

Summary of Q&A Session at Briefing on Financial Results  
for the Third Quarter of the Fiscal Year Ending March 31, 2017

<Overall>

Q1.

Please provide detail of the positive factors that improved recurring profit in the third quarter (Oct-Dec)?

A1.

The positive factors include a foreign exchange profit of JPY5.7bn, a one-off profit in real estate segment of JPY 8.5bn. The rest is due to improvement in shipping markets.

Q2.

The fourth quarter forecast for liner and bulk shipping segment is zero. Are there other factors other than not expecting foreign exchange profit in the fourth quarter?

A2.

The biggest negative factor for liner segment is the increase in fuel price.

The third quarter cargo volume for car carrier segment was better than expected, but we forecast a slight decrease in the fourth quarter.

The fourth quarter (Jan-Mar) is a slack season for dry bulk shipping market, but we are forecasting liquid segment to be relatively stable in the same period.

Q3.

The revised FY17/3 net income forecast was kept same as the previous forecast, whereas recurring profit forecast was increased by JPY26bn. Are you expecting to record extraordinary losses in the fourth quarter?

A3.

We are expecting to record a certain amount of restructuring cost in the fourth quarter, but the detail is not yet decided.

<Liner>

Q1.

Are costs relating to the merger of liner businesses recorded in the third quarter?

A1.

We expect to accrue the merger related costs in the FY2017 and onwards.

Q2.

Are there any effects to the liner business of Mr. Trump becoming the U.S. President?

A2.

We are carefully monitoring the situation at the moment.

Q3.

Please inform of your view on the rates?

A3.

TP rate increased since the bankruptcy of the Korean shipping company, and is now in the adjustment phase. EU rate, which stayed low, has recently went up but we expect EU rate to also face adjustment phase.

#### <Air Cargo>

Q1.

The demand-and-supply balance seems to be improving. What is your view on the air cargo business environment?

A.

We are striving to make air cargo business profitable by cost savings and by making flexible flight arrangements, but the increase in fuel price is a negative factor.

Currently the demand is high, and on the supply side there were restrictions on charter planes flying out of Hong Kong and Shanghai. The restriction in Hong Kong is removed, but is still in place in Shanghai.

We are forecasting less cargo volume in the fourth quarter compared with the third quarter, which had positive factors including Japanese New Year and Chinese New Year, but we forecast demand and supply to remain balanced.

#### <Bulk Shipping Business>

Q1.

The dry bulk market is rising. Please inform of the plans on pre-term cancellation of free dry bulkers.

A1.

We believe the dry bulk market has hit the bottom and is improving. We do not plan to cancel/return all of the free vessels at once, but may do so on case-by-case basis.

#### <Other>

Q1.

Please inform of the real estate segment's revenue/profit forecast for the next fiscal year

onwards?

A1.

The one-off profit was recorded in the third quarter as distributed dividends from an anonymous association. There are no other one-off profits on schedule.

Going forward we are expecting a stable real estate income of JPY4.0bn per year, and at the moment we are not planning to expand our real estate business.

By replacing our real estates as needed we aim to achieve a stable profit.