolidated subsidiaries and affiliates | (12,657) | (22,068) |
| Interest and dividend income | (8,348) | (9,023) |
| Interest expenses | 17,755 | 16,924 |
| Foreign exchange losses (gains) | (11,159) | 6,373 |
| Decrease (increase) in notes and accounts receivable - trade | (12,905) | 58,107 |
| Decrease (increase) in inventories | 22,492 | 18,774 |
| Increase (decrease) in notes and accounts payable - trade | (15,344) | (34,410) |
| Other, net | 38,782 | (5,194) |
| Subtotal | 184,290 | 192,573 |
| Interest and dividend income received | 14,240 | 17,600 |
| Interest expenses paid | (17,880) | (17,205) |
| Paid expenses related to antitrust law | (24,782) | (2,898) |
| Income taxes (paid) refund | (19,419) | (47,212) |
| Net cash provided by (used in) operating activities | 136,448 | 142,857 |
| Net cash provided by (used in) investing activities | | |
| Purchase of vessels, property, plant and equipment and intangible assets | (189,981) | (115,913) |
| Proceeds from sales of vessels, property, plant and equipment and intangible assets | 185,298 | 74,144 |
| Purchase of investment securities | (23,409) | (38,767) |
| Proceeds from sales and redemption of investment securities | 51,703 | 8,605 |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | (70) | — |
| Payments for sales of investments in subsidiaries resulting in change in scope of consolidation | (1,634) | — |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation | — | 9,437 |
| Payments of loans receivable | (18,415) | (25,557) |
| Collection of loans receivable | 25,797 | 40,570 |
| Other, net | (2,532) | 585 |
| Net cash provided by (used in) investing activities | 26,755 | (46,895) |

(In million yen)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---|---|---|
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | (4,068) | (2,016) |
| Proceeds from long-term loans payable | 27,082 | 28,754 |
| Repayments of long-term loans payable | (167,473) | (114,208) |
| Redemption of bonds | (40,000) | (50,000) |
| Proceeds from share issuance to non-controlling shareholders | — | 130 |
| Purchase of treasury stock | (38) | (30) |
| Proceeds from sales of treasury stock | 1 | 1 |
| Cash dividends paid to shareholders | (8,480) | (15,263) |
| Cash dividends paid to non-controlling interests | (2,268) | (3,760) |
| Other, net | (3,761) | (3,867) |
| Net cash provided by (used in) financing activities | (199,007) | (160,260) |
| Effect of exchange rate change on cash and cash equivalents | 12,869 | (10,351) |
| Net increase (decrease) in cash and cash equivalents | (22,933) | (74,650) |
| Cash and cash equivalents at beginning of period | 349,723 | 327,243 |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | 338 | 993 |
| Increase in cash and cash equivalents resulting from merger with non-consolidated subsidiaries | 114 | — |
| Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries | — | 32 |
| Cash and cash equivalents at end of period | 327,243 | 253,618 |