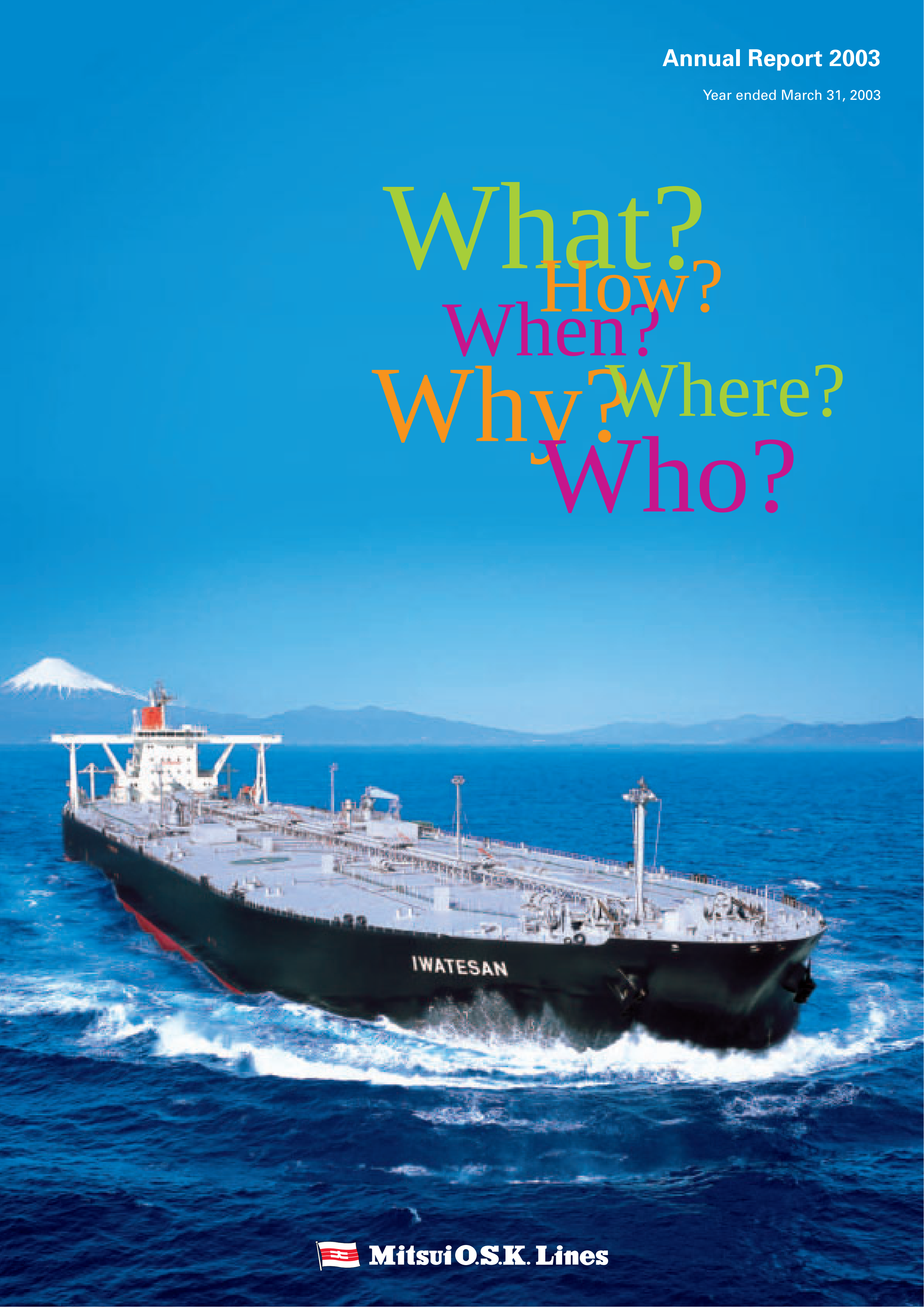
Annual Report 2003

Year ended March 31, 2003

What? How? When? Why? Where? Who?



Mitsui O.S.K. Lines

Contents

Forward-Looking Statements
This annual report contains forward-looking statements concerning MOL's future plans, strategies and performance. These statements represent assumptions and beliefs based on information currently available and are not historical facts. Furthermore, forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to, economic conditions, worldwide competition in the shipping industry, customer demand, foreign currency exchange rates, price of bunker, tax laws and other regulations. MOL therefore cautions readers that actual results may differ materially from these predictions.

On the Cover: The 300,000dwt Iwatesan is a double-hull VLCC that joined the MOL fleet in March 2003. MOL's 13th double-hull VLCC, this vessel incorporates a new design called Malacca-max to give the vessel a shallow draught without sacrificing cargo capacity.

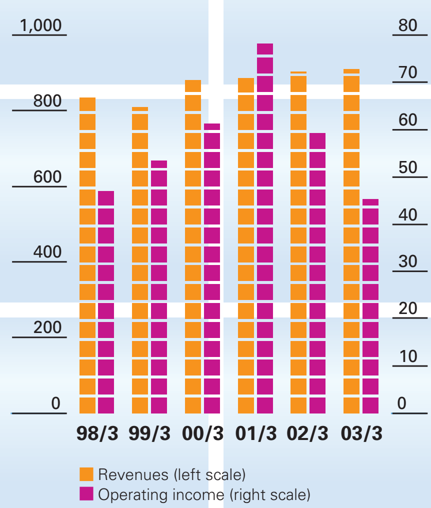
Financial Highlights

Mitsui O.S.K. Lines, Ltd. Years ended March 31

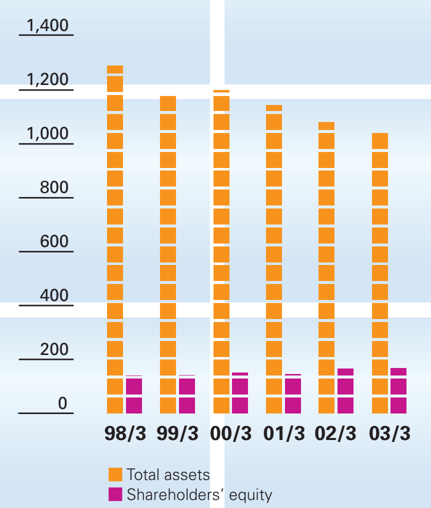
	Millions of yen						Thousands of U.S. dollars
	2003	2002	2001	2000	1999	1998	**2003**
For the year:							
Shipping and other revenues	**¥ 910,288**	¥ 903,943	¥ 887,867	¥ 881,807	¥ 809,161	¥ 834,879	**$7,573,111**
Vessel depreciation	**54,211**	62,238	64,851	55,112	52,637	62,370	**451,006**
Other expenses	**733,329**	699,269	667,661	690,936	630,405	650,636	**6,100,907**
Amortization of consolidation differences	**446**	588	663	583	563	513	**3,710**
Other general and administrative expenses	**76,946**	82,075	76,453	73,856	72,019	74,384	**640,150**
Operating income	**45,356**	59,773	78,239	61,320	53,537	46,976	**377,338**
Equity in earnings of unconsolidated subsidiaries and affiliated companies	**3,387**	4,426	3,681	1,403	4,127	3,474	**28,178**
Income before income taxes and minority interests	**25,114**	24,851	20,860	15,314	15,338	18,064	**208,935**
Income taxes, current	**(10,872)**	(6,101)	(19,473)	(6,427)	(8,362)	(8,383)	**(90,449)**
Income taxes, deferred	**1,435**	(6,633)	7,709	(529)	–	–	**11,938**
Minority interests	**(967)**	(1,572)	1,847	(33)	34	(1,258)	**(8,045)**
Net income	**14,710**	10,545	10,943	8,325	7,010	8,423	**122,379**
At year-end:							
Current assets	**289,645**	251,388	255,774	239,860	230,996	276,089	**2,409,692**
Current liabilities	**423,838**	375,032	399,996	412,717	337,417	350,132	**3,526,106**
Vessels, property and equipment, at cost	**569,234**	619,645	691,307	756,623	753,347	818,579	**4,735,724**
Total assets	**1,046,612**	1,079,090	1,140,400	1,196,474	1,174,640	1,286,576	**8,707,255**
Long-term debt	**395,589**	475,696	540,159	598,999	670,363	772,428	**3,291,090**
Shareholders' equity	**164,790**	166,970	144,355	151,992	140,490	137,692	**1,370,965**
Retained earnings	**56,469**	47,818	43,433	43,199	37,900	35,102	**469,792**
Amounts per share of common stock (yen, U.S. dollars):							
Net income	**12.16**	8.76	9.01	6.77	6.33	7.61	**0.101**
Shareholders' equity	**137.44**	138.78	119.88	123.63	126.81	124.28	**1.143**
Cash dividends	**5.00**	5.00	5.00	4.00	4.00	4.00	**0.042**

The Japanese yen amounts for 2003 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2003, which was ¥120.20 to U.S.$1.00, solely for the convenience of readers. (The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.)

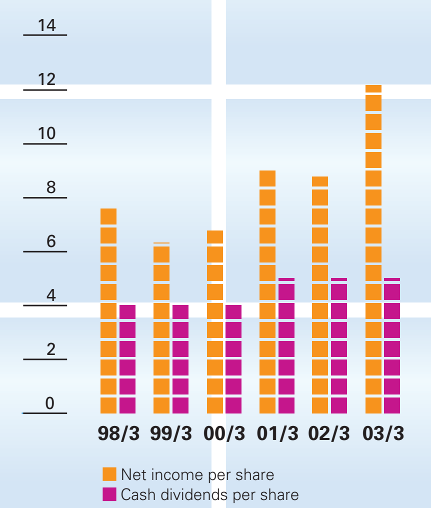
REVENUES AND OPERATING INCOME
(¥ billions)



TOTAL ASSETS AND SHAREHOLDERS' EQUITY
(¥ billions)



NET INCOME AND CASH DIVIDENDS PER SHARE
(¥)



To Our Shareholders

The MOL Group will continue to cut costs, hone its competitive edge and grow in core business sectors. Through these actions, we believe that the March 2004 goals of *MOL next* are within our reach.

Kunio Suzuki
President

MOL next continued to guide our operations in the past fiscal year. In line with this three-year plan, we added more vessels to our fleet while taking other growth-oriented measures. Accompanying these moves were cost-containment measures to make MOL even more competitive.

Review of Operating Results

Unfortunately, a weak performance in the liner business, which posted a loss even though we had originally planned on a large profit, in tandem with higher fuel costs and lower earnings in the dry bulk sector, prevented us from reaching the *MOL next* earnings target. Even though the global dry bulk market climbed to its highest level since 1995, contracts signed early in the fiscal year when rates were low prevented us from reaping the full benefits of the abrupt market rebound that occurred later in the year. The loss in liners was primarily due to contracts signed early in 2002 when market conditions were poor and no one was expecting a quick rebound, especially in the wake of the terrorist attacks in the U.S. On the positive side, container cargo volume bounced back strongly in the second and third quarters of fiscal 2002 and has remained solid ever since, pointing to a strong recovery in earnings in fiscal 2003.

Operating results in other business sectors were generally favorable. Energy-related shipping continued to expand. Most significant has been the signing of contracts since the beginning of *MOL next* that will give MOL an interest in 16 LNG carriers. Earnings from these contracts will begin to appear on our bottom line in 2005 and 2006. We will also be seeing steady growth in earnings as LNG carriers and methanol carriers enter service in line with contracts signed in past years. The LNG sector will generate approximately US$100 million in pretax earnings by the fiscal year ending in March 2006 based on existing contracts alone. VLCCs performed well, the combination of past actions to structure a more cost-competitive fleet and a sharp upturn in rates in the fiscal year's second half. A temporary increase in VLCCs operating on spot-rates further boosted earnings. Car carriers had another good year as demand remained high for the ocean transport of exports from Japan as well as vehicles manufactured in other regions, notably Asia and South America.

Reaffirming Our Commitment to the *MOL next* Targets

We have increased our ordinary income target for the last year of *MOL next*, which ends in March 2004, from the original ¥66 billion to ¥68 billion. I believe that this goal remains within our reach despite the lower revenues and earnings in the past fiscal year. Our confidence primarily reflects the following encouraging trends.

First is the ongoing improvement in liner rates. During the fiscal year that ended in March 2003, transpacific Eastbound rates decreased by an average of 15%. In fiscal 2003, rates are expected to recover by more than 10%.

Second is the great strides we have made in cutting costs. During the three years of *MOL next*, we initially planned to streamline our cost structure by about ¥15 billion. During the first two years alone, we have eliminated about ¥28 billion in expenses, almost twice this goal. For the entire three-year period, costs will probably fall by a total of roughly ¥35 billion.

Third is that conditions in most ocean transportation market categories are generally much better than in the past fiscal year. This is particularly true in the liner and energy sectors, the two areas that are to be MOL's key drivers of growth. And we also expect better results in dry bulk thanks to the consistent growth in crude steel production worldwide, particularly in China.

We are confident about long-term prospects for liners as well. The large swings in liner results and market conditions may make this business appear to be risky to many investors. We see it differently. The containership business is actually one of the most attractive categories of the ocean shipping market in our view. Growth is the chief reason. Global deepsea container transportation volume has more than doubled over the past decade. Expansion is certain to continue. Opportunities are thus immense for companies that have the right combination of expertise and capital. Having made deep cuts in our liner cost structure in recent years, we now rank among the world's most cost-competitive liner operators. Fluctuations are inevitable, because the liner industry has traditionally had difficulty limiting the gap between the volume of global cargo movements and worldwide containership capacity.

But by maximizing the benefits of TNWA (The New World Alliance), offering high-caliber services that accurately target customers' needs and remaining highly cost competitive, we believe that MOL's liner operations can be structured to generate a significant level of earnings on average over any five-year period. There is no doubt that liners present more risks than other shipping sectors. But the rewards are great as well. So we have high expectations for liners in the years ahead.

Reaching the final *MOL next* earnings goal will also give us the impetus to attain the other financial targets of this management plan. For example, reaching our earnings goal would produce our targeted ROE of 15% and enable us to raise our equity ratio to about the 20% level. Regarding interest-bearing debt reductions, we have reached our goal of ¥600 billion in March 2003, one year early, based on our assumption of an exchange rate of ¥110 to US$1. Debt is likely to fall to approximately ¥520 billion (US$1=¥110) by March 2004, the end of *MOL next*.

Corporate Social Responsibility

As we prepare for the next stage of growth, we are enhancing corporate governance. We want to make sure that MOL retains its position as one of the world's most respected multi-national corporations. The role of the board of directors is being heightened by submitting a greater range of proposals involving the determination of MOL's vision and strategies. The Executive Committee is also taking on greater responsibilities. At the same time, we are reducing the number of directors to simplify our organization and conduct business activities more efficiently. Accompanying these moves is a renewed commitment to strict compliance with laws, regulations and internal rules. We are determined to maintain the highest standards of corporate conduct at MOL and every member of the Group worldwide. Environmental issues too will be a key theme as the MOL Group expands. We remain firmly committed to serving as an example for the global shipping industry in the safety of navigation and the prevention of ocean and air pollution. Exemplifying this commitment are the sizable investments we are making to double-hull our entire VLCC fleet, a process that is now two years ahead of schedule. Furthermore, every new vessel joining our fleet is engineered to minimize fuel consumption and the overall environmental impact. As a result, emissions of carbon dioxide and nitrous oxides per unit of cargo carried are falling steadily. To create a standardized framework for environmental programs, all headquarters divisions and MOL-operated ships, covering all activities associated with multi-modal logistics and ocean shipping services, earned ISO 14001 certification for their environmental management systems.

Cost Reduction Plan

REDUCTION OF ¥15 BILLION OVER THREE YEARS (FY2001-2003)

MOL's goal is to achieve cumulative cost reductions of ¥35 billion during the three-year period ending in March 2004, ¥20 billion higher than the initial target of ¥15 billion. This is to be achieved by reducing operating expenses, primarily the cost of operating ships, by ¥28 billion, and administrative expenses, mainly ship-related expenses, by ¥7 billion.

(¥ billions)

	COST REDUCTION PLAN FROM FY2001							
	FY2001		FY2002		FY2003 Plan		Total	
	(results)	(plan)	(results)	(original)	(revised)	(original)	(revised)	(original)
Sales Division	9.0	(6.0)	14.0	(1.0)	5.0	(1.0)	28.0	(8.0)
Administration Division	2.5	(2.5)	3.0	(2.0)	1.5	(2.5)	7.0	(7.0)
Total	11.5	(8.5)	17.0	(3.0)	6.5	(3.5)	35.0	(15.0)

As of May 2003

Setting the Stage for the Post-*MOL next* Era

As MOL enters the final year of *MOL next*, we are already looking ahead to the plan that will follow. Our focus will remain on profitable growth. The actions of the past two years have made MOL more competitive. For proof, you need look no farther than our fleet. We are in the process of adding 16 large-scale containerships. The number of double-hulled VLCCs is rising steadily. During the next three years, more jointly owned LNG carriers will join the fleet, further solidifying our stature as the world's leading operator of these high-tech vessels. In refined products, MOL will become the world leader in product tankers after adding 25 new MR-type clean product tankers to its fleet, a process that will be completed within a few years. We already operate 19 methanol carriers, making us number one in this market by a wide margin. Our car carrier fleet is undergoing a major modernization. Six large-capacity vessels with many features to maximize productivity and versatility will enter service in the current fiscal year. We have placed orders for 12 more, the first of which will be completed in 2004. We have one of the largest and most modern fleets of Panamax and Capesize bulkers in the world. With such a large and diverse fleet, we are well positioned to benefit from the consistently strong growth of the Chinese economy and to deliver a broad range of logistics requirements for clients in all other areas of the world.

In conclusion, MOL is an organization that is determined to sustain profitable growth. By concentrating resources on markets where our competitive edge is sharpest, I believe that we can continue to meet ambitious targets in the years to come.

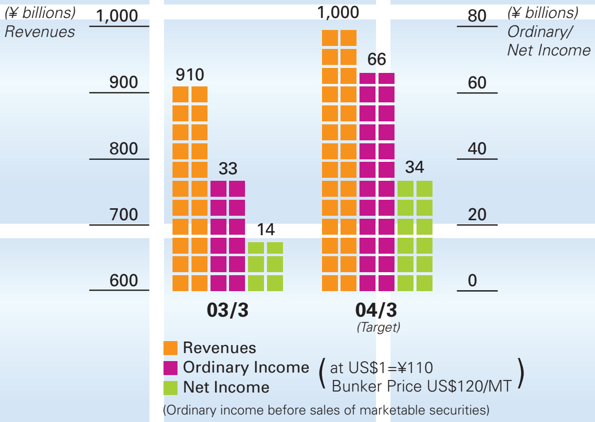
June 25, 2003

Kunio Suzuki
President

MOL next Targets

To make the MOL Group excellent and resilient in the world shipping industry

REVENUES AND INCOME TARGETS *(Consolidated)*



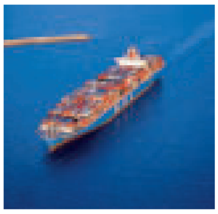
	March 2003		March 2004 Targets	March 2004 Forecast
Earnings per Share:	¥12.2	→	¥28.0	¥31.7
ROE:	8.9%	→	15.0%	Approximately 20%
Equity Ratio:	15.7%	→	20.0%	Approximately 20%
Interest-Bearing Debt:	¥612billion (US$1=¥120.20)	→	¥600billion (US$1=¥110*)	¥530billion (US$1=¥115*)

* estimation

The Answers

The containership
MOL Encore

The containership
MOL Promise



The containership
MOL Priority

What?

What factors made last year's liner market so difficult?

Masakazu Yakushiji
Managing Executive Officer

Liner results were impacted by low freight rates during much of fiscal 2002, but this business is now positioned to stage a strong recovery.

Performance Impacted by Low Freight Rates

MOL has been taking broad-based actions for many years to establish a sound base for liner operations. Numerous streamlining initiatives have significantly reduced costs. On the transpacific trade, The New World Alliance (TNWA), an alliance that was formed with MOL playing a leading role, helps cut costs while enhancing services. Unfortunately, persistently low rates, due in large part to a chronic oversupply of container space, have prevented MOL's actions from having a lasting impact on the bottom line.

Containership capacity has grown significantly in recent years as operators took delivery of vessels ordered in the late 1990s when there was strong growth in demand. Global capacity rose more than 10 percent in 2001 alone. Expansion continued in 2002 as there was a net increase of 10 percent in the number of containerships operating worldwide to 3,035.

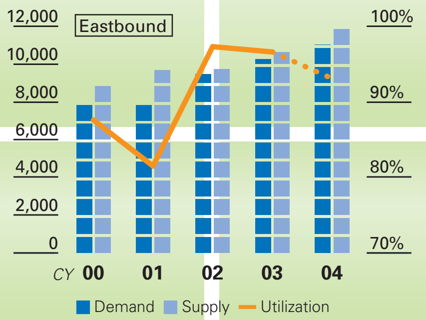
The timing of the recent fleet additions to the transpacific trade turned out to be bad. Demand plummeted in the wake of the September 2001 terrorist attacks. Giving up on hope for growth in 2002, liner companies, including MOL, signed contracts at relatively low rates for 2002 shipments. However, container volume unexpectedly turned upward in the summer of 2002 and continues to grow. For all of 2002, year-on-year growth was about 20 percent for shipments from Asia to North America. Having already locked in low rates, though, MOL and other liner operators benefited only slightly from this growth. This caused average container rates to drop more than 10 percent below the level that MOL had projected for North American services in the March 2003 fiscal year.

Still More Cost Savings Foreseen

But MOL has made deep cuts in the cost structure of its liner operations that have offset the impact of these lower rates. Actions have included raising container utilization rates, lowering feeder expenses on land and sea, cutting terminal-related expenses and lowering agency fees. Costs were slashed by ¥7.7 billion in the year to March 2002 and a further ¥12.0 billion in the year to March 2003, well above the ¥9.5 billion target for that year. In the March 2004 fiscal year, the liner cost structure is to shrink by another ¥4.5 billion.

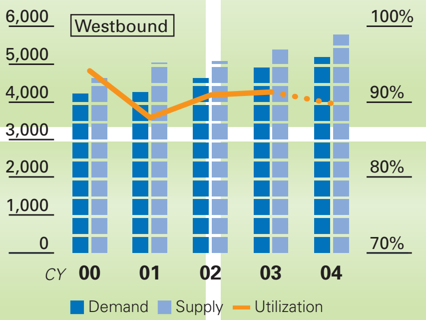
Through further streamlining measures and other means, MOL will continue to raise the bar, positioning itself as a company that can maximize earnings when times are good while suffering the least during market downturns.

ASIA-NORTH AMERICA CONTAINER TRADE: SUPPLY-DEMAND FORECAST
(thousand TEU)



Source: MOL estimate

ASIA-EUROPE CONTAINER TRADE: SUPPLY-DEMAND FORECAST
(thousand TEU)



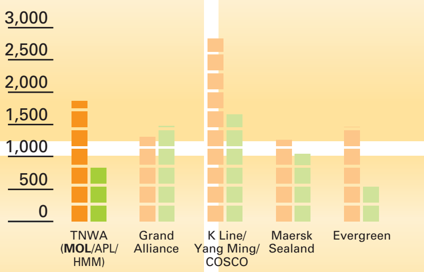
Source: MOL estimate

Taking the Offensive to Sustain Growth

MOL's liner operations are now advancing from a period of retrenchment and reinforcement to one of growth and profitability. For almost half a decade, MOL refrained from expanding its liner fleet in major east and west routes due to the difficulty of earning sufficient returns. The global liner market has expanded steadily, but MOL intentionally held its capacity steady, refusing to be drawn into competitions for market share that would have only served to increase operating losses. Nevertheless, MOL remains fully committed to liners, viewing this business as one of the most attractive sectors of the ocean shipping industry. Based on this stance, MOL has been laying the groundwork for growth for many years, chiefly by forming a strategic alliance with similarly positioned partners. This collaboration offsets the impact of a lack of new tonnage by extending the coverage and frequency of service while making operations more cost efficient.

Benefits have been substantial, giving MOL a framework oriented toward profitability and productivity. In terms of cost, MOL is firmly positioned as one of the world's most cost-competitive containership operators. In services, MOL is recognized worldwide as a provider of total logistics solutions incorporating premiere liner services.

YEARLY CONTAINER CAPACITY BY ALLIANCE GROUP
(thousand TEU)



Trans-pacific
Asia/Europe (excluding Mediterranean trade)
Source: MDS Transmodal "Containership Databank" February 2003

A New Era in Liner Operations Begins

As the March 2004 fiscal year begins, MOL stands on the verge of a new era in its liner operations. Most significant will be the completion of delivery of the 16 containerships that were ordered between 1999 and 2001. These 4,500TEU, 5,900TEU and 6,400TEU, high-efficiency vessels, the first major additions to MOL's containership fleet since 1995, will make MOL one of the world's 10 largest liner companies, returning it to the market ranking it had in the mid-1990s. At the same time, shipping expenses per container will fall. Nine vessels had been delivered as of March 2003 with the remainder to join the fleet by March 2004. The increased capacity will also be instrumental to making greater inroads in China, the world's fastest-growing market for container shipments.

Deploying the new vessels on core routes, chiefly the trans-pacific and Asia-Europe trades, will allow MOL to shift existing mid-size vessels to other routes. Services from Asia to South America will be upgraded, for example. Additional capacity will also make it possible to establish new routes, such as more links from Europe to Africa and South America. Another advantage of the ongoing fleet expansion is the flexibility to use higher-grade vessels on north-south trades. Overall, MOL will be better able to offer logistics services on a truly global scale to match the requirements of its customers.

TNWA will continue to be pivotal to MOL's growth in the container transportation market. With the addition of our 16 new vessels, together with those newly added by our partners, TNWA will encompass more than 100 vessels of the highest quality. This size and quality will allow alliance members to offer even more competitive services while reaping greater economies of scale.

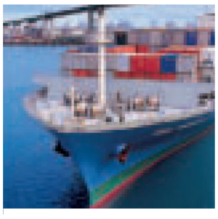
Intent on Reaching the *MOL next* Targets

The outlook for earnings is encouraging as well. Solid growth in volume on the key transpacific and Asia-Europe trades and on other important routes that began in mid-2002 indicates that freight rates will remain high. Combined with MOL's much leaner cost structure, thanks to a relentless cost-containment program, higher rates are expected to produce a big increase in liner earnings in the March 2004 fiscal year.

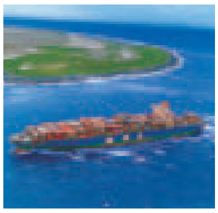
MOL's ultimate objective is positioning liner operations as a completely self-reliant business that is consistently profitable over the long term, even amid the inevitable market swings in this business. Due to the considerable accomplishments in improving liner operations thus far, MOL believes that prospects are good for reaching the liner profit goal for the final year of *MOL next.*

MOL regards liners as one of its most promising businesses in terms of the potential for sustained, long-term growth.

The containership
MOL Excellence



The containership
MOL Advantage



The containership
MOL Efficiency

How?

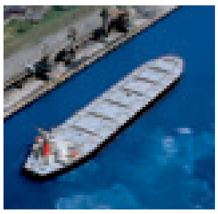
How can the liner business become a more reliable source of earnings?

Hiroyuki Sato
Deputy President
Deputy President Executive Officer

When?

When will energy-related shipping become an even more powerful source of earnings growth?

The coal carrier *Tarumaesan Maru*



The LNG carrier *Al Wakrah*

Tokinao Hojo
Deputy President
Deputy President Executive Officer

LNG Reinforces Its Position Among Core Businesses

Energy-related shipping is steadily rising as a share of revenues and earnings. One reason is the growth in the MOL's VLCC, LNG carrier and product tanker fleet from 55 in 1996 to 100 in the March 2003 fiscal year. Most noteworthy, however, has been the increase in revenues from specialized vessels such as LNG and methanol carriers, demonstrating MOL's ability to establish dominant positions in the most technologically demanding sectors of the world shipping industry.

MOL has been particularly successful in LNG carriers. Having played a pioneering role in this market, MOL today is the world's preeminent operator of LNG carriers, with involvement of some sort in 38 of the world's 138 LNG carriers. Growth continues. Since the start of *MOL next* in April 2001, MOL has signed contracts that will add 16 LNG carriers to its fleet for projects in the U.S., India, Norway, Qatar, Oman, Algeria and others. This is well above the initial goal of 10 LNG carriers for the entire 3-year *MOL next* plan. Significantly, despite the recent trend to shorter contracts in other energy-related shipping fields, all these carriers will operate under contracts of 20 to 25 years.

The World's Largest LNG Carrier Fleet

When MOL started the LNG business in the early 1980s, the company's LNG carriers served only buyers in Japan. Today, a significant share of LNG volume is accounted for by customers outside Japan. Serving customers are offices in Jakarta, Doha and Muscat. To support this growth, MOL sent LNG specialists to its offices in London and Houston in late 2002.

The outlook for LNG carriers remains highly favorable because interest is strong worldwide in the cost-efficient and clean fuel they carry. At MOL, LNG-related earnings are certain to rise as new vessels enter service. Additionally, now that the LNG market has reached a significant global scale, it is highly likely that a healthy spot market for LNG carriers, much like the one for VLCCs, will begin to take shape in the coming years. With the world's largest fleet of LNG carriers, MOL is positioned to be a major beneficiary.

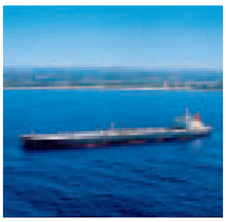
Expansion Continues in VLCCs and Methanol Carriers

Just as MOL pioneered the market for the ocean transport of LNG in the 1980s, the company is now taking the lead in the transport of methanol. Having targeted this market early on, MOL now has a dominant market position. With a fleet of 17 methanol carriers, 14 of which are double-hulled, MOL operates two-thirds of all these carriers in the world. One more is now on order.

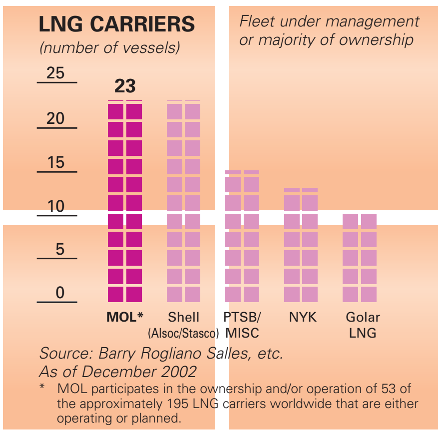
In VLCCs, MOL has been making substantial investments over the years to assemble a fleet that is entirely double-hulled. About 45 percent of MOL's 29 VLCCs had double hulls as of March 2003. This figure is to reach 100 percent in 2008. While a significant share of VLCCs operate on long-term contracts, earnings from MOL's VLCC fleet rise and fall with charter rates to some degree. In fiscal 2002, this exposure to spot rates had a beneficial effect on earnings as the average VLCC World Scale freight rate surged from a low of 28 in the first half of the year to well over 100 in the second half. With this trend continuing into fiscal 2003, it appears that there will be a significant increase in VLCC earnings in the current fiscal year.

Energy-related operations are now firmly entrenched as a major source of earnings for MOL. Looking ahead, growth in the energy-related fleet along with measures to utilize vessels more productively point to still more earnings growth.

During the management plan that will follow MOL next, energy-related shipping will be an even greater source of earnings.

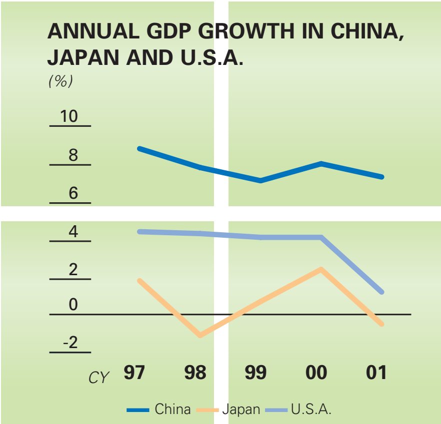


The double-hull VLCC Washusan



Source: Barry Rogliano Salles, etc.
As of December 2002

* MOL participates in the ownership and/or operation of 53 of the approximately 195 LNG carriers worldwide that are either operating or planned.



In car carriers, dry bulk and other market sectors, MOL is taking steps to tap opportunities created by expansion of the Chinese economy.

Car Carriers Post Consistent Growth

The *MOL next* plan focuses on liners and energy-related shipping as the primary growth drivers. At the same time, the company is making investments and taking other actions that target several other markets that are exhibiting consistent growth.

Car carriers is one. This has been a stable source of growth in revenues and earnings for many years. With a fleet of over 70 car carriers, MOL ranks among the world's top five car carrier operators. In the most recent fiscal year, MOL transported 1.84 million vehicles, almost 30 percent of which were vehicle exports originating in countries other than Japan. Illustrating the vitality of this market, capacity was extremely tight for much of 2002 in the core Japanese export market.

Over the long term, MOL expects that markets outside Japan will be the main driver of growth in its car carrier business. Having many well-established relationships with prominent foreign auto makers, MOL is well placed to capitalize on the growth in new car exports worldwide. Significantly, this growth is occurring in both existing supply regions, such as Europe, as well as in emerging export bases, such as South America and Southeast Asia. Farther down the road, China is likely to become a significant car exporter as output by Chinese and Japanese auto makers climbs. A car carrier specialist was assigned to MOL (China) Co., Ltd. in 2001 to more closely monitor trends in China and cope with customers' requirements.

Many Opportunities for Growth in Dry Bulk

Dry bulk is another strategic field. Opportunities for expansion exist in all four dry bulk categories: iron ore, coal, grain and other bulk cargoes. As dry bulk shipments to Japan are expected to be flat, MOL is targeting overseas markets, especially China and Southeast Asia. As one way to become more competitive on a global scale, MOL is upgrading its ability to accommodate greater exposure to market fluctuations as it operates more ships on contracts with shorter time frames. Currently, almost half of MOL's 57 Capesize bulkers operate at spot market rates. To better manage risk associated with this market exposure, the bulker fleet is being switched entirely to charters. The ultimate goal is eliminating most of MOL-owned vessels, to provide greater flexibility in serving both Japanese and overseas customers.

Positioned to Grow With the Chinese Economy

In terms of geographic regions, China has by far the greatest potential. MOL is heightening its presence in this growing market across its entire line of shipping and logistics operations. For liner operations, MOL has bases in Shanghai and 15 other locations in China, which accounts for about 65 percent of MOL's freight volume. Fourteen more offices are to be opened over the next 18 months, raising the Chinese liner service network outside Hong Kong to 29 locations. Furthermore, to enlarge logistics capabilities and offer comprehensive solutions, MOL is working with local forwarder business partners based on ties that in many cases include equity investments.

Liners, energy-related vessels and bulkers are all positioned to benefit from economic expansion in China. In the energy field, MOL plans to help meet the growing demand for LNG. Opportunities will increase in the spot market for VLCCs, too. In dry bulk, MOL foresees a consistent increase in the volume of iron ore shipments to China as the production of steel climbs. Grain shipments to China are also likely to increase. In all these markets, MOL is bolstering marketing efforts and forming more ties with local partners to grow in step with robust economic expansion in this country. Unifying these initiatives across the entire MOL Group is the China Business Strategy Committee, which was established in April 2002. The formation of this committee further underscores MOL's determination to retain a prominent role in the expansion of China's transportation and logistics industries.

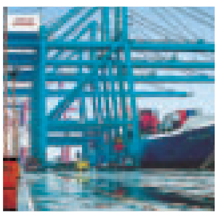
Where?

Where are the markets outside energy and liners and geographic regions from which MOL will derive the most growth?

Setsuyasu Hagiwara
Managing Executive Officer

Masao Sagara
Senior Managing Director
Senior Managing Executive Officer

The containership *MOL Wisdom* at Shanghai port

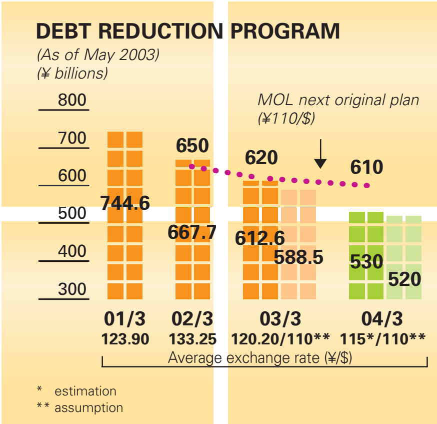


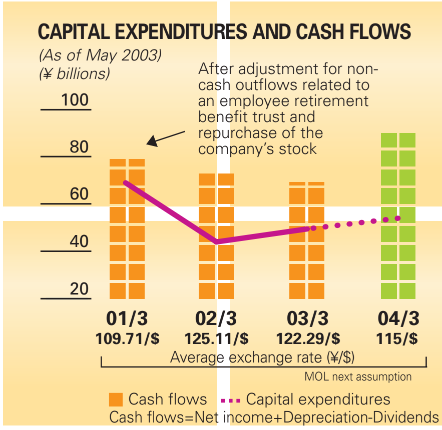
Suzhou Fujifilm MOL Logistics Co., Ltd.

Why?

Why will MOL's financial strategy lead to higher returns and earnings?

Kazuaki Konishi
Senior Managing Director
Senior Managing Executive Officer





MOL's Priorities: Lower Debt and Higher Profitability

Building a sounder financial base that is less reliant on debt and capable of generating greater profit margins has been a central part of MOL management plans for many years. Having completed the second year of the ongoing *MOL next* plan, MOL is well on the way to meeting several major targets.

Progress is most apparent on the balance sheet. During the past fiscal year, total interest-bearing debt fell from ¥667.7 billion to ¥612.6 billion. There is no doubt that MOL will far exceed the *MOL next* target of reducing interest-bearing debt to ¥600 billion (¥110=US$1) by March 2004, a fiscal year when much stronger net operating cash flows are foreseen. Furthermore, lower debt in concert with declining interest rates in Japan and elsewhere brought cash interest expenses down by 34% to ¥22 billion in the past fiscal year.

With regard to growth, MOL is making equally significant headway, but a number of negative trends prevented benefits from translating into higher earnings in the past fiscal year. Since about 80% of revenues are denominated in U.S. dollars, the stronger yen reduced consolidated revenues by ¥16.4 billion. Offsetting this was the contribution of higher revenues from bulkers and car carriers. The net result was a 0.7% increase in shipping and other revenues to ¥910 billion.

Losses on the devaluation and sale of investment securities totaled ¥8.4 billion, most of which reflected falling market values of bank stocks. The latest write-downs of these investments have reduced MOL's holdings of bank stocks to a level where the possibility of future significant valuation losses is virtually nonexistent. Excluding bank stocks, however, MOL still retains a substantial volume of unrealized gains on equity investments in publicly owned companies.

A financial strategy that emphasizes streamlining the balance sheet is making a major contribution to improving the MOL Group's profitability.

Channeling Investments to Fields With Growth Potential

While streamlining of the balance sheet will continue, this in no way signals a retreat from MOL's growth-oriented stance. Between 20 and 30 new vessels will join the fleet annually, as in recent years. But an increasing share will be chartered from third-party ship owners, owned by institutional investors or procured through leases and other means that keep vessels off the balance sheet. At the same time, MOL will be making investments as required to develop new business activities.

MOL is positioned for a sharp rebound in earnings. Successful cost-containment efforts along with a much more profitable fleet allow the company to amplify improvements in market dynamics into earnings increases that are proportionally much greater than sales. Realignment of the fleet will continue along with further reductions in the cost structure.

As a result, MOL is currently forecasting net income of ¥38 billion in the fiscal year ending in March 2004, well above the past year's ¥14.7 billion, on a 5.5% increase in revenues to ¥960 billion.

Corporate Governance

In June 2000, MOL added outside directors to its board and established the post of executive officer to improve its corporate governance system. These management reforms clearly divided the roles of management and the execution of business operations. The Board of Directors functions as the highest-ranking decision-making body and is charged with supervising the execution of business operations. By performing these functions, the directors are responsible for preserving the transparency of management and maximizing MOL's value for the benefit of shareholders.

In June 2002, the second stage of this process took place with the decision to alter the functions, authority and operating system of the Board of Directors. The objectives were to establish a purpose-oriented decision-making system and structure management for the most effective implementation of strategies. There are four goals of this change in MOL's management.

1. Bolster the role of the Board of Directors, which determines fundamental and risk management strategies.
2. Transfer considerably more authority from the Board of Directors to the Executive Committee, which is responsible for the execution of business operations and management of the company.
3. Enhance decision-making authority and speed implementation of business plans by executive officers, who are responsible for specific business areas.
4. Strengthen the executive officer reporting system to better enable the Board of Directors to monitor how business operations are being managed.

In November 2001, as part of measures to improve corporate governance, MOL formulated a set of compliance regulations that define the fundamental compliance policy, standards of behavior, systems for enforcing compliance and how to deal with instances of improper behavior. In addition, a Compliance Committee was established for the purpose of upgrading and rigorously conducting compliance systems throughout the MOL Group as well as determining specific actions in the event that compliance standards are violated.

In October 2002, the Internal Audit Office was established for the purpose of strengthening corporate governance by creating a centralized Group-wide auditing structure.

This office functions in conjunction with the legally prescribed auditing systems provided by the corporate auditors and independent public accountant to give the MOL Group a more powerful auditing system.

These measures are aimed at making management more efficient while enhancing all corporate governance functions. MOL believes that these changes will lead directly to growth in the company's corporate value as well as in value for shareholders.

Board of Directors and Corporate Auditors

(As of June 25, 2003)

Kunio Suzuki
President

Tokinao Hojo
Deputy President

Hiroyuki Sato
Deputy President

Akimitsu Ashida
Deputy President

Joji (George) Hayashi
Deputy President

Masao Sagara
Senior Managing Director

Who?

Who's at the Helm?

Organization

Shareholders

Board of Directors
3 Outside Directors
8 In-House Directors
Total 11 Members

Corporate Auditors
4 Corporate Auditors
(Including 2 Outside Auditors)

Executive Committee
President
4 Deputy Presidents
2 Senior Managing Directors
1 Managing Director
Total 8 Members

Advisory Committees
MOL next Committee
Budget Committee
Investment and Finance Committee
Operational Safety Committee
Environment Committee
Compliance Committee
China Business Strategy Committee

Executive Officers
1 Director and President Executive Officer
4 Directors and Deputy President Executive Officers
2 Directors and Senior Managing Executive Officers
1 Director and Managing Executive Officer
1 Senior Managing Executive Officer
7 Managing Executive Officers
8 Executive Officers
Total 24 Executive Officers

General Managers of Divisions, Offices and Branch Managers

Kazuaki Konishi *Senior Managing Director*

Hidehiro Harada *Managing Director*

Takeo Shiina *Director*

Yukiharu Kodama *Director*

Kunio Kojima *Director*

Kazuo Otaki *Corporate Auditor*

Masao Kobayashi *Corporate Auditor*

Kyoichi Sato *Corporate Auditor*

Kensuke Hotta *Corporate Auditor*

Executive Officers

(As of June 25, 2003)

President
President Executive Officer
Kunio Suzuki

Deputy President
Deputy President Executive Officer
Tokinao Hojo
Assistant to President (mainly in non-Liner divisions)

Deputy President
Deputy President Executive Officer
Hiroyuki Sato
Assistant to President (mainly in Liner Division), Logistics Business Division

Deputy President
Deputy President Executive Officer
Akimitsu Ashida
Assistant to President (mainly in administrative divisions)

Deputy President
Deputy President Executive Officer
Joji (George) Hayashi
Assistant to President
Chairman and CEO of MOL (America) Inc.
Chairman of MOL (Europe) B.V.

Senior Managing Director
Senior Managing Executive Officer
Masao Sagara
Coal and Iron Ore Carrier Division, Bulk Carrier Division, Dedicated Bulk Carrier Division (Wood Chip Groups)

Senior Managing Executive Officer
Makoto Iwata
LNG Carrier Division (A) and (B), Dedicated Bulk Carrier Division (Steaming Coal Groups)

Senior Managing Director
Senior Managing Executive Officer
Kazuaki Konishi
Finance and Accounting Division, Internal Audit Office, Secretaries Office, Information Systems Office

Managing Executive Officer
Saburo Koide
Technical Division, Coal and Iron Ore Carrier Division

Managing Executive Officer
Yoshikazu Takahashi
Bulk Carrier Division

Managing Director
Managing Executive Officer
Hidehiro Harada
Corporate Planning Division, Public Relations Office, Ship Management Division

Managing Executive Officer
Masakazu Yakushiji
Liner Division

Managing Executive Officer
Makoto Kuroishi
Human Resources Division, General Affairs Division, Kansai Area

Managing Executive Officer
Toshifumi Kato
LNG Carrier Division (A) and (B), LNG Ship Management Office

Managing Executive Officer
Toshihiro Kagami
Human Resources Division, Marine Division, Ship Management Division, LNG Ship Management Office

Managing Executive Officer
Setsuyasu Hagiwara
Car Carrier Division

Executive Officer
Kazuichi Okai
Group Business Division

Executive Officer
Akira Yamaji
Research Co-operation Office, Dedicated Bulk Carrier Division

Executive Officer
Masashi Seki
Tanker Division

Executive Officer
Osamu Suzuki
Managing Director of MOL (Asia) Ltd.

Executive Officer
Kenji Hokazono
Liner Marketing Division, President of Mitsui O.S.K. Lines (Japan) Ltd.

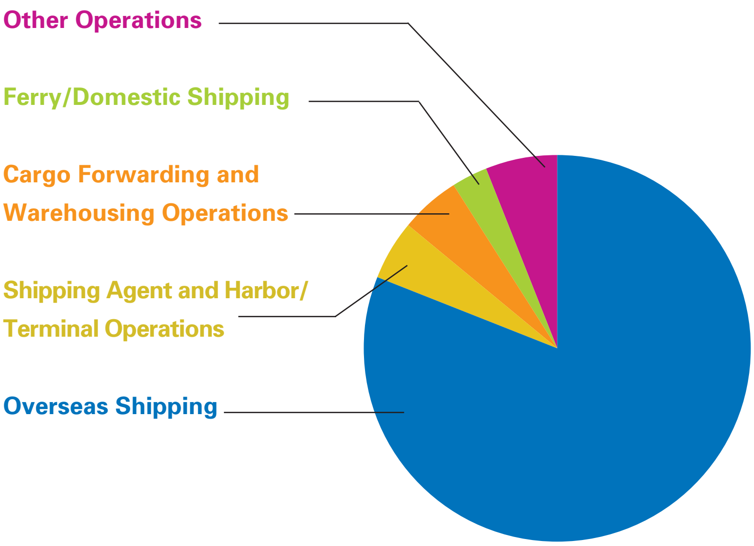
Executive Officer
Kenichi Yonetani
Finance and Accounting Division, Investor Relations Office

Executive Officer
Toshitaka Shishido
General Manager of Car Carrier Division

Executive Officer
Shigeshi Omori
General Manager of Tanker Division

Review of Operations

Summary of Consolidated Results

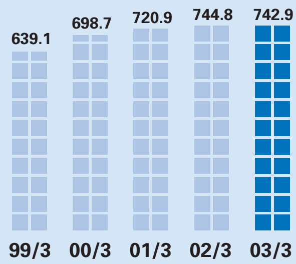


Overseas Shipping

> Ship Operation > Ship Management & Manning
> Chartering > Cruising

81%

CONSOLIDATED REVENUES
(¥ billions)



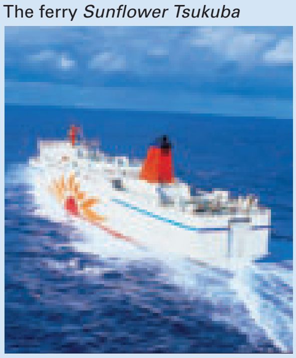
Ferry/Domestic Shipping

> Ferry & Domestic Shipping
> Tugboat Operations

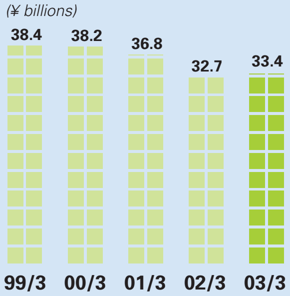
3%

FY2002 Results
Revenues increased 2.3% to ¥33.4 billion and there was a sharp turnaround in earnings as the segment posted operating income of ¥0.6 billion compared with the previous year's loss. Several cost-cutting actions contributed to this result: Kyushu Kyuko Ferry Co., Ltd. became a subsidiary in March 2002; Shosen Mitsui Ferry Co., Ltd. began joint operation of ferry service between Oarai and Tomakomai in Hokkaido with partner Higashinihon-Ferry Co., Ltd.; and service was terminated on several unprofitable routes. MOL is determined to improve profitability even more. Plans include more partnerships with other ferry companies to cut costs by jointly operating ferries linking the Tokyo and Osaka areas with Kyushu.

The ferry *Sunflower Tsukuba*



CONSOLIDATED REVENUES
(¥ billions)

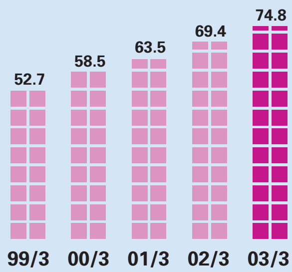


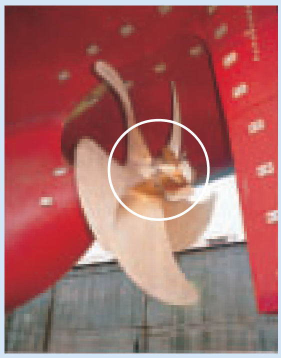
Other Operations

> Office Rental & Real Estate
> Finance & Insurance
> Others

6%

CONSOLIDATED REVENUES
(¥ billions)





MOL's patented Propeller Boss Cap Fins (PBCF) improve fuel efficiency

FY2002 Results
Revenues increased 7.9% to ¥74.8 billion and operating income rose 52.2% to ¥3.9 billion. Earnings increased mainly because of actions taken to strengthen the operating base for activities in this segment, chiefly the sale of vessel supplies. There was also an upturn in results in the travel agent business.

The containership *MOL Excellence*

FY2002 Results

Revenues were down marginally to ¥742.9 billion and operating income fell 36.2% to ¥37.4 billion. In liners, cargo volumes on routes linking Asia to North America and Europe were high, but freight rates did not begin to reflect this strength until the second half of the fiscal year. Liners were further pressured by a steep rise in the price of bunker fuel. In response, MOL took steps in anticipation of future rate increases such as enhancing services and becoming more cost competitive. Specific actions included new containerships for the European trade and the deployment of high-capacity vessels on transpacific routes. In non-liner operations, higher demand for shipments to China caused freight rates to rebound in the fiscal year's second half. However, lackluster conditions in the dry bulk sector in the first half brought down non-liner earnings for the full fiscal year. Cruise ship operating results were unchanged.

Shipping Agent and Harbor/ Terminal Operations

> Shipping Agent

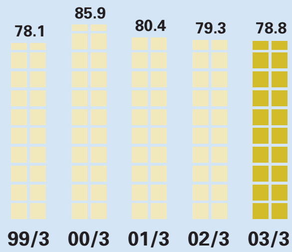
> Harbor/Terminal Operations & Customs Clearance

FY2002 Results

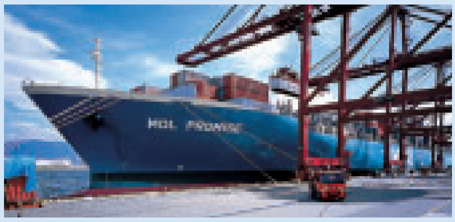
Revenues decreased 0.5% to ¥78.8 billion and operating income was up 91.3% to ¥2.3 billion. The improvement in earnings was due to a strong performance in the shipping agent business as cargo volume rose. Additionally, MOL assumed complete control of its Singapore liner agent to upgrade the service lineup in a move to cater to increasingly diverse customer demands. In harbor/terminal operations, earnings improved despite obstacles such as a soft Japanese economy and fierce competition as MOL Group companies cut costs and took other steps to streamline operations.

CONSOLIDATED REVENUES

(¥ billions)



5%



The Kobe International Container Terminal

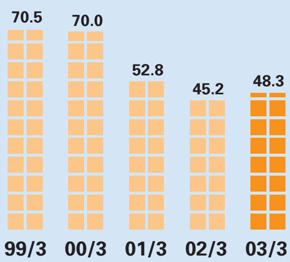
Cargo Forwarding and Warehousing Operations

> Cargo Forwarding

> Logistics & Warehousing

CONSOLIDATED REVENUES

(¥ billions)

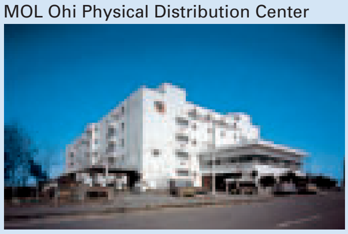


5%

FY2002 Results

Revenues increased 7.1% to ¥48.3 billion and there was a negligible operating loss, a small improvement over the previous fiscal year's loss. These results were primarily a reflection of growth in the air freight forwarding business as some cargo was shifted to air transportation during the October 2002 dock strike on the U.S. West Coast and as the volume of exports from Japan to China and other Asian countries grew.

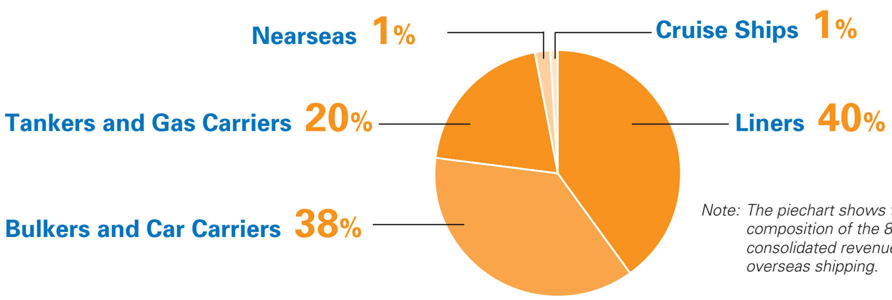
MOL Ohi Physical Distribution Center



Note: All figures include intersegment translation.

Overseas Shipping

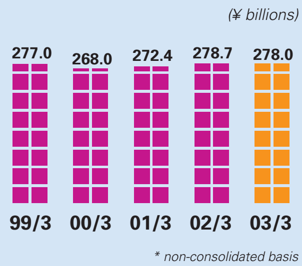
OVERSEAS SHIPPING REVENUES



Note: The piechart shows the composition of the 81% of consolidated revenues from overseas shipping.

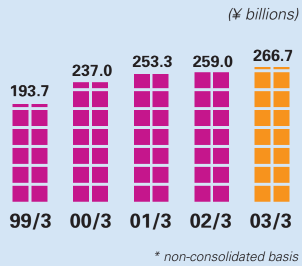
	Total Revenues	Profile

Liners



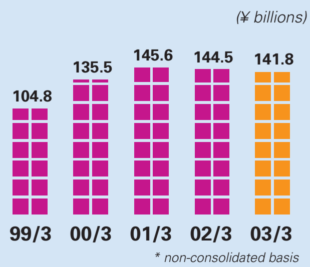
MOL offers a full line of container transportation services backed by a fleet of 68 containerships along with considerable resources in terminals, warehouses, forwarding and other services. On major east-west routes, MOL operates under the banner of TNWA, an alliance formed by MOL, APL and Hyundai Merchant Marine, one of the world's largest container transportation alliances. To further enhance the quality of customer services while improving operating efficiency, MOL is making significant investments in new vessels, sophisticated IT systems and other infrastructure components.

Bulkers and Car Carriers



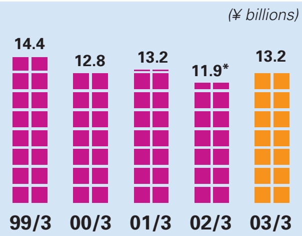
MOL operates one of the world's largest fleets of bulkers. The 300-vessel fleet consists of Capesize, Panamax, handymax, small handy bulkers and wood chip carriers that carry iron ore, coking coal, steaming coal, wood chips, grain and other bulk cargoes. In the car carrier sector, a business that MOL pioneered in Japan, MOL has a 20% share of the global market. The company's service network covers all four major automobile manufacturing regions: Japan and Korea, North America, Europe and Southeast Asia. This network also extends to South America and Africa. This scale allows MOL to grow alongside automobile makers as they increase sales worldwide as well as to serve new production facilities in China and other countries.

Tankers and Gas Carriers



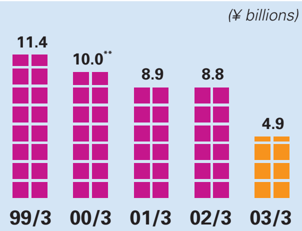
With a fleet of 100 vessels, MOL is the world's largest operator of tankers and gas carriers. In VLCCs of more than 200,000dwt, about two-thirds are under charter to Japanese oil companies and the remainder to foreign customers. To protect the world's oceans, MOL has been rapidly increasing the share of double-hull VLCCs. By the end of 2008, MOL will have an entirely double-hull VLCC fleet, achieving this goal two years ahead of its original goal. MOL ranks first in LNG carriers, operating 21 of these vessels, more than 30% of all LNG carriers currently in operation. MOL accounts for about 70% of the global methanol carrier market, transporting this substance mainly between points outside Japan.

Nearseas



Mitsui O.S.K. Kinkai, Ltd. plays an important role in inter-Asia non-container trade by operating liners and tramp vessels on routes between Japan and other areas in Asia. Formed in July 2001 through the merger of M.O. Seaways, Ltd. and Navix Kinkai, Ltd., Mitsui O.S.K. Kinkai has a fleet of approximately 45 vessels and is the nucleus of the MOL Group's inter-Asia operations.

Cruise Ships



Mitsui O.S.K. Passenger Line, Ltd. (MOPAS) is responsible for cruise ship operations, a business that MOL has been conducting for more than a century. Following the spinning off of MOPAS's charter cruise business in 2002, this company now operates only the *Nippon Maru* (21,903GT), which is widely known for its luxurious facilities and warm-hearted services. This famous ship provides all the passengers on board with the highest satisfaction.

Note: Total of liners, bulkers and car carriers, tankers and gas carriers, nearseas and cruise ships revenues does not match consolidated overseas shipping revenues.

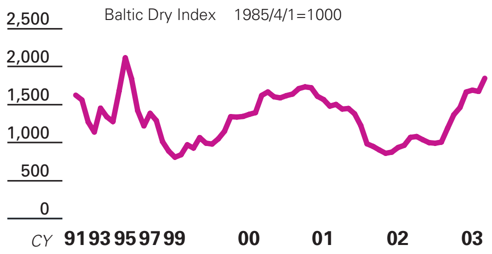
** Revenues are the sum of the nearseas subsidiaries of MOL and Navix and exclude revenues from operations within Japan. The decline in fiscal 2001 revenues is due to the inclusion of only nine months of revenues at Navix Kinkai caused by timing factors related to the July 2001 M.O. Seaways-Navix Kinkai merger.*

*** In fiscal 1999, the Shin-Sakura Maru left service, leaving the company with two vessels: Nippon Maru and Fuji Maru.*

MAJOR MARKET INDICATORS

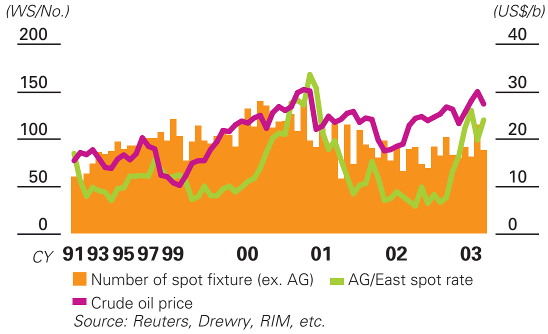
DRY BULK MARKET

The latest information is available in Market Information at: http://www.mol.co.jp/ir-e/



TANKER MARKET (VLCC)

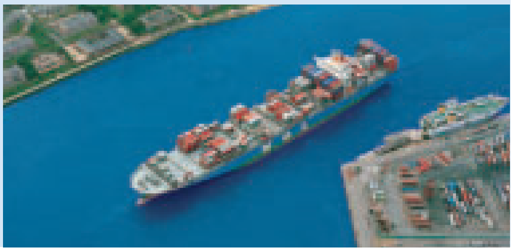
The latest information is available in Market Information at: http://www.mol.co.jp/ir-e/



Results

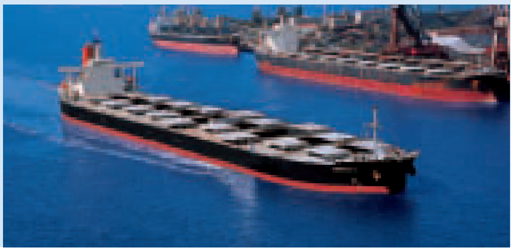
Non-consolidated revenues were virtually unchanged at ¥278.0 billion. Preventing growth were the delays in a recovery in freight rates as well as in the introduction of new vessels until the fiscal year's second half. Cargo volumes were brisk on major routes, keeping rates level on the transpacific trades even during the winter. Second-half results also benefited from a steady increase in rates on routes between Asia and Europe. In response, MOL upgraded services on major routes and continued to take steps to become more cost competitive.

The containership *MOL Performance*



Non-consolidated revenues increased 3.0% to ¥266.7 billion. Bulker revenues were brought down in the first half of the fiscal year by low charter rates. These rates rebounded in the second half as demand for bulkers rose along with the volume of iron ore and coal transported to China and Japan. In car carriers, the number of vehicles transported climbed due to increases in exports from Japan to North America and the number of vehicles shipped between points outside Japan.

The Capesize bulker *Kohyosan*



Tanker and gas carrier revenues decreased 1.9% to ¥141.8 billion, the net result of weak markets for crude oil and refined product tankers in the first half of the fiscal year and a strong rebound in charter rates in the second half. LNG carriers continued to develop as a reliable source of revenues and earnings as MOL signed more contracts during the fiscal year to operate these carriers.

The double-hull VLCC *Perseus Trader*

There was an 11.3% increase in revenues at Mitsui O.S.K. Kinkai to ¥13.2 billion. There was an improvement in earnings due to an extremely high volume of exports of steel products from Japan to other Asian nations throughout the fiscal year. Holding back the growth in earnings somewhat was a lower volume of plywood shipped from Southeast Asia because of intense competition and a decline in plywood inventories caused by a change in JIS regulations.

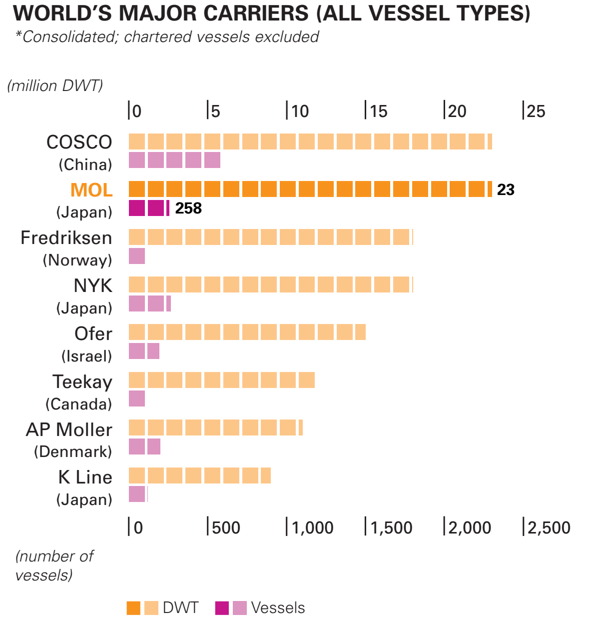
The tween decker *Sun Grace*

Mitsui O.S.K. Passenger Line reported a 44.2% decline in non-consolidated revenues to ¥4.9 billion, almost entirely the result of spinning off the charter cruise business employing *Fuji Maru*. The *Nippon Maru* underwent a major refurbishment beginning in January 2003 to increase its appeal in the leisure cruising market. Despite this investment, the company was unable to meet its sales and earnings targets because of weak demand for cruises caused by Japan's prolonged economic downturn and soft consumer spending.

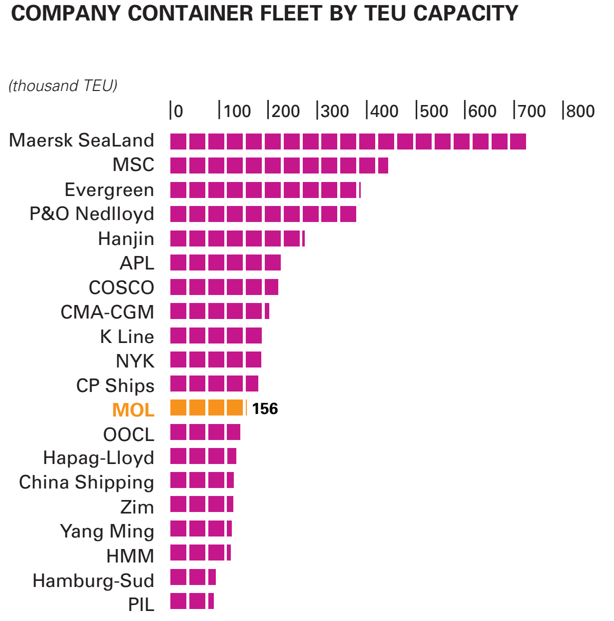
The cruise ship *Nippon Maru*

MOL in the Industry

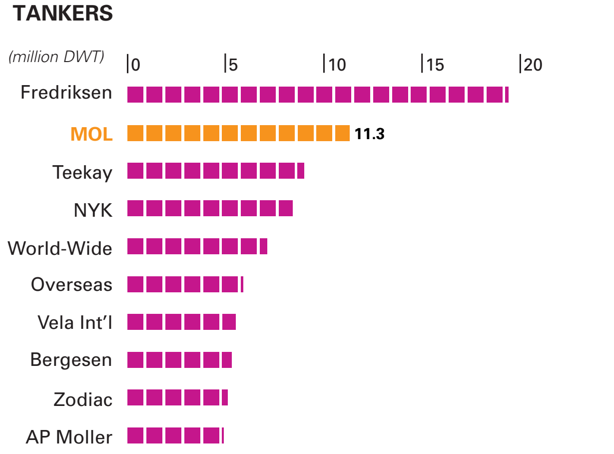
MOL operates a large and balanced ocean-going fleet.
In terms of its total fleet size and presence in individual market categories, MOL ranks among the world's largest shipping companies.



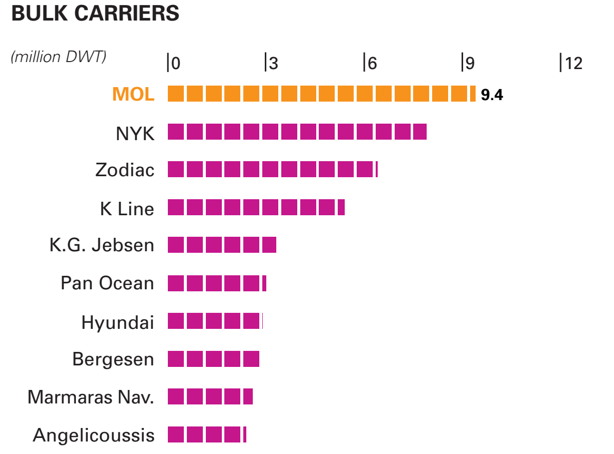
Source: Lloyds Register Fairplay
As of January 2003



Source: MDS Transmodal "Containership Databank," February 2003
As of February 2003



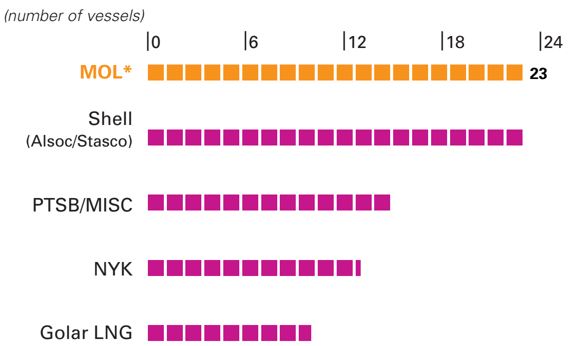
Source: Clarkson Tanker Register 2003
As of January 2003



Source: Clarkson Bulkcarrier Register 2003
As of January 2003

LNG CARRIERS

Fleet under management or majority of ownership

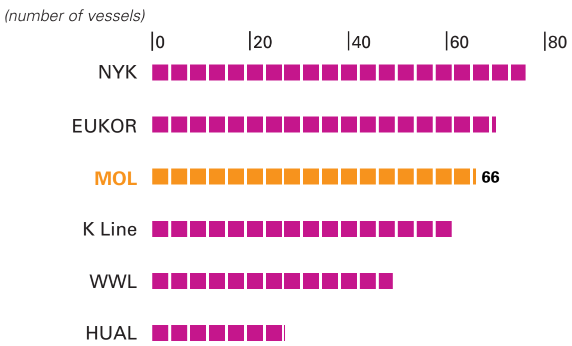


Source: Barry Rogliano Salles, etc.

As of December 31, 2002

** MOL participates in the ownership and/or operation of 53 of the approximately 195 LNG carriers worldwide that are either operating or planned.*

CAR CARRIERS



Source: MOL internal calculation based on Fearnley's July 2002 data

As of May 2003

MOL Fleet Composition (Non-Consolidated)

Fleet	Containerships	66 (2,635,100)	Chemical/ Products Tankers	34 (1,635,474)
	Bulk Carriers	181 (15,882,606)	LNG Carriers	23 (1,560,885)
	Wood Chip Carriers	35 (1,617,180)	LPG Carriers	7 (209,327)
	Car Carriers	84 (1,184,017)	Others (Heavylifters, Ferries and Others)	16 (233,436)
	Crude Oil Tankers	36 (8,727,038)	Total	482 (33,685,063)

Figures in parentheses show deadweight tons (DWT). As of March 31, 2003

Note: Figures in the six tables do not match data in MOL Fleet Composition due to discrepancies between the calculation methods of external organizations and MOL.

MOL and the Environment

Transporting cargo by sea, the core business of the MOL Group, is one of the most environmentally benign means for moving large volumes of cargo from one place to another. Despite this advantage, ships do have an adverse impact on the environment. The MOL Group is constantly working on ways to achieve further cuts in this impact to play a part in making possible a truly sustainable society. There are several environmental issues that are closely linked to shipping: pollution of the ocean resulting from accidents; air pollution resulting from CO_2 and NOx (nitrogen oxides) emissions; and ocean pollution resulting from the operation of vessels. In response, MOL established the MOL Safety Management System in 1994, which conforms to all international treaties and ISO regulations. This was followed in 2000 with the formulation of MOL's Environmental Policy Statement along with the release of the shipping industry's first Environmental Report. In April 2001, MOL instituted MOL EMS 21, its own environmental management system, in another step to conduct comprehensive and aggressive steps to protect the environment.

Prevention of Air Pollution

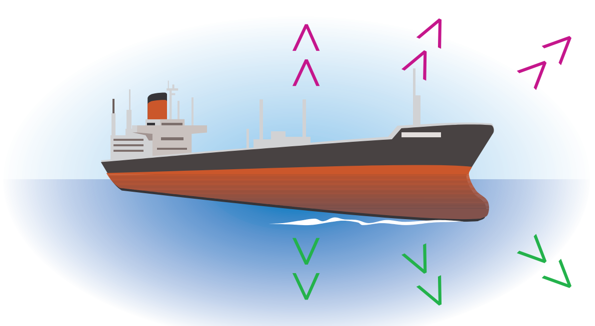
To prevent air pollution, MOL's primary actions are reducing exhaust gasses, a factor in global warming and acid rain, and replacing fluorocarbons, ozone-depleting substances, with substitute refrigerants.

Global Warming and Acid Rain

Ships contribute to global warming by emitting CO_2, a greenhouse gas, as they burn fossil fuels. MOL is responding by operating ships more efficiently. For example, hulls are cleaned frequently to reduce friction so that vessels consume less fuel, a measure that is yielding meaningful reductions in CO_2 emissions. To deal with the acid rain issue, MOL conducts frequent inspections and maintenance to be certain the ship engines are operating at peak efficiency. And through the use of fuel with little sulphur content, MOL has achieved a sharp reduction in SOx (sulphur oxides) emissions.

Ozone Depleting Substances

Fluorocarbons used in refrigerated containers and in the air conditioning systems of vessels are the primary source of potential damage to the ozone layer. Beginning with vessels launched in the late 1970s, MOL has been using R-22 (HCFC), a substance with only a minimal effect on ozone, instead of conventional R-12 (CFC) refrigerants. Since 2002, all new MOL vessels are designed to use R-404A, a refrigerant with an even smaller environmental impact. Plans call for switching vessels over to R-404A wherever possible. Additionally, MOL has been converting refrigerated containers to halogen-free refrigerants since 1992. For fire extinguishers, MOL in July 1992 switched from halogen to CO_2 systems in all new vessels. Recently constructed vessels employ a fire extinguishing system that uses foaming agents made from surface-active agents.



Protection of the Marine Environment

MOL takes extensive measures to ensure safe navigation and prevent the occurrence of oil discharges and accidents, both of which represent serious threats to the marine environment. In addition, care is exercised to reduce the impact on the oceans of the normal operation of vessels. MOL strictly adheres to all marine pollution treaties as well as applicable laws and regulations worldwide. The company has stringent internal rules to prevent oil discharges and ensure the proper disposal of lubricating oil and bilge water (which includes oil and other pollutants). Other measures are in place to use environmentally responsible anti-fouling paint and manage ballast water properly.

Anti-Fouling Paints

MOL is shifting to tin-free (TF) paints to eliminate environmental problems that occur when tributyl tin is leeched into seawater. By March 2003, 70% of MOL's fleet was coated with TF paints. The conversion to TF coatings is to be completed by the end of 2005.

Ballast Water

Ballast water performs such vital roles as controlling a vessel's stability, increasing hull strength and adjusting a vessel's draft. However, the intake and discharge of this water can result in the movement of harmful marine organisms from one area of the world to another, disrupting a regional ecosystem. To address this issue of global concern, MOL follows all international guidelines and harbor regulations, exchanging ballast water only far from shore. MOL continues to study ways to make ballast water harmless.

Double-Hull Tankers

As the operator of the world's largest fleet of tankers, MOL is constantly working on employee training, emergency drills and other measures to upgrade the safety of navigation. To prevent an oil spill in the event of an accident, MOL is rapidly converting its tanker fleet to double-hull vessels. Currently, 67% of the company's tankers have a double-hull structure and MOL expects the double-hull ratio will be 90% by the end of 2006 fiscal year. MOL's initial plan was to have 100% of tankers with a double-hull structure by 2010 fiscal year, but now expects to reach that goal two years ahead of schedule, by the end of 2008 fiscal year.

More information is available in Environmental Protection at: http://www.mol.co.jp/

FY2002 Environmental Accounting (from April 2002 to March 2003)

ENVIRONMENTAL COSTS

(¥ million)

Classifications	Contents	Investment amount	Expense amount
Environmental protection costs (costs for global environmental protection)	Switch to TF anti-fouling ship bottom paints	0	219
	Investments in ship equipment (PBCF) (exhaust gas economizer and turbo generator (T/G) system*)	474	84
(resource recycling costs)	Environmental measures in offices (installation of hot-air hand dryers)	0	0
Management costs	Preparation of environmental reports, personnel expenses, etc.	0	56
Research and development costs		0	5
Total		474	364

ECONOMIC BENEFITS ACCOMPANYING ENVIRONMENTAL PROTECTION MEASURES

(¥ million)

Effect	Monetary value
Reduction of fuel expenses (Benefits of sandblasting hulls prior to repainting, adoption of PBCF, and installation of exhaust gas economizer and T/G system)	949
Reduction in waste disposal expenses at offices (benefit of installation of hot-air hand dryers)	0
Total	949

Notes:

1. *The above table does not reflect MOL's investment of about ¥2.5 billion in FY2002 in refrigerated containers using refrigerants that do not adversely affect the ozone layer.*
2. *Fiscal 2002 depreciation expenses for PBCF and exhaust gas economizer and T/G systems installed during FY2000 or afterward are used as the basis for environmental expenses associated with investments in vessel equipment.*
3. *(*) The exhaust gas economizer and T/G (turbo generator) system converts thermal energy from the main engine's exhaust gas into steam, which drives a generator that supplies electricity. This system reduces consumption of fuel oil for generation of electricity, helping to reduce emissions of CO_2, NOx and SOx.*

Environmental Topics

ISO 14001 Certification

Based on the premise of safe navigation, MOL works in many ways to reduce the environmental impact of its activities. To guide these actions, the company introduced its MOL EMS 21 environmental management system in April 2001. In the past fiscal year, this system received ISO 14001 certification from Det Norske Veritas, one of the world's most respected certification organizations. Through MOL EMS 21, MOL has achieved significant advances in environmental protection programs. Having now earned this certification, the company's internal programs for safe navigation and environmental protection can be more transparent and easily understood from the viewpoint of external entities. MOL believes this will lead to still more effective environmental activities.

New Shipbuildings

When ordering new ships, MOL is always seeking designs that contribute to preserving the environment. Illustrating this stance is the car carrier *M/V Courageous Ace,* which entered service in March 2003. One advance is the slanted tip of the bow and rounded surfaces to cut wind resistance and thus fuel consumption. This design will be incorporated in all six car carriers now being constructed for MOL for delivery by April 2004. The containership *M/V MOL Encore* places ballast water tanks at the very bottom of the hull with fuel tanks immediately above, a new design that dramatically cuts the risk of fuel leaking into the ocean. MOL plans to use this configuration in all new containerships and car carriers from now on.

MOL Receives Logistics Environmental Protection Activity Award

MOL has been honored with the Logistics Environmental Protection Activity Award, the award given by the Japan Federation of Freight Industries to recognize outstanding achievements in programs based on environmental management systems.

MOL Recognized as "Green Top Runner"

The corporate rating unit of the Sustainable Management Forum of Japan, a non-profit organization, selected MOL as one of 72 Japanese companies for recognition as a "Green Top Runner." This honor recognizes a company's ability to operate in a responsible manner in every aspect of its activities. Earning this title requires an effective environmental protection program as well as excellence in many other areas. Evaluations extend to the soundness of management, including the corporate philosophy, corporate governance and risk management systems, and the disclosure of information. Also included are corporate citizenship, adherence to ethical standards, workplace safety and equal opportunity practices. MOL was one of only two transportation companies to meet these demanding standards for sustainable management.

MOL Global Services


ANCHORAGE
HOMER
PRINCE RUPERT
KITIMAT
VANCOUVER
NEW WESTMINSTER
PORT ANGELES
SEATTLE
TACOMA
VANCOUVER WA
PORTLAND
COOS BAY
EUREKA
BENICIA
SACRAMENTO
CONCORD
SAN FRANCISCO
STOCKTON
OAKLAND
PORT HUENEME
LOS ANGELES
LONG BEACH
SAN DIEGO
MINNEAPOLIS
TORONTO
THREE RIVERS
DAVISVILLE
BOSTON
SHEET HARBOR
HALIFAX
DETROIT
CLEVELAND
CHICAGO
WILMINGTON
NEWARK
NEW YORK
CINCINNATI
EDISON
PHILADELPHIA
KANSAS CITY
ST.LOUIS
BALTIMORE
NORFOLK
NEW PORT NEWS
MOREHEAD CITY
MEMPHIS
DALLAS
ATLANTA
CHARLESTON
CHARLOTTE
SAVANNAH
CONVENT
LAKE CHARLES
BRUNSWICK
HAMILTON
NEW ORLEANS
MOBILE
HOUSTON
JACKSON VILLE
PT.EVERGLADES
FREEPORT
NASSAU
MONTERREY
ALTAMIRA
MIAMI
S.P.DE MACORIS
CEDROS ISLAND
MEXICO CITY
VERACRUZ
PUERTO PLATA
ST.DOMINGO
RIO HAINA
SAN JUAN
MANZANILLO
P.A.PRINCE
KINGSTON
HONOLULU
FREDERIKSTED
PHILIPSBURG
ST.JOHNS
BASSETERRE
ROSEAU
P.A.PITRE
CASTRIES
F.DE FRANCE
BRIDGETOWN
KINGSTOWN
ST.GEORGE'S
ACAPULCO
SALINA CRUZ
PUERTO QUETZAL
CURACAO
BONAIRE
ARUBA
SANTA MARTA
BARRANQUILLA
ACAJUTLA
CORINTO
SAN LORENZO
CALDERS
PT. LIMON
COCO SOLO
BALBAO
PORT OF SPAIN
POINT LISAS
PUERTO SUCRE
GUANTA
LA GUAIRA
PUERTO CABELLO
CARTAGENA
COVENAS
PANAMA
(PT. OF MANZANILLO)
PARAMARIBO
CAYENNE
BUENA VENTURA
GEORGE TOWN
ESMERALDAS
MANTA
MACAPA
BELEM
MANAUS
GUAYAQUIL
PONTA DA MADEIRA
APIA
PAGOPAGO
PAPEETE
CALLAO
SALVADOR
MATARANI
ILO
TUBARAO
PRAIA MOLE
VITÓRIA
ARICA
IQUIQUE
SAO PAULO
ANTOFAGASTA
SANTOS
RIO DE JANEIRO
SEPTIVA
NUKUALOFA
CHAÑARAL
PARANAGUA
ASUNCION
SÃO FRANCISCO DO SUL
VALPARAISO
ITAJAI
P.D.CHUNGO
RIO GRANDE
SANTIAGO
MONTEVIDEO
SAN ANTONIO
ZARATE
TALCAHUANO
SAN VICENTE
BUENOS AIRES
CORONEL
LIRQUEN
NECOCHEA
CORRAL
PUERTO MONTT
CHACABUCO
PUNTA ARENAS
CABO NEGRO
MELKOYA
FLORO
THAMESPORT
SHEERNESS
DRAMMEN
HANKO
FELIXSTOWE
OSLO
HELSINKI
SULLOM VOE
UDDEVALLA
GDYNIA
GOTHENBURG
MIDDLESBROUGH
FREDERICA
GDANSK
GLASGOW
MALMO
NEW CASTLE
COPENHAGEN
LIVERPOOL
HAMBURG
BREMERHAVEN
DUBLIN
EMDEN
ILFORD
LONDON
BREMEN
BRISTOL
AMSTERDAM
SOUTHAMPTON
DUSSELDORF
CHERBOURG
LE HAVRE
VIENNA
ZEEBRUGGE
STUTTGART
PARIS
GENT
ROTTERDAM
ANTWERP
BRUSSELS
MONTOIR
TRIESTE
LA SPEZIA
KOPER
GENOA
MILANO
ISTANBUL
SANOVA
BILBAO
LIVORNO
FOS
VIGO
LYON
(MARSEILLE)
SANTANDER
BARCELONA
GIOIA TAURO
VALENCIA
LISBON
GIBRALTAR
PIRAEUS
HUELVA
VALETTA
TUNIS
CEUTA
ALGIERS
ARZEW
ANNABA
BENGHAZI
TRIPOLI
CASABLANCA
ALEXANDRIA
LAS PALMAS
DAMIETTA
TENERIFE
NOUAKCHOTT
DAKAR
BANJUL
CONAKRY
FREETOWN
MONROVIA
LOME
COTONOU
TEMA
LAGOS
SAN PEDRO
ABIDJAN
BONNY
TAKORADI
DOUALA
LIBREVILLE
POINTE NOIRE
PALANCA
BOMA
MATADI
LUANDA
HARARE
WALVIS BAY
JOHANNESBURG
SALDANHA BAY
CAPE TOWN

Consolidated Balance Sheets

Mitsui O.S.K. Lines, Ltd. March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	2003	2002	2003
Current assets:			
Cash and cash equivalents	¥ 43,057	¥ 39,738	$ 358,211
Marketable securities (Note 3)	4,961	5,366	41,273
Trade receivables	118,887	97,660	989,076
Allowance for doubtful accounts	(2,474)	(2,079)	(20,582)
Fuel and supplies	13,829	11,488	115,050
Deferred and prepaid expenses	49,993	45,532	415,915
Deferred tax assets (Notes 2 (13) and 11)	4,692	3,101	39,035
Other current assets	56,700	50,582	471,714
Total current assets	289,645	251,388	2,409,692
Vessels, property and equipment, at cost (Note 5):			
Vessels	977,981	1,032,226	8,136,281
Buildings and structures	67,172	70,454	558,835
Equipment, mainly containers	47,999	44,853	399,326
Land	60,811	60,907	505,915
Vessels and other property under construction	39,020	20,065	324,626
	1,192,983	1,228,505	9,924,983
Accumulated depreciation	(623,749)	(608,860)	(5,189,259)
	569,234	619,645	4,735,724
Investments and other assets:			
Investment securities (Notes 3 and 5)	49,565	67,110	412,355
Investments in and advances to unconsolidated subsidiaries and affiliated companies (Note 3)	71,019	70,435	590,840
Long-term money in trust	1,268	1,784	10,549
Consolidation differences	2,563	2,569	21,323
Intangible assets	6,369	5,902	52,987
Deferred tax assets (Notes 2 (13) and 11)	3,992	4,364	33,211
Other assets	52,957	55,893	440,574
	187,733	208,057	1,561,839
	¥1,046,612	¥1,079,090	$ 8,707,255

See accompanying notes.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2003	Millions of yen 2002	Thousands of U.S. dollars (Note 1) 2003
Current liabilities:			
Short-term bank loans	¥ 96,179	¥ 80,925	$ 800,158
Short-term bonds	6,885	8,581	57,280
Commercial paper	33,000	23,000	274,542
Total short-term debt (Note 5)	136,064	112,506	1,131,980
Long-term bank loans due within one year	65,365	62,815	543,802
Bonds due within one year	15,628	16,702	130,017
Total long-term debt due within one year (Note 5)	80,993	79,517	673,819
Trade payables	88,297	88,519	734,584
Advances received	51,644	53,829	429,651
Accrued income taxes	8,590	1,940	71,464
Deferred tax liabilities (Notes 2 (13) and 11)	321	208	2,670
Other current liabilities	57,929	38,513	481,938
Total current liabilities	423,838	375,032	3,526,106
Long-term bank loans due after one year	358,714	421,623	2,984,310
Bonds due after one year	36,875	54,073	306,780
Total long-term debt due after one year (Note 5)	395,589	475,696	3,291,090
Employees' severance and retirement benefits (Note 12)	15,030	16,093	125,042
Deferred tax liabilities (Notes 2 (13) and 11)	9,227	11,512	76,764
Other non-current liabilities	30,446	30,292	253,295
Minority interests	7,692	3,495	63,993
Commitments and contingent liabilities (Note 6)			
Shareholders' equity (Note 7):			
Common stock;			
Authorized – 3,154,000,000 shares			
Issued – 1,205,410,445 shares	64,915	64,915	540,058
Capital surplus	43,887	43,887	365,116
Retained earnings	56,469	47,818	469,792
	165,271	156,620	1,374,966
Revaluation reserve for land, net of tax	2,231	2,173	18,561
Unrealized holding gains on available-for-sale securities, net of tax (Note 2 (5))	7,036	11,424	58,536
Foreign currency translation adjustments	(8,055)	(2,609)	(67,013)
Treasury stock, at cost (Note 2 (16))	(1,693)	(638)	(14,085)
Total shareholders' equity	164,790	166,970	1,370,965
	¥1,046,612	¥1,079,090	$8,707,255

Consolidated Statements of Income

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003	2002	2003
Shipping and other revenues (Note 10)	¥910,288	¥903,943	$7,573,111
Shipping and other expenses (Note 10):			
Vessel depreciation	54,211	62,238	451,006
Other expenses	733,329	699,269	6,100,907
	787,540	761,507	6,551,913
	122,748	142,436	1,021,198
General and administrative expenses:			
Amortization of consolidation differences (Note 2 (1))	446	588	3,710
Other general and administrative expenses	76,946	82,075	640,150
Operating income	45,356	59,773	377,338
Other income (expenses):			
Interest and dividend income	2,840	3,372	23,627
Interest expense	(21,103)	(32,105)	(175,566)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	3,387	4,426	28,178
Others, net (Note 8)	(5,366)	(10,615)	(44,642)
	(20,242)	(34,922)	(168,403)
Income before income taxes and minority interests	25,114	24,851	208,935
Income taxes (Notes 2 (13) and 11):			
Current	(10,872)	(6,101)	(90,449)
Deferred	1,435	(6,633)	11,938
Minority interests	(967)	(1,572)	(8,045)
Net income	¥ 14,710	¥ 10,545	$ 122,379

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Net income	¥12.16	¥8.76	$0.101
Diluted net income	¥12.15	–	$0.101
Cash dividends applicable to the year	¥ 5.00	¥5.00	$0.042

See accompanying notes.

Consolidated Statements of Shareholders' Equity

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2003 and 2002

		Millions of yen						
	Shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Revaluation reserve for land, net of tax	Unrealized holding gains on available-for-sale securities, net of tax	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2001	1,205,410	¥64,915	¥43,887	¥43,433	–	–	¥(7,595)	¥ (285)
Due to change in consolidated subsidiaries	–	–	–	(11)	–	–	–	–
Due to change in affiliated companies accounted for by the equity method	–	–	–	(22)	–	–	–	–
Net income	–	–	–	10,545	–	–	–	–
Revaluation reserve for land, net of tax	–	–	–	–	¥2,173	–	–	–
Unrealized holding gains on available-for-sale securities, net of tax	–	–	–	–	–	¥11,424	–	–
Adjustments from translation of foreign currency financial statements	–	–	–	–	–	–	4,986	–
Treasury stock	–	–	–	–	–	–	–	(353)
Dividends paid	–	–	–	(6,022)	–	–	–	–
Bonuses to directors and corporate auditors	–	–	–	(105)	–	–	–	–
Balance at March 31, 2002	**1,205,410**	**¥64,915**	**¥43,887**	**¥47,818**	**¥2,173**	**¥11,424**	**¥(2,609)**	**¥ (638)**
Due to change in consolidated subsidiaries	**–**	**–**	**–**	**116**	**–**	**–**	**–**	**–**
Due to change in affiliated companies accounted for by the equity method	**–**	**–**	**–**	**(30)**	**–**	**–**	**–**	**–**
Net income	**–**	**–**	**–**	**14,710**	**–**	**–**	**–**	**–**
Revaluation reserve for land, net of tax	**–**	**–**	**–**	**–**	**58**	**–**	**–**	**–**
Unrealized holding gains on available-for-sale securities, net of tax	**–**	**–**	**–**	**–**	**–**	**(4,388)**	**–**	**–**
Adjustments from translation of foreign currency financial statements	**–**	**–**	**–**	**–**	**–**	**–**	**(5,446)**	**–**
Treasury stock	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,055)**
Gains on disposal of treasury stock	**–**	**–**	**0**	**–**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**(6,017)**	**–**	**–**	**–**	**–**
Bonuses to directors and corporate auditors	**–**	**–**	**–**	**(128)**	**–**	**–**	**–**	**–**
Balance at March 31, 2003	**1,205,410**	**¥64,915**	**¥43,887**	**¥56,469**	**¥2,231**	**¥ 7,036**	**¥(8,055)**	**¥(1,693)**

	Thousands of U.S. dollars (Note 1)						
	Common stock	Capital surplus	Retained earnings	Revaluation reserve for land, net of tax	Unrealized holding gains on available-for-sale securities, net of tax	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2002	**$540,058**	**$365,116**	**$397,820**	**$18,078**	**$ 95,042**	**$(21,705)**	**$ (5,308)**
Due to change in consolidated subsidiaries	**–**	**–**	**965**	**–**	**–**	**–**	**–**
Due to change in affiliated companies accounted for by the equity method	**–**	**–**	**(249)**	**–**	**–**	**–**	**–**
Net income	**–**	**–**	**122,379**	**–**	**–**	**–**	**–**
Revaluation reserve for land, net of tax	**–**	**–**	**–**	**483**	**–**	**–**	**–**
Unrealized holding gains on available-for-sale securities, net of tax	**–**	**–**	**–**	**–**	**(36,506)**	**–**	**–**
Adjustments from translation of foreign currency financial statements	**–**	**–**	**–**	**–**	**–**	**(45,308)**	**–**
Treasury stock	**–**	**–**	**–**	**–**	**–**	**–**	**(8,777)**
Gains on disposal of treasury stock	**–**	**0**	**–**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**(50,058)**	**–**	**–**	**–**	**–**
Bonuses to directors and corporate auditors	**–**	**–**	**(1,065)**	**–**	**–**	**–**	**–**
Balance at March 31, 2003	**$540,058**	**$365,116**	**$469,792**	**$18,561**	**$ 58,536**	**$(67,013)**	**$(14,085)**

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003	2002	2003
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 25,114	¥ 24,851	$ 208,935
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	60,711	68,826	505,083
Equity in earnings of affiliated companies, net	(3,387)	(4,426)	(28,178)
Loss from changes in fair market value of marketable securities	–	19	–
Loss on write-down of investment securities	6,124	883	50,948
Loss on write-down of securities issued by subsidiaries and affiliates	170	233	1,414
Reversal of provisions	(1,807)	(4,149)	(15,033)
Interest and dividend income	(2,840)	(3,372)	(23,627)
Interest expense	21,103	32,105	175,566
Loss (Gain) on sale of marketable securities	3	(24)	25
Loss on sale of investment securities	1,474	5,322	12,263
Gain on sale of securities issued by subsidiaries and affiliates	(65)	(600)	(541)
Loss (Gain) on sale and disposal of tangible fixed assets	(3,436)	137	(28,586)
Exchange loss (gain)	1,113	(1,657)	9,260
Changes in operating assets and liabilities:			
Trade receivables	(21,662)	4,667	(180,216)
Fuel and supplies	(2,437)	81	(20,275)
Trade payables	678	(1,378)	5,641
Other, net	24,870	11,375	206,905
Sub total	105,726	132,893	879,584
Cash received for interest and dividend	4,262	6,734	35,458
Cash paid for interest	(22,874)	(33,581)	(190,300)
Cash paid for corporate income tax, resident tax, and enterprise tax	(4,239)	(21,030)	(35,266)
Net cash provided by operating activities	82,875	85,016	689,476
Cash flows from investing activities:			
Purchase of marketable securities	(2,715)	(1,375)	(22,587)
Purchase of investment securities	(4,649)	(10,928)	(38,677)
Proceeds from sale of marketable securities	1,408	5,777	11,714
Proceeds from sale of investment securities	3,640	9,890	30,283
Payments for acquisition of vessels and other tangible fixed assets	(47,005)	(42,014)	(391,057)
Proceeds from sale of vessels and other tangible fixed assets	19,494	79,380	162,179
Disbursements for loans	(1,046)	(11,414)	(8,702)
Collections of loans receivable	8,955	6,241	74,501
Other	(28,795)	(6,707)	(239,559)
Net cash provided by (used in) investing activities	(50,713)	28,850	(421,905)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	14,892	(3,013)	123,893
Net increase in commercial paper	10,000	13,000	83,195
Proceeds from long-term loans	59,325	56,357	493,552
Repayments of long-term loans	(88,984)	(184,841)	(740,300)
Proceeds from issuance of bonds	606	8,788	5,042
Redemption of bonds	(17,928)	(13,792)	(149,151)
Cash dividends paid by the company	(6,017)	(6,022)	(50,058)
Purchase of treasury stock	(641)	(362)	(5,333)
Cash dividends paid to minority interest	(471)	(27)	(3,918)
Other	1,953	(2,100)	16,248
Net cash used in financing activities	(27,265)	(132,012)	(226,830)
Effect of exchange rate changes on cash and cash equivalents	(1,691)	2,717	(14,069)
Net increase (decrease) in cash and cash equivalents	3,206	(15,429)	26,672
Cash and cash equivalents at beginning of year	39,738	55,290	330,599
Net cash increase (decrease) from new consolidation/ de-consolidation of subsidiaries	113	(123)	940
Cash and cash equivalents at end of year	¥ 43,057	¥ 39,738	$ 358,211

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2003 and 2002

1. Basis of presenting financial statements

Mitsui O.S.K. Lines, Ltd. (the "Company") and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen and in accordance with the provisions set forth in the Japanese Commercial Code (the "Code") and accounting principles and practices generally accepted in Japan ("Japanese GAAP"). The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile. Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying consolidated financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2003, which was ¥120.20 to U.S. $1.00. The convenience translations should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of significant accounting policies

(1) Principles of consolidation

All companies are required to consolidate all significant investees which are controlled through substantial ownership of majority voting rights or existence of certain conditions.

The consolidated financial statements include the accounts of the Company and 283 subsidiaries for the year ended March 31, 2003 (286 subsidiaries for the year ended March 31, 2002). All significant inter-company transactions and accounts have been eliminated.

Significant investments in unconsolidated subsidiaries and affiliated companies (20% to 50% owned and certain others 15% to 20% owned) are accounted for by the equity method. Three unconsolidated subsidiaries for the year ended March 31, 2003, and 36 and 37 affiliated companies for the years ended March 2003 and 2002, respectively, were accounted for by the equity method. Investments in other subsidiaries (117 in the year ended March 31, 2003 and 116 in the preceding year) and affiliated companies (86 and 93 in the respective years) were stated at costs since the Company's equity in net income and retained earnings in such companies were not material.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

The difference between acquisition cost and net assets acquired is shown as the consolidation differences and amortized over 5 to 14 years.

Amortization of the consolidation differences is included in general and administrative expenses.

(2) Translation of foreign currency

Revenues earned and expenses incurred in currencies other than Japanese yen of the Company and its subsidiaries keeping their books in Japanese yen are translated into Japanese yen either at a monthly exchange rate or at the rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than Japanese yen are translated into yen at the exchange rate prevailing at the balance sheet date, except for long-term debt covered with forward currency exchange contracts, which is translated at the forward contract rates. The gain or loss arising from the difference between the forward contract rate and the historical rate recognized in relation to long-term debt is included in the balance sheets and amortized over the remaining period of the debt.

Subsidiaries keeping their books in a currency other than Japanese yen translate the revenues and expenses and assets and liabilities in foreign currencies into the currency used for financial reporting in accordance with accounting principles generally accepted in their respective countries.

All the items in financial statements of subsidiaries, which are stated in currencies other than Japanese yen, were translated into Japanese yen at the year-end exchange rate, except for shareholders' equity which is translated at historical rates. Translation differences arising from the application of more than one exchange rate are presented as translation adjustments in the consolidated balance sheets.

(3) Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(4) Shipping revenues and related expenses

Shipping revenues and the related voyage expenses are recognized mainly by the completed-voyage method. Payments received for uncompleted voyages are included in "Advances received" and the related voyage expenses are included in "Deferred and prepaid expenses" in the balance sheets.

(5) Securities

Securities are classified into (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, or (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Trading securities are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost. Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as separate component of shareholders' equity. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies, and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(6) Fuel and supplies

Fuel and supplies are stated principally at cost determined by the moving-average method.

(7) Depreciation of vessels, property and equipment

Depreciation of vessels and buildings is computed mainly by the straight-line method. Depreciation of other property and equipment is computed mainly by the declining-balance method. Estimated useful lives are mainly as follows.

Vessels	13 - 20 years
Containers	7 years

(8) Amortization of bond issue expense

Bond issue expense is charged to income as incurred.

(9) Interest capitalization

In cases where a vessel's construction period is long and the amount of interest accruing during this period is significant, such interest expenses are capitalized as a part of the acquisition cost.

(10) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual percentage of the Company's collection losses.

(11) Employees' severance and retirement benefits

The Company has tax-qualified pension plans for employees engaged in shore and sea services. Employees engaged in sea service who retire prior to a certain age are also entitled to a lump-sum payment. Some subsidiaries have tax-qualified pension plans which cover all or a part of the retirement benefits and some other subsidiaries have established reserves for a lump-sum payment for retirement benefits.

Under the accounting standards for employees' severance and retirement benefits adopted on April 1, 2000, liabilities and expenses for employees' severance and retirement benefits are determined based on the amounts actually calculated using certain assumptions.

The Company and its consolidated subsidiaries provided allowance for employees' severance and retirement benefits at March 31, 2003 and 2002 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at those dates.

Actuarial gains and losses are recognized in the consolidated statements of income using the straight-line method over a period not exceeding the average of the estimated remaining service lives (mainly 10 years) commencing with the following period.

(12) Accounting for certain lease transactions

Finance leases which do not transfer ownership to lessees are accounted for as operating leases under accounting principles generally accepted in Japan.

(13) Income taxes

The Company and its subsidiaries recognize tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income of each of the Company and its consolidated subsidiaries, with certain adjustments required for consolidation and tax purposes. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(14) Amounts per share of common stock

Net income per share of common stock is computed based upon the weighted-average number of shares outstanding during the year.

Fully diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year or at the date of issuance with an applicable adjustment for related interest expense.

Cash dividends per share shown in the 2003 column represent the amount payable to shareholders as of March 31, 2003.

Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance No. 4, "Implementation Guidance for Accounting Standard for Earnings Per Share", issued by the Accounting Standards Board of Japan on September 25, 2002).

The effect on earnings per share of the adoption of the new accounting standard was not material.

(15) Derivatives and hedge accounting

Companies are required to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

The derivative transactions are executed and managed by the Company's Finance and Accounting Division in accordance with the established policies in order to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and currency exchange fluctuations.

The following summarizes hedging derivative financial instruments used by the Company and its consolidated subsidiaries and items hedged:

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

The Company evaluates hedge effectiveness semi-annually by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

1. If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
   (a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date, and
   (b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
2. If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedging and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(16) Treasury stock and statutory reserves

Effective April 1, 2002, the Company adopted the new accounting standard for treasury stock and reversal of statutory reserves (Accounting Standards Board Statement No. 1, "Accounting Standard for Treasury Stock and Reduction of Statutory Reserves", issued by the Accounting Standards Board of Japan on February 21, 2002). As a result of adopting the new accounting standard, gains or losses from disposal of treasury stock, which were previously charged to income or expense, are accounted for as a capital transaction.

The effect on net income of the adoption of the new accounting standard was not material.

(17) Reclassifications

Certain prior year amounts have been reclassified to conform to the 2003 presentation. These changes had no impact on previously reported results of operations or cash flows or shareholders' equity.

3. Securities

A. The following tables summarize acquisition costs, book values and the fair value of securities with available fair values as of March 31, 2003 and 2002:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
(a) Trading securities:			
Book value	–	¥ 4	–
Amount of net unrealized gains or losses included in the income statement	–	(19)	–

(b) Held-to-maturity debt securities:

There were no securities with available fair values exceeding book values as of March 31, 2003 and 2002.

Securities with available fair values not exceeding book values

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Book value	¥39	¥40	$324
Fair value	39	40	324
Difference	–	–	–

(c) Available-for-sale securities:

Securities with book values exceeding acquisition costs at March 31, 2003

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Equity securities	¥12,832	¥26,335	¥13,503
Debt securities			
Governmental bonds	10	10	–
Corporate bonds	21	22	1
Others	199	200	1
Total	¥13,062	¥26,567	¥13,505

Type	Thousands of U.S. dollars Acquisition cost	Book value	Difference
Equity securities	$106,756	$219,094	$112,338
Debt securities			
Governmental bonds	83	83	–
Corporate bonds	175	183	8
Others	1,655	1,663	8
Total	$108,669	$221,023	$112,354

Securities with book values not exceeding acquisition costs at March 31, 2003

Type	Millions of yen Acquisition cost	Book value	Difference
Equity securities	¥12,464	¥9,736	¥(2,728)
Debt securities	–	–	–
Others	107	106	(1)
Total	¥12,571	¥9,842	¥(2,729)

Type	Thousands of U.S. dollars Acquisition cost	Book value	Difference
Equity securities	$103,694	$80,998	$(22,696)
Debt securities	–	–	–
Others	890	882	(8)
Total	$104,584	$81,880	$(22,704)

Securities with book values exceeding acquisition costs at March 31, 2002

Type	Millions of yen Acquisition cost	Book value	Difference
Equity securities	¥19,285	¥40,893	¥21,608
Debt securities			
Governmental bonds	10	10	–
Corporate bonds	–	–	–
Others	303	311	8
Others	115	137	22
Total.	¥19,713	¥41,351	¥21,638

Securities with book values not exceeding acquisition costs at March 31, 2002

Type	Millions of yen Acquisition cost	Book value	Difference
Equity securities	¥14,900	¥ 9,680	¥(5,220)
Debt securities			
Governmental bonds	–	–	–
Corporate bonds	5	4	(1)
Others	3,156	3,156	–
Others	2,790	2,790	–
Total.	¥20,851	¥15,630	¥(5,221)

B. The following tables summarize book values of securities with no available fair value as of March 31, 2003 and 2002:

	Millions of yen 2003	2002	Thousands of U.S. dollars 2003
(a) Held-to-maturity debt securities:			
Type	Book value		Book value
Others	–	¥127	–

(b) Available-for-sale securities:

Type	Book value		Book value
Non-listed equity securities	¥13,076	¥12,418	$108,785
Non-listed foreign equity securities	4,721	1,002	39,276
Others	278	1,904	2,313
Total	¥18,075	¥15,324	$150,374

C. Available-for-sale securities with maturities and held-to-maturity debt securities are as follows:

For the year ended March 31, 2003:	Millions of yen				
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Debt securities:					
Governmental bonds	–	¥15	–	–	¥ 15
Corporate bonds	–	46	–	–	46
Others	¥200	–	–	–	200
Others:					
Mutual fund	–	–	–	–	–
Total	¥200	¥61	–	–	¥261

For the year ended March 31, 2002:	Millions of yen				
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Debt securities:					
Governmental bonds	¥ 1	–	–	–	¥ 1
Corporate bonds	126	¥217	–	–	343
Others	26	–	–	–	26
Others:					
Mutual fund	1	61	¥73	–	135
Total	¥154	¥278	¥73	–	¥505

For the year ended March 31, 2003:	Thousands of U.S. dollars				
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Debt securities:					
Governmental bonds	–	$125	–	–	$ 125
Corporate bonds	–	383	–	–	383
Others	$1,664	–	–	–	1,664
Others:					
Mutual fund	–	–	–	–	–
Total	$1,664	$508	–	–	$2,172

D. There were no held-to-maturity debt securities sold in the years ended March 31, 2003 and 2002.

E. Total sales of available-for-sale securities sold in the years ended March 31, 2003 and 2002 and the related gains and losses are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Proceeds from sales	¥3,519	¥12,683	$29,276
Gross realized gains	615	620	5,116
Gross realized losses	2,089	5,946	17,379

4. Derivative transactions

The Group enters into derivative transactions mainly to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and currency exchange fluctuations, in accordance with the guidance determined by the management of the Company.

The following tables summarize the outstanding contract amounts and unrealized gains or losses of financial derivatives related to currency and interest of the Group at March 31, 2003 and 2002, for which hedge accounting has not been applied.

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
(1) Currency related			
Forward currency exchange contracts:			
Sell (U.S. dollar)			
Contracts outstanding	¥ 1,196	¥1,331	$ 9,950
Unrealized loss	(3)	(122)	(25)

The following table summarizes the outstanding contract amounts and unrealized losses of currency swaps of overseas consolidated subsidiaries in the countries where companies are not required either to state derivative financial instruments at fair value, or apply hedge accounting.

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Currency swaps:			
Receive Yen, pay U.S. dollar			
Contracts outstanding	¥25,890	–	$215,391
Unrealized loss	(1,208)	–	(10,050)
Receive U.S. dollar, pay Yen			
Contracts outstanding	¥ 100	–	$ 832
Unrealized loss	(9)	–	(75)

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
(2) Interest related			
Interest rate swaps:			
Receive floating, pay fixed			
Contracts outstanding	¥7,617	¥7,482	$63,369
Unrealized loss	(485)	(280)	(4,035)
Receive fixed, pay floating			
Contracts outstanding	¥7,181	¥7,423	$59,742
Unrealized gain	427	263	3,552

The following table summarizes the outstanding contract amounts and unrealized losses of interest rate swaps of overseas consolidated subsidiaries in the countries where companies are not required either to state derivative financial instruments at fair value, or apply hedge accounting.

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Interest rate swaps:			
Receive floating, pay fixed			
Contracts outstanding	¥2,931	–	$24,384
Unrealized loss	(106)	–	(882)
Receive fixed, pay floating			
Contracts outstanding	¥4,600	–	$38,270
Unrealized gain	(1)	–	(8)

Notes: 1. In calculating market values in Japanese yen at the end of the fiscal year, forward exchange rates, prevailing at the end of the year, for the same values of the respective contracts are used.

2. Market values of interest swaps at the end of the fiscal year are calculated using prices of the contracts at the end of the year quoted by the financial institutions or trading houses.

5. Short-term debt and long-term debt

(1) Short-term debt

Short-term debt at March 31, 2003 (¥136,064 million: $1,131,980 thousand) and 2002 (¥112,506 million) was principally unsecured. The interest rates on short-term debt were set mainly on a floating rate basis.

(2) Long-term debt

Long-term debt at March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Bonds:			
1.750% yen bonds due in 2002	–	¥ 1,000	–
2.350% yen bonds due in 2002	–	10,000	–
2.750% yen bonds due in 2004	¥ 10,000	10,000	$ 83,195
3.025% yen bonds due in 2006	10,000	10,000	83,195
3.075% yen bonds due in 2007	10,000	10,000	83,195
3.250% yen bonds due in 2009	10,000	10,000	83,195
Floating rate yen notes due in 2002	–	1,000	–
Floating/fixed rate Euro medium-term notes due in 2002-2009	12,503	18,775	104,017
Secured loans from:			
Japan Development Bank due through 2016 at interest rates of 0.95% to 8.50%	82,703	95,909	688,045
Other financial institutions due through 2025 at interest rates of 0.27% to 6.80%	218,437	291,317	1,817,280
Unsecured loans from:			
Japan Development Bank due through 2002 at interest rate of 1.25%	–	2,200	–
Other financial institutions due through 2033 at interest rates of 0.22% to 7.78%	122,939	95,012	1,022,787
	476,582	555,213	3,964,909
Amount due within one year	80,993	79,517	673,819
	¥395,589	¥475,696	$3,291,090

At March 31, 2003, the aggregate annual maturities of long-term debt were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2004	¥ 80,993	$ 673,819
2005	93,075	774,334
2006	83,474	694,459
2007	71,196	592,313
2008	53,178	442,413
2009 and thereafter	94,666	787,571
	¥476,582	$3,964,909

At March 31, 2003, the following assets were pledged as collateral for short-term debt and long-term debt.

Assets pledged	Millions of yen	Thousands of U.S. dollars
Vessels	¥334,364	$2,781,730
Buildings and structures	7,970	66,306
Land	6,804	56,606
Investment securities	51,070	424,875
Others	434	3,611
	¥400,642	$3,333,128

Secured debt	Millions of yen	Thousands of U.S. dollars
Short-term debt	¥ 1,596	$ 13,278
Long-term debt due within one year	52,379	435,766
Long-term debt	248,762	2,069,567
	¥302,737	$2,518,611

6. Commitments and contingent liabilities

At March 31, 2003, the Company and its consolidated subsidiaries were contingently liable mainly as guarantors or co-guarantors of indebtedness of related and other companies in the aggregate amount of ¥121,393 million ($1,009,925 thousand).

The BGT project is operated by subsidiaries, which have their own corporate bodies, legally independent of the Company. The assets of the BGT, eight LNG carriers are held in several subsidiaries of the Company, which have their own creditors.

7. Shareholders' equity

Under the Code, at least 50% of the issue price of new shares is required to be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to additional paid-in capital which is included in capital surplus.

Effective October 1, 2001, the Code provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal reserve until the total amount of legal reserve and additional paid-in capital equals 25% of common stock. The legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of legal reserve and additional paid-in capital remains being equal to or exceeding 25% of common stock, they are available for distributions and certain other purposes by the resolution of shareholders' meeting. The legal reserve is included in retained earnings in the accompanying consolidated financial statements.

Year-end dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividend is applicable (See Note 13). The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Code. In addition, semi-annual interim dividend may be paid upon resolution of the Board of Directors, subject to limitations imposed by the Code.

The ordinary General Meeting of Shareholders of the Company held on June 25, 2003, approved that (a) the Company may acquire up to 20 million outstanding shares of its common stock up to the aggregate purchase price of ¥6,000 million ($49,917 thousand) and (b) the Company may grant up to 2,100 thousand share subscription rights of its common stock to directors and key employees in accordance with the Code.

8. Other income (expenses): others, net – Breakdown

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Others, net:			
Gain (loss) on sale of marketable securities	¥ (3)	¥ 24	$ (25)
Exchange gains (losses), net	2,080	764	17,304
Gain on sale of vessels, investment securities and others	4,797	6,369	39,908
Loss on cancellation of vessel charters	(421)	(353)	(3,502)
Loss on sale and disposal of vessels, investment securities and others	(2,771)	(11,229)	(23,053)
Loss arising from dissolution of subsidiaries and affiliated companies	(164)	(88)	(1,364)
Loss on write-down of securities and other investments	(6,294)	(1,116)	(52,363)
Provision for doubtful accounts	(545)	(1,095)	(4,534)
Special retirement benefit	(1,864)	(960)	(15,507)
Provision for loss on the liquidation and integration of subsidiaries	–	(920)	–
Loss on withdrawal from resort business	–	(1,485)	–
Sundries	(181)	(526)	(1,506)
Total	¥(5,366)	¥(10,615)	$(44,642)

9. Leases

As lessee:

(A) Information on finance leases accounted for as operating leases:

(1) A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2003 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen			
	Vessels	Property and equipment	Other	Total
Acquisition cost	¥2,746	¥32,552	¥453	¥35,751
Accumulated depreciation	1,114	23,828	330	25,272
Net book value	¥1,632	¥ 8,724	¥123	¥10,479

	Thousands of U.S. dollars			
	Vessels	Property and equipment	Other	Total
Acquisition cost	$22,845	$270,815	$3,769	$297,429
Accumulated depreciation	9,268	198,236	2,745	210,249
Net book value	$13,577	$ 72,579	$1,024	$ 87,180

(2) Future lease payments inclusive of interest at March 31, 2003

	Millions of yen	Thousands of U.S. dollars
Amount due within one year	¥ 3,895	$ 32,404
Amount due after one year	13,143	109,343
Total	¥17,038	$141,747

(3) Lease payments, Depreciation equivalent and Interest equivalent

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Lease payments	¥4,913	¥5,948	$40,874
Depreciation equivalent	3,897	3,939	32,421
Interest equivalent	607	711	5,050

(4) Calculation of depreciation equivalent

Assumed depreciation amounts are computed using the straight-line method over the lease terms assuming no residual value.

(5) Calculation of interest equivalent

The balance between total lease payments and acquisition cost equivalents were regarded as amounts representing interest payable equivalents and were allocated to each period using the interest method.

(B) Future lease payments under operating leases at March 31, 2003:

	Millions of yen	Thousands of U.S. dollars
Amount due within one year	¥ 31,069	$ 258,478
Amount due after one year	223,547	1,859,792
Total	¥254,616	$2,118,270

As lessor:

(A) Information on finance leases accounted for as operating leases:

(1) A summary of acquisition cost, accumulated depreciation and net book value at March 31, 2003 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen		
	Property and equipment	Other	Total
Acquisition cost	¥117	¥492	¥609
Accumulated depreciation	88	402	490
Net book value	¥ 29	¥ 90	¥119

	Thousands of U.S. dollars		
	Property and equipment	Other	Total
Acquisition cost	$973	$4,093	$5,066
Accumulated depreciation	732	3,344	4,076
Net book value	$241	$ 749	$ 990

(2) Future lease income inclusive of interest at March 31, 2003

	Millions of yen	Thousands of U.S. dollars
Amount due within one year	¥ 96	$ 799
Amount due after one year	166	1,381
Total	¥262	$2,180

(3) Lease income, Depreciation and Interest equivalent

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Lease income	¥119	¥117	$990
Depreciation	93	117	774
Interest equivalent	17	13	141

(4) Calculation of interest equivalent

The balance between total lease income and acquisition costs equivalent were regarded as amounts representing interest receivable equivalents and were allocated to each period using the interest method.

(B) Future lease income under operating leases at March 31, 2003:

	Millions of yen	Thousands of U.S. dollars
Amount due within one year	¥ 78	$ 649
Amount due after one year	170	1,414
Total	¥248	$2,063

10. Segment information

(A) Business segment information:

For the year ended March 31, 2003:	Overseas shipping	Ferry/ domestic shipping	Shipping agent and harbor/ terminal operation	Cargo forwarding and warehousing	Others	Elimination	Consolidated
	Millions of yen						
1. Revenues							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥736,171	¥29,135	¥41,520	¥47,319	¥ 56,143	¥ –	¥ 910,288
(2) Inter-segment revenues	6,800	4,320	37,335	1,061	18,678	(68,194)	–
Total revenues	742,971	33,455	78,855	48,380	74,821	(68,194)	910,288
2. Operating expenses	705,514	32,807	76,549	48,434	70,842	(69,214)	864,932
Operating income (loss)	¥ 37,457	¥ 648	¥ 2,306	¥ (54)	¥ 3,979	¥ 1,020	¥ 45,356
3. Assets, Depreciation and Capital expenditures:							
(1) Assets	¥870,673	¥30,652	¥53,375	¥26,660	¥186,661	¥(121,409)	¥1,046,612
(2) Depreciation	53,672	1,908	2,860	616	1,655	–	60,711
(3) Capital expenditures	42,733	1,290	3,934	481	1,056	–	49,494

For the year ended March 31, 2002:	Overseas shipping	Ferry/ domestic shipping	Shipping agent and harbor/ terminal operation	Cargo forwarding and warehousing	Others	Elimination	Consolidated
	Millions of yen						
1. Revenues							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥737,987	¥29,787	¥41,315	¥44,562	¥ 50,292	¥ –	¥ 903,943
(2) Inter-segment revenues	6,797	2,927	37,970	597	19,083	(67,374)	–
Total revenues	744,784	32,714	79,285	45,159	69,375	(67,374)	903,943
2. Operating expenses	686,111	33,716	78,080	45,496	66,760	(65,993)	844,170
Operating income (loss)	¥ 58,673	¥ (1,002)	¥ 1,205	¥ (337)	¥ 2,615	¥ (1,381)	¥ 59,773
3. Assets, Depreciation and Capital expenditures:							
(1) Assets	¥900,631	¥33,147	¥53,810	¥24,490	¥182,624	¥(115,612)	¥1,079,090
(2) Depreciation	60,818	2,940	2,660	728	1,680	–	68,826
(3) Capital expenditures	28,817	5,922	6,720	1,713	569	–	43,741

For the year ended March 31, 2003:	Overseas shipping	Ferry/ domestic shipping	Shipping agent and harbor/ terminal operation	Cargo forwarding and warehousing	Others	Elimination	Consolidated
	Thousands of U.S. dollars						
1. Revenues							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	$6,124,550	$242,388	$345,424	$393,669	$ 467,080	$ –	$7,573,111
(2) Inter-segment revenues	56,573	35,940	310,607	8,827	155,391	(567,338)	–
Total revenues	6,181,123	278,328	656,031	402,496	622,471	(567,338)	7,573,111
2. Operating expenses	5,869,501	272,937	636,847	402,945	589,367	(575,824)	7,195,773
Operating income (loss)	$ 311,622	$ 5,391	$ 19,184	$ (449)	$ 33,104	$ 8,486	$ 377,338
3. Assets, Depreciation and Capital expenditures:							
(1) Assets	$7,243,536	$255,008	$444,052	$221,797	$1,552,920	$(1,010,058)	$8,707,255
(2) Depreciation	446,522	15,873	23,794	5,125	13,769	–	505,083
(3) Capital expenditures	355,516	10,732	32,729	4,002	8,785	–	411,764

(B) Geographical segment information:

Each segment covers the following countries or regions;

North America:	U.S.A. and Canada
Europe:	U.K., the Netherlands and other European countries
Asia:	The Middle and Near East, Southwest Asia, Southeast Asia, East Asia
Others:	Central and South America, Africa, Australia and other countries

Revenues of a segment are revenues, wherever they may be earned, of companies registered in countries in the segment except for revenues earned by companies registered in such countries as Panama and Liberia (FOC companies) solely for the purpose of owning ships under charter to the Company and/or its subsidiaries in Japan. The FOC companies are deemed to be companies registered in Japan in this segment information for convenience.

Expenses of a segment are expenses wherever they may be incurred to earn revenues at companies registered in countries in the segment.

Assets of a segment are assets possessed by companies registered in countries in the segment, except for assets including ships of FOC companies which are treated as Japanese companies.

	Millions of yen						
For the year ended March 31, 2003:	Japan	North America	Europe	Asia	Others	Elimination	Consolidated
1. Revenues							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies . . .	¥851,026	¥39,747	¥ 8,150	¥11,331	¥ 34	¥ –	¥ 910,288
(2) Inter-segment revenues	2,881	6,925	2,633	13,379	1,172	(26,990)	–
Total revenues	853,907	46,672	10,783	24,710	1,206	(26,990)	910,288
2. Operating expenses	812,144	43,202	10,339	24,124	1,270	(26,147)	864,932
Operating income (loss) . . .	¥ 41,763	¥ 3,470	¥ 444	¥ 586	¥ (64)	¥ (843)	¥ 45,356
3. Assets	¥971,131	¥33,620	¥95,103	¥13,486	¥1,243	¥(67,971)	¥1,046,612

	Millions of yen						
For the year ended March 31, 2002:	Japan	North America	Europe	Asia	Others	Elimination	Consolidated
1. Revenues							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies . . .	¥ 839,623	¥44,974	¥ 8,496	¥10,780	¥ 70	¥ –	¥ 903,943
(2) Inter-segment revenues	1,177	7,695	2,352	14,723	1,053	(27,000)	–
Total revenues	840,800	52,669	10,848	25,503	1,123	(27,000)	903,943
2. Operating expenses	785,456	48,253	10,681	24,886	1,232	(26,338)	844,170
Operating income (loss) . . .	¥ 55,344	¥ 4,416	¥ 167	¥ 617	¥ (109)	¥ (662)	¥ 59,773
3. Assets	¥1,003,252	¥34,933	¥98,527	¥15,123	¥1,533	¥(74,278)	¥1,079,090

	Thousands of U.S. dollars						
For the year ended March 31, 2003:	Japan	North America	Europe	Asia	Others	Elimination	Consolidated
1. Revenues							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies . . .	$7,080,083	$330,674	$ 67,803	$ 94,268	$ 283	$ –	$7,573,111
(2) Inter-segment revenues	23,969	57,612	21,905	111,306	9,750	(224,542)	–
Total revenues	7,104,052	388,286	89,708	205,574	10,033	(224,542)	7,573,111
2. Operating expenses	6,756,606	359,417	86,015	200,699	10,566	(217,530)	7,195,773
Operating income (loss) . . .	$ 347,446	$ 28,869	$ 3,693	$ 4,875	$ (533)	$ (7,012)	$ 377,338
3. Assets	$8,079,293	$279,701	$791,206	$112,196	$10,341	$(565,482)	$8,707,255

(C) International business information:

For the year ended March 31, 2003:	Millions of yen				
	North America	Europe	Asia	Others	Total
1. International revenue	¥230,970	¥117,057	¥192,984	¥225,812	¥766,823
2. Consolidated revenue	–	–	–	–	¥910,288
3. Ratio of international revenue to consolidated revenue	25.4%	12.9%	21.2%	24.8%	84.2%

Segmentation is made from the perspective of geographical closeness and identity.

Geographical areas belonging to the segments are as follows:

North America:	U.S.A. and Canada
Europe:	U.K., the Netherlands and other European countries
Asia:	The Middle and Near East, Southwest Asia, Southeast Asia, East Asia
Others:	Central and South America, Africa, Australia and other countries

Revenues from international business mainly consist of ocean-going vessel and voyage revenues.

For the year ended March 31, 2002:	Millions of yen				
	North America	Europe	Asia	Others	Total
1. International revenue	¥230,423	¥113,734	¥201,933	¥219,986	¥766,076
2. Consolidated revenue	–	–	–	–	¥903,943
3. Ratio of international revenue to consolidated revenue	25.5%	12.6%	22.3%	24.3%	84.7%

For the year ended March 31, 2003:	Thousands of U.S. dollars				
	North America	Europe	Asia	Others	Total
1. International revenue	$1,921,547	$973,852	$1,605,524	$1,878,636	$6,379,559
2. Consolidated revenue	–	–	–	–	$7,573,111
3. Ratio of international revenue to consolidated revenue	25.4%	12.9%	21.2%	24.8%	84.2%

11. Income taxes

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 38% for the years ended March 31, 2003 and 2002.

The following table summarizes the significant difference between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the year ended March 31, 2002. The reconciliation of the statutory tax rate and the effective tax rate for the year ended March 31, 2003 is not shown because the difference between the statutory tax rate and the effective tax rate after application of deferred tax accounting was less than 5%.

The effective tax rate used for calculation of deferred taxes assets and liabilities was 38% for the year ended March 31, 2002. Effective for the year commencing on April 1, 2004 or later, according to the revised local tax law, income tax law rates for enterprise taxes will be reduced as a result of introducing the assessment by estimation on the basis of the size of business. Based on the change of income tax rates, for calculation of deferred taxes assets and liabilities, the Company and consolidated domestic subsidiaries used the effective tax rates of 38% and 37.5% for current items and non-current items, respectively, for the year ended March 31, 2003. As the result of the change in the effective tax rates, deferred taxes liabilities, net of deferred tax assets, decreased by ¥70 million ($582 thousand) and income taxes-deferred increased ¥6 million ($50 thousand), and also investment securities, unrealized holding gains on available-for-sale securities, net of tax, and revaluation reserve for land, net of tax, increased ¥68 million ($566 thousand), ¥74 million ($616 thousand), and ¥58 million ($482 thousand), respectively, compared with what would have been recorded under the previous local tax law.

	2002
Statutory tax rate	38.0%
Non-taxable entertainment expenses	10.3
Non-taxable dividend income	(4.2)
Valuation allowance	(1.5)
Amortization of the consolidation difference	2.4
Others	6.2
Effective tax rate	51.2%

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Deferred tax assets:			
Excess bad debt expenses	¥ 2,237	¥ 900	$ 18,611
Excess reserve for bonuses expenses	1,365	1,119	11,356
Excess retirement benefits expenses	4,615	5,796	38,394
Excess retirement allowances for officers	292	274	2,429
Write-down of securities and other investments	2,373	1,029	19,742
Operating loss carried forward	806	2,207	6,706
Accrued business tax and business place tax	305	45	2,538
Loss on withdrawal from resort business	–	564	–
Unrealized gain on sale of fixed assets	542	449	4,509
Others	602	3,080	5,008
Total deferred tax assets	13,137	15,463	109,293
Valuation allowance	(541)	(2,663)	(4,501)
Net deferred tax assets	12,596	12,800	104,792
Deferred tax liabilities:			
Reserve deductible for tax purposes when appropriated for deferred gain on real properties	(952)	(1,041)	(7,920)
Reserve deductible for tax purposes when appropriated for special depreciation	(3,366)	(4,428)	(28,003)
Unrealized holding gains on available-for-sale securities	(4,040)	(6,345)	(33,611)
Gain on securities contributed to employee retirement benefit trust	(4,367)	(4,426)	(36,331)
Others	(735)	(815)	(6,115)
Total deferred tax liabilities	(13,460)	(17,055)	(111,980)
Net deferred tax assets (liabilities)	¥ (864)	¥ (4,255)	$ (7,188)

12. Employees' severance and retirement benefits

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheet as of March 31, 2003 and 2002 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Projected benefit obligation	¥ 63,501	¥ 63,643	$ 528,294
Unrecognized actuarial differences	(14,196)	(3,826)	(118,103)
Prepaid pension expenses	11,424	9,324	95,042
Less fair value of pension assets	(45,699)	(53,048)	(380,191)
Liability for severance and retirement benefits	¥ 15,030	¥ 16,093	$ 125,042

Included in the consolidated statement of income for the years ended March 31, 2003 and 2002 are severance and retirement benefit expenses, which comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Service costs – benefits earned during the year	¥4,001	¥3,543	$33,286
Interest cost on projected benefit obligation	1,147	1,346	9,543
Expected return on plan assets	(745)	(819)	(6,198)
Amortization of actuarial differences	363	16	3,020
	¥4,766	¥4,086	$39,651

The discount rate for the years ended March 31, 2003 and 2002 used by the Company are 2.0% and 2.5%, respectively. Also, the rate of expected return on plan assets for the years ended March 31, 2003 and 2002 are 0% and 2.5%, respectively.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Actuarial gains and losses are recognized in income statement using the straight-line method primarily over 10 years commencing with the following period.

13. Subsequent events

On June 25, 2003, the shareholders of the Company approved (1) payment of year-end cash dividends to shareholders of record as of March 31, 2003 of ¥5 ($0.042) per share or a total of ¥6,004 million ($49,950 thousand) and (2) bonuses to directors and corporate auditors of ¥60 million ($499 thousand).

Report of Independent Public Accountants

To the Shareholders and the Board of Directors of Mitsui O.S.K. Lines, Ltd.:

We have audited the accompanying consolidated balance sheets of Mitsui O.S.K. Lines, Ltd. (a Japanese corporation) and subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsui O.S.K. Lines, Ltd. and subsidiaries as of March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan as described in Note 1 to the consolidated financial statements.

The consolidated financial statements as of and for the year ended March 31, 2003 have been translated into U.S. dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into U.S. dollars on the basis set forth in Note 1 to the consolidated financial statements.

Asahi & Co.

Tokyo, Japan

June 25, 2003

The MOL Group

Mitsui O.S.K. Lines, Ltd. As of March 31, 2003

■ Consolidated Subsidiaries
● Subsidiaries Accounted for by the Equity Method
▲ Affiliated Companies Accounted for by the Equity Method

				Registered Office	MOL's Ownership (%)*	Paid-in Capital (Thousands)
Overseas Shipping	Ship Operation/ Chartering	■	BGT related 11 companies			
		■	International Energy Transport Co., Ltd.	Japan	56.23	¥1,224,000
		■	International Marine Transport Co., Ltd.	Japan	65.56	¥500,000
		■	Mitsui O.S.K. Kinkai, Ltd.	Japan	99.04	¥660,000
		■	MCGC International Ltd.	Bahamas	80.10	US$1
		■	Mitsui Kinkai Kisen Co., Ltd.	Japan	74.83	¥350,000
		■	Shipowner companies (170 companies) in Panama, Liberia, Cyprus, Malta, Hong Kong, Singapore			
		■	Tokyo Marine Co., Ltd.	Japan	71.74	¥617,500
		■	Tokyo Marine Asia Pte. Ltd.	Singapore	100.00	S$500
		■	Unix Line Pte. Ltd.	Singapore	100.00	S$500
		▲	Act Maritime Co., Ltd.	Japan	49.00	¥90,000
		▲	Aramo Shipping (Singapore) Pte. Ltd.	Singapore	50.00	US$17,047
		▲	Arun LNG Transport, Inc.	Japan	35.00	¥400,000
		▲	Asahi Tanker Co., Ltd.	Japan	24.75	¥400,272
		▲	Badak LNG Transport, Inc.	Japan	25.00	¥400,000
		▲	Belo Maritime Transport S.A.	Panama	50.00	US$2
		▲	Daiichi Chuo Kisen Kaisha	Japan	20.97	¥13,258,410
		▲	Faship Maritime Carriers Inc.	Panama	50.00	US$1,200
		▲	Gearbulk Holding Ltd.	Bermuda	40.00	US$260,000
		▲	Global Alliance K B.V.	Netherlands	25.00	DGL8,000
		▲	Golden Sea Carrier Inc.	Liberia	50.00	US$2,420
		▲	Interasia Lines, Ltd.	Japan	43.81	¥400,000
		▲	Jasmin Shipping (Tokyo) Corporation	Japan	50.00	¥10,000
		▲	Liquimarine Gandria Chartering Co., Ltd.	Grand Cayman	50.00	US$10,000
		▲	Liquimarine Gandria Shipping A/S	Norway	50.00	NKR100
		▲	Methane Carriers Ltd.	Bahamas	50.00	US$500
		▲	Monc Liberia, Inc.	Liberia	50.00	US$3
		▲	Nissan Motor Car Carrier Co., Ltd.	Japan	40.00	¥640,000
		▲	Osaka Shipping Co., Ltd.	Japan	30.12	¥498,000
		▲	Powercoal Navigation Corp.	Panama	50.00	¥1,995,000
		▲	Prestige Shipping Navigation S.A.	Panama	20.00	US$43,250
		▲	Shanghai Ferry Co., Ltd.	Japan	31.98	¥2,389,950
		▲	United Car Transport Corporation, S.A.	Panama	49.00	US$602
	Ship Management and Manning	■	Energy Maritime Service S.A.	Panama	100.00	US$1
		■	International Tanker Service S.A.	Panama	100.00	US$1
		■	M.O. Cableship Ltd.	Japan	100.00	¥10,000
		■	M.O. Ship Management Co., Ltd.	Japan	100.00	¥50,000
		■	Mitsui O.S.K. Manning Service S.A.	Panama	100.00	US$135
		■	Tankship Venture S.A.	Panama	100.00	US$2
		■	Other 2 companies			
	Cruising	■	Mitsui O.S.K. Passenger Line, Ltd.	Japan	84.07	¥8,100,000
		▲	Nippon Charter Cruise, Ltd.	Japan	50.00	¥290,000
Ferry/Domestic Shipping	Ferry/Domestic Shipping	■	Blue Highway Line Nishinihon Corp.	Japan	100.00	¥1,183,200
		■	Kyushu Kyuko Ferry Co., Ltd.	Japan	92.00	¥840,000
		■	Navix Naiko, Ltd.	Japan	98.98	¥650,000
		■	Shosen Mitsui Ferry Co., Ltd.	Japan	100.00	¥600,000
		■	The Diamond Ferry Co., Ltd.	Japan	93.73	¥900,000
		▲	Kyodo Kisen Kaisha, Ltd.	Japan	39.00	¥10,000
		▲	Meimon Taiyo Ferry Co., Ltd.	Japan	35.07	¥880,000
	Tugboat Operation	■	Green Kaiji Kaisha, Ltd.	Japan	66.67	¥95,400
		■	Nihon Tug-Boat Co., Ltd.	Japan	69.53	¥134,203
		■	Ube Port Service Co., Ltd.	Japan	54.18	¥14,950
Shipping Agent and Harbor/ Terminal Operation	Shipping Agent	■	Chugoku Shipping Agencies Ltd.	Japan	100.00	¥10,000
		■	Green Shipping, Ltd.	Japan	100.00	¥160,000
		■	Kyushu Shipping Co., Ltd.	Japan	100.00	¥10,000
		■	Mitsui O.S.K. Bulk Shipping (USA) Inc.	U.S.A.	100.00	US$200
		■	Mitsui O.S.K. Bulk Shipping (Asia, Oceania) Pte. Ltd.	Singapore	100.00	S$2,350
		■	Mitsui O.S.K. Bulk Shipping (Europe) Ltd.	U.K.	100.00	£250
		■	MOL (America) Inc.	U.S.A.	100.00	US$6
		■	MOL (Asia) Ltd.	Hong Kong	100.00	HK$40,000
		■	Mitsui O.S.K. Lines (Australia) Pty. Ltd.	Australia	100.00	A$1,000
		■	Mitsui O.S.K. Lines (Austria) GmbH	Austria	100.00	€36
		■	MOL (Europe) GmbH	Germany	100.00	€256
		■	MOL (Europe) B.V.	Netherlands	100.00	€454
		■	MOL (Europe) Ltd.	U.K.	100.00	£1,500
		■	Mitsui O.S.K. Lines (Japan) Ltd.	Japan	100.00	¥395,500
		■	Mitsui O.S.K. Lines (SEA) Pte. Ltd.	Singapore	100.00	S$200
		■	MOL South Africa (Proprietary) Limited	South Africa	100.00	R3,000
		■	Mitsui O.S.K. Lines de Mexico S.A. de C.V.	Mexico	100.00	US$100
		■	MOL (Brasil) Ltda.	Brazil	100.00	R$1,677
		■	Sanwa Marine Ltd.	Japan	100.00	¥475,000
		●	Mitsui O.S.K. Lines (Singapore) Pte Ltd.	Singapore	100.00	S$5,000
		●	MOL (West Africa) Ltd.	U.K.	51.00	£140
		▲	Mitsui O.S.K. Lines (Thailand) Co., Ltd.	Thailand	47.00	BT20,000

				Registered Office	MOL's Ownership (%)*	Paid-in Capital (Thousands)
	Harbor Operation and Customs Clearance	■	International Container Terminal Co., Ltd.	Japan	100.00	¥700,000
		■	International Container Transport Co., Ltd.	Japan	48.00	¥100,000
		■	Japan Express Co., Ltd. (Kobe)	Japan	86.27	¥102,000
		■	Japan Express Co., Ltd. (Yokohama)	Japan	96.99	¥236,000
		■	Kitanihon Soko Koun Co., Ltd.	Japan	95.41	¥179,544
		■	Shosen Koun Co., Ltd.	Japan	79.99	¥300,000
		■	Trans Pacific Container Service Corp.	U.S.A.	100.00	US$3,000
		●	Tyne Logistics Co., Ltd.	U.K.	51.00	£40
		▲	Seitetsu Unyu Co., Ltd.	Japan	19.86	¥2,000,000
		▲	Shinyo Kaiun Corporation	Japan	36.00	¥100,000
		▲	Utoc Corporation	Japan	22.63	¥1,455,300
Cargo Forwarding and Warehousing	Cargo Forwarding	■	AMT Freight, Inc.	U.S.A.	100.00	US$9,490
		■	Bangpoo Intermodal Systems Co., Ltd.	Thailand	67.98	BT130,000
		■	Blue Highway Express K.K.	Japan	100.00	¥54,600
		■	Diamond Line K.K.	Japan	100.00	¥20,000
		■	Kitanihon Kosan K.K.	Japan	100.00	¥320,000
		■	Miyako Shoji Co., Ltd.	Japan	100.00	¥10,000
		■	MOL Logistics (Japan) Co., Ltd.	Japan	58.13	¥756,250
		■	MOL Logistics (H.K.) Ltd.	Hong Kong	100.00	HK$3,676
		■	MOL Logistics (Singapore) Pte. Ltd.	Singapore	100.00	S$700
		■	MOL Logistics (UK) Ltd.	U.K.	100.00	£400
		■	MOL Logistics (USA) Inc.	U.S.A.	100.00	US$7,314
		▲	J.F. Hillebrand Group Ag	Germany	50.00	€5,000
	Warehousing and Logistics Service	■	MOL Distribution (Deutschland) GmbH	Germany	100.00	€26
		■	Euloc B.V.	Netherlands	100.00	€3,630
		■	Hermex Distribution B.V.	Netherlands	100.00	€227
		■	Hong Kong Logistics Co., Ltd.	Hong Kong	100.00	HK$58,600
		■	MOL Logistics Administration B.V.	Netherlands	100.00	€16
		■	MOL Logistics (Europe) B.V.	Netherlands	100.00	€412
		■	MOL Logistics (Netherlands) B.V.	Netherlands	100.00	€2,275
		▲	Cougar Holdings Pte Ltd.	Singapore	35.00	S$9,330
Others	Office Rental and Real Estate	■	Hokuso Kohatsu K.K.	Japan	100.00	¥50,000
		■	Hu-Tech Service Co., Ltd.	Japan	100.00	¥20,000
		■	Santo Tatemono Service Co., Ltd.	Japan	100.00	¥10,000
		■	Mitsui O.S.K. Kosan Co., Ltd.	Japan	90.00	¥395,000
		▲	Daibiru Corporation	Japan	27.09	¥12,227,847
	Finance and Insurance	■	BIL Investments Ltd.	U.K.	100.00	£21
		■	Citrus Navigation Corp.	Panama	100.00	¥1,027,500
		■	Euromol B.V.	Netherlands	100.00	€8,444
		■	International Transportation Inc.	U.S.A.	100.00	US$23,063
		■	Linkman Holdings Inc.	Liberia	100.00	US$3
		■	Mitsui O.S.K. Finance PLC	U.K.	100.00	US$6,568
		■	Mitsui O.S.K. Holdings (Benelux) B.V.	Netherlands	100.00	€17,244
		■	MOL-NIC Transport Ltd.	Liberia	75.00	US$13,061
		■	M.O. Reinsurance S.A.	Luxembourg	100.00	US$5,376
		■	Other 3 companies			
		▲	Greenfield Holding Company, Limited	Grand Cayman	50.00	US$55,000
	Others	■	Blue Highway Service	Japan	100.00	¥30,000
		■	Star-Net America, Inc.	U.S.A.	98.33	US$3,000
		■	Japan Express Packing & Transport Co., Ltd.	Japan	100.00	¥60,000
		■	Japan Hydrographic Charts & Publications Co., Ltd.	Japan	54.62	¥32,000
		■	Kitaichi Truck K.K.	Japan	100.00	¥20,000
		■	Kusakabe Marine Engineering Co., Ltd.	Japan	80.63	¥200,000
		■	MO Engineering Co., Ltd.	Japan	100.00	¥20,000
		■	M.O. Ship Tech Inc.	Japan	100.00	¥50,000
		■	M.O. Marine Consulting, Ltd.	Japan	100.00	¥100,000
		■	M.O. Tourist Co., Ltd.	Japan	100.00	¥250,000
		■	Mitsui O.S.K. Techno-Trade, Ltd.	Japan	100.00	¥690,000
		■	MOL Accounting Co., Ltd.	Japan	100.00	¥30,000
		■	MOL Adjustment, Ltd.	Japan	100.00	¥10,000
		■	MOL Information Systems, Ltd.	Japan	100.00	¥100,000
		■	Mitsui O.S.K. Career Support, Ltd.	Japan	100.00	¥100,000
		■	Orange P.R. Ltd.	Japan	100.00	¥10,000
		■	M.O. Marine Construction, Ltd.	Japan	100.00	¥95,000
		▲	Green Engineering Co., Ltd.	Japan	50.00	¥49,000
		▲	South Eastern Oil (S) Pte Ltd.	Singapore	50.00	S$500

*MOL includes MOL and its subsidiaries

Worldwide Offices

Head Office

1-1, Toranomon 2-chome, Minato-ku,
Tokyo 105-8688, Japan
P.O. Box 5, Shiba, Tokyo
Tel: 81-3-3587-6224 Fax: 81-3-3587-7734
Branch Offices
Sapporo, Yokohama, Nagoya, Osaka, Kobe, Hiroshima, Kyushu

Japan

Mitsui O.S.K. Lines (Japan) Ltd.
Head Office (Tokyo): Tel: 81-3-3587-7684 Fax: 81-3-3587-7730
Yokohama: Tel: 81-45-212-7700 Fax: 81-45-212-7734
Nagoya: Tel: 81-52-564-7000 Fax: 81-52-564-7047
Osaka: Tel: 81-6-6446-6501 Fax: 81-6-6446-6513
Kobe: Tel: 81-78-304-1100 Fax: 81-78-304-1104

North America

MOL (America) Inc.
Head Office (Concord): Tel: 1-925-688-2600 Fax: 1-925-688-2670
Main Branch Offices
Atlanta: Tel: 1-404-763-0111 Fax: 1-404-763-5667
Chicago: Tel: 1-630-592-7300 Fax: 1-630-592-7402
Long Beach: Tel: 1-562-983-6200 Fax: 1-562-983-6295
New Jersey: Tel: 1-732-512-5200 Fax: 1-732-512-5385
San Francisco: Tel: 1-415-836-3500 Fax: 1-415-836-3534
Seattle: Tel: 1-206-444-6900 Fax: 1-206-444-6903
Mitsui O.S.K. Bulk Shipping (USA) Inc.
Head Office (New Jersey): Tel: 1-201-395-5800 Fax: 1-201-395-5820

Central and South America

MOL (Brasil) Ltda.
Head Office (Sao Paulo): Tel: 55-11-3145-3999 Fax: 55-11-3145-3940
MOL (Chile) Ltda.
Head Office (Santiago): Tel: 56-2-630-1950 Fax: 56-2-630-1953
Mitsui O.S.K. Lines de Mexico S.A. de C.V.
Head Office (Mexico City): Tel: 52-555-687-9979 Fax: 52-555-687-6556
Mitsui O.S.K. Bulk Shipping (USA) Inc.
Sao Paulo: Tel: 55-11-3145-3999 Fax: 55-11-3145-3940

Europe

MOL (Europe) Ltd.
Head Office (London): Tel: 44-20-7265-7500 Fax: 44-20-7265-7560
MOL (Europe) GmbH
Head Office (Hamburg): Tel: 49-40-356110 Fax: 49-40-352506
Mitsui O.S.K. Lines (Austria) GmbH
Head Office (Vienna): Tel: 43-1-877-6971 Fax: 43-1-876-4725
MOL (Europe) B.V.
Head Office (Rotterdam): Tel: 31-10-201-3200 Fax: 31-10-201-3109
MOL (Europe) S.A.S.
Head Office (Le Havre): Tel: 33-2-32-74-24-00 Fax: 33-2-32-74-24-39
MOL (Europe) N.V.
Head Office (Antwerp): Tel: 32-3-202-4860 Fax: 32-3-202-4870
Mitsui O.S.K. Bulk Shipping (Europe) Ltd.
Head Office (London): Tel: 44-20-7265-7676 Fax: 44-20-7265-7698
Brussels: Tel: 32-2-305-4240 Fax: 32-2-305-4241

Africa

MOL South Africa (Proprietary) Limited
Head Office (Cape Town): Tel: 27-21-402-8900 Fax: 27-21-421-1806
MOL (West Africa) Ltd.
Abidjan: Tel: 225-21-24-2240 Fax: 225-21-25-9829
Lagos: Tel: 234-1-587-1898 Fax: 234-1-587-4771
Tema: Tel: 233-22-212084 Fax: 233-22-210807

Middle East

Mitsui O.S.K. Bulk Shipping (Asia, Oceania) Pte. Ltd.
Doha: Tel: 974-4-836548 Fax: 974-4-836563
Dubai: Tel: 971-4-3933132 Fax: 971-4-3935401
MOL (Europe) Ltd.
Beirut: Tel: 961-1-567251 Fax: 961-1-567250

Oceania

Mitsui O.S.K. Lines (Australia) Pty. Ltd.
Head Office (Sydney): Tel: 61-2-9320-1600 Fax: 61-2-9320-1601
Mitsui O.S.K. Bulk Shipping (Asia, Oceania) Pte., Ltd.
Melbourne: Tel: 61-3-8614-1061 Fax: 61-3-8614-1060

Asia

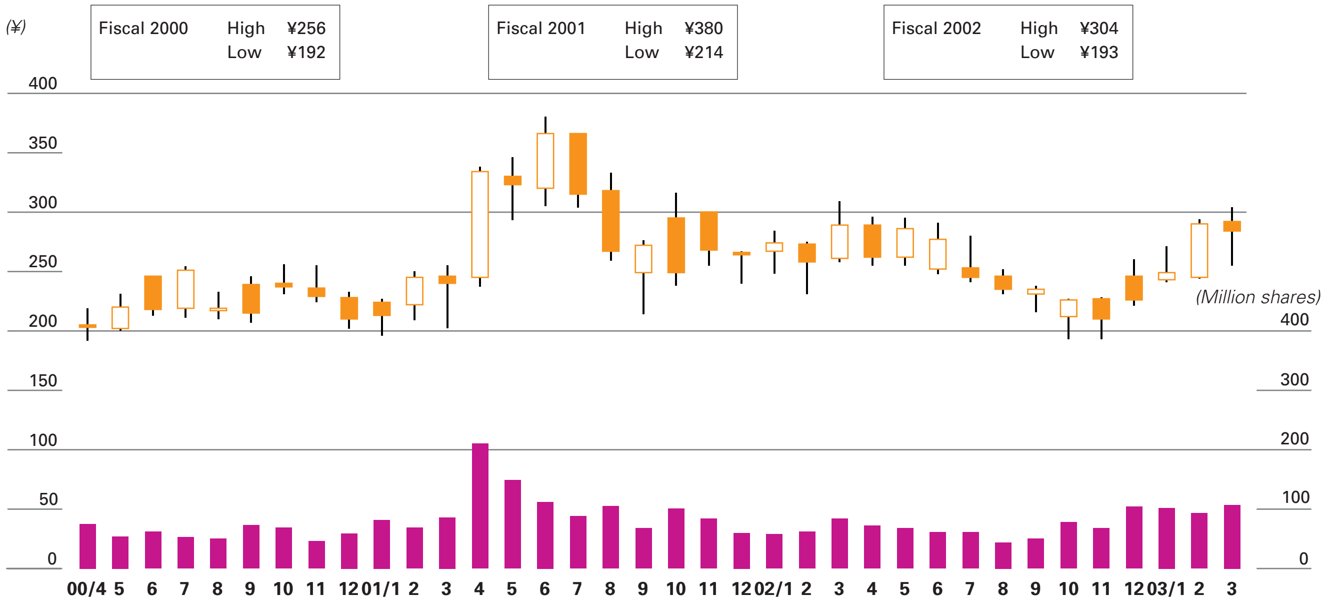
MOL (Asia) Ltd.
Head Office (Hong Kong): Tel: 852-2823-6800 Fax: 852-2529-9989
Ho Chi Minh: Tel: 84-8-821-9115 Fax: 84-8-821-9118
Seoul: Tel: 82-2-538-1034 Fax: 82-2-566-6591
Mitsui O.S.K. Lines (India) Private Limited
Head Office (Mumbai): Tel: 91-22-5694-6300 Fax: 91-22-5694-6301
Mitsui O.S.K. Lines (SEA) Pte. Ltd.
Head Office (Singapore): Tel: 65-6225-2192 Fax: 65-6223-9557
MOL (Singapore) Pte., Ltd.
Head Office (Singapore): Tel: 65-6225-2811 Fax: 65-6225-6096
Mitsui O.S.K. Lines (Malaysia) Sdn., Bhd.
Head Office (Kuala Lumpur): Tel: 60-3-7957-9666 Fax: 60-3-7958-6763
P.T. Mitsui O.S.K. Lines Indonesia
Head Office (Jakarta): Tel: 62-21-521-1740 Fax: 62-21-521-1741
Mitsui O.S.K. Lines (Thailand) Co., Ltd.
Head Office (Bangkok): Tel: 66-2-234-6252 Fax: 66-2-237-1552
MOL Philippines, Inc.
Head Office (Manila): Tel: 63-2-528-1101 Fax: 63-2-528-0267
MOL (China) Co., Ltd.
Head Office (Shanghai): Tel: 86-21-5306-0088 Fax: 86-21-6384-6267
Tianjin: Tel: 86-22-2339-8349 Fax: 86-22-2311-4470
Shenzhen: Tel: 86-755-8246-2031 Fax: 86-755-2583-0747
MOL (Taiwan) Co., Ltd.
Head Office (Taipei): Tel: 886-2-2537-8000 Fax: 886-2-2523-2417
Mitsui O.S.K. Bulk Shipping (Asia, Oceania) Pte. Ltd.
Head Office (Singapore): Tel: 65-323-1303 Fax: 65-323-1305
Bangkok: Tel: 66-2-634-0807 Fax: 66-2-634-0806
Kuala Lumpur: Tel: 60-3-7957-9666 Fax: 60-3-7958-5246

Shareholder Information

Capital:	¥64,915,351,028
Head office:	1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688, Japan
Number of MOL employees:	989
Number of MOL Group employees: (The parent company and consolidated subsidiaries)	7,161
Total number of shares authorized:	3,154,000,000
Number of shares issued:	1,205,410,445
Number of shareholders:	127,811
Shares listed in:	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, Frankfurt
Share transfer agent:	UFJ Trust Bank Limited 4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan
Communications materials:	Annual Reports (English/Japanese) News Releases (English/Japanese) Website (English/Japanese) Quarterly Newsletter Open Sea (English) Monthly Newsletter Unabara (Japanese) Environmental Report (English/Japanese)

As of March 31, 2003

Stock price range (Tokyo Stock Exchange) and volume of stock trade



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Mitsui O.S.K. Lines

For further information, please contact:

Investor Relations Office
Mitsui O.S.K. Lines
1-1, Toranomon 2-chome, Minato-ku
Tokyo 105-8688, Japan
Telephone: +81-3-3587-6224
Facsimile: +81-3-3587-7734
e-mail: iromo@mail.mol.co.jp
Home Page: http://www.mol.co.jp/

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