Ahead with Expertise

Annual Report 2011

Year ended March 31, 2011

GEAR UP! MOL

Ahead with Expertise

The colorful patterns under the letters of the word "Expertise" are international code flags. This year's annual report looks at MOL's specialist knowledge and technologies—its expertise—in its marine transport business and how it is leveraging this expertise to surmount constant change in the business environment. This expertise, the pride of MOL, is expressed by the international code flags, which are used universally across the world by vessels to communicate with one another.

MOL Group Corporate Principles

1

As a multi-modal transport group, we will actively seize opportunities that contribute to global economic growth and development by meeting and responding to our customers' needs and to this new era.

2

We will strive to maximize corporate value by always being creative, continually pursuing higher operating efficiency and promoting an open and visible management style that is guided by the highest ethical and social standards.

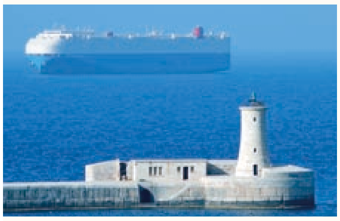
3

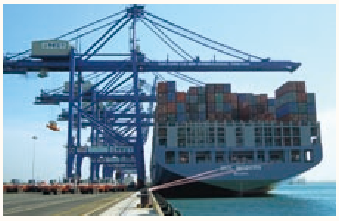
We will promote and protect our environment by maintaining strict, safe operation and navigation standards.

Contents

Fiscal 2010, the year ended March 31, 2011, was the first year of our "GEAR UP! MOL" midterm management plan. MOL made a solid start as a whole, overcoming the challenges posed by the yen's appreciation and higher bunker prices. However, divisional results were mixed. In this interview, president Koichi Muto looks back over fiscal 2010 and talks about MOL's growth strategy going forward.

This section discusses how MOL intends to grow. You will see case examples of accelerating business development in growing markets and enhancing safe operation, two strategies in our midterm management plan as the driving force for our growth.





Forward-Looking Statements

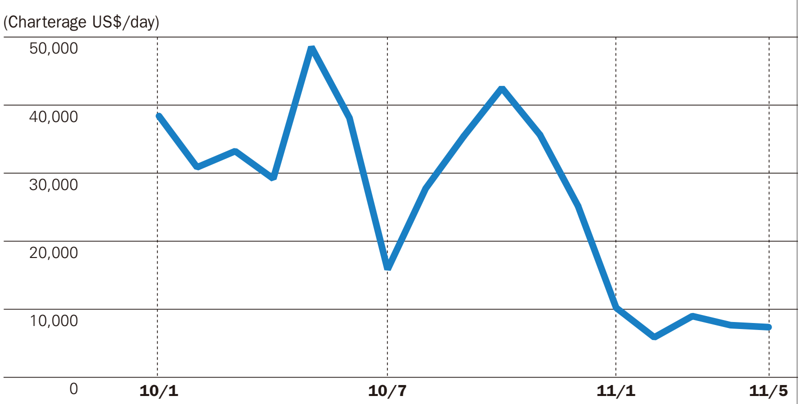
This annual report contains forward-looking statements concerning MOL's future plans, strategies and performance. These statements represent assumptions and beliefs based on information currently available and are not historical facts. Furthermore, forward-looking statements are subject to a number of 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.

Market Data

The sovereign risk problem in Europe, and rising crude oil prices caused by the fluid situation in the Middle East, prompted concerns about a slowdown in the global economy in fiscal 2010. In the end, the global economy stayed on a moderate recovery path as a whole. That said, market rates were extremely volatile due to the impacts of the surging yen, the Great East Japan Earthquake, and other natural disasters around the world, including flooding and drought.

CAPESIZE CHARTERAGE

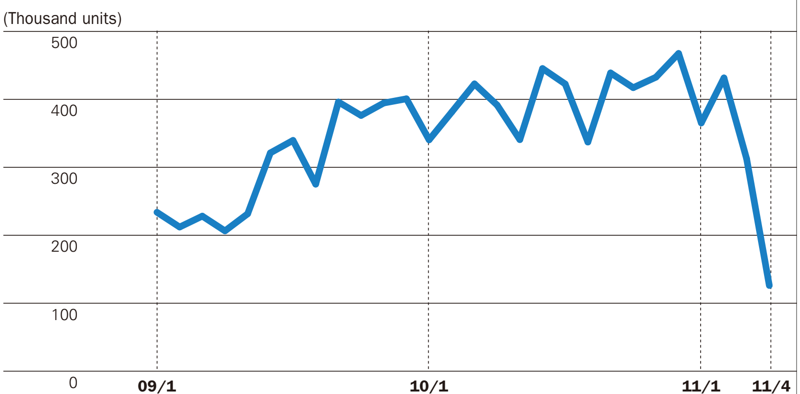
(SPOT RATE 4TC AVERAGE [MONTHLY AVERAGE])



Source: Bloomberg

In June 2010, the spot rate for Capesize bulkers (large coal and iron ore carriers) hit a high of just over US$59,000, before falling back to the US$12,000 level in July. Thereafter, during the third quarter, the rate stayed within the range of US$25,000 to US$45,000 thanks in part to brisk movement of iron ore exported from Brazil. But the fourth quarter saw the rate plummet to below the US$5,000 mark at one time, as trade volume dropped off at the beginning of 2011 due to major flooding in the Eastern part of Australia, heavy rains and maintenance to port loading facilities for iron ore in Brazil, cyclones in Western Australia and other impacts.

MONTHLY EXPORT VOLUMES OF AUTOMOBILES FROM JAPAN

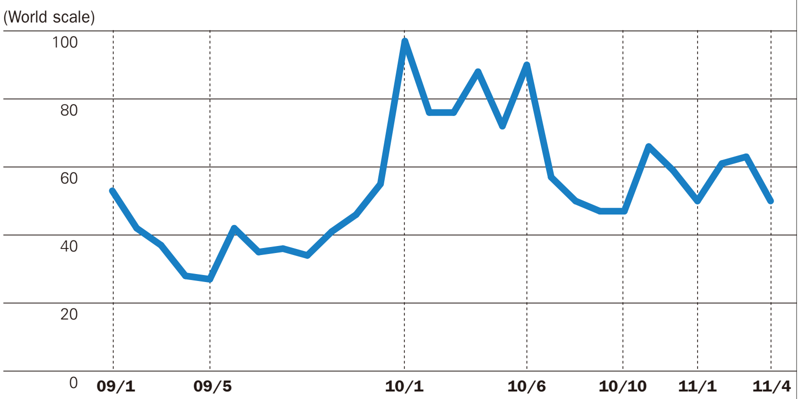


* Passenger Car, Truck and Bus Total (Including KD)
Source: Japan Automobile Manufacturers Association, Inc.

Export volumes of automobiles from Japan held to a recovery course on the back of a moderate recovery in the global economy, led by emerging markets. That was until the latter part of the fiscal year's second half when volumes hit a ceiling due in part to the yen's rapid appreciation from July 2010. Following the March 2011 Great East Japan Earthquake export units dropped precipitously as a string of automakers suspended production.

VLCC SPOT RATE

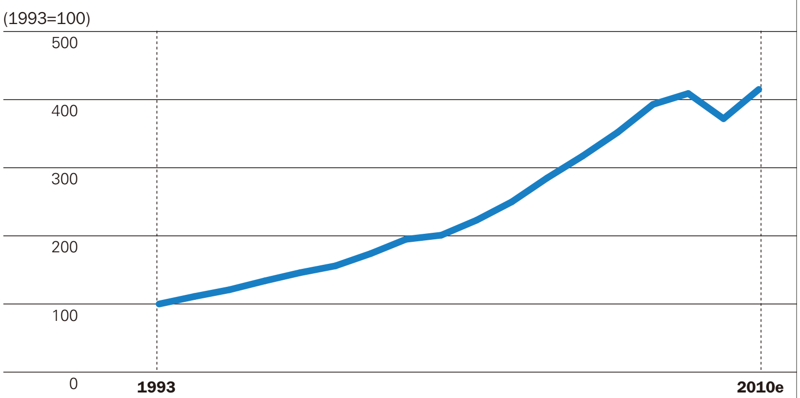
(SPOT RATE FOR MIDDLE EAST/FAR EAST)



Source: Drewry, etc.

Although demand tended toward recovery in the spot market for Very Large Crude Oil Carriers (VLCCs), the ongoing delivery of new vessels and the re-entry into the spot market of VLCCs that were being used for storing oil, weakened the position of shipowners. Spot rates were soft from the summer of 2010 onward as a result.

CONTAINERSHIP SEABORNE TRADE



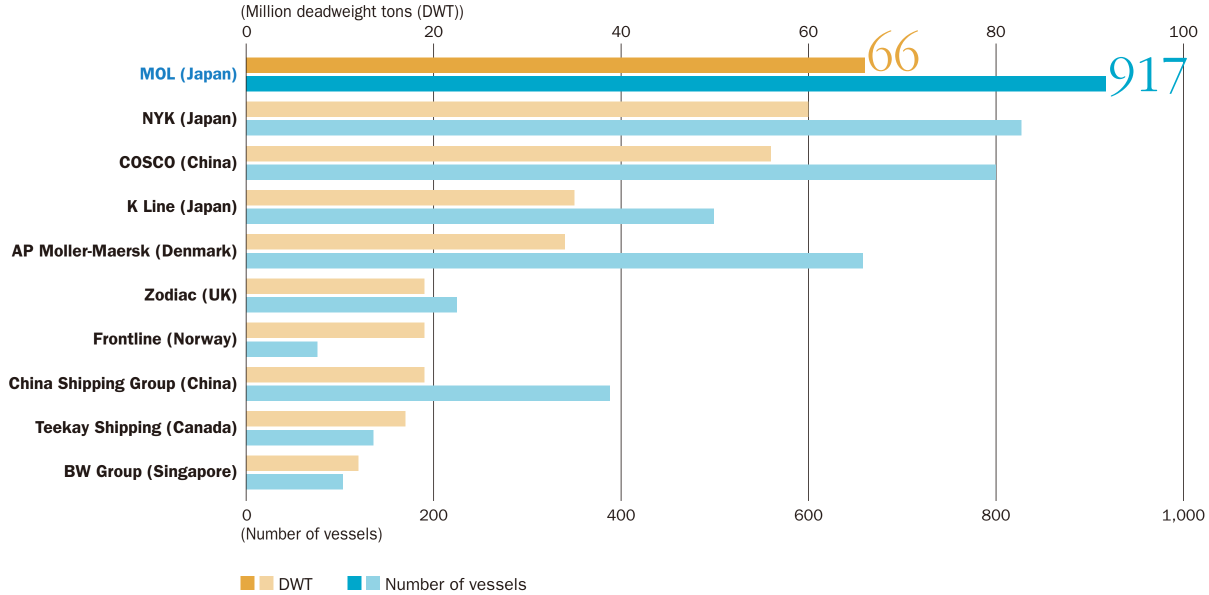
* MOL internal calculation based on Clarkson Research Services Autumn 2010
(2010e: estimated figures)

Supported by a global economic recovery, containership seaborne trade grew more than 15% on the North America and Europe routes in 2010, compared with 2009. North-South routes also rebounded considerably. Furthermore, intra-Asia routes, which were quick to rebound from the global financial crisis, registered growth of around 8%.

Market Position in the Industry

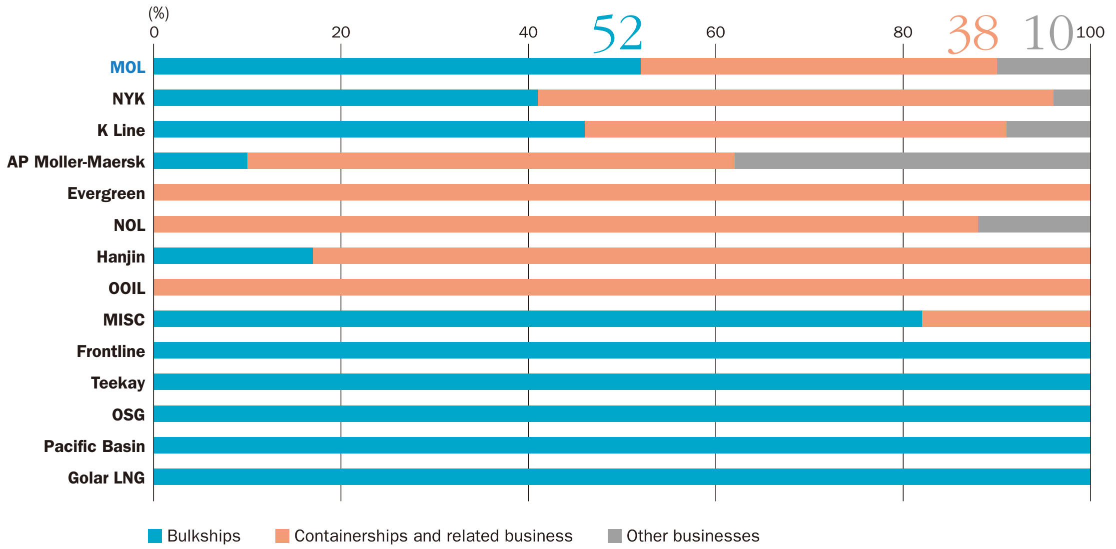
MOL operates a large and balanced oceangoing fleet. In terms of its total fleet size and presence in individual market categories, MOL ranks among the world's largest shipping companies.

WORLD MAJOR CARRIERS' FLEETS (ALL VESSEL TYPES)



Source: Companies' published data, etc.
As of March 2011

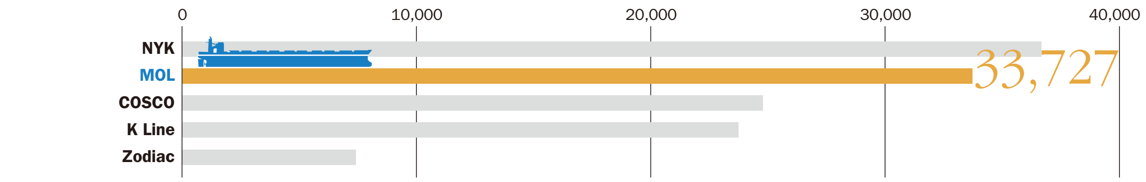
WORLD MAJOR CARRIERS' REVENUE PORTFOLIO BY SEGMENTS



Source: MOL calculations based on each company's financial statement (FY2010).
MOL's containerships & related business includes revenues from Containerships/Terminal/Logistics etc.
NYK's containerships & related business includes revenues from Containerships/Terminal/Air freighters/Logistics.

DRY BULKERS

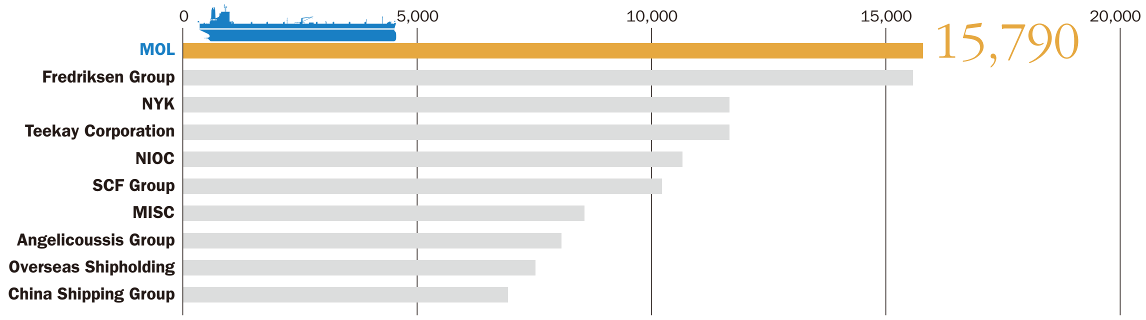
(Thousand deadweight tons)



Source: Companies published data, Clarkson Bulkcarrier Register 2011
As of April 2011

TANKERS

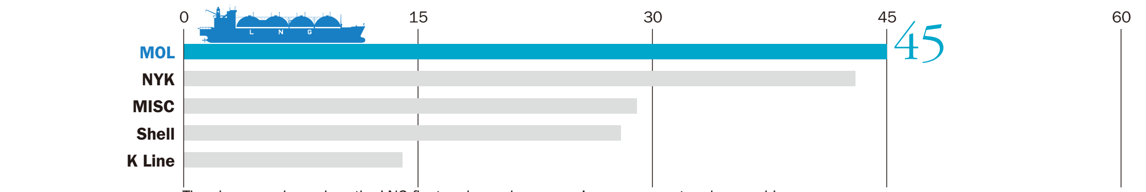
(Thousand deadweight tons)



Source: Clarkson Tanker Register 2011
As of January 2011

LNG CARRIERS

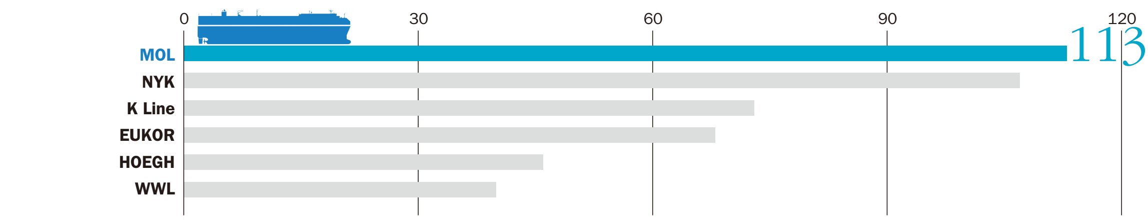
(Number of vessels)



The above numbers show the LNG fleet under each company's management and ownership
Source: MOL internal calculation
As of April 2011

CAR CARRIERS

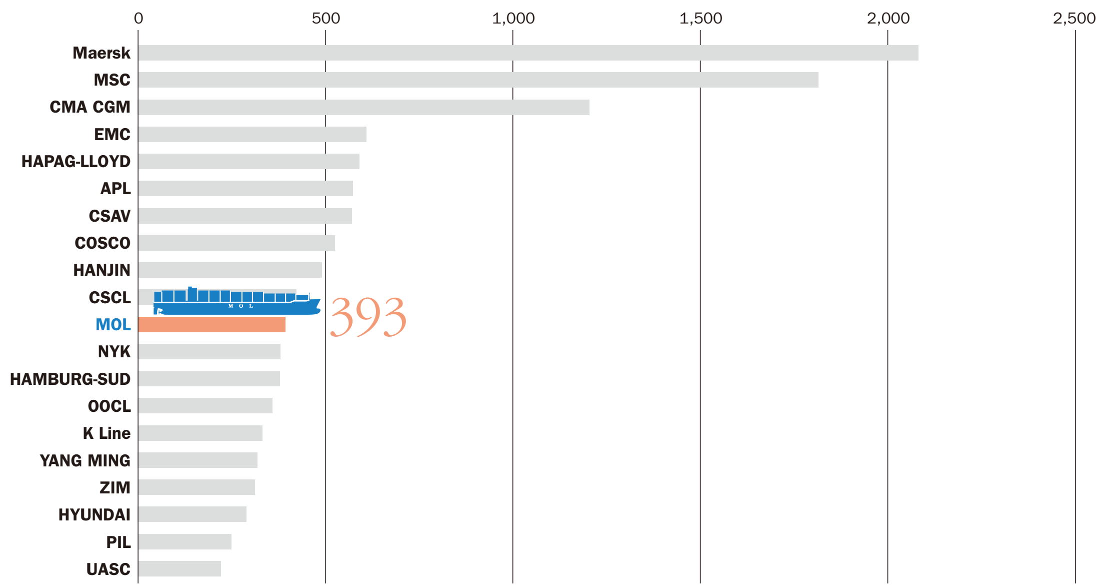
(Number of vessels)



Source: MOL internal calculation
As of April 2011

CONTAINERSHIPS BY TEU CAPACITY

(Thousand TEU)



Source: MDS Transmodal "Containership Databank"
As of February 2011

Financial Highlights

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

	Millions of yen						Thousands of U.S. dollars
	2011	2010	2009	2008	2007	2006	**2011**
For the year:							
Shipping and other revenues	**¥1,543,661**	¥1,347,965	¥1,865,802	¥1,945,697	¥1,568,435	¥1,366,725	**$18,564,775**
Shipping and other expenses	**1,328,960**	1,228,479	1,564,486	1,544,109	1,300,038	1,101,459	**15,982,682**
Selling, general and administrative expenses	**91,300**	98,547	104,105	110,303	100,324	92,273	**1,098,016**
Operating income	**123,401**	20,939	197,211	291,285	168,073	172,993	**1,484,077**
Ordinary income	**121,622**	24,235	204,511	302,219	182,488	176,503	**1,462,682**
Income before income taxes and minority interests	**95,367**	27,776	197,732	318,202	197,854	188,290	**1,146,927**
Net income	**58,277**	12,722	126,988	190,321	120,940	113,732	**700,866**
Free cash flows [(a) + (b)]	**46,970**	(40,055)	(71,038)	23,291	20,369	8,838	**564,883**
Cash flows from operating activities (a)	**181,755**	93,428	118,984	283,359	156,418	163,914	**2,185,869**
Cash flows from investing activities (b)	**(134,785)**	(133,484)	(190,022)	(260,068)	(136,049)	(155,076)	**(1,620,986)**
Tangible/intangible fixed assets increased	**220,443**	204,190	223,208	303,573	153,876	177,226	**2,651,149**
At year-end:							
Total assets	**1,868,741**	1,861,312	1,807,080	1,900,551	1,639,940	1,470,824	**22,474,336**
Net vessels, property and equipment	**1,257,823**	1,209,176	1,106,746	1,047,825	847,660	769,902	**15,127,156**
Interest-bearing debt	**724,259**	775,114	702,617	601,174	569,417	571,429	**8,710,271**
Net assets/Shareholders' equity	**740,247**	735,702	695,022	751,652	620,989	424,461	**8,902,550**

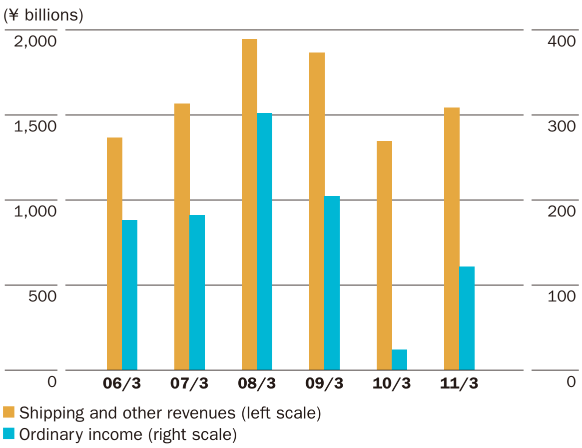
Amounts per share of common stock:	Yen						U.S. dollars
Net income	**¥48.75**	¥10.63	¥106.13	¥159.14	¥101.20	¥94.98	**$0.586**
Cash dividends applicable to the year	**10.00**	3.00	31.00	31.00	20.00	18.00	**0.120**

Management indicators:						
Gearing ratio (%)	**110%**	118%	113%	88%	104%	135%
Equity ratio (%)	**35.4%**	35.4%	34.5%	35.8%	33.6%	28.9%
ROA (%)	**3.1%**	0.7%	6.9%	10.8%	7.8%	8.4%
ROE (%)	**8.8%**	2.0%	19.5%	30.9%	24.8%	31.5%
Dividend payout ratio (%)	**20.5%**	28.2%	29.2%	19.5%	19.8%	19.0%
Number of MOL Group employees: (The parent company and consolidated subsidiaries)	**9,438**	9,707	10,012	9,626	8,621	8,351

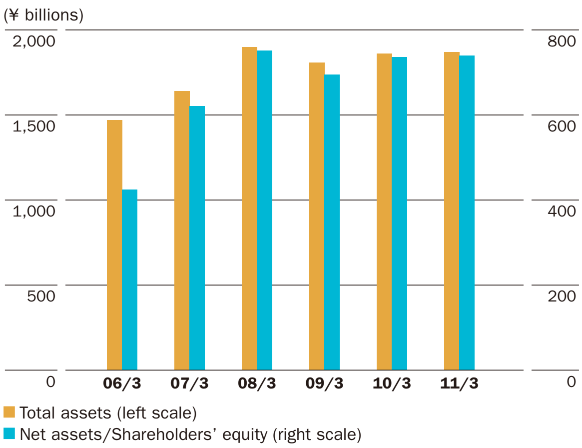
Please refer to the notes on p. 72, for "Translation of foreign currencies" and "Presentation of net assets in the balance sheet."

Key Indicators

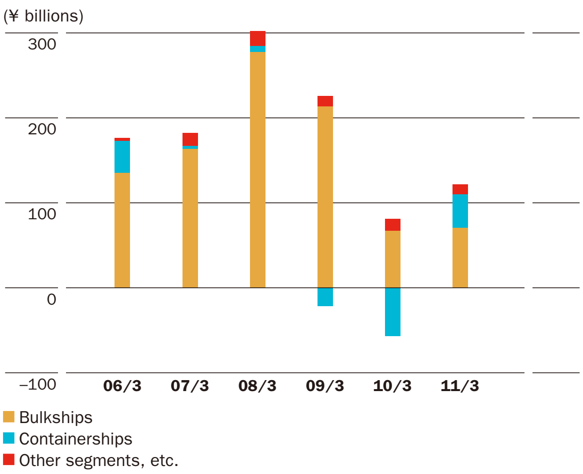
SHIPPING AND OTHER REVENUES AND ORDINARY INCOME



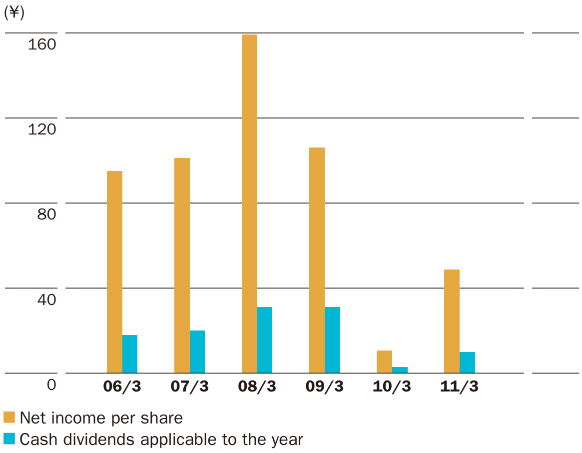
TOTAL ASSETS AND NET ASSETS/ SHAREHOLDERS' EQUITY



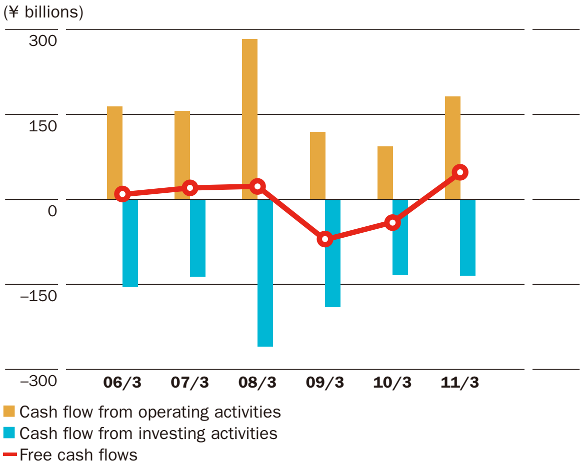
ORDINARY INCOME (LOSS) BY CONSOLIDATED SEGMENT



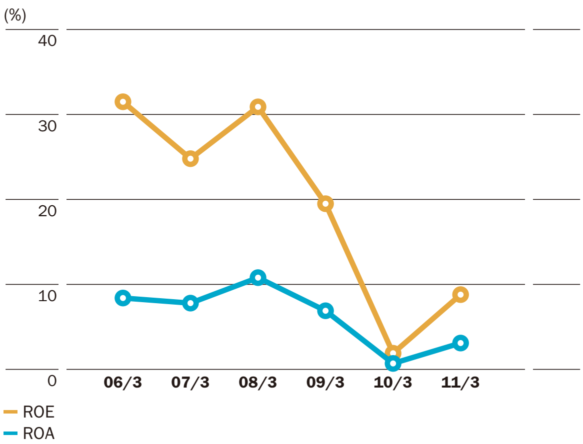
NET INCOME PER SHARE AND CASH DIVIDENDS APPLICABLE TO THE YEAR



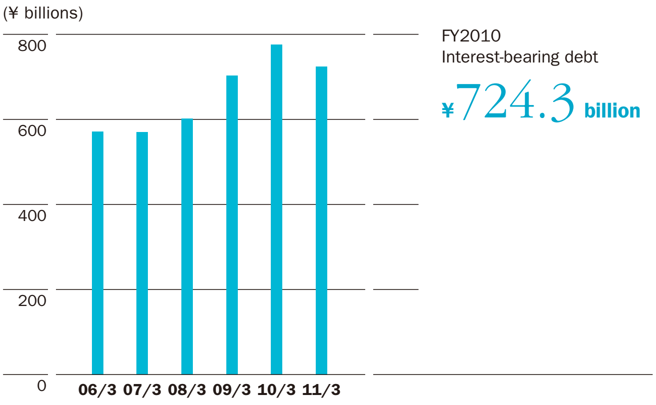
CASH FLOW



ROA/ROE

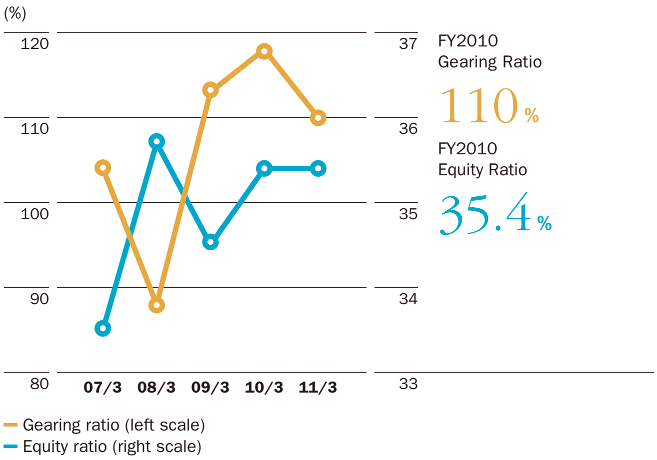


INTEREST-BEARING DEBT



FY2010
Interest-bearing debt
¥724.3 billion

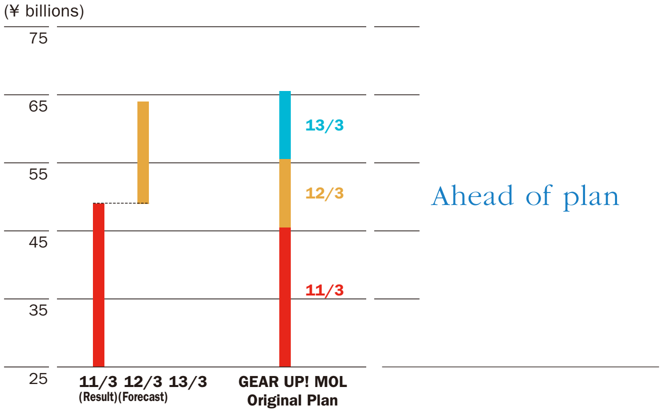
GEARING RATIO AND EQUITY RATIO



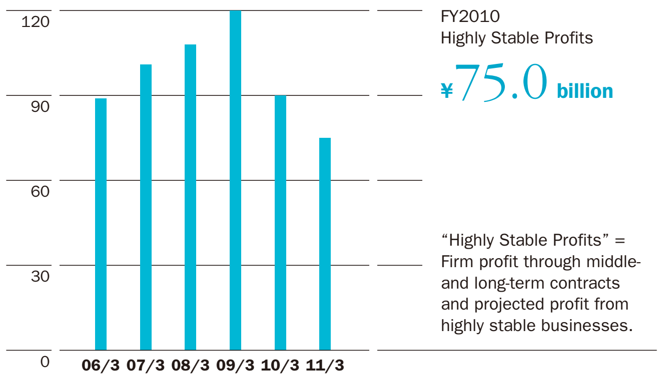
FY2010
Gearing Ratio
110%

FY2010
Equity Ratio
35.4%

COST REDUCTIONS



HIGHLY STABLE PROFITS



Subject divisions: Dry bulkers, Tankers, LNG carriers, Associated businesses and others. (Until FY2008, the Car Carriers business, Container Terminal business and Logistics business were also included.)

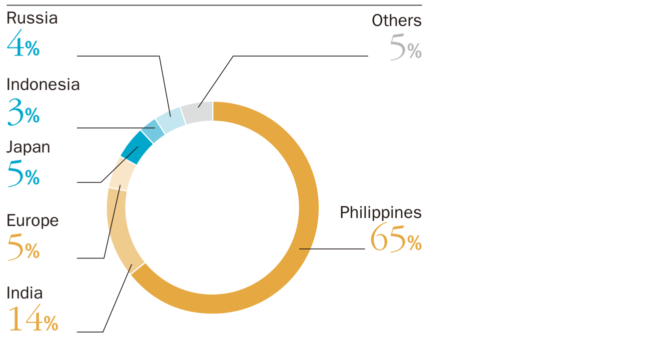
CREDIT RATINGS

As of June 3, 2011

	TYPE OF RATING	RATING
JCR	Issuer rating	AA– (stable)
R&I	Issuer rating	A+ (stable)
	Short-term debt rating (CP)	a–1
Moody's	Issuer rating	A3 (stable)

NATIONALITY RATIO OF SEAFARERS ON MOL OPERATED/MANAGED/FINANCED SHIPS (EXCL. CHARTERED VESSELS)

As of January 2011



To Our Shareholders

We would like to open this letter by expressing our heartfelt sympathies to those who lost loved ones in the March 11 Great East Japan Earthquake, and by extending our best wishes to other affected people.

In fiscal 2009, the MOL Group demonstrated its resilience and strength to overcome the dire conditions in the global economy flowing from the global financial crisis and remained profitable.

In fiscal 2010, we grew our earnings considerably as a healthy survivor, delivering ordinary income above the inaugural-year goals set in our "GEAR UP! MOL" midterm management plan.

Although the marine transport operating environment continues to change, we have steadfastly adhered to our basic approach. We are referring here of course to the validity of our long-standing portfolio management strategy. As a dedicated marine transport company, we have a fleet of different types and sizes, and use contracts with different terms, all of which enables us to respond to any changes in the business climate.

In fiscal 2010, dry bulker markets began to fall from the latter half of the year, and oil tankers endured low rates throughout the year. However, containerships and car carriers staged a dramatic recovery from a drop-off in fiscal 2009, helping immensely to raise the overall level of MOL's earnings. Our ocean shipping portfolio management strategy served us well once again in fiscal 2010.

Looking at fiscal 2011, the second year of our plan, we see more headwinds in the form of the yen's appreciation, soaring bunker prices, a weaker dry bulker market especially in Capesize bulkers, and a slow recovery of tanker markets. All of these factors are expected to weigh heavily on MOL's earnings.

However, MOL has a wealth of expertise and know-how amassed over many years. We have expertise to enhance safe and efficient vessel operation to the world's highest level. We have expertise to procure necessary funds from financial markets on very competitive terms. We have expertise to deliver customer satisfaction and gain customers' confidence. And we have expertise to respond to various operational risks. We will leverage our industry-leading expertise and know-how to overcome the challenges we face and ride the next wave of growth.

As a leader in the marine transport industry, the MOL Group will continue to boldly take up the challenge of supporting global distribution. We hope that you share our confidence in the future of MOL, and will continue to lend your guidance and support.

June 2011

AKIMITSU ASHIDA
Chairman

KOICHI MUTO
President

Question & Answer

01:
What impact did the catastrophic earthquake and tsunami that struck Japan in March 2011 have on MOL's operations? How has the disaster affected the economy and other areas?

02:
How did MOL perform in fiscal 2010?

03:
Fiscal 2010 was the inaugural year of "GEAR UP! MOL." Did you achieve your goals for the year?

04:
You have lowered your initial forecasts for the second year of GEAR UP! MOL. Why?

05:
How do you think the marine transport business will develop going forward? And how will MOL shift tack to stay in touch with these developments?

06:
MOL embraced the concept of a Business Intelligence Platform in fiscal 2010. What progress have you made with this initiative?

07:
Safe operations is one of MOL's hallmarks. Has anything changed here?

08:
Environment and social contribution activities are one of the cornerstone strategies of GEAR UP! MOL. What progress did you make here in fiscal 2010?

KOICHI MUTO
President

Question 01:

What impact did the catastrophic earthquake and tsunami that struck Japan in March 2011 have on MOL's operations? How has the disaster affected the economy and other areas?

Answer 01:

The disaster did not have much of an impact on our vessels or operating results for fiscal 2010. However, we must be prepared for some impact on our operating results for fiscal 2011.

With the exception of two MOL-operated vessels, which went temporarily aground at ports in Ishinomaki and Kashima, we sustained almost no direct damage from the earthquake and tsunami. The fact that it also happened in March meant that the impact on our fiscal 2010 results was relatively small. But we have seen the earthquake's impact manifest itself in fiscal 2011 in the form of lower shipments from cargo owner facilities damaged by the disaster. This will unavoidably affect our fiscal 2011 performance. Car carriers is an obvious example. Damage to components factories has hampered auto production in Japan. As there was a low number of auto shipments from Japan through this spring, we recorded historically low sales for this period. The loss of sales is expected to hit the earnings of our car carrier operations hard. However, a rapid rebound in auto production in Japan since might mean that the impact on our car carrier operations' profits is somewhat less than initially feared. Our containership operations have felt the knock-on effects of the earthquake. Interruptions to auto parts supply chains have had repercussions for shipments of automobile-related parts globally. Fortunately, however, the impact of the disaster on total containership demand worldwide is only minor. So, the impact differs depending on the type of vessel. In fiscal 2011, we estimate the overall impact of the disaster on our earnings at around ¥7.5 billion.

The *Fuji Maru* berthed at Ofunato Port.

The disaster has had an impact in areas other than our results. It has brought into sharp focus for society the importance of the marine transport industry. Ships are clearly the best means of transporting large volumes of cargo. This is taken for granted sometimes, as is the air we breathe. The industry came into its own in transporting supplies to disaster-stricken areas and some of our ferry boats and a cruise ship helped with relief efforts. Through these activities, we ourselves actually gained a newfound appreciation of the fundamental importance of logistics and the valuable role we play in transporting people and cargo.

The nuclear incident stemming from the tsunami has also had an impact. It caused unnecessary alarm and rumor in some respects. As first news broke of a nuclear event, foreign-flagged vessels avoided making port calls in the Tokyo Bay region due to concerns about radiation exposure. And we saw instances of containers from Japan being refused at overseas ports. This is becoming less of a problem thanks to the Japanese government's efforts to establish an inspection system, including issuing certificates giving vessels and their cargo clearance.

Question **02:**
How did MOL perform in fiscal 2010?

Answer **02:**
Market conditions were volatile through the year. But our containership and car carrier operations staged a comeback. All in all, I think we did well.

It was a year of ups and downs in our operating environment. Overall, though, it wasn't that bad a year for us. Sure, our dry bulkers and tankers underperformed our expectations. But car carriers and containerships surprised on the upside. We have long advocated the merits of effectively managing a portfolio of vessels. I think fiscal 2010 again showed the benefits of this.

It might help to look individually at the divisions that performed well and those that didn't and give some perspective to their performances.

[Over Performing Divisions]

CONTAINERSHIPS At the beginning of fiscal 2010, we expected containerships to improve earnings by ¥62.0 billion compared to fiscal 2009. Well, it eclipsed our expectations, delivering an approximate ¥96.0 billion turnaround. Demand was far higher than anticipated and all companies responded by supplying space to match trade volume. Demand on east-west routes was particularly brisk, rising by 25% on the Asia/North America route and by 32% on the Asia/Europe route. We haven't seen this sort of brisk activity on these routes in recent times.

CAR CARRIERS Car carriers recorded its first ever loss in fiscal 2009 amid inventory cutbacks worldwide sparked by the global financial crisis. But fiscal 2010 saw the market stage a bona fide rebound, with global seaborne transportation of finished vehicles worldwide recovering to more than 12 million units in 2010. Trade volume didn't quite reach the highs of 2008 when volume peaked at over 14 million vehicles, but it was nevertheless a significant rebound. And it flowed through in the performance of the car carrier division—which transported 3.6 million vehicles on a consolidated basis, including units shipped by consolidated subsidiary Nissan Motor Car Carrier Co., Ltd. This was a record.

LNG CARRIERS This division typically produces stable earnings because most of its contracts are long term. In fiscal 2010, eight of the division's vessels came off contract and were offered on the spot market. The timing was opportune, with a rapid rise in LNG demand enabling us to generate additional earnings from the spot market.

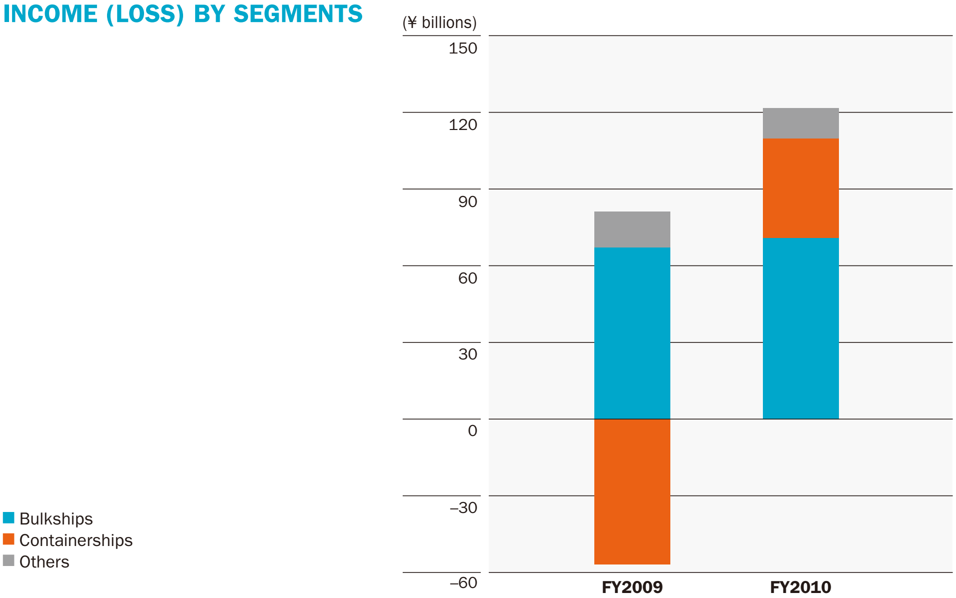
[Underperforming Divisions]

DRY BULKERS Market rates were in line with our initial expectations in the first half. Toward the end of the fiscal year, however, rates plummeted as natural disasters in Australia and Brazil, and soaring iron ore prices led to a sharp fall in trade volume. While a recovery from the aforementioned natural disasters has been seen since then, the delivery of 213 new Capesize bulkers in 2010 was another reason for ongoing market weakness.

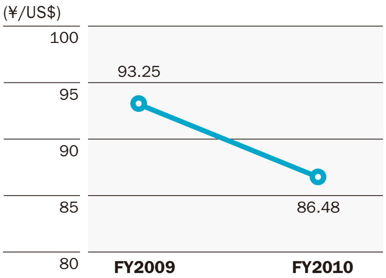
Regarding medium- to long-term contracts, we made progress renewing existing contracts and winning new contracts in fiscal 2010, capitalizing on strong relationships with customers and the trust people have in MOL's safe operations and financial base. However, this wasn't enough to fully compensate for lower earnings from the expiry of contracts with high freight rates that were signed before the collapse of Lehman Brothers catalyzed the global financial crisis.

TANKERS As with dry bulkers, market rates remained low after summer in fiscal 2010, despite global oil consumption rising and seaborne transport of crude oil following suit. Geopolitical unrest in the Middle East and other factors unfortunately weighed on market sentiment.

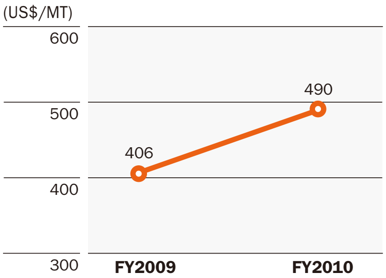
CONSOLIDATED ORDINARY INCOME (LOSS) BY SEGMENTS



AVERAGE EXCHANGE RATE



AVERAGE BUNKER PRICE



Question 03:
Fiscal 2010 was the inaugural year of "GEAR UP! MOL." Did you achieve your goals for the year?

Answer 03:
We didn't achieve our bottom-line target, but I think we were successful at managing our portfolio and this enabled us to hit our ordinary income target. Fiscal 2011 could be a challenging year, though.

Our fiscal 2010 ordinary income result of ¥121.6 billion surpassed our ¥100.0 billion first-year target in our midterm management plan. Net income, while falling short of our ¥60.0 billion target, came close at ¥58.3 billion.

We faced an extremely difficult environment for generating earnings in fiscal 2010. Bunker prices climbed and the extent of the yen's appreciation took everyone by surprise. To have improved ordinary income by nearly ¥100.0 billion in the face of these challenges is something we can take satisfaction in. I believe it highlighted the value of our business model, where we have chosen to specialize in marine transportation. It highlights the merits of a fleet portfolio that contains every conceivable type of ship, both bulk carriers and liner vessels. And it underlines the advantage of using a full assortment of contract periods. In this way, we diversify risk and achieve a well-balanced profit structure.

During our previous midterm management plan, "MOL ADVANCE," dry bulkers was a strong earnings driver, whereas containerships had earnings that paled in comparison. The reverse was true in fiscal 2010. The outstanding performance of containerships helped underpin our earnings, as dry bulkers suffered a second-half setback in performance due to market conditions.

But as I think about fiscal 2011, I have to say it will be an even more challenging year. In March 2010, we announced the goals of ¥120.0 billion in ordinary income and ¥75.0 billion in net income, for the second year of our midterm management plan. However, given that the abnormally strong yen and high bunker prices are set to remain a challenge through fiscal 2011, we decided to revise our targets in April 2011.

OVERALL STRATEGIES OF "GEAR UP! MOL" —CHALLENGE TO CREATE NEW GROWTH—

1. RECOVERY FROM ECONOMIC CRISIS AND ACCELERATION OF BUSINESS DEVELOPMENT IN GROWING MARKETS

Tailored Response to Customers' Needs in an Expanding Global Market

- Enhance business activities globally
- Enhance cost competitiveness
- Restructuring of the containership business
- Full utilization of the Group's synergized resources

ENHANCING INFRASTRUCTURE TO ACCOMPLISH STRATEGIES

- Adding unique value through business intelligence
- Risk management to ensure our growth
- Ongoing improvements to financial stability to enhance credibility
- Develop employees fully capable of addressing changes

2. ENHANCE SAFE OPERATION

Forge Ahead to Become "the World Leader in Safe Operation"

- Quantify safety and realize "4 zeroes" (prevent marine incidents, oil pollution, fatal accidents, and cargo damage)
- Enhance capability to perceive danger which breaks the links in chain of errors
- Invest 24 billion yen over 3 years to enhance safe operations
- Make use of advanced IT for safer operations
- Secure skilled seafarers and keep them well trained
- Enhance countermeasures against piracy and terrorism

3. ENVIRONMENTAL STRATEGY

Offer Transport Solutions with a Lower Environmental Burden

- Introduce vessel innovation to prevent global warming
  –Promote ISHIN project
  –Promote "ECO SAILING" on a larger scale
  –Reduce CO_2 emissions per ton-mile by 10% in FY2015 compared to FY2009
- Contribute to conservation of biodiversity and protection of the natural environment
- Positive investments to develop and implement environmental technologies
  –Invest 28 billion yen over 3 years

Our forecasts now call for ordinary income of ¥60.0 billion and net income of ¥30.0 billion. Although fiscal 2011 will be a tough year, we hope to maintain our dividend policy, that is, a consolidated dividend payout ratio of 20%. In line with this policy, we plan to pay an annual dividend of ¥5 per share.

Question **04:**
You have lowered your initial forecasts for the second year of GEAR UP! MOL. Why?

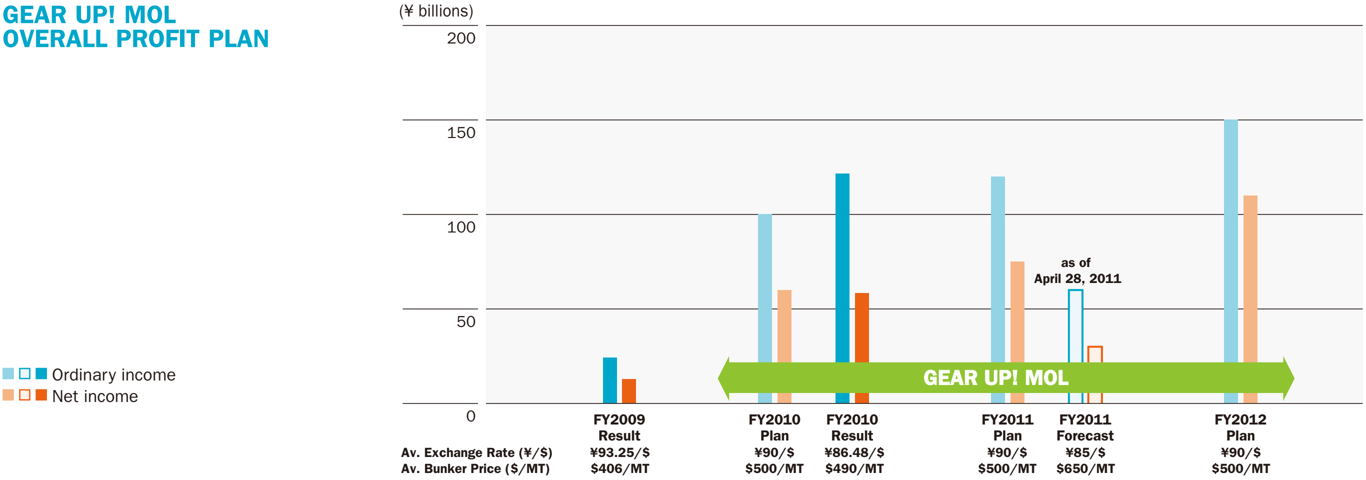
Answer **04:**
External factors such as bunker prices and foreign exchange rates have changed markedly from when we formulated the plan. We have lowered our forecasts, but at times like this there are some things that we must do.

Our containership operations should not experience any major changes in the demand-supply balance, given ongoing healthy global economic growth. Bunker prices are certain to heavily impact division earnings, however. We expect the bunker price to escalate from an average price of US$490/MT in fiscal 2010 to US$650/MT in fiscal 2011. We estimate that this will have a ¥32.0 billion negative impact on MOL's overall earnings, and half of that will be felt in containerships. Therefore, it is difficult to see division earnings reaching the heights of fiscal 2010.

We also expect lower earnings in dry bulkers, since in the short term it is hard to expect a recovery in market rates, which sank in the second half of fiscal 2010. Likewise, more time is necessary before we expect to see earnings bounce back in tankers. And the car carriers division has unfortunately had to endure much lower car exports from Japan in the wake of the natural disaster. So it is almost inevitable that earnings will drop in car carriers as well.

These factors make a lower earnings forecast unavoidable. But we intend to bide our time. True to the watchword of our plan, we will gear up in preparation for better conditions and look to seize opportunities. "GEAR UP! MOL" naturally contains many strategies conceived of with an eye to the future. One of the major themes is capturing transportation demand from growth markets like China, India, other Asian countries, and South America. Another theme is cost cutting. In fiscal 2010, we reduced costs by

GEAR UP! MOL OVERALL PROFIT PLAN



¥49.0 billion. In fiscal 2011, we will look to cut costs by a further ¥15.0 billion. We will leverage our strong financial base to continue efforts to lower the book value of our fleet and reinforce its cost competitiveness. Focusing on safe operations goes without saying. GEAR UP! MOL sets a final-year ordinary income target of ¥150.0 billion in fiscal 2012. We haven't given up on achieving this lofty goal just yet.

Question 05:

How do you think the marine transport business will develop going forward? And how will MOL shift tack to stay in touch with these developments?

Answer 05:

I don't think there is any question that demand for marine transport services will grow, particularly in emerging markets. To catch this wave and grow, I believe that diligent execution of our portfolio strategy, and trust in our safe operation and financial strengths hold the key.

According to a recent IMF announcement, the global GDP growth rate for 2011 is projected at 4.4%. For developed nations, the projection is lower at over 2%, but for emerging economies it is much higher at 6.6%. Emerging economies still need to establish infrastructure. In other words, economic growth translates directly into greater demand for logistics, so there is no doubt in my mind that demand will grow in the future. I believe that the marine transport business will have an even greater role to play, supported by this robust demand. We will make sure that we capture the demand targeted in GEAR UP! MOL and expand our fleet accordingly, but with a cool head.

As a dedicated marine transport firm, MOL will further refine its ocean shipping portfolio management based on total risk management. That is, we will maximize return in relation to risk by comprehensively managing and making adjustments in terms of the type of vessel, transport contract period and vessel procurement timeframe.

DETAILS OF FLEET EXPANSION PLAN

(AS OF APRIL 2011)

			GEAR UP! MOL (FY2010–FY2012)						(FY2013–FY2015)	
		Fleet scale at the end of March 2010 (Result)	Ships to join MOL fleet FY2010 (Result)	Fleet scale at the end of March 2011 (Result)	Ships to join MOL fleet FY2011 (Plan)	Ships to join MOL fleet FY2012 (Plan)	Ships to join MOL fleet FY2010–FY2012	Fleet scale at the end of March 2013 (Plan)	Ships to join MOL fleet (Plan) FY2013–FY2015	Fleet scale at the end of March 2016 (Target)
BULKSHIPS	Fleet Scale	755		766				890		1,025
	New vessel launching		60		51	36	147		140	
DRY BULKERS	Fleet Scale	375		374				450		
	New vessel launching		25		26	24	75			
TANKERS	Fleet Scale	195		206				220		
	New vessel launching		21		9	6	36			
LNG CARRIERS	Fleet Scale	76		72				75		
	New vessel launching		2		2	1	5			
CAR CARRIERS	Fleet Scale	109		114				145		
	New vessel launching		12		14	5	31			
CONTAINERSHIPS	Fleet Scale	101		104				110		120
	New vessel launching		9		14	5	28		12	
OTHERS	Fleet Scale	49		47				50		55
	New vessel launching		2		3	3	8		8	
TOTAL	Fleet Scale	905		917				1,050		1,200
	New vessel launching		71		68	44	183		160	
							SHIPS' VALUE ¥1,200 bil		SHIPS' VALUE ¥900 bil	

Notes: 1) Fleet scale at the end of fiscal years includes short-term chartered ships (less than 5 years) and those owned by joint ventures.
2) Numbers of ships to join MOL fleet exclude short-term chartered ships (less than 5 years) and include those owned by joint ventures.

Although Capesize bulkers will likely continue to face challenging conditions over the next one or two years, our portfolio strategy enables us to respond to various scenarios. Given the prevailing conditions, we should focus on areas where we can leverage our core competences and where safe operation is of paramount importance. Those areas are tankers and LNG carriers.

At present, there are ongoing moves to tighten regulations relating to the safe operation of tankers and LNG carriers. With oil majors in particular imposing stricter requirements, some shipowners and operators have found the conditions too hard to meet. Not MOL. This conversely plays to our strength in safe operations, providing us with an opportunity to capture demand.

Running a marine transport firm is in a sense like running a bank—creditworthiness is very important. That is why we always pay attention to financial ratios. Aiming to keep our gearing ratio under 100% is one symbolic goal in finance. However, we don't see maintaining financial ratios as an absolute imperative. Whenever there's an attractive investment opportunity, we are prepared to invest in it, even if it means a temporary fall in our financial ratios.

For shipping companies, two forms of trust will have a huge say in their growth going forward—trust in safe operations, and trust in financial condition. With long-term contracts in particular, it is only natural that customers will demand that shipping companies have the ability to deliver stable services over a long period of time. Look to see MOL compete with the world's shipping companies on trust.

Question **06:**

MOL embraced the concept of a Business Intelligence Platform in fiscal 2010. What progress have you made with this initiative?

Answer **06:**

We are sharing information (intelligence) better as a company. Rather than a system per se as some people tend to think, it's actually more an approach to business.

As part of efforts to establish a Business Intelligence Platform in fiscal 2010, we launched MIP, which stands for "MOL group Information Portal." Under this framework, all employees, whether they be new recruits or senior executives, have access to the same economic indicators and specialist knowledge.

However, simply introducing an IT system is not the real goal of the Business Intelligence Platform (BIP) initiative. The ultimate goal of BIP is to entrench a business culture that equips our people to calmly face and deal with severe market volatility. It's a mindset that I want to foster in our employees. I want them to coolly analyze intelligence, continuously think about it and translate it into action. The market always has an element of uncertainty about it. So we must come up with hypotheses, and test them as the basis for deciding on our next step. This is the sort of intelligent employee I want to see in MOL.

For that, we must ensure that intelligence on interpreting the world and experience we have amassed as an organization over many years is shared among all employees. It also extends to thinking about how we can use this intelligence in our businesses.

Question **07:**

Safe operations is one of MOL's hallmarks. Has anything changed here?

Answer **07:**

Land-based personnel and seafarers are working as one to ensure even safer operations.

In our midterm management plan, we have set the goal of achieving an unblemished record in terms of serious marine incidents, oil pollution, fatal accidents, and cargo damage. There are no short-cuts for safe operations. We have made steady efforts, ticked off improvements one by one, and made our safety performance visible to everyone.

In May 2010 a Capesize bulker called Bright Century sank because of human error. To prevent this sort of incident, we must further instill safety awareness and a safety mindset in all employees and seafarers. Instilling a corporate culture grounded on safety requires continuous efforts directed at safety. Beyond safety campaigns, land-based employees work tirelessly to communicate constantly with seafarers. Nonetheless, ultimately, safety is in the hands of seafarers on board vessels. Therefore, we implement measures to stimulate seafarers' awareness of safety.

Our Safety Operation Supporting Center (SOSC) showed its real ability when the massive quake and tsunami struck northeastern Japan in March 2011. At the time, nearly 40 MOL vessels were in operation near ports in the Tohoku and Kanto areas. SOSC immediately sprang into action, issuing a tsunami warning to all vessels, and directly contacting ships that were located near the epicenter to discuss the next vital moves. These prompt actions enabled all but two ships to escape port and the danger zone without harm, minimizing damage.

On March 11, I witnessed all the events at SOSC. I saw a fully laden Very Large Crude Oil Carrier (VLCC) pushed by the tsunami's first wave toward the shore. It was a worrying moment that induced a cold sweat. To my great relief, the VLCC left port safely under orders from the SOSC. But, while we can congratulate ourselves for a job well done on this occasion, we are aware that we must always be on alert for signs of danger.

The Safety Operation Supporting Center (SOSC) sprang into action immediately after the Great East Japan Earthquake struck.

Question 08:
Environment and social contribution activities are one of the cornerstone strategies of GEAR UP! MOL. What progress did you make here in fiscal 2010?

Answer 08:
We promoted those activities as an important management priority. MOL's cruise ship and ferry boats were active during the natural disaster, showing how the marine transport industry contributes to society.

We made steady progress with efforts to provide transport services with a low environmental burden. We promoted our Senpaku ISHIN project, which aims to develop next-generation concept vessels that are technically practical in the near future based on MOL's storehouse of expertise and technologies to help combat global warming. We also expanded ECO SAILING*, which targets energy savings and a reduced environmental impact.

In terms of social contribution, MOL continued its conventional approach in areas such as marine and global environmental protection, maritime education, and international cooperation. But after March 11, we were also involved in transporting emergency support personnel and goods to areas affected by the massive earthquake and tsunami. Immediately after the disaster, MOL Ferry Co., Ltd. transported Japan Ground Self-Defense Force personnel and their vehicles*. MOL has arranged several shipments of essential supplies and has contributed to a fund set up to help stricken areas recover. On top of these actions, we dispatched an MOL cruise ship named *Fuji Maru* to affected areas and provided free of charge bathing facilities and food. In many ways, we leverage the unique nature of marine transportation to take the lead where we can in helping society.

* Four ferries transported a total of 3,689 personnel and 1,255 vehicles, from Tomakomai to Aomori.

Self-Defense Force vehicles are loaded on the *Sunflower Sapporo* at Tomakomai Port.

Car Carriers—Cross Trade

MOL was the first shipping company in Japan to launch a car carrier service in 1965. Since then, we have developed a safe and stable car transport service backed by one of the world's largest fleets. One of the pillars of our current midterm management plan is to accelerate business development in growing markets. The Car Carrier Division is actively developing cross trade with this theme in mind.

HISTORY OF CROSS TRADE

In the 1980s, Japan grew into the world's largest vehicle exporter. Indeed, by 1989, exports from Japan accounted for 85% of global vehicle exports. However, at the dawn of the 1990s, an appreciating yen and trade friction were catalysts for Japanese automakers to increase local production in the U.S. and Europe. Furthermore, as vehicle sales globally have slowly shifted to emerging markets such as Asia, Latin America and Eastern Europe, Japanese automakers have also ramped up local output in these locations. As a result, in 1995 vehicle exports from Japan fell to 50% of the global total.

Amid the aforementioned moves in the 1990s by automakers, seaborne trade of vehicles has diversified. Vehicles are now shipped from production bases around the world to a multitude of broadly scattered consumption regions. MOL was quick to spot this changing current in trade, and responded by launching a strategy to strengthen cross trade, that is, business in loading and discharging locations outside of Japan. In 1995, we established a section whose brief was to spearhead these efforts. In 1998, we opened a direct route from Thailand to Australia. Then in 2001, we launched the "4 Continents Express Service," which does an anti-clockwise loop around the Atlantic Ocean, calling in at major ports on four continents (Africa, Europe, North America and South America).

As of March 2011, MOL operated 114 car carriers. Of these, approximately 30 vessels don't call ports in Japan at all. Furthermore, our loading volume in Japan and Far East Asia fell to 53% of the total in the year ended March 2011; in the first half of the 1990s it represented roughly 90% of the total.

The Car Carrier *SWALLOW ACE* at sea off the coast of Malta.

MOL'S CROSS TRADE SERVICES

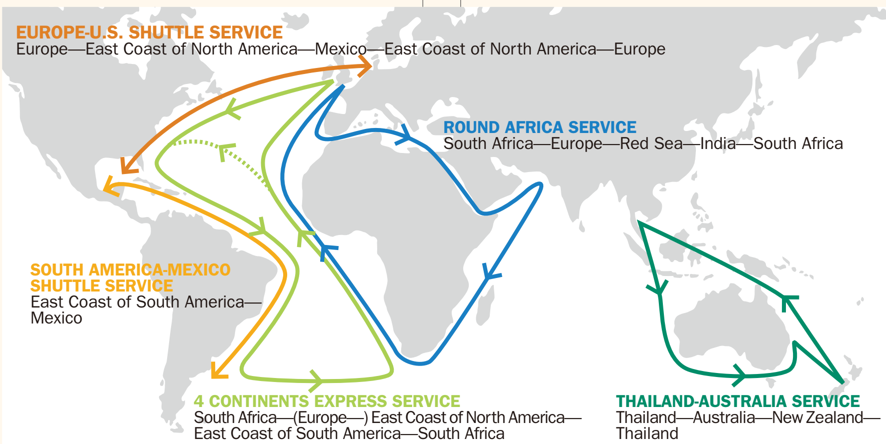
MOL has developed cross trade services on various routes in step with the dispersion and expansion of auto production and consumption, centered on the Atlantic.

The standout feature of our service is that it centers on regular services using dedicated vessels, resembling the containership business. Past cross trade services mainly entailed fully laden vessels sailing out from Japan to the U.S. or Europe, and then picking up cargo on the way during the return voyage to Japan. When cargo volume from Japan fell, the number of vessels headed for the U.S. or Europe declined, resulting in fewer vessels providing cross trade services. Furthermore, as the shipping schedule also hinged on departures from Japan, it became difficult to offer stable cross trade services.

In order to provide stable, regular services, we introduced vessels dedicated to cross trade. We thus began an independent service that wasn't affected by trade volume from Japan. To promote greater efficiency in vessel allocation, we integrated several routes that were operated separately and minimized where possible voyages with empty vessels. These actions have created the various cross trade networks we have today.

We have also strengthened sales activities in each region as the foothold for stable, regular services. As a result, the loading volume of new cargoes other than passenger vehicles, such as construction machinery and agricultural machinery that were previously transported mainly by containerships and conventional vessels, has increased. Today, these cargoes account for a significant proportion of cargo on cross trade routes.

CROSS TRADE SERVICES NETWORK





New types of cargo other than passenger cars such as construction equipment and agricultural machinery are increasing.

PROVIDING EVEN BETTER SERVICES

Keeping to schedule is the most important aspect in providing regular services with dedicated vessels. For instance, with the 4 Continents Express Service, we plan voyages to return 75 days after departing from South Africa and sailing in a loop via ports in Europe, North America and South America. Port congestion, bad weather or other circumstances can make it difficult for us to keep to schedule and provide regular services. In these cases, staff in charge of trade management stationed in London and New York as well as staff in charge of vessel allocation in Tokyo come into their own. In order to get schedules back on track, these staff arrange alternate vessels and take other steps to ensure we provide stable services.

Staff in London work closely with their colleagues in Tokyo.

When selecting the type of vessel for dedicated services, we also take care so as to use the most suitable type of vessel according to the characteristics of the particular route, such as whether there are many tall vehicles, or lots of construction machinery, or buses and trucks. To avoid losing business from not offering a vessel that matches a customer's needs, local salespeople, operators and Tokyo-based staff in charge of vessel allocation work closely together to determine the most suitable type of vessel for each route.

Unlike Japan, the U.S. and countries in Europe, developing countries often lack the port facilities and loading/discharging systems to keep up with rapidly increasing exports and imports, meaning there is also a high risk of congestion. Furthermore, stevedores in those countries are often less skilled. To address these challenging issues, MOL stations port captains at major ports in Brazil, India and other emerging countries so that it is able to provide high-quality services on a par with those in industrialized countries. These port captains provide technical instructions to stevedores. At other ports in developing nations, captains based in New York and London fly in to directly supervise loading and discharging work. In these and other ways, we take the utmost care to prevent damage to cargo.

As a result of these various initiatives, MOL commands a more than 50% share of vehicles exported from South Africa. And we have also captured a high market share in terms of exports and imports of vehicles in developing nations such as Thailand, India, Brazil and Mexico.

We have amassed a wealth of sophisticated transportation expertise since launching Japan's first car carrier. We have combined this know-how with swift business development that anticipates car market trends, and a large fleet to offer high-quality cross trade services. These services have won us high marks from customers. Now, eyeing the development of these services in growth markets, we will expand and enhance our cross trade services going forward.

Cai Mep Project

Vietnam has experienced rapid growth in recent years. For MOL, the country is one of its most important regions. MOL is making steady gains bolstering its business base in Vietnam. Efforts are centered on a container terminal project at Cai Mep Port, Vietnam's first deep-water container terminal.

LOCAL SUBSIDIARY ESTABLISHED WITH 100% INVESTMENT BY MOL

To establish a beachhead in Vietnam, MOL formed Mitsui O.S.K. Lines (Vietnam) Ltd. in October 2006 as the only local company wholly owned by a Japanese shipping firm.

Under Vietnam's foreign investment law, foreign companies were not allowed to hold more than a 49% equity interest in an ocean shipping agent. However, one Japanese shipping company was permitted to establish a wholly owned local company as a result of bilateral discussions in December 2005 between the Vietnamese and Japanese governments. MOL was that Japanese company to acquire permission.

The containership *MOL MODERN* being loaded at Cai Mep Port, Vietnam.

PARTICIPATION IN CONTAINER TERMINAL PROJECT

After establishing the local subsidiary, MOL began considering a container terminal project at Cai Mep Port, Vietnam's first deep-water port. MOL envisaged a direct route for large vessels using the port becoming an important logistics hub in the future due to its geographical location between Hong Kong and Singapore. MOL's goal was to build a base for opening a direct link. In March 2007, MOL inked a memorandum of understanding with Saigon Newport Corporation (SNP), Vietnam's largest container terminal operator, to conduct a joint study regarding the construction and operation of a container terminal.

In September 2009, MOL, SNP, Hanjin Shipping Co., Ltd. and Wan Hai Lines Ltd. established a joint venture, Tan Cang – Cai Mep International Terminal

Co., Ltd. (TCIT), which commenced operations in January 2011. As of April 30, 2011, a total of 5 services were using TCIT: 3 services on the North America route, and 2 services on the Europe route. In the short space of only four months from commencing operations, TCIT had already obtained the top rank among the container terminals at the port in terms of volume.

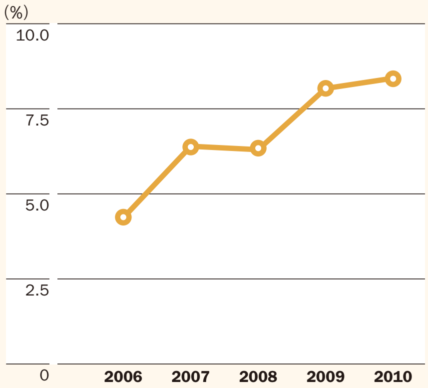
Prior to the launch of TCIT, in June 2009, in an industry first, MOL began offering a direct service from Vietnam to the U.S. West Coast, using Cai Mep*. The direct service has been well received by customers, with MOL volume to North America having steadily increased, especially for furniture and apparel, the main exports from Vietnam. After the onset of the global financial crisis precipitated by the collapse of Lehman Brothers, exports from Vietnam to North America dropped approximately 1% year on year in 2009. However, that same year MOL registered volume growth of 28%.

MOL currently offers 4 services a week using Cai Mep combined with North America and Europe routes—the most in the industry. Since 2009, it has held top spot in volume at the port.

Along with the opening of a direct service, MOL has begun offering a new route for transporting cargo destined for North America from Cambodia directly from Cai Mep. This service takes advantage of barges to transport cargo from Cambodia, which borders Vietnam, from Phnom Penh along the Mekong River to Cai Mep. High-quality services underpinned by meticulous preparations have garnered a strong response, and now almost all cargo bound for North America from Cambodia travels via Cai Mep.

* Tan Cang – Cai Mep Container Terminal. SNP opened this terminal before other companies.

MOL'S SHARE—VIETNAM CARGO BOUND FOR NORTH AMERICA



TCIT LOCATION AND TCTS OPERATION AREA

DEVELOPING ASSOCIATED BUSINESSES—LAUNCH OF TUGBOAT OPERATIONS

Cai Mep is expected to see an increase in port calls by large vessels. Anticipating that a stable tugboat service would be essential to ensure safe operations, MOL conducted a feasibility study over two and a half years, culminating in the August 2010 establishment of Tan Cang-Cai Mep Towage Services Co., Ltd. (TCTS) and launch of tugboat operations in October that year. TCTS is a joint venture with SNP and Haivan Shipping-Services Corporation, which offers agency, tugboat and barge services at the port. High-performance, large tugboats, with top-class horsepower, have been deployed at the port, enabling it to provide safe, high-quality services to customers to their satisfaction.

In addition to the establishment of the 100%-owned local subsidiary and a series of initiatives at Cai Mep, we have established "MOL Class" at Vietnam Maritime University to educate seafarers and enhance practical training. We also provide support through a scholarship program. Moreover, as a safe operation initiative unique to MOL, we offer escorting services from pilot stations. These efforts have won kudos from the port authority and pilots.

Looking ahead, MOL aims to raise its presence further in fast-growing Vietnam, while working to develop services for Cai Mep as a hub, as MOL aims to expand in Cambodia and neighboring growth regions.

Two tugboats of TCTS in operation—*KAMIYA* and *HAIVANSHIP 6*, near the containership *MOL PARTNER*.

Transporting LNG to China

In March 2010, MOL signed two Heads of Agreement, with the intention for MOL to construct and charter a total of four LNG vessels to projects involving ExxonMobil affiliates. This marked MOL's first successful participation in an LNG transport project where China is the destination. What will be its impact?

LNG CARRIERS

Demand for liquefied natural gas (LNG) is growing in countries across the world as a clean form of energy. MOL participated in its first LNG transportation business in 1983. We have since gained substantial experience and expertise in the operation and management of LNG carriers. MOL now accounts for about 25% of global LNG transportation.

The LNG carrier *BEN BADIS* is part of the Papua New Guinea LNG project with ExxonMobil.

PROJECT OVERVIEW

Chinese shipyards have built six LNG carriers since 2008 (one carrier remains under construction.) up to the present day, but none of these vessels was ordered by an overseas shipping firm. MOL was the first overseas shipping company to place an order for an LNG carrier with a Chinese shipyard.

LNG shipping contracts are typically for at least 20 years. Transporting a substance that freezes at –160°C reliably and safely over long periods of time requires exceptionally advanced shipbuilding technology and related supervision of the carrier construction process, together with extensive experience in safe and stable LNG shipping operations. ExxonMobil approved MOL as a designated bidder for this project because we could fulfill such rigorous conditions. We were also supported by our strong track record of cooperation in other ExxonMobil-led LNG projects over many years.

LNG CARRIERS TO BE BUILT IN CHINA

Transportation Route	Shipbuilder	No. of Vessels	Scheduled Launch of Service
Papua New Guinea ⇒China (SINOPEC)	Hudong*	2	2015–2016
Australia (Gorgon Project) ⇒China (PetroChina)		2	2015

*Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.

PARTNERING FOR SUCCESS WITH A CHINESE SHIPBUILDER

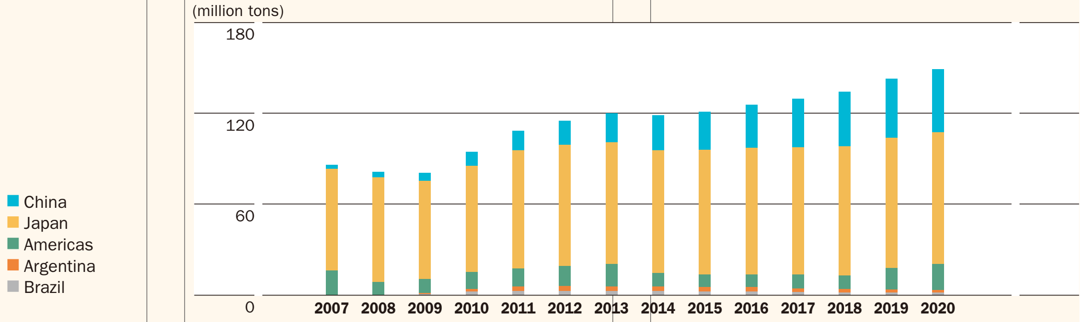
The LNG Carrier Division and Technical Division set up a special joint taskforce in March 2010 with the mission of providing the charterer with safe, stable long-term LNG transportation capabilities based on first-class supervision of the carrier construction process. After a selection process among leading Chinese shipyards, we chose Hudong as the partner for this project in December 2010. We would normally expect to assign a technical team of 2–6 engineers to the shipyard to supervise LNG carrier construction. In this case, since it marked the first order of LNG carriers by an overseas shipping firm in China, we decided to institute special guidance and supervision systems to ensure that the shipyard would operate to stricter-than-usual quality and safety standards. At peak construction, we expect to have a team of about 50 engineers on site in China.

THE MAJOR SIGNIFICANCE OF THIS PROJECT

China has been increasing imports of LNG in recent years as demand for the fuel has risen. Chinese LNG imports are anticipated to grow from 9 million tons in 2010 to 25 million tons in 2015 and 40 million tons in 2020. MOL's success in gaining entry into the Chinese market is highly significant due to the massive growth potential. We are set to become the only non-Chinese shipping company with a foothold in the rapidly expanding market for transporting LNG to China. We expect this growing differentiation to provide us with a sharper competitive edge in the LNG sector. This is expected to make a substantial contribution to our LNG transportation business going forward.

LNG DEMAND FORECAST FOR MAJOR COUNTRIES AND REGIONS

(as of April 2011)



Source: MOL calculations based on Poten & Partners, etc.

TARGETING BUSINESS EXPANSION OPPORTUNITIES IN GROWING MARKETS

Besides China, volumes of LNG imports are expected to grow in the future in India, Brazil, Southeast Asia, Eastern Europe, and other parts of the world. We are continuing to expand MOL's international organization so that we can tender for other cross-trade LNG transportation projects, especially through expansion of our London operations. The LNG Carrier Division has about 40 staff based in MOL's Tokyo head office, who mainly focus on projects to transport LNG to Japan or other countries in Asia. Our London-based LNG Division employs about 20 people, mostly from Europe. Rather than stationing managers in each country in Europe, which would probably prove inefficient, we believe that the LNG transportation business requires a team-based approach. This is why we have centralized operations in London.

[PERSONS INSTRUMENTAL TO WINNING THE PROJECT FROM EXXONMOBIL]

The director of our London office played a big part in the project tender process.

Mike Rowley,
Director of LNG Division,
Mitsui O.S.K. Bulk Shipping (Europe) Ltd.
London, United Kingdom

After joining MOL in October 2007 my vision was to help grow MOL's LNG business in the expanding Atlantic basin and to support Tokyo to capture new business globally using my 30 years of major oil and gas shipping industry experience. It was extremely gratifying to participate in the rigorous and extremely competitive China bid process. I think MOL's success was due to a combination of good team work and being able to leverage its many years of LNG shipping experience and global resources to put together the winning bid. MOL has now added another significant chapter to its relationship with ExxonMobil in working together on major LNG projects and has marked MOL's entry into an exciting and growing new market in China.

S A F E O P E R A T I O N S

A Core Competence and a Key to Growth in the Marine Transport Industry

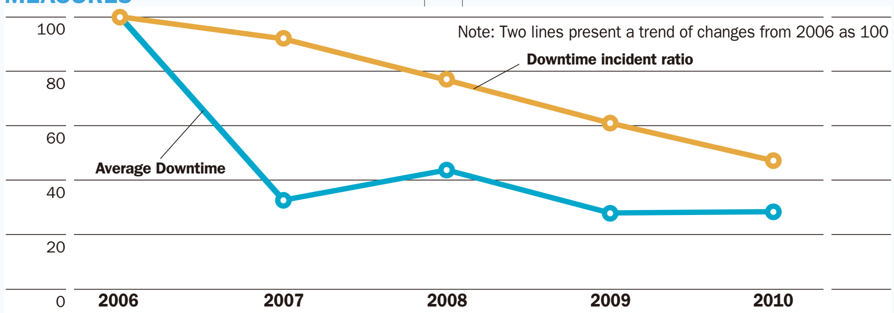
Safe operation is a social mission for MOL as a marine transport company, not to mention a theme of the utmost importance for winning over customers and other stakeholders. Our previous midterm management plan saw us put priority on refining our safe operation system. Under our current plan "GEAR UP! MOL," we are building from this base with the aim of making our safe operation processes more visible, and becoming the world leader in safe operation.

CORE COMPETENCE—MAKING SAFE OPERATIONS EVEN SAFER

Ensuring safe operations is a core competence of the shipping business. This is part of the MOL Group's corporate principles, and also one of the three pillars of the midterm management plan GEAR UP! MOL (FY2010–FY2012). An accident with environmental consequences can threaten the sustainability of our relationship with society, not to mention the environment and economies. The massive oil leak in the Gulf of Mexico and the loss of cooling functions of the nuclear power plants in Japan are recent events that have brought this notion into sharp focus.

Safe operation is not simply about the outcome. Every single process for maintaining safety must be ensured by planning and executing in detail, as well as making those processes visible and objectively evaluated. In 2007, MOL established the *Safety Operation Supporting Center* (SOSC) in the Head Office. SOSC monitors all vessels operated by MOL around the world on a 24hrs/7days basis, and directly supports masters on-site. MOL continues to develop and upgrade the functions of SOSC as a symbol of how it is making the process of safe operations visible.

RESULTS OF OPERATIONAL SAFETY MEASURES



The SOSC in MOL's headquarters watches over the safety of company-operated vessels 24 hours a day.

CONNECTED WITH MANAGEMENT PLANS

Seafarers conduct safe operations with the aim of achieving the "4 zeroes."

Learning from the serious marine incidents in 2006, MOL reviewed and checked its safety management structure based on the slogan "returning to the basics." A range of safety initiatives was launched, including restructuring the organization in the midterm management plan MOL ADVANCE (FY2007–FY2009). The key initiatives were: (1) to improve facilities and equipment of vessels by implementing MOL Safety Standard Specifications; (2) to arrange crew overlapping* for familiarization and additional crew members for relieving on-site workload; (3) to appropriately distribute timely safety and weather information; and (4) to review and implement safety initiatives according to seafarers' opinions from safety conferences and ship visitations. As a result of safety initiatives in terms of vessels and equipment, services, management structures and other aspects of operations, a reduction in the accident rate has been observed and the main theme of MOL ADVANCE, "Ensuring safe operation is the highest priority," was successfully achieved.

MOL is now working tirelessly to improve the quality of its operations to reach the next goal of becoming "the world leader in safe operations" under GEAR UP! MOL. World leader stands for an uncompromising focus on achieving "4 zeroes"—that is to prevent serious marine incidents, oil pollution, fatal accidents, and cargo damage. In addition to this index, Key Performance Indicators (KPIs**) and evaluations by external organizations are monitored and enable us to check the effectiveness of our actions.

In order to become the world leader in safe operation, the following two imperatives are important for all staff in the MOL Group.

1) Having a strong mind-set to prevent minor troubles from escalating into major incidents.
2) Enhancing the ability to perceive danger and taking the right actions to break the link in a chain of errors.

It is essential to know and share information about the lessons learned from past failures, such as how trouble occurred, and how damage was contained. Communicating such information to personnel is the only way to realize that. Therefore, MOL continues to implement safety initiatives such as producing training videos for seafarers on-site, holding operational safety workshops for office staff, and holding annual Safety Conferences where past accidents are looked at in detail and attendees participate in group discussions. Every person listens to the voices and opinions from employees in every meeting from Safety Operations Headquarters to the Operational Safety Committee. Office staff process such information into useful notices or countermeasures, then pass it on to operational staff to prevent further accidents. The goal of being the world leader in safe operation will be achieved if every staff member in the MOL Group performs their daily work in the right manner with a commitment to continuous improvement.

* Crew Overlapping: When key staff (captains and chief engineers) are relieved by newcomers, MOL arranges an overlapping period for familiarization with the vessel and the safety management system.
** KPI: Key performance indicators to evaluate achievement of organizational goals.

Executive officer Masaaki Nemoto explains MOL's safe operation measures.

EXAMPLES OF INITIATIVES AT THE DIVISIONAL LEVEL: TANKER DIVISION

The tanker business is a richly diverse business. We operate many different types of tankers, including crude oil tankers, product tankers, methanol tankers, LPG tankers, and chemical tankers. These vessels transport a variety of cargoes from crude oil to petroleum products and chemical products. And we operate our fleet under a mixture of contracts such as long-term time charters and spot contracts. The wide variety of vessel types, cargoes and contracts forms different markets in the tanker business. However, there is still one theme common to all vessels for ensuring the continuity of business: scrupulously practicing safe and efficient operation. Customers such as oil majors have a social responsibility to properly and safely handle dangerous goods like oil. To fulfill this duty, they are scrutinizing shipping companies more and more every year in terms of their safe operation management systems. When oil majors sign a charter agreement, they impose certain conditions. For instance, they will only sign with shipping companies that manage vessels in-house, and vessels must not be older than 15 years. Furthermore, senior officers onboard vessels must have worked together at the same shipping company for a number of years.

In the oil business, oil majors command an extremely large presence. That's because they are deeply involved at all stages from oil exploration and production to refining, transportation and retail sales. In transporting oil, oil majors have determined industry standards about procedures, contract forms and other aspects over many years. Accordingly, whether the contract is a spot agreement or a long-time charter, oil majors will be involved somehow. With the increasing requirements for safe operation and greater calls for consideration of the environment in recent years, the standards demanded by oil majors have become stricter and are now the industry standard. For example, even a domestic oil company demands that the condition of the vessel must be approved by oil majors.

MOL has responded proactively to these developments requiring vessels to meet high safety and quality standards. We have long developed engineers and experts as a strategic initiative. With our 100% owned in-house ship management companies in Singapore and London, we have been employing and training our own foreign national seafarers for more than two decades. With VLCCs, we have an in-house ship management system for all vessels. Moreover, in June 2010, we established the Tanker Safety Management Office (MTANK) as an internal organization staffed by tanker specialists. As a section that holds experts in forefront tanker operations, MTANK provides technical support for vessels, vessel operation managers, sales managers and ship management companies. At the same time, it enables MOL's tanker fleet to respond quickly to customers' requirements. We also dispatch inspectors, and cargo and technical superintendents, to provide safe, high-quality services. What's more, all data reported by our entire fleet is centralized and analyzed in MTANK and fed back to all vessels to continuously improve their operations. At the same time, we set KPIs as a means of making performance visible, as we work to ensure safe and efficient operations.

Our fleet expansion plans also reflect the top priority we give to safety and efficiency. Amid increasing global interest in environmental protection, we have made it our basic policy to actively replace vessels in our fleet. We have led the industry in introducing a Ship Energy Efficiency Management Plan* at in-house tanker management companies. In accordance with this plan, we are making efforts to use fuel oil efficiently and to reduce CO_2 emissions. On top of that, we actively employ new technologies so as to make our fleet environmentally friendly.

* Ship Energy Efficiency Management Plan: A plan to ensure efficient operations to help prevent global warming and reduce CO_2 emissions. The International Maritime Organization (IMO) is considering making these plans compulsory.

A high level of safe and efficient operation is required in the tanker business. The VLCC *AZUMASAN* transports crude oil.

COMMENTS FROM THE OPERATIONAL FOREFRONT

[Vessel]

We give clear instructions and ensure that they are properly understood

Valery V. Nekhrasov
Captain

We give clear instructions to our crew members and ensure that they are properly understood. Taking the Bridge Watch Organization as an example, it is very important to give clear instructions to the officers by standing orders and/or night orders, and so on. Detailed discussion with each deck officer about the standing orders, to ensure that they are properly understood, is essential.

Of course, voyage planning is a basic of safe navigation. It provides me an opportunity for dialogue with the watch-keeping officers concerning allowances and errors. I give practice exercises to encourage the duty officers to think ahead. I try to act in a supporting role, which can strengthen the team and give the officers more confidence.

[Vessel]

Never get injured, Never cause an injury

Takuya Otsuka
Second Engineer

As an engineer responsible for onboard operations, I am acutely aware of the need to prevent injuries to my partners or myself.

The other day, I had an opportunity to assist with compiling and analyzing the near-miss reports from vessels. There were many cases in which a tiny problem could have led to a serious accident or major injury. We always remember to wear protective equipment, which is the basis of Health-Safety-Environment-Quality (HSEQ). In addition, when making a maintenance work plan for the equipment I am responsible for, I do a thorough risk assessment. It is also important to take advice from my boss, from a different viewpoint. The safety of every seafarer is an indispensable element of safe operation for the entire vessel.

[Ship Allocation Staff]

Think from the standpoint of the vessel

Asuka Tsubaki
Crude Oil Tanker Group A,
Tanker Division

As a person responsible for vessel operation, I always try to think about things from the other person's standpoint. Particularly when delivering an order to a vessel, I take into account what the vessel is doing at the time, and how my direction will affect the vessel. When I consider that seafarers onboard move the vessel based on directions from the operator, I once again realize my responsibility. Sometimes I have to give an urgent order to vessels, but I take care not to give excessive requirements from shore to burden an already busy vessel. In addition, I strive to maintain close communication not only with vessels, but also with ship management companies and other parties concerned to achieve safe operation.

MOL at a Glance

Sales Breakdown by Segments

51%

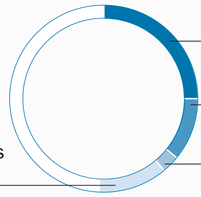
Bulkships
(Dry Bulkers, Tankers, LNG Carriers and Car Carriers)

BUSINESS DESCRIPTION

MOL operates a world-class fleet of dry bulkers, tankers, LNG carriers and car carriers, including one of the world's largest fleets of dry bulkers, with 374 ships. Many of these are specialized vessels built specifically to suit a type of cargo; 133 (109 Capesize and 24 Panamax) supply iron ore and coal to the steel industry, 36 are specialized steaming coal carriers, 54 supply wood chips to the paper industry, and 8 are heavy lifters. Another 143 are general cargo bulkers which transport all manner of bulk cargoes in a sector where volume is increasing by around 5% per annum, ranging from grain to industrial goods.

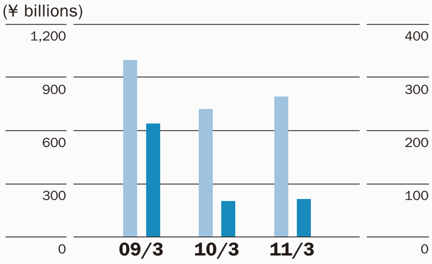
MOL's fleet of 206 tankers, which is one of the world's largest, is diversified to carry a wide range of liquefied products—48 are crude oil tankers, 60 are product tankers, 35 carry LPG and methanol, and 63 carry chemicals. MOL also has 72 LNG carriers, many assigned to specific projects, giving it the world's number-one share of this market. MOL operates a world-class fleet of 114 car carriers which offer high-quality service to transport finished vehicles to market. MOL has earned a reputation for reliability from its customers.

SALES BREAKDOWN



* Fiscal 2010 results. Please see page 94 for revenues figures.

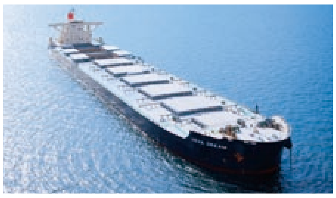
PERFORMANCE



MOL Fleet Composition FY2010

DRY BULKERS

Bulk carriers



	2010	2011
Vessels	316	312
Thousand deadweight tons	31,057	30,873

Wood chip carriers

	2010	2011
Vessels	52	54
Thousand deadweight tons	2,583	2,719

Heavy lifters

	2010	2011
Vessels	7	8
Thousand deadweight tons	88	135

LNG CARRIERS

	2010	2011
Vessels	76	72
Thousand deadweight tons	5,785	5,520

TANKERS

Crude oil carriers

	2010	2011
Vessels	46	48
Thousand deadweight tons	12,331	13,095

Chemical/Product tankers

	2010	2011
Vessels	136	145
Thousand deadweight tons	5,173	5,725

LPG tankers

	2010	2011
Vessels	13	13
Thousand deadweight tons	623	614

CAR CARRIERS

	2010	2011
Vessels	109	114
Thousand deadweight tons	1,652	1,747

Note: Figures are as of March 31 of their respective year, including spot-chartered ships and those owned by joint ventures.

TOTAL FLEET

Vessels		Thousand deadweight tons	
2010 905	2011 917	2010 64,337	2011 65,920

38% 3% 7%

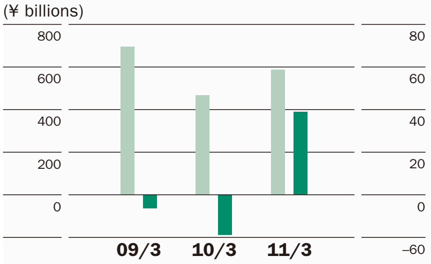
Containerships

BUSINESS DESCRIPTION

MOL operates a very diverse fleet of 104 containerships, both large and small, in all regions of the world. In addition to the key east-west routes linking Asia to North America and Asia to Europe, MOL also serves North-South or Intra-Asia routes, providing a balanced network that covers the entire globe and serves the diverse transport needs of global clients. This segment also includes MOL's container terminal operations in Japan, the U.S., and Southeast Asia. In June 2009, the logistics business was integrated into containerships to capture greater synergies. MOL continues to provide optimal solutions matched to customer needs and a variety of services, including an ocean consolidation business (MOL Consolidation Service (MCS)) which can provide procurement and distribution services for various consumer products.

PERFORMANCE

(¥ billions)



Revenues (left scale) Ordinary income (loss) (right scale)

Including the former logistics business from fiscal 2009.

CONTAINERSHIPS

Vessels	
2010 101	2011 104

Thousand deadweight tons	
2010 4,856	2011 5,308

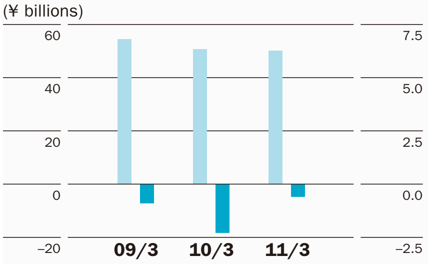
Ferry and Domestic Transport

BUSINESS DESCRIPTION

MOL has established an extensive service network which offers diversified and high-quality transportation services throughout Japan. As part of its efforts to address environmental concerns, the government is promoting a "modal shift" in transport, which emphasizes ferry transportation over trucking. The MOL Group serves as a model for this policy, with the most extensive domestic network of ferries and an aggressive program to tap latent demand for cargo shipping. This segment also includes domestic transport of bulk cargoes such as coal, steel, cement and salt.

PERFORMANCE

(¥ billions)



Revenues (left scale) Ordinary income (loss) (right scale)

FERRIES AND DOMESTIC CARRIERS

Vessels	
2010 44	2011 42

Thousand deadweight tons	
2010 161	2011 155

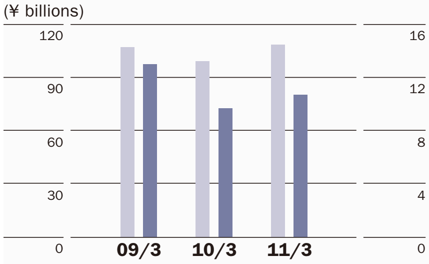
Associated Businesses

BUSINESS DESCRIPTION

This segment is centered on the office and residential building leasing operations of Daibiru Corporation, as well as one of Japan's largest tugboat operations. Other activities include marine consulting, maritime engineering, trading, and temporary staffing, most of which have some relationship to MOL's core ocean transportation business. The segment also covers the cruise ship operations of the *Nippon Maru*, which was fully renovated in 2010, and other cruise liners.

PERFORMANCE

(¥ billions)



Revenues (left scale) Ordinary income (right scale)

CRUISESHIPS AND OTHERS

Vessels	
2010 5	2011 5

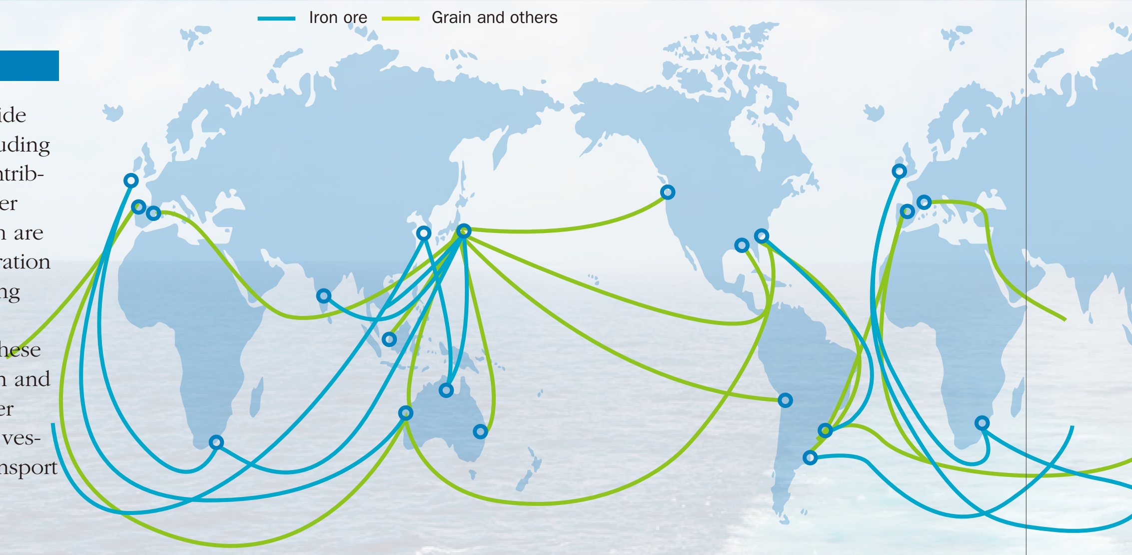
Thousand deadweight tons	
2010 28	2011 28

MOL's Main Routes

The MOL Group operates a total of approximately 900 vessels at present. This fleet is as diverse as it is large, including dry bulkers, which transport cargo ranging from steel raw materials and coal to wood chips, as well as oil tankers and LNG carriers, car carriers, and containerships that transport all manner of products. With this fleet, MOL sees itself as a "full-line marine transport group" capable of meeting the demands of the times in diverse fields.

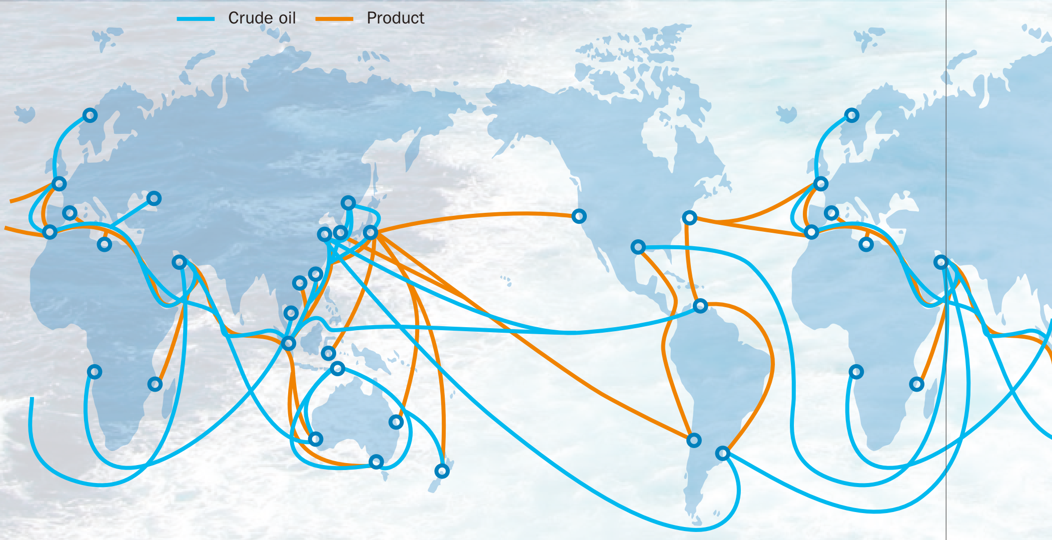
DRY BULKERS

MOL's dry bulkers transport a wide variety of natural resources, including iron ore, coal and grain, that contribute to industrial growth and better lives for all. These vessels, which are designed and built with consideration given to the type of cargo, loading port and unloading destination, ensure the reliable transport of these crucial natural resources to Japan and other countries. With a dry bulker fleet ranging from small to large vessels, we provide high-quality transport services that can cater to diverse customer needs.



TANKERS

MOL boasts one of the world's largest and most diverse tanker fleets. Our tanker fleet includes very large crude carriers (VLCCs) and other oil tankers, large and medium-sized product tankers that carry refined petrochemical products, chemical tankers that transport methanol and other liquefied chemical products, and LPG tankers for transporting liquefied petroleum gas. As experts with extensive experience in the safe and efficient transportation of liquefied products, we contribute to the stable supply of energy through our global operations.

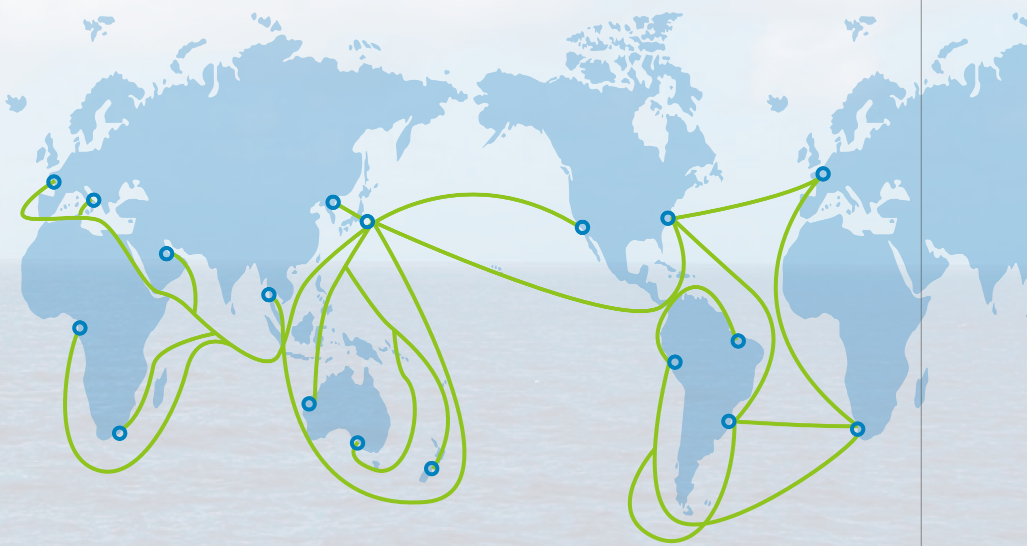


LNG CARRIERS

LNG (liquefied natural gas) is attracting considerable attention as an environmentally friendly clean energy resource and its demand is expected to increase sharply in the coming years. MOL continually provides safe, stable LNG transport and works hard to maintain its leadership in the LNG sector, serving as a key worldwide energy lifeline. We will take a proactive stance toward developing a wide variety of LNG projects around the world.

CAR CARRIERS

MOL provides safe and reliable transport services for responding to the needs of automakers, who are developing their operations globally. In recent times, demand has risen for service networks linking overseas ports without calling into Japan. Leveraging more than 45 years of know-how and experience in transporting cars, we provide comprehensive vehicle transport services, including coastal transportation.



CONTAINERSHIPS

MOL's containership service provides high-quality transportation services along major North American, European and Asian trade routes, as well as in South America and Africa, which are experiencing striking economic development and where MOL has traditionally been strong. Furthermore, we are catering to customers' diversifying needs by expanding services that connect with the Near and Middle East and India, and cross trade services.

Overview of Operations

Bulkships

DRY BULKERS

MASAFUMI YASUOKA
Senior Managing Executive Officer

FISCAL 2010 RESULTS

Market Factors Weigh on Earnings

Fiscal 2010 saw tumultuous movements in freight rates for Capesize bulkers as iron ore prices soared following the introduction of quarterly contract price renegotiations. Capesize bulker* rates hit a high of over US$59,000 in June 2010 on the spot market, before dropping to around US$12,000 the following month. Thereafter, they ranged from US$25,000 to US$45,000 as market prices rebounded due to robust iron ore shipments from Brazil and other factors. That was until December 2010 when spot rates temporarily dropped to under US$5,000 as cargo volumes plummeted. The precipitous drop-off in volumes reflected the impact of flooding in the eastern part of Australia, heavy rain and maintenance to port loading facilities in Brazil, and a cyclone in Western Australia. Trade volume finally started to bounce back in the spring of 2011, but a large number of new vessels hampered a full-fledged recovery of spot rates. Also the scrapping of vessels did not progress as expected because average market rates throughout 2010 were not low enough to expedite scrapping. Accordingly, while we secured stable profits to a certain extent by obtaining new medium- and long-term contracts, our earnings fell year on year.

* The largest type of dry bulker, Capesize bulkers are used mainly to carry raw materials for crude steel production, namely, iron ore and coking coal.

As of March 31, 2011, MOL operated 374 dry bulkers, which are broken down according to size and purpose into a number of subcategories, including Capesize bulkers, Panamax bulkers, Handymax bulkers, Small Handy-size bulkers, wood chip carriers, heavy lifters, and short-range bulkers.

In this report, I will divide MOL's dry bulker operations into two categories: iron ore and coking coal transportation, which is mainly driven by Capesize bulkers, and other dry bulk transportation conducted by smaller-size dry bulkers.

Iron Ore and Coking Coal Transportation

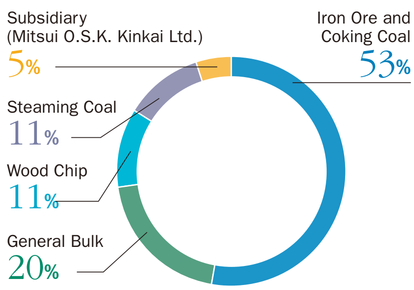
In 2010, China imported slightly less iron ore, as it used more domestically produced ore, which became more cost competitive due to the soaring price of imported ore. However, industrialized nations, notably Japan and EU countries, increased imports substantially. The net result was high growth of 9% worldwide. This was on a par with the past few years. Market rates were soft from the latter half of fiscal 2010 though, mainly because of the aforementioned weather events. On the other hand, we can't forget supply-side pressures with 213 new Capesize bulkers delivered in 2010. However, this pressure should be eased somewhat by consistently strong demand from China. After importing 1.5% less iron ore, or 618 million tons in 2010, China looks set to increase iron ore imports in 2011. The first 4 months of 2011 showed a 9% year-on-year increase and based on this we expect the country to import nearly 700 million tons in 2011.

The deluge in eastern Australia flooded open-cut mines and damaged port facilities and the railways used to transport coal to ports. By the end of March 2011, port and railway infrastructure had been restored. However, the mines were slow to fully recover, leading to lower shipments in the interim. Because of this, cargo owners elected to use Panamax and other vessels smaller than Capesize bulkers because of smaller cargo volumes. This was one of the factors why the Panamax bulker market was relatively tight and resulted in freight rates for these vessels usurping Capesize bulkers. Robust market rates for Panamax bulkers were also underpinned by demand for shipping grain, and for transporting coal to emerging markets.

The Capesize bulker *VEGA DREAM* anchored off the coast of Chiba, Japan.

CONSOLIDATED REVENUES BREAKDOWN

(RESULTS IN FY2010)



Other Dry Bulk Transportation

Small and medium-sized vessels such as Panamax and Handymax bulkers handle a variety of cargo from iron ore and coal to grain and other minor dry bulk cargoes such as steel products, cement, and fertilizer. In a relatively new market development, China became a net corn importer and is also importing more soybeans. With India also importing more coking coal, these types of vessels have become a solid contributor to our earnings. Small Handy-size bulkers, meanwhile, carry a lot of steel products from Japan to China and other Asian destinations and farther afield. In fiscal 2010, Japanese mills exported more than 40% of their steel production, making for a strong shipping market in this sector.

A Capesize bulker being loaded.

Wood chip carriers that come off contract with paper manufacturing companies are being used to transport soybean meal for feed use overseas, leveraging the strength of these vessels—their large capacity. This is contributing to our earnings. However, wood chip carrier demand was hurt by the major earthquake and tsunami that damaged a number of paper mills in Japan. Nevertheless, with the Chinese papermaking market growing, we see business growth opportunities ahead.

Steaming coal carriers saw increased demand created by the heat wave in Japan last summer and other factors. We expect these vessels to be an even more stable profit contributor as we take delivery of vessels for which we already have long-term contracts in place and win other medium- and long-term contracts.

LOOKING AHEAD

Steady as She Goes With Fleet Plan

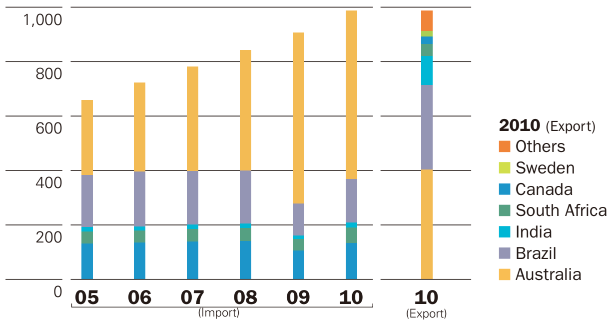
The supply of new Capesize bulkers in the market is a cause for some concern. Following 213 vessels in 2010, we expect a further 240 new vessels to enter service in 2011. However, we are relatively upbeat about demand in our markets, especially with China expected to continue importing iron ore in large volumes, which we believe will help resolve the ship supply issue. China has a target of raising the urbanization rate from 47.5% to 51.5% under its 5-year plan from 2011. Achieving this goal will involve 10 million people a year relocating to live in cities. So, China will no doubt import more iron ore to build the homes to accommodate these people and other infrastructure. This

IMPORT/EXPORT AREA-WISE WORLD IRON ORE SEABORNE TRADE

(million tons)

2005–2010 (Import)
- China
- Others
- Taiwan
- Korea
- Japan

Source: Clarkson

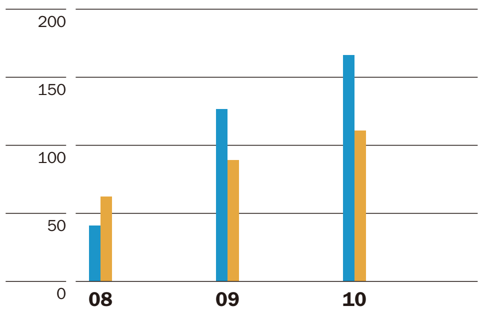


CHINA & INDIA IMPORT OF COAL

(million tons)

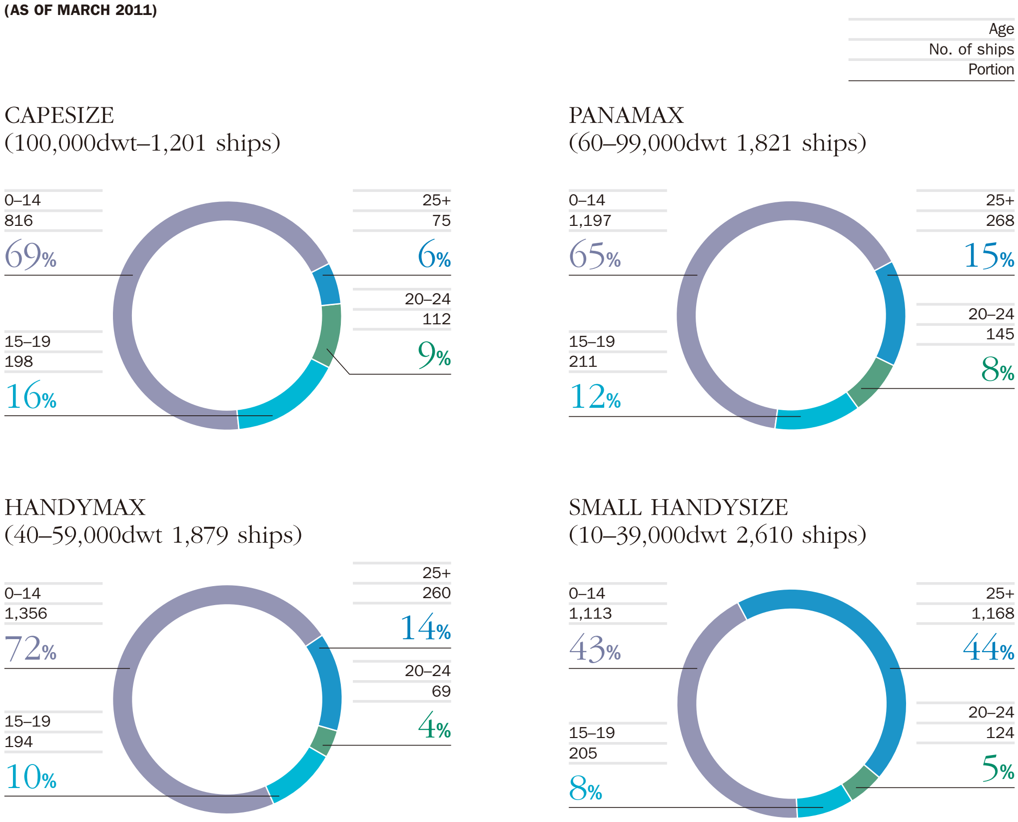
- China
- India

Source: JETRO "World Trade Atlas"
MOL internal calculation based on statistics of 5 major export countries (Indonesia, Australia, South Africa, USA, Russia)



WORLD DRY BULKERS AGE PROFILE

(AS OF MARCH 2011)



Source: Clarkson

ongoing demand should absorb the increased supply of ships. In 2010, mines were unable to supply enough iron ore to keep up with demand, and with iron ore prices remaining high as a result, China curbed imports. Looking ahead, however, we expect to see China increase imports as iron ore prices stabilize, partly as a result of mines increasing their output. Another positive factor is India. India harbors potential demand on the scale of China, but this will take some time to fully materialize.

On the other hand, the Capesize bulker market should see more vessels scrapped. In 2010, only 18 vessels were actually scrapped, but 23 vessels had been already scrapped by the beginning of April 2011. Considering this accelerated scrapping pace, we estimate that nearly 100 Capesize vessels could potentially be scrapped and offset the impact of the supply increase of new vessels by just over 40%. And, if Chinese and South Korean imports remain robust, the rest of that impact will be covered to some extent, improving the market balance.

We had been expanding our Capesize fleet, with it reaching 109 vessels by the end of fiscal 2010. However, based on these market conditions, we intend to take a conservative approach to ordering new Capesize bulkers for the time being. Besides returning vessels after charter periods expire, we will scrap vessels aged 25 years or older. As we will take delivery of about 10 vessels each year that have already been ordered through fiscal 2012, we will see a net increase by only a few vessels in our Capesize fleet between fiscal 2010 and fiscal 2012.

We had 119 Panamax bulkers and smaller vessels in our fleet as of March 31, 2011. Our plans call for this number to increase to 130 by the end of fiscal 2012 to respond to growing demand.

Safe operation is one of our biggest targets as a company. I have been visiting vessels more often to listen to the views of seafarers and reflecting their feedback in safety measures as much as possible. Under the watchful eyes of the Safety Operation Supporting Center, we are managing the movement of all MOL-operated ships on a 24-hour basis. Safe operation will continue to set our operations apart going forward. And *ISHIN-III*, our concept eco-friendly large-scale iron ore carrier which is under joint development with a shipbuilder, aims to cut CO_2 emissions by 30%. It should also help us immensely to remain economically competitive amid rising bunker prices.

DRY BULKERS

Dry bulkers transport large volumes of solid bulk cargoes that are not individually packed. They carry a diverse range of cargo, ranging from iron ore and coal, to grains, other types of minerals, wood (logs and lumber), wood chips, cement (bulk and bagged) and salt.

Bulkships

TANKERS

TSUNEO WATANABE
Senior Managing Executive Officer

FISCAL 2010 RESULTS

Recovery in Oil Demand, Freight Rates Lag

In fiscal 2010, we aimed to bounce back from our operating loss in fiscal 2009. Unfortunately, market conditions failed to improve, remaining depressed as a whole, and as a result we recorded an operating loss for the second consecutive year.

VLCC* freight rates held relatively firm from the outset of 2010. However, freight rates dropped again prior to summer, leaving levels for fiscal 2010 low overall. This outcome came despite a momentary spike in the World Scale** for VLCCs to 80, reflecting demand during the winter months.

* VLCC: Very Large Crude Oil Carriers
** World Scale (WS): the freight rate index for oil transportation by sea

In terms of VLCC supply, while 55 new double-hulled tankers were delivered in 2010, 40 single-hulled tankers were withdrawn from the market either through scrapping or conversion to another vessel type. This resulted in a net increase of 15 ships at the end of 2010. The re-entry around July of vessels which were commissioned for storage use also led to an increase in supply of ships. However, given the total number of vessels on the market (548 at March 31, 2011), this net increase wasn't of such a level as to cause a large decline in freight rates.

In step with global economic recovery, oil consumption worldwide in 2010 was 87.9 million BD*, representing a year-on-year increase of 3.5% and a new record high. China, in particular, saw crude oil import volume increase by 40 million tons, to 240 million tons on an annual basis. China's imports came not only from the Middle East, but also included an increase in long-distance transport from West Africa and South America, stimulating sharp growth in VLCC ton-mile demand.

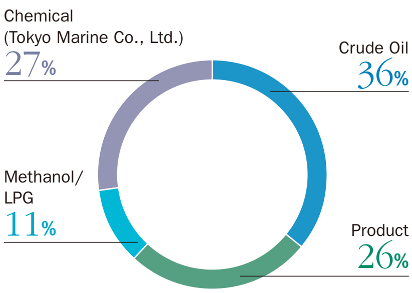
* BD: barrels/day

Given the increased demand, why have market prices stagnated? The only conceivable answer is that psychological factors among shipowners on the spot market appear to have outweighed the facts surrounding the actual supply-demand balance.

As of March 31, 2011, the MOL Group's fleet consisted of 48 crude oil carriers, 60 product tankers, 85 chemical product tankers, and 13 LPG tankers. To replace aging or smaller vessels with larger tankers, in fiscal 2010 we newly ordered 2 VLCCs and 5 MR-type product tankers. In light of the market environment, though, we are pushing back new orders at the moment. Similar to the situation with crude oil tankers, market rates for product tankers are experiencing weakness for "sentimental" reasons. In contrast, LPG tankers shook off a period of stagnation over the last several years, with cargo volume increasing and market rates rising gradually from the second half of 2010. In chemical tankers, 70% of total transport volume consisted of contracts of affreightment, or COAs. Profitability worsened in 2010, reflecting adverse market conditions present at the time of freight rate renewals.

CONSOLIDATED REVENUES BREAKDOWN

(RESULTS IN FY2010)



LOOKING AHEAD

Strengthening the Business Base as a Market Recovery Takes Shape

With oil resource consumption surging rapidly in emerging markets, our projected scenario detailing a sharp growth trajectory remains unchanged. Oil transportation routes should diversify more and ton-miles should grow. This is attributable mainly to oil refining in the Middle East and emerging markets, as well as the dispersion of geopolitical risks surrounding oil-producing nations. As such, the market is harboring many factors that could suddenly trigger an escalation in tanker freight rates. Accordingly, MOL's fleet plan, which calls for replacing aging vessels and having a 220-tanker fleet by the end of fiscal 2012, remains unchanged from our midterm management plan announced in March 2010.

In tandem with growth in oil demand, the market itself is undergoing a massive transformation. Among the factors driving this change are attempts by charterers to shorten contract terms. Other dynamics are growth in potential customers, especially from oil-producing nations outside the Middle East and new oil importing markets. MOL is responding to these changes and will broaden the market with the provision of high-quality, flexible services. To this end, we are looking to further expand our operating fleet, and at the same time, to reinforce our overseas network by expanding and developing bases in South America, the Middle East, and other regions.

For cargo owners, the most critical theme bar none is safe operation. MOL has long put extensive emphasis on seafarer training and ship management. To build on this structure, we have created a Tanker Safety Management Office as part of our headquarter organization. Centered on this office, we have reinforced a structure for integrated management operations with Group ship management companies in Singapore and London. These efforts will also include sales support, and eventually lead to the establishment of an "MOL Brand" synonymous with all-round safety and high-quality vessels.

TANKERS

Tankers transport liquid cargoes. Crude oil tankers transport crude oil, whereas product tankers carry a range of petroleum products refined from crude oil, such as naphtha, gasoline, diesel and kerosene. Meanwhile, chemical tankers transport petrochemical products. There are also tankers designed specifically for transporting liquefied petroleum gas including propane and butane.

Bulkships

LNG CARRIERS

KAZUHIRO SATO
Senior Managing Executive Officer

FISCAL 2010 RESULTS

Contributed to Stable Profits, Utilized Off-Contract Vessels

Most of the LNG carriers that we own currently operate on long-term contracts. Leveraging this fact, and our first-class LNG transportation record and strength as one of the world's largest shipping companies, we generated a stable source of profits, contributing to MOL's overall performance in fiscal 2010—just as we have done time and time again in the past.

Fiscal 2010 saw eight LNG carriers come off long-term contracts and become spot vessels. The market for spot vessels in fiscal 2010 was a tale of two halves. In the first half, a glut of vessels led to depressed charter rates. However, in the second half, a bitterly cold winter in South Korea fueled more demand than in a typical year for LNG. In fact, South Korea generated additional spot demand for LNG of approximately 7 million tons. That's a lot of LNG—it's equivalent to using approximately 20 LNG carriers on a standard vessel basis for 6 months. Due to this higher demand, spot market rates in the second half of the year were around three times higher than in the first half of year.

We also made steady progress in our China LNG transportation project for ExxonMobil affiliates, forming a tie-up with China Shipping (Group) Company as a shipping partner. We also selected Chinese company Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. to build the four new LNG carriers destined for China as part of this joint project. At present, six MOL engineers are stationed at the shipyard to help them meet our high safety and quality standards. An official agreement will be signed in June or July 2011 after the shipyard proves it was able to meet our requirements.

We believe this relationship among MOL, China Shipping (Group) Company and Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. will serve as an important bridgehead for future LNG business in China. We are determined to grow our presence by delivering a successful result in this project, which should stand us in good stead for the future in the Chinese LNG transport market.

LOOKING AHEAD

Four Factors for Growth

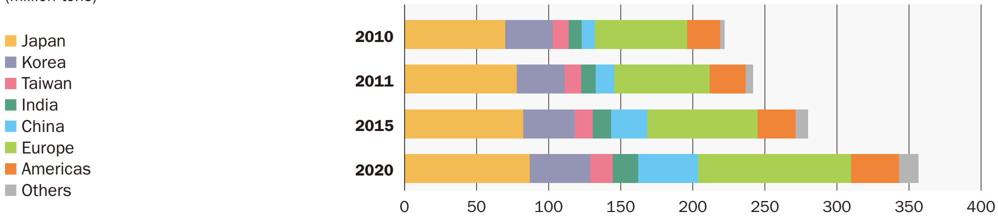
Looking ahead, four factors will surely have a large part to play in our growth: LNG demand and supply, fleet and costs, safe operation and off-shore businesses.

LNG demand is rising not only in the traditional markets of Japan and South Korea, but also rose in the new market of South America (Brazil and Argentina) in 2010. Moreover, the Great East Japan Earthquake in March 2011 is expected to spur a rethink of some countries' energy strategies, creating additional demand for LNG. Major electric and gas utilities in Japan have decided to import additional LNG in light of the accident at the nuclear power station, which may see a shift in momentum toward the generation of more power using LNG going forward. On the supply side, steady progress was made at new projects in Australia, Yemen, Peru and elsewhere during fiscal 2010. Moreover, Qatar is ramping up LNG production. As the supply and demand increases are well balanced, we expect to see a steady increase in seaborne transportation of LNG.

A first-class track record and cost-competitiveness are important deciding factors for new projects in tenders. In June 2010, we started a safety reinforcement campaign, conducting meetings with captains, officers and crews on board vessels. I attended these meetings on many occasions. MOL aims to raise the operational safety standard of its LNG vessels to the international level as required by major oil companies in line with the International Safety Management (ISM) Code. Also, we will work to obtain higher scores in charterers' periodical inspections of ship management. We won't be satisfied with just obtaining qualifying scores. Regarding cost-competitiveness, we should have an edge by developing highly fuel-efficient vessels in collaboration with shipyards. Because charterers bear the cost of fuel on voyages, these ships should differentiate MOL from competitors.

For off-shore businesses, Floating Storage and Regasification Units (FSRUs) are now being employed in many projects worldwide. We will consider full-scale entry into this field, leveraging our experience with the Shuttle Regasification Vessels (SRVs) project for off-shore Boston, in the U.S. state of Massachusetts, which is run by GDF SUEZ.

LNG DEMAND FORECAST
(million tons)



Source: MOL calculations based on Poten & Partners, etc.

LNG CARRIERS

Natural gas is attracting the limelight as an environmentally friendly clean energy source. It is in increasing demand in countries around the world as a feedstock for city gas and power generation. At minus 162°C, natural gas liquefies and becomes one-six-hundredth of its gaseous state. LNG carriers transport large volumes of liquefied natural gas.

CAR CARRIERS

TAKASHI KURAUCHI
Managing Executive Officer

FISCAL 2010 RESULTS

Record Numbers Support Return to Profitability

After posting its first ever loss in fiscal 2009, the Car Carrier Division set out in fiscal 2010 with the determination to turn things around. Our efforts were aided by a sharp upturn in the number of vehicles transported by sea worldwide—from only around 9 million in 2009 to 12 million in 2010. On a consolidated basis, we transported 3.6 million vehicles, the most we have ever carried. We turned things around indeed, and posted a profit in fiscal 2010.

Clearly, the rebound in seaborne transportation of vehicles contributed to our return to profitability. But that doesn't tell the full story. Yen appreciation from summer 2010 and the rising bunker price adversely affected our operations. But we countered these challenges by keeping a tight rein on costs. Actions included avoiding holiday and nighttime loading/discharging work, implementing slow steaming on ballast voyages, reviewing overseas staffing, and returning ships to rightsize our fleet.

MOL is promoting the "Senpaku ISHIN Project" to create next-generation concept vessels with a lower environmental impact. As part of this project, together with Akishima Laboratories (Mitsui Zosen) Inc., we developed an optimum trim system that boosted car carrier fuel efficiency by up to 4%. Besides improving fuel efficiency, it helps cut CO_2 emissions.

LOOKING AHEAD

A Flexible Approach to Global Seaborne Transportation

Fiscal 2011 unfortunately began with a catastrophic event that hurt the earnings of this division. The Great East Japan Earthquake, which rocked northeastern Japan in March 2011, resulted in a precipitous downturn in vehicle shipments from Japan in March and April. And with supply chains disrupted, automobile production worldwide fell as well. While we hope for a rapid recovery from this situation, it is uncertain at this stage how much of the lost business we can make up for over the remainder of the fiscal year. Moreover, the yen's appreciation and rising bunker prices are making our earnings somewhat volatile.

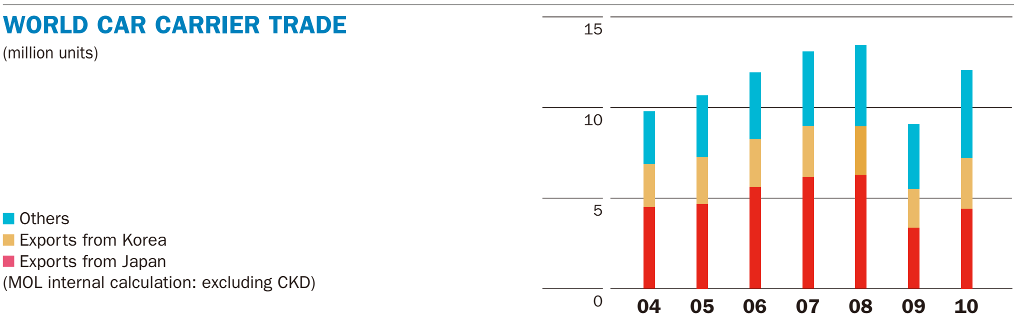
Looking at the number of automobiles sold worldwide, we are relatively upbeat about prospects for our business, though. Worldwide vehicle sales exceeded 70 million in 2007, then dropped below that mark between 2008 and 2009 due to the Lehman Shock. However, sales rebounded in 2010 to 72 million. Now that the North American economy is clearly in a recovery phase and Europe should recover too, albeit a year later, we estimate that about 78 million vehicles will be sold in 2011. Based on these trends, the seaborne transport of vehicles could return to its peak level in 2012, 2013, or 2014.

In parallel with the recovery of seaborne transport volume, we also expect logistics frameworks such as routing to change gradually over several years. To prepare for this change, we will maintain or create sophisticated, strategic organizations around the world, deploying sufficient staff at every site. We don't focus on specific areas, like BRICs nations, but simply think in terms of the movement of cargo from A to B. For example, car exports have already started from non-BRICs countries, such as Mexico and South Africa. Given the uncertainty in the current business environment, we will maintain a wide view of our market to seek out the next growth routes, without focusing on specific regions or clinging to conventional thinking.

With a flexible approach to our business, we remain committed to being one of the world's best car carriers, as well as to safe vessel operation and transportation—the most important service we can offer our customers.

WORLD CAR CARRIER TRADE

(million units)



(MOL internal calculation: excluding CKD)

CAR CARRIERS

Car carriers have a number of decks much like a multilevel car parking garage. Each deck is connected by a ramp. Cars are driven and stowed in the limited space, with a gap of about 10 cm separating each vehicle.

Containerships

JUNICHIRO IKEDA
Managing Executive Officer

FISCAL 2010 RESULT

Back in the Black Following Vast Earnings Improvement

In fiscal 2010, containership operations put two years of ordinary losses behind it to post ordinary income of ¥38.9 billion. This ¥95.7 billion year-on-year turnaround eclipsed our initial forecasts. The single biggest reason for our rebound was huge demand growth. Trade volume surged on the North America and Europe routes by around 15% as the global economic recovery quickened; whereas we had forecast growth of only around 4% to 5% on these routes. Likewise, Intra-Asia and South-North routes turned in significant trade volume growth. The supply-demand balance tightened from around early spring as shipping companies took responsive steps such as supplying space to match trade volume. Consequently, freight rates were much higher than expected as well. So, our significant earnings improvement was due to both better-than-expected transportation volume and freight rates.

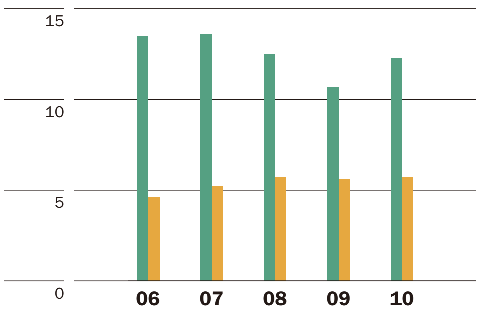
Cost-cutting went well in fiscal 2010. We reduced costs by ¥23.0 billion versus a first-year target under our midterm management plan of ¥22.0 billion. This better-than-planned reduction came from rigorously enforcing slow steaming, reducing hire expenses through ship redelivery and sale, cutting terminal and feeder as well as other cargo expenses, and trimming organizational costs. Beyond simply rightsizing our workforce, we shifted the majority of trade management operations from our Tokyo headquarters to our Hong Kong office as part of our global development drive.

Looking at containership operations by route, MOL's cargo volume on the East-West routes (North America and Europe) far surpassed our initial assumptions—cargo volume rose 25% and 32% year on year, respectively, on the North America and Europe routes. As a result, freight rates climbed on the Europe routes from early spring, and the volume growth put shipping companies in an advantageous position when annual rates were renegotiated on the North America routes. Intra-Asia routes saw cargo volumes expand 10% year on year, with the supply-demand balance particularly tight on trade in and out of Japan. This supported record profitability for our operations. A feature of Intra-Asia routes is that while transportation distances are shorter than East-West routes, parts and components distribution is buoyant, making profitability high because of a high utilization rate for both outbound and inbound voyages. On South-North routes, on the other hand, underlying profitability is less than we had targeted as other shipping companies entering the fray on these routes have made the market more competitive. Nevertheless, trade cargo movements grew a strong 13% year on year, with growth driven by the expanding Brazilian economy.

Fiscal 2010 was a watershed year for containership operations in another sense—it saw greater awareness among sales personnel of targeting high-margin cargo and costs. To realize high margins, minimizing cargo mismatch and trimming transportation costs of empty containers as much as possible are imperative. On the U.S. route in particular, many import cargoes from Asia reach Chicago and other inland points of consumption, while many outbound cargoes are exported from the Midwestern and eastern states with grain,

The containership *MOL MAESTRO* in Hamburg, Germany.

ASIA-NORTH AMERICA CONTAINER TRADE CARGO MOVEMENTS
(million TEU)



Outbound voyage
Inbound voyage
Source: Piers/JoC etc, excluding Canada cargo

waste paper and scrap. This causes a mismatch between the import destination and the export origin. As a result, many empty containers need to be repositioned by truck or train to their points of origin for loading outbound cargoes. Minimizing this repositioning of empty containers by skillfully selecting imported cargo for inland destinations is key to improving profitability.

For this, headquarters must analyze market data systematically in order to ascertain major cargo flows, and give strategic marketing direction to regional bases. Then, regional offices must adjust those directions to fit sales strategies for each customer by drawing on frontline knowledge. Satisfying results are unobtainable without this well-balanced collaboration between headquarters and frontline staff.

To obtain high-margin cargoes, we now also share information with every sales person about the actual and precise cost structure of cargoes when they are transported. This is to foster awareness among sales staff of cost so that they work to win profitable orders more effectively. These actions have also promoted standardization of our approaches to work globally.

The Jacksonville Container Terminal in the U.S. is operated by MOL Group company TraPac, Inc.

In our terminal business, volume has recovered at our container terminal in Jacksonville, Florida. And we expect volume to increase going forward, given the outlook for a further improvement in the U.S. economy, Panama Canal widening and other future developments. Our Cai Mep terminal in Vietnam began operations in January 2011 and has started receiving direct port calls from Europe routes, following North America routes, as it steadily expands volumes. Beyond Vietnam, cargo volume is increasing from Cambodia where only feeder vessels have been able to enter port up until now. For cargo owners in Cambodia, it is far cheaper to send cargo up the Mekong River by barge to Cai Mep rather than use feeder vessels as in the past. This advantage is helping to create a new market. Work is also proceeding steadily toward the commencement of operations at a new terminal in Rotterdam in 2014. Terminal operations have seen earnings improve on increasing cargo volumes as a whole, supporting containership operations' bottom line.

MOL Consolidation Service (MCS), too, is seeing steady cargo volume growth. Indeed, in fiscal 2010, cargo volume rose to over 100,000 TEU. MCS delivered even larger earnings as four new customers helped to bolster the bottom-line result.

MOL Logistics (MLG), the MOL Group's forwarder operator, turned in an improved performance because of increased volume spurred by economic recovery. Our alliance with Kintetsu World Express, Inc. is reaping synergies from the use of that company's air freight services, helping our logistics business to grow steadily.

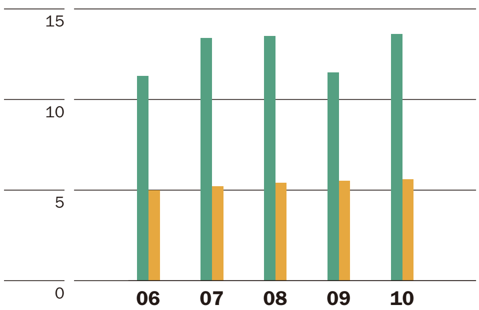
LOOKING AHEAD

Further Establishing the MOL Liner Brand

The demand-supply equation should be well balanced in fiscal 2011 with both demand and supply expected to grow around 10% year on year. However, with freight rates easing at the beginning of the fiscal year and bunker prices escalating, we anticipate ordinary income to be lower than in fiscal 2010.

Looking ahead, we continue to view the Asian region and North-South routes as growth markets. We intend to deploy fuel-efficient containerships well suited to the trade conditions of the North-South routes. In Asia, we will look to roll out new services in India and China. In the South America region, we will establish new local subsidiaries in nations where we do not have any. And in regions not connected by

ASIA-EUROPE CONTAINER TRADE CARGO MOVEMENTS
(million TEU)



Outbound voyage
Inbound voyage
Source: Drewry

The containership *MOL PREMIUM* in Los Angeles, U.S.

our containerships business service network, we plan to leverage our logistics division to meet customer needs. MOL's Asian subsidiaries, together with MLG, have logistics divisions other than shipping agency divisions. Taking advantage of their functions, we plan to extend activities in the logistics business in India, Thailand and Vietnam.

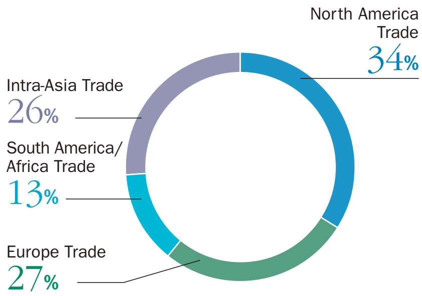
The major earthquake and tsunami that struck Japan in March 2011 severely damaged manufacturing businesses in the Tohoku region. The impact of this has clearly been seen in some types of export cargo from Japan. As a division with global operations, however, our operations as a whole have not suffered from a severe drop in cargo. We are concerned though about the harmful rumors surrounding radiation pollution. Immediately after the disaster, some cargo destinations refused to accept cargo from Japan and to handle cargo. As I write this letter, this is fortunately becoming less of an issue due to the establishment of a checking system in Japan, including the measuring of radiation and issuing of clearance certificates.

Looking ahead, we plan to step up efforts to reinforce and enhance the current MOL Liner brand. While some say that it is difficult to stand out in the containerships business, we see no future in competing only on the basis of freight rates. We believe that we can differentiate MOL from competitors through the quality of our services. Various factors will entrench our brand image in customers minds. These include keeping to schedule, responding quickly, dealing properly with problems, and making proposals that address customer needs. In addition, we must not only enhance the communication ability of frontline sales personnel, but also establish key performance indicators (KPI) for our services and use them to measure the degree of improvement in our services. As one of our first initiatives in this regard, in fiscal 2010 we began announcing our "On Time Arrival Results."

MOL has a business portfolio with various vessel types, so we will clearly set the company apart from competitors specialized in containerships whose basic strategy is only to pursue scale. Accordingly, we are not overly preoccupied with our relative positioning in this industry. Rather, our focus is more on establishing unique brand power by displaying our individuality and presence in the market. By implementing this strategy, we aim to build up a position in MOL's diversified business portfolio, as one of the company's main sources of earnings.

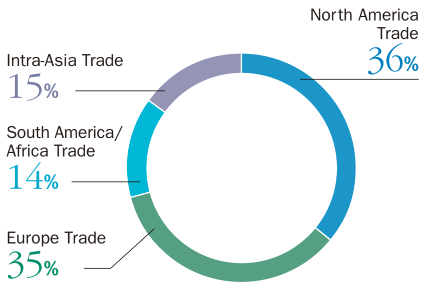
CAPACITY BY TRADES

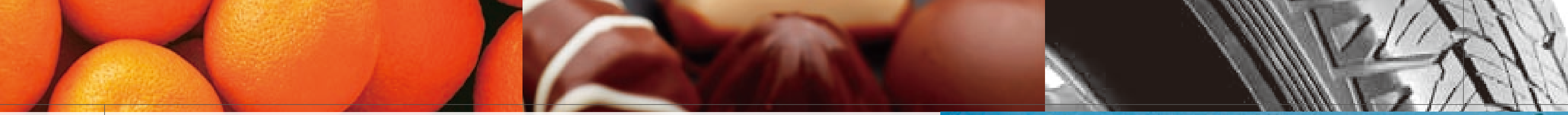
(RESULTS IN FY2010)



REVENUE BY TRADES

(RESULTS IN FY2010)





CONTAINERSHIPS

Containerships transport a broad range of products and general cargo, from electrical products and precision equipment to apparel, furniture and tires in standardized large metal boxes, i.e. containers. To transport frozen meat, fruit and some other types of cargo, reefer containers are used to control the temperature inside containers, and keep cargo in a frozen or chilled state.

Ferry & Domestic Transport

MASAHIRO TANABE
Managing Executive Officer

FISCAL 2010 RESULTS

Best Efforts Not Enough to Prevent Second Consecutive Loss

Our goal for fiscal 2010 was to turn around a loss in fiscal 2009. To this end, we took rigorous steps to cut costs. And cargo volume and passenger numbers improved over fiscal 2009. Overall, however, the division recorded an ordinary loss of ¥0.6 billion, although this did represent a ¥1.8 billion improvement year on year.

Fleet rationalization involving the reduction of two ferries on our Middle Kyushu route in fiscal 2009 helped improve earnings, but wasn't enough to return the route to profitability. This route competes with a rival mode on land—the expressway. Expressway tolls were set at a low fixed price by the government, which has hampered route profitability.

To enhance the ferry business' profitability, we have strengthened integrated transportation services by making good use of inland transportation services provided by subsidiaries of our ferry companies. These services add inland transportation to both ends of ferry transportation, providing a seamless, door-to-door transportation service to customers. To expand this value-added service abroad, we established the Overseas Sales Promotion Office at MOL Ferry Co., Ltd.

In the domestic coastal shipping business, we successfully generated solid earnings through a stable dedicated bulk carrier business. A recovery in steel products and other cargoes in line with recovering market conditions also aided our operations.

Shanghai Super Express (SSE) continued to perform strongly in fiscal 2010. This route transports a large volume of cargo destined for Japan from China. In fiscal 2010, revenues increased 30% on the back of increasing import cargo. This increase was driven by rising home appliance demand spurred by the eco-points program in Japan and higher demand for clothing stemming from a heat wave during the Japanese summer in 2010.

LOOKING AHEAD

Driving Passenger Numbers Higher by Promoting the Advantages of Ferries

Ferries acquired newfound recognition of their advantages in the wake of the Great East Japan Earthquake. Our ferry fleet cooperated with relief operations right after the quake in March 2011. This included using four ferries to transport personnel and vehicles of the Japan Ground Self-Defense Force.

The Japanese government is expected to stop offering special treatment for expressways in order to secure funds for rebuilding northeastern Japan following the massive natural disaster. Therefore, in fiscal 2011, the competitive advantage that truck transportation had because of government policy should disappear. However, concerns still remain. The March 2011 quake severely damaged Oarai Port, the departure port of our Hokkaido route in Eastern Japan, forcing us to use Tokyo as an alternative port. This has made voyages longer and less frequent. Together with high bunker prices, it will be difficult to generate as much profit as before, until Oarai is back operating, which should be around June 2011.

Nevertheless, we are working to stimulate demand from individual passengers by revamping the traditional image of ferries. One ongoing campaign, "Fune ni Tomarou (Let's stay onboard)," involves enticing people to stay and enjoy an evening on ferries. In addition, we planned jazz concerts onboard vessels, and travel packages, such as staying at hot springs resorts in the Kyushu area. We also plan to aggressively target business travelers, hometown visitors and other types of customers who are now using trains or planes, by promoting ferries as an ideal means of getting around.

In the domestic coastal shipping business, we expect cargo volume particularly of heavy oil and coal for thermal power generation to increase as electricity utilities address power supply concerns in Japan following the Fukushima nuclear power plant incident.

FERRIES

Ferries allow passengers to drive their trucks and cars onboard and drive them off once at the destination after staying in cabins. Besides relaxing cabins, ferries are equipped with a host of other amenities to make voyages as comfortable as possible, including saunas and spas.

Associated Businesses

MASAHIRO TANABE
Managing Executive Officer

FISCAL 2010 RESULTS

Daibiru Performs Strongly, *Nippon Maru* Struggles

The leased office market in Japan in fiscal 2010 continued to experience high vacancy levels overall. Daibiru Corporation, our core company in the real estate business, saw margins decline as it responded to requests for lower rents and rent-free periods. Nevertheless, Daibiru's properties maintained high occupancy levels, particularly office buildings situated in prime central city locations. This stood in stark contrast to the overall market. On average, vacancy rates were 9% in Tokyo and 12% in Osaka across the industry. Whereas, Aoyama Rise Square, which Daibiru acquired in fiscal 2010, was fully tenanted, and other Daibiru buildings had much lower vacancy rates than the market average. But it is not only the prime locations that make Daibiru's properties attractive. The company maintains close-knit relationships with tenants, enabling it to provide highly satisfying services. As a result, Daibiru has maintained a much higher level of profitability than the industry average. Many tenants also re-sign when lease agreements come up for renewal. In fiscal 2010, both revenues and earnings increased, with Aoyama Rise Square a fillip for results.

In the cruise ship business, we finished renovating *Nippon Maru*. Despite this service improvement, the business struggled to attract passengers on long overseas cruises including "Around the Pacific Cruise" due to a slow recovery in consumer sentiment. Cruises that involved passengers flying to Hokkaido, Kyushu or Okinawa at the beginning of their voyage to enjoy the highlights in a relatively shorter period of time remained popular, however.

Our tugboat business is conducted by 9 companies in Japan, operating 39 boats, and 3 companies overseas, operating 15 boats. This business delivered steady growth in Japan and overseas on the back of recovering demand for containerships and car carriers. In October 2010, we launched a new business involving two high-powered tugboats in the Cai Mep/Thi Vai area of Vietnam.

Overall, associated businesses posted higher revenues and earnings year on year.

LOOKING AHEAD

Global Development at Daibiru and in Tugboats

Going forward, Daibiru will continue to provide first-class services, including properties in prime locations, and top-level facilities and services.

We have no concerns about renewing existing tenancy agreements with the Tokyo real estate market expected to pick up in fiscal 2011. The Osaka market is still seeing high vacancy rates amid an ongoing building boom. But demand is firm for prime properties around Umeda and Osaka Station. Daibiru has properties in Umeda and Nakanoshima, so it is well positioned in the Osaka office building market. Daibiru is also looking forward to the schedule completion in 2013 of Daibiru Honkan, in the vicinity of Nakanoshima Daibiru Building. The company is also considering plans for New Shin Daibiru (provisional name) on the north side of Dojima River. Daibiru is exploring the potential for advancing overseas, as well. As its initial foray overseas, the company is looking at several properties in Vietnam.

The cruise ship business is planning relatively short cruises that call in at popular overseas ports. And it will continue to offer fly-and-cruise plans to Hokkaido, Kyushu and Okinawa as it aims to make these an established part of its product lineup.

The tugboat business now has a foothold in Hong Kong, South China and Vietnam. It plans to build on these achievements to develop its business globally, with a focus on emerging markets in Asia.

Daibiru Honkan building
(To be completed in 2013)

Key Systems Underpinning MOL:
Corporate Governance and Corporate Social Responsibility

Contents

Board of Directors, Corporate Auditors and Executive Officers

(As of June 23, 2011)

AKIMITSU ASHIDA
Representative Director
Chairman

MASAKAZU YAKUSHIJI
Representative Director

KOICHI MUTO
Representative Director

TOSHITAKA SHISHIDO
Representative Director

MASAFUMI YASUOKA
Director

TSUNEO WATANABE
Director

SHUGO AOTO
Director

TAKESHI KOMURA
Director
(Executive Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd.)

SADAYUKI SAKAKIBARA
Director
(Chairman, Representative Director of Toray Industries, Inc.)

MASAYUKI MATSUSHIMA
Director
(Senior Advisor of The Boston Consulting Group K.K.)

CORPORATE AUDITORS

JUNICHI NARITA
Corporate Auditor

MASAAKI TSUDA
Corporate Auditor

SUMIO IIJIMA
Corporate Auditor

HIROYUKI ITAMI
Corporate Auditor

EXECUTIVE OFFICERS

AKIMITSU ASHIDA
Chairman

MASAKAZU YAKUSHIJI
Vice Chairman

KOICHI MUTO
President

TOSHITAKA SHISHIDO
Executive Vice President Executive Officer
(Assistant to President [Mainly in Sales & Marketing Divisions])

MASAFUMI YASUOKA
Senior Managing Executive Officer
(Coal and Iron Ore Carrier Division, Bulk Carrier Division)

HIROSHI TANAKA
Senior Managing Executive Officer
(Research Office, Dedicated Bulk Carrier Division)

KAZUHIRO SATO
Senior Managing Executive Officer
(LNG Carrier Division, MOL LNG Transport Co., Ltd.)

SOICHI HIRATSUKA
Senior Managing Executive Officer
(Human Resources Division, Marine Safety Division, MOL Ship Management Co., Ltd., Tanker Safety Management Office, MOL LNG Transport Co., Ltd.)

TSUNEO WATANABE
Senior Managing Executive Officer
(Tanker Division, Tanker Safety Management Office)

KENJI YOKOTA
Managing Executive Officer
(Technical Division)

TAKASHI KURAUCHI
Managing Executive Officer
(Car Carrier Division)

MAKOTO YAMAGUCHI
Managing Executive Officer
(Bulk Carrier Division, Dry Bulk Carrier Supervising Office)

KENICHI NAGATA
Managing Executive Officer
(Coal and Iron Ore Carrier Division)

TETSUYA MINATO
Managing Executive Officer
(Liner Marketing, President of Mitsui O.S.K. Lines (Japan), Ltd.)

SHUGO AOTO
Managing Executive Officer
(Finance Division, Accounting Division, Investor Relations Office)

JUNICHIRO IKEDA
Managing Executive Officer
(Liner Division)

MASAHIRO TANABE
Managing Executive Officer
(General Affairs Division, Group Business Division, Kansai Area)

SHIZUO TAKAHASHI
Managing Executive Officer
(Internal Audit Office, Secretaries Office, Corporate Planning Division, Public Relations Office, MOL Information Systems, Ltd.)

KAZUNORI NAKAI
Executive Officer
(Tanker Division)

MASAAKI NEMOTO
Executive Officer
(Marine Safety Division, Tanker Safety Management Office, MOL LNG Transport Co., Ltd.)

KIYOTAKA YOSHIDA
Executive Officer
(Technical Division)

HIROKAZU HATTA
Executive Officer
(Human Resources Division)

TAKESHI HASHIMOTO
Executive Officer
(LNG Carrier Division)

HIROYUKI FUKUMOTO
Executive Officer
(Car Carrier Division)

TETSURO NISHIO
Executive Officer
(General Manager of Dedicated Bulk Carrier Division)

TOSHIYA KONISHI
Executive Officer
(General Manager of Liner Division)

TSUYOSHI YOSHIDA
Executive Officer
(Chairman/President/CEO of MOL (America) Inc.)

TAKASHI MARUYAMA
Executive Officer
(General Manager of Finance Division)

AKIHIKO ONO
Executive Officer
(General Manager of Corporate Planning Division)

Corporate Governance

MOL'S PHILOSOPHY, MANAGEMENT REFORMS AND ACHIEVEMENTS

The MOL Group established the MOL Group Corporate Principles in March 2001. One of the pledges in our Corporate Principles states, "We will strive to maximize corporate value by always being creative, continually pursuing higher operating efficiency and promoting an open and visible management style that is guided by the highest ethical and social standards."

In order to realize the ideals set forth in the principles, MOL reformed its corporate governance structure, instituting management reforms that brought external directors onto the board, separated management and executive functions, and set standards for accountability, risk management and compliance. These reforms were implemented as follows:

1997	Outside auditors increased from one to two out of a total of four auditors
1998	George Hayashi (former APL chairman) invited to join the Board of Directors. (Became Director and Vice President in 1999, following revision of the Shipping Act)
2000	Management organization reform 1. Introduced a system of executive officers 2. Abolished the Managing Directors Committee and established an Executive Committee (reduced the membership from 21 to 10) 3. Reformed the Board of Directors (redefined its duties as the highest-ranking decision-making body and the supervision of business activities) and reduced membership from 28 to 12 4. Elected two external directors 5. Established the Corporate Visionary Meeting Established the IR Office Started holding the Annual General Shareholders' Meeting on a day relatively free of other shareholders' meetings
2001	Established the MOL Group Corporate Principles Added one more external director, increasing the number of external directors to three Established Compliance Policy and a Compliance Committee
2002	Second stage of management reforms Reforms reinforced roles of the Board of Directors concerning determination of basic strategies and monitoring risk management while providing for faster decision-making at the business execution level 1. Board of Directors was reorganized to carry out three important functions: (1) deliberation on issues requiring approval by the directors; (2) receipt of reports on business operations; and (3) deliberation on corporate strategy and vision 2. Review and consolidation of issues submitted to the Board of Directors 3. Expanded jurisdiction of the Executive Committee regarding execution of business activities
2006	Decided basic policy on the establishment of internal control systems in response to enforcement of the new Japanese Corporate Law In response to the enforcement of the Financial Instruments and Exchange Law, the Internal Control Planning Office was established in the Corporate Planning Division.
2007	The Internal Control Planning Office enhanced internal control systems for the purpose of ensuring the accuracy of financial reporting, in accordance with the Financial Instruments and Exchange Law.
2008	We have been using management evaluations of internal controls relating to financial reporting required by the Financial Instruments and Exchange Law since fiscal 2008, audits by the Internal Audit Office and advice based on the results of those audits, to improve internal controls throughout the group.
2009	We submitted an internal control report to the Kanto Local Finance Bureau in Japan containing an assessment by management that internal controls over financial reporting at MOL were effective.
Number of Meetings of Governance Bodies in Fiscal 2010	
	The number of meetings during the fiscal year of the Board of Directors, Executive Committee and their sub-committees is shown in the Corporate Governance Organization chart on the opposite page.

The chart on the next page shows the structure of our corporate governance organization.

At MOL we believe that the essence of corporate governance lies not in its structure or organization, but in whether or not it functions effectively. In our case, the corporate governance structure described previously functions as follows:

1. Major investment projects, such as the construction of new vessels, are submitted to the Board of Directors at the basic policy formulation stage. The 10 directors, including external directors, thoroughly evaluate and discuss the pros and cons of the projects and make decisions on their feasibility from many perspectives. Transferring the authority to implement projects within the scope of the basic policy to executive officers supervised by the president speeds decision making on individual projects. The separation of the management and execution functions was one important contribution to allowing the MOL Group to build up a fleet of the right type of vessels at the right time.
2. Another important responsibility of the Board of Directors is deliberation on corporate strategy and vision. At each meeting, the board focuses on a particular topic concerning management strategies, MOL's long-term vision or other subjects involving management.

   These discussions provide an opportunity for lively debates that include the external directors and corporate auditors, thus helping to ensure that the perspective of shareholders is reflected in how MOL is managed.
3. The Board of Directors has 10 members, including three external directors who are completely independent and have no conflict of interest with MOL. There are four corporate auditors, who are responsible for performing statutory auditing functions, including two individuals who are completely independent and have no conflict of interest with MOL. At a time when the auditing systems of corporations are taking on added importance, it goes without saying that the independence of auditors from management and policy execution is assured. Our corporate auditors work closely with the Internal Audit Office and independent public accountants to assure effective corporate governance. They also work on strengthening corporate governance and compliance throughout the group.

ACCOUNTABILITY

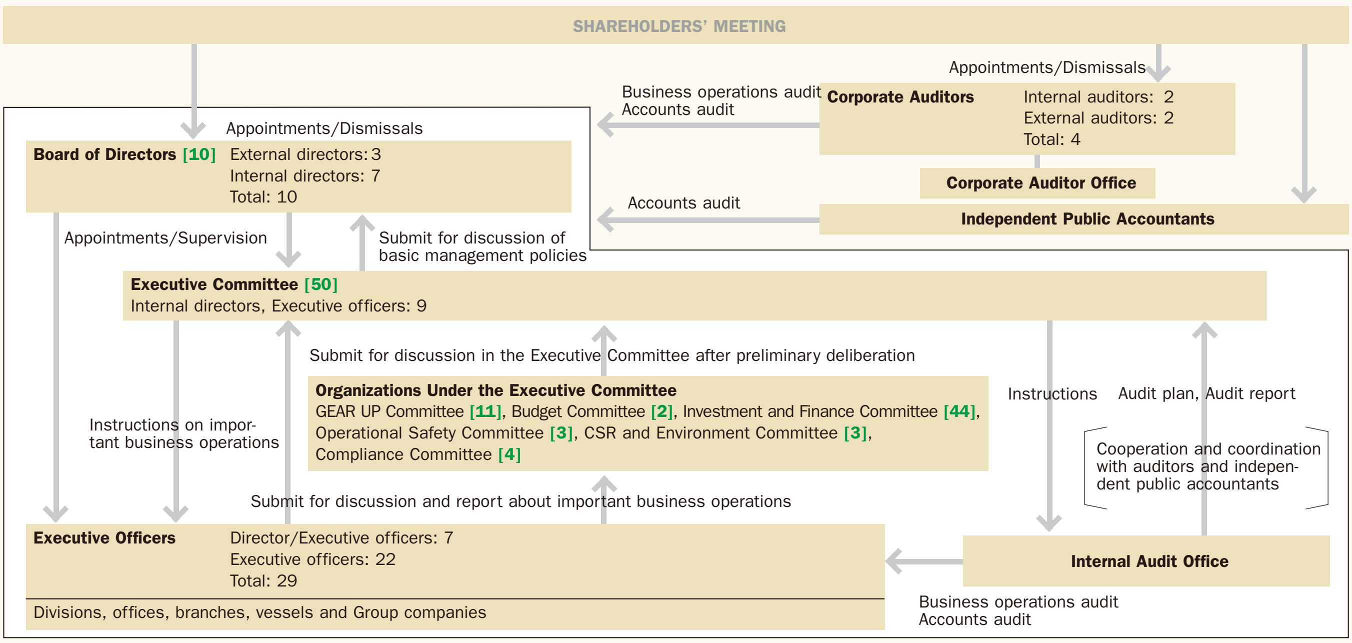
MOL believes that timely, full and fair disclosure of corporate and financial information is an important aspect of corporate governance. In addition to being accountable to shareholders and investors by providing information, the company makes every effort possible to reflect their opinions in management.

The distinguishing feature of our investor relations activities is that the president takes the lead in their implementation. In fiscal 2010, the president participated in the company's presentations of quarterly results and attended meetings with domestic and foreign investors. This reflects his conviction that it is the chief executive officer's responsibility to explain future corporate strategies to investors. The company is also aware of the need for full and fair disclosure to all investors, whether in Japan or overseas. At the same time its quarterly financial results in Japanese are released over the Tokyo Stock Exchange's TDnet, the company posts them to its website with an accompanying English translation. The Japanese and English drafts of presentation materials are also posted on the website. This information is e-mailed on the same day to foreign investors registered with the company.

These types of activities have been highly evaluated, and in fiscal 2005, MOL received the Special IR Prime Business Award from the Japan Investor Relations Association (JIRA), which is presented to companies that have received the IR Prime Business Award three times. MOL also picked up the IR Prime Business Award again in 2008. Furthermore, in fiscal 2009 MOL was selected as one of the recipients of the Tokyo Stock Exchange's FY2009 Disclosure Award. Also, in the Nikkei Annual Report Awards, which are judged by institutional investors, MOL's annual report has been highly evaluated for its aggressive disclosure, winning the top prize once and the excellence prize three times.

The responsibility to provide information is not limited to management and financial issues. Accordingly, in regard to the four major marine accidents that occurred in fiscal 2006, MOL disclosed the situation directly after each incident, providing a total of 25 press releases for the four accidents. These accidents were highly regrettable, and MOL believes that it has a responsibility to disclose the situation to everyone who is directly or indirectly affected. While we will continue to do our utmost to prevent accidents, we will also maintain a policy of disclosing information, even if it is negative.

CORPORATE GOVERNANCE ORGANIZATION (AS OF JUNE 23, 2011)



Numbers in brackets show the number of meetings of the Board of Directors, Executive Committee and their sub-committees during fiscal 2010.

DIRECTOR COMPENSATION

The Board of Directors, including the external directors, determines compensation for the directors. Compensation paid to directors in fiscal 2010 is shown in the table below.

The company has granted stock options to all directors, executive officers, general managers of divisions and branch offices and managers in similar positions, as well as to presidents of consolidated subsidiaries, to motivate them to carry out operations for the benefit of shareholders.

COMPENSATION FOR DIRECTORS AND CORPORATE AUDITORS

	No. of people remunerated	Total remuneration (¥ millions)	(Thousands of U.S.$)
Directors (Excluding external directors)	9	¥654	$7,865
Corporate auditors (Excluding external corporate auditors)	2	84	1,010
External directors and external corporate auditors	6	¥ 68	$ 818

COMPENSATION FOR INDEPENDENT PUBLIC ACCOUNTANTS

	(¥ millions)	(Thousands of U.S.$)
Compensation for auditing services	¥123	$1,481
Compensation for auditing-related services	3	36
Total	¥126	$1,517

COMPLIANCE

The company is aware of the crucial role that compliance plays in living up to its broad corporate social responsibilities, and that compliance with the letter of the law is at the core of this role.

We have strengthened our compliance system by establishing a Compliance Committee, which is headed by a corporate officer appointed by the Executive Committee, and formulating the Compliance Policy to assure strict adherence to rules and regulations and to take action against any violation. General managers of each division, department and branch office, are appointed as Compliance Officers for their respective organizations. They are responsible for enforcing compliance regulations and for reporting any violations to the Compliance Committee Office. The Internal Audit Office, a body that operates independently of the company's divisions, departments and branch offices, provides a counseling service and also acts as a hot line in the event it is difficult for a report to be filed with a Compliance Officer. The Internal Audit Office undertakes investigations and audits as necessary and reports steps taken to the Compliance Committee.

The company works to assure a proper relationship with its independent public accountants. Compensation paid to independent public accountants in fiscal 2010 is shown in the table to the left.

Message From an External Auditor

SUMIO IIJIMA
Corporate Auditor

I have been involved in the legal profession for more than 40 years as an attorney. I am now in my fifth year as an outside auditor of MOL, which is a completely different world from what I was used to. When I was appointed, MOL had approximately 900 head office employees and planned to increase the number of vessels to 900—or 1 ship for every employee, which was extremely surprising for me.

MOL has three external directors and two outside auditors, including myself. This creates a certain amount of tension at Board of Directors' meetings, and I think prevents the Board from merely rubber stamping matters put forward for decisions by the Executive Committee. From my perspective, I look at the actions of directors to make sure that they aren't violating the responsibility of prudent managers. I check whether directors, as management professionals, have business common sense and exercise reasonable management judgment. In that sense, one could say that a good corporate auditor is one who knows a lot about management. But, what constitutes common sense may differ from individual to individual, so I think it's better to have discussions where experts from various circles, not just lawyers, reconcile their opinions. At Board meetings, I ask questions to seek clarification on certain points after hearing about agenda items and issues for discussion from directors. Since I don't have specialist knowledge of the marine transport sector, directors explain subjects carefully for me. It seems a simple thing, but it's actually a key point. By having to explain topics previously agreed by the Executive Committee in different words and from a different perspective, directors naturally think again about the proposal, that is, they give it a second thought. This governance system works well, so I think it should be retained going forward.

In marine transport it is often said that market conditions dictate business. As a person who sits in on Board meetings, I don't believe that is necessarily the case. Amid the current economic conditions, the marine transport industry isn't alone in experiencing difficulty anticipating the future. I always witness MOL's management team exchange opinions in Board meetings, freely and vigorously, based on information the company worked hard to collect and share. Therefore, I believe they are making rational management judgments with common sense based on as much information as is available to them.

You could also say that MOL's directors respond quickly to business risks. When I was first appointed in 2006, MOL had experienced a string of four marine disasters. The management team saw these marine incidents as an important management risk and decided to thoroughly ensure safe operations. Today, the quality of MOL's safe operations is a selling point for the company. The recent natural disaster in Japan also illustrates my point. The fact that almost no MOL operated vessels that were berthed at affected ports or sailing in the ocean near them suffered damage when the Great East Japan Earthquake struck testifies to the efforts of the company to buttress its risk response system. Also, MOL transported relief supplies and personnel by ferry soon after the earthquake and tsunami. This to me was a striking example of swift Board decision-making.

Changes in the global economy and trade, foreign exchange fluctuations, bunker prices, terrorism and piracy, and other issues will test the quality of MOL's management going forward. But I hope the management team will continue to steer MOL in the right direction based on a transparent Board of Directors.

SUMIO IIJIMA

Corporate Auditor

Management's Report on Internal Controls over Financial Reporting

MATTERS RELATING TO THE BASIC FRAMEWORK FOR INTERNAL CONTROLS OVER FINANCIAL REPORTING

Representative Director and President Koichi Muto is responsible for designing and operating internal controls over financial reporting of Mitsui O.S.K. Lines, Ltd., and has designed and operates internal controls over financial reporting in accordance with the basic framework for internal controls stipulated in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council of Japan.

The internal controls are designed to achieve their objective within a reasonable scope through the effective function and combination of their basic elements. Therefore, there is a possibility that misstatements in financial reports may not be completely prevented or detected by internal controls over financial reporting.

MATTERS RELATING TO THE SCOPE OF ASSESSMENT, THE RECORD DATE OF ASSESSMENT AND THE ASSESSMENT PROCEDURES

The assessment of internal controls over financial reporting was performed as of March 31, 2011, the fiscal year-end, and was performed in accordance with standards of internal controls over financial reporting generally accepted as fair and valid in Japan.

In conducting this assessment, we evaluated internal controls that may have a material effect on financial reporting as a whole on a consolidated basis (company-level control), and based on these results we selected business processes for evaluation. After analyzing these selected business processes, we identified key controls that may have a material impact on the reliability of financial reporting, and assessed the status of design and operation regarding these key controls, enabling us to assess the effectiveness of our internal controls.

We determined the required scope of assessment of internal controls over financial reporting for Mitsui O.S.K. Lines, Ltd., and its consolidated subsidiaries and equity-method affiliated companies, from the perspective of materiality that may affect the reliability of financial reporting, which was determined by taking into account the materiality of quantitative and qualitative impacts. We reasonably determined the scope of assessment of internal controls over business processes based on the results of assessment of company-wide internal controls for Mitsui O.S.K. Lines, Ltd., 20 consolidated subsidiaries and 2 equity-method affiliates.

The scope of assessment of process-level control involved selecting locations and/or business units in descending order of revenues (after the elimination of intercompany accounts) of the fiscal year under review, and two company businesses (bulkships and containerships) whose combined revenues reached around two-thirds of consolidated revenues for the fiscal year under review were selected as "significant locations and/or business units." At the selected significant locations and/or business units, we included in the scope of assessment business processes leading to revenues, trade receivables, and operating expenses and charterage included in cost of revenues as significant accounts that may have a material impact on the business objectives of the company. In addition to the selected significant locations and/or business units, we added to the scope of assessment, as business processes having high materiality considering their impact on financial reporting, those business processes relating to the high likelihood of material misstatements and significant accounts involving estimates and forecasts and those business processes relating to businesses or operations dealing with high-risk transactions.

MATTERS RELATING TO ASSESSMENT RESULTS

We concluded that the company's internal controls over financial reporting were effective as of the end of the fiscal year under review based on the results of the aforementioned assessment.

SUPPLEMENTARY INFORMATION

Not applicable

SPECIAL INFORMATION

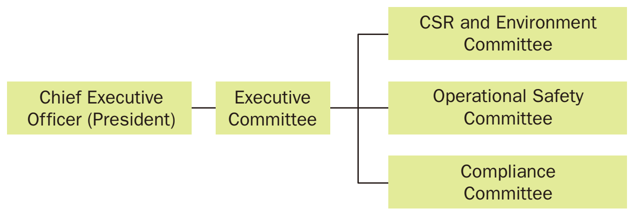
Not applicable

Corporate Social Responsibility (CSR)

MOL'S APPROACH TO CSR

In our view CSR means conducting business management that adequately takes into account laws and regulations, social norms, safety and environmental issues, human rights and other considerations, and developing together with society in a mutual and sustainable manner while earning the support and trust of stakeholders, including shareholders, customers, business partners, employees and local communities. In order to fulfill these responsibilities, MOL deliberates on CSR-related policies and measures, primarily through the three committees under the Executive Committee.

Organizational Framework for CSR Initiatives



The CSR and Environment Committee was established in June 2004 by reorganizing the former Environment Committee. This committee works to promote CSR throughout the MOL Group by setting and reviewing annual targets for initiatives related to compliance, corporate governance, accountability, risk management, safe operation, human rights, care for employees and seafarers, social contributions and the environment.

Our policy for CSR activities during "GEAR UP! MOL" (Fiscal 2010-2012) is as follows:

1. Stepping up "CSR that protects MOL" and "CSR that fulfills MOL's responsibility"
2. Pursuing "CSR activities that benefit both the company and society"
3. Expanding CSR activities worldwide, and throughout the MOL Group

CSR activities that follow this policy are closely related to the company's business strategies. By establishing a CSR policy that is clearly understood and evaluated favorably by all stakeholders, MOL will be the company of choice. This in turn will allow the company to make even greater contributions to society, generating a positive cycle that builds synergy, supports sustainable growth and benefits both the company and society.

RULES OF CONDUCT

All executives and employees are required to base their activities on the following standards:

1. Observe laws and regulations while at all times exercising due caution as a good administrator
2. Respect human rights and refuse to permit discrimination and harassment
3. Protect confidential information and respect intellectual property rights
4. Clearly separate official and personal conduct, avoid conflicts of interest
5. Stand firm against antisocial forces
6. Act with awareness of social responsibilities
7. Actively work to ensure safe operations and protect the environment
8. Build good relationships based on trust with clients and contractors
9. Provide guidance and supervision of the Rules of Conduct by individuals in management positions
10. Report and consult on discovering suspected breaches

In March 2005, the MOL Group's participation in the United Nations Global Compact initiative was acknowledged and accepted by the United Nations. The Global Compact was initiated in 1999 by then United Nations Secretary-General Kofi Annan and was ratified in July 2000. The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of 10 core values in the areas of human rights, labor standards, the environment, and anticorruption.

By participating in the Global Compact, which is consistent with the Rules of Conduct, the MOL Group has declared its commitment to working toward the realization of the Global Compact's core values.

One overall strategic goal of "GEAR UP! MOL" midterm management plan is to accelerate business development in the world's growth markets. In pursuing this goal, MOL believes that it must rigorously observe laws and regulations and social norms, across the entire group worldwide. Based on this belief, in January 2011, MOL surveyed 58 overseas MOL Group companies to gauge their awareness and enforcement of the UN Global Compact.

The results of this survey will be shared with MOL Group companies in Japan and overseas, in the hope that this will lead to even greater awareness and improved measures relating to CSR across the entire group.

MEASURES TO ENSURE SAFE OPERATIONS

Safe operation forms the basis of our business not only for growth as a company, but also for gaining the trust of society and building a strong reputation. We have set our sights on eliminating causes of accidents proactively to prevent minor problems from escalating into major accidents, with the aim of becoming the world leader in safe operation.

Safe Operating Practices—Initiatives in Less-Visible Areas

Damage and impacts from accidents usually result from various risk factors linking like a chain, including misjudgment, equipment malfunction, and weather conditions. We believe that safety initiatives must address the human factor in order to break the link in a chain of errors.

We add crew members of a certain rank, as situations require, to reduce on-site workloads, allowing crew to pay closer attention to safety issues. When a key person is relieved by a newcomer, we arrange an overlap period for sufficient familiarization.

We established the OJT Instructor System under which experienced captains and chief engineers go on board to train crew members, and remedy unsafe actions and potential hazards that can only be found during navigation at sea. The findings are then shared with all the vessels under MOL's operation to heighten sensitivity of crew members to potential hazards and prevent human error.

Seafarer Education

MOL operates a training ship called the *Spirit of MOL* to educate cadets who shoulder responsibility for ensuring safe operations at sea. The *Spirit of MOL* is the only training ship in the world owned and operated by a private shipping company. During their four months on the training ship, cadets not only learn the knowledge and technical skills required of officers and engineers, but also acquire the safety mindset that forms MOL's corporate culture, which places the highest priority on safety, and develop solidarity as a seafarer of MOL.

We provide regular training courses at training centers in eight cities, in six countries around the world. To reinforce seafarer's emergency response capabilities, the training courses simulate the actual situations of past accidents by using bridge, engine and/or cargo simulators.

We periodically hold seafarer seminars and safety conferences in several cities around the world together with MOL's in-house crewing companies. Seafarers and MOL executives exchange frank views on various issues and share their commitment to safety.

Safety Operation Supporting Center (SOSC)

At the Safety Operation Supporting Center (SOSC), experienced captains monitor vessels under MOL's operation 24 hours a day, and convey timely safety information, such as weather and security, to specific vessels. SOSC plays a key role in ensuring the quality of transportation services under the watchword of "Never leave the captain feeling isolated." SOSC experts coordinate closer communications between ship and shore, and assist captains in making difficult decisions whenever necessary.

SOSC has contributed significantly to reducing the number of navigation-related accidents since its 2007 foundation. In fact, its effectiveness was demonstrated in the wake of the Great East Japan Earthquake in March 2011, when it swiftly confirmed the safety of vessels in the tsunami-stricken area and quickly issued alerts to all related vessels.

Improvement of Equipment and Facilities—Initiatives With Vessels and Equipment

In order to minimize the risk of accidents and ensure the best quality of newly built ships, MOL technical superintendents are stationed at shipyards to make sure that construction processes are carried out in line with the required specifications.

MOL Safety Standard Specifications for equipment and facilities augment the requirements of international rules and regulations. These specifications are constantly updated based on lessons learned from past accidents and suggestions from ships for the highest safety standards in the industry.

ENVIRONMENTAL PROTECTION

Environmental Management Systems and Certifications

MOL has two unique environmental management systems—MOL EMS21 and the MOL Group Environmental Target System. Through these systems we have taken steps to reduce our environmental burden.

MOL EMS21: We introduced our environmental management system—MOL EMS21—in April 2001. In January 2003, we expanded its scope to all our operated vessels (except charter vessels on contracts of one year or less), and acquired internationally recognized ISO 14001 certification.


DET NORSKE VERITAS
MANAGEMENT SYSTEM CERTIFICATE
株式会社 商船三井

Certificate of ISO 14001, an international standard for environmental management (Certified by DET NORSKE VERITAS (DNV))

MOL Group Environmental Target System: This system applies to MOL's 58 main Group companies in Japan and 18 overseas affiliates and subsidiaries. It serves as a framework for Group-wide environmental protection activities. MOL Group companies in Japan are working hard on complying with the "green management" environmental certification system promoted by the Japanese Ministry of Land, Infrastructure, Transport and Tourism. A total of 15 MOL Group companies have earned this certification.

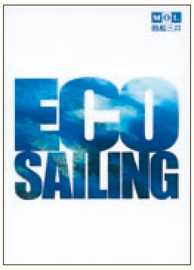
Prevention of Global Warming and Air Pollution

Vessels burn fossil fuels and inevitably emit carbon dioxide (CO_2), which is a cause of global warming, as well as nitrogen oxide (NOx), sulfur oxide (SOx), soot and other emissions, which are linked to acid rain and atmospheric pollution. The MOL Group is fully aware of the effects on air quality associated with its business activities and thus proactively works to reduce the impact on an ongoing basis.

Environmental Technologies: MOL is engaged in various research, development and innovation of technologies for ships. (Please refer to our website at the following URL: http://www.mol.co.jp/ishin/en/)

Increasing Transportation Efficiency with Larger Ships: MOL believes that the introduction of larger vessels and improvement of propulsion are effective measures to fulfill the social responsibility of the shipping industry to meet burgeoning international demand for ocean shipping and, at the same time, to prevent global warming. In December 2007, MOL took delivery of the *Brasil Maru* (approx. 320,000 DWT), one of the world's largest iron ore carriers. The *Brasil Maru* boasts energy-saving design features such as her excellent propulsion, and propellers specially designed to improve propulsion efficiency. These qualities earned the *Brasil Maru* selection as the "Ship of the Year 2007" by the Japan Society of Naval Architects and Ocean Engineers.

ECO SAILING Thoroughly Adopted: MOL practices an approach we call ECO SAILING to save fuel and reduce environmental impact. We rigorously apply the principles of ECO SAILING whenever we operate vessels. Specifically, we 1) decelerate to the most economical navigation speeds, 2) take advantage of weather and sea condition forecasts, and the optimum trim, 3) select optimum routes, 4) reduce vessels' wetted surfaces, 5) optimize operation and maintenance of main engines, auxiliary equipment and the other machinery, 6) develop energy-efficient ship designs, and 7) equip vessels with Propeller Boss Cap Fins (PBCF).



Reducing NOx/SOx/Soot/Smoke and Dust: MOL controls NOx emissions through the installation of electronically controlled engines. Regarding SOx, MOL has set a standard of using bunker oil with a maximum of 3.5% sulfur—well below the current 4.5% for general sea areas in the MARPOL Treaty. In respect of soot contained in ship exhaust gases, MOL teamed up with Akasaka Diesels Limited to develop a diesel particulate filter (DPF). This DPF has been trialed aboard an MOL Group-operated coastal ferry, where it was shown to remove more than 80% of particulate matter from diesel emissions.

Modal Shift: Approximately 20% of Japan's CO_2 emissions are accounted for by the transportation sector. In order to reduce these emissions, the Japanese Ministry of Land, Infrastructure, Transport and Tourism and other concerned agencies have set up programs to establish a transportation system with a low environmental burden and have promoted the so-called "modal shift" of using rail transport, shipping and other low-impact modes of transport. The MOL Group stands ready to do its utmost to facilitate this modal shift by providing Japan's largest lineup of ferry and coastal shipping services.

Eco Terminal: MOL and MOL Group company Utoc Corporation installed one of the largest solar power generation systems in Tokyo at the Tokyo International Container Terminal. The system generates 200 kW of power. In 2007, 1,200 solar panels were installed on the roofs of the gate building, where trailer trucks enter and exit the terminal, and the vehicle wash building. In fiscal 2010, this system generated approximately 232,000 kWh of power, which covered about 50% of the power needs for the control building. In addition, Utoc Corporation and Shosen Koun Co., Ltd. have also introduced hybrid transfer cranes at their container terminals in Tokyo and Kobe, respectively. These cranes consume approximately 40% less fuel than conventional ones.

Approaches to Marine Environmental Protection

By rigorously ensuring safe operation, MOL is working to prevent marine pollution caused by marine accidents. At the same time, MOL is taking into consideration biodiversity and actively pushing ahead with measures to protect the seas and oceans, which are not only our place of business, but also the shared heritage of everyone on Earth.

Double-hull Tankers: We have been adopting double-hull vessels in our tanker fleet to prevent spills of crude oil, petroleum products and chemicals caused by a grounding or collision of vessels. As a result, our fleet of tankers is 100% double-hulled.


Double-hull structure

Caring for the Environment When Scrapping Vessels: Aging vessels must often be scrapped in the interest of safe operation and protection of the marine environment. However, measures for workers' safety and the environment have been insufficient when scrapping ships in some Asian countries. MOL is working to create inventory lists of hazardous materials on ships, ahead of the enforcement of The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009, which was adopted in May 2009. Efforts are led by a task force made up of related divisions in the company that was established in 2010. At the same time, when selling a ship on the assumption that it will be scrapped, we check that the scrapping yard has acquired ISO 14001 certification (or the environmental management equivalent), and uses scrapping methods and procedures that are sufficiently safe for the environment and personnel.

In addition, care is exercised to reduce the impact of normal operation of our vessels on the oceans. MOL strictly adheres to all marine pollution treaties, including the International Convention for Prevention of Pollution from Ships, as well as applicable laws and regulations around the world. The company has stringent internal rules to prevent oil discharges and to ensure the proper disposal of lubricating oil and bilge water (which includes oil and other pollutants) to protect the marine environment. Regarding anti-fouling ship bottom paints, MOL has switched to tin-free paints, and with ballast water, vessels are required to treat it to reduce the content of marine organisms to a specified level rendering it harmless. These are just part of our efforts to help protect biodiversity.

SOCIAL CONTRIBUTION ACTIVITIES

MOL aims to be a company that grows continuously and synergistically with society. We therefore carefully consider social issues to tackle, and work to help solve them based on the following three principles. Guided by these principles, we proactively undertake social contribution activities that only a marine transport company with a global network can.

I. Contribute to the United Nations Millennium Development Goals as a company growing in step with the global economy and social development.
II. Contribute to protecting biodiversity and preserving nature as a company that impacts the environment to an extent and as a company that does business on the ocean, a rich repository of living organisms.
III. Contribute to local communities as a good corporate citizen.

Response to the Great East Japan Earthquake: We offered various forms of support so as to assist with relief efforts for victims of the disaster and reconstruction of disaster-stricken areas. This included donations from corporate officers and employees of MOL and MOL Group companies, transportation of Japanese self-defense personnel and vehicles by ferry, and procurement and free transportation of relief supplies. Also, one month after the earthquake, MOL had the cruise ship *Fuji Maru* call in at three ports in Iwate Prefecture, where it provided quake survivors with day-use services such as nutritionally balanced meals, bathing facilities and private space in the form of cabins free of charge. A total of 4,451 people used these amenities over a 7-day period.

Ocean Transport of Shoes for Children in Africa: In 2010, MOL began helping in the transport of shoes donated to children in Zambia as the cosponsor of a project with the Japanese Organization for International Cooperation in Family Planning (JOICFP). Along with providing containers for shipment from Japan free of charge, MOL cooperates in ocean transport to the South African port of Durban, which also serves as the gateway port to Zambia. (Similar cooperation is provided to shipments bound for Ghana and Tanzania.) In fiscal 2010, MOL helped ship nine 20-foot containers.

THIRD-PARTY EVALUATIONS

MOL Selected for Continuing Inclusion in Dow Jones Sustainability Indexes (DJSI)

Dow Jones Sustainability Indexes Member 2010/11

Since 2003, MOL has been included in the DJSI, a designation reserved for companies capable of sustaining growth over the long term while maintaining excellence in environmental, social, and investor relations programs. In September 2010, MOL was selected for continuing inclusion in the DJSI.

MOL Selected for Continuing Inclusion in the FTSE4Good Global Index

FTSE4Good

FTSE is a global index company owned by The Financial Times and the London Stock Exchange. Since 2003, FTSE has included MOL in one of its major indices, the FTSE4Good Global Index, which is a socially responsible investment index. In March 2011, MOL was selected for continuing inclusion in the index.

MOL Selected for Continuing Inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI)

MS-SRI

The MS-SRI, Japan's first socially responsible investment index, is based on the stock prices of 150 of Japan's listed companies that have been selected by Morningstar Japan K.K. for superior social responsibility. MOL has been included in the MS-SRI since 2003. In July 2010, MOL was selected for continuing inclusion in the index.

Inclusion in Global 100 Most Sustainable Corporations in the World

MOL was included for the first time among the "Global 100 Most Sustainable Corporations in the World," a listing announced by Canada-based Corporate Knights Inc. The list is selected from 3,000 companies worldwide from the perspective of environmental, social and governance performance. MOL was ranked 32nd in the world and top in the marine transport industry.

ENVIRONMENTAL AND SOCIAL REPORT
MOL's approach to CSR and environmental issues is discussed in detail in our Environmental and Social Report.
URL: http://www.mol.co.jp/csr-e

Financial Section

Contents

Management's Discussion and Analysis

SHUGO AOTO
Managing Executive Officer

FINANCIAL STRENGTH TO ASSUME GREATER PROMINENCE

MOL's management strategy, simply put, is to (1) focus on marine transport, (2) pursue the optimal portfolio in terms of vessel type, transportation contract period, vessel procurement timeframe, and customer and sales regions in marine transport, and (3) generate a stable maximum return while minimizing risk based on a comprehensive marine transport portfolio created in this way.

In accordance with this strategy, MOL manages one of the world's largest comprehensive marine transport portfolios, boasting more than 900 vessels. In terms of vessel procurement, around 40% of the over 900 vessels are owned by MOL, while the remaining 60% is chartered from external shipowners. With respect to MOL-owned vessels, the company maintains a policy of procuring the necessary vessels at the best time from a long-term perspective. A stable and robust financial position enables MOL not only to carry out investment in a timely manner but also to raise funds on advantageous terms, which links to the fleet's competitiveness. Regarding chartered ships, the company's creditworthiness allows the company to charter ships at a reduced cost.

The company's financial position has long been a basic element serving as a foundation for business alongside safe operations. Today, amid escalating change in the marine transport business environment and greater scrutiny by customers when selecting their marine transport service provider, both financial position and safe operations are deciding factors in earning the trust of customers. When MOL President Koichi Muto publicly announced MOL's current midterm management plan, "GEAR UP! MOL," in March 2010, he stated that "safe operations and a healthy financial base will in the future be the very key to our continuing competitiveness." This is taking on ever more profound meaning.

FINANCIAL CONDITION AND GEARING RATIO

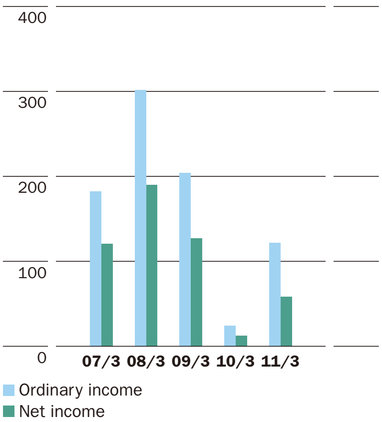
With finance having a greater role in the context of MOL's management strategy, maintaining and enhancing the company's financial condition will be increasingly important. MOL has long placed emphasis on the gearing ratio (interest-bearing debt/shareholders' equity) as a key indicator for measuring financial stability. MOL's goal is to keep the gearing ratio to under 100%.

MOL's gearing ratio worsened to 118% at the end of March 2010 due to the impact of the global financial crisis. However, it improved to 110% at the end of March 2011. In fiscal 2010, MOL's operating cash flow increased by ¥88.3 billion year on year on the back of a stronger performance. In addition to providing funds for investing activities, the increased operating cash flow allowed the company to reduce interest-bearing debt by ¥50.9 billion, inclusive of the redemption of ¥49.0 billion* of euro yen zero-coupon convertible bonds issued in March 2006.

* The total issue amount of the euro yen zero-coupon convertible bonds was ¥50.0 billion. Of this amount, ¥1.0 billion was converted into shares, while ¥49.0 billion was redeemed.

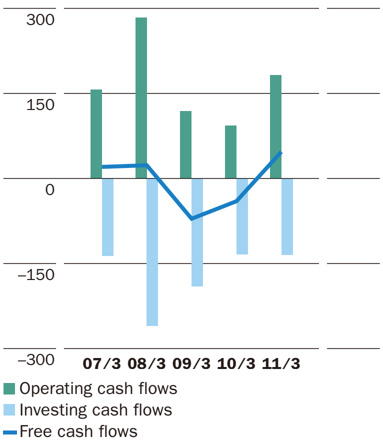
ORDINARY INCOME AND NET INCOME

(¥ billions)



CASH FLOWS

(¥ billions)



(¥ billions)	FY2009 Result	FY2010 Result	GEAR UP! MOL FY2011 Forecast	GEAR UP! MOL FY2012 Plan
Operating Cash Flows...①	93.4	181.8	110.0	240.0
Investing Cash Flows...②	(133.5)	(134.8)	(210.0)	(160.0)
Free Cash Flows ①+②	(40.1)	47.0	(100.0)	80.0

	FY2009 Result	FY2010 Result	GEAR UP! MOL FY2011 Forecast	GEAR UP! MOL FY2012 Plan
Shareholders' Equity (¥ billions)	659.5	660.8	690.0	780.0
Interest-Bearing Debt (¥ billions)	775.1	724.3	840.0	780.0
Gearing Ratio	118%	110%	122%	100%

Leveraging the company's strong balance sheet, in fiscal 2009 MOL signed long-term charters of LNG vessels with an ExxonMobil affiliate and its venture partners. Then in 2010 MOL signed a 25-year contract for the transportation of iron ore with resource major Vale International SA. Furthermore, in fiscal 2010, MOL took approximately ¥25.0 billion in extraordinary losses for vessel dispositions and charter cancellations as part of measures to address the high cost of some ships. However, MOL expects this action to lead to improved earnings from fiscal 2011 onward. MOL's better financial position than other companies enabled it to take these forthright steps ahead of its rivals.

In fiscal 2011, MOL is projecting interest-bearing debt to increase and the gearing ratio to worsen as it maintains a high level of capital investment and based on lower expected earnings amid a lackluster marine transport market. However, from fiscal 2012 onward, the company expects both free cash flows and the gearing ratio to improve, due to lower capital investment as it plans to take delivery of vessels at a slower pace.

Looking ahead, the company plans to continue its unstinting efforts to lower the gearing ratio to at least 100%, an ongoing financial management goal, which it believes will enable MOL to maintain its current credit rating of A3 with Moody's; the best credit rating in the marine transport industry.

Credit Ratings (As of June 3, 2011)

	Credit Ratings
JCR	AA– (stable)
R&I	A+ (stable)
Moody's	A3 (stable)

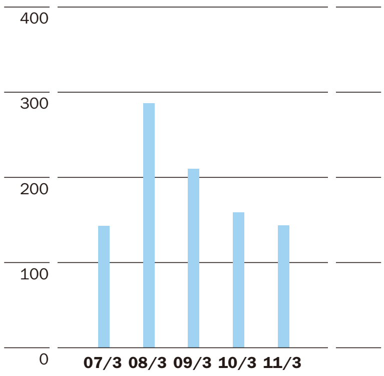
EXPERTISE IN FUND PROCUREMENT

A strong balance sheet is wasted if you don't have the skill to take full advantage of it to raise low-cost funds on advantageous terms. Furthermore, expertise in fundraising can affect a company's financial health over the long term. On these points, MOL has amassed industry-leading knowhow through experience over many years raising funds through various methods and forms, mainly to acquire vessels. This expertise in fundraising is an "asset" of the company.

With regard to corporate bonds, in December 2008, after the onset of the global financial crisis when liquidity was in short supply in the market, MOL issued ¥15.0 billion in domestic straight bonds for the first time in approximately 12 years. Thereafter, through December 2009, MOL raised a total ¥85.0 billion in funds at low interest rates. A year and a half later, in June 2011, MOL issued ¥30.0 billion in domestic straight bonds (¥10.0 billion in 5-year bonds, and ¥20.0 billion in 10-year bonds), in order to provide funds for capital

CAPITAL EXPENDITURE*

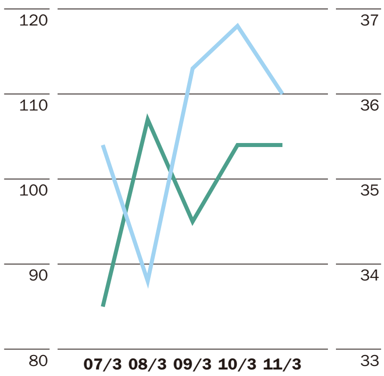
(¥ billions)



*Capital expenditure is the actual amount, calculated by deducting proceeds from the sale of vessels when delivered from "tangible/intangible fixed assets increased" contained in the annual securities report.

GEARING RATIO AND EQUITY RATIO

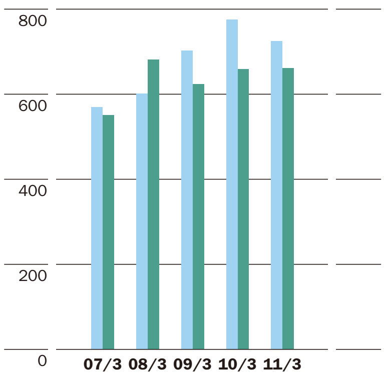
(%)



Gearing ratio (left scale)
Equity ratio (right scale)

INTEREST-BEARING DEBT AND SHAREHOLDERS' EQUITY

(¥ billions)



Interest-bearing debt
Shareholders' equity*

*"Shareholders' equity" in this section comprises the total of owners' equity and accumulated other comprehensive income (loss).

investment. Fortunate that the bond market was strong after a lull, MOL succeeded in raising funds on extremely advantageous terms—an interest rate of 1.361% for 10-year bonds.

MOL Straight Bond Issuance

	Date of Issue	Years	Interest Rate	Total Amount of Issue	Outstanding
Straight bonds No. 10	2008.12.19	5	1.428%	¥15.0 billion	¥15.0 billion
Straight bonds No. 11	2009.5.27	5	1.278%	¥30.0 billion	¥30.0 billion
Straight bonds No. 12	2009.5.27	10	1.999%	¥20.0 billion	¥20.0 billion
Straight bonds No. 13	2009.12.17	7	1.106%	¥20.0 billion	¥20.0 billion
Straight bonds No. 14	2011.6.21	5	0.573%	¥10.0 billion	¥10.0 billion
Straight bonds No. 15	2011.6.21	10	1.361%	¥20.0 billion	¥20.0 billion

In addition to domestic straight bonds and commercial paper, since 1992 MOL has constantly issued euro medium-term notes through an overseas finance subsidiary. As of March 31, 2011, MOL had outstanding issuances of US$187 million from an issuance limit of US$1.0 billion.

In terms of borrowing from financial institutions, MOL has constantly tried new ways of raising funds without relying solely on conventional bank loans. Since the 1980s, for example, we have taken advantage of leveraged leases, which use some investor funds. In the first half of the 1990s, MOL was the lead borrower in Japan's first foreign currency-denominated large funding product through Japan Development Bank, the predecessor of Development Bank of Japan. Then in the latter half of the 1990s, MOL used operating leases to acquire vessels. In the meantime, at the beginning of 1990, MOL conducted an interest-rate swap, which was rare for a corporation at the time, to hedge the risk of rising interest rates.

Since the beginning of the 2000s, MOL has engaged in a number of tax lease arrangements using tax regimes in European countries. At the same time, using Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI), MOL has procured funds devoid of political risk of resource nations. And for building ships in South Korea, MOL used Korea Trade Insurance Corporation to create a scheme enabling the procurement of funds at low interest rates. Through these approaches, MOL has enhanced its competitiveness in fund procurement activities. In another new initiative, in 2006 MOL was involved in a project finance scheme* as the lead company in a ship-owning joint venture to finance 8 LNG vessels with a total of US$1.6 billion, the largest vessel finance arrangement at the time. And MOL is proceeding with fundraising for the LNG transportation project with ExxonMobil that it won in fiscal 2009. MOL believes that its wealth of fundraising expertise will serve it well in obtaining project finance, mainly from The Export-Import Bank of China.

*A method of raising funds based on projected cash flows from a project and using the ship as collateral, without the necessity for MOL to guarantee the obligation. This type of financial arrangement does not affect the company's fundraising capability.

In this way, whether in corporate bonds or bank loans, MOL has expertise in raising funds. Considering the recent low interest-rate environment around the world, MOL intends to continuously make vessel investments, primarily using externally raised funds, even if the gearing ratio worsens temporarily.

CASH MANAGEMENT

Alongside fundraising, cash management is important from the standpoint of maintaining and improving the balance sheet. In fiscal 2010, MOL managed cash flows with an awareness of capital efficiency, including reducing the liquidity ratio, due to improved financial markets. In Japan, MOL switched the cash management center from an affiliate to headquarters, while overseas MOL refined a system for constantly monitoring from headquarters local subsidiaries in Europe and agency accounts and introduced an automatic remittance system called auto sweep. In fiscal 2011, MOL intends to extend the same system as in Europe to the Americas to enhance global cash flow management, thereby putting in place a framework for managing funds more strictly and in closer detail. Moving forward, MOL is determined to ensure even greater capital efficiency as it manages its financial position with an eye on financial ratios.

RESPONSE TO IFRS

At present in Japan, there is much discussion about the merits of making the International Financial Reporting Standards (IFRS) mandatory for all publicly listed companies' consolidated financial statements.

Assuming mandatory adoption is imposed, a preparatory period of between five to seven years is likely from the point the decision is made until mandatory application. There is also discussion about changing the scope of application from all publicly listed companies to some publicly listed companies, and reviewing the across-the-board application method. MOL will continue to make preparations for converting to IFRS, while closely watching developments in this regard.

Aside from debate surrounding mandatory adoption, the convergence of IFRS and Japanese accounting standards is proceeding. Soon companies may be required to bring operating leases on the balance sheet and show the full value of any underfunded portion of projected retirement benefit obligations on the balance sheet as a liability under Japanese accounting standards.

While MOL doesn't presently recognize operating leases on the balance sheet, it already discloses operating leases as "future lease payments." And as of the end of fiscal 2010, MOL Group pension assets were largely commensurate with projected benefit obligations. Furthermore, Mitsui O.S.K. Lines, Ltd.—the Group's main operating unit—has moved to a defined benefit pension plan and lowered the assumed rate of interest to 2% in May 2010. This reduction in the assumed rate of interest will allow the pension fund to shift the focus of management assets to bonds which pay comparatively stable returns, and therefore should limit the risk of seriously underfunded liabilities in the future.

Also, a change in accounting standards would have no impact on MOL's operating cash flow. Since MOL has adopted a financial management strategy that emphasizes cash flows up to now, even as accounting standard convergence proceeds, and even if companies are obliged to apply IFRS, there will be no change in MOL's management stance. MOL will continue to focus on cash flows.

GLOBAL TAX PLANNING

The "tonnage tax" system is a standardized tax system that is utilized in the global marine transport industry. Japanese companies were able to apply the system from fiscal 2009, which MOL has duly done. In fiscal 2010, 34 vessels were subject to tonnage tax, and MOL plans to gradually increase that number. However, the system applies only to Japanese-flagged vessels, meaning there are restrictions. MOL will continue to urge the Japanese government to create a more flexible system similar to foreign countries.

It is becoming increasingly important to utilize a global tax planning strategy to compete on an equal basis in terms of the relative tax burden with overseas marine transport companies, particularly in Europe and Asia, that are already benefiting from such a flexible system of tax rates per tonne. As MOL expands its international operations, the company intends to take advantage of the marine transport-related tax structures of various countries, particularly in Europe and Asia.

FLUCTUATIONS OF CARGO VOLUME, FLEET SUPPLY AND FREIGHT RATES

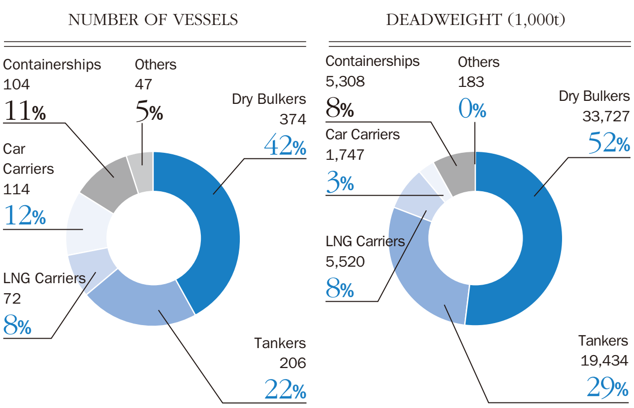
The global shipping business, like many other industries, is greatly affected by trends in the global economic cycle, and is thus subject to both macroeconomic risk, as well as business risk associated with trends in specific industries. There are a multitude of factors that are subject to change, such as fluctuations in the economies of individual countries, changes in the trade structure, demand for freight space, and market conditions, and cargo volumes. Achieving the best performance hinges on coolly analyzing information so as to continually increase the probability, even if only a little, of generating even higher earnings. With this in mind, MOL has adopted a strategy of "diversifying operations to reduce risk" and "raising highly stable profits" by aligning its fleet to match international marine transport demand in the transport of both raw materials and finished goods. In this way, we strive to maximize returns and sustain profit growth.

DIVERSIFYING OPERATIONS TO REDUCE RISK

MOL operates a "full-line marine transport group." As of the end of March 2011, our fleet consisted of 917 vessels ranging from dry bulkers and tankers to car carriers and containerships, capable of transporting a diverse range of raw materials and finished goods. Supply and demand trends fluctuate for each type of ship and each type of cargo. While there are some factors that are closely related, and affect all of these segments in the same way, there are also many factors which affect demand in each sector differently, so the impact in one sector offsets the impact in another in many cases. By maintaining a diverse, well-balanced assortment of ships, MOL can take advantage of this relationship to minimize risk and maximize return.

FLEET COMPOSITION (As of March 31, 2011)

(%)



RAISING HIGHLY STABLE PROFITS THROUGH THE USE OF MEDIUM- AND LONG-TERM CONTRACTS AND OTHER MEANS

The company pursues medium- and long-term contracts that allow it to develop long-standing relationships of trust with customers, and ensure a stable future cash flow that will help reduce the risk that market fluctuations could have on its results.

International marine transportation is recovering in line with a moderate recovery in the global economy, with emerging markets leading the way. However, MOL's businesses are largely shielded from changes in the external environment, providing a stable source of profit. From a long-term perspective, the company aims to expand these stable sources of profit and thereby create an even steadier earnings structure. To achieve this objective, one of the options we will look closely at as a matter of priority is M&As in growing sectors which enjoy a relatively stable cash flow.

EXCHANGE RATE FLUCTUATIONS

Apart from some Japanese clients, with whom MOL has concluded transport contracts on a yen-denominated basis, most transactions in the international marine transport business are concluded on a U.S. dollar-denominated basis. Since U.S. dollar-denominated revenue exceeds U.S. dollar-denominated expenses, when the yen strengthens against the U.S. dollar this can have a negative impact on Group earnings. In fiscal 2011, we project that each ¥1-per-dollar change in the yen-U.S. dollar exchange rate will have an impact of approximately ¥2.0 billion on consolidated ordinary income.

As for changes in the value of the euro, MOL's euro-denominated income and expenditures are roughly equivalent, as are euro-denominated receivables and payables. Therefore, changes in the euro-yen exchange rate have a limited impact on consolidated earnings.

INTEREST RATE FLUCTUATIONS

MOL depends mainly on the issuance of corporate bonds and funds borrowed from banks and other financial institutions to meet working capital and capital expenditure requirements. Loans are denominated in either yen or U.S. dollars, with funds procured at variable interest rates affected by interest rate fluctuations. As of March 31, 2011, interest-bearing debt totaled ¥724.3 billion, and between 50% and 60% of that loan principal is locked in at a fixed interest rate. As a result, an increase of 1 percentage point in interest rates on both yen-denominated and U.S. dollar-denominated interest-bearing liabilities would impact annual consolidated ordinary income by approximately ¥3.5 billion. Although MOL has benefited from ultra-low interest rates in the aftermath of the Lehman Brothers collapse, the company is taking steps to mitigate the risk of a future interest rate rise. It plans to flexibly adjust the ratio of variable-rate and fixed-rate loans through interest swaps and other means according to changes in financial conditions, taking into consideration the balance between variable- and fixed-rate interest.

BUNKER PRICE FLUCTUATIONS

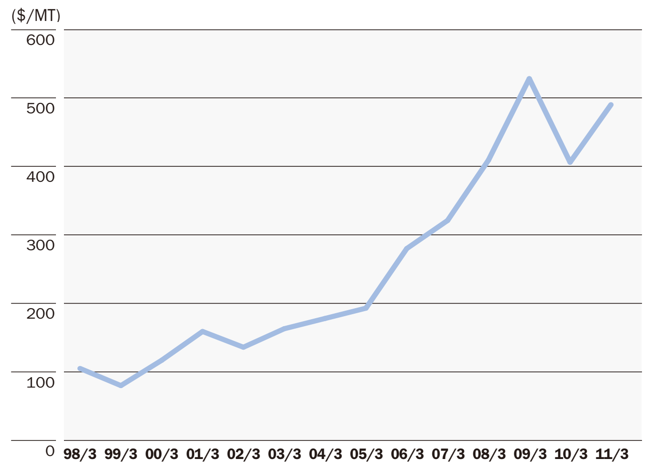
The market price of bunker is generally linked to the price of crude oil, and any increase in bunker prices has a negative impact on earnings for the MOL Group. The Group operates a fleet of approximately 900 vessels, whose annual fuel consumption amounts to around 6 million tons of bunker. The company is able to pass on about 70% of the risk to customers. Therefore, an increase of US$1 per metric ton in the average annual price of bunker would lower earnings by approximately ¥0.2 billion.

The International Maritime Organization has been considering possible measures to address the problem of sulfur oxide and nitrogen oxide emissions generated by ships. Generally, these regulations would take the form of restrictions on the sulfur content of bunker used by ships, or restrictions on the type of electrical generators and shipboard engines that vessels use, in order to reduce nitrogen oxide emissions. Although the details have not yet been clarified, new restrictions are due to be phased in over the period from 2010 to 2025. This is certain to increase fuel costs compared with the cost under present regulations. The company intends to take steps overtime to pass on these higher costs via freight rate increases and higher charter fees.

Sensitivity of Earnings to Exchange Rate/Interest Rate/ Bunker Price Fluctuations

Exchange Rate (¥/$)	A ¥1 appreciation reduces ordinary income by approximately ¥2.0 billion
Interest Rate (%)	A 1 point rise in both yen- and U.S. dollar-denominated interest-bearing debt reduces ordinary income by approximately ¥3.5 billion
Bunker Price (US$/MT)	A US$1/MT increase reduces ordinary income by approximately ¥0.2 billion

AVERAGE BUNKER PRICE



VESSEL OPERATIONS

MOL operates a fleet of approximately 900 ships, and it is therefore impossible to ignore the risks related to various incidents that may occur on the high seas. In order to prevent accidents, the company has introduced a variety of measures such as safety standards, a safety management system, comprehensive crew education and training, and new organizations to support safe operations.

Under the company's new midterm management plan, "GEAR UP! MOL," which was launched in April 2010, enhancing safe operations is one of three major strategies. The plan calls on the company to quantify safety and realize "4 zeroes*," enhance the capability to perceive danger which breaks the link in a chain of errors and make use of advanced IT. MOL plans to invest ¥24.0 billion over 3 years in these and other areas, with the overriding goal of becoming the world leader in safe operation.

* Prevent marine incidents, oil pollution, fatal accidents, and cargo damage

Budget for Safe Operation Measures (Three Years): Major Items

Breakdown		(¥ billions)
Operational	Operation of Safety Operation Supporting Center	¥10.5
	Securing and educating/ training seafarers	
Fleet	Safety standard specifications	¥11.0
Development of IT for ship management		¥2.0

NATURAL DISASTER RISK

An earthquake or other natural disaster, or outbreak of an infectious disease (hereinafter "disaster or such like") could affect MOL-operated vessels, offices and facilities, as well as employees, hampering business operations.

MOL puts the highest priority on ensuring the safety of its vessels and company personnel in the event of a disaster or such like, and has formulated a business continuity plan, documenting specific procedures to be followed to enable it to continue providing its core marine transport services and quickly restore operations. Furthermore, through disaster-preparedness drills at head office and outside of the company and other measures, MOL has a high level of readiness to implement its business continuity plan. Nevertheless, in the event of a disaster or such like in which MOL cannot completely avoid damage, the company's business performance may be affected.

11-year Summary

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

	2011	2010	2009	2008
For the year:				
Shipping and other revenues	**¥1,543,661**	¥1,347,965	¥1,865,802	¥1,945,697
Shipping and other expenses	**1,328,960**	1,228,479	1,564,486	1,544,109
Selling, general and administrative expenses	**91,300**	98,547	104,105	110,303
Operating income	**123,401**	20,939	197,211	291,285
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	**8,174**	5,363	16,000	18,199
Ordinary income	**121,622**	24,235	204,511	302,219
Income before income taxes and minority interests	**95,367**	27,776	197,732	318,202
Income taxes, current	**(36,431)**	(8,078)	(65,074)	(115,183)
Income taxes, deferred	**2,797**	(3,764)	(638)	(5,694)
Minority interests	**(3,456)**	(3,212)	(5,032)	(7,004)
Net income	**58,277**	12,722	126,988	190,321
At year-end:				
Current assets	**344,444**	352,030	428,598	506,078
Current liabilities	**374,269**	355,185	440,910	528,390
Net vessels, property and equipment	**1,257,823**	1,209,176	1,106,746	1,047,825
Total assets	**1,868,741**	1,861,312	1,807,080	1,900,551
Long-term debt due after one year	**559,541**	594,711	499,193	459,280
Net assets/Shareholders' equity	**740,247**	735,702	695,022	751,652
Retained earnings	**664,645**	616,736	623,626	536,096

Amounts per share of common stock:				
Net income	**¥ 48.75**	¥ 10.63	¥106.13	¥159.14
Net assets/Shareholders' equity	**552.83**	551.70	521.23	567.74
Cash dividends applicable to the year	**10.00**	3.00	31.00	31.00

(Translation of foreign currencies)
The Japanese yen amounts for 2011 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2011, which was ¥83.15 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.)

(Amounts per share of common stock)
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 for Earnings Per Share," issued by the Accounting Standards Board of Japan on September 25, 2002).

(Presentation of net assets in the balance sheet)
Effective from the year ended March 31, 2007, the Company adopted the new accounting standard for presentation of net assets in the balance sheet ("Accounting Standard for Presentation of Net Assets in the Balance Sheet" issued by the Accounting Standards Board of Japan on December 9, 2005) and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet ("the Financial Accounting Standard Implementation Guidance No. 8" issued by the Accounting Standards Board of Japan on December 9, 2005). Net assets is comprised of shareholders' equity as defined up to the year ended March 31, 2006, minority interests, share subscription rights and unrealized gains (losses) on hedging derivatives, net of tax.

(Ordinary income)
Ordinary income is calculated by adjusting operating income for gains on management of surplus funds (interest income, etc.) and the cost of raising funds (interest expense, etc.)

	Millions of yen							Thousands of U.S. dollars
	2007	2006	2005	2004	2003	2002	2001	2011
	¥1,568,435	¥1,366,725	¥1,173,332	¥997,260	¥910,288	¥903,943	¥887,867	$18,564,775
	1,300,038	1,101,459	917,149	824,902	787,540	761,507	732,512	15,982,682
	100,324	92,273	84,388	80,232	77,392	82,663	77,116	1,098,016
	168,073	172,993	171,795	92,126	45,356	59,773	78,239	1,484,077
	16,171	16,817	11,764	6,613	3,387	4,426	3,681	98,304
	182,488	176,503	174,979	90,556	33,405	37,381	53,020	1,462,682
	197,854	188,290	155,057	89,776	25,114	24,851	20,860	1,146,927
	(63,042)	(61,200)	(52,587)	(35,346)	(10,872)	(6,101)	(19,473)	(438,136)
	(7,468)	(7,570)	(1,205)	2,152	1,435	(6,633)	7,709	33,638
	(6,404)	(5,788)	(3,004)	(1,191)	(967)	(1,572)	1,847	(41,563)
	120,940	113,732	98,261	55,391	14,710	10,545	10,943	700,866
	405,474	340,355	299,835	299,544	289,645	251,388	255,774	4,142,441
	482,810	433,023	429,695	398,091	423,838	375,032	399,996	4,501,130
	847,660	769,902	665,320	477,621	569,234	619,645	691,307	15,127,156
	1,639,940	1,470,824	1,232,252	1,000,206	1,046,612	1,079,090	1,140,400	22,474,336
	398,534	399,617	340,598	311,021	395,589	475,696	540,159	6,729,296
	620,989	424,461	298,258	221,535	164,790	166,970	144,355	8,902,550
	375,443	275,689	182,143	101,991	56,469	47,818	43,433	7,993,325
	Yen							U.S. dollars
	¥101.20	¥ 94.98	¥ 81.99	¥ 46.14	¥ 12.16	¥ 8.76	¥ 9.01	$0.586
	459.55	354.01	248.40	185.06	137.44	138.78	119.88	6.649
	20.00	18.00	16.00	11.00	5.00	5.00	5.00	0.120

Consolidated Balance Sheets

Mitsui O.S.K. Lines, Ltd. March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2011**	2010	**2011**
Current assets:			
Cash and cash equivalents (Note 3)	**¥ 65,477**	¥ 85,894	**$ 787,456**
Marketable securities (Notes 3 and 4)	**29**	482	**349**
Trade receivables (Note 3)	**128,209**	117,484	**1,541,900**
Allowance for doubtful accounts	**(592)**	(366)	**(7,120)**
Inventories (Note 5)	**46,548**	38,532	**559,808**
Deferred and prepaid expenses	**51,172**	52,539	**615,418**
Deferred tax assets (Note 15)	**5,753**	5,460	**69,188**
Other current assets	**47,848**	52,005	**575,442**
Total current assets	**344,444**	352,030	**4,142,441**
Vessels, property and equipment (Notes 7 and 13)**:**			
Vessels	**1,291,685**	1,209,637	**15,534,396**
Buildings and structures	**251,390**	262,395	**3,023,331**
Equipment, mainly containers	**62,241**	67,851	**748,538**
Land	**216,104**	185,054	**2,598,966**
Vessels and other property under construction	**150,115**	206,431	**1,805,352**
	1,971,535	1,931,368	**23,710,583**
Accumulated depreciation	**(713,712)**	(722,192)	**(8,583,427)**
Net vessels, property and equipment	**1,257,823**	1,209,176	**15,127,156**
Investments and other assets:			
Investment securities (Notes 3, 4 and 7)	**101,055**	112,621	**1,215,334**
Investments in and advances to unconsolidated subsidiaries and affiliated companies	**91,779**	99,052	**1,103,776**
Long-term loans receivable (Note 3)	**18,199**	28,165	**218,870**
Intangible fixed assets	**9,187**	9,079	**110,487**
Deferred tax assets (Note 15)	**7,117**	5,510	**85,592**
Other assets	**39,137**	45,679	**470,680**
Total investments and other assets	**266,474**	300,106	**3,204,739**
Total assets	**¥1,868,741**	¥1,861,312	**$22,474,336**

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen 2011	2010	Thousands of U.S. dollars (Note 1) 2011
Current liabilities:			
Short-term loans	¥ 41,966	¥ 46,494	$ 504,703
Short-term bonds	961	1,210	11,557
Commercial paper	21,500	8,500	258,569
Total short-term debt (Notes 3 and 7)	64,427	56,204	774,829
Long-term bank loans due within one year	69,755	52,900	838,905
Bonds due within one year	9,281	54,789	111,618
Total long-term debt due within one year (Notes 3 and 7)	79,036	107,689	950,523
Trade payables (Note 3)	130,752	114,353	1,572,483
Advances received	20,282	23,033	243,921
Accrued income taxes	27,410	3,720	329,645
Deferred tax liabilities (Note 15)	93	205	1,118
Other current liabilities	52,269	49,981	628,611
Total current liabilities	374,269	355,185	4,501,130
Long-term bank loans due after one year	399,383	441,285	4,803,163
Bonds due after one year	160,158	153,426	1,926,133
Total long-term debt due after one year (Notes 3 and 7)	559,541	594,711	6,729,296
Employees' severance and retirement benefits (Note 16)	14,311	15,052	172,111
Directors' and corporate auditors' retirement benefits	2,028	2,045	24,390
Reserve for periodic drydocking	16,908	18,709	203,343
Deferred tax liabilities (Note 15)	19,441	47,192	233,806
Other non-current liabilities	141,996	92,716	1,707,710
Commitments and contingent liabilities (Note 8)			
Net assets (Note 9):			
Owners' equity			
Common stock;			
Authorized–3,154,000,000 shares			
Issued–1,206,286,115 shares	65,400	65,400	786,530
Capital surplus	44,516	44,522	535,370
Retained earnings	664,645	616,736	7,993,325
Treasury stock, at cost	(7,181)	(7,126)	(86,362)
Total owners' equity	767,380	719,532	9,228,863
Accumulated other comprehensive income (loss)			
Unrealized holding gains on available-for-sale securities, net of tax	14,489	20,999	174,251
Unrealized losses on hedging derivatives, net of tax	(68,355)	(45,454)	(822,068)
Foreign currency translation adjustments	(52,719)	(35,570)	(634,023)
Total accumulated other comprehensive income (loss)	(106,585)	(60,025)	(1,281,840)
Share subscription rights	1,871	1,524	22,502
Minority interests	77,581	74,671	933,025
Total net assets	740,247	735,702	8,902,550
Total liabilities and total net assets	¥1,868,741	¥1,861,312	$22,474,336

Consolidated Statements of Income

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Shipping and other revenues (Note 14)	¥1,543,661	¥1,347,965	$18,564,775
Shipping and other expenses	1,328,960	1,228,479	15,982,682
Gross operating income	214,701	119,486	2,582,093
Selling, general and administrative expenses	91,300	98,547	1,098,016
Operating income	123,401	20,939	1,484,077
Other income (expenses):			
Interest and dividend income	5,507	4,316	66,230
Interest expense	(11,372)	(14,176)	(136,765)
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	8,174	5,363	98,304
Others, net (Notes 10 and 11)	(30,343)	11,334	(364,919)
	(28,034)	6,837	(337,150)
Income before income taxes and minority interests	95,367	27,776	1,146,927
Income taxes (Note 15):			
Current	(36,431)	(8,078)	(438,136)
Deferred	2,797	(3,764)	33,638
Income before minority interests	61,733	15,934	742,429
Minority interests	(3,456)	(3,212)	(41,563)
Net income	¥ 58,277	¥ 12,722	$ 700,866

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Net income	¥48.75	¥10.63	$0.586
Diluted net income	47.02	10.25	0.565
Cash dividends applicable to the year	10.00	3.00	0.120

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2011 and 2010

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total net assets
Balance at March 31, 2009	¥65,400	¥44,544	¥623,626	¥(6,439)	¥ 6,166	¥(71,460)	¥(38,123)	¥1,307	¥70,001	¥695,022
Due to change in consolidated subsidiaries	–	–	(813)	–	–	–	–	–	–	(813)
Due to change in affiliated companies accounted for by the equity method	–	–	(29)	–	–	–	–	–	–	(29)
Due to change in currencies of consolidated subsidiaries	–	–	(254)	–	–	–	–	–	–	(254)
Due to change in accounting period of consolidated subsidiaries	–	–	43	–	–	–	–	–	–	43
Net income	–	–	12,722	–	–	–	–	–	–	12,722
Purchases of treasury stock	–	–	–	(785)	–	–	–	–	–	(785)
Disposal of treasury stock	–	(22)	–	98	–	–	–	–	–	76
Dividends paid	–	–	(18,559)	–	–	–	–	–	–	(18,559)
Net changes during the year	–	–	–	–	14,833	26,006	2,553	217	4,670	48,279
Balance at March 31, 2010	¥65,400	¥44,522	¥616,736	¥(7,126)	¥20,999	¥(45,454)	¥(35,570)	¥1,524	¥74,671	¥735,702
Due to change in consolidated subsidiaries	**–**	**–**	**(693)**	**–**	**–**	**–**	**–**	**–**	**–**	**(693)**
Due to change in affiliated companies accounted for by the equity method	**–**	**–**	**(365)**	**–**	**–**	**–**	**–**	**–**	**–**	**(365)**
Due to change in currencies of consolidated subsidiaries	**–**	**–**	**259**	**–**	**–**	**–**	**–**	**–**	**–**	**259**
Net income	**–**	**–**	**58,277**	**–**	**–**	**–**	**–**	**–**	**–**	**58,277**
Purchases of treasury stock	**–**	**–**	**–**	**(88)**	**–**	**–**	**–**	**–**	**–**	**(88)**
Disposal of treasury stock	**–**	**(6)**	**–**	**33**	**–**	**–**	**–**	**–**	**–**	**27**
Dividends paid	**–**	**–**	**(9,569)**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,569)**
Net changes during the year	**–**	**–**	**–**	**–**	**(6,510)**	**(22,901)**	**(17,149)**	**347**	**2,910**	**(43,303)**
Balance at March 31, 2011	**¥65,400**	**¥44,516**	**¥664,645**	**¥(7,181)**	**¥14,489**	**¥(68,355)**	**¥(52,719)**	**¥1,871**	**¥77,581**	**¥740,247**

	Thousands of U.S. dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total net assets
Balance at March 31, 2010	$786,530	$535,442	$7,417,150	$(85,701)	$252,544	$(546,651)	$(427,781)	$18,328	$898,028	$8,847,889
Due to change in consolidated subsidiaries	**–**	**–**	**(8,334)**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,334)**
Due to change in affiliated companies accounted for by the equity method	**–**	**–**	**(4,390)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,390)**
Due to change in currencies of consolidated subsidiaries	**–**	**–**	**3,115**	**–**	**–**	**–**	**–**	**–**	**–**	**3,115**
Net income	**–**	**–**	**700,866**	**–**	**–**	**–**	**–**	**–**	**–**	**700,866**
Purchases of treasury stock	**–**	**–**	**–**	**(1,058)**	**–**	**–**	**–**	**–**	**–**	**(1,058)**
Disposal of treasury stock	**–**	**(72)**	**–**	**397**	**–**	**–**	**–**	**–**	**–**	**325**
Dividends paid	**–**	**–**	**(115,082)**	**–**	**–**	**–**	**–**	**–**	**–**	**(115,082)**
Net changes during the year	**–**	**–**	**–**	**–**	**(78,293)**	**(275,417)**	**(206,242)**	**4,174**	**34,997**	**(520,781)**
Balance at March 31, 2011	**$786,530**	**$535,370**	**$7,993,325**	**$(86,362)**	**$174,251**	**$(822,068)**	**$(634,023)**	**$22,502**	**$933,025**	**$8,902,550**

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 95,367**	¥ 27,776	**$ 1,146,927**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	**77,446**	88,366	**931,401**
Impairment loss	**10,239**	504	**123,139**
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	**(8,174)**	(5,363)	**(98,304)**
Loss on write-down of investment securities	**500**	133	**6,013**
Loss on write-down of securities issued by subsidiaries and affiliated companies	**273**	107	**3,283**
Various provisions (reversals)	**(1,227)**	(353)	**(14,756)**
Interest and dividend income	**(5,507)**	(4,316)	**(66,230)**
Interest expense	**11,372**	14,176	**136,765**
Gain on sale of investment securities	**(1,017)**	(2,894)	**(12,231)**
Gain on sale and disposal of vessels, property and equipment	**(24)**	(6,182)	**(289)**
Exchange loss (gain), net	**1,689**	(3,425)	**20,313**
Changes in operating assets and liabilities:			
Trade receivables	**(13,756)**	20,115	**(165,436)**
Inventories	**(8,451)**	(9,589)	**(101,636)**
Trade payables	**18,860**	(2,656)	**226,819**
Others, net	**22,075**	(2,654)	**265,485**
Sub total	**199,665**	113,745	**2,401,263**
Cash received for interest and dividend	**8,332**	10,516	**100,204**
Cash paid for interest	**(11,202)**	(14,552)	**(134,720)**
Cash paid for corporate income tax, resident tax and enterprise tax	**(15,040)**	(16,281)	**(180,878)**
Net cash provided by operating activities	**181,755**	93,428	**2,185,869**
Cash flows from investing activities:			
Purchase of investment securities	**(4,568)**	(3,210)	**(54,937)**
Proceeds from sale of investment securities	**4,846**	3,821	**58,280**
Payments for purchase of vessels and other tangible and intangible fixed assets	**(217,361)**	(212,120)	**(2,614,083)**
Proceeds from sale of vessels and other tangible and intangible fixed assets	**82,752**	72,310	**995,213**
Payments for purchase of subsidiaries' securities due to change in consolidated subsidiaries	**–**	(49)	**–**
Disbursements for loans receivable	**(4,394)**	(10,559)	**(52,844)**
Collections of loans receivable	**2,391**	1,605	**28,755**
Net increase (decrease) in short-term loans receivable	**49**	16,337	**589**
Others, net	**1,500**	(1,619)	**18,041**
Net cash used in investing activities	**(134,785)**	(133,484)	**(1,620,986)**
Cash flows from financing activities:			
Net increase (decrease) in short-term bonds	**154**	(1,903)	**1,852**
Net increase (decrease) in short-term loans	**(3,284)**	(38,308)	**(39,495)**
Net increase (decrease) in commercial paper	**13,000**	(12,000)	**156,344**
Proceeds from long-term bank loans	**68,899**	131,293	**828,611**
Repayments of long-term bank loans	**(94,287)**	(67,926)	**(1,133,939)**
Proceeds from issuance of bonds	**20,000**	88,450	**240,529**
Redemption of bonds	**(56,534)**	(34,549)	**(679,904)**
Cash dividends paid by the Company	**(9,618)**	(18,574)	**(115,670)**
Purchase of treasury stock	**(89)**	(785)	**(1,070)**
Sale of treasury stock	**27**	76	**325**
Cash dividends paid to minority interests	**(1,140)**	(2,156)	**(13,710)**
Others, net	**(887)**	(1,390)	**(10,668)**
Net cash provided by (used in) financing activities	**(63,759)**	42,228	**(766,795)**
Effect of exchange rate changes on cash and cash equivalents	**(3,699)**	459	**(44,486)**
Net increase (decrease) in cash and cash equivalents	**(20,488)**	2,631	**(246,398)**
Cash and cash equivalents at beginning of year	**85,894**	83,195	**1,033,001**
Net cash increase from new consolidation/de-consolidation of subsidiaries	**71**	3	**853**
Net cash increase in cash from merger of subsidiaries	**–**	104	**–**
Decrease in cash and cash equivalents due to change in accounting periods for consolidated subsidiaries	**–**	(39)	**–**
Cash and cash equivalents at end of year	**¥ 65,477**	¥ 85,894	**$ 787,456**

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2011 and 2010

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (together "Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are made revisions according to ASBJ PITF No. 18. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Mitsui O.S.K. Lines, Ltd. (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 Financial Instruments and Exchange Law and the amendment report hereto. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, and the consolidated statement of comprehensive income (loss) are 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 outside Japan, using the prevailing exchange rate at March 31, 2011, which was ¥83.15 to U.S. $1.00. 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.

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 320 subsidiaries for the year ended March 31, 2011 (274 subsidiaries for the year ended March 31, 2010). All significant inter-company transactions and accounts have been eliminated.

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. Companies accounted for using the equity method include 60 affiliated companies for the year ended March 31, 2011, and 1 unconsolidated subsidiary and 56 affiliated companies for the year ended March 31, 2010. Investments in other subsidiaries (119 for the year ended March 31, 2011 and 111 for the year ended March 31, 2010) and affiliated companies (76 and 84 for the respective years) were stated at cost since total revenues, total assets and 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 treated as goodwill and negative goodwill and is amortized over 5 to 14 years.

Net amortized amount is included in "Selling, general and administrative expenses" or "Other income" of the consolidated statements of income.

Meanwhile, the negative goodwill incurred after April 1, 2010 is recognized as "Other income" at the time of occurrence in accordance with the revised Japanese GAAP.

(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.

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 owners' equity which is translated at historical rates. Translation differences arising from the application of more than one exchange rate are presented as foreign currency translation adjustments in the net assets section of 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 not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(4) FREIGHT REVENUES AND RELATED EXPENSES

1. Containerships

Freight revenues and the related voyage expenses are recognized by the multiple transportation progress method.

2. Vessels other than containerships

Freight revenues and the related voyage expenses are recognized mainly by the completed-voyage method.

(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. 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, net of the amount considered not collectible. 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. 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 net assets. 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 not on the equity method, 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 assets value with a corresponding charge in the income statement in the event net assets value declines significantly. In these cases, such fair market value or the net assets value will be the carrying amount of the securities at the beginning of the next year.

(6) INVENTORIES

Inventories are stated principally at cost determined by the moving-average method (with regard to the book value of inventories on the balance sheet, by writing the inventories down based on their decrease in profitability of assets).

(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.

Depreciation of finance lease that transfer ownership to lessees is computed mainly by the identical to depreciation method applied to self-owned noncurrent assets. Depreciation of finance lease that do not transfer ownership to lessees is computed mainly by straight-line method on the assumption that the lease term is the useful life and an estimated residual is zero. With regard to finance lease that do not transfer ownership for which the starting date for the lease transaction is prior to March 31, 2008, they will continue to be accounted for by a method corresponding to that used for ordinary operating lease contracts.

(8) AMORTIZATION OF BOND ISSUE EXPENSE AND STOCK ISSUE EXPENSE

Bond issue expense and stock issue expense are 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 which amounted to ¥2,210 million ($26,578 thousand) for the year ended March 31, 2011 and ¥1,767 million for the year ended March 31, 2010.

(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 reviewed the pension plans for employees engaged in shore and sea services and adopts the defined benefit pension plans. Employees engaged in sea service who retire prior to a certain age are also entitled to a lump-sum payment.

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

The Company and its consolidated subsidiaries (the "Group") provided allowance for employees' severance and retirement benefits at March 31, 2011 and 2010 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 statements of income using the straight-line method over the average of the estimated remaining service lives of mainly 10 years commencing with the following period. Past service liability is chiefly accounted for as expenses in lump-sum at the time of occurrence.

(12) DIRECTORS' AND CORPORATE AUDITORS' RETIREMENT BENEFITS

The Company and its domestic subsidiaries recognize liabilities for retirement benefits for directors and corporate auditors at an amount required in accordance with the internal regulations had all directors and corporate auditors terminated as of the balance sheet date.

Effective from the shareholders' meeting of the Company, held on June 23, 2005, the Company abolished the retirement benefits plan for directors and corporate auditors. Accordingly, the Company recognizes liabilities for retirement benefit for directors and corporate auditors till the completion of the shareholders' meeting on June 23, 2005, which will be paid upon their retirement.

(13) INCOME TAXES

The Group recognizes 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 included in the consolidated statements of income. 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 exercise of the outstanding stock options and conversion of the convertible bonds at the beginning of the year or at the date of issuance.

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date, but applicable to the year then ended.

(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.

If derivative financial instruments are used as hedging instruments and meet certain hedging criteria, the Group defers 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.

If interest rate swap contracts are used as hedging instruments 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 ("special treatment").

If foreign exchange forward contracts are used as hedging instruments and meet certain hedging criteria, hedged foreign currency assets and liabilities are translated at the rate of these contracts ("allocation method").

The following summarizes hedging derivative financial instruments used by the Group and items hedged:

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

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

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 cumulative changes in cash flows from or the changes in fair value of hedging instruments.

(16) RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the 2011 presentation. These changes had no impact on previously reported results of operations or cash flows or net assets.

(17) CHANGES IN ACCOUNTING METHOD

1. Presentation of trade receivables and trade payables related to the transaction of the mutual container space financing on the vessel

In containerships, the Company offers service linking Asia to North America and Europe as east-west routes allying with APL CO. PTE LTD. and HYUNDAI MERCHANT MARINE CO., LTD. This comprehensive cooperative relationship is called "THE NEW WORLD ALLIANCE" (TNWA).

TNWA enter into the transaction financing, at a cost, container space on the own operating vessels and other carrier's operating vessels mutually on the basis of certain conditions. In the transaction, trade receivables and trade payables related to the container space lease for certain period is eliminated and settled by the contractor.

Previously, in the transaction, the Company presented the trade receivables related to the container space leasing fee on the own operating vessels and the trade payables related to the container space hiring fee on the other carrier's operating vessel respectively in the balance sheet. However, it takes a long time to achieve the mutual agreement for container space leasing rate per vessel and voyage as the market price of bunker which is a content of container space leasing rate is greatly fluctuated linking to the recent widely fluctuated price of crude oil. As a result of that, a large balance of trade receivables and trade payables related to this transaction exists. In light of such circumstances, it was decided that the consolidated financial position could be presented more appropriately due to the presentation of netted off amount of trade receivables and trade payables to each contractor and container space lease management system was designed and the management for each contractor became more easily, effective April 1, 2009, the presenting method of trade receivables and trade payables related to the transaction of the mutual container space financing on the vessel was changed to present the netted off amount of each contractor.

As a result of the change, trade receivables in current assets and trade payables in current liabilities decreased by ¥56,072 million, respectively, in comparison with the result under the previous method of presenting.

2. Application of accounting standard for asset retirement obligations

Effective from the year ended March 31, 2011, the Company adopts the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, March 31, 2008).

The effect on profit and loss is immaterial.

3. Application of accounting standards for business combinations

Effective from the year ended March 31, 2011, the Company adopts the Accounting Standard for Business Combinations (ASBJ Statement No. 21, December 26, 2008), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23, December 26, 2008), Accounting Standard for Business Divestitures (ASBJ Statement No. 7, December 26, 2008), Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, December 26, 2008), and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, December 26, 2008).

(18) ADDITIONAL INFORMATION

1. The Company reviewed the projected useful life of LNG carriers, given that over 20 years have passed since LNG carriers became part of the Company's fleet and adequate data on the use of LNG carriers have become available. Based on this review, the Company found that LNG carriers can be expected to have a longer period of useful life than the number of years conventionally recognized. Therefore, effective April 1, 2010, the Company adopts 20 years as the period of useful life of LNG carriers based on actual usage.

As a result, operating income and income before income taxes and minority interests for the fiscal year ended March 31, 2011, increased by ¥5,500 million ($66,146 thousand) respectively compared with the results under the previous estimate.

2. Utoc Corporation and International Container Terminal Co., Ltd., subsidiaries of the Company, merged as of April 1, 2011 with Utoc Corporation as the surviving company. This was based on the resolution at the meeting of the Board of Directors of each company held respectively on December 10, 2010 and followed approval obtained at the extraordinary meeting of shareholders of each company held respectively on February 18, 2011.

(1) Name and business description of companies subject to business combination

Surviving company: Utoc Corporation (business: harbor and transport business and other activities)

Absorbed company: International Container Terminal Co., Ltd. (business: harbor and transport business and other activities)

(2) Date of business combination (effective date)

April 1, 2011

(3) Legal form of business combination

Merger in which Utoc Corporation is the surviving company

(4) Name of company after business combination

Utoc Corporation

(5) Outline of transaction including its purpose

The merger was conducted between Utoc Corporation, which is engaged in a wide range of business activities including plant construction, warehousing and logistics in addition to harbor and transport business, and International Container Terminal Co., Ltd., which has made achievements as a high-quality container terminal operator. This merger thus promotes effective use of management resources and expanded service menus in pursuing aggressive business activities not only in the harbor and transport business but also in the logistics and plant businesses. By so doing, the Company will work to enhance the service quality that is well recognized by customers in various sectors in an aim to grow, expand and maximize corporate value.

The transaction underlying the business combination entails allotment of 1.04 shares of common stock of Utoc Corporation for every 1 share of common stock of International Container Terminal Co., Ltd.

3. FINANCIAL INSTRUMENTS

(1) QUALITATIVE INFORMATION ON FINANCIAL INSTRUMENTS

I. Policies for using financial instruments

We raise capital investment funds to acquire vessels and other fixed assets primarily through bank loans and corporate bonds. In addition, we secure short-term operating funds through commercial papers and bank loans. Furthermore, we have established commitment line with Japanese banks in preparation for supplementing liquidity in emergency situations.

Derivatives are utilized to hedge risks as discussed below and are executed within the scope of real requirements. Our policy is not to use derivatives for speculative purposes.

II. Details of financial instruments / Risk and its management

Trade receivables are exposed to the credit risks of customers. We strive to mitigate such risks in accordance with internal regulations. Besides, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risk. We avoid the risk mainly by, in principle, utilizing forward exchange contracts which cover the net position (The difference between trade receivables and trade payables dominated in foreign currencies).

Investment securities are mainly stocks of companies with which we have business relationships. These investment securities are exposed to the price fluctuation risk. We identify the market value of listed stocks on a quarterly basis.

Trade payables are due within a year.

Short-term loans and commercial papers are primarily used for raising short-term operating funds, while long-term loans and bonds are mainly for capital investments. Although several items with variable interest rates are exposed to the interest rate risk, a certain portion of such variable interest rates is fixed with the use of interest rate swaps.

Long-term loans and bonds denominated in foreign currencies are exposed to the foreign currency exchange rate risk, a part of which is avoided by using currency swaps.

Our major derivative transactions and hedged risks are as follows.

* Forward foreign exchange contracts / Currency swap contracts
: To cover exchange volatility of foreign-currency-denominated trade receivables, trade payables, long-term loans, and corporate bonds.

* Interest rate swap contracts
: To avoid interest rate risk arising out of interest payment of long-term loans and corporate bonds.

* Crude oil swap contracts and Commodities futures
: To hedge fluctuation of fuel oil price.

With regard to the detail of hedge accounting (hedging instruments, hedged items, the way of evaluating hedge effectiveness), see Notes 2 (15) to the consolidated financial statements.

Derivative transactions are executed and managed in accordance with our internal regulations and dealt only with highly rated financial institutions to mitigate credit risks.

On the other hand, as trade payables, loan payables, bonds, and commercial papers are exposed to the risk of financing for repayment, we manage the risk by planning cash management program monthly, having established commitment line with several financial institutions, and adjusting funding period (balancing short-term/long-term combination), inconsideration of market circumstances.

III. Supplemental information on fair value

Fair value of financial instruments that are actively traded in organized financial markets is determined by market value.

For those where there are no active markets, it is determined by reasonable estimation. Reasonably estimated value might vary depending on condition of calculation as several variation factors are included in the calculation. On the other hand, derivative transactions mentioned in following (2) do not indicate the market risk of such derivatives.

(2) FAIR VALUES OF FINANCIAL INSTRUMENTS

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2011 are the following;

	Millions of yen		
	Book Value	Fair Value	Difference
Assets			
Cash and cash equivalents	¥ 65,477	¥ 65,477	¥ –
Trade receivables	128,209	128,209	–
Marketable securities			
Available-for-sale securities	29	29	–
Short-term loans receivable	1,695	1,695	–
Investment securities			
Available-for-sale securities	90,824	90,824	–
Long-term loans receivable (*1)	24,486		
Allowance for doubtful accounts (*2)	(188)		
	24,298	30,903	6,605
Total	¥310,532	¥317,137	¥ 6,605
Liabilities			
Trade payables	¥130,752	¥130,752	¥ –
Short-term bonds	961	961	–
Short-term loans	41,966	41,966	–
Commercial paper	21,500	21,500	–
Bonds (*3)	169,439	174,241	4,802
Long-term bank loans (*4)	469,138	470,605	1,467
Total	¥833,756	¥840,025	¥ 6,269
Derivative financial instruments (*5)	¥ (87,850)	¥ (89,818)	¥(1,968)

	Thousands of U.S. dollars (Note 1)		
	Book Value	Fair Value	Difference
Assets			
Cash and cash equivalents	$ 787,456	$ 787,456	$ –
Trade receivables	1,541,900	1,541,900	–
Marketable securities			
Available-for-sale securities	349	349	–
Short-term loans receivable	20,385	20,385	–
Investment securities			
Available-for-sale securities	1,092,291	1,092,291	–
Long-term loans receivable (*1)	294,480		
Allowance for doubtful accounts (*2)	(2,261)		
	292,219	371,654	79,435
Total	$ 3,734,600	$ 3,814,035	$ 79,435
Liabilities			
Trade payables	$ 1,572,483	$ 1,572,483	$ –
Short-term bonds	11,557	11,557	–
Short-term loans	504,703	504,703	–
Commercial paper	258,569	258,569	–
Bonds (*3)	2,037,751	2,095,502	57,751
Long-term bank loans (*4)	5,642,068	5,659,711	17,643
Total	$10,027,131	$10,102,525	$ 75,394
Derivative financial instruments (*5)	$ (1,056,524)	$ (1,080,192)	$(23,668)

*1 The book value of long-term loans receivable includes current portion amounting to ¥6,287 million ($75,610 thousand).
*2 Allowance identified for long-term loans receivable is deducted.
*3 The book value of bonds includes current portion amounting to ¥9,281 million ($111,618 thousand).
*4 The book value of long-term bank loans includes current portion amounting to ¥69,755 million ($838,905 thousand).
*5 Amounts of derivative financial instruments are net of asset and liability. Negative amount stated with ( ) means that the net amount is liability.

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2010 are the following;

	Millions of yen		
	Book Value	Fair Value	Difference
Assets			
Cash and cash equivalents	¥ 85,894	¥ 85,894	¥ –
Trade receivables	117,484	117,484	–
Marketable securities			
Available-for-sale securities	482	482	–
Short-term loans receivable	1,834	1,834	–
Investment securities			
Available-for-sale securities	102,175	102,175	–
Long-term loans receivable (*1)	29,060		
Allowance for doubtful accounts (*2)	(185)		
	28,875	32,227	3,352
Total	¥336,744	¥340,096	¥ 3,352
Liabilities			
Trade payables	¥114,353	¥114,353	¥ –
Short-term bonds	1,210	1,210	–
Short-term loans	46,494	46,494	–
Commercial paper	8,500	8,500	–
Bonds (*3)	208,215	210,961	2,746
Long-term bank loans (*4)	494,185	495,588	1,403
Total	¥872,957	¥877,106	¥ 4,149
Derivative financial instruments (*5)	¥ (37,475)	¥ (39,516)	¥(2,041)

*1 The book value of long-term loans receivable includes current portion amounting to ¥895 million.
*2 Allowance identified for long-term loans receivable is deducted.
*3 The book value of bonds includes current portion amounting to ¥54,789 million.
*4 The book value of long-term bank loans includes current portion amounting to ¥52,900 million.
*5 Amounts of derivative financial instruments are net of asset and liability. Negative amount stated with ( ) means that the net amount is liability.

The following is a description of the valuation methodologies used for the assets and liabilities measured at the fair value.

Cash and cash equivalents, Trade receivables and Short-term loans receivable

Since these assets are settled in a short term and their fair value is almost equal to the book value, the fair value is evaluated at the book value.

Marketable securities and Investment securities

The fair value of stocks is evaluated at market prices at stock exchange as of the end of the fiscal year and the fair value of bonds is evaluated at market prices at stock exchange or provided by financial institutions as of the end of the fiscal years.

Long-term loans receivable

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

Trade payables, Short-term bonds, Short-term loans and Commercial paper

Since these assets are settled in a short term and their fair value is almost equal to the book value, the fair value is evaluated at the book value.

Bonds

The fair value of corporate bonds with market price is evaluated based on their market price. The fair value of variable interest rates corporate bonds without market price is evaluated at the book value because the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of us before and after the issue.

The fair value of fixed interest rates corporate bonds without market price is evaluated by discounting the total amount of principal and interest using the rate adjusted for the creditworthiness of us and the remaining term. The fair value of corporate bonds qualifying for allocation method of interest and currency swap is evaluated at the book value because such bonds were deemed as the variable interest rates corporate bonds and the interest rate reflects the market rate in a short term.

Long-term bank loans

The fair value of long-term bank loans with variable interest rates is evaluated at the book value because the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of us before and after such bank loans were made. The fair value of long-term bank loans with fixed interest rates is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar bank loans were newly made. The fair value of long-term bank loans qualifying for allocation method of interest and currency swap is evaluated at the book value because such bank loans were deemed as the variable interest rates bank loans and the interest rate reflects the market rate in a short term.

Derivative financial instruments

Please refer to Note 6 to the consolidated financial statements.

The following table summarizes financial instruments whose fair value is extremely difficult to estimate.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Book value	Book value	Book value
	2011	2010	**2011**
Unlisted stocks	**¥ 6,977**	¥ 7,226	**$ 83,909**
Unlisted foreign securities	**3,200**	3,200	**38,485**
Others	**54**	20	**649**
Total	**¥10,231**	¥10,446	**$123,043**

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

At March 31, 2011, the aggregate annual maturity of monetary claims and held-to-maturity securities was as follow;

	Millions of yen			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	**¥ 65,477**	**¥ –**	**¥ –**	**¥ –**
Trade receivables	**128,209**	**–**	**–**	**–**
Short-term loans receivable	**1,695**	**–**	**–**	**–**
Marketable securities and investments securities				
Held-to-maturity debt securities (Other)	**–**	**–**	**–**	**3,200**
Available-for-sale securities (Governmental bonds/Corporate bonds)	**–**	**10**	**–**	**–**
Long-term loans receivable	**6,287**	**12,000**	**1,422**	**4,777**
Total	**¥201,668**	**¥12,010**	**¥1,422**	**¥7,977**

	Thousands of U.S. dollars (Note 1)			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	**$ 787,456**	**$ –**	**$ –**	**$ –**
Trade receivables	**1,541,900**	**–**	**–**	**–**
Short-term loans receivable	**20,385**	**–**	**–**	**–**
Marketable securities and investments securities				
Held-to-maturity debt securities (Other)	**–**	**–**	**–**	**38,485**
Available-for-sale securities (Governmental bonds/Corporate bonds)	**–**	**120**	**–**	**–**
Long-term loans receivable	**75,610**	**144,317**	**17,102**	**57,451**
Total	**$2,425,351**	**$144,437**	**$17,102**	**$95,936**

At March 31, 2010, the aggregate annual maturity of monetary claims and held-to-maturity securities was as follow;

	Millions of yen			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	¥ 85,894	¥ –	¥ –	¥ –
Trade receivables	117,484	–	–	–
Marketable securities and investments securities				
Held-to-maturity debt securities (Other)	–	–	–	3,200
Available-for-sale securities (Governmental bonds/Corporate bonds)	–	10	5	–
Long-term loans receivable	895	12,257	4,714	11,194
Total	¥204,273	¥12,267	¥4,719	¥14,394

<Additional Information>

Effective from the fiscal year ended March 31, 2010, the Company adopted the revised Accounting Standard, "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10 revised on March 10,2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 revised on March 10, 2008).

4. SECURITIES

A. The following tables summarize acquisition costs, book values and fair values of securities with available fair values at March 31, 2011 and 2010.

Available-for-sale securities:

Securities with book values exceeding acquisition costs at March 31, 2011

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Equity securities	**¥26,852**	**¥69,118**	**¥42,266**
Bonds	**210**	**214**	**4**
Others	**–**	**–**	**–**
Total	**¥27,062**	**¥69,332**	**¥42,270**

	Thousands of U.S. dollars (Note 1)		
Type	Acquisition cost	Book value	Difference
Equity securities	**$322,934**	**$831,245**	**$508,311**
Bonds	**2,526**	**2,574**	**48**
Others	**–**	**–**	**–**
Total	**$325,460**	**$833,819**	**$508,359**

Securities with book values exceeding acquisition costs at March 31, 2010

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Equity securities	¥29,605	¥79,091	¥49,486
Bonds	215	222	7
Others	1	1	0
Total	¥29,821	¥79,314	¥49,493

Securities with book values not exceeding acquisition costs at March 31, 2011

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Equity securities	**¥29,947**	**¥21,492**	**¥(8,455)**
Bonds	**–**	**–**	**–**
Others	**29**	**29**	**–**
Total	**¥29,976**	**¥21,521**	**¥(8,455)**

	Thousands of U.S. dollars (Note 1)		
Type	Acquisition cost	Book value	Difference
Equity securities	**$360,156**	**$258,472**	**$(101,684)**
Bonds	**–**	**–**	**–**
Others	**349**	**349**	**–**
Total	**$360,505**	**$258,821**	**$(101,684)**

Securities with book values not exceeding acquisition costs at March 31, 2010

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Equity securities	¥25,961	¥22,861	¥(3,100)
Bonds	–	–	–
Others	482	482	–
Total	¥26,443	¥23,343	¥(3,100)

B. There were no held-to-maturity debt securities sold in the years ended March 31, 2011 and 2010.

C. Total sales of available-for-sale securities sold in the years ended March 31, 2011 and 2010 and the related gains and losses were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Proceeds from sales	¥3,434	¥3,846	$41,299
Gross realized gains	1,020	2,939	12,267
Gross realized losses	–	45	–

D. Impairment losses of securities

For the fiscal year ended March 31, 2011, the Company reduced the book value on the securities and booked the reductions as impairment losses of ¥773 million ($9,296 thousands).

With regard to the impairment losses, the Company reduces the book value on the securities to the amount which is considered the recoverability, etc., in the event the fair market value declines more than 50% in comparison with the acquisition cost.

5. INVENTORIES

Inventories as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Fuel and supplies	¥45,523	¥37,515	$547,480
Others	1,025	1,017	12,328
Total	¥46,548	¥38,532	$559,808

6. DERIVATIVE TRANSACTIONS

The Group enters into derivative transactions 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.

I. HEDGE ACCOUNTING NOT APPLIED

The following tables summarize the outstanding contract amounts and unrealized gains or losses of financial derivatives of the Group at March 31, 2011 and 2010, for which hedge accounting has not been applied.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
(1) Currency related:			
Forward currency exchange contracts			
Sell (U.S. dollar):			
Contracts outstanding	¥ 5,821	¥8,182	$ 70,006
Unrealized losses	(1)	(2)	(12)
Currency swaps contracts			
Buy (U.S. dollar):			
Contracts outstanding	¥ 5,871	¥ –	$ 70,607
Unrealized losses	(1,212)	–	(14,576)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
(2) Interest related			
Interest rate swaps			
Receive floating, pay fixed			
Contracts outstanding	¥51,102	¥58,331	$614,576
Unrealized losses	(3,420)	(3,203)	(41,130)
Receive fixed, pay floating			
Contracts outstanding	¥ 1,907	¥ 3,161	$ 22,934
Unrealized gains	6	20	72

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 with which the relevant transactions were closed.

II. HEDGE ACCOUNTING APPLIED

The following tables summarize the outstanding contract amounts and fair values of financial derivatives of the Group at March 31, 2011 and 2010, for which hedge accounting has been applied.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
(1) Deferral hedge accounting			
a. Forward currency exchange contracts to hedge the risk for the foreign currency transactions			
Sell (U.S. dollar):			
Contracts outstanding	¥ 28,604	¥ 48,998	$ 344,005
Fair values	126	(694)	1,515
Buy (U.S. dollar):			
Contracts outstanding	¥162,240	¥796,842	$1,951,173
Fair values	(13,308)	(25,742)	(160,048)
Buy (Euro):			
Contracts outstanding	¥ –	¥ 5	$ –
Fair values	–	0	–
Buy (Australian dollar):			
Contracts outstanding	¥ 16	¥ 11	$ 192
Fair values	1	1	12
b. Currency swaps contracts to hedge the risk for charterages			
Sell (U.S. dollar):			
Contracts outstanding	¥ 2,308	¥ –	$ 27,757
Fair values	205	–	2,465
Buy (U.S. dollar):			
Contracts outstanding	¥641,203	¥ –	$7,711,401
Fair values	(64,062)	–	(770,439)
c. Interest rate swaps to hedge the risk for the long-term bank loans and charterages			
Receive floating, pay fixed			
Contracts outstanding	¥140,908	¥222,056	$1,694,624
Fair values	(7,709)	(8,612)	(92,712)
Receive fixed, pay floating			
Contracts outstanding	¥ 17,439	¥ 22,503	$ 209,729
Fair values	566	373	6,807
d. Commodities futures to hedge the risk for the fuel oil			
Contracts outstanding	¥ 9,075	¥ 14,348	$ 109,140
Fair values	959	384	11,533

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
(2) Special treatment			
Interest rate swaps to hedge the risk for the long-term bank loans			
Receive floating, pay fixed			
Contracts outstanding	¥17,533	¥24,464	$210,860
Fair values	(1,968)	(2,042)	(23,668)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
(3) Allocation method			
Currency swaps to hedge the risk for the foreign bonds and long-term bank loans			
Contracts outstanding	¥16,512	¥30,323	$198,581
Fair values	–	–	–

Notes: 1. Fair values are measured based on forward exchange rates prevailing at the end of the year and information provided by financial institutions, etc.
2. Currency swaps which are applied allocation method are recorded as the combined amount of such currency swaps and their hedge items. Therefore, their fair values are included in fair values of such hedge items.
3. Effective from the fiscal year ended March 31, 2010, Forward currency exchange contracts of financial derivatives of the Group was separately-displayed Forward currency exchange contracts and Currency swaps contracts.

7. SHORT-TERM DEBT AND LONG-TERM DEBT

(1) SHORT-TERM DEBT

Short-term debt amounting to ¥64,427 million ($774,829 thousand) and ¥56,204 million at March 31, 2011 and 2010 respectively, were unsecured. The interest rates on short-term debt were mainly set on a floating rate basis.

(2) LONG-TERM DEBT

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Bonds:			
Floating/fixed rate Euro medium term notes due 2011–2013	**¥ 11,439**	¥ 21,185	**$ 137,570**
0.000% yen convertible bond due 2011	**–**	49,030	**–**
1.480% yen bond due 2011	**1,000**	1,000	**12,026**
1.460% yen bond due 2011	**2,000**	2,000	**24,053**
1.428% yen bond due 2013	**15,000**	15,000	**180,397**
1.760% yen bonds due 2014	**10,000**	10,000	**120,265**
1.278% yen bonds due 2014	**30,000**	30,000	**360,794**
1.590% yen bonds due 2015	**15,000**	15,000	**180,397**
2.070% yen bonds due 2016	**15,000**	15,000	**180,397**
1.106% yen bonds due 2016	**20,000**	20,000	**240,529**
1.999% yen bonds due 2019	**20,000**	20,000	**240,529**
1.670% yen bonds due 2019	**10,000**	10,000	**120,265**
1.400% yen bonds due 2020	**15,000**	–	**180,397**
1.650% yen bonds due 2022	**5,000**	–	**60,132**
Secured loans from:			
Japan Development Bank due through 2021 at interest rates of 0.24% to 7.32%	**71,990**	79,618	**865,785**
Other financial institutions due through 2024 at interest rates of 0.41% to 3.01%	**13,814**	34,814	**166,133**
Unsecured loans from:			
Other financial institutions due through 2023 at interest rates of 0.27% to 6.48%	**383,334**	379,753	**4,610,150**
	638,577	702,400	**7,679,819**
Amount due within one year	**79,036**	107,689	**950,523**
	¥559,541	¥594,711	**$6,729,296**

At March 31, 2011, the aggregate annual maturity of long-term debt was as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2012	**¥ 79,036**	**$ 950,523**
2013	**97,922**	**1,177,655**
2014	**95,464**	**1,148,094**
2015	**93,417**	**1,123,476**
2016	**97,509**	**1,172,687**
2017 and thereafter	**175,229**	**2,107,384**
	¥638,577	**$7,679,819**

(3) ASSETS PLEDGED AND SECURED DEBT

At March 31, 2011, 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 (Note 1)
Vessels	**¥187,678**	**$2,257,102**
Buildings and structures	**1,844**	**22,177**
Land	**1,074**	**12,916**
Investment securities	**74,106**	**891,233**
Others	**20**	**240**
	¥264,722	**$3,183,668**

Secured debt	Millions of yen	Thousands of U.S. dollars (Note 1)
Long-term debt due within one year	¥15,189	$ 182,670
Long-term debt due after one year	70,615	849,248
	¥85,804	$1,031,918

8. COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2011, 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 ¥71,405 million ($858,749 thousand).

9. NET ASSETS

Net assets comprises four sections, which are the owners' equity, accumulated other comprehensive income (loss), share subscription rights and minority interests.

Under the Japanese Corporate Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in-capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, appropriations (legal earnings reserve and additional paid-in-capital could be used to eliminate or reduce a deficit or could be capitalized) generally require a resolution of the shareholders' meeting.

(A) SHARES ISSUED AND OUTSTANDING

Changes in number of shares issued and outstanding during the years ended March 31, 2011 and 2010 were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
Balance at March 31, 2009	1,206,286	9,657
Increase during the year	–	1,361
Decrease during the year	–	(140)
Balance at March 31, 2010	1,206,286	10,878
Increase during the year	–	154
Decrease during the year	–	(48)
Balance at March 31, 2011	1,206,286	10,984

(B) SHARE SUBSCRIPTION RIGHTS

Share subscription rights at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Stock options	¥1,871	¥1,524	$22,502
Total	¥1,871	¥1,524	$22,502

(C) DIVIDENDS

(1) Dividends paid for the year ended March 31, 2011 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Approved at the shareholders' meeting held on June 22, 2010	¥3,588	$ 43,151
Approved at the board of directors held on October 29, 2010	5,981	71,931
Total	¥9,569	$115,082

(2) Dividends included in the retained earnings at March 31, 2011 and to be paid in subsequent periods were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Approved at the shareholders' meeting held on June 23, 2011	¥5,980	$71,918
Total	¥5,980	$71,918

10. IMPAIRMENT LOSSES

For the fiscal year ended March 31, 2011, the Group recorded an impairment loss on the following asset group.

Application	Type	Millions of yen	Thousands of U.S. dollars (Note1)
Assets to be disposed of by sale	Vessels and Other	¥10,239	$123,139

The Group group operating assets based on management accounting categories, and also group assets to be disposed of by sale and idle assets by structure.

For the fiscal year ended March 31, 2011, with regard to the target price of assets to be disposed of by sale which fell below book value, the Group reduced the book value on these assets to recoverable amounts and booked the reductions as impairment losses.

The recoverable amount for this asset group is evaluated based on the asset's net selling price.

11. OTHER INCOME (EXPENSES): OTHERS, NET—BREAKDOWN

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Others, net:			
Exchange gain (loss), net	¥ (4,584)	¥ 3,354	$ (55,129)
Amortization of goodwill, net	–	542	–
Gain on sale of vessels, investment securities and others	7,623	18,505	91,678
Loss on sale and disposal of vessels, investment securities and others	(6,975)	(9,429)	(83,885)
Loss arising from dissolution of subsidiaries and affiliated companies	(303)	(324)	(3,644)
Loss on write-down of investment securities and others	(773)	(240)	(9,296)
Provision for doubtful accounts	(7)	(95)	(84)
Special retirement	(438)	(123)	(5,268)
Cancellation fee for chartered ships, net	(10,503)	(3,953)	(126,314)
Impairment loss	(10,239)	(504)	(123,139)
Sundries, net	(4,144)	3,601	(49,838)
Total	¥(30,343)	¥11,334	$(364,919)

12. 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, 2011 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen		
	Equipment, mainly containers	Others	Total
Acquisition cost	¥36,459	¥192	¥36,651
Accumulated depreciation	32,087	178	32,265
Net book value	¥ 4,372	¥ 14	¥ 4,386

	Thousands of U.S. dollars (Note 1)		
	Equipment, mainly containers	Others	Total
Acquisition cost	$438,473	$2,309	$440,782
Accumulated depreciation	385,893	2,141	388,034
Net book value	$ 52,580	$ 168	$ 52,748

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2010 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen		
	Equipment, mainly containers	Others	Total
Acquisition cost	¥38,959	¥331	¥39,290
Accumulated depreciation	32,018	289	32,307
Net book value	¥ 6,941	¥ 42	¥ 6,983

(2) Future lease payments at March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Amount due within one year	**¥2,882**	¥ 3,499	**$34,660**
Amount due after one year	**5,092**	8,861	**61,239**
Total	**¥7,974**	¥12,360	**$95,899**

(3) Lease payments, Depreciation equivalent and Interest equivalent

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Lease payments	**¥3,475**	¥3,734	**$41,792**
Depreciation equivalent	**2,598**	3,412	**31,245**
Interest equivalent	**181**	256	**2,177**

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

(6) Impairment loss

There was no impairment loss on finance lease accounted for as operating leases.

(B) FUTURE LEASE PAYMENTS UNDER OPERATING LEASES FOR ONLY NON-CANCELABLE CONTRACTS AT MARCH 31, 2011 AND 2010:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Amount due within one year	**¥ 37,921**	¥ 36,669	**$ 456,055**
Amount due after one year	**266,156**	251,410	**3,200,914**
Total	**¥304,077**	¥288,079	**$3,656,969**

AS LESSOR:

(A) FUTURE LEASE INCOME UNDER OPERATING LEASES FOR ONLY NON-CANCELABLE CONTRACTS AT MARCH 31, 2011 AND 2010:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Amount due within one year	**¥13,271**	¥ 9,963	**$159,603**
Amount due after one year	**47,700**	43,739	**573,662**
Total	**¥60,971**	¥53,702	**$733,265**

13. RENTAL PROPERTIES

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

Information about the book value and the fair value of such rental properties is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Book value	¥264,815	¥233,474	$3,184,787
Fair value	360,994	327,556	4,341,479

Notes: 1. The book value was calculated as the amount equivalent to the cost for acquisition deducting accumulated depreciation and impairment losses.
2. The fair value is mainly based upon the amount appraised by outside independent real estate appraisers.

In addition, information about rental revenue and expense from rental properties is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Rental revenue	¥27,361	¥25,401	$329,056
Rental expense	15,222	14,432	183,067
Difference	¥12,139	¥10,969	$145,989

Note: Rental revenue is mainly recorded as "shipping and other revenues" and rental expense (depreciation expense, repairs and maintenance fee, utilities, personnel cost, tax and public charge, etc.) is mainly recorded as "shipping and other expenses."

(Additional information)
Effective from the fiscal year ended March 31, 2010, the Company adopted the "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (Accounting Standards Board of Japan ("ASBJ") Statement No. 20 issued on November 28, 2008) and the "Guidance on Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23 issued on November 28, 2008) for the years ended on or after March 31, 2010.

14. SEGMENT AND RELATED INFORMATION

(A) SEGMENT INFORMATION:

	Millions of yen								
	Reportable segment								
For the year ended March 31, 2011:	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Total	Adjustment	Consolidated
1. Revenues:									
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥ 790,573	¥586,650	¥50,089	¥108,447	¥1,535,759	¥ 7,902	¥1,543,661	¥ –	¥1,543,661
(2) Inter-segment revenues	2,120	3,578	195	15,700	21,593	7,512	29,105	(29,105)	–
Total revenues	792,693	590,228	50,284	124,147	1,557,352	15,414	1,572,766	(29,105)	1,543,661
Segment income (loss)	¥ 70,838	¥ 38,854	¥ (566)	¥ 10,677	¥ 119,803	¥ 3,361	¥ 123,164	¥ (1,542)	¥ 121,622
Segment assets	¥1,173,526	¥386,911	¥38,408	¥342,749	¥1,941,594	¥317,866	¥2,259,460	¥(390,719)	¥1,868,741
2. Others									
(1) Depreciation and amortization	¥ 50,509	¥ 11,777	¥ 4,256	¥ 9,050	¥ 75,592	¥ 1,604	¥ 77,196	¥ 250	¥ 77,446
(2) Amortization of goodwill, net	(211)	195	240	(49)	175	(9)	166	–	166
(3) Interest income	988	106	58	87	1,239	1,604	2,843	(1,262)	1,581
(4) Interest expenses	10,093	2,525	457	2,086	15,161	1,484	16,645	(5,273)	11,372
(5) Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	6,354	1,009	127	154	7,644	530	8,174	–	8,174
(6) Investment in affiliates	69,002	5,315	1,045	1,230	76,592	2,018	78,610	–	78,610
(7) Tangible/intangible fixed assets increased	136,262	38,605	1,316	41,188	217,371	2,342	219,713	730	220,443

Thousands of U.S. dollars (Note 1)

For the year ended March 31, 2011:	Reportable segment: Bulkships	Reportable segment: Containerships	Reportable segment: Ferry & Domestic transport	Reportable segment: Associated business	Reportable segment: Sub Total	Others	Total	Adjustment	Consolidated
1. Revenues:									
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	$ 9,507,793	$7,055,322	$602,393	$1,304,233	$18,469,741	$ 95,034	$18,564,775	$ –	$18,564,775
(2) Inter-segment revenues	25,496	43,031	2,345	188,815	259,687	90,343	350,030	(350,030)	–
Total revenues	9,533,289	7,098,353	604,738	1,493,048	18,729,428	185,377	18,914,805	(350,030)	18,564,775
Segment income (loss)	$ 851,930	$ 467,276	$ (6,807)	$ 128,407	$ 1,440,806	$ 40,421	$ 1,481,227	$ (18,545)	$ 1,462,682
Segment assets	$14,113,361	$4,653,169	$461,912	$4,122,057	$23,350,499	$3,822,802	$27,173,301	$(4,698,965)	$22,474,336
2. Others									
(1) Depreciation and amortization	$ 607,444	$ 141,636	$ 51,185	$ 108,839	$ 909,104	$ 19,290	$ 928,394	$ 3,007	$ 931,401
(2) Amortization of goodwill, net	(2,538)	2,345	2,887	(589)	2,105	(109)	1,996	–	1,996
(3) Interest income	11,882	1,275	698	1,046	14,901	19,290	34,191	(15,177)	19,014
(4) Interest expenses	121,383	30,367	5,496	25,087	182,333	17,847	200,180	(63,415)	136,765
(5) Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	76,416	12,135	1,527	1,852	91,930	6,374	98,304	–	98,304
(6) Investment in affiliates	829,850	63,920	12,568	14,792	921,130	24,270	945,400	–	945,400
(7) Tangible/intangible fixed assets increased	1,638,749	464,281	15,827	495,346	2,614,203	28,166	2,642,369	8,780	2,651,149

Millions of yen

For the year ended March 31, 2010:	Reportable segment: Bulkships	Reportable segment: Containerships	Reportable segment: Ferry & Domestic transport	Reportable segment: Associated business	Reportable segment: Sub Total	Others	Total	Adjustment	Consolidated
1. Revenues:									
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥ 721,726	¥466,379	¥50,815	¥ 99,795	¥1,338,715	¥ 9,250	¥1,347,965	¥ –	¥1,347,965
(2) Inter-segment revenues	1,548	1,623	260	14,875	18,306	8,513	26,819	(26,819)	–
Total revenues	723,274	468,002	51,075	114,670	1,357,021	17,763	1,374,784	(26,819)	1,347,965
Segment income (loss)	¥ 66,987	¥ (56,879)	¥ (2,340)	¥ 9,712	¥ 17,480	¥ 1,264	¥ 18,744	¥ 5,491	¥ 24,235
Segment assets	¥1,008,724	¥357,412	¥42,721	¥315,924	¥1,724,781	¥376,317	¥2,101,098	¥(239,786)	¥1,861,312
2. Others									
(1) Depreciation and amortization	¥ 54,612	¥ 17,778	¥ 5,231	¥ 8,640	¥ 86,261	¥ 1,921	¥ 88,182	¥ 184	¥ 88,366
(2) Amortization of goodwill, net	176	194	198	(1,100)	(532)	(10)	(542)	–	(542)
(3) Interest income	1,415	132	41	86	1,674	(88)	1,586	(60)	1,526
(4) Interest expenses	11,557	3,115	515	1,841	17,028	2,103	19,131	(4,955)	14,176
(5) Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	3,763	973	154	184	5,074	289	5,363	–	5,363
(6) Investment in affiliates	76,191	5,413	574	1,298	83,476	1,512	84,988	–	84,988
(7) Tangible/intangible fixed assets increased	146,950	30,592	1,132	24,375	203,049	1,180	204,229	(38)	204,191

(Segment income (loss))
Segment income (loss) is calculated by adjusting operating income for gains on management of surplus funds (interest income, etc.) and the cost of raising funds (interest expense, etc.)

(B) RELATED INFORMATION:

(1) Information about geographic areas:

Our service areas are not necessarily consistent with our customer's location in our core ocean transport business.

That's why the revenues of geographic areas are revenues, wherever they may be earned, of companies registered in countries in the geographic areas.

	Millions of yen					
For the year ended March 31, 2011:	Japan	North America	Europe	Asia	Others	Consolidated
Revenues	¥1,463,441	¥28,662	¥22,919	¥28,511	¥128	¥1,543,661
Tangible fixed assets	1,196,713	26,609	4,519	29,879	103	1,257,823

	Thousands of U.S. dollars (Note 1)					
For the year ended March 31, 2011:	Japan	North America	Europe	Asia	Others	Consolidated
Revenues	$17,600,012	$344,702	$275,635	$342,886	$1,540	$18,564,775
Tangible fixed assets	14,392,219	320,012	54,348	359,339	1,238	15,127,156

(2) Information about impairment loss by reportable segment:

	Millions of yen							
	Reportable segment							
For the year ended March 31, 2011:	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Elimination	Consolidated
Impairment loss	¥4,224	¥5,858	¥ –	¥ –	¥10,082	¥ –	¥157	¥10,239

	Thousands of U.S. dollars (Note 1)							
	Reportable segment							
For the year ended March 31, 2011:	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Elimination	Consolidated
Impairment loss	$50,800	$70,451	$ –	$ –	$121,251	$ –	$1,888	$123,139

(3) Information about goodwill (negative goodwill) by reportable segment:

	Millions of yen							
	Reportable segment							
For the year ended March 31, 2011:	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Elimination	Consolidated
Goodwill (Negative goodwill) at the end of current year	¥(2,076)	¥1,666	¥1,218	¥0	¥808	¥(1,545)	¥ –	¥(737)

	Thousands of U.S. dollars (Note 1)							
	Reportable segment							
For the year ended March 31, 2011:	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Elimination	Consolidated
Goodwill (Negative goodwill) at the end of current year	$(24,967)	$20,036	$14,648	$0	$9,717	$(18,580)	$ –	$(8,863)

(Additional information)
Effective from the fiscal year ended March 31, 2011, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 27th/Mar/2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 21st/Mar/2008) are applied.

15. 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 37.25% for the years ended March 31, 2011 and 2010.

(A) Significant components of deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Deferred tax assets:			
Excess bad debt expenses	**¥ 871**	¥ 877	**$ 10,475**
Reserve for bonuses expenses	**1,818**	1,742	**21,864**
Retirement benefits expenses	**4,331**	4,725	**52,087**
Retirement allowances for directors	**814**	826	**9,790**
Write-down of securities and other investments	**2,137**	1,444	**25,701**
Accrued business tax and business place tax	**709**	227	**8,527**
Operating loss carried forward	**5,615**	4,319	**67,528**
Unrealized gain on sale of fixed assets	**2,310**	2,083	**27,781**
Impairment loss	**1,053**	1,165	**12,664**
Unrealized losses on hedging derivatives	**30,589**	8,226	**367,876**
Others	**3,891**	2,964	**46,795**
Total deferred tax assets	**54,138**	28,598	**651,088**
Valuation allowance	**(11,626)**	(9,300)	**(139,819)**
Net deferred tax assets	**42,512**	19,298	**511,269**
Deferred tax liabilities:			
Reserve deductible for tax purposes when appropriated for deferred gain on real properties	**(2,086)**	(2,035)	**(25,087)**
Reserve deductible for tax purposes when appropriated for special depreciation	**(1,726)**	(2,076)	**(20,758)**
Unrealized holding gains on available-for-sale securities	**(12,719)**	(17,434)	**(152,965)**
Gain on securities contributed to employee retirement benefit trust	**(4,339)**	(4,339)	**(52,183)**
Revaluation reserve	**(14,093)**	(14,229)	**(169,489)**
Retained earnings of consolidated subsidiaries	**(13,842)**	(15,138)	**(166,469)**
Others	**(371)**	(474)	**(4,462)**
Total deferred tax liabilities	**(49,176)**	(55,725)	**(591,413)**
Net deferred tax liabilities	**¥ (6,664)**	¥(36,427)	**$ (80,144)**

(B) Significant difference between the statutory tax rate and the effective tax rate for the financial statement purpose for the year ended March 31, 2011 and 2010 were as follows:

	2011	2010
Statutory tax rate	**37.3 %**	37.3 %
Non-deductible expenses	**0.5 %**	1.8 %
Tax exempt revenues	**(5.0)%**	(9.2)%
Effect on tonnage tax system	**–**	(5.7)%
Effect on elimination of dividend income	**5.6 %**	24.6 %
Equity in earnings of unconsolidated subsidiaries and affiliated companies	**(2.7)%**	(6.0)%
Others	**(0.4)%**	(0.2)%
Effective tax rate	**35.3 %**	42.6 %

16. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

Employees' severance and retirement benefits included in the liability section of the consolidated balance sheets at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Projected benefit obligation	**¥ 62,720**	¥ 64,132	**$ 754,300**
Unrecognized actuarial differences	**(4,859)**	(2,471)	**(58,437)**
Prepaid pension expenses	**18,098**	17,339	**217,655**
Less fair value of pension assets	**(61,648)**	(63,948)	**(741,407)**
Employees' severance and retirement benefits	**¥ 14,311**	¥ 15,052	**$ 172,111**

Included in the consolidated statements of income for the years ended March 31, 2011 and 2010 were severance and retirement benefit expenses, which comprise the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Service costs—benefits earned during the year	**¥ 3,528**	¥3,062	**$ 42,429**
Interest cost on projected benefit obligation	**873**	907	**10,499**
Expected return on plan assets	**(1,116)**	(931)	**(13,422)**
Amortization of actuarial differences	**374**	1,501	**4,498**
Amortization of past service liabilities	**(957)**	–	**(11,509)**
Others*	**453**	607	**5,448**
Employees' severance and retirement benefits expenses	**¥ 3,155**	¥5,146	**$ 37,943**

* "Others" represents expenses related to the defined contribution pension plan of consolidated subsidiaries.

The discount rate for the years ended March 31, 2011 and 2010 used by the Company is 2.0%. Also, the rate of expected return on plan assets for the years ended March 31, 2011 and 2010 is mainly 2.0%.

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.

17. STOCK OPTIONS

(A) EXPENSED AMOUNT

Expensed amount on stock options for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Selling, general and administrative expenses	**¥347**	¥223	**$4,173**
Total	**¥347**	¥223	**$4,173**

(B) TERMS AND CONDITIONS

The following table summarizes terms and conditions of stock options for the years when they were granted:

	2002	2003	2004	2005
Number of grantees	Directors: 13 Executive officers: 19 Employees: 52	Directors: 11 Executive officers: 16 Employees: 37 Presidents of the Company's domestic consolidated subsidiaries: 34	Directors: 11 Executive officers: 16 Employees: 32 Presidents of the Company's domestic consolidated subsidiaries: 34	Directors: 11 Executive officers: 17 Employees: 38 Presidents of the Company's domestic consolidated subsidiaries: 34
Number of stock options	Common stock 1,560,000	Common stock 1,590,000	Common stock 1,570,000	Common stock 1,650,000
Grant date	September 11, 2002	August 8, 2003	August 5, 2004	August 5, 2005
Vesting conditions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions
Exercise period	From June 26, 2004 to June 25, 2012	From June 20, 2004 to June 25, 2013	From June 20, 2005 to June 24, 2014	From June 20, 2006 to June 23, 2015

	2006	2007	2008	2009
Number of grantees	Directors: 11 Executive officers: 17 Employees: 34 Presidents of the Company's domestic consolidated subsidiaries: 37	Directors: 11 Executive officers: 20 Employees: 33 Presidents of the Company's domestic consolidated subsidiaries: 36	Directors: 11 Executive officers: 20 Employees: 38 Presidents of the Company's domestic consolidated subsidiaries: 36	Directors: 11 Executive officers: 20 Employees: 33 Presidents of the Company's domestic consolidated subsidiaries: 35
Number of stock options	Common stock 1,670,000	Common stock 1,710,000	Common stock 1,760,000	Common stock 1,640,000
Grant date	August 11, 2006	August 10, 2007	August 8, 2008	August 14, 2009
Vesting conditions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions
Exercise period	From June 20, 2007 to June 22, 2016	From June 20, 2008 to June 21, 2017	From July 25, 2009 to June 24, 2018	From July 31, 2011 to June 22, 2019

	2010
Number of grantees	Directors: 10 Executive officers: 21 Employees: 36 Presidents of the Company's domestic consolidated subsidiaries: 33
Number of stock options	Common stock 1,710,000
Grant date	August 16, 2010
Vesting conditions	No provisions
Service period	No provisions
Exercise period	From July 31, 2012 to June 21, 2020

(C) CHANGES IN NUMBER AND UNIT PRICES

The following tables summarize changes in number and unit prices of stock options for the years when they were granted:

(1) Changes in number of stock options

Non-vested stock options	2002	2003	2004	2005	2006	2007	2008	2009	2010
Balance at March 31, 2010	–	–	–	–	–	–	–	1,640,000	–
Options granted during the year . . .	–	–	–	–	–	–	–	–	1,710,000
Options expired during the year . . .	–	–	–	–	–	–	–	–	–
Options vested during the year	–	–	–	–	–	–	–	–	–
Balance at March 31, 2011	–	–	–	–	–	–	–	1,640,000	1,710,000

Vested stock options	2002	2003	2004	2005	2006	2007	2008	2009	2010
Balance at March 31, 2010	20,000	14,000	296,000	888,000	1,463,000	1,700,000	1,760,000	–	–
Options vested during the year	–	–	–	–	–	–	–	–	–
Options exercised during the year . .	–	–	–	–	–	–	–	–	–
Options expired during the year . . .	–	–	–	–	–	–	–	–	–
Balance at March 31, 2011	20,000	14,000	296,000	888,000	1,463,000	1,700,000	1,760,000	–	–

(2) Unit prices of stock options exercised during the year

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Exercise price	¥264	¥377	¥644	¥762	¥841	¥1,962	¥1,569	¥639	¥642
Average market price of share at exercise	–	–	–	–	–	–	–	–	–
Fair value per stock option at grant date	–	–	–	–	¥219	¥352	¥217	¥136	¥203

(D) KEY FIGURES FOR FAIR VALUE PER STOCK OPTION

The Company utilized the Black Scholes Model for calculating fair value per stock option. Key figures of the calculation were as follows:

	2010
Stock price volatility	44.0%
Expected remaining term of the option	5 years and 11 months
Expected dividends	¥3 per share
Risk-free interest rate	0.45%

18. MATERIAL NON-CASH TRANSACTIONS

Amount of lease assets and lease obligations recognized for the years ended March 31, 2011 and 2010 were ¥3,916 million ($47,096 thousand) and ¥769 million, respectively.

19. SUBSEQUENT EVENT

There are no applicable matters to report.

Independent Auditors' Report

To the Shareholders and 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. (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets 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 independently 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 statement 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 consolidated subsidiaries as of March 31, 2011 and 2010, 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.

Without qualifying our opinion, we draw attention to the following:

As discussed in Note 2 (17) 1 to the consolidated financial statements, effective April 1, 2009, the presenting method of trade receivables and trade payables related to the transaction of the mutual container space financing on the vessel was changed to present the netted off amount of each contractor.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

Tokyo, Japan
June 23, 2011

The MOL Group

Mitsui O.S.K. Lines, Ltd. March 31, 2011

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

Bulkships

	Company	Registered Office	MOL's Voting Rights (%)*	Paid-in Capital (Thousands)
■	BGT Ltd.	Liberia	100.00	US$5
■	BLNG Inc.	U.S.A.	75.00	US$1
■	Chugoku Shipping Agencies Ltd.	Japan	100.00	¥10,000
■	El Sol Shipping Ltd. S.A.	Panama	100.00	US$10
■	Euro Marine Carrier B.V.	Netherlands	75.50	€91
■	MO LNG Transport Co., Ltd.	Japan	100.00	¥40,000
■	MCGC International Ltd.	Bahamas	80.10	US$1
■	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	US$402
■	Mitsui O.S.K. Bulk Shipping (USA), Inc.	U.S.A.	100.00	US$200
■	Mitsui O.S.K. Kinkai, Ltd.	Japan	100.00	¥660,000
■	MOL-NIC Transport Ltd.	Liberia	75.00	US$13,061
■	MOL Coal & Iron Ore Carriers (Singapore) Pte Ltd.	Singapore	100.00	S$3,000
■	MOL Netherlands Bulkship B.V.	Netherlands	100.00	€18
■	MOL Tankship Management, Ltd.	Japan	100.00	¥100,000
■	Nissan Carrier Europe B.V.	Netherlands	100.00	€195
■	Nissan Motor Car Carrier Co., Ltd.	Japan	70.01	¥640,000
■	Phoenix Tankers Pte. Ltd.	Singapore	100.00	US$281,311
■	Shipowner/Chartering companies (173 companies) in Panama, Cayman Islands, Liberia, Singapore, Hong Kong, Cyprus, Malta, Isle of Man, Marshall Islands			
■	Tokyo Marine Asia Pte Ltd	Singapore	100.00	S$500
■	Tokyo Marine Co., Ltd.	Japan	92.38	¥2,000,000
■	Unix Line Pte Ltd.	Singapore	100.00	US$344
■	World Logistics Service (U.S.A.), Inc.	U.S.A.	100.00	US$200
■	Others (3 companies)			
▲	Act Maritime Co., Ltd.	Japan	49.00	¥90,000
▲	Aramo Shipping (Singapore) Pte Ltd.	Singapore	50.00	US$20,743
▲	Asahi Tanker Co., Ltd.	Japan	24.75	¥600,045
▲	Badak LNG Transport, Inc.	Japan	25.00	¥80,000
▲	Daiichi Chuo Kisen Kaisha	Japan	26.96	¥13,258,410
▲	Gearbulk Holding Ltd.	Bermuda	49.00	US$61,225
▲	M.S.Tanker Shipping Ltd.	Hong Kong	50.00	HK$2,000
▲	Shipowner/Chartering companies (40 companies) in Liberia, Panama, Bahamas, Malta, Norway and Cayman Islands			

Containerships

	Company	Registered Office	MOL's Voting Rights (%)*	Paid-in Capital (Thousands)
■	Chiba Utoc Corporation	Japan	100.00	¥90,000
■	Hong Kong Logistics Co., Ltd.	Hong Kong	100.00	HK$58,600
■	International Container Terminal Co., Ltd.	Japan	100.00	¥700,000
■	International Container Transport Co., Ltd.	Japan	51.00	¥100,000
■	M.O. Air International (Taiwan) Co., Ltd.	Taiwan	100.00	NT$7,500
■	Mitsui O.S.K. Lines (Australia) Pty. Ltd.	Australia	100.00	A$1,000
■	Mitsui O.S.K. Lines (Japan), Ltd.	Japan	100.00	¥100,000
■	Mitsui O.S.K. Lines (SEA) Pte Ltd.	Singapore	100.00	S$200
■	MOL (America) Inc.	U.S.A.	100.00	US$6
■	MOL (Brasil) Ltda.	Brazil	100.00	R$1,677
■	MOL (China) Co., Ltd.	China	100.00	US$1,960
■	MOL (Europe) B.V.	Netherlands	100.00	€456
■	MOL (Europe) Ltd.	U.K.	100.00	£1,500
■	MOL (Singapore) Pte. Ltd.	Singapore	100.00	S$5,000
■	MOL Consolidation Service Limited	Hong Kong	100.00	HK$1,000
■	MOL Consolidation Service Limited (China)	China	100.00	RMB8,000
■	MOL Liner, Ltd.	Hong Kong	100.00	HK$40,000
■	MOL Logistics (Deutschland) Gmbh	Germany	100.00	€937
■	MOL Logistics (Europe) B.V.	Netherlands	100.00	€414
■	MOL Logistics (H.K.) Ltd.	Hong Kong	100.00	HK$3,676
■	MOL Logistics (Japan) Co., Ltd.	Japan	75.06	¥756,250
■	MOL Logistics (Netherlands) B.V.	Netherlands	100.00	€3,049
■	MOL Logistics (Singapore) Pte. Ltd.	Singapore	100.00	S$700
■	MOL Logistics (Thailand) Co., Ltd.	Thailand	49.00	BT20,000
■	MOL Logistics (UK) Ltd.	U.K.	100.00	£400
■	MOL Logistics (USA) Inc.	U.S.A.	100.00	US$9,814
■	MOL Logistics Holding (Europe) B.V.	Netherlands	100.00	€20
■	MOL South Africa (Proprietary) Limited	South Africa	100.00	R3,000
■	Shanghai Huajia International Freight Forwarding Co., Ltd.	China	76.00	US$1,720
■	Shipowner companies (14 companies) in Panama, Liberia and Hong Kong			
■	Shosen Koun Co., Ltd.	Japan	79.98	¥300,000
■	TraPac, Inc.	U.S.A.	100.00	US$3,000
■	Utoc Corporation	Japan	51.41	¥1,455,300
■	Utoc Engineering Pte. Ltd.	Singapore	100.00	S$2,000
■	Utoc Logistics Corporation	Japan	100.00	¥50,000
■	Utoc Stevedoring Corporation	Japan	100.00	¥50,000
■	Others (9 companies)			
▲	Mitsui O.S.K. Lines (Thailand) Co., Ltd.	Thailand	47.00	BT20,000
▲	Shanghai Kakyakusen Kaisha., Ltd.	Japan	31.98	¥100,000
▲	Shanghai Longfei international Logistics Co., Ltd.	China	22.05	US$1,240
▲	Other company (1 company)			

			Registered Office	MOL's Voting Rights (%)*	Paid-in Capital (Thousands)
Ferry & Domestic Marine Transport	■	Blue Sea Network Co., Ltd.	Japan	100.00	¥54,600
	■	Blue Highway Express Kyushu Co., Ltd	Japan	100.00	¥50,000
	■	Blue Highway Service K.K.	Japan	100.00	¥30,000
	■	Diamond Line K.K.	Japan	100.00	¥20,000
	■	Ferry Sunflower, Ltd.	Japan	100.00	¥100,000
	■	Kansai Kisen Kaisha	Japan	100.00	¥100,000
	■	MOL Naikou, Ltd.	Japan	100.00	¥650,000
	■	Shipowner company (1 company) in Panama			
	■	MOL Ferry Co., Ltd.	Japan	100.00	¥1,577,000
	■	The Diamond Ferry Co., Ltd.	Japan	100.00	¥100,000
	■	Others (6 companies)			
	▲	Meimon Taiyo Ferry Co., Ltd.	Japan	38.73	¥880,000
	▲	Others (2 companies)			
Associated Business	■	Daibiru Corporation	Japan	51.07	¥12,227,847
	■	Daibiru Facility Management Ltd.	Japan	100.00	¥17,000
	■	Green Kaiji Kaisha, Ltd.	Japan	100.00	¥95,400
	■	Green Shipping, Ltd.	Japan	100.00	¥172,000
	■	Hokuso Kohatsu K.K.	Japan	100.00	¥50,000
	■	Ikuta & Marine Co., Ltd.	Japan	100.00	¥26,500
	■	Japan Express Co., Ltd. (Kobe)	Japan	86.27	¥99,960
	■	Japan Express Co., Ltd. (Yokohama)	Japan	100.00	¥236,000
	■	Japan Express Packing & Transport Co., Ltd.	Japan	100.00	¥60,000
	■	Japan Hydrographic Charts & Publications Co., Ltd.	Japan	54.62	¥32,000
	■	Kosan Kanri Service Co., Ltd.	Japan	100.00	¥20,000
	■	Kosan Kanri Service West Corporation	Japan	100.00	¥14,400
	■	Kitanihon Tug-boat Co., Ltd.	Japan	62.00	¥50,000
	■	Kobe Towing Co., Ltd.	Japan	100.00	¥50,000
	■	Kusakabe Maritime Engineering Co., Ltd.	Japan	100.00	¥200,000
	■	Mitsui O.S.K. Career Support, Ltd.	Japan	100.00	¥100,000
	■	Mitsui O.S.K. Kosan Co., Ltd.	Japan	100.00	¥300,000
	■	Mitsui O.S.K. Passenger Line, Ltd.	Japan	100.00	¥100,000
	■	MOL Kaiji Co., Ltd.	Japan	100.00	¥95,000
	■	MOL Techno-Trade, Ltd.	Japan	100.00	¥490,000
	■	M.O. Tourist Co., Ltd.	Japan	100.00	¥250,000
	■	Nihon Tug-Boat Co., Ltd.	Japan	87.26	¥134,203
	■	Chartering company (1 company) in Panama			
	■	Ube Port Service Co., Ltd.	Japan	95.29	¥14,950
	▲	Nippon Charter Cruise, Ltd.	Japan	50.00	¥290,000
	▲	Shinyo Kaiun Corporation	Japan	36.00	¥100,000
	▲	South China Towing Co., Ltd.	Hong Kong	25.00	HK$12,400
	▲	Tan Cang-Cai Mep Towage Services Co., Ltd.	Vietnam	40.00	US$4,500
Others	■	Euromol B.V.	Netherlands	100.00	€8,444
	■	International Marine Transport Co., Ltd.	Japan	99.69	¥100,000
	■	International Transportation Inc.	U.S.A.	100.00	US$24,563
	■	Linkman Holdings Inc.	Liberia	100.00	US$3
	■	M.O. Cableship Ltd.	Japan	100.00	¥10,000
	■	M.O. Marine Consulting, Ltd.	Japan	100.00	¥100,000
	■	M.O. Reinsurance S.A.	Luxembourg	100.00	US$5,376
	■	MOL Ship Tech Inc.	Japan	100.00	¥50,000
	■	Mitsui Kinkai Kisen Co., Ltd.	Japan	80.13	¥350,000
	■	Mitsui O.S.K. Holdings (Benelux) B.V.	Netherlands	100.00	€17,245
	■	MOL Accounting Co., Ltd.	Japan	100.00	¥30,000
	■	MOL Adjustment, Ltd.	Japan	100.00	¥10,000
	■	MOL Engineering Co., Ltd.	Japan	100.00	¥20,000
	■	MOL FG, Inc.	U.S.A.	100.00	US$20
	■	MOL Information Systems, Ltd.	Japan	100.00	¥100,000
	■	MOL Manning Service S.A.	Panama	100.00	US$135
	■	MOL Ship Management Co., Ltd.	Japan	100.00	¥50,000
	■	MOL SI, Inc.	U.S.A.	100.00	US$100
	■	Orange P.R. Ltd.	Japan	100.00	¥10,000
	■	Shipowner/Chartering companies (5 companies) in Panama			
	▲	Minaminippon Shipbuilding Co., Ltd.	Japan	24.00	¥200,000
	▲	Osaka Shipping Co., Ltd.	Japan	30.12	¥498,000

*MOL includes MOL and its subsidiaries

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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: 66-2-237-9021
Mitsui O.S.K. Lines Philippines, Inc.
Head Office (Manila): Tel: 632-888-6531 Fax: 632-884-1766
Mitsui O.S.K. Lines (Vietnam) Co., Ltd.
Head Office (Ho Chi Minh): Tel: 84-83-8219219 Fax: 84-83-8219317
Mitsui O.S.K. Lines (Cambodia) Co., Ltd.
Head Office (Phnom Penh): Tel: 855-23-223-036 Fax: 855-23-223-040
Mitsui O.S.K. Lines Pakistan (Pvt.) Ltd.
Head Office (Karachi): Tel: 9221-5205397 Fax: 9221-5202559
MOL (China) Co., Ltd.
Head Office (Shanghai): Tel: 86-21-2320-6000 Fax: 86-21-2320-6331
Beijing: Tel: 86-10-8529-9121 Fax: 86-10-8529-9126
Tianjin: Tel: 86-22-8331-1331 Fax: 86-22-8331-1318
Shenzhen: Tel: 86-755-2598-2200 Fax: 86-755-2598-2210
MOL (Taiwan) Co., Ltd.
Head Office (Taipei): Tel: 886-2-2537-8000 Fax: 886-2-2536-3395
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: 60-3-56239772 Fax: 60-3-5623310
Seoul: Tel: 82-2-5672718 Fax: 82-2-5672719
Mumbai: Tel: 91-22-4071-4500 Fax: 91-22-4071-4557
Chennai: Tel: 91-44-4208-1020 Fax: 91-44-4208-1020

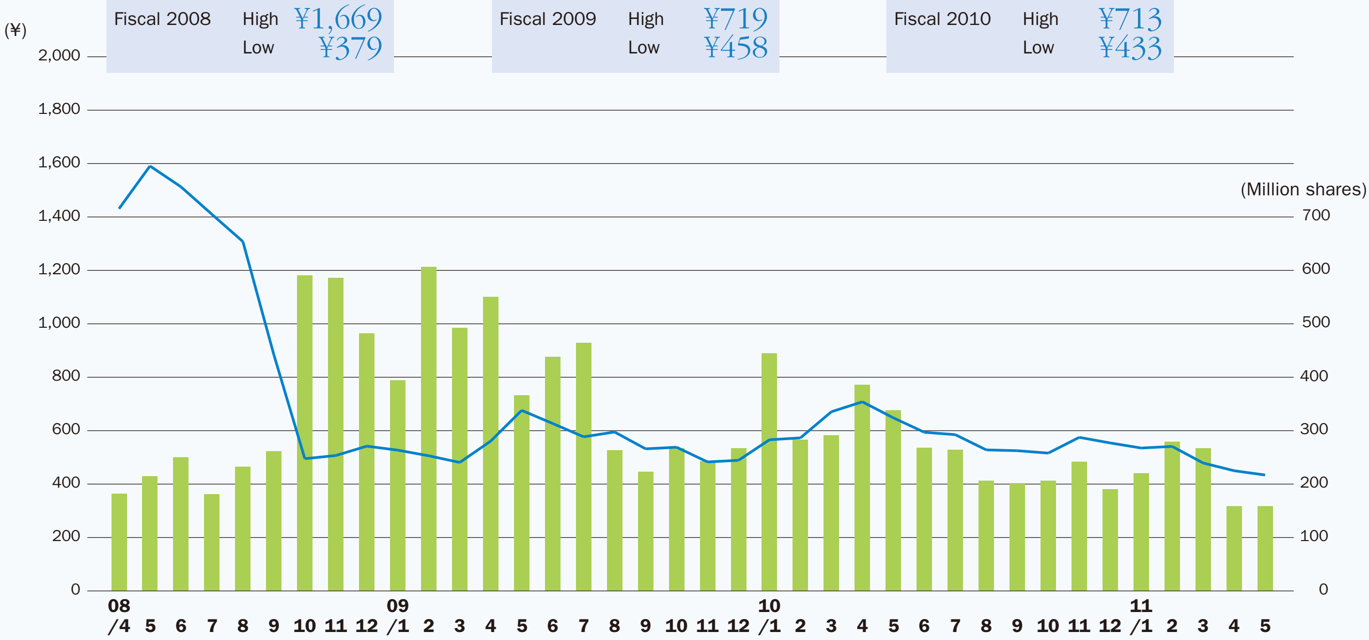
Shareholder Information

Capital:	¥65,400,351,028
Head office:	1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688, Japan
Number of MOL employees:	936
Number of MOL Group employees: (The parent company and consolidated subsidiaries)	9,438
Total number of shares authorized:	3,154,000,000
Number of shares issued:	1,206,286,115
Number of shareholders:	111,465
Shares listed in:	Tokyo, Osaka, Nagoya, Fukuoka
Share transfer agent:	Mitsubishi UFJ Trust and Banking Corporation 10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan
Communications materials:	Annual Report (English/Japanese) Investor Guidebook (English/Japanese) Market Information (English/Japanese) News Releases (English/Japanese) Web Site (English/Japanese) Quarterly Newsletter *Open Sea* (English/Web Site) Monthly Newsletter *Unabara* (Japanese) Environmental and Social Report (English/Japanese)

As of March 31, 2011

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

Fiscal 2008	High	¥1,669
	Low	¥379
Fiscal 2009	High	¥719
	Low	¥458
Fiscal 2010	High	¥713
	Low	¥433



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