Overview of Operations

—Results of the Second Year of MOL STEP and Outlook

Containerships

Masakazu Yakushiji
Senior Managing Executive Officer

Results of This Fiscal Year

Through a relentless drive spanning more than a decade, MOL has positioned itself as one of the world's most respected and competitive containership operators. This strength was again proven in the past fiscal year. MOL has steadily increased its scale of operations in line with market growth and actions to upgrade sales capabilities. The result was an increase in cargo volume that was central to the ability of MOL's containership operations to generate a solid profit even amid adverse market conditions.

During the fiscal year's first half, operations benefited fully from market strength that exceeded forecasts. In the second half, MOL kept its containership operations solidly in the black despite a number of challenges. One was the sharp increase in the cost of bunker that raised the cost of marine and land container transportation. Another was a drop in freight rates on the Asia-Europe trade and some other routes. Bringing down rates on the Asia-Europe trade was a brief disruption in the market due to consolidations of containership operators and an excessive reaction of some companies to the risk of a temporary gap between capacity and demand. Despite these difficulties, MOL recorded solid containership earnings, although earnings fell below the high level posted in the prior fiscal year.

MOL made still more progress in cutting costs, adding large, more efficient vessels, and deploying its fleet and other resources for maximum effectiveness. During the past fiscal year, MOL took delivery of four 6,350TEU vessels, raising the number in its fleet to nine. Five more 6,350TEU and eight 8,100TEU containerships will join the fleet between 2006 and 2008. In another move to enhance efficiency and customer services, the members of The New World Alliance in September 2005 announced an extension of this alliance through 2012. This provides an effective means of preserving scale and stability on the high-volume east-west trades.

Simultaneously, MOL is placing a high priority on expanding its geographic coverage. Globalization of economic activity is a central theme in today's container logistics market. One major result of this trend is growth in container shipments to and from manufacturing centers like China, India and Southeast Asia and natural resource exporting areas like Brazil and the Middle East. MOL is targeting one more key trend driven by borderless manufacturing: the switch of container movements from conventional routes radiating from major exporting and consumer nations to a tightly interwoven network of routes linking various countries. By adapting to these changes, MOL is diversifying risks and opportunities while improving customer services.

With respect to network expansion, one significant move was the November 2005 acquisition of rights to the Europe-South Africa routes of A.P. Moller-Maersk. Many other actions were taken as listed below.

The Containership
MOL Encore

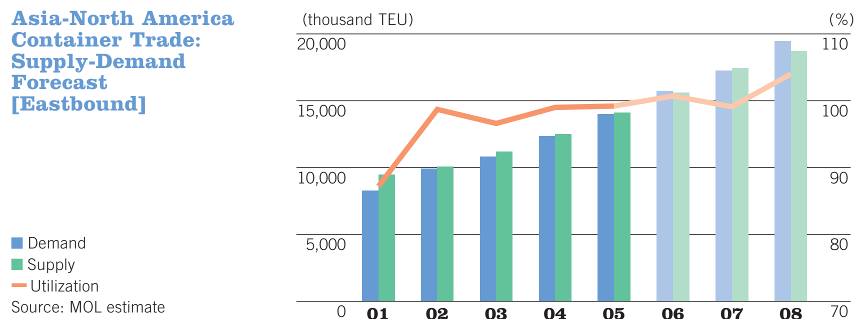
In Japan, MOL completed a tender offer in February 2006 for the shares of Utoc Corporation, which is mainly engaged in stevedoring at container terminals and other activities, making this company a consolidated subsidiary. This investment raises the level of stable earnings in the containership segment. In another move to expand terminal operations, MOL and the Jacksonville Port Authority in Florida have agreed on the development of a major container terminal. The facility, scheduled to open late in 2007 or early in 2008, will meet rising demand for containership service between the U.S. East Coast and Asia.

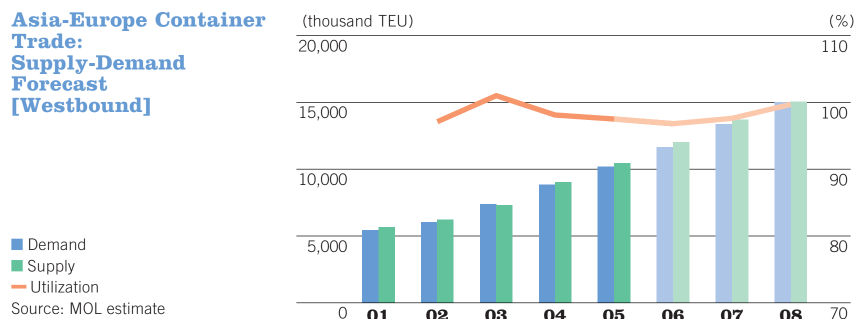
2005.4	Upgraded India-Container Services—3 new weekly services link Nhava Sheva and Singapore
2005.5	Launched new service linking Thailand, Vietnam, China
	Opened 3rd loop in Japan-Thailand Service—Added new calls at Ho Chi Minh City and Shanghai
	Launched new China-India Service—Upgraded to four weekly sailings between Nhava Sheva and Singapore
2005.7	Upgraded Asia-South Africa/East Coast of South America Service—Increased capacity and added new calls at 2 Chinese ports
2005.8	Launched 2nd Asia-Mediterranean Service
	Launched 2nd Brazil/U.S. East Coast Service
2005.11	Upgraded India-Container Service
	Launched 3rd Asia-Mediterranean Service
2005.12	Upgraded Asia-South Africa-West Africa Service—Increased capacity
	Launched India/Pakistan-South/East Africa Service
2006.2	Started Europe-South Africa Service, based on the rights acquired from A.P. Moller-Maersk in Nov. 2005
	Upgraded Southeast Asia-New Zealand Service
2006.3	Opened new Ho Chi Minh City-Hong Kong Service—Provides fastest transits to North America
	Upgraded Asia-Europe Services, based on the cooperation agreement with Grand Alliance—one Asia-East Coast U.S. loop to be added in FY2006
2006.4	Upgraded Haiphong Container Service—Offers the fastest transits from Northern Vietnam to North America
	Launched new Asia-East Africa Direct Service with increased capacity
	Launched new Asia-Mexico/West Coast South America Service—Increased capacity and added new calls at 3 Chinese ports

Outlook

The near-term outlook is filled with challenges, primarily involving the high cost of fuel. Deliveries of 8,000TEU vessels may continue to exert pressure on freight rates, as in the past fiscal year. On the positive side, continued strength is foreseen in freight volume on key east-west trades between Asia and Europe and North America. The gap between growth rates in supply and demand does not appear to be as significant as some market observers had feared. MOL will make every effort to keep its containership operations to remain profitable in the fiscal year ending in March 2007, although there will be a further decline in earnings.

As competition becomes more heated, MOL will leverage several key advantages. One is a cost structure that ranks MOL among the top one-third of containership companies. Another is yield management expertise that few competitors can match. MOL's diversified portfolio of trade routes is one more strength, and one that was reinforced by many actions during fiscal 2005. Finally, MOL has a sound financial position that provides flexibility in capitalizing on opportunities. This strength also allows MOL to endure periods of lower freight rates much more easily than containership companies with lower profitability and weaker balance sheets. Backed by these competitive advantages, MOL plans to steadily increase its ranking in the world containership market, making this business an even larger and more reliable contributor to consolidated earnings from a medium- and long-term standpoint.





Bulkships Car Carriers

Setsuyasu Hagiwara
Senior Managing Executive Officer

Results of This Fiscal Year

MOL reaffirmed its position among the world's leading car carrier operators in the past fiscal year by achieving another increase in cargo volume and revenues. However, earnings growth was limited by the much higher cost of bunker. Results benefited from demand for motor vehicle marine transport that surpassed expectations, frequently creating shortages of capacity. Demand was particularly strong for the transport of cars from Japan and South Korea to North America as the high cost of gasoline produced higher sales of smaller, fuel-efficient vehicles. Another source of revenue growth, as in prior years, was shipments from South America, Africa and Asia as the world's major automakers build production bases in these regions. Meeting the rising demand for this offshore business is a proven skill of MOL and an important contributor to growth in car carrier volume. In 2005, an MOL car carrier transported the first shipment of export vehicles made in China by a Japanese automaker.

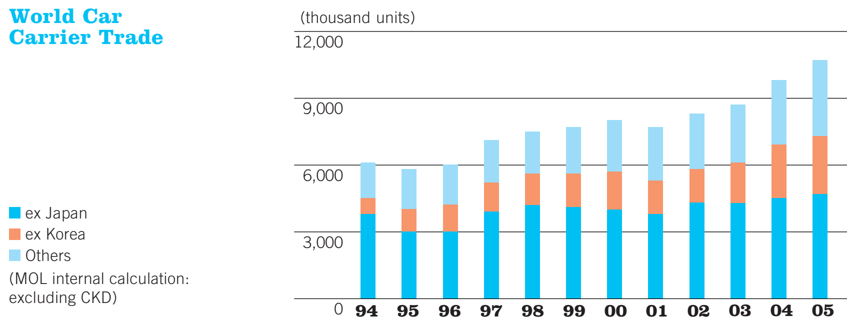
The car carrier
Felicity Ace

Outlook

MOL continues to make substantial investments to update and enlarge its car carrier fleet. Six vessels, which hold 6,400 vehicles each, entered service during the year ended March 31, 2006. These vessels are fuel efficient, have a low environmental impact, and are designed to maximize the safety and efficiency of vehicle loading and offloading. Environmentally friendly vessels, with features such as improved aerodynamics for greater fuel

efficiency, are of great interest to automakers, often giving MOL a key additional edge along with cost when competing for new business. MOL plans to take delivery of three car carriers during fiscal 2006, and 17 over the next three years. Additional capacity will be valuable since car carrier capacity is expected to become increasingly tight over the next few years. With an even larger and more modern fleet, MOL will be an extremely reliable source of capacity, which is the aspect of service that automakers look for above all.

In fiscal 2006, the final year of MOL STEP, higher cargo volumes worldwide will be an important source of growth. In addition, MOL foresees a continuing increase in the contribution from auto exports from Southeast Asia, South America and other emerging automobile producing regions. On the demand side, the Middle East, Russia and other markets where economies are benefiting from higher prices for crude oil and other natural resources are becoming increasingly important destinations for auto exports. By utilizing the industry's most competitive fleet and its skill in the efficient deployment of vessels, MOL is determined to heighten its presence in the car carrier market as growth in demand continues.



Bulkships Dry Bulkers

Masafumi Yasuoka
Managing Executive Officer

Results of This Fiscal Year

Much higher earnings from the transport of iron ore and coking coal generated a strong performance in dry bulk operations. This was an impressive accomplishment in light of an approximate 40% year-on-year decline in market rates for Capesize bulkers.

Central to the growth in earnings were deliveries of a number of vessels ordered when shipbuilding prices were much lower than today. In the past fiscal year, MOL added 11 new Capesize and Panamax vessels to its fleet. Naturally, the higher capacity helped raise earnings. Earnings also benefited from the return of relatively costly chartered vessels that MOL was using on a short-term basis until the new vessels were completed. MOL's insight was another contributor to earnings. Even as charter rates declined from the unsustainable peak that was reached in 2004, MOL accurately forecasted that rates would remain at a historically high level, procuring low-cost, medium-term contract vessels with excellent timing to earn profits from spot markets.

As the fleet of iron ore and coking coal carriers increased, MOL improved its vessel portfolio in terms of contract length and vessel procurement schemes. In the Capesize bulker fleet, about 40% now operate on long-term contracts, 30% on a medium-term COA basis and 30% on spot rates. Regarding procurement, 60% of these vessels are owned or long-term charters, 30% are medium-term charters, and 10% are procured at spot rates. MOL plans to maintain this portfolio composition, which is ideally suited to supporting consistent long-term earnings growth, while solidifying its position as the world's largest operator of iron ore and coking coal bulkers.

The coal and iron ore carrier
Azul Challenge

The bulk carrier
C. S. Valiant

Growth continued in MOL's fleet of other bulkers as one Panamax and 15 Handy vessels ordered when prices were low entered service during fiscal 2005. Further backing up growth in revenue and earnings were COA vessels. MOL signed most of these contracts with excellent timing late in fiscal 2004 when rates were high.

For many years, MOL has been increasing the number of Handy bulkers designed for transporting steel products. An important development in the past fiscal year further improved the productivity of this growing fleet. MOL has long used its close relationships with customers to create around-the-world Handy bulker routes, a capability that competitors cannot match. Normally, a voyage begins with a steel shipment from Japan to Europe and ends with COA cargo, such as

copper ore, that is going from North and South America to Asia. In fiscal 2005, MOL filled in the gap between Europe and the Americas by forging a long-term alliance with a European dry bulk operator. MOL vessels now transport steel products from Europe to the Americas. Earning cargo fees all the way around the world will make a big contribution to dry bulker earnings for many years to come.

The wood chip carrier
Mimosa Africana

MOL equity-method affiliate Gearbulk Holding Ltd, which operates the world's largest fleet of open-hatch gantry-craned bulkers, posted record earnings in fiscal 2005 due to robust demand for the ocean transport of pulp and other materials, lifting group results. Consistent earnings from steaming coal and wood chip carriers, which operate mainly on long-term contracts, also played a part in dry bulker earnings growth.

Outlook

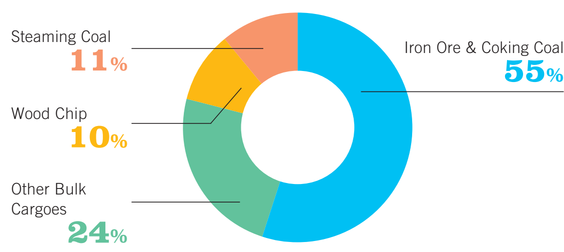
MOL expects that rates for dry bulkers will remain high in fiscal 2006, although there may be a minor downturn. One key factor shaping the market outlook is the approximately 60 Capesize bulkers reaching age 25 in 2005 and 2006. Due to environmental considerations, iron ore companies in Australia and Brazil refuse to accept ships older than 25 years. Given this and rising iron ore imports by China, the supply of Capesize bulkers is expected to remain tight.

MOL foresees more growth in Capesize bulker earnings due to the delivery of 11 iron ore carriers during fiscal 2006. The scale of MOL's Capesize fleet, the world's largest, allows the company to capitalize on opportunities anywhere in the world where iron ore and coking coal needs to be moved and where freight rates are high. With bulkers ranging from 100,000 tons to 300,000 tons, MOL has a high degree of versatility. For example, MOL has a growing fleet of "baby cape" bulkers, which are about 100,000 tons and ideal for serving shallow draft ports in Europe and other areas. Vessels in the 300,000-ton class are well suited to long-distance voyages, such as from Brazil to Asia. MOL is using these bulkers to capture long-term contracts with customers in Japan and China.

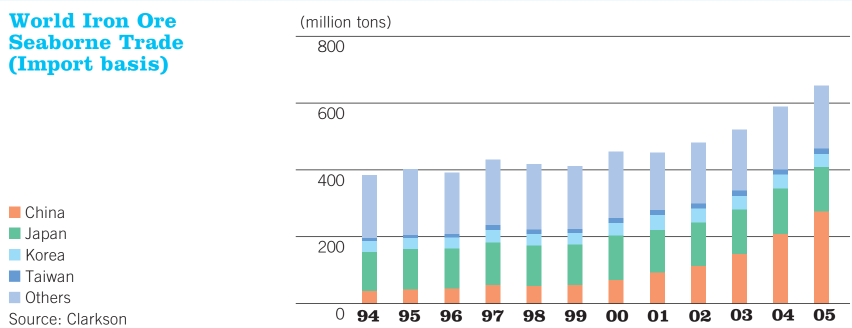
Earnings from other bulkers where COA contracts signed one or two years ago are now expiring will decline in fiscal 2006. But this downturn is nothing more than a minor correction in a process of sustained long-term growth that is likely to resume in the following fiscal years. MOL is taking various actions to build a sounder base of operations. For instance, vessels are calling at more ports in China, South Korea and India to carry steel products exported by these countries. Additionally, two heavy lifters will join the fleet during fiscal 2006. These vessels will target burgeoning demand for imported materials required by the large number of oil and gas plants under construction in the Middle East.

MOL's dry bulker operations are at a strategic turning point. Over the past decade, MOL has completely restructured its dry bulk fleet. As a result, MOL now has a highly cost-competitive fleet that closely matches the current volume and nature of demand from targeted customer segments. Therefore, MOL believes that the strong performance of the past two years is just the beginning of a prolonged period of strength. MOL will deploy ships already ordered and scheduled for delivery over the next several years to use a combination of long-term contracts and exclusive business models to maintain a high level of earnings. Backed by this solid operating base, MOL plans to take advantage of spot rates and capture new sources of business in order to further raise the profitability and efficiency of dry bulker operations.

Non-consolidated Revenues Breakdown (Results in FY2005)



World Iron Ore Seaborne Trade (Import basis)



Source: Clarkson

Bulkships Tankers

Masashi Seki
Managing Executive Officer

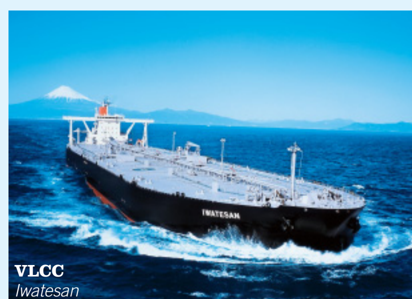
Results of This Fiscal Year

Tanker operations performed well in the past fiscal year, recording revenues and earnings that exceeded the goals of MOL STEP Review. In the VLCC category, operating results exceeded MOL's target even though market rates for these tankers were somewhat below expectations, although still comparatively high. One reason was the contributions of joint venture VLCC companies established in China and the UAE during the prior fiscal year. Product tankers, almost all of which operate at market rates, produced strong results. Demand was solid, due in part to growth in U.S. imports of refined products in the fiscal year's second half. Subsidiary Tokyo Marine, which operates a fleet of about 50 chemical tankers, performed very well. As a beneficiary of rising demand for ocean transport due to investments to locate plants in the most competitive locations, Tokyo Marine continues to be a significant and consistent contributor to earnings.

Past investments in new vessels, ordered when shipbuilding prices were well below the current level, are giving MOL a stream of cost-efficient tankers precisely when market conditions are strong. During the past fiscal year, four VLCCs that were ordered in 2003 joined the MOL fleet and three will join the fleet during the next fiscal year. In addition to boosting capacity and earnings, the new vessels brought MOL even closer to its goal of having an entirely double-hull VLCC fleet. As single-hull VLCCs are replaced with newer vessels, MOL plans to sell single-hull vessels while prices are still high, but may continue using some of these vessels for two to three more years if VLCC demand from customers is strong enough.

Outlook

In the final year of MOL STEP, which ends in March 2007, tanker operations are well positioned to achieve the revenue and earnings targets that were increased in April 2005 despite the high cost of bunker. Although the global VLCC market is volatile, long-term growth in demand for these tankers is certain, indicating that there will be no major downturn in charter rates. Furthermore, supply is limited: only 19 VLCCs will enter service worldwide during the year ending in March 2007. Product tankers will be a major source of earnings growth. MOL took delivery of six of these vessels during the past fiscal year and will add eight more in the March 2007 fiscal year, all of which were ordered when shipbuilding prices were low.



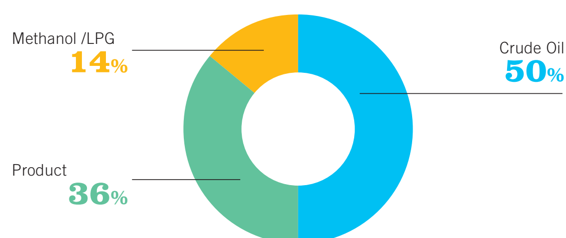
VLCC
Iwatesan

Looking ahead to growth following MOL STEP, MOL is making plans to continue to increase its fleet of VLCCs and other tankers. Investments will be made with caution, however, because of the current high cost of building ships. The consumption of crude oil and refined products is certain to climb in absolute terms. As shipping companies compete for this business, MOL will continue to have an edge due to its sound long-term relationships with the world's major oil companies. These companies select shipping companies very carefully, working only with partners with a proven ability to operate and manage ships at the highest level. MOL is recognized worldwide for excellence in safety, ship management and overall reliability. To reinforce this position, MOL restructured the tanker management system to enhance safety by establishing MOL Tankship Management Ltd. in Tokyo in April 2006. This company makes possible the centralized management of worldwide tanker operations under the strict supervision of MOL's Tanker Division. Another key MOL advantage is access to information on market trends thanks to these relationships and the size of MOL's tanker fleet.

The product carrier
Walnut Express

MOL's long-term strategy for tankers will continue to focus on consistent earnings from long-term contracts. At the same time, a certain number of vessels will be used to assume a prudent level of risk in order to take advantage of movements in spot charter rates. Currently, long-term contracts and other highly visible profit streams produce about the same level of earnings as vessels exposed to market rate fluctuations. The scale of the MOL tanker fleet, along with MOL's global market information network, makes it possible to adjust the long-term/short-term composition of the tanker portfolio with relative ease and accuracy.

Non-consolidated Revenues Breakdown (Results in FY2005)



Bulkships LNG Carriers

Yoichi Aoki
Managing Executive Officer

Results of This Fiscal Year

MOL's LNG transport business, the largest in the world, continued to perform well in the past fiscal year, meeting or exceeding goals for revenues, earnings and new contracts. As in past years, additions to the fleet were the primary source of growth. During the fiscal year, seven vessels entered service. MOL is involved with about one-fourth of all LNG carriers in the world. As of March 2006, MOL was operating or had an interest in 80 LNG carriers including vessels to be delivered between now and 2010. This is compared with 51 in March 2002.

During the fiscal year, MOL signed LNG carrier contracts with clients in Qatar, Yemen, India and Japan that will result in the construction of 12 ships. In addition, in April 2006, MOL and the Leif Hoegh Group of Norway, a shipping organization, announced plans to form a joint venture that will own LNG shuttle & regasification vessels (SRVs). The vessels will be used for deliveries to the U.S., where an offshore, ship-based regasification plan is moving forward in Massachusetts. Two firm orders have been placed. These new contracts will begin generating revenues in three to four years.

Outlook

Furthermore, MOL is submitting bids for many other LNG contracts. Global LNG consumption was 140 million tons in 2005, but is expected to rise to 250 million tons by 2010 and to about 400 million tons by 2020. Due to burgeoning global demand for LNG, opportunities are constantly emerging. In addition to Middle East projects, notably in Qatar, there are a number of new LNG projects in various stages of progress in Nigeria, Angola, Australia and other locations. Work now under way at these projects, and at a long-planned project in Yemen, demonstrate that the expected growth in LNG demand in Europe and the U.S. is finally beginning to occur.

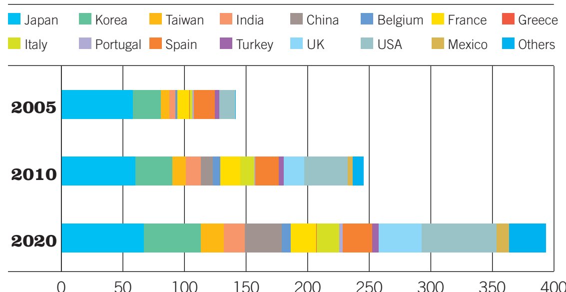
As a pioneer in the LNG carrier industry, MOL has long led the way in the development of innovative vessels. For example, MOL came up with the idea for so-called Med Max and Atlantic Max vessels, which are designed to match conditions in the Mediterranean Sea and Atlantic Ocean, respectively. MOL plans to further raise its stature in the LNG carrier industry by continuing to utilize its skill in taking the LNG carrier industry in new directions.

The current scale of MOL's fleet of LNG carriers presents an important source of growth. Since vessel service life is about 40 years, second-lease and spot-market opportunities exist following the end of the standard 20- to 25-year lease on new vessels. Since more than two decades have passed following the start of full-scale LNG carrier operations in the world, the market for these post-lease vessels is just now beginning to emerge. This will give MOL many more options for generating earnings while better meeting the specific needs of each client. Furthermore, MOL's global network of eight sales bases and five ship management bases for LNG carrier operations will be a major advantage when targeting the emerging market for post-lease vessels. Overall, with a proven record for safety, reliability and technical expertise, along with the world's largest LNG carrier fleet, MOL is in an excellent position to build on its leading position.

The LNG carrier
Al Wakrah

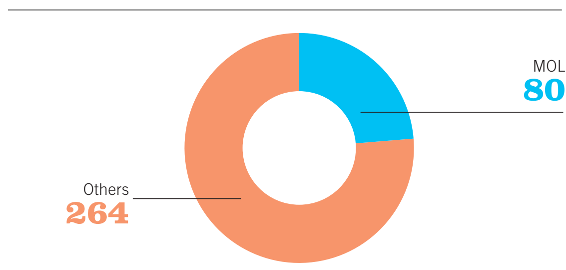
The LNG carrier
Salalah LNG

LNG Demand Forecast
(million tons)



Source: The Institute of Energy Economics, Japan

MOL LNG Fleet
"One-quarter (1/4) of the world LNG fleet"
(vessels)



World LNG fleet as of April 2006: 344 vessels including the newbuildings to be delivered through 2010.

Logistics

Masakazu Yakushiji
Senior Managing Executive Officer

Results of This Fiscal Year

MOL's logistics operations performed well in the past fiscal year, building a sounder base for consistent profitability. The rebuilding process that has spanned many years was completed one year ago. With a sounder operating base, MOL Group logistics companies are raising earnings as they handle larger volumes of air cargo and sign contracts with new customers. Due to these improvements, logistics is now firmly positioned as a consistent contributor to consolidated earnings.

The ocean consolidation business (OCB), commonly known as buyer's consolidation, is the primary target of the logistics business. Demand for this service is very strong among buyers in the U.S., Europe and Japan that use containers to import goods from many suppliers in Asia. The second goal for logistics is the establishment of a larger service network in China. In a big step toward reaching these goals as quickly as possible, MOL, in May 2005, forged a strategic alliance with Kintetsu World Express Inc. (KWE), the world's eighth-largest air forwarder. MOL and KWE have agreed to conduct joint U.S. sales activities to promote their OCB. To make this service even more attractive, the two companies have started developing a deconsolidation service that uses the U.S. distribution network of KWE. The OCB of the two companies has also started using warehouses and other elements of KWE's infrastructure in China.

In another move, MOL invested in Sanyo Logistics Corporation. The aim is to link this company with MOL's marine transport operations to create new business models,

MOL Logistics
Narita Logistics Center

MOL Logistics truck in Hong Kong

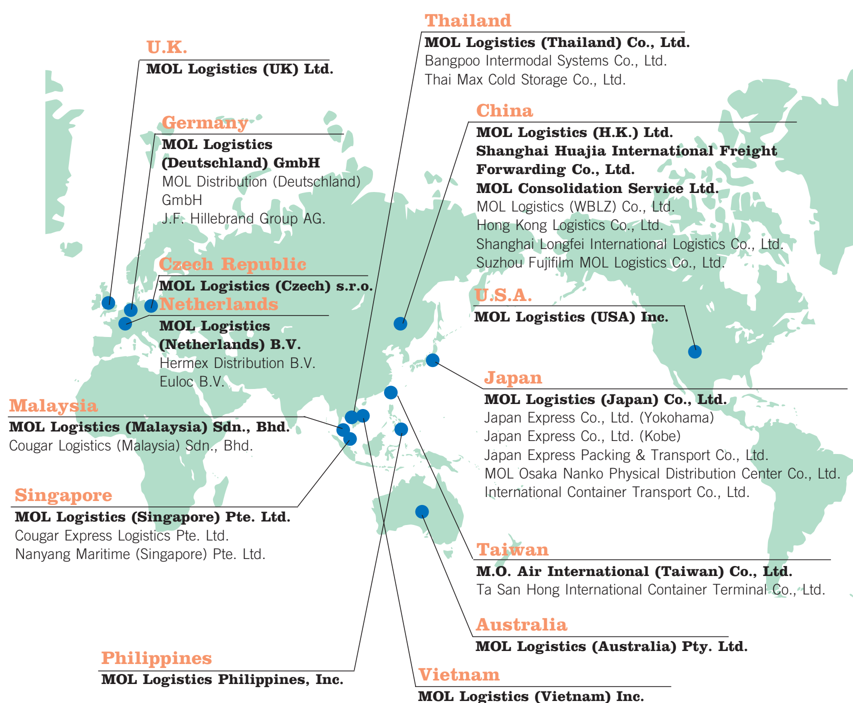
such as more direct logistics links between suppliers in China and other countries and retail stores in Japan. Another powerful tool is the bonded warehouse that MOL Logistics is leasing in the Shanghai Waigaoqiao Bonded Logistics Zone (WBLZ) in Shanghai. MOL has used this facility to capture buyer's consolidation business with major containership customers for their shipments of alcoholic beverages and consumer goods to Japan. MOL has decided to lease a bonded warehouse in Shenzhen to further expand its buyer's consolidation operations.

Outlook

Looking ahead to the final year of MOL STEP, logistics earnings are expected to be generally flat. The central objective of logistics remains the same: generating synergies with containership and other shipping operations by assembling and supplying the services that customers require. Customer needs are the starting point. MOL does not make costly up-front investments in logistics facilities. The primary goal is to continue refining the business infrastructure, including IT systems and partnerships, in order to meet customer demands, thus further differentiating MOL's shipping operations.

MOL is aiming for annual growth of 50% in OCB services. The goal is to become one of the world's largest handlers of containers within the next several years. Thanks to the KWE alliance, MOL can offer customers first-class integrated marine and air cargo transport services. Further enhancing its profile in the air cargo sector, MOL, in April 2006, acquired a 5% equity stake in a cargo airline company established by All Nippon Airways Co., Ltd. (ANA) and Japan Post. Overall, the past year's accomplishments show that MOL's logistics business is making steady progress in line with a clearly defined strategy.

MOL Group Logistics Network



Ferry and Domestic Transport

Takehiko Yamamoto
Executive Officer

Results of This Fiscal Year

Ferry operations were unable to reach the earnings target for the past fiscal year because of the much higher cost of bunker. Despite this disappointing performance, there were a number of positive developments. One is the success of ferry companies at gaining the understanding of customers for bunker surcharges. Market acceptance of surcharges indicates that MOL's ferry operations will achieve the earnings target set for fiscal 2005 in the following fiscal year. Another positive development was the 2% to 3% increase in ferry cargo volume on most major routes. Cargo volume was up by as much as 11% on routes linking the Osaka/Kobe area to southern Kyushu. Obviously, the rising cost of fuel is prompting many truck operators to take another look at the advantages of ferry transport. As Japan's largest ferry operator, the MOL Group is positioned to reap significant benefits from this growth.

The roll-on, roll-off (RORO) service operated by Shosen Mitsui Ferry Co., Ltd. between Fukuoka and Tokyo performed well as demand was strong from trucking companies. For added convenience, this RORO service is linked with the Shanghai Super Express, a high-speed RORO vessel that runs between Fukuoka and Shanghai. Offering a combination of speed and highly competitive rates, this express service is attracting a growing number of customers.

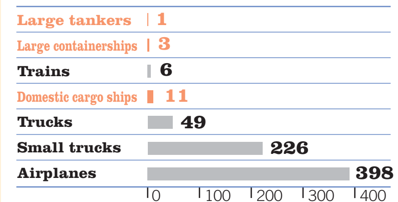
This segment also includes the operations of MOL Naiko, Ltd., which transports cement, steel products, coal, salt and other materials within Japan. Earnings were higher at this company because most of its vessels operate on long-term contracts in which shippers cover operating expenses. The impact of higher fuel costs was thus minimal.

Outlook

With the long process of downsizing and restructuring over, MOL's ferry operations are now in a position to aim for growth. Recent accomplishments include collaboration between subsidiary The Diamond Ferry Co., Ltd. and affiliate Kansai Kisen Kaisha. These two companies unified operations and sales activities under the *Sunflower* brand, and centralized ship management. Vessel capacity and cargo demand are now generally in balance in Japan, presenting opportunities to target the modal shift and other trends for expansion. Vessel capacity will be increased gradually while closely monitoring market trends.

Through actions such as these, MOL is making progress toward its long-term objective of maintaining an operating base for ferries and domestic shipping that can generate a consistent level of earnings.

CO_2 Unit-Emissions by Mode of Transportation
(Unit: g-C/ton-km)



Note: CO_2 unit-emissions represent the volume of CO_2 (g-C/ton-km, coal equivalent) emitted when transporting one ton of cargo over one kilometer.
(Sources: "Transportation Energy Handbook, Fiscal 2001, 2002," Ministry of Land, Infrastructure and Transport, and MOL data)

Associated Businesses

Takehiko Yamamoto
Executive Officer

Results of This Fiscal Year

Earnings in associated businesses more than doubled due to the first full year contribution from Daibiru Corporation, which became a consolidated subsidiary in October 2004. Daibiru owns and leases 17 office buildings in Tokyo and Osaka, including the MOL head office building in central Tokyo. The newest addition to its holdings, the Akihabara Daibiru Building in Tokyo, began generating leasing income in April 2005. Now that office building demand and urban real estate prices are climbing in Japan, Daibiru is well positioned to achieve steady long-term growth.

Mitsui O.S.K. Techno-Trade, Ltd., a trading company, posted a strong performance because of higher sales of bunker and growth in sales of machinery, parts, materials and other goods required for the operation and maintenance of ships. Operations include the sale of the energy-saving propeller boss cap fins (PBCF) technology, which MOL developed in 1987. An order received in April 2006 raised the cumulative number of vessels using this technology to 1,000.

Tugboat operations again posted solid results. MOL has tugboat operations at major ports in Japan and a number of ports in China. In 2004, MOL's affiliate in Hong Kong started tugboat operations in mainland China. MOL is considering other actions to enlarge this business.

Nakanoshima Daibiru East (2009)

Outlook

Since real estate operations in Japan account for a large share of revenues, this business segment is a source of stable earnings that are not vulnerable to changes in foreign exchange rates and fuel prices. Consequently, MOL expects that associated businesses will make a growing contribution to the stable component of consolidated earnings in the coming years.